CITY OF EAST PROVIDENCE

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

Prepared by: Finance Department

EAST PROVIDENCE, RHODE ISLAND

CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
LIST OF TOWN OFFICIALS	
II. FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances of the Governmental Funds to the Statement of Activities	17
Statement of Net Assets – Proprietary Funds	18
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Assets	22
Statement of Changes in Fiduciary Net Assets	23
Notes to the Financial Statements	
Required Disclosures and Other Information	24
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – General Fund Schedule of Revenues and Expenditures and Changes in Fund Balance	58
Budgetary Comparison Schedule – School Unrestricted Fund Schedule of Revenues and Expenditures	60
Pension Plan and Other Post Employment Benefit Plans Schedule of Funding Progress	61
Notes to Required Supplementary Information	62

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

TABLE OF CONTENTS
(continued)

	PAGE
Other Supplementary Information	
Combining Balance Sheet – Non-Major Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	66
Combining Balance Sheet – Non-Major Governmental Funds Special Revenue Funds City	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds Special Revenue Funds Town	72
Combining Balance Sheet – Non-Major Governmental Funds Special Revenue Funds – School Restricted	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds Special Revenue Funds – School Restricted	83
Combining Balance Sheet – Non-Major Governmental Funds Capital Project Funds	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds Capital Project Funds	90
Combining Balance Sheet – Non-Major Governmental Funds Permanent Funds	91
Combining Statement of Revenues, Expenses and Changes in Net Assets – Non-Major Governmental Funds Permanent Funds	92
Combining Statement of Net Assets – Agency Funds	93
Tax Collectors Annual Report	94
III. SINGLE AUDIT SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	95
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	97
Schedule of Expenditures of Federal Awards	99
Schedule of Findings and Questioned Costs	101
Schedule of Prior Year Findings and Questioned Costs	105
Notes to Schedule of Expenditures of Federal Awards	108

(concluded)

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Town Officials

CITY OF EAST PROVIDENCE, RHODE ISLAND

PRINCIPAL OFFICALS

CITY COUNCIL

James A. Briden, Mayor
Helder J. Cunha
Thomas A. Rose, Jr., Assistant Mayor
Christine A. Rossi
Tracy A Capobianco

CITY OFFICIALS

Paul Lemont, City Manager
Malcom Moore, Finance Director
Timothy J. Chapman, City Solicitor
Steven Hazard, Tax Assessor
Kim Casci, City Clerk
Joseph Tavares, Chief of Police
Oscar Elmasain, Fire Chief

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Town 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 (City) as of and for the year ended October 31, 2013, 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 principes 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 the aggregate remaining fund information of the City as of October 31, 2013, 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 58 through 64 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 comprise 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 30, 2014

Management's Discussion and Analysis

CITY OF EAST PROVIDENCE, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of East Providence provides this Management's Discussion and Analysis of the City of East Providence's Annual Financial Report for the readers of the City's financial statements. This narrative overview and analysis of the financial statements of the City of East Providence is for fiscal year ended October 31, 2013.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate Changes in the City's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2012 and 2013 fiscal years.

FINANCIAL HIGHLIGHTS

The City Charter requires that any unreserved fund balance, i.e. surplus, be carried forward to the next fiscal year as a revenue source. The surplus from the fiscal year 2013 was projected to be $962,500. The City's total General Fund fund balance as of October 31, 2013 was $12,398,703.

The School Department reported a surplus of $2,471,642, bringing their accumulated fund balance to $2,471,642 as of October 31, 2013. This beginning balance at $-0- is a result of the Budget Commission of the City funding of the School Department's cumulative deficit in a one-time transfer.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and how they relate to one another. In addition to these required elements, we have included a section with combining statements that 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

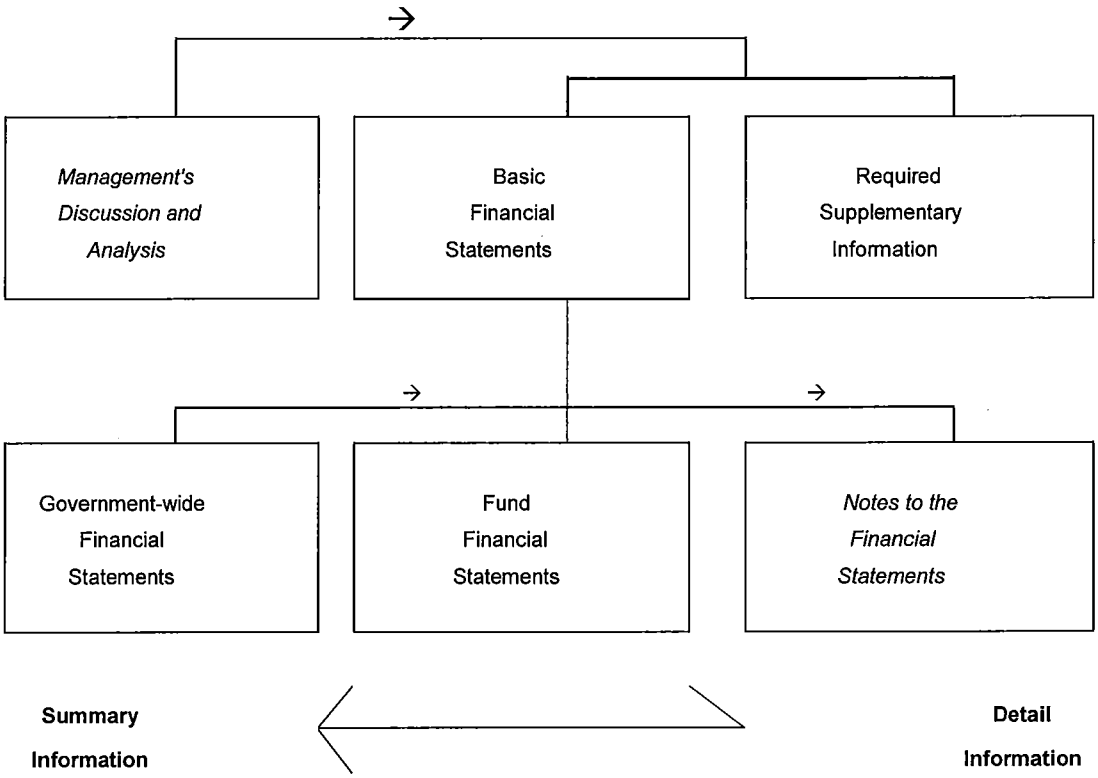

Figure A- 2

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 Assets Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets. Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
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 assets 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 assets* and how they have changed.Net assets — 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 assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

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

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

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

Component units - The City does not have any entities that are deemed to be component units. The

government-wide financial statements are reported on pages 13 and 14.

Fund Financial Statements

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

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

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

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

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

1. General Fund
2. School Unrestricted Fund

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL

ANALYSIS Net Assets

As noted earlier, net assets may serve over time as a useful indictor of a government's financial position. The City's combined net assets (government and business-type activities) totaled $63,648,634 at the close of the most recent fiscal year.

The largest portion of the City's net assets, $69,128,293 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 Assets

	October 31, 2012			*October 31, 2013*		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Current and Other Assets	$ 64,860,769	$ 20,673,906	$ 85,534,675	$ 69,341,861	$ 16,810,283	$ 86,152,144
Capital assets	78,323,989	85,042,683	163,366,672	88,098,521	88,208,285	176,306,806
Other assets	1,297,838	-	1,297,838	702,388	-	702,388
Total Assets	144,482,596	105,716,589	250,199,185	158,142,770	105,018,568	263,161,338
Other Liabilities	15,824,237	8,141,813	23,966,050	16,210,943	9,132,515	25,343,458
Long-Term Liabilities	114,271,532	64,106,795	178,378,327	112,135,676	62,033,570	174,169,246
Total Liabilities	130,095,769	72,248,608	202,344,377	128,346,619	71,166,085	199,512,704
Net Assets:						
Invested in Capital Net of Related Debt	28,694,053	26,837,961	55,532,014	41,844,630	27,283,663	69,128,293
Restricted	8,014,882	908,120	8,923,002	3,238,381	908,120	4,146,501
Unrestricted	(22,322,108)	5,721,900	(16,600,208)	(15,286,860)	5,660,700	(9,626,160)
Total Net Assets	$ 14,386,827	$ 33,467,981	$ 47,854,808	$ 29,796,151	$ 33,852,483	$ 63,648,634

An additional portion of the City's net assets, $4,146,501 represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of unrestricted net assets ($9,626,160) 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 assets.

City of East Providence
Changes in Net Assets

	October 31, 2012			October 31, 2013		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Revenues						
Program revenues						
Charges for services	$ 8,699,438	$ 17,297,056	$ 25,996,494	$ 5,708,335	$ 17,908,716	$ 23,617,051
Operating Grants and Contributions	34,824,181	-	34,824,181	86,785,072	-	86,785,072
Capital Grants and Contributions	2,087,541	993,693	3,081,234	6,921,865	276,000	7,197,865
General Revenues						
Property taxes	94,333,710	-	94,333,710	101,530,722	-	101,530,722
State general revenue sharing	6,006,419	-	6,006,419	4,721,193	-	4,721,193
Miscellaneous	1,177,111	755	1,177,866	14,864	180	15,044
Total revenues	147,128,400	18,291,504	165,419,904	205,682,051	18,184,896	223,866,947
Expenses						
General government	13,426,102	-	13,426,102	8,438,275	-	8,438,275
Public safety	28,258,277	-	28,258,277	83,427,258	-	83,427,258
Public works	6,951,523	-	6,951,523	7,225,106	-	7,225,106
Public libraries	2,689,869	-	2,689,869	1,813,592	-	1,813,592
Parks and recreation	3,017,771	-	3,017,771	2,803,263	-	2,803,263
Sanitation	2,163,456		2,163,456	2,021,898		2,021,898
Education	80,880,979	-	80,880,979	77,971,842	-	77,971,842
Miscellaneous	4,062,164	-	4,062,164	4,795,575	-	4,795,575
Debt service	2,061,217	-	2,061,217	1,835,918	-	1,835,918
Water Fund Expenses	-	6,233,518	6,233,518	-	6,075,630	6,075,630
WPC Fund Expenses	-	10,859,802	10,859,802	-	11,664,764	11,664,764
Total expenses	143,511,358	17,093,320	160,604,678	190,332,727	17,740,394	208,073,121
Excess/(deficiency) before transfers	3,617,042	1,198,184	4,815,226	15,349,324	444,502	15,793,826
Transfers	-	-	-	60,000	(60,000)	-
Change in net assets	3,617,042	1,198,184	4,815,226	15,409,324	384,502	15,793,826
Net assets - beginning	10,769,785	32,269,797	43,039,582	14,386,827	33,467,981	47,854,808
Net assets - ending	$ 14,386,827	$ 33,467,981	$ 47,854,808	$ 29,796,151	$ 33,852,483	$ 63,648,634

Governmental activities — Governmental activities increased the City's net assets by $15,409,324. Business-type activities - Business-type activities increased the City's net assets by $384,502.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $25,654,082 an increase of $2,908,937 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 $12,398,703.

The fund balance in the City's general fund increased by $3,654,863 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 assets of the water fund at the end of the year amounted to $2,661,001, an decrease of $74,543. In the wastewater fund, unrestricted net assets amounted to $2,999,699, an increase of $13,343

General Fund Budgetary Highlights

The budget passed in October 2013. 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 $301,358 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 $225,226 of revenue which was not budgeted.
c) Intergovernmental revenues were $267,369 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) General governmental expenditures were ($225,389) under budget due to favorable Management Information System costs for the current year.
b) Public safety expenditures were over budget by $1,737,911, mostly related to police detail expenses. Additionally, police detail revenue was over budget by approximately $900,000.
c) Refuse disposal was over budget by $179,644 due to contractual cost overruns and higher tipping fees.
d) OPEB expenditures were under budget by ($2,851,425) due to favorable negotiations in employment contract concessions.
e) The 1% budget reserve was under budget, as this is a built in fund balance reserve mechanism.
f) Debt service expenditures were under budget due to capital lease expenditures recorded in departments for the current year, and not in the debt service expenditure line items.

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, 2013 amounted to $176,306,806 (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, 2012			October 31, 2013		
	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	60,566,157	20,246,796	80,812,953	60,581,520	19,196,796	79,778,316
Infrastructure	44,177,703	46,787,433	90,965,136	44,376,703	46,787,433	91,164,136
Vehicles	13,874,639	636,547	14,511,186	15,692,391	1,686,547	17,378,938
Machinery & equipment	11,889,504	5,884,070	17,773,574	12,650,968	5,884,070	18,535,038
Construction in progress	22,735,134	53,526,189	76,261,323	32,698,135	58,050,868	90,749,003
Less: Accumulated Depreciation	(82,372,122)	(45,574,901)	(127,947,023)	(85,354,170)	(46,933,978)	(132,288,148)
Total	$ 78,323,989	$ 85,042,683	$ 163,366,672	$ 88,098,521	$ 88,208,285	$ 176,306,806

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

Long-Term Debt – At the end of the fiscal year, the City had total debt outstanding of $108,193,639. 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, 2012			October 31, 2013		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
General Obligation Bonds	$ 20,700,300	$ 2,044,700	$ 22,745,000	$ 17,262,300	$ 1,647,700	$ 18,910,000
Capital Leases Payable	14,048,094	-	14,048,094	26,562,082	-	26,562,082
Loans Payable	2,857,163	43,638,750	46,495,913	2,429,509	60,292,048	62,721,557
Totals	$ 37,605,557	$ 45,683,450	$ 83,289,007	$ 46,253,891	$ 61,939,748	$ 108,193,639

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 $114,831,786.

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, 2013. 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 FY2013 budget was adopted based on an estimated 2.5% tax rate increase. The City's actual tax rate will stay consistent at $22.78 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 less an annual exemption of 3,500 cubic feet effective November 1, 2012. The City of East Providence faces the same facts and conditions of most other communities in Rhode Island and across the country.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Assets

October 31, 2013

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Cash and cash equivalents	$ 27,807,829	$ 4,150,568	$ 31,958,397
Restricted cash and cash equivalents	-	4,465,759	4,465,759
Investments	10,526,709	326,641	10,853,350
Accounts receivable:			
Accounts receivable net	28,323,887	6,076,805	34,400,692
Due from other governments	647,605	1,015,126	1,662,731
Other receivables	1,602,712	-	1,602,712
Inventory at cost	30,240	95,686	125,926
Tax title property	376,028	-	376,028
Prepaid expenditures	6,851	-	6,851
Net OPEB asset	702,388	-	702,388
Other assets			
Other assets - net	20,000	679,698	699,698
Capital assets:			
Property, plant and equipment	51,323,423	26,829,083	78,152,506
Construction in progress	32,698,135	58,050,868	90,749,003
Assets not being depreciated-Land	4,076,963	3,328,334	7,405,297
Total capital assets	88,098,521	88,208,285	176,306,806
TOTAL ASSETS	158,142,770	105,018,568	263,161,338
LIABILITIES			
Cash overdraft	448,014	-	448,014
Accounts payable and accrued expenses	12,791,934	2,159,779	14,951,713
Unearned revenue	5,526,637	464,294	5,990,931
Revenue anticipation notes	-	3,000,000	3,000,000
Internal balances	(3,508,442)	3,508,442	-
Other liabilities	952,800	-	952,800
Long-term liabilities			
Due within one year	3,851,217	2,872,209	6,723,426
Due in more than one year	108,284,459	59,161,361	167,445,820
Total liabilities	128,346,619	71,166,085	199,512,704
NET ASSETS			
Invested in capital assets, net of related debt	41,844,630	27,283,663	69,128,293
Restricted for:			
RIHEBC School capital improvements	3,171,664	-	3,171,664
Permanent funds	66,717	-	66,717
Improvements	-	908,120	908,120
Unrestricted (deficit)	(15,286,860)	5,660,700	(9,626,160)
Total net assets	$ 29,796,151	$ 33,852,483	$ 63,648,634

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Activities
For the Year Ended October 31, 2013

		Program revenues			Net (Expense) Revenue and Changes in Net Assets		
					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	$ 8,438,275	$ 1,586,434	$ 1,310,334	$ -	$ (5,541,507)		$ (5,541,507)
Public safety	83,427,258	459,522	51,414,134	5,521,005	(26,032,597)		(26,032,597)
Public works	7,225,106	322,095	-	449,284	(6,453,727)		(6,453,727)
Sanitation	1,813,592	-	-	-	(1,813,592)		(1,813,592)
Parks and recreation	2,803,263	189,685	-	-	(2,613,578)		(2,613,578)
Public libraries	2,021,898	35,340	-	-	(1,986,558)		(1,986,558)
Education	77,971,842	3,115,259	34,060,604	951,576	(39,844,403)		(39,844,403)
Miscellaneous	4,795,575	-	-	-	(4,795,575)		(4,795,575)
Debt service	1,835,918	-	-	-	(1,835,918)		(1,835,918)
Total governmental activities	190,332,727	5,708,335	86,785,072	6,921,865	(90,917,455)		(90,917,455)
Business type activities:							
Water fund	6,075,630	5,665,660	-	-	-	$ (409,970)	(409,970)
Sewer fund	11,664,764	12,243,056	-	276,000	-	854,292	854,292
Total business-type activities	17,740,394	17,908,716	-	276,000	-	444,322	444,322
Total primary government	$ 208,073,121	$ 23,617,051	$ 86,785,072	$ 7,197,865	(90,917,455)	444,322	(90,473,133)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					101,530,722	-	101,530,722
Unrestricted investment earnings					14,864	180	15,044
State general revenue sharing					4,721,193	-	4,721,193
Transfers					60,000	(60,000)	-
Total general revenues and transfers					106,326,779	(59,820)	106,266,959
Change in net assets					15,409,324	384,502	15,793,826
Net assets-beginning					14,386,827	33,467,981	47,854,808
Net assets-ending					$ 29,796,151	$ 33,852,483	$ 63,648,634

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, 2013

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 18,890,753	$ -	$ 8,917,076	$ 27,807,829
Investments	6,125,035	-	4,401,674	10,526,709
Accounts receivable:				
Real estate and personal property taxes (net)	28,323,887	-	-	28,323,887
Due from other governments	-	383,574	264,031	647,605
Other receivables	6,142	14,570	1,582,000	1,602,712
Internal balances	-	13,842,815	2,788,408	16,631,223
Inventory	30,240	-	-	30,240
Tax title property	376,028	-	-	376,028
Other assets	20,000	-	-	20,000
Prepaid expenditures	6,851	-	-	6,851
TOTAL ASSETS	$ 53,778,936	$ 14,240,959	$ 17,953,189	$ 85,973,084
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	$ -	$ -	$ 448,014	$ 448,014
Accounts payable and accrued expenditures	4,864,028	3,663,523	3,606,855	12,134,406
Internal balances	7,489,136	3,421,108	2,205,813	13,116,057
Deferred revenue:				
Real estate and personal property taxes (net)	28,429,129	-	-	28,429,129
Other	121,614	4,674,686	730,337	5,526,637
Other liabilities	476,326	10,000	178,433	664,759
Total liabilities	41,380,233	11,769,317	7,169,452	60,319,002
Fund balances:				
Nonspendable fund balances	37,091	-	66,717	103,808
Restricted fund balances, reported in:				
Capital projects funds	-	-	7,079,539	7,079,539
Special revenue funds	-	-	3,751,801	3,751,801
Assigned fund balances	1,590,862	-	-	1,590,862
Unassigned, reported in:				
General fund	10,770,750	-	-	10,770,750
Special revenue funds	-	2,471,642	(114,320)	2,357,322
Total fund balances	12,398,703	2,471,642	10,783,737	25,654,082
TOTAL LIABILITIES AND FUND BALANCES	$ 53,778,936	$ 14,240,959	$ 17,953,189	

Amounts reported for governmental activities in the statement of net assets 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)	88,098,521
2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 7)	28,179,224
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)	(112,135,676)
Net assets of governmental activities	$ 29,796,151

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, 2013

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues				
General property tax	$ 96,084,691	$ -	$ -	$ 96,084,691
Federal and state aid and grants	4,721,193	29,184,411	64,256,616	98,162,220
Charges for services	5,288,536	2,445,618	738,216	8,472,370
Fines and penalties	60,680	-	-	60,680
Investment and interest income	852,411	-	14,864	867,275
Contributions and private grants	6,478	-	137,017	143,495
Other revenue	225,226	109,782	267,190	602,198
Total revenues	107,239,215	31,739,811	65,413,903	204,392,929
Expenditures				
Current:				
General government	5,453,700	-	1,400,679	6,854,379
Public safety	32,824,495	-	56,304,261	89,128,756
Public works	6,558,770	-	329,103	6,887,873
Parks and recreation	1,635,199	-	178,393	1,813,592
Sanitation	2,648,365	-	-	2,648,365
Public libraries	1,896,843	-	10,181	1,907,024
Education	-	71,335,114	11,011,472	82,346,586
Miscellaneous	4,844,875	-	-	4,844,875
Debt service	4,855,482	-	257,060	5,112,542
Total expenditures	60,717,729	71,335,114	69,491,149	201,543,992
Excess of revenues over (under) expenditures before other financing sources (uses)	46,521,486	(39,595,303)	(4,077,246)	2,848,937
Other financing sources (uses)				
Transfers from other funds	73,209	42,066,945	931,926	43,072,080
Transfers to other funds	(42,939,832)	-	(72,248)	(43,012,080)
Total other financing sources (uses)	(42,866,623)	42,066,945	859,678	60,000
Net change in fund balances	3,654,863	2,471,642	(3,217,568)	2,908,937
Fund balances - beginning	8,743,840	-	14,001,305	22,745,145
Fund balances - ending	$ 12,398,703	$ 2,471,642	$ 10,783,737	$ 25,654,082

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, 2013

Net change in fund balances-total governmental funds	$	2,908,937
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.		9,774,532
Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds.		1,284,871
Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.		(99,422)
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.		3,380,297
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.		(1,839,891)
Change in net assets of governmental activities	$	15,409,324

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
October 31, 2013

	Enterprise Funds		
	Water Fund	**WPC Fund**	**Totals**
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,514,095	$ 1,636,473	$ 4,150,568
Investments	326,641	-	326,641
Restricted cash and cash equivalents	588,567	3,877,192	4,465,759
Accounts receivable usage sales and fees	6,076,805	-	6,076,805
Due from federal and state government	45,479	969,647	1,015,126
Internal balances	-	3,597,696	3,597,696
Inventory	95,686	-	95,686
Total current assets	9,647,273	10,081,008	19,728,281
Non-current assets			
Property, plant and equipment			
Land	1,909,975	1,418,359	3,328,334
Construction in progress	5,989,088	52,061,780	58,050,868
Land improvements	83,806	124,409	208,215
Buildings, pump stations and tanks	2,097,453	17,099,343	19,196,796
Infrastructure	24,950,377	21,837,056	46,787,433
Machinery and equipment	1,809,503	4,074,567	5,884,070
Vehicles	1,161,547	525,000	1,686,547
Total property, plant and equipment	38,001,749	97,140,514	135,142,263
Less accumulated depreciation	16,388,137	30,545,841	46,933,978
Net property, plant and equipment	21,613,612	66,594,673	88,208,285
Other assets			
Other assets	107,718	571,980	679,698
Total non-current assets	107,718	571,980	679,698
TOTAL ASSETS	31,368,603	77,247,661	108,616,264
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	1,130,634	1,029,145	2,159,779
Deferred revenues	464,294	-	464,294
Internal balances	5,359,761	1,746,377	7,106,138
Revenue anticipation notes payable	-	3,000,000	3,000,000
Current portion of long-term debt	319,918	2,552,291	2,872,209
Total current liabilities	7,274,607	8,327,813	15,602,420
Non-current liabilities			
Accrued compensated absences	93,822	-	93,822
Bonds and loans payable	5,836,091	53,231,448	59,067,539
Total non-current liabilities	5,929,913	53,231,448	59,161,361
Total liabilities	13,204,520	61,559,261	74,763,781
Net Assets			
Invested in Capital assets, net of related debt	15,503,082	11,780,581	27,283,663
Restricted for improvements	-	908,120	908,120
Unrestricted	2,661,001	2,999,699	5,660,700
Total Net Assets	$ 18,164,083	$ 15,688,400	$ 33,852,483

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, 2013

	Enterprise Funds		
	Water Fund	**WPC Fund**	**Totals**
Operating revenues			
Usage sales and fees	$ 5,585,412	$ 12,205,997	$ 17,791,409
Other income	80,248	37,059	117,307
Total operating revenues	5,665,660	12,243,056	17,908,716
Operating expenses			
Salaries and benefits	1,614,982	111,763	1,726,745
Repairs and maintenance	210,961	-	210,961
Water purchases	2,522,093	-	2,522,093
Operations	975,575	8,759,375	9,734,950
Depreciation and amortization	502,071	895,499	1,397,570
Other	750	-	750
Total operating expenses	5,826,432	9,766,637	15,593,069
Operating income (loss)	(160,772)	2,476,419	2,315,647
Non-operating revenues (expenses)			
Investment income	180	-	180
Interest expense	(249,198)	(1,898,127)	(2,147,325)
Transfers	(60,000)	-	(60,000)
Total non-operating (expenses)	(309,018)	(1,898,127)	(2,207,145)
Income (loss) before capital contributions	(469,790)	578,292	108,502
Capital conritbutions and grants	-	276,000	276,000
Change in Net Assets	(469,790)	854,292	384,502
Total Net Assets - Beginning	18,633,873	14,834,108	33,467,981
Total Net Assets - Ending	$ 18,164,083	$ 15,688,400	$ 33,852,483

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, 2013

	Enterprise Funds		
	Water Fund	**WPC Fund**	**Totals**
Cash flows from operating activities			
Cash received from customers	$ 4,729,864	$ 12,412,109	$ 17,141,973
Other operating revenue receipts	80,248	37,059	117,307
Cash payments to suppliers for goods and services	(3,060,652)	(9,000,438)	(12,061,090)
Cash payments to employees for services	(1,649,271)	(129,678)	(1,778,949)
Net cash provided by (used for) operating activities	100,189	3,319,052	3,419,241
Cash flows from non-capital financing activities			
Interfund loans	2,211,607	(667,373)	1,544,234
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	2,211,607	(667,373)	1,544,234
Cash flows from capital and related financing activities			
Capital grants and contributions	-	276,000	276,000
Principal paid on bonds, notes and loans	(316,919)	(1,704,102)	(2,021,021)
Interest paid on bonds, notes and loans	(249,198)	(1,898,127)	(2,147,325)
Acquisition and construction of capital assets	(705,502)	-	(705,502)
Net cash provided (used for) capital and related financing activities	(1,271,619)	(3,326,229)	(4,597,848)
Cash flows from investing activities			
Interest and dividends on investments	180	-	180
Net cash provided by (used for) investing activities	180	-	180
Net increase (decrease) in cash and cash equivalents	1,040,357	(674,550)	365,807
Cash and cash equivalents at beginning of year	2,388,946	6,188,215	8,577,161
Cash and cash equivalents at end of year	$ 3,429,303	$ 5,513,665	$ 8,942,968
Additional non-cash flow balance sheet activity:			
Noncash capital and related financing activities			
Increase (decrease) in due from state government	$ -	$ (4,740,921)	$ (4,740,921)
Increase (decrease) in construction in progress	$ (921,744)	$ -	$ (921,744)

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, 2013

	Enterprise Funds		
	Water Fund	**WPC Fund**	**Totals**
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	$ (160,772)	$ 2,476,419	$ 2,315,647
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	502,071	895,499	1,397,570
Changes in assets and liabilities:			
(Increase) decrease in use accounts receivable	(867,990)	232,059	(635,931)
(Increase) decrease in inventory	85,947	-	85,947
Increase (decrease) in accounts payable and accrued expenses	562,780	(241,063)	321,717
Increase (decrease) in accrued compensated absences	(34,289)	(17,915)	(52,204)
Increase (decrease) in deferred revenue	12,442	(25,947)	(13,505)
Total adjustments	260,961	842,633	1,103,594
Net cash provided by operating activities	$ 100,189	$ 3,319,052	$ 3,419,241

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, 2013

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash	$ 322,168	$ 346,384
Investments, at fair value:		
Mutual funds - equity	77,619,551	-
Mutual funds - fixed income	13,632,931	-
International equity group trust	15,742,960	-
Alternative investments	2,913,882	138,606
Total investments	109,909,324	138,606
Other assets		
City contribution receivable	234,603	-
Member contribution receivable	7,148	-
Internal balances	-	5,722
Total other assets	241,751	5,722
TOTAL ASSETS	110,473,243	490,712
LIABILITIES		
Accounts payable and accrued expenses	-	15,006
Deposits payable to others	-	463,260
Internal balances	-	12,446
TOTAL LIABILITIES	-	$ 490,712
NET ASSETS		
Held in trust for pension benefits and other purposes	$ 110,473,243	

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, 2013

	Employee Retirement Plan
Additions	
Contributions	
Employer contributions	$ 7,215,758
Plan members contributions	847,898
Total contributions	8,063,656
Investment earnings	
Net (decrease) in fair value of investments	9,040,975
Interest and dividends	3,252,311
Total investment earnings	12,293,286
Total additions	20,356,942
Deductions	
Benefits paid	9,314,049
Operating expenses	133,266
Total deductions	9,447,315
Change in operating assets	10,909,627
Extraordinary Items	
Settlement Proceeds	49,200,000
Total extraordinary items	
Change in net assets	60,109,627
Net assets - beginning	50,363,616
Net assets - ending	$ 110,473,243

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 Plantation 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 2013:

* East Providence School Department

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

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

(continued)

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 Assets 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 Assets. The Statement of Activities presents changes in net assets. 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 assets 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 Assets 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 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.

(continued)

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 assets and changes in net assets 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, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. 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 Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. 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.

(continued)

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 Assets and a Statement of Changes in Net Assets. The City's Fiduciary Funds are 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 source for this fund is employer and employee contributions.

Agency Funds - These funds account for assets held by the City as 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.

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 that were levied on May 12, 2013 of the current year and other delinquent balances are recorded as receivables.

F. *UNBILLED SERVICE RECEIVABLE*

WPC and water revenue is 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.

(continued)

G. *INVENTORY*

Inventory is maintained on a perpetual system and is stated at cost (first in, first out method of inventory valuation). 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 Assets, 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 the policy of not capitalizing assets with a cost of less than $10,000 and a useful life of less than 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

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".
In the Government-Wide Statements, bond premiums and debt issuance costs are deferred and amortized over the term of the related debt. Bond premiums are presented as an addition to the face amount of the bonds payable whereas debt issuance costs are recorded as other assets.

J. DEFERRED REVENUE

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

In the General Fund, deferred revenues relate to uncollected property tax receivables which were assessed as of December 31, 2012 billed on May 12, 2013, and payable on July 1, 2013 (with provisions for quarterly payments), plus delinquent balances less property tax amounts due as of the balance sheet date and received sixty days thereafter.

(continued)

K. PROPERTY TAXES

The City is permitted by State Law to levy property taxes. The City's fiscal 2012-2013 property taxes were levied on May 12, 2013 on assessed valuation as of December 31, 2012. Taxes were due July 1, 2013 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 longer than 60 days after the close of the current period.

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 on 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.

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, 2013 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	22,735,134	9,963,001	-	32,698,135
Total capital assets not being depreciated	26,812,097	9,963,001	-	36,775,098
Other capital assets:				
Land improvements	3,376,011	-	-	3,376,011
Buildings & construction	60,566,157	69,395	54,032	60,581,520
Infrastructure	44,177,703	199,000	-	44,376,703
Machinery & equipment	11,889,504	761,464	-	12,650,968
Vehicles	13,874,639	1,817,752	-	15,692,391
Total other capital assets at historical cost	133,884,014	2,847,611	54,032	136,677,593
Total assets	160,696,111	12,810,612	54,032	173,452,691
Less accumulated depreciation for:				
Land improvements	2,904,623	55,285	-	2,959,908
Buildings & construction	28,140,807	1,202,983	54,032	29,289,758
Infrastructure	31,918,805	556,235	-	32,475,040
Machinery & equipment	6,856,192	753,291	-	7,609,483
Vehicles	12,551,695	468,286	-	13,019,981
Total accumulated depreciation	82,372,122	3,036,080	54,032	85,354,170
Governmental activities capital assets, net	$ 78,323,989	$ 9,774,532	$ -	$ 88,098,521

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	$ 112,826
Public safety	736,822
Public works	885,154
Public libraries	109,996
Parks and recreation	261,618
Library	4,878
Education	924,786
Total governmental activities depreciation expense	$ 3,036,080

(continued)

Capital asset activity for Business-Type Activities for the fiscal year ended October 31, 2013 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 3,328,334	$ -	$ -	$ 3,328,334
Construction in progress	53,526,189	5,446,423	921,744	58,050,868
Total capital assets not being depreciated	56,854,523	5,446,423	921,744	61,379,202
Other capital assets:				
Land improvements	208,215	-	-	208,215
Infrastructure	46,787,433	-	-	46,787,433
Buildings, pump stations & tanks	19,196,796	-	-	19,196,796
Machinery & Equipment	5,884,070	-	-	5,884,070
Vehicles	1,686,547	-	-	1,686,547
Total other capital assets at historical cost	73,763,061	-	-	73,763,061
Total assets	130,617,584	5,446,423	921,744	135,142,263
Less accumulated depreciation for:				
Land improvements	180,018	4,190	-	184,208
Infrastructure	25,824,871	460,709	-	26,285,580
Buildings, pump stations & tanks	15,642,167	692,618	-	16,334,785
Machinery & Equipment	3,371,779	158,156	-	3,529,935
Vehicles	556,066	43,404	-	599,470
Total accumulated depreciation	45,574,901	1,359,077	-	46,933,978
Business-type activities capital assets, net	$ 85,042,683	$ 4,087,346	$ 921,744	$ 88,208,285

(continued)

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. ***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 $114,831,786. As of October 31, 2013, the City's debt subject to legal debt margin is $47,901,591 and the City is under the debt limit by $ 66,930,195.

B. The following Departments had expenditures that were materially over budget for the fiscal year.

1) General Government - due to Information technology upgrades.
2) Public works – due to overtime
3) Sanitation- due to increased state tipping fees

The following Non-Major Governmental Funds also had a cumulative deficit as of October 31, 2013:

Special Revenue Funds:

ARRA State Energy Efficiency	$5,228
Fire Port Security	$2,438
Assistance to Firefighters	$7,058
Forbes St Solar Project	$34,205
Fire Decon Grant	$1,778
School Lunch Fund	$13,987
EPHS Gym	$49,626

NOTE 4 - CASH AND INVESTMENTS

DEPOSITS - are 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 Assets as "Cash and Cash Equivalents" and "Cash Overdraft".

CUSTODIAL CREDIT RISK - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover 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 Laws as described below. As of October 31, 2013, $3,686 of the City's bank balance of $36,322,526 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, 2013 the City's uninsured or uncollateralized deposits with an institution was $0.

(continued)

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.
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 and Treasurer the authority to make investments with their approval. The Finance Director and Treasurer are not limited by the City Charter or by legal or contractual provision for the type 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.

(continued)

Type of Investment	Fair Value	Investment Maturities (in Years) 6-10 Years	Over 10 Years
International equity group trust	$ 15,742,960	$ 15,742,960	$ -
Total	$ 15,742,960	$ 15,742,960	$ -

Cash and investments of the Town consist of the following at October 31, 2013

Cash and Cash Equivalents	
Deposits with financial institutions	$ 36,322,526
Investments	
Pension Trust Fund:	
Cash and Money Funds	77,619,551
U.S. Government Bonds	13,632,931
International equity group trust	15,742,960
Equities	2,913,882
Total Pension Investments	109,909,324
Agency Funds:	
Federated Government Obligations	138,606
Total Agency Investments	138,606
Governmental Funds:	
Federated Government Obligations	10,849,664
Fidelity Treasury Money Market Fund	3,686
Total Governmental Investments	10,853,350
Total Cash and Investments	$ 157,223,806

Cash and investments are classified in the accompanying financial statements as follow

Statement of Net Assets	
Cash and cash equivalents	$ 35,976,142
Investments	10,853,350
Fiduciary Funds	
Cash and cash equivalents	346,384
Investments	110,047,930
Total Cash and Investments	$ 157,223,806

Credit Risk

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

The City's investments in debt securities, whose ratings are required to be disclosed in accordance with GASB No. 40, were rated as follows at October 31, 2013:

(continued)

Average Rating	Bond Fund
AAA	$ 11,413,646
Aa1-Aa3	2,518,874
BBB	1,810,440
	$ 15,742,960

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, 2013, 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.

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, 2013, the International Equity Group Trust 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, 2013 was as follows:

	Balance November 1, 2012	Additions	Retirements	Balance October 31, 2013	Amounts Due within One Year
Governmental Activities					
Bonds payable	$ 18,978,800	$ -	$ 1,716,500	$ 17,262,300	$ 1,716,500
Loans payable	2,627,245	-	197,736	2,429,509	125,000
Capital leases payable	28,023,892	-	1,461,810	26,562,082	1,956,165
Total bonds notes & leases payable	49,629,937	-	3,376,046	46,253,891	3,797,665
Other liabilities:					
Amortized premium on bonds	76,538	-	4,252	72,286	4,252
Accrued compensated absences	3,781,372	101,344	257,692	3,625,024	-
Net pension obligation	52,033,239	466,727	-	52,499,966	-
Net OPEB Obligation	8,553,228	983,362	-	9,536,590	-
Settlements payable	197,219	-	49,300	147,919	49,300
Total other liabilities	64,641,596	1,551,433	311,244	65,881,785	53,552
Governmental Activities long-term liabilities	$ 114,271,533	$ 1,551,433	$ 3,687,290	$ 112,135,676	$ 3,851,217
Business-Type Activities					
WPC Department bonds payable	$ 1,846,200	$ -	$ 198,500	$ 1,647,700	$ 198,500
Water Department loans payable	6,472,928	-	316,919	6,156,009	319,918
WPC Department loans payable	55,641,641	-	1,505,602	54,136,039	2,353,791
Total bonds & loans payable	63,960,769	-	2,021,021	61,939,748	2,872,209
Other liabilities:					
Accrued compensated absences	146,026	6,905	58,776	94,155	-
Total other liabilities	146,026	6,905	58,776	94,155	-
Business-Type Activities long-term liabilities	$ 64,106,795	$ 6,905	$ 2,079,797	$ 62,033,903	$ 2,872,209

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

	Interest Rates	Principal	Due Dates
Governmental bonds	2.25-6.5%	$ 17,262,300	2013-2024
Governmental loans payable	0-5.69%	2,429,509	2013-2041
Governmental leases payable	3.1-17.74%	26,562,082	2013-2032
Enterprise Funds bonds payable	3.75-5.0%	1,647,700	2013-2024
Enterprise Funds notes payable	0% - 1.645%	60,292,048	2013-2032
Total All Funds		$108,193,639	

(continued)

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

Fiscal Year Ended October 31	Principal	Interest	Total
2014	$ 3,728,164	$ 1,979,691	$ 5,707,855
2015	3,434,917	1,825,162	5,260,079
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	$ 46,253,891	$ 19,287,959	$ 65,541,850

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

Fiscal Year Ended October 31	Principal	Interest	Total
2014	$ 2,872,210	$ 2,007,401	$ 4,879,611
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	$ 61,939,748	$ 21,816,181	$ 83,755,929

(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, 2013.

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, 2013 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.

NOTE 6 - SHORT-TERM DEBT

The City issued the following short-term notes during fiscal year 2013:

	Outstanding 11/1/2012	New Issues	Maturities During Year	Outstanding 10/31/13
Governmental Activities				
Tax anticipation note	$ -	$ 10,000,000	$ 10,000,000	$ -
Tax anticipation note	-	5,000,000	5,000,000	-
Tax anticipation note	-	4,790,000	4,790,000	-
Total Short Term Debt	**$ -**	**$ 19,790,000**	**$ 19,790,000**	**$ -**
Business-Type Activities				
Revenue anticipation note	$ 3,000,000	$ 3,000,000	$ 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 the City's governmental funds $25,654,082 differs from "net assets" of governmental activities $29,796,151 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	$ 27,807,829	$ -	$ -	$ 27,807,829
Investments	10,526,709	-	-	10,526,709
Accounts receivable:				
Real estate and personal property taxes (net)	28,323,887	-	-	28,323,887
Due from other governments	647,605	-	-	647,605
Other receivables	1,602,712	-	-	1,602,712
Internal balances	16,631,223	-	(16,631,223)	-
Inventory	30,240	-	-	30,240
Tax title property	376,028	-	-	376,028
Prepaid expenditures	6,851	-	-	6,851
Other assets	20,000	-	-	20,000
Net OPEB asset	-	702,388	-	702,388
Property, plant and equipment - net	-	51,323,423	-	51,323,423
Assets not being depreciated-CIP	-	32,698,135	-	32,698,135
Assets not being depreciated-Land	-	4,076,963	-	4,076,963
Total assets	$ 85,973,084	$ 88,800,909	$ (16,631,223)	$ 158,142,770
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	$ 448,014	$ -	$ -	$ 448,014
Accounts payable and accrued expenditures	12,134,406	664,252	(6,724)	12,791,934
Internal balances	13,116,057	-	(16,624,499)	(3,508,442)
Deferred revenue:				
Real estate and personal property taxes (net)	28,429,129	(28,429,129)	-	-
Other	5,526,637	-	-	5,526,637
Other liabilities	664,759	288,041	-	952,800
Long-term liabilities				
Due within one year	-	3,851,217	-	3,851,217
Due in more than one year	-	108,284,459	-	108,284,459
Total liabilities	60,319,002	84,658,840	(16,631,223)	128,346,619
Fund Balances/Net Assets				
Total fund balances/net assets	25,654,082	4,142,069	-	29,796,151
Total liabilities and fund balances/net assets	$ 85,973,084	$ 88,800,909	$ (16,631,223)	$ 158,142,770

(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	$ 173,452,691
Accumulated depreciation	(85,354,170)
	$ 88,098,521

(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	$ 28,429,129
CDBG loan receivables	-
Other receivables	-
Net OPEB asset	702,388
Deferred bond cost	(288,041)
Accrued interest	(664,252)
	$ 28,179,224

(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	$ (17,262,300)
Loans payable	(2,429,509)
Capital leases payable	(26,562,082)
Bond premium	(72,286)
Accrued compensated absences	(3,625,024)
Net OPEB obligation	(9,536,590)
Net pension obligation	(52,499,966)
Settlements payable	(147,919)
	$ (112,135,676)

(continued)

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

The "net change in the fund balances" for governmental funds $2,908,937 differs from the "change in net assets" for governmental activities $15,409,324 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 43.

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	$ 96,084,691	$ 4,593,620	$ -	$ -	$ 100,678,311
Federal and state aid and grants	98,162,220	(704,476)	-	-	97,457,744
Charges for services	8,472,370	(2,604,273)	-	-	5,868,097
Fines and penalties	60,680	-	-	-	60,680
Investment and interest income	867,275	-	-	-	867,275
Contributions and private grants	143,495	-	-	-	143,495
Other revenue	602,198	-	-	4,251	606,449
Total revenues	204,392,929	1,284,871	-	4,251	205,682,051
Expenditures					
Current:					
General government	6,854,379	-	(305,295)	1,889,191	8,438,275
Public safety	89,128,756	-	(5,701,498)	-	83,427,258
Public works	6,887,873	-	337,233	-	7,225,106
Sanitation	1,813,592	-	-	-	1,813,592
Parks and recreation	2,648,365	-	154,898	-	2,803,263
Public libraries	1,907,024	-	114,874	-	2,021,898
Education	82,346,586	-	(4,374,744)	-	77,971,842
Miscellaneous	4,844,875	-	-	(49,300)	4,795,575
Long-term obligations:					
Debt service	5,112,542	99,422	-	(3,376,046)	1,835,918
Total expenditures	201,543,992	99,422	(9,774,532)	(1,536,155)	190,332,727
Other financing sources (uses)					
Proceeds of debt issuance	-	-	-	-	-
Transfers from other funds	43,072,080	-	-	-	43,072,080
Transfers to other funds	(43,012,080)	-	-	-	(43,012,080)
Total other financing sources (uses)	60,000	-	-	-	60,000
Net change for the year	$ 2,908,937	$ 1,185,449	$ 9,774,532	$ 1,540,406	$ 15,409,324

(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.

Other receivables	$ 2,604,273
Community development loan activity reclass	704,476
Deferred revenue property tax	(4,593,620)
	$ (1,284,871)

(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. Cost 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	$ 117,655
Amortization bond issuance cost	(18,233)
Total expenditure adjustment	$ 99,422

(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 cost 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	$ 12,810,612
Depreciation expense	(3,036,080)
Difference	$ 9,774,532

(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	(197,736)
Principal payments made on leases	(1,461,810)
Amortization of bond premium	(4,251)
	$ (3,380,297)

(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	$ (156,348)
Net decrease in OPEB asset	595,450
Net increase in the OPEB obligation	983,362
Net increase in the net pension obligation	466,727
Net decrease in settlements payable	(49,300)
Change	$ 1,839,891

(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.

INTERFUND RECEIVABLES AND PAYABLES

	Due from other funds		Due to other funds	
General Fund		$ -		$ 7,489,136
Special Revenue Funds:				
School Unrestricted	13,842,815		3,421,108	
School Restricted	576,620		829,912	
City Permanent	-		28,481	
City Restricted	2,164,435	16,583,870	1,332,145	5,611,646
Capital Projects:		47,353		15,275
Trust and Agency Funds:				
Agency Funds		5,722		12,446
Proprietary Funds				
Water	-		5,359,761	
Sewer	3,597,696	3,597,696	1,746,377	7,106,138
		$ 20,234,641		$ 20,234,641

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	$ 73,209	$ 42,939,832
Special Revenue (School Department)	42,066,945	-
Special Revenue Funds (City)	654,117	72,248
School Lunch Fund	-	-
Capital Project Funds	277,809	-
Enterprise Funds	-	60,000
Totals	$ 43,072,080	$ 43,072,080

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 $42,066,945 is the School 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 ASSETS/FUND BALANCES

The government-wide financial statements utilize a net asset presentation. Net assets 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 assets. 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 Assets - This category presents external restrictions imposed by grantors, laws and regulations and enabling legislation.

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

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).

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.

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.

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 an expenditure is 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 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. 45 in fiscal year 2009 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.
- 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 nonservice 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

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. Medical, prescription drug, and dental benefits cease

(continued)

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:

- Custodians/Secretaries - coverage continues until the retiree would have been eligible for Medicare. Coverage is free for surviving spouse.
- Teachers - coverage continues until the retiree's 2-year period is up. After that, surviving spouse is eligible for COBRA. Surviving spouse is required to contribute the full cost of coverage.
- Administrators/Principals - coverage continues until the retiree's period of coverage is up. After that, surviving spouse is eligible for COBRA. Prior to COBRA period, surviving spouse is required to contribute 20% of premium.
- Teacher's Assistants - coverage continues until the retiree's 1-year period is up. After that, surviving spouse is eligible for COBRA. Prior to COBRA period, surviving spouse receives free coverage.

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.

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

Employee Group	*Retiree Contribution*	*Spouse Contribution*
Teachers who retire 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 singe 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 singe and family working rates
Administrators and Principals	20% of premium for specified number of years of coverage	20% of premium for specified number of years of coverage

(continued)

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. (report 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 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:

	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
Increase (decrease) in OPEB obligation	983,362	595,450
Net OPEB obligation beginning of year	8,553,228	(1,297,838)
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:

(continued)

	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)

Funded Status and Funding Progress
The funded status of the City's plan as of October 31, 2013, the most recent actuarial valuation, is as follows:

	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 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

(continued)

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.

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, 2013 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 used Beacon Mutual as its third-party administrator.

NOTE 15 - COMMITMENTS

A. 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 is 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 30, 2014, the date the financial statements were available to be issued. As a result of this review, there were no material subsequent events noted.

NOTE 17 - PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

All City of East Providence certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple-employer defined benefit plan administered by the State of Rhode Island. The payroll for employees covered by the ERS for the year ended October 31, 2013 was $25,249,869, which consisted of $24,382,224 for employees charged to federal programs and $867,646 for all other employees.

The State of Rhode Island Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 16, Chapter

(continued)

16-16. All East Providence School Department certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation and are regularly employed on at least a half time basis. Superintendents, principals, business agents and other administrators participate as teachers. Employees are vested in their retirement benefits upon completion of 10 years of service.

Retirement Eligibility:

- Grandfathered Schedule A members - members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009 - are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.
- Schedule B members - members with less than 10 years of contributory service as of June 30, 2005 and members hired on or after that date - are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age of retirement.
- Schedule A members who are not grandfathered - members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009 - will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (ii) above. The interpolation is based on service as of September 30, 2009 divided by projected service at the retirement age under (i) above.

Monthly Benefit:

The retirement benefit is a percentage of the member's monthly final average compensation (FAC). For members eligible to retire as of September 30, 2009, their FAC will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount. The percentage is a function of the member's service as described below.

- For grandfathered Schedule A members (members with at least 10 years of contributory service at June 2005 and eligible for retirement as September 30, 2009), benefits are based on the following schedule (Schedule A):

For Service In:	*Years*	*Benefit Percentage Earned*
The first 10 years of service	1-10	1.7% per year
The next 10 years of service	11-20	1.9% per year
The next 14 years of service	21-34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

- For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

(continued)

For Service In:	*Years*	*Benefit Percentage Earned*
The first 10 years of service	1-10	1.6% per year
The next 10 years of service	11-20	1.8% per year
The next 5 years of service	21-25	2.0% per year
The next 5 years of service	26-30	2.25% per year
The next 7 years of service	31-37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

- For Schedule A members who are not grandfathered (members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009) benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

Post-Retirement Benefit Increase:

- For members with at least 10 years of contributory service as of June 30, 2005 who are retired or eligible to retire as of September 30, 2009, and for all members receiving a disability retirement benefit on that date (Schedule A members): a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.
- For other members (Schedule B members) who retired or were eligible to retire as of June 30, 2010: a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This is increase is limited to 3.00%.
- For other members (Schedule B members) who were not retired or were not eligible to retire as of June 30, 2010: a compound increase in their first $35,000 of annual retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the later of the member's third anniversary of retirement and the month following their 65th birthday. This increase is limited to 3.00%. Additionally, the $35,000 annual COLA limit is applicable for benefits paid in 2010 and would be indexed annually to increase in the same manner as COLAs for Schedule B members (CPI for the year, not greater than 3.0%).

Funding Policy

Covered employees are required by State Statute to contribute 3.75% of their salary to the plan. The State and the School Department are required to contribute an amount determined annually by the actuary and as provided by State Statute. The split between State and the School Department is specified by State Statute. The contribution requirement for November 1, 2012 through October 31, 2013 was 20.68%. The Teachers' Plan cost is paid 60% by the School Department and 40% by the State. This results in a contribution requirement for the School of 12.26% and a contribution requirement for the State of 8.42% for November 1, 2012 through October 31, 2013.

The State contribution for the cut off year ended October 31, 2013 was $3,309,071, which represented 8.42% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on behalf of payments and are reported as revenue and as an expenditure in the financial statements. The contribution requirement for the cut off year ended October 31, 2013 was $3,951,631, which consisted of $3,004,765 from the School Department and $946,866 from employees. These contributions represented 3.75% of covered

(continued)

payroll respectively. The annual required contribution was determined as part of the June 30, 2011 actuarial valuations respectively.

The School Department does not have any investments or related party investments with the State Plan. The School Department's contribution represented 2.98% of total contributions required of all participating entities.

Trend Information

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
10/31/2013	$ 3,004,765	100.0%
10/31/2012	4,323,397	100.0%
10/31/2011	3,806,299	100.0%

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

The City of East Providence participates in the Municipal Employees' Retirement System ("MERS"), an agent multiple-employer defined benefit plan administered by the State of Rhode Island. All City employees except police officers, firefighters and certified school personnel participate in the System.

The payroll for employees covered by the MERS for the year ended October 31, 2013 was $15,110,954.

The State of Rhode Island's Municipal Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information (RSI). That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

Plan Description
The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 45, Chapter 19, 19.1, 21, 21.1, 21.2 and 21.3 and may be amended by State Statute. The MERS generally provides retirement benefits equal to 2% of a member's monthly final average compensation for each year of service, up to 37.5 years (maximum benefit of 75% of final average compensation). Final average compensation is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non-service connected disability benefits after 5 years of service, service connected disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits upon the completion of 10 years of service. Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year beginning January 1 following the member's retirement. The City has elected COLA provision B.

Funding Policy
General employees are required by State Statute to contribute 6% of their annual earnings. The contribution rate

(continued)

is increased to 7% with the optional cost-of-living provision. The City is required to contribute based on an actuarially determined amount and as provided by State Statute for each participating municipality. The City's rate for fiscal year 2012-2013 was 22.12% for the period November 1, 2012 through October 31, 2013.

Annual Pension Cost
For 2012-2013, the City's annual pension cost of $2,929,061 for the MERS was equal to the City's required and actual contributions.

Trend Information

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
10/31/2013	$ 2,929,061	0.0%
10/31/2012	2,374,116	100.0%
10/31/2011	2,853,971	100.0%

The required contribution was determined as part of the June 30, 2011 actuarial valuation. The actuarial method used is the entry age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability. Significant actuarial assumptions used in the June 30, 2011 valuation include the following:

1) Investment return - 8.25%, compounded annually, composed of an assumed 3.0% inflation rate and a 5.25% net real rate of return
2) Projected salary increases - a service related component, plus a 4.5% wage inflation assumption (composed of a 3% price inflation assumption and a 1.5% additional general increase)
3) Cost of living adjustment - 3%, not compounded

The actuarial value of assets is based on market value of assets with a five year phase-in of actual investment return in excess of (less than) expected investment income. The MERS' unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2011 was 18 years, respectively.

Funded Status and Funding Progress
As of June 30, 2013, the most recent actuarial valuation date, the general employees plan was 59.1% funded. The actuarial accrued liability for benefits was $100,281,948 and the actuarial value of assets was $59,293,656, resulting in an unfunded actuarial accrued liability (UAAL) of $40,988,292. The covered payroll (annual payroll of active employees covered by the plan) was $15,110,954, and the ratio of the UAAL to the covered payroll was 271.2%. The June 30, 2013 actuarial valuation used the same methods and assumptions described above under "annual pension cost," except the investment return was decreased to 7.5% and projected salary increases were decreased to 4%.

(continued)

The schedule of funding progress, presented as 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 liability for benefits.

C. POLICE AND FIREFIGHTERS PENSION PLAN

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 Police and Firefighters Pension Plan is included as a Pension Trust Fund in the City of East Providence, Rhode Island's financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the Police and Firefighters Pension Plan.

All members of the Police and Fire Departments of the City of East Providence are covered by this plan. The City's payroll for employees covered by the Plan for the year ended October 31, 2012 was $12,542,173.

As of October 31, 2012, employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	
Active plan members	245
Retired plan members	186
	431

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. 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 for Police, 71% for Fire. 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% salary.

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.

(continued)

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. 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 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.

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% of compensation to the Plan.
Based on the above, the City's customary contribution requirement for the plan year beginning November 1, 2010 is developed as follows:

	Police	***Fire***	***Total***
Normal Cost	$ 984,556	$ 982,786	$1,967,342
Amortization of unfunded actuarial accrued liability	169,895	3,299,643	3,469,538
Total City customary contribution	$1,154,451	$4,282,429	$5,436,880

(continued)

The City made contributions in fiscal year 2013 of $7,075,982 which is similar to the City's customary contribution shown above.

Summary of Significant Accounting Policies

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 of the General Partner. 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 Assets.

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 2013 are as follows:

	10/31/2013
Annual required contribution	$ 7,951,460
Interest on NPO obligation	3,902,493
Adjustment to annual required contribution	(4,311,244)
Annual NPO cost	7,542,709
Contributions made	7,075,982
Increase (decrease) in NPO obligation	466,727
Net NPO obligation beginning of year	52,033,239

Three Year Trend Information

	Fiscal Year Ended	Annual NPO Cost	% of Annual NPO Cost Contributed	NPO Obligation (Asset)
City	10/31/2013	$ 7,542,709	27.2%	$ 52,499,966
City	10/31/2012	7,654,421	26.8%	52,033,239
City	10/31/2011	7,149,798	20.0%	46,433,599

(continued)

The City's annual required contribution to the Plan was determined as part of the October 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. Under this method, the actuarial accrued liability which is re-determined for each active participant as of each valuation date, represents the present value of benefits earned prior to the valuation date based on service as of the valuation date and projected benefits at expected date of retirement. The unfunded actuarial accrued liability represents the excess of the actuarial accrued liability over the valuation assets. The normal cost represents the actuarial present value of the unit of benefit (based on benefits at expected date of retirement) to be earned in the valuation year by each active participant included in the valuation. When calculating the annual required contribution in accordance with GASB Statement No. 27, the unfunded actuarial accrued liability (UAAL) is amortized on a level percentage of pay basis over a 30-year closed period.

- Significant actuarial assumptions used in the October 31, 2013 actuarial valuation included:
- Interest - 8.5% per annum.
- Salary increases - 5% per year.
- Cost of living adjustments - 3% per year, compounded, for the appropriate categories of retired
- members.
- Asset value - adjusted value of assets determined by a 5 year average of investment gains (losses) subject to a corridor limitation of 120% of market value.

Funded Status and Funding Progress

As of October 31, 2013, the most recent actuarial valuation date, the plan was 61.9% funded. The actuarial accrued liability for benefits was $172,949,000 and the actuarial value of assets was $107,061,000, resulting in an unfunded actuarial accrued liability (UAAL) of $112,727,000. The covered payroll (annual payroll of active employees covered by the plan) was $12,667,000, and the ratio of the UAAL to the covered payroll was 520.2%. The October 31, 2013 actuarial valuation included changes from the prior valuation including the use of the entry age normal actuarial cost method; decrease in the interest rate assumption to 7.5%; decrease in the salary increases assumption to 4.25% 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.

In the Fiscal Year 2013, there was a large settlement with Google, Inc. for payments to be made to the City from Federal Forfeiture funds. The amount contributed to the Police pension funds was $49,200,000. This was a negotiated settlement in which funds were received and transferred directly to the pension trust fund.

(concluded)

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, 2013

	Original Budget	Revised Budget	Actual Amounts	Budget Variance
Revenues:				
General property tax	$ 95,783,333	$ 95,783,333	$ 96,084,691	$ 301,358
Interest				
Interest on taxes	466,667	466,667	852,411	385,744
Total interest	466,667	466,667	852,411	385,744
Departmental				
Permits, licenses and fees	4,305,430	5,040,406	4,996,075	(44,331)
Fines and penalties	58,000	58,000	60,680	2,680
Charges for services	316,385	316,385	292,461	(23,924)
Donations	-	-	6,478	6,478
Sale of city property	-	-	225,226	225,226
Total departmental	4,679,815	5,414,791	5,580,920	166,129
Intergovernmental	4,453,824	4,453,824	4,721,193	267,369
Total Revenues	105,383,639	106,118,615	107,239,215	1,120,600
Expenditures:				
General Government				
City council	24,410	24,410	19,881	(4,529)
City manager	262,895	262,895	258,145	(4,750)
Senior services	269,437	269,437	276,593	7,156
Information technology	319,704	319,704	302,495	(17,209)
City clerk	535,269	535,269	478,116	(57,153)
Municipal court	18,578	18,578	164,791	146,213
Finance director	152,205	152,205	214,534	62,329
Control and accounts	246,251	246,251	280,650	34,399
Treasury	543,317	543,317	521,010	(22,307)
Treasury - MIS	827,811	827,811	500,401	(327,410)
Purchasing	184,313	184,313	149,776	(34,537)
Assessment	717,370	717,370	587,466	(129,904)
Planning	539,867	539,867	529,327	(10,540)
Law	863,864	306,225	405,362	99,137
Personnel and emergency management	433,309	433,309	495,101	61,792
Affirmative action	88,710	88,710	55,789	(32,921)
Canvassing	178,348	178,348	183,193	4,845
Total general government	6,205,658	5,648,019	5,422,630	(225,389)
Public Safety				
Police	14,396,501	14,396,501	15,599,788	1,203,287
Animal control	301,971	301,971	289,098	(12,873)
Harbormaster	-	-	40,054	40,054
Fire	15,796,112	15,796,112	16,254,045	457,933
Building inspection	206,016	531,016	580,526	49,510
Total public safety	30,700,600	31,025,600	32,763,511	1,737,911

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, 2013
(continued)

	Original Budget	Revised Budget	Actual Amounts	Budget Variance
Public Works				
Director	178,152	178,152	235,817	57,665
Engineering	249,538	549,538	628,883	79,345
Highway	2,427,073	2,427,073	2,688,303	261,230
Central garage	738,893	738,893	701,579	(37,314)
Streetlights	503,457	503,457	792,767	289,310
Public buildings	1,923,416	2,033,392	1,497,230	(536,162)
Total public works	6,020,529	6,430,505	6,544,579	114,074
Sanitation				
Refuse disposal	2,468,721	2,468,721	2,648,365	179,644
Total sanitation	2,468,721	2,468,721	2,648,365	179,644
Public Libraries	2,029,812	2,029,812	1,896,843	(132,969)
Parks and Recreation:				
Parks	975,633	975,633	988,204	12,571
Recreation	714,558	714,558	640,539	(74,019)
Total parks and recreation	1,690,191	1,690,191	1,628,743	(61,448)
Miscellaneous	894,140	1,451,779	1,641,680	189,901
OPEB	6,042,120	6,042,120	3,190,695	(2,851,425)
1% Budget Reserve	962,500	962,500	-	(962,500)
Debt Service	6,392,423	6,392,423	4,855,482	(1,536,941)
Total Expenditures	63,406,694	64,141,670	60,592,528	(3,549,142)
Excess of revenues over expenditures before operating transfers	41,976,945	41,976,945	46,646,687	4,669,742
Other financing sources and (uses)				
Operating transfers from other funds				
Special revenue funds	-	-	13,209	13,209
Revenue from City agencies	90,000	90,000	60,000	(30,000)
Operating transfers to other funds				
Special revenue funds	-	-	(595,078)	(595,078)
Capital project funds	-	-	(277,809)	(277,809)
School unrestricted fund - City appropriation	(42,066,945)	(42,066,945)	(42,066,945)	-
Total other financing sourses and (uses)	(41,976,945)	(41,976,945)	(42,866,623)	(889,678)
Net change in fund balance - budgetary basis	$ -	$ -	$ 3,780,064	$ 3,780,064

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, 2013

	Original Budget	Revised Budget	Actual	Variance
Revenues				
State aid	$ 26,284,638	$ 26,284,638	$ 26,886,500	$ 601,862
Charges for services	2,708,668	2,708,668	2,445,618	(263,050)
Other revenue	-	-	109,782	109,782
Total revenue	28,993,306	28,993,306	29,441,900	448,594
Expenditures				
Education	71,060,251	71,060,251	69,037,203	2,023,048
Total expenditures	71,060,251	71,060,251	69,037,203	2,023,048
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(42,066,945)	(42,066,945)	(39,595,303)	2,471,642
Other financing sources				
Transfers from General Fund - City appropriation	42,066,945	42,066,945	42,066,945	-
Total other financing sources	42,066,945	42,066,945	42,066,945	-
Excess revenues and other sources over (under) expenditures and other sources - budgetary basis	$ -	$ -	$ 2,471,642	$ 2,471,642

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 (1)
Unaudited"

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accured Liability (UAAL)	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%
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%
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 scheduel 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.

BUDGETARY DATA AND BUYDGETARY COMPLAINCE

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 that are 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	$ 107,239,215	$ 29,441,900
Adjustments:		
To adjust for State on behalf payments	-	2,297,911
GAAP basis revenues	107,239,215	31,739,811
Budgetary Basis Expenditures	60,592,528	69,037,203
Adjustments:		
To adjust for State on behalf payments	-	2,297,911
To adjust for change in encumbrances	125,201	-
GAAP basis expenditures	60,717,729	71,335,114
Budgetary Basis Transfers	(42,866,623)	42,066,945
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP basis)	$ 3,654,863	$ 2,471,642

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
October 31, 2013
"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, 2013	October 31, 2013	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	30 years form June 30, 1999, or 19 years as of the valuation date	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 investmetn 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 teturn	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	4.25% per year	Not applicable	Not applicable
Cost of living adjustments	3%, not compunded	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 356 Retirees and beneficiaries 394 750	Active Employees 186 Retirees and beneficiaries 245 431	Active Employees 360 Retirees and beneficiaries 214 574	Active Employees 633 Retirees and beneficiaries 193 826

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
October 31, 2013

	City Special Revenue Funds	School Special Revenue Funds	School Lunch Fund	Summer School Remedial	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
ASSETS							
Cash and cash equivalents	$ 3,712,139	$ 751,904	$ 145,380	$ -	$ 4,253,265	$ 54,388	$ 8,917,076
Investments	909,782	-	-	-	3,451,082	40,810	4,401,674
Accounts receivable	758,516	823,484	-	-	-	-	1,582,000
Due from other governments	-	295	263,736	-	-	-	264,031
Internal balances	2,164,435	576,620	-	-	47,353	-	2,788,408
Total assets	$ 7,544,872	$ 2,152,303	$ 409,116	$ -	$ 7,751,700	$ 95,198	$ 17,953,189
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ 448,014	$ -	$ -	$ -	$ -	$ 448,014
Accounts payable and accrued expenses	2,267,485	259,381	423,103	-	656,886	-	3,606,855
Internal balances	1,332,145	829,912	-	-	15,275	28,481	2,205,813
Deferred revenue	730,337	-	-	-	-	-	730,337
Other liabilities	178,433	-	-	-	-	-	178,433
Total liabilities	4,508,400	1,537,307	423,103	-	672,161	28,481	7,169,452
Fund balances (deficits)							
Nonspendable:							
Cemetary perpetual care	-	-	-	-	-	66,717	66,717
Restricted, reported in:							
Special revenue funds	3,087,179	664,622	-	-	-	-	3,751,801
Capital projects funds	-	-	-	-	7,079,539	-	7,079,539
Unassigned	(50,707)	(49,626)	(13,987)	-	-	-	(114,320)
Total fund balances	3,036,472	614,996	(13,987)	-	7,079,539	66,717	10,783,737
Total liabilities and fund balances	$ 7,544,872	$ 2,152,303	$ 409,116	$ -	$ 7,751,700	$ 95,198	$ 17,953,189

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, 2013

	City Special Revenue Funds	School Special Revenue Funds	School Lunch Fund	Summer School Remedial	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
Revenues							
Federal and state aid and grants	$ 58,327,074	$ 4,412,679	$ 1,239,094	$ 18,990	$ 258,779	$ -	$ 64,256,616
Charges for services	94,043	85,358	558,815	-	-	-	738,216
Investment and interest income	57	-	-	-	14,794	13	14,864
Contributions and private grants	68,803	66,214	-	-	-	2,000	137,017
Other revenue	267,190	-	-	-	-	-	267,190
Total revenues	58,757,167	4,564,251	1,797,909	18,990	273,573	2,013	65,413,903
Expenditures							
General government	1,359,224	-	-	-	-	41,455	1,400,679
Public safety	56,304,261	-	-	-	-	-	56,304,261
Public works	259,443	-	-	-	69,660	-	329,103
Parks and recreation	178,393	-	-	-	-	-	178,393
Public libraries	10,181	-	-	-	-	-	10,181
Education	-	4,022,335	1,811,896	18,990	5,158,251	-	11,011,472
Debt service	254,285	-	-	-	2,775	-	257,060
Total expenditures	58,365,787	4,022,335	1,811,896	18,990	5,230,686	41,455	69,491,149
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	391,380	541,916	(13,987)	-	(4,957,113)	(39,442)	(4,077,246)
Other financing sources (uses)							
Transfers from other funds	654,117	-	-	-	277,809	-	931,926
Transfers (to) other funds	(72,248)	-	-	-	-	-	(72,248)
Total other financing sources (uses)	581,869	-	-	-	277,809	-	859,678
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	973,249	541,916	(13,987)	-	(4,679,304)	(39,442)	(3,217,568)
Fund balances (deficit) - restricted November 1, 2012	2,063,223	73,080	-	-	11,758,843	106,159	14,001,305
Fund balances (deficit) - restricted October 31, 2013	$ 3,036,472	$ 614,996	$ (13,987)	$ -	$ 7,079,539	$ 66,717	$ 10,783,737

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2013

	ARRA State Energy Efficiency	Byrne/JAG 2009 Formula	Energy Study & Improvement	Station Construction 2009	Fire Prevention & Safety	Fire Port Security	Fire UASI
ASSETS							
Cash and cash equivalents	$ 914	$ -	$ 38,946	$ 408,396	$ 253	$ 200	$ 5,758
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	-	-	-	1,890,205	-	-	-
Total assets	$ 914	$ -	$ 38,946	$ 2,298,601	$ 253	$ 200	$ 5,758
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ 974,869	$ -	$ -	$ -
Internal balances	6,142	-	28,179	-	-	2,638	4,718
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	6,142	-	28,179	974,869	-	2,638	4,718
Fund balances (deficits)							
Fund balances - restricted	-	-	10,767	1,323,732	253	-	1,040
Fund balances - unassigned	(5,228)	-	-	-	-	(2,438)	-
Total fund balances (deficits)	(5,228)	-	10,767	1,323,732	253	(2,438)	1,040
Total liabilities and fund balances	$ 914	$ -	$ 38,946	$ 2,298,601	$ 253	$ 200	$ 5,758

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2013
(continued)

	SBA Green Business Initiative	Substance Abuse Grants	Waterfront Stormwater Study	Assistance to Firefighters	Byrne/JAG 2009 Local	Hunts Mill/ Tranquility Place	Project Dare
ASSETS							
Cash and cash equivalents	$ 483	$ 18,222	$ 255,205	$ 27,338	$ 21,318	$ 155,354	$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	-	35,551	-	-	7,430	-	10,521
Total assets	$ 483	$ 53,773	$ 255,205	$ 27,338	$ 28,748	$ 155,354	$ 10,521
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ 279	$ -	$ 716	$ -	$ -	$ -
Internal balances	-	-	6,529	33,680	-	12,267	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	279	6,529	34,396	-	12,267	-
Fund balances (deficits)							
Fund balances - restricted	483	53,494	248,676	-	28,748	143,087	10,521
Fund balances - unassigned	-	-	-	(7,058)	-	-	-
Total fund balances (deficits)	483	53,494	248,676	(7,058)	28,748	143,087	10,521
Total liabilities and fund balances	$ 483	$ 53,773	$ 255,205	$ 27,338	$ 28,748	$ 155,354	$ 10,521

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2013
(continued)

	Forfeited Drug State	Forfeited Drug Federal	Bold Point Park	Substance Abuse Donations	Emergency Management Program	Historical Records Preservation	Debt Service Reserve East Pointe
ASSETS							
Cash and cash equivalents	$ 24,671	$ 1,739,285	$ -	$ -	$ 92,636	$ 391	$ 178,433
Investments	-	21,885	1,134	-	-	279,617	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	-	-	27,095	-	-	74,058	-
Total assets	$ 24,671	$ 1,761,170	$ 28,229	$ -	$ 92,636	$ 354,066	$ 178,433
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ 2,758	$ 944,870	$ -	$ -	$ 183	$ -	$ -
Internal balances	5,832	692,328	-	-	555	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	178,433
Total liabilities	8,590	1,637,198	-	-	738	-	178,433
Fund balances (deficits)							
Fund balances - restricted	16,081	123,972	28,229	-	91,898	354,066	-
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	16,081	123,972	28,229	-	91,898	354,066	-
Total liabilities and fund balances	$ 24,671	$ 1,761,170	$ 28,229	$ -	$ 92,636	$ 354,066	$ 178,433

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2013
(continued)

	Champlin Fund Weaver	Crescent Park Carousel	Forbes St Solar Project	Library Donation Fund	Friends of Ancient Little Neck Cemetary	Fire Decon Grant	NEW DPW Energy Grant State
ASSETS							
Cash and cash equivalents	$ 372	$ 90,486	$ 29,928	$ -	$ 713	$ 2,778	$ -
Investments	26,503	181,721	-	-	-	-	-
Accounts receivable	-	-	28,179	-	-	-	-
Internal balances	-	-	-	117,075	-	-	-
Total assets	$ 26,875	$ 272,207	$ 58,107	$ 117,075	$ 713	$ 2,778	$ -
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ 41,688	$ 80,912	$ -	$ -	$ -	$ -
Internal balances	3,761	84,180	11,400	-	-	4,556	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	3,761	125,868	92,312	-	-	4,556	-
Fund balances (deficits)							
Fund balances - restricted	23,114	146,339	-	117,075	713	-	-
Fund balances - unassigned	-	-	(34,205)	-	-	(1,778)	-
Total fund balances (deficits)	23,114	146,339	(34,205)	117,075	713	(1,778)	-
Total liabilities and fund balances	$ 26,875	$ 272,207	$ 58,107	$ 117,075	$ 713	$ 2,778	$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2013
(continued)

	Early Retiree Reinsurance Program	Community Development Activities	NEW Beautification Committee	Total Special Revenue Funds
ASSETS				
Cash and cash equivalents	$ 201,438	$ 418,621	$ -	$ 3,712,139
Investments	-	398,922	-	909,782
Accounts receivable	-	730,337	-	758,516
Internal balances	-	-	2,500	2,164,435
Total assets	$ 201,438	$ 1,547,880	$ 2,500	$ 7,544,872
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	$ -	$ 221,210	$ -	2,267,485
Internal balances	-	435,380	-	1,332,145
Deferred revenue	-	730,337	-	730,337
Other liabilities	-	-	-	178,433
Total liabilities	-	1,386,927	-	4,508,400
Fund balances (deficits)				
Fund balances - restricted	201,438	160,953	2,500	3,087,179
Fund balances - unassigned	-	-	-	(50,707)
Total fund balances (deficits)	201,438	160,953	2,500	3,036,472
Total liabilities and fund balances	$ 201,438	$ 1,547,880	$ 2,500	$ 7,544,872

(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, 2013

	ARRA State Energy Efficiency	Byrne/JAG 2009 Formula	Energy Study & Improvement	Station Construction 2009	Fire Prevention & Safety	Fire Port Security	Fire UASI
Revenues							
Federal and state aid and grants	$ -	$ -	$ -	$ 4,739,256	$ -	$ 229,401	$ -
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	1,040
Total revenues	-	-	-	4,739,256	-	229,401	1,040
Expenditures							
General government	117,982	-	-	-	-	-	-
Public safety	-	-	-	4,056,591	-	234,967	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	117,982	-	-	4,056,591	-	234,967	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(117,982)	-	-	682,665	-	(5,566)	1,040
Other financing sources (uses)							
Transfers from other funds	-	6,494	-	573,947	-	-	-
Transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	6,494	-	573,947	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(117,982)	6,494	-	1,256,612	-	(5,566)	1,040
Fund balances (deficit) - restricted November 1, 2012	112,754	(6,494)	10,767	67,120	253	3,128	-
Fund balances (deficit) - restricted October 31, 2013	$ (5,228)	$ -	$ 10,767	$ 1,323,732	$ 253	$ (2,438)	$ 1,040

(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, 2013
(continued)

	SBA Green Business Initiative	Substance Abuse Grants	Waterfront Stormwater Study	Assistance to Firefighters	Byrne/JAG 2009 Local	Hunts Mill/ Tranquility Place	Project Dare
Revenues							
Federal and state aid and grants	$ 42,185	$ 48,528	$ 255,205	$ 544,918	$ 7,430	$ 150,000	$ 4,000
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	3,769	-	-	-	-	-
Other revenue	-	2,500	-	-	-	-	-
Total revenues	42,185	54,797	255,205	544,918	7,430	150,000	4,000
Expenditures							
General government	42,185	-	-	-	-	-	-
Public safety	-	66,815	-	569,964	-	-	-
Public works	-	-	-	-	-	54,149	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	42,185	66,815	-	569,964	-	54,149	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	(12,018)	255,205	(25,046)	7,430	95,851	4,000
Other financing sources (uses)							
Transfers from other funds	-	59,039	-	-	-	-	-
Transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	59,039	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	47,021	255,205	(25,046)	7,430	95,851	4,000
Fund balances (deficit) - restricted November 1, 2012	483	6,473	(6,529)	17,988	21,318	47,236	6,521
Fund balances (deficit) - restricted October 31, 2013	$ 483	$ 53,494	$ 248,676	$ (7,058)	$ 28,748	$ 143,087	$ 10,521

(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, 2013
(continued)

	Forfeited Drug State	Forfeited Drug Federal	Bold Point Park	Substance Abuse Donations	Emergency Management Program	Historical Records Preservation	Debt Service Reserve East Pointe
Revenues							
Federal and state aid and grants	$ 23,679	$ 51,195,400	$ -	$ -	$ 4,339	$ -	$ -
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	4	-	-	-	30	-
Contributions and private grants	-	-	-	39,041	-	-	-
Other revenue	-	-	-	-	-	41,870	-
Total revenues	23,679	51,195,404	-	39,041	4,339	41,900	-
Expenditures							
General government	-	-	-	-	-	22,722	-
Public safety	23,761	51,245,363	-	-	7,760	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	23,761	51,245,363	-	-	7,760	22,722	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(82)	(49,959)	-	39,041	(3,421)	19,178	-
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers (to) other funds	-	-	-	(72,248)	-	-	-
Total other financing sources (uses)	-	-	-	(72,248)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(82)	(49,959)	-	(33,207)	(3,421)	19,178	-
Fund balances (deficit) - restricted November 1, 2012	16,163	173,931	28,229	33,207	95,319	334,888	-
Fund balances (deficit) - restricted October 31, 2013	$ 16,081	$ 123,972	$ 28,229	$ -	$ 91,898	$ 354,066	$ -

(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, 2013
(continued)

	Champlin Fund Weaver	Crescent Park Carousel	Forbes St Solar Project	Library Donation Fund	Friends of Ancient Little Neck Cemetary	Fire Decon Grant	NEW DPW Energy Grant State
Revenues							
Federal and state aid and grants	$ -	$ -	$ -	$ -	$ -	$ 99,147	$ 190,505
Charges for services	-	94,043	-	-	-	-	-
Investment and interest income	4	19	-	-	-	-	-
Contributions and private grants	-	23,493	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	4	117,555	-	-	-	99,147	190,505
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	99,040	-
Public works	-	-	-	-	152	-	205,142
Parks and recreation	-	178,393	-	-	-	-	-
Public libraries	10,181	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	10,181	178,393	-	-	152	99,040	205,142
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(10,177)	(60,838)	-	-	(152)	107	(14,637)
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	14,637
Transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	14,637
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(10,177)	(60,838)	-	-	(152)	107	-
Fund balances (deficit) - restricted November 1, 2012	33,291	207,177	(34,205)	117,075	865	(1,885)	-
Fund balances (deficit) - restricted October 31, 2013	$ 23,114	$ 146,339	$ (34,205)	$ 117,075	$ 713	$ (1,778)	$ -

(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, 2013
(continued)

	Early Retiree Reinsurance Program	Community Development Activities	NEW Beautification Committee	Total Special Revenue Funds
Revenues				
Federal and state aid and grants	$ -	$ 793,081	$ -	$ 58,327,074
Charges for services	-	-	-	94,043
Investment and interest income	-	-	-	57
Contributions and private grants	-	-	2,500	68,803
Other revenue	-	221,780	-	267,190
Total revenues	-	1,014,861	2,500	58,757,167
Expenditures				
General government	-	1,176,335	-	1,359,224
Public safety	-	-	-	56,304,261
Public works	-	-	-	259,443
Parks and recreation	-	-	-	178,393
Public libraries	-	-	-	10,181
Education	-	-	-	-
Debt service	-	254,285	-	254,285
Total expenditures	-	1,430,620	-	58,365,787
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	(415,759)	2,500	391,380
Other financing sources (uses)				
Transfers from other funds	-	-	-	654,117
Transfers (to) other funds	-	-	-	(72,248)
Total other financing sources (uses)	-	-	-	581,869
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(415,759)	2,500	973,249
Fund balances (deficit) - restricted November 1, 2012	201,438	576,712	-	2,063,223
Fund balances (deficit) - restricted October 31, 2013	$ 201,438	$ 160,953	$ 2,500	$ 3,036,472

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2013

	IDEA Part B	Preschool Section 619	Title I	Title II	EPHS E2T2	Title III	Title V
ASSETS							
Cash and cash equivalents	$ 125,109	$ 33,924	$ -	$ 201,033	$ 2,535	$ 8,205	$ 754
Due from federal and state governments	348,962	9,259	190,396	100,333	-	1,292	-
Internal balances	-	-	190,925	-	-	-	-
Other receivables	295	-	-	-	-	-	-
TOTAL ASSETS	$ 474,366	$ 43,183	$ 381,321	$ 301,366	$ 2,535	$ 9,497	$ 754
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ -	$ 375,139	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	163,393	-	6,182	19,063	-	1,441	-
Internal balances	310,973	43,183	-	282,303	-	8,056	-
Total liabilities	474,366	43,183	381,321	301,366	-	9,497	-
Fund balances							
Fund balances - restricted	-	-	-	-	2,535	-	754
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	2,535	-	754
TOTAL LIABILITIES AND FUND BALANCES	$ 474,366	$ 43,183	$ 381,321	$ 301,366	$ 2,535	$ 9,497	$ 754

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2013
(continued)

	Perkins	Vocational Training for Adults	Fresh Fruits & Vegetables	Safe Routes to School	RTTT Standards & Curriculum	RTTT Instructional Improvement Systems	RTTT Educator Effectiveness	RTTT IIS Set Aside
ASSETS								
Cash and cash equivalents	$ 40,473	$ 35,496	$ 297	$ -	$ 1,155	$ 19,070	$ 24	$ -
Due from federal and state governments	68,108	12,319	11,504	-	1,172	16,000	9,485	-
Internal balances	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 108,581	$ 47,815	$ 11,801	$ -	$ 2,327	$ 35,070	$ 9,509	$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Cash overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	15,444	8,152	11,206	-	-	479	282	-
Internal balances	93,137	25,833	595	-	2,327	34,591	9,227	-
Total liabilities	108,581	33,985	11,801	-	2,327	35,070	9,509	-
Fund balances								
Fund balances - restricted	-	13,830	-	-	-	-	-	-
Fund balances - unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	13,830	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 108,581	$ 47,815	$ 11,801	$ -	$ 2,327	$ 35,070	$ 9,509	$ -

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2013
(continued)

	RTTT Educator Effectiveness Set Aside	RTTT HCD Set Aside	Teaching American History	Literacy for All	Legislative Technology Martin	Career Tech Center Ind. Cont.	Legislative Technology Hennessey
ASSETS							
Cash and cash equivalents	$ -	$ -	$ 50	$ 1,113	$ 1,801	$ 175,000	$ 1
Due from federal and state governments	-	-	-	-	-	-	-
Internal balances	-	-	-	-	-	125,494	-
Other receivables	-	-	-	-	-	-	-
TOTAL ASSETS	$ -	$ -	$ 50	$ 1,113	$ 1,801	$ 300,494	$ 1
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	-	-	-	-	-	7,500	-
Internal balances	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	7,500	-
Fund balances							
Fund balances - restricted	-	-	50	1,113	1,801	292,994	1
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances	-	-	50	1,113	1,801	292,994	1
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -	$ 50	$ 1,113	$ 1,801	$ 300,494	$ 1

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2013
(continued)

	Legislative Technology Orlo	CTE Categorical Fund	Champlin Grant	Feinstein	United Way	Permanent School Fund	Donations & Gifts
ASSETS							
Cash and cash equivalents	$ 293	$ 36,543	$ 165	$ 14,717	$ 255	$ -	$ 5,540
Due from federal and state governments	-	-	-	-	-	-	-
Internal balances	-	245,872	-	-	-	-	1,266
Other receivables	-	-	-	-	-	-	-
TOTAL ASSETS	$ 293	$ 282,415	$ 165	$ 14,717	$ 255	$ -	$ 6,806
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	-	8,201	-	-	-	-	-
Internal balances	-	-	-	-	-	-	725
Total liabilities	-	8,201	-	-	-	-	725
Fund balances							
Fund balances - restricted	293	274,214	165	14,717	255	-	6,081
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances	293	274,214	165	14,717	255	-	6,081
TOTAL LIABILITIES AND FUND BALANCES	$ 293	$ 282,415	$ 165	$ 14,717	$ 255	$ -	$ 6,806

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2013
(continued)

	RI State Council on the Arts	RI Historical	EPHS Arts	RI Parent Information Network	RI State Improvement Waddington	National Geographic	Title I Targeted
ASSETS							
Cash and cash equivalents	$ -	$ 294	$ 2,300	$ 1,181	$ -	$ 68	$ -
Due from federal and state governments	-	-	-	-	-	-	54,654
Internal balances	-	-	-	-	3,063	-	-
Other receivables	-	-	-	-	-	-	-
TOTAL ASSETS	$ -	$ 294	$ 2,300	$ 1,181	$ 3,063	$ 68	$ 54,654
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ -	$ -	$ -	$ 3,063	$ -	$ 20,186
Accounts payable and accrued expenses	-	-	-	-	-	-	15,506
Internal balances	-	-	-	-	-	-	18,962
Total liabilities	-	-	-	-	3,063	-	54,654
Fund balances							
Fund balances - restricted	-	294	2,300	1,181	-	68	-
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances	-	294	2,300	1,181	-	68	-
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 294	$ 2,300	$ 1,181	$ 3,063	$ 68	$ 54,654

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2013
(continued)

	RITIE	Sports Middle School	Career & Technical Program Income	School Implementation	EPHS Gym	Feinstein Hennessey	Total Special Revenue Funds
ASSETS							
Cash and cash equivalents	$ 733	$ 7,342	$ 36,433	$ -	$ -	$ -	$ 751,904
Due from federal and state governments	-	-	-	-	-	-	823,484
Internal balances	-	-	-	-	-	10,000	576,620
Other receivables	-	-	-	-	-	-	295
TOTAL ASSETS	$ 733	$ 7,342	$ 36,433	$ -	$ -	$ 10,000	$ 2,152,303
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ -	$ -	$ -	$ 49,626	$ -	$ 448,014
Accounts payable and accrued expenses	-	2,532	-	-	-	-	259,381
Internal balances	-	-	-	-	-	-	829,912
Total liabilities	-	2,532	-	-	49,626	-	1,537,307
Fund balances							
Fund balances - restricted	733	4,810	36,433	-	-	10,000	664,622
Fund balances - unassigned	-	-	-	-	(49,626)	-	(49,626)
Total fund balances	733	4,810	36,433	-	(49,626)	10,000	614,996
TOTAL LIABILITIES AND FUND BALANCES	$ 733	$ 7,342	$ 36,433	$ -	$ -	$ 10,000	$ 2,152,303

(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, 2013

	IDEA Part B	Preschool Section 619	Title I	Title II	EPHS E2T2	Title III	Title V
Revenues							
Intergovernmental revenues	$ 1,499,098	$ 49,463	$ 1,033,566	$ 384,021	$ -	$ 18,467	$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	1,499,098	49,463	1,033,566	384,021	-	18,467	-
Expenditures							
Education	1,499,098	49,463	1,033,566	384,021	-	18,467	-
Total expenditures	1,499,098	49,463	1,033,566	384,021	-	18,467	-
Excess revenues over (under) expenditures	-	-	-	-	-	-	-
Fund balances (deficit) - restricted November 1, 2012	-	-	-	-	2,535	-	754
Fund balances (deficit) - restricted October 31, 2013	$ -	$ -	$ -	$ -	$ 2,535	$ -	$ 754

(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, 2013
(continued)

	Perkins	Vocational Training for Adults	Fresh Fruits & Vegetables	Safe Routes to School	RTTT Standards & Curriculum	RTTT Instructional Improvement Systems	RTTT Educator Effectiveness	RTTT IIS Set Aside
Revenues								
Intergovernmental revenues	$ 216,945	$ -	$ 49,368	$ 673	$ 1,172	$ 16,000	$ 44,078	$ 131,187
Charges for services	-	16,215	-	-	-	-	-	-
Contributions and private grants	-	46,686	-	-	-	-	-	-
Total revenues	216,945	62,901	49,368	673	1,172	16,000	44,078	131,187
Expenditures								
Education	216,945	60,411	49,368	673	1,172	16,000	44,078	131,187
Total expenditures	216,945	60,411	49,368	673	1,172	16,000	44,078	131,187
Fund balances (deficit) - restricted November 1, 2012	-	11,340	-	-	-	-	-	-
Fund balances (deficit) - restricted October 31, 2013	$ -	$ 13,830	$ -	$ -	$ -	$ -	$ -	$ -

(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, 2013
(continued)

	RTTT Educator Effectiveness Set Aside	RTTT HCD Set Aside	Teaching American History	Literacy for All	Legislative Technology Martin	Career Tech Center Ind. Cont.	Legislative Technology Hennessey
Revenues							
Intergovernmental revenues	$ 57,848	$ 203,085	$ -	$ -	$ -	$ 300,494	$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	57,848	203,085	-	-	-	300,494	-
Expenditures							
Education	57,848	203,085	-	-	-	7,500	-
Total expenditures	57,848	203,085	-	-	-	7,500	-
Excess revenues over (under) expenditures	-	-	-	-	-	292,994	-
Fund balances (deficit) - restricted November 1, 2012	-	-	50	1,113	1,801	-	1
Fund balances (deficit) - restricted October 31, 2013	$ -	$ -	$ 50	$ 1,113	$ 1,801	$ 292,994	$ 1

(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, 2013
(continued)

	Legislative Technology Orlo	CTE Categorical Fund	Champlin Grant	Feinstein	United Way	Permanent School Fund	Donations & Gifts
Revenues							
Intergovernmental revenues	$ -	$ 300,810	$ -	$ -	$ -	$ 40,000	$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	9,528	-	-	-
Total revenues	-	300,810	-	9,528	-	40,000	-
Expenditures							
Education	-	26,596	-	1,207	-	40,000	-
Total expenditures	-	26,596	-	1,207	-	40,000	-
Excess revenues over (under) expenditures	-	274,214	-	8,321	-	-	-
Fund balances (deficit) - restricted November 1, 2012	293	-	165	6,396	255	-	6,081
Fund balances (deficit) - restricted October 31, 2013	$ 293	$ 274,214	$ 165	$ 14,717	$ 255	$ -	$ 6,081

(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, 2013
(continued)

	RI State Council on the Arts	RI Historical	EPHS Arts	RI Parent Information Network	RI State Improvement Waddington	National Geographic	NEW Title I Targeted
Revenues							
Intergovernmental revenues	$ 1,900	$ -	$ -	$ -	$ -	$ -	$ 54,654
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	1,900	-	-	-	-	-	54,654
Expenditures							
Education	1,780	-	-	-	-	-	54,654
Total expenditures	1,780	-	-	-	-	-	54,654
Excess revenues over (under) expenditures	120	-	-	-	-	-	-
Fund balances (deficit) - restricted November 1, 2012	(120)	294	2,300	1,181	-	68	-
Fund balances (deficit) - restricted October 31, 2013	$ -	$ 294	$ 2,300	$ 1,181	$ -	$ 68	$ -

(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, 2013
(continued)

	RITIE	Sports Middle School	Career & Technical Program Income	School Implementation	EPHS Gym	Feinstein Hennessey	Total Special Revenue Funds
Revenues							
Intergovernmental revenues	$ -	$ -	$ -	$ 9,850	$ -	$ -	$ 4,412,679
Charges for services	-	7,342	61,801	-	-	-	85,358
Contributions and private grants	-	-	-	-	-	10,000	66,214
Total revenues	-	7,342	61,801	9,850	-	10,000	4,564,251
Expenditures							
Education	-	2,532	63,208	9,850	49,626	-	4,022,335
Total expenditures	-	2,532	63,208	9,850	49,626	-	4,022,335
Excess revenues over (under) expenditures	-	4,810	(1,407)	-	(49,626)	10,000	541,916
Fund balances (deficit) - restricted November 1, 2012	733	-	37,840	-	-	-	73,080
Fund balances (deficit) - restricted October 31, 2013	$ 733	$ 4,810	$ 36,433	$ -	$ (49,626)	$ 10,000	$ 614,996

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Capital Projects Funds
October 31, 2013

	Hull Street Renovations	2002 Bond Miscellaneous Projects	Capital Improvement	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	$3,781,197	$4,253,265
Investments	-	487,929	-	746,700	3,007	2,213,446	-	3,451,082
Internal balances	-	-	-	-	-	-	47,353	47,353
Total assets	$ -	$ 520,311	$ -	$ 913,722	$ 3,007	$ 2,486,110	$3,828,550	$7,751,700
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 656,886	$ 656,886
Internal balances	-	-	-	-	-	15,275	-	15,275
Total liabilities	-	-	-	-	-	15,275	656,886	672,161
Fund balances - restricted	-	520,311	-	913,722	3,007	2,470,835	3,171,664	7,079,539
Total fund balances (deficit)	-	520,311	-	913,722	3,007	2,470,835	3,171,664	7,079,539
Total liabilities and fund balances	$ -	$ 520,311	$ -	$ 913,722	$ 3,007	$ 2,486,110	$3,828,550	$7,751,700

(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, 2013

	Hull Street Renovations	2002 Bond Miscellaneous Projects	Capital Improvement	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	$ -	$ 6,831	$ -	$ -	$ -	$ 84,202	$ 167,746	$ 258,779
Investment and interest income	-	48	-	74	-	226	14,446	14,794
Total revenues	-	6,879	-	74	-	84,428	182,192	273,573
Expenditures								
Public works	-	6,766	5,232	-	-	57,662	-	69,660
Education	-	-	-	-	-	-	5,158,251	5,158,251
Debt service	-	-	-	-	-	-	2,775	2,775
Total expenditures	-	6,766	5,232	-	-	57,662	5,161,026	5,230,686
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	113	(5,232)	74	-	26,766	(4,978,834)	(4,957,113)
Other financing sources (uses)								
Transfers from other funds	19,820	-	16,214	-	-	-	241,775	277,809
Total other financing sources (uses)	19,820	-	16,214	-	-	-	241,775	277,809
Excess of revenues and other sources over (under) expenditures	19,820	113	10,982	74	-	26,766	(4,737,059)	(4,679,304)
Fund balances (deficit) - restricted November 1, 2012	(19,820)	520,198	(10,982)	913,648	3,007	2,444,069	7,908,723	11,758,843
Fund balances (deficit) - restricted October 31, 2013	$ -	$ 520,311	$ -	$ 913,722	$ 3,007	$ 2,470,835	$ 3,171,664	$ 7,079,539

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Permanent Funds
October 31, 2013

	Nancy W Miller Fund	George Bucklin Fund	Lakeside Springvale	Little Neck Cemetary	FBO Newman	Total Permanent Funds
ASSETS						
Cash and cash equivalents	$ -	$ -	$ -	$ 54,388	$ -	$ 54,388
Investments	1,620	15,111	9,994	-	14,085	40,810
Total assets	$ 1,620	$ 15,111	$ 9,994	$ 54,388	$ 14,085	$ 95,198
LIABILITIES AND FUND BALANCES						
Liabilities						
Internal balances	$ -	$ -	$ -	$ 28,481	$ -	$ 28,481
Total liabilities	-	-	-	28,481	-	28,481
Fund balances - nonspendable	1,620	15,111	9,994	25,907	14,085	66,717
Total fund balances (deficit)	1,620	15,111	9,994	25,907	14,085	66,717
Total liabilities and fund balances	$ 1,620	$ 15,111	$ 9,994	$ 54,388	$ 14,085	$ 95,198

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, 2013

	Nancy W Miller Fund	George Bucklin Fund	Lakeside Springvale	Little Neck Cemetary	FBO Newman	Total Permanent Funds
Revenues						
Investment and interest income	$ -	$ -	$ -	$ 13	$ -	$ 13
Contributions and private grants	-	-	-	2,000	-	2,000
Total revenues	-	-	-	2,013	-	2,013
Expenditures						
General government	-	-	-	41,455	-	41,455
Total expenditures	-	-	-	41,455	-	41,455
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	(39,442)	-	(39,442)
Fund balances (deficit) - restricted November 1, 2012	1,620	15,111	9,994	65,349	14,085	106,159
Fund balances (deficit) - restricted October 31, 2013	$ 1,620	$ 15,111	$ 9,994	$ 25,907	$ 14,085	$ 66,717

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Net Assets
Agency Funds
For the Fiscal Year Ending October 31, 2013

	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	$ 293,342	$ 346,384
Investments	11,380	-	127,226	-	-	138,606
Internal balances	-	3,723	1,999	-	-	5,722
Total assets	$ 14,848	$ 4,516	$ 130,533	$ 47,473	$ 293,342	$ 490,712
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ 15,006	$ -	$ -	$ 15,006
Internal balances	324	-	-	12,122	-	12,446
Deposits held in custody for others	14,524	4,516	115,527	35,351	293,342	463,260
Total liabilities	$ 14,848	$ 4,516	$ 130,533	$ 47,473	$ 293,342	$ 490,712

CITY OF EAST PROVIDENCE, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance November 1, 2012	Current Year Assessment	Additions and Adjustments	Discounts, Abatements and Adjustments	Amount to be Collected	Collections	Balance October 31, 2013
2013	$ -	$ 101,738,436	$ 26,852	$ 1,314,974	$ 100,450,314	$75,435,001	$ 25,015,313
2012	21,412,375	-	498,511	851,213	21,059,673	19,381,672	1,678,001
2011	1,290,809	-	675	(144,586)	1,436,070	953,500	482,570
2010	270,820	-	31,494	(23,353)	325,667	83,533	242,134
2009	209,623	-	124	(7,819)	217,566	19,232	198,334
2008	159,892	-	2,785	(466)	163,143	9,646	153,497
2007 & Prior	698,404	-	9,411	142,023	565,792	11,754	554,038
Prepayments	(72,881)	-	72,881	-	-	-	-
	$ 23,969,042	$ 101,738,436	$ 642,733	$ 2,131,986	$ 124,218,225	$95,894,338	$ 28,323,887

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY VALUE BY CATEGORY

Description of Property	Valuations	Levy
Real property residential	$2,566,742,700	$ 58,470,399
Real property commercial	1,107,695,600	27,925,006
Motor vehicles	336,603,575	12,487,993
Tangible personal	237,416,870	13,354,699
Total	4,248,458,745	112,238,096
Exemptions	420,732,560	10,499,660
Net assessed value	$3,827,726,185	$101,738,436
Current year assessment		$101,738,436

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 (City), as of and for the year fiscal ended October 31, 2013, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 30, 2014. 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 **2013-1** through **2013-5** 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 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.

We noted certain other matters that we reported to management of the City in a separate letter dated May 30, 2014.

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 30, 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, 2013. 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 **2013-6** through **2013-8** 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 and Federal Seized Assets Program 16.922, as well as Accounts Payable procedures and Cash Management for the Assistance to Firefighters Grant, 97.044. 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, 2013.

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 **2013-6** through **2013-8** 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 & Assoc LLP

Parmelee, Poirier & Associates, LLP
May 30, 2014

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2013

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	1,075,535
School Breakfast Program	10.553	N/A	136,429
Food Donation - See Note 4	10.550	N/A	73,584
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	49,368
Total U.S. Department of Agriculture			$ 1,334,916
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	$ 1,430,620
Total U.S. Department of Housing and Urban Development			$ 1,430,620
U.S. Department of Justice:			
Federal Seized Assets	16.922	N/A	$ 51,245,363
Total U.S. Department of Justice			$ 51,245,363
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	$ 673
I-195 Taunton/Warren Ave. Interchange	20.000	N/A	57,662
Total U.S. Department of Transportation			$ 58,335
Environmental Protection Agency:			
Pass-Through RI Clean Water Finance Agency			
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458	N/A	76,081
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	N/A	55,398
Total Environmental Protection Agency			$ 131,479
U.S. Department of Energy:			
Direct Program:			
ARRA - State Energy Program Special Projects	81.119	N/A	$ 205,142
Pass-through RI Office of Energy Resources:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	N/A	117,982
Total U.S. Department of Energy			$ 323,124

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
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	$ 1,033,566
Special Education Cluster:			
Special Education Grants to States	84.027	2725-13202-201	1,508,948
Special Education Preschool Grants	84.173	2725-13502-201	49,463
English Language Acquisition Grants	84.365	2725-16502-201	18,467
Improving Teacher Quality State Grants	84.367	2725-16402-201	384,021
ARRA - Race to the Top	84.395	4572-13502-110	453,370
Passed through the City of Warwick Public School System			
State of Rhode Island			
Career and Technical Education - Basic Grants to States	84.048	2725-16502-101	216,945
Vocational Training for Adults	84.048	2725-15602-201	60,411
Total U.S. Department of Education			$ 3,725,191
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	EMW-2010-FO-04481	$ 569,964
Fire Decon Grant	97.044	N/A	99,040
Port Security Grant Program	97.056	N/A	234,967
Station Construction	97.115	N/A	4,056,591
Total U.S. Department of Homeland Security			$ 4,960,562
Total Expenditures of Federal Awards			$ 63,209,590

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's 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 auditor's 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
84.010	Title I Grants to Local Education Agencies
	Special Education Cluster
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.367	Improving Teacher Quality State Grants
84.395	ARRA – Race to the Top
97.044	Assistance to Firefighters
97.115	Station Construction

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,896,288

Auditee qualified as low risk auditee? ____ yes X no

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

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.

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.

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.

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 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 more 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.

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

2013-5 **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. 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.

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 $8,000 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.

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.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

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.

SECTION III – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2012-1 **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 there were various reconciliations and journal entries to transfer and record expenditures in the proper special revenue fund. Not all police overtime expenditures were recorded in the proper special revenue funds, and as such, the General Fund was overstated for unidentifiable federal expenditures. We also noted that prior expenditures funded by federal monies were not properly identified, and were subsequently recorded as general fund expense.

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: This has been inadequately handled for many years and is the result of untrained financial staff and inappropriate procedures.

Current Status: Although some improvements have made this items is reported in the current year "Schedule of Findings and Questioned Costs" 2013-1

2012-2 **Finding:** The City does not have any polices or procedures in place to identify Federal grant revenues. During our review of federal grant revenues, it was noted that various revenues were recorded in in wrong account, until the revenue was identified and transferred to the proper special revenue account/fund. We noted that revenues for police payroll grants were being posted against police overtime expense, where neither the revenue nor expense is properly stated.

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 monies, as well as correspondence for reimbursement requests in order to properly classify revenue when received.

Response: This has been inadequately handled for many years and is the result of untrained financial staff and inappropriate procedures.

Current Status: Resolved

2012-3 **Finding:** The City does not have any policies or procedures in place to account for Pension Fund Transactions on the General Ledger. During our review of the Pension Trust Fund, it was noted that most of the activity from the Pension Investment Account is recorded on the City's General Ledger improperly. These accounts should be recorded on the City's ledger and reconciled at least quarterly to the Pension Investment Statements.

Recommendation: We suggest that these Pension Fund activities be recorded and reconciled at least quarterly.

Response: The recording of the Pension fund information will be entered and reconciled timely. 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, the City will be able to focus on accounting issues and correct them timely.

Current Status: Resolved

SECTION III – PRIOR YEAR FINANCIAL STATEMENT FINDINGS (CONTINUED)

2012-4 **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 only performs physical reviews for assets purchased with Federal Funds. During our review of Fixed Assets for both Governmental and Enterprise Funds, it was noted that there are variances in the depreciation and asset values for both beginning and

ending balances. When fixed assets were provided to us, many reconciling items were needed to tie out the beginning assets and depreciation and ending assets and depreciation. 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 has a starting point for developing and utilizing an automated capital program and utilize this program for all capital assets.

Response: This is a failing 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, the City will be able to focus on accounting issues and correct them timely. A new fixed

Current Status: Status remains unresolved as reported in the current year "Schedule of Findings and Questioned Costs" 2013-2

2012-5 **Finding:** The City did not properly account for General Ledger transactions related to its $15,000,000 RIHEBC Lease issuance. The lease transactions were not recorded to the General Ledger, including the payoff of a prior year BAN in the amount of $6,000,000. This resulted in material misstatements to capital project fund financial statements. Additionally, a $7.7M Bank of New York trustee cash account was not recorded on the financial statements.

Recommendation: We suggest that all transactions related to debt and capital projects be recorded to the general ledger in a timely manner and reconciled as part of the monthly financial closing process.

Response: 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, the City will be able to focus on accounting issues and correct them timely. The City will record all transactions related to debt and capital projects in the general ledger in a timely manner and reconcile as part of the monthly financial closing process.

Current Status: Resolved

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2012-6 **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 more than 1 year. Equipment records were not maintained and a physical inventory of equipment has not been performed in the last 2 years for equipment purchased with Federal grant funds. This was prior year finding **11-06.**

Program: Community Development Block Grant 14.218, Federal Seized Assets 16.000

Recommendation: We recommend that the City prepare an equipment list, perform a physical inventory of equipment purchased with Federal grant funds at least every 2 years and compare the inventory to the equipment records as required by Federal requirements.

Response: The City has engaged a consultant to develop a request for proposal to upgrade the current financial system to include asset management and inventory systems. Simultaneously, it is expected that policies and procedures will be developed to support the business processes, including asset management and maintenance of inventory. The City will prepare a physical inventory of equipment purchased, including equipment purchased with federal grant funds to be managed and maintained in the new financial system.

Current Status: Current Status: Although some improvements have made this items is reported in the current year "Schedule of Findings and Questioned Costs" 2013-3.

CITY OF EAST PROVIDENCE
Notes to Schedule of Expenditures of Federal Awards
October 31, 2013

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 June 30, 2011, grants with expenditures exceeding $1,896,288 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 $73,584 represents the market value of such commodities used during the period.