

CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended
October 31, 2011

CITY OF EAST PROVIDENCE, RHODE ISLAND

PRINCIPAL OFFICIALS

CITY COUNCIL

Bruce Rogers, Mayor

William J. Conley, Jr.

Michael D. DiGioia

Katie J. Kleyla

Thomas A. Rose, Jr.

CITY OFFICIALS

City Manager – Peter Graczykowski

Finance Director – Ellen Eggeman

City Solicitor – Orlando Andreoni

Personnel Director – Mary Scanlon

City Clerk – Kim Casci

Chief of Police – Joseph Tavares

Fire Chief – Joseph Klucznik

Public Works Director - Stephen Coutu

Planning Director - Jeanne M. Boyle

Library Director - Eileen Socha

Recreation Director – Alba Curti

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FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditors' Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor,
Members of the City Council
and Members of the Budget Commission
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, as of and for the year ended October 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of East Providence, Rhode Island's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Providence, Rhode Island, as of October 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2012 on our consideration of the City of East Providence, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and supplementary pension and other post employment benefit information on pages 3 through 12 and 62 through 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Providence, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and the schedule of expenditures of federal awards are presented for purposes of additional analysis and as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baer & Company, LLC

Warwick, Rhode Island
April 30, 2012

CITY OF EAST PROVIDENCE

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, 2011.

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 2010 and 2011 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 2011 was projected to be \$3,500,000. The City's total General Fund fund balance as of October 31, 2011 was \$7,546,463.

The School Department reported a deficit of \$1,279,085, bringing their accumulated deficit to \$7,595,872 as of October 31, 2011. As a result of the School Department's cumulative deficit, the City's fund balance is not available to be used in the next fiscal year as a revenue source. The net deficit position of the City will need to be addressed as part of the fiscal year 2013 budget. This jeopardizes the financial stability of the entire City.

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 relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

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

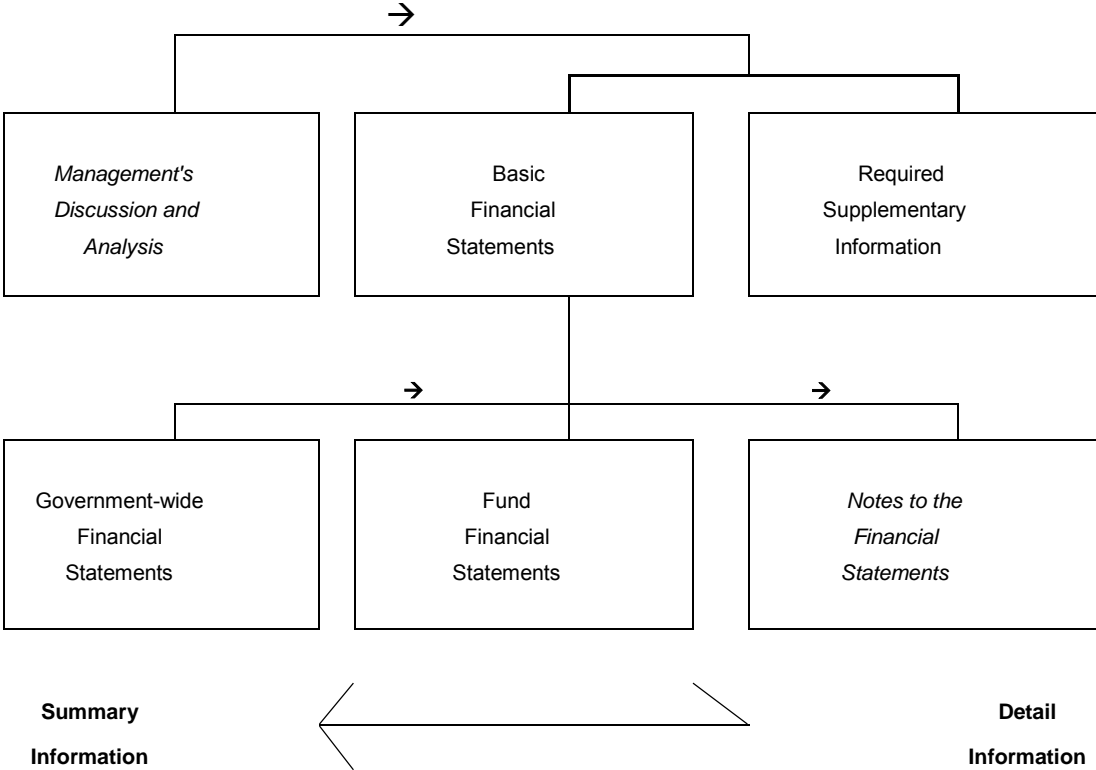


Figure A- 2

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

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire and DPW.	Activities the City operates similar to private businesses such as the water and sewer system.	Instances in which the City is the trustee or agent for someone else's resources.
Required Financial 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 nonfinancial 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 75 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 18 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 wastewater operations.

The basic proprietary fund financial statements can be found on pages 19 through 22 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 23 and 24 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 indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled \$43,039,582 at the close of the most recent fiscal year.

The largest portion of the City's net assets (168%) 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 (\$000's)**

	October 31, 2010			October 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current Assets	\$53,891	\$23,031	\$76,922	\$64,008	\$25,320	\$89,328
Capital Assets	59,514	38,410	97,924	73,163	62,879	136,042
Other Assets	3,699	312	4,011	2,628	517	3,145
Total Assets	117,104	61,753	178,857	139,799	88,716	228,515
Current Liabilities	23,633	7,411	31,044	36,969	11,757	48,726
Long-Term Liabilities	79,337	22,879	102,216	92,060	44,689	136,749
Total Liabilities	102,970	30,290	133,260	129,029	56,446	185,475
Net Assets:						
Invested in Capital						
Net of related Debt	39,100	28,033	67,133	41,531	30,793	72,324
Restricted	3,700	2,273	5,973	4,200	908	5,108
Unrestricted	(28,666)	1,157	(27,509)	(34,961)	569	(34,392)
Total Net Assets	\$14,134	\$31,463	\$45,597	\$10,770	\$32,270	\$43,040

An additional portion of the City's net assets (12.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of unrestricted net assets (79.9%) 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.

Changes in Net Assets

The City's net assets decreased by \$2,557,852 in the current fiscal year.

	For Fiscal Year Ended October 31, 2010			For Fiscal Year Ended October 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$7,284,446	\$13,408,016	\$20,692,462	\$7,206,678	\$15,736,124	\$22,942,802
Operating Grants & Contributions	38,859,925		38,859,925	38,420,125	219,164	38,639,289
Capital Grants & Contributions	1,016,390	2,521,456	3,537,846	854,790	1,039,633	1,894,423
General Revenues						
Property Taxes	86,366,008		86,366,008	93,641,737		93,641,737
State Aid & Grants	7,188,198		7,188,198	2,765,769		2,765,769
Other Revenues	59,904	781,358	841,262	548,890	775	549,665
Total Revenues	140,774,871	16,710,830	157,485,701	143,437,989	16,995,696	160,433,685
Expenses						
General Government	11,348,477		11,348,477	11,033,636		11,033,636
Public Safety	32,468,772		32,468,772	34,080,289		34,080,289
Public Works	7,376,896		7,376,896	7,509,252		7,509,252
Public Library	2,457,377		2,457,377	2,431,001		2,431,001
Parks & Recreation	3,228,241		3,228,241	3,016,910		3,016,910
Sanitation	2,775,291		2,775,291	2,802,521		2,802,521
Public Health	353,205		353,205	198,755		198,755
Interest on long-term debt	1,558,264		1,558,264	2,302,631		2,302,631
Education	81,993,622		81,993,622	83,427,360		83,427,360
Water		6,170,857	6,170,857		6,554,881	6,554,881
WPC		9,087,371	9,087,371		9,634,301	9,634,301
Total Expenses	143,560,145	15,258,228	158,818,373	146,802,355	16,189,182	162,991,537
Change in Net Assets	(2,785,274)	1,452,602	(1,332,672)	(3,364,366)	806,514	(2,557,852)
Net Assets - beginning restated	16,919,425	30,010,681	46,930,106	14,134,151	31,463,283	45,597,434
Net Assets - ending	\$14,134,151	\$31,463,283	\$45,597,434	\$10,769,785	\$32,269,797	\$43,039,582

Governmental activities — Governmental activities decreased the City's net assets by \$3,364,366. Business-type activities - Business-type activities increased the City's net assets by \$806,514.

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 \$5,386,865 a decrease of \$5,383,970 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 \$7,546,463.

The fund balance in the City's general fund increased by \$1,834,417 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 \$2,910,697. In the wastewater fund, unrestricted net assets amounted to (\$2,342,156), an increase of \$526,165. The accumulated deficit in wastewater was caused by a number of years of under funding. Effective November 2010, the City Council took action that resulted in significantly higher rates being charged. The Budget Commission adopted revised wastewater rates on April 26, 2012 to initiate the elimination of the projected deficit within the next four (4) years. The upgrades to the treatment facility are expected to be completed by September 2012, which is ahead of schedule and under budget.

General Fund Budgetary Highlights

The budget passed in October 2010. Revenue exceeded budget estimates substantially. No Department expenditures were materially over budget with the exception of the School Department.

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, 2011 amounted to \$136,041,457 (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, 2010			October 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land/ improvements	\$7,452,974	\$3,536,549	\$10,989,523	\$7,452,974	\$3,536,549	\$10,989,523
Buildings/improvements	60,370,106	19,196,796	79,566,902	60,104,137	19,721,796	79,825,933
Infrastructure	44,036,731	43,015,924	87,052,655	44,177,703	46,787,433	90,965,136
Vehicles	13,367,891	1,098,347	14,466,238	13,746,841	1,161,547	14,908,388
Machinery & Equipment	10,372,599	5,884,070	16,256,669	11,401,011	5,884,070	17,285,081
Construction in Progress	583,379	8,568,578	9,151,957	15,616,430	30,003,241	45,619,671
Subtotal	136,183,680	81,300,264	217,483,944	152,499,096	107,094,636	259,593,732
Less: Accumulated Depreciation	(76,669,621)	(42,890,726)	(119,560,347)	(79,336,296)	(44,215,979)	(123,552,275)
Total	\$59,514,059	\$38,409,538	\$97,923,597	\$73,162,800	\$62,878,657	\$136,041,457

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 \$22,745,000. 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 General Obligation and Capital Leases

	October 31, 2010			October 31, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$22,421,800	\$2,243,200	\$24,665,000	\$20,700,300	\$2,044,700	\$22,745,000
Capital leases	7,005,669	0	7,005,669	14,048,094	0	14,048,094
Loans payable	2,815,000	21,351,441	24,166,441	2,857,163	43,638,750	46,495,913
Total	32,242,469	23,594,641	55,837,110	37,605,557	45,683,450	83,289,007

The City retired bond debt of \$1,920,000 during the current fiscal year. The City has a Ba1 rating and remains on review for possible downgrade from Moody's Investors Service and BB+ and placed on CreditWatch from Standard & Poors.

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is \$122,027,643.

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 Bacon & Company provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended October 31, 2011. 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.

Budget Commission

Pursuant to R.I. Gen. Laws § 45-9-3, in consultation with the auditor general, the Director of Revenue appointed a fiscal overseer for the City of East Providence on November 14, 2011. The appointment was based on a determination by the Director of Revenue that the City of East Providence ("City") was facing fiscal deficits and cash shortfalls of such magnitude that a fiscal overseer was required, inter alia, to assess the ability of the City to manage its fiscal affairs. The Director of Revenue further determined that the City met the criteria enumerated in R.I. Gen. Laws § 45-9-3 (b) (1) and (3) i.e. the City was projecting a deficit in its municipal budget in the current fiscal year and again in the upcoming fiscal year and the City had been downgraded by one of the nationally recognized statistical rating organizations.

On December 19, 2011 the fiscal overseer wrote to the Chief of the Division of Municipal Finance pursuant to R. I. Gen. Laws § 45-9-5 (a) and (b) reporting that he had concluded that the City was (1) unable to present a balanced municipal budget; (2) faced a fiscal crisis that posed an imminent danger to the safety of the citizens of the City and/or their property; and (3) was not able to achieve fiscal stability without the assistance of a budget commission. Further, the fiscal overseer indicated that it was his belief that a budget commission should be appointed.

Effective December 20, 2011, the Director of Revenue abolished the fiscal overseer and established a budget commission for the City. Pursuant to R.I. Gen. Laws § 45-9-6, the budget commission consists of five (5) members, three (3) of whom are designated by the Director of Revenue and two (2) are members from the City i.e. the President of the City Council and the City Manager. Under the statute the budget commission acts by a majority vote of its members; however the budget commission in the City decided to act by consensus of all its members. The budget commission's obligation under R.I. Gen. Laws § 45-9-6(a) is to initiate and assure the implementation of appropriate measures to secure the financial stability of the City. Further, pursuant to R.I. Gen. Laws § 45-9-6(d)(20), the budget commission exercises "...all powers under the general laws and this chapter or any special act, any charter provision or ordinance that any elected official of the city or town may exercise, acting separately or jointly; provided, however, that with respect to any such exercise of powers by the budget commission, the elected officials shall not rescind or take any action contrary to such action by the budget commission so long as the budget commission continues to exist." Pursuant to R.I. Gen. Laws § 45-9-7, the budget commission continues in existence until the director of revenue abolishes it; however, if the budget commission concludes that its powers are insufficient to restore fiscal stability to the city or town, it must notify the director of revenue and forward a written statement of the reasons why it has been unable to restore the City to fiscal stability.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of East Providence is 11.9 percent. This compares unfavorably to the State's average unemployment rate of 11.1 percent and the national average of 8.2 percent. Per capita and median family income remains some of the highest in the State and favorable nationally.

	Per Capita	Median Family
East Providence ¹	\$27,349	\$66,754
Rhode Island ¹	\$28,638	\$71,037
United States ²	\$21,587	\$50,046

¹ Based on RI Department of Municipal Finance "RI Median Income According to the 2009 Census" table.

² Based on US Census Bureau data – factfinder.

The FY2012 budget was adopted based on an estimated 3.5% tax rate increase. The City's actual tax rate will increase from \$20.09 to \$20.74 (3.2%) for fiscal year ended October 2012. 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, 2011. The City of East Providence faces the same facts and conditions of most other communities in Rhode Island and across the country. The general economic downturn has affected the ability to raise revenue and control expenses in these poor economic times.

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

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- Governmental Funds**
- Proprietary Funds**
- Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Assets

October 31, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 15,930,622	\$ 1,378,863	\$ 17,309,485
Restricted cash and cash equivalents	-	3,357,674	3,357,674
Investments	17,092,339	-	17,092,339
Accrued interest receivable	516,589	-	516,589
Real estate and personal property tax receivable (net)	21,514,596	-	21,514,596
Water and sewer use receivable	-	4,979,365	4,979,365
Due from federal and state government	2,148,037	16,885,819	19,033,856
Internal balances	1,557,399	(1,557,399)	-
Prepaid expenses	6,634	-	6,634
Inventories	89,102	275,977	365,079
Other receivables	5,153,209	-	5,153,209
Total current assets	<u>64,008,527</u>	<u>25,320,299</u>	<u>89,328,826</u>
Noncurrent assets:			
Capital assets: (Note 2)			
Land	4,076,963	3,328,334	7,405,297
Depreciable buildings, property, equipment, infrastructure (net)	53,469,407	29,547,082	83,016,489
Construction in progress	15,616,430	30,003,241	45,619,671
Total capital assets, net	<u>73,162,800</u>	<u>62,878,657</u>	<u>136,041,457</u>
Net other post employment benefit asset	2,080,965	-	2,080,965
Other assets	547,025	517,274	1,064,299
Total noncurrent assets	<u>75,790,790</u>	<u>63,395,931</u>	<u>139,186,721</u>
Total assets	<u>139,799,317</u>	<u>88,716,230</u>	<u>228,515,547</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	22,009,355	9,896,005	31,905,360
Accrued interest payable	555,211	225,951	781,162
Bond anticipation note payable	6,000,000	-	6,000,000
Unearned revenues	4,775,009	474,676	5,249,685
Long-term debt - due within one year (Note 6)	3,629,648	1,160,682	4,790,330
Total current liabilities	<u>36,969,223</u>	<u>11,757,314</u>	<u>48,726,537</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year (Note 6)	34,205,999	44,522,768	78,728,767
Compensated absences payable	4,428,617	166,351	4,594,968
Settlement payable	317,995	-	317,995
Net other post employment benefit obligation	6,674,099	-	6,674,099
Net pension obligation	46,433,599	-	46,433,599
Total noncurrent liabilities	<u>92,060,309</u>	<u>44,689,119</u>	<u>136,749,428</u>
Total liabilities	<u>129,029,532</u>	<u>56,446,433</u>	<u>185,475,965</u>
Net Assets:			
Invested in capital assets, net of related debt	41,530,801	30,793,136	72,323,937
Restricted for:			
Specific projects and programs	4,093,806	-	4,093,806
Permanent funds	106,063	-	106,063
Improvements	-	908,120	908,120
Unrestricted	<u>(34,960,885)</u>	<u>568,541</u>	<u>(34,392,344)</u>
Total net assets	<u>\$ 10,769,785</u>	<u>\$ 32,269,797</u>	<u>\$ 43,039,582</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended October 31, 2011

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Assets</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Governmental Activities:							
General government	\$ 11,033,636	\$ 1,266,379	\$ 1,428,573	\$ -	\$ (8,338,684)	\$ -	\$ (8,338,684)
Public safety	34,080,289	2,675,917	2,030,428	105,635	(29,268,309)	-	(29,268,309)
Public works	7,509,252	30,479	156,918	661,801	(6,660,054)	-	(6,660,054)
Parks and recreation	3,016,910	178,833	93,884	87,354	(2,656,839)	-	(2,656,839)
Public health and welfare	198,755	20,746	100,001	-	(78,008)	-	(78,008)
Sanitation	2,802,521	22,934	86,527	-	(2,693,060)	-	(2,693,060)
Public libraries	2,431,001	49,200	598,987	-	(1,782,814)	-	(1,782,814)
Education	83,427,360	2,962,190	32,696,050	-	(47,769,120)	-	(47,769,120)
Interest on long-term debt	2,302,631	-	1,228,757	-	(1,073,874)	-	(1,073,874)
Total governmental activities	146,802,355	7,206,678	38,420,125	854,790	(100,320,762)	-	(100,320,762)
Business-Type Activities:							
Water	6,554,881	5,805,269	-	203,883	-	(545,729)	(545,729)
Water pollution control	9,634,301	9,930,855	219,164	835,750	-	1,351,468	1,351,468
Total business-type activities	16,189,182	15,736,124	219,164	1,039,633	-	805,739	805,739
Total	\$ 162,991,537	\$ 22,942,802	\$ 38,639,289	\$ 1,894,423	(100,320,762)	805,739	(99,515,023)
General Revenues:							
Taxes:							
					93,641,737	-	93,641,737
					2,765,769	-	2,765,769
					30,630	775	31,405
					69,112	-	69,112
					449,148	-	449,148
					<u>96,956,396</u>	<u>775</u>	<u>96,957,171</u>
					(3,364,366)	806,514	(2,557,852)
					<u>14,134,151</u>	<u>31,463,283</u>	<u>45,597,434</u>
					<u>\$ 10,769,785</u>	<u>\$ 32,269,797</u>	<u>\$ 43,039,582</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

*Balance Sheet
Governmental Funds
October 31, 2011*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 13,606,982	\$ -	\$ 2,412,702	\$ 16,019,684
Investments	6,433,958	-	10,658,381	17,092,339
Real estate and personal property tax receivable	23,314,596	-	-	23,314,596
Due from federal and state governments	156,340	527,284	1,464,413	2,148,037
Due from other funds	2,446,067	11,697,487	1,422,832	15,566,386
Other receivables	321,998	491,896	4,280,785	5,094,679
Prepaid expenditures	2,541	1,398	2,695	6,634
Inventory	89,102	-	-	89,102
Tax title property	359,126	-	-	359,126
Total assets	\$ 46,730,710	\$ 12,718,065	\$ 20,241,808	\$ 79,690,583
Liabilities and Fund Balances				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ 89,062	\$ 89,062
Accounts payable and accrued expenditures	3,564,860	14,665,523	3,093,278	21,323,661
Due to state government	84,885	-	-	84,885
Due to other funds	11,627,637	1,238,831	1,159,897	14,026,365
Bond anticipation note payable	-	-	6,000,000	6,000,000
Deferred revenues:				
Uncollected property taxes	23,108,182	-	-	23,108,182
Other	439,557	4,399,583	4,257,522	9,096,662
Other liabilities	359,126	10,000	205,775	574,901
Total liabilities	39,184,247	20,313,937	14,805,534	74,303,718
Fund Balances (deficits):				
Nonspendable:				
Inventory and prepaid expenditures	91,643	1,398	-	93,041
Cemetery perpetual care	-	-	106,063	106,063
Restricted for:				
Education programs	-	-	123,330	123,330
Public safety programs	-	-	790,820	790,820
Historical records preservation	-	-	351,252	351,252
Community service programs	-	-	708,329	708,329
Capital projects	-	-	8,079,826	8,079,826
Other programs	-	-	387,553	387,553
Assigned to:				
Capital projects	-	-	46,168	46,168
Unassigned	7,454,820	(7,597,270)	(5,157,067)	(5,299,517)
Total fund balances (deficits)	7,546,463	(7,595,872)	5,436,274	5,386,865
Total liabilities and fund balances	\$ 46,730,710	\$ 12,718,065	\$ 20,241,808	\$ 79,690,583

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
October 31, 2011*

Total Fund Balances - Total Governmental Funds	\$ 5,386,865
 <i>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. (Note 2)	73,162,800
Accrued interest receivable on property taxes is reported as revenue in Government-Wide financial statements in the period earned. In Governmental Funds financial statements, interest on property taxes is reported when received.	516,589
Other receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	4,307,522
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred revenue (a liability) in Governmental Funds financial statements.	21,372,313
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(555,211)
Long-term liabilities (including bonds payable, capital leases, compensated absences, loan payable, net pension, OPEB obligations and settlement payable) are due and not payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. (Note 6)	(95,689,957)
The net other post employment benefit asset is not available to pay for current period expenditures and, therefore, is not reported in the Governmental Funds financial statements.	2,080,965
Debt issue costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-Wide financial statements.	<u>187,899</u>
 Net Assets - Governmental Activities	 <u><u>\$ 10,769,785</u></u>

The accompanying notes are an integral part of the basic 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, 2011

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 90,489,905	\$ -	\$ -	\$ 90,489,905
Federal and state aid and grants	4,979,427	26,944,123	9,732,776	41,656,326
Charges for services	3,868,698	2,284,930	812,753	6,966,381
Fines and penalties	425,243	-	1,839	427,082
Investment and interest income	611,813	-	25,065	636,878
Contributions and private grants	3,457	-	262,299	265,756
Other revenue	10,177	50,713	163,011	223,901
Total revenues	<u>100,388,720</u>	<u>29,279,766</u>	<u>10,997,743</u>	<u>140,666,229</u>
Expenditures:				
<i>Current:</i>				
General government	5,046,427	-	1,624,374	6,670,801
Public safety	25,796,289	-	1,692,252	27,488,541
Public works	6,417,518	-	1,023,807	7,441,325
Parks and recreation	2,536,796	-	228,233	2,765,029
Public health and welfare	-	-	108,145	108,145
Sanitation	2,755,403	-	-	2,755,403
Public libraries	2,319,925	-	31,636	2,351,561
Education	-	75,947,813	20,105,681	96,053,494
Miscellaneous	4,668,679	-	-	4,668,679
Debt Service	4,289,573	-	265,660	4,555,233
Total expenditures	<u>53,830,610</u>	<u>75,947,813</u>	<u>25,079,788</u>	<u>154,858,211</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>46,558,110</u>	<u>(46,668,047)</u>	<u>(14,082,045)</u>	<u>(14,191,982)</u>
Other financing sources (uses):				
Proceeds from loans	-	-	258,509	258,509
Proceeds from capital leases	-	323,355	7,777,000	8,100,355
Sale of Grove Avenue School	-	449,148	-	449,148
Transfers from other funds	2,000	44,617,393	109,234	44,728,627
Transfers to other funds	(44,725,693)	(934)	(2,000)	(44,728,627)
Total other financing sources (uses)	<u>(44,723,693)</u>	<u>45,388,962</u>	<u>8,142,743</u>	<u>8,808,012</u>
Net change in fund balances	1,834,417	(1,279,085)	(5,939,302)	(5,383,970)
Fund balances (deficits) - beginning of year, restated	<u>5,712,046</u>	<u>(6,316,787)</u>	<u>11,375,576</u>	<u>10,770,835</u>
Fund balances (deficits) - end of year	<u>\$ 7,546,463</u>	<u>\$ (7,595,872)</u>	<u>\$ 5,436,274</u>	<u>\$ 5,386,865</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended October 31, 2011*

Net Changes in Fund Balances - Total Governmental Funds \$ (5,383,970)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of the assets is allocated over the estimated useful life as depreciation expense. This is the amount of capital assets recorded in the current period.	16,619,578
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(2,970,837)
Long-term compensated absences, net pension obligations, net other post employment benefit (OPEB) obligations, and settlement payable are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, the change in compensated absences, net pension obligations, Net OPEB obligations and settlement payable are not reported as expenditures in Governmental Funds financial statements.	(9,023,321)
Bond, capital lease and loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond, capital lease and loan principal are an expenditure in Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Assets.	
This amount represents debt proceeds.	(8,358,864)
This amount represents long-term debt payments.	2,995,776
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year.	(53,083)
Bonds issued at a premium provide current financial resources to Governmental Funds, but increase the long-term liabilities in the Statement of Net Assets. Debt issuance costs are expenditures to Governmental Funds, but are deferred assets in the Statement of Net Assets.	
This amount represents current year debt issuance costs.	37,000
This amount represents current year amortization of bond premium and debt issuance costs.	(6,848)
Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds.	2,495,620
The Community Development loans are reported as expenditures in the Governmental Funds financial statements, but are only reported as an increase to accounts receivable in the Government-Wide Statement of Net Assets.	427,591
The repayment of the Community Development loans are reported as revenue in the Governmental fund financial statements, but are only reported as a decrease to accounts receivable in the Government-Wide Statement of net assets.	(143,008)
Change in Net Assets - Governmental Activities	<u><u>\$ (3,364,366)</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Assets

Proprietary Funds

October 31, 2011

	<i>Enterprise Funds</i>		
	<i>Water Fund</i>	<i>WPC</i>	<i>Totals</i>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,458,892	\$ -	\$ 1,458,892
Restricted cash and cash equivalents	428,677	2,928,997	3,357,674
Accounts receivable	4,864,096	115,269	4,979,365
Due from federal and state government	73,709	16,812,110	16,885,819
Due from other funds	1,011,000	3,403,860	4,414,860
Inventory	275,977	-	275,977
Total current assets	8,112,351	23,260,236	31,372,587
Noncurrent assets:			
Capital assets:			
Nondepreciable capital assets			
Land	1,909,975	1,418,359	3,328,334
Construction in progress	3,217,912	26,785,329	30,003,241
Depreciable capital assets			
Land improvements	83,806	124,409	208,215
Buildings, pump stations and tanks	2,097,453	17,624,343	19,721,796
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	-	1,161,547
Less: accumulated depreciation	(15,398,017)	(28,817,962)	(44,215,979)
Other assets	87,068	430,206	517,274
Total noncurrent assets	19,919,624	43,476,307	63,395,931
Total assets	28,031,975	66,736,543	94,768,518
Liabilities			
Current liabilities:			
Cash overdraft	-	80,029	80,029
Accounts payable and accrued expenses	853,585	9,042,420	9,896,005
Accrued interest payable	33,447	192,504	225,951
Due to other funds	3,454,192	2,518,067	5,972,259
Unearned revenue	469,581	5,095	474,676
Current portion of long term debt	251,919	908,763	1,160,682
Total current liabilities	5,062,724	12,746,878	17,809,602
Noncurrent liabilities:			
Accrued compensated absences	150,326	16,025	166,351
Bonds and loan payable	4,533,927	39,988,841	44,522,768
Total noncurrent liabilities	4,684,253	40,004,866	44,689,119
Total liabilities	9,746,977	52,751,744	62,498,721
Net assets			
Investment in capital assets, net of related debt	15,374,301	15,418,835	30,793,136
Restricted for improvements	-	908,120	908,120
Unrestricted	2,910,697	(2,342,156)	568,541
Total net assets	\$ 18,284,998	\$ 13,984,799	\$ 32,269,797

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended October 31, 2011

	<i>Enterprise Funds</i>		
	<u>Water Fund</u>	<u>WPC</u>	<u>Totals</u>
Operating revenues			
Water sales	\$ 5,707,114	\$ -	\$ 5,707,114
Sewer use fees	-	7,522,245	7,522,245
Other revenues	98,155	2,408,610	2,506,765
Total operating revenues	<u>5,805,269</u>	<u>9,930,855</u>	<u>15,736,124</u>
Operating expenses			
Salaries and benefits	1,777,069	156,438	1,933,507
Repair and maintenance	281,541	-	281,541
Water purchases	2,674,699	-	2,674,699
Operations	582,661	8,005,408	8,588,069
Depreciation and amortization expense	460,159	890,930	1,351,089
Other	573,575	-	573,575
Total operating expenses	<u>6,349,704</u>	<u>9,052,776</u>	<u>15,402,480</u>
Operating income (loss)	<u>(544,435)</u>	<u>878,079</u>	<u>333,644</u>
Nonoperating revenues (expenses)			
Interest income	775	-	775
Nonoperating grant	-	219,164	219,164
Interest expense	(205,177)	(581,525)	(786,702)
Total nonoperating revenues (expenses)	<u>(204,402)</u>	<u>(362,361)</u>	<u>(566,763)</u>
Income (loss) before capital contributions	(748,837)	515,718	(233,119)
Capital contributions and grants	203,883	835,750	1,039,633
Change in net assets	(544,954)	1,351,468	806,514
Total net assets - beginning of year	<u>18,829,952</u>	<u>12,633,331</u>	<u>31,463,283</u>
Total net assets - end of year	<u>\$ 18,284,998</u>	<u>\$ 13,984,799</u>	<u>\$ 32,269,797</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended October 31, 2011

	<i>Enterprise Funds</i>		
	<u>Water Fund</u>	<u>WPC</u>	<u>Totals</u>
<i>Cash flows from operating activities</i>			
Receipts from customers and users	\$ 4,925,022	\$ 7,522,246	\$ 12,447,268
Other operating revenue receipts	98,155	2,574,161	2,672,316
Payments to suppliers for goods and services	(4,053,506)	(7,256,459)	(11,309,965)
Payments to employees	(1,771,528)	(181,172)	(1,952,700)
<i>Net cash provided by (used for) operating activities</i>	<u>(801,857)</u>	<u>2,658,776</u>	<u>1,856,919</u>
<i>Cash flows from noncapital financing activities</i>			
Interfund transactions	1,443,267	(1,407,450)	35,817
Principal paid on revenue anticipation note	-	(600,000)	(600,000)
Interest paid on revenue anticipation note	-	(23,933)	(23,933)
Nonoperating grant	-	219,164	-
<i>Net cash provided by (used for) noncapital related financing activities</i>	<u>1,443,267</u>	<u>(1,812,219)</u>	<u>(588,116)</u>
<i>Cash flows from capital and related financing activities</i>			
Capital contributions	-	456,000	456,000
Loan proceeds	30,800	1,883,074	1,913,874
Principal paid on capital debt	(251,919)	(659,272)	(911,191)
Interest paid on capital debt	(199,967)	(472,451)	(672,418)
Acquisition and construction of capital assets	(674,233)	(567,012)	(1,241,245)
<i>Net cash provided by (used for) capital and related financing activities</i>	<u>(1,095,319)</u>	<u>640,339</u>	<u>(454,980)</u>
<i>Cash flows from investing activities</i>			
Investment income	775	-	775
<i>Net cash provided by investing activities</i>	<u>775</u>	<u>-</u>	<u>775</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(453,134)	1,486,896	1,033,762
<i>Cash and cash equivalents, beginning of year</i>	<u>2,340,703</u>	<u>1,362,072</u>	<u>3,702,775</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 1,887,569</u>	<u>\$ 2,848,968</u>	<u>\$ 4,736,537</u>
<i>Noncash capital and related financing activities:</i>			
Increase (decrease) in due from state government	\$ (2,500,565)	\$ 3,228,193	\$ 727,628
Increase in construction in progress	1,865,528	22,680,040	24,545,568
Increase in other assets	-	230,000	230,000
Increase (decrease) in accounts payable	(765,212)	4,534,860	3,769,648
Increase in loans payable	-	21,223,623	21,223,623
Increase in capital contributions and grants	130,175	379,750	509,925

(Continued)

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Cash Flows (Continued)

Proprietary Funds

For the Fiscal Year Ended October 31, 2011

	<i>Enterprise Funds</i>		
	<u>Water Fund</u>	<u>WPC</u>	<u>Totals</u>
<i>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</i>			
Operating income (loss)	\$ (544,435)	\$ 878,079	\$ 333,644
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>			
Depreciation and amortization	460,159	890,930	1,351,089
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(782,188)	166,901	(615,287)
(Increase) decrease in inventory	(15,116)	-	(15,116)
(Increase) decrease in prepaid expenses	(972)	-	(972)
Increase (decrease) in accounts payable and accrued expenses	88,635	744,290	832,925
Increase (decrease) in accrued compensated absences	(8,035)	(20,100)	(28,135)
Increase (decrease) in unearned revenue	95	(1,324)	(1,229)
<i>Net cash provided by (used for) operating activities</i>	<u>\$ (801,857)</u>	<u>\$ 2,658,776</u>	<u>\$ 1,856,919</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Fiduciary Net Assets

Fiduciary Funds

October 31, 2011

	<i>Pension Trust Fund</i>	<i>Agency Funds</i>
	<u> </u>	<u> </u>
<i>Assets</i>		
Cash and cash equivalents	\$ -	\$ 282,612
Investments:		
Mutual funds - equity	23,796,976	-
Mutual funds - fixed income	16,817,474	-
Treasury obligations funds	-	190,456
International equity group trust	9,320,584	-
Alternative investments	3,722,957	-
<i>Total investments</i>	<u>53,657,991</u>	<u>190,456</u>
City contribution receivable	116,560	-
Member contributions receivable	76,058	-
Other miscellaneous receivable	4,998	-
Due from other funds	-	25,908
<i>Total assets</i>	<u>53,855,607</u>	<u>498,976</u>
<i>Liabilities</i>		
Cash overdraft	342,973	-
Accounts payable and accrued expenses	73,782	22,996
Due to other funds	-	8,530
Deposits held in custody for others	-	467,450
<i>Total liabilities</i>	<u>416,755</u>	<u>498,976</u>
<i>Net Assets</i>		
Held in trust for pension benefits	<u>\$ 53,438,852</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended October 31, 2011

	<i>Pension Trust Fund</i>
<i>Additions</i>	
Contributions:	
Employer	\$ 1,437,580
Plan member	965,007
Total contributions	<u>2,402,587</u>
Investment income:	
Interest and dividend income	713,206
Net appreciation (depreciation) in fair value of investments	942,901
Less: investment expense	<u>(235,381)</u>
Net investment income	<u>1,420,726</u>
 <i>Total additions</i>	 <u>3,823,313</u>
 <i>Deductions</i>	
Benefits	8,705,932
Administrative and other expense	14,750
<i>Total deductions</i>	<u>8,720,682</u>
 <i>Change in net assets</i>	 (4,897,369)
 <i>Net assets - beginning of year</i>	 <u>58,336,221</u>
 <i>Net assets - end of year</i>	 <u><u>\$ 53,438,852</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

The financial statements of the City of East Providence, Rhode Island 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 the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the City applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units.” A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The City of East Providence does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. 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. 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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.

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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.

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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, 2011 of the current year and other delinquent balances are recorded as receivables.

F. UNBILLED SERVICES 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.

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:

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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, 2010, billed on May 12, 2011, and payable on July 1, 2011 (with provisions for quarterly payments), plus delinquent balances less property tax amounts due as of the balance sheet date and received sixty days thereafter.

K. PROPERTY TAXES

The City is permitted by State Law to levy property taxes. The City’s fiscal 2010-2011 property taxes were levied on May 12, 2011 on assessed valuation as of December 31, 2010. Taxes were due July 1, 2011 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.

A 12% penalty is imposed for all taxes in an overdue status.

The City offers a 3% discount to taxpayers who pay their assessment in full on or before the due date of the first quarterly installment.

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Nondepreciable assets:				
Land	\$ 4,076,963	\$ -	\$ -	\$ 4,076,963
Construction in progress	583,379	15,033,051	-	15,616,430
	<u>4,660,342</u>	<u>15,033,051</u>	<u>-</u>	<u>19,693,393</u>
Depreciable assets:				
Land improvements	3,376,011	-	-	3,376,011
Buildings & construction	60,370,106	38,193	304,162	60,104,137
Infrastructure	44,036,731	140,972	-	44,177,703
Machinery & equipment	10,372,599	1,028,412	-	11,401,011
Vehicles	13,367,891	378,950	-	13,746,841
Total Capital Assets	<u>136,183,680</u>	<u>16,619,578</u>	<u>304,162</u>	<u>152,499,096</u>
Less accumulated depreciation for:				
Land improvements	2,789,308	60,031	-	2,849,339
Buildings & construction	26,083,219	1,179,614	304,162	26,958,671
Infrastructure	30,640,271	633,180	-	31,273,451
Machinery & equipment	5,526,776	645,688	-	6,172,464
Vehicles	11,630,047	452,324	-	12,082,371
Total Accumulated Depreciation	<u>76,669,621</u>	<u>2,970,837</u>	<u>304,162</u>	<u>79,336,296</u>
Governmental Activities Capital Assets, Net	<u>\$ 59,514,059</u>	<u>\$ 13,648,741</u>	<u>\$ -</u>	<u>\$ 73,162,800</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 3,328,334	\$ -	\$ -	\$ 3,328,334
Construction in progress	8,568,578	25,206,172	3,771,509	30,003,241
	<u>11,896,912</u>	<u>25,206,172</u>	<u>3,771,509</u>	<u>33,331,575</u>
Depreciable assets:				
Land improvements	208,215	-	-	208,215
Infrastructure	43,015,924	3,771,509	-	46,787,433
Buildings, pump stations & tanks	19,196,796	525,000	-	19,721,796
Machinery & equipment	5,884,070	-	-	5,884,070
Vehicles	1,098,347	63,200	-	1,161,547
Total Capital Assets	<u>81,300,264</u>	<u>29,565,881</u>	<u>3,771,509</u>	<u>107,094,636</u>
Less accumulated depreciation for:				
Land improvements	171,637	4,190	-	175,827
Infrastructure	24,717,063	647,100	-	25,364,163
Buildings, pump stations & tanks	14,014,001	469,459	-	14,483,460
Machinery & equipment	3,051,635	162,211	-	3,213,846
Vehicles	936,390	42,293	-	978,683
Total Accumulated Depreciation	<u>42,890,726</u>	<u>1,325,253</u>	<u>-</u>	<u>44,215,979</u>
Business-Type Activities Capital Assets, Net	<u>\$ 38,409,538</u>	<u>\$ 28,240,628</u>	<u>\$ 3,771,509</u>	<u>\$ 62,878,657</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

Depreciation expense was charged to governmental functions as follows:

General government	\$110,402
Public safety	720,988
Public works	866,133
Public libraries	107,632
Parks and recreation	255,996
Sanitation	4,774
Education	904,912
Total Depreciation Expense	<u>\$2,970,837</u>

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 \$122,027,643. As of October 31, 2011, the City's debt subject to legal debt margin is \$0 and the City is under the debt limit by \$122,027,643.
- B. DEFICIT FUND BALANCE IN FUND FINANCIAL STATEMENTS** – Pursuant to Rhode Island General Law 16-2-18, a School Department is not permitted to incur a deficit. For the fiscal year ended October 31, 2011, the School Unrestricted Fund had a cumulative deficit of (\$7,595,872).

The following Nonmajor Governmental Funds also had a cumulative deficit as of October 31, 2011:

Special Revenue Funds:	
Byrne/JAG 2009 Formula	\$(164)
Fire Decon Grant	(830)
Forbes St. Solar Project	(2,550)
Rose Larisa Memorial Park	(1,941)
School Lunch	(115,012)
Capital Project Funds:	
Capital Improvements	\$(381)
Hull Street Renovations	(19,820)
Open Space	(6,590)
\$6,000,000 School BAN	(5,009,601)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

NOTE 4 – CASH DEPOSITS

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".

	<i>Carrying Amount</i>
Total Deposits	\$18,939,403
Add: Petty cash and cash on hand	22,485
Add: Investments classified as cash equivalents	3,885,431
Less: Pension fund cash overdraft	(342,973)
Less: Cash classified as investments	(1,897,548)
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	\$20,606,798

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, 2011, \$2,067,412 of the City's bank balance of \$20,377,065 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$18,309,653
Collateralized with securities held by pledging financial institution or its agent, in the City's name	2,067,412
Uninsured and uncollateralized	-
<i>Total</i>	\$20,377,065

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, 2011 the City's uninsured or uncollateralized deposits with an institution was \$0.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

NOTE 5 – INVESTMENTS

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

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:

<u><i>Asset Class</i></u>	<u><i>Portfolio Target Weight</i></u>	<u><i>Policy Range</i></u>
Domestic 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%
Private 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

<i>Investment Type</i>	<i>Fair Value</i>	<i>Investment Maturity (in years)</i>	
		<i>5 to 10</i>	<i>11 to 15</i>
Debt Securities:			
Pension Trust Fund -			
Bond Fund	\$ 10,198,917	\$ 10,198,917	\$ -
Fixed Income Mutual Funds	6,618,557	1,871,684	4,746,873
Total debt securities	<u>16,817,474</u>	<u>\$ 12,070,601</u>	<u>\$ 4,746,873</u>
Other Investments:			
Pension Trust Fund -			
Equity Mutual Funds	20,796,906		
Closely-Held Equity Fund	3,000,070		
International Equity Group Trust	9,320,584		
Hedge Fund of Funds	2,463,000		
Secondary Private Equity Limited Partnership	1,259,957		
Other Funds -			
Federated Government Obligations Fund	4,582,078		
Federated Treasury Obligations Fund	8,723,947		
Fidelity Treasury Money Market Fund	2,556,522		
Fidelity Governmental Fund	3,357,650		
MBIA RI Investment Pool	379		
Treasury Reserves Money Market Fund	50,102		
Total other investments	<u>56,111,195</u>		
Total investments	72,928,669		
Less: Investments classified as cash equivalents	(3,885,431)		
Add: Cash classified as investments	1,897,548		
Total Investments Reported in the Financial Statements	<u>\$ 70,940,786</u>		

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.

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, 2011.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
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<u>Credit Rating</u>	<u>Bond Fund</u>	<u>Fixed Income Mutual Funds</u>	<u>Total Fair Value</u>
AAA	\$ -	\$ 1,871,684	\$ 1,871,684
Aa3/AA-	10,198,917	-	10,198,917
Baa2	-	4,746,873	4,746,873
	<u>\$ 10,198,917</u>	<u>\$ 6,618,557</u>	<u>\$ 16,817,474</u>

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, 2011, 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, 2011, the International Equity Group Trust had 98% of its assets in international investments.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

NOTE 6 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liability activity for the governmental activities for the year ended October 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Within One Year</u>
<i>Governmental Activities</i>					
<i>Bonds, capital leases, and loans payable:</i>					
General obligation bonds	\$ 22,421,800	\$ -	\$ 1,721,500	\$ 20,700,300	\$ 1,721,500
Capital leases payable	7,005,669	8,100,355	1,057,930	14,048,094	1,524,678
Loans payable	2,815,000	258,509	216,346	2,857,163	229,918
Plus: amortized premium on bonds	85,043	-	4,253	80,790	4,252
Total bonds, capital leases, and loans payable	<u>32,327,512</u>	<u>8,358,864</u>	<u>3,000,029</u>	<u>37,686,347</u>	<u>3,480,348</u>
<i>Other liabilities:</i>					
Compensated absences	4,239,916	188,701	-	4,428,617	-
Net pension obligation	40,721,381	5,712,218	-	46,433,599	-
Net other postemployment benefit obligation	4,811,626	1,862,473	-	6,674,099	-
Settlements payable	320,776	246,519	100,000	467,295	149,300
Total other liabilities	<u>50,093,699</u>	<u>8,009,911</u>	<u>100,000</u>	<u>58,003,610</u>	<u>149,300</u>
<i>Governmental Activities Long-Term Liabilities</i>	<u>\$ 82,421,211</u>	<u>\$ 16,368,775</u>	<u>\$ 3,100,029</u>	<u>\$ 95,689,957</u>	<u>\$ 3,629,648</u>

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

Long-term liability activity for the business-type activities for the year ended October 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
Bonds and loans payable:					
General obligation bonds -WPC	\$ 2,243,200	\$ -	\$ 198,500	\$ 2,044,700	\$ 198,500
Loan payable - Water	5,037,765	-	251,919	4,785,846	251,919
Loan payable - WPC	16,313,676	23,000,000	460,772	38,852,904	710,263
Total bonds and loans payable	<u>23,594,641</u>	<u>23,000,000</u>	<u>911,191</u>	<u>45,683,450</u>	<u>1,160,682</u>
Other liabilities:					
Compensated absences	194,485	-	28,134	166,351	-
Total other liabilities	<u>194,485</u>	<u>-</u>	<u>28,134</u>	<u>166,351</u>	<u>-</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$23,789,126</u>	<u>\$ 23,000,000</u>	<u>\$939,325</u>	<u>\$ 45,849,801</u>	<u>\$1,160,682</u>

B. GENERAL OBLIGATION BONDS

The debt service requirements for the City's general obligation bonds at October 31, 2011 were as follows:

<u>Fiscal Year</u>	<u>Governmental Activities General Obligation Bonds</u>		<u>Business-Type Activities General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,721,500	\$ 910,093	\$198,500	\$105,545
2013	1,716,500	840,835	198,500	95,640
2014	1,716,500	770,091	198,500	85,634
2015	1,716,500	698,324	198,500	75,526
2016	1,716,500	623,966	198,500	65,272
2017-2021	7,855,800	1,988,071	809,200	173,195
2022-2026	3,257,000	562,825	243,000	24,300
2027-2030	1,000,000	113,750	-	-
	<u>\$20,700,300</u>	<u>\$6,507,955</u>	<u>\$2,044,700</u>	<u>\$625,112</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

C. SCHEDULE OF BONDS PAYABLE

<i>Purpose</i>	<i>Original Issue Amount</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Outstanding 10/31/2010</i>	<i>New Issues</i>	<i>Maturities During Year</i>	<i>Outstanding 10/31/2011</i>
<i>Governmental Activities</i>								
<i>Bonds Payable:</i>								
General obligation school	\$ 5,095,000	6/15/1999	4.25-6%	6/15/2019	\$ 2,350,000	\$ -	\$ 265,000	\$ 2,085,000
General obligation	9,000,000	5/15/2003	2.25-4.75%	5/15/2023	5,850,000	-	450,000	5,400,000
General obligation	2,575,800	5/15/2000	5.5-6.5%	5/15/2020	1,250,800	-	132,500	1,118,300
General obligation	5,130,000	5/15/2001	4-5%	5/15/2021	2,805,000	-	255,000	2,550,000
General obligation	7,380,000	5/15/2004	3.75-5%	5/15/2024	5,166,000	-	369,000	4,797,000
General obligation	5,000,000	5/26/2010	3-4.55%	5/15/2030	5,000,000	-	250,000	4,750,000
					<u>22,421,800</u>	<u>-</u>	<u>1,721,500</u>	<u>20,700,300</u>
<i>Total governmental activities bonds payable</i>								
<i>Business-Type Activities</i>								
<i>Bonds Payable:</i>								
General obligation sewer	2,284,200	5/15/2000	5.5-6.5%	5/15/2020	1,109,200	-	117,500	991,700
General obligation sewer	1,620,000	5/15/2004	3.75-5%	5/15/2024	1,134,000	-	81,000	1,053,000
					<u>2,243,200</u>	<u>-</u>	<u>198,500</u>	<u>2,044,700</u>
<i>Total business-type activities bonds payable</i>								
					<u>\$ 24,665,000</u>	<u>\$ -</u>	<u>\$ 1,920,000</u>	<u>\$ 22,745,000</u>
<i>Total bonds payable</i>								

D. CAPITAL LEASE COMMITMENTS

<i>Governmental Activities Capital Leases Payable</i>	
<u><i>Fiscal Year</i></u>	<u><i>Total</i></u>
2012	\$2,276,506
2013	1,907,878
2014	1,614,440
2015	1,454,345
2016	1,406,653
2017-2021	6,189,296
2022-2025	4,604,014
Total minimum lease payments	<u>19,453,132</u>
Less: amount representing interest cost	<u>(5,405,038)</u>
Present value of minimum lease payments	<u>\$14,048,094</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
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The City will receive interest subsidies from the federal government related to the \$7,777,000 capital lease with RI Health and Educational Building Corp. dated November 3, 2010. The interest subsidies remaining of \$3,126,026 as of October 31, 2011 will be received over the remaining life of the lease.

E. LOANS PAYABLE

The following schedule summarizes the City's loans payable:

<u>Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Original Loan Amount</u>	<u>Interest Rate</u>
Governmental Activities				
HUD Section 108 Loan	8/7/2003	8/1/2023	\$3,000,000	1.21-5.69%
RIHEBC School Loan	10/27/2005	10/27/2012	\$525,000	4.583%
Chartwells Loan	3/15/2011	3/15/2016	\$104,000	3%
RIHMFC Loan	4/15/2011	4/15/2041	\$110,500	0%
RIHMFC Loan	4/15/2011	Upon Sale of Property	\$130,000	0%
Business -Type Activities				
RI Clean Water Loan - WPC	3/10/1993	9/1/2015	\$3,300,000	2.99893%
RI Clean Water Loan - WPC	10/6/2009	9/1/2030	\$10,000,000	2.09-3.93%
RI Clean Water Loan - Water	11/19/2009	9/1/2030	\$6,000,000	1.59-4.26%
RI Clean Water Loan - Water	2/12/2010	9/1/2030	\$561,206	.55-3.56%
RI Clean Water Loan - WPC	6/24/2010	9/1/2031	\$7,000,000	1.51-4.12%
RI Clean Water Loan - WPC	3/29/2011	9/1/2032	\$23,000,000	1.45-4.37%

The debt service through maturity for the above loans is as follows:

<u>Fiscal Year</u>	<u>Governmental Activities Loans Payable</u>		<u>Business-Type Activities Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 229,918	\$ 141,513	\$ 962,182	\$ 1,685,594
2013	145,523	131,186	1,756,521	1,821,025
2014	196,148	124,525	1,794,710	1,770,110
2015	196,791	115,254	1,835,747	1,713,906
2016	184,274	105,817	1,717,634	1,651,778
2017-2021	1,215,000	361,561	9,464,886	7,225,488
2022-2026	535,000	45,959	11,384,054	5,029,160
2027-2031	-	-	13,021,016	2,209,805
2032	-	-	1,702,000	82,887
2041	110,500	-	-	-
	<u>2,813,154</u>	<u>1,025,815</u>	<u>43,638,750</u>	<u>23,189,753</u>
Add: RIHMFC Loan due upon sale of related property	44,009	-	-	-
	<u>\$2,857,163</u>	<u>\$1,025,815</u>	<u>\$43,638,750</u>	<u>\$23,189,753</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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

<u><i>Date Issued</i></u>	<u><i>Original Loan Amount</i></u>	<u><i>ARRA Principal Forgiveness</i></u>	<u><i>Net Loan Amount</i></u>
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, 2011.

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, 2011 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 7 – SHORT-TERM DEBT

The City issued the following short-term notes during fiscal year 2011:

- A. Tax Anticipation Notes** – Tax anticipation notes in the amount of \$32,000,000 were issued on December 2, 2010 and matured on July 14, 2011 with an interest rate of 1.5%. The proceeds were deposited into the General Fund.
- B. Bond Anticipation Notes** – Bond anticipation notes in the amount of \$6,000,000 were issued on August 18, 2011 and mature on August 18, 2012 with an interest rate of 1.8%. The proceeds were deposited into the General Fund.
- C. Revenue Anticipation Notes** – Revenue anticipation notes in the amount of \$600,000 were issued on May 27, 2010 with an interest rate of 4% and matured on May 26, 2011. The proceeds were deposited into the WPC Fund.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

The following schedule summarizes the City's short-term debt activity for the year:

	<u><i>Beginning Balance</i></u>	<u><i>Additions</i></u>	<u><i>Retirements</i></u>	<u><i>Ending Balance</i></u>
<i>Governmental Activities:</i>				
Bond anticipation notes	\$ -	\$ 6,000,000	\$ -	\$6,000,000
Tax anticipation notes	-	32,000,000	32,000,000	-
<i>Governmental Activities Short-Term Debt</i>	<u>\$ -</u>	<u>\$38,000,000</u>	<u>\$32,000,000</u>	<u>\$6,000,000</u>
<i>Business-Type Activities:</i>				
Revenue anticipation notes	\$600,000	\$ -	\$600,000	\$ -
<i>Business-Type Activities Short-Term Debt</i>	<u>\$600,000</u>	<u>\$ -</u>	<u>\$600,000</u>	<u>\$ -</u>

NOTE 8 – OPERATING LEASES

The City has entered into operating leases for equipment. As of October 31, 2011, future minimum rental commitments under operating leases are as follows:

<u><i>Fiscal Year Ended October 31,</i></u>	
2012	<u>\$13,416</u>
Future minimum rental commitments	<u>\$13,416</u>

Rental expenditures related to operating leases were approximately \$56,950 in fiscal year 2011.

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
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	<i>Due To</i>						<i>Total</i>
	<i>General Fund</i>	<i>Unrestricted Fund</i>	<i>Other Governmental Funds</i>	<i>Water Fund</i>	<i>WPC Fund</i>	<i>Agency Funds</i>	
<i>Due From</i>							
General Fund	\$ -	\$ 11,532,095	\$ 95,542	\$ -	\$ -	\$ -	\$ 11,627,637
School Unrestricted Fund	118,555	-	1,120,276	-	-	-	1,238,831
Other Governmental Funds	761,583	165,392	207,014	-	-	25,908	1,159,897
Water Fund	50,332	-	-	-	3,403,860	-	3,454,192
WPC Fund	1,507,067	-	-	1,011,000	-	-	2,518,067
Agency Funds	8,530	-	-	-	-	-	8,530
Total	\$ 2,446,067	\$ 11,697,487	\$ 1,422,832	\$ 1,011,000	\$ 3,403,860	\$ 25,908	\$ 20,007,154

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

	<i>Transfer To</i>			<i>Total</i>
	<i>General Fund</i>	<i>Unrestricted Fund</i>	<i>Other Governmental Funds</i>	
<i>Transfer From</i>				
General Fund	\$ -	\$44,617,393	\$ 108,300	\$ 44,725,693
School Unrestricted Fund	-	-	934	934
Other Governmental Funds	2,000	-	-	2,000
Total	\$ 2,000	\$44,617,393	\$ 109,234	\$ 44,728,627

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 \$44,617,393 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.

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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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.

NOTE 12 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The City disaggregates significant components of receivables in the financial statements. Receivable balances determined to be immaterial are reported as other receivables, except for loans receivable of \$4,257,522 which are included in other receivables as of October 31, 2011. The City expects to collect all receivables within the subsequent year except for loans receivable in the Community Development Activities Fund. These loans receivable are payable over a number of years based on the individual loan agreements. As of October 31, 2011, the City’s property taxes receivable is net of an allowance for uncollectible accounts of \$1,800,000.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at October 31, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 1,468,638	\$ 2,096,222	\$ 469,919	\$ 4,034,779
School Unrestricted Fund	14,198,641	466,882	10,000	14,675,523
Other Governmental Funds	3,093,278	-	205,775	3,299,053
	<u>\$ 18,760,557</u>	<u>\$ 2,563,104</u>	<u>\$ 685,694</u>	<u>\$ 22,009,355</u>
Business-Type Activities:				
Water Fund	\$ 749,603	\$ 103,982	\$ -	\$ 853,585
Water Pollution Control Fund	9,036,388	6,032	-	9,042,420
	<u>\$ 9,785,991</u>	<u>\$ 110,014</u>	<u>\$ -</u>	<u>\$ 9,896,005</u>

NOTE 13 – 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 19. 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. 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).

CITY OF EAST PROVIDENCE, RHODE ISLAND
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October 31, 2011

- General Employees – City and School retirees with at least 10 years of service are eligible at age 58; City retirees with at least 20 years of service are eligible at age 50 (reduced pension); City and School retirees with at least 30 years of service are eligible at any age
- Disability – employees on service-related disability are eligible at any age; employees on non-service related disability are eligible with 10 years of service for police and fire, 5 years of service for teachers and from date of hire for general employees

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 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.

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- 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:

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

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, 2011, 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, 2011, the City contributed \$3,728,228 to the plan and the School Department contributed \$2,896,617.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The 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:

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	<i>City</i>	<i>School</i>
Annual required contribution (ARC)	\$5,547,669	\$3,810,380
Interest on net OPEB obligation	216,523	(143,747)
Adjustment to annual required contribution	(173,491)	343,394
Annual OPEB cost	5,590,701	4,010,027
Contributions made	(3,728,228)	(2,896,617)
Increase (decrease) in net OPEB obligation	1,862,473	1,113,410
Net OPEB obligation (asset), beginning of year	4,811,626	(3,194,375)
Net OPEB obligation (asset), end of year	\$6,674,099	\$(2,080,965)

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

	<u><i>Fiscal Year Ended</i></u>	<u><i>Annual OPEB Cost</i></u>	<u><i>Percentage of Annual OPEB Cost Contributed</i></u>	<u><i>Net OPEB Obligation (Asset)</i></u>
City	10/31/11	\$5,590,701	66.7%	\$6,674,099
City	10/31/10	\$5,171,038	53.3%	\$4,811,626
City	10/31/09	\$4,906,416	51.2%	\$2,395,890
School	10/31/11	\$4,010,027	72.2%	\$(2,080,965)
School	10/31/10	\$1,992,896	189.9%	\$(3,194,375)
School	10/31/09	\$2,045,165	168.6%	\$(1,402,957)

Funded Status and Funding Progress

The funded status of the City's plan as of October 31, 2011, the most recent actuarial valuation, is as follows:

	<i>City</i>	<i>School</i>
Actuarial Accrued Liability (AAL)	\$76,217,757	\$28,331,194
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$76,217,757	\$28,331,194
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Annual Covered Payroll (Active Plan Members)	\$22,886,101	\$38,107,684
UAAL as a Percentage of Covered Payroll	333.0%	74.3%

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.

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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 2011 was determined as part of the October 31, 2011 actuarial valuation using the projected unit credit actuarial cost method (linear proration to full eligibility). The actuarial assumptions included: a) discount rate – 4.5%; b) payroll growth rate – 4.25% (used for amortization purposes only); c) health care trend rates – medical – fiscal year 2012 - 0%; fiscal year 2013 – 8.5% decreasing .5% each year to an ultimate rate of 5%. The unfunded actuarial accrued liability as of October 31, 2011 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 2011 was determined as part of the October 31, 2011 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, 2011 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.

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NOTE 14 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

On January 5, 2009 the East Providence School Committee implemented rollbacks in compensation for its certified teachers, members of the East Providence Education Association (“Union”), pursuant to RI General Laws 16-2-9(d), to avoid a deficit in fiscal year 2009. This action resulted in the Union filing unfair labor practice charges, and a complaint by the Rhode Island Labor Relations Board against the School Committee. The Union also filed for arbitration challenging several aspects of the Committee’s actions and issued a complaint with the Rhode Island Department of Labor and Training.

The RI Labor Relations Board ruled in August 2009 that no further action would take place pending the outcome of the litigation in Superior Court described below. The parties to the arbitration proceedings also agreed to hold any further action until the Superior Court issued a decision in the litigation described below.

The School Committee filed a complaint on March 12, 2009, seeking declaratory relief pursuant to RI General Law 9-30-1 asking the RI Superior Court to construe relevant provisions of the applicable RI General Laws with respect to the School Committee’s action to avoid a deficit by implementation of the rollbacks. The Superior Court ruled in favor of the School Committee on March 15, 2010. The Union has appealed the ruling and the School Committee has filed a cross-appeal. The matter is pending before the RI Supreme Court.

At this time, the City is unable to determine the possible outcome of the arbitration challenging specific aspects of the rollback in compensation or the complaints filed with the RI Labor Relations Board or the RI Department of Labor and Training.

During the ordinary course of its operations, the City is also 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, 2011 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.

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NOTE 15 – 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 16 – SUBSEQUENT EVENTS

- A. On December 15, 2011 the City issued \$10,000,000 in General Obligation Tax Anticipation Notes. The notes bear interest of 3.9% and mature on June 15, 2012.
- B. On January 31, 2012 the City issued \$10,000,000 in General Obligation Tax Anticipation Notes. The notes bear interest of 4.5% and mature June 29, 2012.
- C. On November 4, 2011 the City entered into a loan agreement in the amount of \$2,000,000 with RI Clean Water Finance Agency. The loan bears interest of 3.43-5.14% and matures on September 1, 2012 – September 1, 2031.
- D. Budget Commission - Pursuant to R.I. Gen. Laws § 45-9-3, in consultation with the auditor general, the Director of Revenue appointed a fiscal overseer for the City of East Providence on November 14, 2011. The appointment was based on a determination by the Director of Revenue that the City of East Providence ("City") was facing fiscal deficits and cash shortfalls of such magnitude that a fiscal overseer was required, inter alia, to assess the ability of the City to manage its fiscal affairs. The Director of Revenue further determined that the City met the criteria enumerated in R.I. Gen. Laws § 45-9-3 (b) (1) and (3) i.e. the City was projecting a deficit in its municipal budget in the current fiscal year and again in the upcoming fiscal year and the City had been downgraded by one of the nationally recognized statistical rating organizations.

On December 19, 2011 the fiscal overseer wrote to the Chief of the Division of Municipal Finance pursuant to R. I. Gen. Laws § 45-9-5 (a) and (b) reporting that he had concluded that the City was (1) unable to present a balanced municipal budget; (2) faced a fiscal crisis that posed an imminent danger to the safety of the citizens of the City and/or their property; and (3) was not able to achieve fiscal stability without the assistance of a budget commission. Further, the fiscal overseer indicated that it was his belief that a budget commission should be appointed.

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Effective December 20, 2011, the Director of Revenue abolished the fiscal overseer and established a budget commission for the City. Pursuant to R.I. Gen. Laws § 45-9-6, the budget commission consists of five (5) members, three (3) of whom are designated by the Director of Revenue and two (2) are members from the City i.e. the President of the City Council and the City Manager. Under the statute the budget commission acts by a majority vote of its members; however the budget commission in the City decided to act by consensus of all its members. The budget commission’s obligation under R.I. Gen. Laws § 45-9-6(a) is to initiate and assure the implementation of appropriate measures to secure the financial stability of the City. Further, pursuant to R.I. Gen. Laws § 45-9-6(d)(20), the budget commission exercises “...all powers under the general laws and this chapter or any special act, any charter provision or ordinance that any elected official of the city or town may exercise, acting separately or jointly; provided, however, that with respect to any such exercise of powers by the budget commission, the elected officials shall not rescind or take any action contrary to such action by the budget commission so long as the budget commission continues to exist.” Pursuant to R.I. Gen. Laws § 45-9-7, the budget commission continues in existence until the director of revenue abolishes it; however, if the budget commission concludes that its powers are insufficient to restore fiscal stability to the city or town, it must notify the director of revenue and forward a written statement of the reasons why it has been unable to restore the City to fiscal stability.

NOTE 17 – 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 contract balances remaining as of October 31, 2011 were: plant \$8,272,466 and collection system \$16,887,690. The agreement also provides for the payment of monthly fees to United Water for the operation of the system which have fixed and variable components.
- B.** On September 15, 2010 the School Department entered an agreement with Johnson Controls Inc. in the amount of \$11,658,134 for improvements to various school facilities. The balance remaining on the contract as of October 31, 2011 was \$3,229,302.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following prior period adjustments and restatements were recorded in the Government-Wide Financial Statements:

	<i>Governmental Activities</i>
Net assets as reported October 31, 2010	\$14,474,873
Reclassify to agency fund	(19,946)
Correct prior year settlement payable not recorded	(320,776)
Net assets as restated October 31, 2010	\$14,134,151

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The following restatements were recorded in the Governmental Fund Financial Statements:

	<i>General Fund</i>	<i>Other Governmental Funds</i>
Fund balances as reported October 31, 2010	\$4,529,171	\$12,578,397
Reclassify funds due to implementation of GASB Statement No. 54	1,182,875	(1,182,875)
Reclassify to agency fund	-	(19,946)
Fund balances as restated October 31, 2010	\$5,712,046	\$11,375,576

NOTE 19 – 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, 2011 was \$31,968,604, which consisted of \$1,260,906 for employees charged to federal programs and \$30,707,698 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 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:

(i) 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.

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(ii) 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.

(iii) 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.

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

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
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.

(ii) 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):

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
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.

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(iii) 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:

(i) 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.

(ii) 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 increase is limited to 3.00%.

(iii) 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 9.5% 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, 2010 through June 30, 2011 was 19.01% and for July 1, 2011 through October 31, 2011 was 22.32%. The Teachers' Plan cost is paid 60% by the School Department and 40% by the State. However, the State will pay the total cost of the contribution deferrals which were .26% for November 1, 2010 through June 30, 2011 and .27% for July 1, 2011 through October 31, 2011. This results in a contribution requirement for the School of 11.25% and 13.23% and a contribution requirement for the State of 7.76% and 9.09% for November 1, 2010 through June 30, 2011 and July 1, 2011 through October 31, 2011, respectively.

The State contribution for the cut off year ended October 31, 2011 was \$2,453,788, which represented 7.68% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on behalf of payments and are reported as a revenue and as an expenditure in the financial statements. The contribution requirement for the cut off year ended October 31, 2011 was \$6,843,324, which consisted of \$3,806,299 from the School Department and \$3,037,025 from employees. These contributions represented 11.91% and 9.5% of covered payroll respectively. The annual required contribution was determined as part of the June 30, 2008 and June 30, 2009 actuarial valuations respectively.

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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

<u><i>Fiscal Year</i></u>	<u><i>Annual Required Contribution</i></u>	<u><i>Percentage Contributed</i></u>
2009	\$3,952,964	100%
2010	3,799,424	100%
2011	3,806,299	100%

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, 2011 was \$17,677,266.

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 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 2010-2011 was 15.26% for the period November 1, 2010 through June 30, 2011 and 18.08% for the period July 1, 2011 through October 31, 2011.

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Annual Pension Cost

For 2010-2011, the City's annual pension cost of \$2,853,971 for the MERS was equal to the City's required and actual contributions.

Three-Year Trend Information

General Municipal Employees

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$2,998,698	100%	\$ -
2010	2,822,394	100%	-
2011	2,853,971	100%	-

The required contribution was determined as part of the June 30, 2008 and June 30, 2009 actuarial valuations. 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, 2008 and June 30, 2009 valuations 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, 2008 and June 30, 2009 was 21 years and 20 years, respectively.

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the general employees plan was 55.1% funded. The actuarial accrued liability for benefits was \$111,012,914, and the actuarial value of assets was \$61,127,151, resulting in an unfunded actuarial accrued liability (UAAL) of \$49,885,763. The covered payroll (annual payroll of active employees covered by the plan) was \$17,920,933, and the ratio of the UAAL to the covered payroll was 278.4%. The June 30, 2010 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 was decreased to 4%.

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.

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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, 2011 was \$12,284,007.

As of October 31, 2010, employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	243
Active plan members	<u>185</u>
	<u>428</u>

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. 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 nonservice 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

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 nonservice 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

Based on the above, the City's customary contribution requirement for the plan year beginning November 1, 2010 is developed as follows:

	<i>Police</i>	<i>Fire</i>	<i>Total</i>
Normal Cost	\$ 564,311	\$ 935,257	\$1,499,568
Amortization of unfunded actuarial accrued liability	1,550,492	1,797,793	3,348,285
<i>Total City customary contribution</i>	\$2,114,803	\$2,733,050	\$4,847,853

The City made contributions in fiscal year 2011 of \$1,437,580 which is substantially less than 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

The City's annual pension cost and net pension obligation calculated in accordance with GASB Statement No. 27 for the Plan for fiscal year 2011 are as follows:

Annual required contribution (ARC)	\$7,362,115
Interest on NPO	3,461,317
Adjustments to ARC	(3,673,634)
Annual pension cost (APC)	7,149,798
Contributions made	(1,437,580)
Increase in net pension obligation	5,712,218
Net pension obligation, beginning of year	40,721,381
Net pension obligation, end of year	\$46,433,599

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2011

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$6,233,101	25%	\$35,420,660
2010	6,700,723	20%	40,721,381
2011	7,149,798	20%	46,433,599

The City's annual required contribution to the Plan was determined as part of the October 31, 2010 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, 2010 actuarial valuation included:

- a) Interest – 8.5% per annum.
- b) Salary increases – 5% per year.
- c) Cost of living adjustments – 3% per year, compounded, for the appropriate categories of retired members.
- d) 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, 2011, the most recent actuarial valuation date, the plan was 33.6% funded. The actuarial accrued liability for benefits was \$159,320,000, and the actuarial value of assets was \$53,520,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$105,800,000. The covered payroll (annual payroll of active employees covered by the plan) was \$12,330,000, and the ratio of the UAAL to the covered payroll was 858.1%. The October 31, 2011 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.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules - General Fund and School Unrestricted Fund

Schedule of Funding Progress - Pension Plan and Other Post Employment Benefit Plan

Schedule of Annual Required Contributions – Pension Plan

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended October 31, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance With</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i> <i>(Budgetary</i> <i>Basis)</i>	<i>Final Budget</i> <i>Positive</i> <i>(Negative)</i>
Revenues				
Property Taxes	\$86,591,000	\$86,591,000	\$90,489,905	\$3,898,905
Interest				
Interest on taxes	500,000	500,000	606,248	106,248
Interest on investments	10,000	10,000	5,501	(4,499)
Total interest	510,000	510,000	611,749	101,749
Departmental				
Licenses and permits	927,800	927,800	1,146,668	218,868
Fines and penalties	30,000	30,000	48,091	18,091
Charges for services	804,600	804,600	1,012,547	207,947
Revenue from City agencies	90,000	90,000	90,000	-
Total departmental	1,852,400	1,852,400	2,297,306	444,906
Intergovernmental	2,152,160	2,152,160	4,434,826	2,282,666
Appropriated surplus	2,800,000	2,800,000	-	(2,800,000)
Total revenues	93,905,560	93,905,560	97,833,786	3,928,226
Expenditures				
Current:				
General Government:				
City council	66,950	66,950	64,807	2,143
City manager	311,420	311,420	436,838	(125,418)
Information technology	437,140	437,140	382,630	54,510
City clerk	619,210	619,210	567,711	51,499
Finance director	147,730	147,730	109,101	38,629
Control and accounts	341,450	341,450	328,987	12,463
Treasury - MIS	131,780	131,780	108,285	23,495
Treasury	784,490	784,490	633,378	151,112
Purchasing	191,480	191,480	179,654	11,826
Assessment	513,700	513,700	449,442	64,258
Planning	623,210	623,210	603,404	19,806
Personnel and emergency management	512,180	512,180	422,453	89,727
Affirmative action	118,020	118,020	113,757	4,263
Law	395,960	395,960	478,720	(82,760)
Canvassing	180,320	180,320	168,336	11,984
Total general government	5,375,040	5,375,040	5,047,503	327,537
Public Safety:				
Police	11,512,840	11,512,840	11,564,700	(51,860)
Fire	12,299,000	12,299,000	12,497,605	(198,605)
Building inspection	691,170	691,170	683,926	7,244
Animal control	305,900	305,900	306,730	(830)
Total public safety	24,808,910	24,808,910	25,052,961	(244,051)

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Continued)

General Fund

For the Fiscal Year Ended October 31, 2011

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance With</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i> <i>(Budgetary</i> <i>Basis)</i>	<i>Final Budget</i> <i>Positive</i> <i>(Negative)</i>
Public Works				
Director	217,540	217,540	218,947	(1,407)
Engineering	662,540	662,540	671,276	(8,736)
Highway	2,861,910	2,861,910	2,935,023	(73,113)
Central garage	787,720	787,720	748,659	39,061
Streetlights	650,000	650,000	717,522	(67,522)
Public buildings	1,169,690	1,169,690	1,127,906	41,784
Total public works	6,349,400	6,349,400	6,419,333	(69,933)
Sanitation				
Refuse disposal	2,794,710	2,794,710	2,731,370	63,340
Total sanitation	2,794,710	2,794,710	2,731,370	63,340
Public Libraries	2,025,990	2,025,990	2,042,827	(16,837)
Parks and Recreation				
Parks	1,133,290	1,133,290	1,155,960	(22,670)
Recreation	900,460	900,460	952,462	(52,002)
Senior center	386,770	386,770	366,184	20,586
Total parks and recreation	2,420,520	2,420,520	2,474,606	(54,086)
Miscellaneous	5,724,700	5,724,700	6,703,970	(979,270)
Contingency	40,000	40,000	-	40,000
Debt Service	1,208,020	1,208,020	2,254,282	(1,046,262)
Total expenditures	50,747,290	50,747,290	52,726,852	(1,979,562)
Excess of revenues over expenditures before other financing sources and uses	43,158,270	43,158,270	45,106,934	1,948,664
Other financing sources and uses				
Transfers from other funds:				
Rescue fee	901,830	901,830	901,830	-
Recycling bags	95,000	95,000	95,000	-
Vehicle detail fee	370,000	370,000	70,000	(300,000)
Transfers to other funds:				
Stormwater management phase II	-	-	(17,100)	(17,100)
Hunts Mill reuse	-	-	(30,000)	(30,000)
School unrestricted fund - City appropriation	(44,025,100)	(44,025,100)	(44,025,100)	-
School unrestricted fund - deficit reduction	(500,000)	(500,000)	(592,293)	(92,293)
Total other financing sources and uses	(43,158,270)	(43,158,270)	(43,597,663)	(439,393)
Net change in fund balance - budgetary basis	\$ -	\$ -	\$ 1,509,271	\$ 1,509,271

The notes to the required supplementary information are an integral part of this schedule.

CITY OF EAST PROVIDENCE, RHODE ISLAND

School Unrestricted Fund

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended October 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State aid	\$ 24,593,000	\$ 24,593,000	\$ 24,490,335	\$ (102,665)
Charges for services	2,172,000	2,172,000	2,284,930	112,930
Other revenue	-	-	50,713	50,713
Total revenues	<u>26,765,000</u>	<u>26,765,000</u>	<u>26,825,978</u>	<u>60,978</u>
Expenditures				
Salaries	37,684,616	37,684,616	40,067,317	(2,382,701)
Benefits	15,273,200	15,273,200	14,488,382	784,818
Services, materials and equipment	17,012,864	17,012,864	18,614,971	(1,602,107)
Debt service	620,000	620,000	-	620,000
Deficit reduction	699,420	699,420	699,420	-
Total expenditures	<u>71,290,100</u>	<u>71,290,100</u>	<u>73,870,090</u>	<u>(2,579,990)</u>
Deficiency of revenues under expenditures before other financing sources	<u>(44,525,100)</u>	<u>(44,525,100)</u>	<u>(47,044,112)</u>	<u>(2,519,012)</u>
Other financing sources				
Sale of Grove Avenue School	-	-	449,148	449,148
Transfers from General Fund - City appropriation	44,025,100	44,025,100	44,025,100	-
Transfers from General Fund - deficit reduction	500,000	500,000	592,293	92,293
Transfers to other funds	-	-	(934)	(934)
Total other financing sources	<u>44,525,100</u>	<u>44,525,100</u>	<u>45,065,607</u>	<u>540,507</u>
Net change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,978,505)</u>	<u>\$ (1,978,505)</u>

The notes to required supplementary information are an integral part of this schedule.

CITY OF EAST PROVIDENCE, RHODE ISLAND

*Required Supplementary Information - Pension Plans and Other Post Employment Benefit Plans
Schedule of Funding Progress (1)
"Unaudited"*

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)/ (Funding Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i>
Municipal Employees Retirement System (2)	06/30/2008	\$ 63,830,490	\$ 90,948,017	\$ 27,117,527	70.2%	\$ 18,754,676	144.6%
	06/30/2009	63,607,593	94,579,444	30,971,851	67.3%	17,851,998	173.5%
	06/30/2010	61,127,151	111,012,914	49,885,763	55.1%	17,920,933	278.4%
Police and Firefighters Pension Plan (5)	10/31/2006	\$ 73,760,000	\$105,480,000	\$ 31,720,000	69.9%	\$ 11,910,000	266.3%
	10/31/2007	79,300,000	111,250,000	31,950,000	71.3%	13,190,000	242.2%
	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%
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%
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%

- (1) The information included in the schedule of funding progress was obtained from the actuarial valuation at the date indicated.
- (2) Entry age actuarial cost method.
- (3) Projected unit credit actuarial cost method.
- (4) Projected unit credit actuarial cost method for 10/31/09 and entry age normal level dollar actuarial cost method for 10/31/11.
- (5) Projected unit credit actuarial cost method for all valuations prior to 10/31/11. Entry age normal actuarial cost method for 10/31/11.

CITY OF EAST PROVIDENCE, RHODE ISLAND

*Required Supplementary Information
Police and Firefighters Pension Plan
Schedule of Annual Required Contributions
"Unaudited"*

<u>Year Ended October 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$4,192,401	23%
2007	4,595,332	33%
2008	4,830,497	32%
2009	6,256,502	25%
2010	6,878,284	20%
2011	7,362,115	20%

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

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Required Supplementary Information

October 31, 2011

NOTE 1 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

The City has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The City Manager, at least 45 days prior to the beginning of the 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 finally 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 accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund and School Unrestricted Fund budgets are in conformance with the legally enacted budgetary basis, which is not in conformance with generally accepted accounting principles (GAAP). The budget to actual presentation in the required supplementary information for these funds is reflected on the budgetary basis.

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

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Required Supplementary Information

October 31, 2011

Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures and Other Financing Uses and GAAP Revenues and Other Financing Sources and Expenditures and Other Financing Uses:

	<i>General Fund</i>	<i>School Unrestricted Fund</i>
	<hr/>	<hr/>
<u>Revenues and Other Financing Sources</u>		
Actual amounts (budgetary basis)	\$98,900,616	\$71,892,519
Differences – budget to GAAP:		
Capital lease proceeds are a financing source for financial reporting purposes, but is not reported as a budgetary financing source.	-	323,355
The pension contributions made to the Employees Retirement System by the State on behalf of the City of East Providence are not reported as a budgetary revenue, but are a current year revenue for financial reporting purposes.	-	2,453,788
Unbudgeted revenues are not included in budgetary revenues, but are current year revenues for financial reporting purposes.	1,490,104	-
<i>Total revenues and other financing sources as reported in statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<hr/> \$100,390,720	<hr/> \$74,669,662
	<hr/>	<hr/>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>
	<hr/>	<hr/>
<u>Expenditures and Other Financing Uses</u>		
Actual amounts (budgetary basis)	\$97,391,345	\$73,871,024
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. To adjust for change in encumbrances.	(11,855)	-
Capital expenditures financed by capital leases are reported as an expenditure for financial reporting purposes, but are not a budgetary basis expenditure.	-	323,355
The pension contributions made to the Employees Retirement System by the State on behalf of the City of East Providence are not reported as a budgetary expenditure, but are a current year expenditure for financial reporting purposes.	-	2,453,788
The appropriated use of budgeted surplus to reduce the School Unrestricted Fund deficit is a budgetary expenditure, but is not a current year expenditure for financial reporting purposes.	-	(699,420)
Unbudgeted expenditures are not included in budgetary expenditures, but are current year expenditures for financial reporting purposes.	1,176,813	-
<i>Total expenditures and other financing uses as reported in statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<hr/> \$98,556,303	<hr/> \$75,948,747

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
 "Unaudited"

NOTE 2 - SCHEDULE OF FUNDING PROGRESS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u><i>Municipal Employees Retirement System</i></u>	<u><i>Police and Firefighters Pension Plan</i></u>	<u><i>Other Post Employment Benefit Plan - City</i></u>	<u><i>Other Post Employment Benefit Plan - School</i></u>
Valuation date	June 30, 2010	October 31, 2011	October 31, 2011	October 31, 2011
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 (payments increasing at 4.25%)	Aggregate cost level dollar
Amortization period	30 years from 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 investment income	Adjusted value of assets determined by a five year average of investment gains (losses) subject to a corridor limitation of 120% of market value	Not applicable	Not applicable
Actuarial assumptions: Investment rate of return	7.5% per annum, compounded 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 compounded	3%, compounded, 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 Retirees and beneficiaries	Active employees Retirees and beneficiaries	Active employees Retirees, disabled, and beneficiaries	Active employees Retirees and beneficiaries
	430 368 <u>798</u>	188 247 <u>435</u>	389 184 <u>573</u>	706 235 <u>941</u>

OTHER SUPPLEMENTARY INFORMATION

**The information
provided herein contains
schedules which the City deems
necessary to provide additional disclosures.**

THIS SECTION CONTAINS THE FOLLOWING:

Combining Fund Financial Statements for Nonmajor Governmental Funds

Combining Statement of Net Assets for Agency Funds

Other Supplementary Information

**COMBINING FUND FINANCIAL STATEMENTS -
NONMAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE CITY
ARE REPORTED IN THIS SECTION:**

**Special Revenue Funds
are used to account for
resources allocated to specific
purposes. A Special Revenue Fund
continues in existence as long as governmental
resources are allocated to its specific purposes.**

School Restricted Fund – This fund was established to account for the receipt and disbursement of State and Federal Grants for education.

School Lunch Fund – This fund was established to account for the fees, Federal and State reimbursements, and related expenditures for the School's food service program.

School Technology Improvement – This fund accounts for monies received from NYNEX for use by the School Department for technology improvement.

Assistance to Firefighters – This fund was established to account for receipts from the U.S. Department of Homeland Security for emergency preparedness.

Aqua Fund WPC – This fund accounts for City's chlorometer/dechlorination system project being funded by RIDEM (90%) and the City of East Providence (10%).

Bold Point Park – This fund accounts for an additional coastal zone management project.

Byrne/JAG Grants – These funds were established to account for Federal Byrne/JAG grants.

Central Park Coalition – This fund accounts for monies received as a State grant for park projects.

Champlin Weaver – This fund accounts for money appropriated by the Champlin Foundation for specific purposes benefiting the City.

City Hall Boiler Replacement – This fund accounts for a Federal energy efficiency grant.

Community Development Activities – This fund accounts for the activity of the City's Community Development program, which is administered through the Federal government.

Cops Program / Burglar Program – This fund accounts for a partnership between the Planning Department and the Police Department to analyze home burglaries and make recommendations for preventative programs.

Crescent Park Carousel – This fund accounts for monies earned through donations and rides to be used for carousel preservation.

Debt Service Reserve East Pointe – This fund accounts for the debt service reserve held for the East Pointe loan.

Emergency Management Program – This fund accounts for contributions from the Federal government for eligible, necessary and essential expenditures for the proper and efficient administration of the Civil Defense Program.

Energy Consulting Services – This fund accounts for a State energy grant.

Energy Grant – This fund accounts for a State energy grant.

Energy Study and Improvement – This fund accounts for a Federal energy grant.

Fire Miscellaneous Grants – This fund accounts for various fire department grants.

Fire Decon Grant – This fund was established to account for Federal monies received for hazmat equipment and training.

Fire Department Boat – This fund accounts for donations to purchase a boat for the Fire Department.

Fire UASI and Fire Port Security – These funds account for Federal homeland security grants to purchase boats.

Fire Prevention and Safety – This fund accounts for the Federal fire prevention and safety grant.

Forfeited Drugs – State Funds – This fund accounts for monies received from the State for drug raids and seizures, which are restricted and to be used only for anti-drug related activities.

Forfeited Drug Monies – This fund accounts for monies received from the Federal government for drug raids and seizures, which are restricted and to be used only for anti-drug related activities.

Forbes Street Solar Project – This fund accounts for grants related to the Forbes Street Solar Project.

Friends of Ancient Little Neck Cemetery – This fund accounts for the upkeep of Little Neck Cemetery.

Fuller Library Grant – This fund accounts for the grant received from the State of Rhode Island for books for the visually impaired.

Girl Scout House Refurbishment – This fund accounts for monies received to renovate the Girl Scout House.

Harbormaster Grant – This fund accounts for a State grant for harbor safety.

Heart Safe Community – This fund accounts for a heart health grant.

Historic Properties Commission – This fund accounts for monies received from the East Providence Chamber of Commerce to design, produce and sell at retail a "Historic East Providence" poster.

Historical Records Preservation – This fund accounts for the indexing and summarization of land evidence records and book repairing of historical records.

Homeland Security - Fire – This fund accounts for the Federal homeland security grant for the Fire Department.

Homeland Security - Police – This fund accounts for the Federal homeland security grant for the Police Department.

Hunts Mill Reuse – This fund accounts for monies set aside to study alternatives for reusing Hunts Mill.

Library Donation - This fund accounts for monies donated by library patrons for the upkeep of City libraries.

Local Law Enforcement Block Grant – This fund accounts for enhancing security or crime prevention and the hiring and employment of new additional law enforcement officers and support personnel.

Meadowcrest School Playground – This fund accounts for funds to build a playground at Meadowcrest School.

Metropolitan Burglary Network – This fund accounts for a State grant to establish a metropolitan burglary network.

Personnel Higher Education – This fund received from the Rhode Island Higher Education Assistance Authority is to match work-study costs for students to work in City departments.

Project DARE – This fund accounts for donations used for a cooperative effort between the East Providence School Department and the East Providence Police Department to prevent drug abuse in children and youths.

Recreation League Scholarship – This fund accounts for activities of the City's recreation league, including the City's annual golf tournament.

RI Comprehensive Planning and Use Act – This fund accounts for monies received from the State to carry out activities specified under this act.

Rhode Island Health Coalition – This fund accounts for grants aimed at reducing substance abuse in East Providence.

Riverside Square Improvements – This fund accounts for a State grant for revitalization of Riverside Square.

Rose Larisa Memorial Park – This fund accounts for Federal and State grants to redevelop the park area across from the Carousel.

Senior Center Grant – This fund accounts for grants received for the senior center.

SBA Green Business Initiative – This fund accounts for a Federal SBA grant.

Station Construction 2009 – This fund accounts for a grant for fire station improvements.

Stormwater Management Phase II – The fund accounts for a State grant for the stormwater management plan.

Substance Abuse Donations – This fund accounts for donations from local organizations, businesses and community members. These funds are used to supplement the State grant to provide substance abuse prevention programs for the East Providence community.

Substance Abuse Grants – This fund accounts for the State funded program aimed at reducing substance abuse in East Providence.

Waterfront Commission TIF – This fund was established to account for waterfront TIF fees.

Waterfront Stormwater Study – This fund was established to account for a federal grant for a waterfront stormwater study.

**The Capital Project Funds
were established to
account for all resources used for the acquisition
and/or construction of capital facilities by the City.**

Capital Improvements – This fund accounts for general capital improvements as necessary for the City.

Economic Development Bond – This fund accounts for bonds issued for the purpose of Economic Development.

Hull Street Renovations – This fund accounts for a State grant for improvements to the Hull Street playground.

Open Space – This fund accounts for restoration projects to four recreation areas - Carousel Park, Pierce Memorial Field, Agawam/Dellefemine Park, and Bourne/Bullocks Park. These projects are partially funded by State grants.

Superior Court MP9538 – This fund accounts for money held for unclaimed land settlements.

Vintner Avenue Playground – This fund accounts for monies received from State and local sources for improvements to the Vintner Avenue Playground.

Union Primary Reserve – This fund accounts for rents received which will be used to repair and improve the former Union Primary School.

Stormwater Basin - Routine/Nonroutine – These funds account for deposits received from a developer of a subdivision that can be accessed by the City on an as-needed basis for routine and nonroutine maintenance of the stormwater basin which will be constructed on the subdivision.

Capital Lease Fund – This fund accounts for projects to be financed through the City's master lease agreement.

1999 School Bond Fund – This fund accounts for bonds issued to finance the construction of an addition to the East Providence High School and the construction of improvements and the acquisition of equipment for various schools in the City.

2000 Bond Public Works – This fund accounts for bonds issued for public works facility improvements.

2000 Bond Public Safety – This fund accounts for bonds issued for public safety facility improvements.

1999 Bond Streets & Sidewalks – This fund accounts for bonds issued for street and sidewalk improvements.

1999 Recreation/Library – This fund accounts for bonds issued for recreation and library facility improvements.

2002 Miscellaneous Projects – This fund accounts for bonds issued for miscellaneous City projects.

2007 BAN Public Works – This fund accounts for bond anticipation notes issued for public works projects.

\$6,000,000 School BAN – This fund accounts for bond anticipation notes issued for school projects.

School RIHEBC Leases – This fund accounts for RIHEBC leases issued for School projects.

The Permanent Funds
account for all resources that are legally
restricted to the extent that only earnings, and not
principal may be used for purposes that support City programs.

Lakeside Springdale – This fund accounts for funds provided for the perpetual care of City cemeteries.

Little Neck Cemetery – This fund accounts for funds provided for the perpetual care of City cemeteries.

Nancy Miller – This fund accounts for funds provided for the perpetual care of City cemeteries.

George Bucklin – This fund accounts for funds provided for the perpetual care of City cemeteries.

FBO Newman – This fund accounts for funds provided for the perpetual care of City cemeteries.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
October 31, 2011

	<i>Special Revenue Funds</i>						
	<i>School Restricted Fund</i>	<i>School Lunch Fund</i>	<i>School Technology Improvement</i>	<i>Assistance to Firefighters</i>	<i>Aqua Fund WPC</i>	<i>Bold Point Park</i>	<i>Byrne/ JAG 2009 Formula</i>
ASSETS							
Cash	\$ -	\$ 139,954	\$ 39	\$ 156,484	\$ 20	\$ -	\$ 6,330
Investments	-	-	41,988	-	4,725	1,134	-
Accounts receivable	296	-	-	-	-	-	-
Due from federal and state governments	795,763	127,357	-	-	-	-	-
Due from other funds	34,498	5,770	-	-	-	27,095	-
Prepaid expenditures	2,695	-	-	-	-	-	-
Total assets	\$ 833,252	\$ 273,081	\$ 42,027	\$ 156,484	\$ 4,745	\$ 28,229	\$ 6,330
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ 89,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	136,139	388,093	-	14,786	-	-	-
Due to other funds	538,668	-	-	74,980	-	-	6,494
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	763,869	388,093	-	89,766	-	-	6,494
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	69,561	-	42,027	-	-	-	-
Public safety programs	-	-	-	66,718	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	-	-	-	-	4,745	28,229	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	(178)	(115,012)	-	-	-	-	(164)
Total fund balances (deficits)	69,383	(115,012)	42,027	66,718	4,745	28,229	(164)
Total liabilities and fund balances	\$ 833,252	\$ 273,081	\$ 42,027	\$ 156,484	\$ 4,745	\$ 28,229	\$ 6,330

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>						
	<i>Byrne/ JAG 2009 Local</i>	<i>Central Park Coalition</i>	<i>CERT</i>	<i>Champlin Weaver</i>	<i>City Hall Boiler Replacement</i>	<i>Community Development Activities</i>	<i>Cops Program/ Burglar Program</i>
ASSETS							
Cash	\$ 16,689	\$ 3	\$ 50	\$ 12,068	\$ 54,850	\$ 183,098	\$ 4,528
Investments	-	67	1,002	33,399	-	277,184	-
Accounts receivable	-	-	-	-	-	4,280,489	-
Due from federal and state governments	-	-	-	-	-	87,671	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 16,689	\$ 70	\$ 1,052	\$ 45,467	\$ 54,850	\$ 4,828,442	\$ 4,528
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	14,850	48,380	-
Due to other funds	-	-	-	-	40,000	39,674	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	4,257,522	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	54,850	4,345,576	-
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	16,689	-	1,052	-	-	-	4,528
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	45,467	-	482,866	-
Capital projects	-	-	-	-	-	-	-
Other programs	-	70	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	16,689	70	1,052	45,467	-	482,866	4,528
Total liabilities and fund balances	\$ 16,689	\$ 70	\$ 1,052	\$ 45,467	\$ 54,850	\$ 4,828,442	\$ 4,528

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>						
	<i>Crescent Park Carousel</i>	<i>Debt Service Reserve East Pointe</i>	<i>Emergency Management Program</i>	<i>Energy Consulting Services Grant</i>	<i>Energy Grant</i>	<i>Energy Study & Improvement</i>	<i>Fire Miscellaneous Grants</i>
ASSETS							
Cash	\$ 58,773	\$ 178,433	\$ 47,716	\$ -	\$ -	\$ 13,267	\$ -
Investments	181,684	-	46,910	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 240,457	\$ 178,433	\$ 94,626	\$ -	\$ -	\$ 13,267	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	634	-	150	-	-	-	-
Due to other funds	36,498	-	20	-	-	2,500	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	178,433	-	-	-	-	-
Total liabilities	37,132	178,433	170	-	-	2,500	-
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	-	94,456	-	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	203,325	-	-	-	-	10,767	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	203,325	-	94,456	-	-	10,767	-
Total liabilities and fund balances	\$ 240,457	\$ 178,433	\$ 94,626	\$ -	\$ -	\$ 13,267	\$ -

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>						
	<i>Fire Decon Grant</i>	<i>Fire Department Boat</i>	<i>Fire Port Security</i>	<i>Fire Prevention & Safety</i>	<i>Fire UASI</i>	<i>Forfeited Drugs - State Funds</i>	<i>Forfeited Drug Monies</i>
ASSETS							
Cash	\$ 270	\$ 50	\$ -	\$ 682	\$ 2,613	\$ 13,054	\$ 970,322
Investments	-	43,364	-	-	-	58	21,878
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	1,724	-	-	-	-	-	-
Due from other funds	-	-	-	-	2,182	-	6,494
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 1,994</u>	<u>\$ 43,414</u>	<u>\$ -</u>	<u>\$ 682</u>	<u>\$ 4,795</u>	<u>\$ 13,112</u>	<u>\$ 998,694</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	172	-	-	455,958
Due to other funds	2,824	-	-	-	4,782	-	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>2,824</u>	<u>-</u>	<u>-</u>	<u>172</u>	<u>4,782</u>	<u>-</u>	<u>455,958</u>
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	43,414	-	510	13	13,112	542,736
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	(830)	-	-	-	-	-	-
Total fund balances (deficits)	<u>(830)</u>	<u>43,414</u>	<u>-</u>	<u>510</u>	<u>13</u>	<u>13,112</u>	<u>542,736</u>
Total liabilities and fund balances	<u>\$ 1,994</u>	<u>\$ 43,414</u>	<u>\$ -</u>	<u>\$ 682</u>	<u>\$ 4,795</u>	<u>\$ 13,112</u>	<u>\$ 998,694</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>						
	<i>Forbes Street Solar Project</i>	<i>Friends of Ancient Little Neck Cemetery</i>	<i>Fuller Library Grant</i>	<i>Girl Scout House Refurbishment</i>	<i>Harbormaster Grant</i>	<i>Heart Safe Community Fund</i>	<i>Historic Properties Commission</i>
ASSETS							
Cash	\$ 61,833	\$ 17	\$ 1,506	\$ 8,184	\$ -	\$ -	\$ 21
Investments	-	1,270	-	-	-	-	160
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	28,179	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 90,012	\$ 1,287	\$ 1,506	\$ 8,184	\$ -	\$ -	\$ 181
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	81,162	-	-	-	-	-	-
Due to other funds	11,400	-	-	-	-	-	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	92,562	-	-	-	-	-	-
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	-	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	1,506	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	-	1,287	-	8,184	-	-	181
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	(2,550)	-	-	-	-	-	-
Total fund balances (deficits)	(2,550)	1,287	1,506	8,184	-	-	181
Total liabilities and fund balances	\$ 90,012	\$ 1,287	\$ 1,506	\$ 8,184	\$ -	\$ -	\$ 181

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>						
	<i>Historic Records Preservation</i>	<i>Homeland Security - Fire</i>	<i>Homeland Security - Police</i>	<i>Hunts Mill Reuse</i>	<i>Library Donations Fund</i>	<i>Local Law Enforcement Block Grant</i>	<i>Meadowcrest School Playground</i>
ASSETS							
Cash	\$ 700	\$ 59	\$ 3,693	\$ 386	\$ 26,959	\$ 9	\$ 100
Investments	347,703	-	-	3,875	89,018	221	11,642
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	87,354	-	-	-
Due from other funds	2,849	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 351,252	\$ 59	\$ 3,693	\$ 91,615	\$ 115,977	\$ 230	\$ 11,742
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-	-
Due to other funds	-	-	-	41,478	-	-	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	-	41,478	-	-	-
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	11,742
Public safety programs	-	59	3,693	-	-	230	-
Historical records preservation	351,252	-	-	-	-	-	-
Community service programs	-	-	-	-	115,977	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	-	-	-	50,137	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	351,252	59	3,693	50,137	115,977	230	11,742
Total liabilities and fund balances	\$ 351,252	\$ 59	\$ 3,693	\$ 91,615	\$ 115,977	\$ 230	\$ 11,742

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>					
	<i>Metropolitan Burglary Network</i>	<i>Personnel Higher Education</i>	<i>Project DARE</i>	<i>Recreation League Scholarship</i>	<i>RI Comprehensive Planning and Use Act</i>	<i>Rhode Island Health Coalition</i>
ASSETS						
Cash	\$ 3,609	\$ 201	\$ 4,612	\$ 7,485	\$ 3	\$ 24
Investments	-	1,092	3,282	55,038	9,944	5,622
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	\$ 3,609	\$ 1,293	\$ 7,894	\$ 62,523	\$ 9,947	\$ 5,646
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Bond anticipation note	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances (deficits)						
Nonspendable:						
Cemetery perpetual care	-	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Public safety programs	3,609	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-
Community service programs	-	-	7,894	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	-	1,293	-	62,523	9,947	5,646
Assigned to:						
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	3,609	1,293	7,894	62,523	9,947	5,646
Total liabilities and fund balances	\$ 3,609	\$ 1,293	\$ 7,894	\$ 62,523	\$ 9,947	\$ 5,646

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>					
	<i>Riverside Square Improvements</i>	<i>Rose Larisa Memorial Park</i>	<i>Senior Center Grant</i>	<i>SBA Green Business Initiative</i>	<i>Station Construction 2009</i>	<i>Stormwater Management Phase II</i>
ASSETS						
Cash	\$ 43	\$ 33	\$ 13,165	\$ 843	\$ 1	\$ -
Investments	333	26	77	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	\$ 376	\$ 59	\$ 13,242	\$ 843	\$ 1	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-
Due to other funds	-	2,000	-	-	-	-
Bond anticipation note	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	-	2,000	-	-	-	-
Fund balances (deficits)						
Nonspendable:						
Cemetery perpetual care	-	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Public safety programs	-	-	-	-	1	-
Historical records preservation	-	-	-	-	-	-
Community service programs	-	-	13,242	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	376	-	-	843	-	-
Assigned to:						
Capital projects	-	-	-	-	-	-
Unassigned	-	(1,941)	-	-	-	-
Total fund balances (deficits)	376	(1,941)	13,242	843	1	-
Total liabilities and fund balances	\$ 376	\$ 59	\$ 13,242	\$ 843	\$ 1	\$ -

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Special Revenue Funds</i>				<i>Total Special Revenue Funds</i>
	<i>Substance Abuse Donations</i>	<i>Substance Abuse Grants</i>	<i>Waterfront Commission TIF</i>	<i>Waterfront Stormwater Study</i>	
ASSETS					
Cash	\$ 18,470	\$ 15,288	\$ 2,500	\$ 3,375	\$ 2,032,412
Investments	15,399	-	-	-	1,198,095
Accounts receivable	-	-	-	-	4,280,785
Due from federal and state governments	-	3,410	-	68,424	1,199,882
Due from other funds	-	-	-	-	78,888
Prepaid expenditures	-	-	-	-	2,695
Total assets	\$ 33,869	\$ 18,698	\$ 2,500	\$ 71,799	\$ 8,792,757
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 89,062
Accounts payable and accrued expenditures	267	98	-	48,391	1,189,080
Due to other funds	-	10,825	2,500	23,408	838,051
Bond anticipation note	-	-	-	-	-
Deferred revenue	-	-	-	-	4,257,522
Other liabilities	-	-	-	-	178,433
Total liabilities	267	10,923	2,500	71,799	6,552,148
Fund balances (deficits)					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Restricted for:					
Education programs	-	-	-	-	123,330
Public safety programs	-	-	-	-	790,820
Historical records preservation	-	-	-	-	351,252
Community service programs	33,602	7,775	-	-	708,329
Capital projects	-	-	-	-	-
Other programs	-	-	-	-	387,553
Assigned to:					
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	(120,675)
Total fund balances (deficits)	33,602	7,775	-	-	2,240,609
Total liabilities and fund balances	\$ 33,869	\$ 18,698	\$ 2,500	\$ 71,799	\$ 8,792,757

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Capital Project Funds</i>						
	<i>Capital Improvements</i>	<i>Economic Development Bond</i>	<i>Hull Street Renovations</i>	<i>Open Space</i>	<i>Superior Court MP9538</i>	<i>Vintner Avenue Playground</i>	<i>Union Primary Reserve</i>
ASSETS							
Cash	\$ 28	\$ 22	\$ -	\$ 473	\$ 27,342	\$ -	\$ 14
Investments	50,102	746,549	-	27,032	-	3,006	19,636
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	167,000	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 50,130	\$ 913,571	\$ -	\$ 27,505	\$ 27,342	\$ 3,006	\$ 19,650
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	386	-	-	-	-	-	-
Due to other funds	50,125	-	19,820	34,095	-	-	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	27,342	-	-
Total liabilities	50,511	-	19,820	34,095	27,342	-	-
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	-	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-
Capital projects	-	913,571	-	-	-	-	-
Other programs	-	-	-	-	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	3,006	19,650
Unassigned	(381)	-	(19,820)	(6,590)	-	-	-
Total fund balances (deficits)	(381)	913,571	(19,820)	(6,590)	-	3,006	19,650
Total liabilities and fund balances	\$ 50,130	\$ 913,571	\$ -	\$ 27,505	\$ 27,342	\$ 3,006	\$ 19,650

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Capital Project Funds</i>						
	<i>Stormwater Basin- Routine</i>	<i>Stormwater Basin- Nonroutine</i>	<i>Capital Lease Fund</i>	<i>1999 School Bond Fund</i>	<i>2000 Bond Public Works</i>	<i>2000 Bond Public Safety</i>	<i>1999 Bond Streets & Sidewalks</i>
ASSETS							
Cash	\$ 1	\$ 1	\$ -	\$ 10	\$ 11	\$ 295	\$ 95
Investments	4,146	19,364	-	-	73,165	-	2,937
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	50,125	-	-	19,705	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 4,147	\$ 19,365	\$ 50,125	\$ 10	\$ 73,176	\$ 20,000	\$ 3,032
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-	-
Due to other funds	-	-	50,125	-	7,681	-	-
Bond anticipation note	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	50,125	-	7,681	-	-
Fund balances (deficits)							
Nonspendable:							
Cemetery perpetual care	-	-	-	-	-	-	-
Restricted for:							
Education programs	-	-	-	-	-	-	-
Public safety programs	-	-	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-
Capital projects	-	-	-	10	65,495	20,000	3,032
Other programs	-	-	-	-	-	-	-
Assigned to:							
Capital projects	4,147	19,365	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	4,147	19,365	-	10	65,495	20,000	3,032
Total liabilities and fund balances	\$ 4,147	\$ 19,365	\$ 50,125	\$ 10	\$ 73,176	\$ 20,000	\$ 3,032

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<u>Capital Project Funds</u>					<i>Total Capital Project Funds</i>
	<i>1999 Recreation/ Library</i>	<i>2002 Miscellaneous Projects</i>	<i>2007 BAN Public Works</i>	<i>\$6,000,000 School BAN</i>	<i>School RIHEBC Leases</i>	
ASSETS						
Cash	\$ 166,413	\$ 180,197	\$ 2,116	\$ -	\$ -	\$ 377,018
Investments	712	387,839	3,440,929	-	4,582,078	9,357,495
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	62,982	201,549	-	-	264,531
Due from other funds	-	-	-	1,107,114	-	1,343,944
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 167,125</u>	<u>\$ 631,018</u>	<u>\$ 3,644,594</u>	<u>\$ 1,107,114</u>	<u>\$ 4,582,078</u>	<u>\$ 11,342,988</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	83,141	282,987	116,715	1,420,969	1,904,198
Due to other funds	160,000	-	-	-	-	321,846
Bond anticipation note	-	-	-	6,000,000	-	6,000,000
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	27,342
Total liabilities	<u>160,000</u>	<u>83,141</u>	<u>282,987</u>	<u>6,116,715</u>	<u>1,420,969</u>	<u>8,253,386</u>
Fund balances (deficits)						
Nonspendable:						
Cemetery perpetual care	-	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Public safety programs	-	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-
Capital projects	7,125	547,877	3,361,607	-	3,161,109	8,079,826
Other programs	-	-	-	-	-	-
Assigned to:						
Capital projects	-	-	-	-	-	46,168
Unassigned	-	-	-	(5,009,601)	-	(5,036,392)
Total fund balances (deficits)	<u>7,125</u>	<u>547,877</u>	<u>3,361,607</u>	<u>(5,009,601)</u>	<u>3,161,109</u>	<u>3,089,602</u>
Total liabilities and fund balances	<u>\$ 167,125</u>	<u>\$ 631,018</u>	<u>\$ 3,644,594</u>	<u>\$ 1,107,114</u>	<u>\$ 4,582,078</u>	<u>\$ 11,342,988</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

October 31, 2011

	<i>Permanent Funds</i>					<i>Total Permanent Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Lakeside Springdale</i>	<i>Little Neck Cemetery</i>	<i>Nancy Miller</i>	<i>George Bucklin</i>	<i>FBO Newman</i>		
ASSETS							
Cash	\$ -	\$ 3,272	\$ -	\$ -	\$ -	\$ 3,272	\$ 2,412,702
Investments	9,992	61,990	1,619	15,108	14,082	102,791	10,658,381
Accounts receivable	-	-	-	-	-	-	4,280,785
Due from federal and state governments	-	-	-	-	-	-	1,464,413
Due from other funds	-	-	-	-	-	-	1,422,832
Prepaid expenditures	-	-	-	-	-	-	2,695
Total assets	\$ 9,992	\$ 65,262	\$ 1,619	\$ 15,108	\$ 14,082	\$ 106,063	\$ 20,241,808
LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,062
Accounts payable and accrued expenditures	-	-	-	-	-	-	3,093,278
Due to other funds	-	-	-	-	-	-	1,159,897
Bond anticipation note	-	-	-	-	-	-	6,000,000
Deferred revenue	-	-	-	-	-	-	4,257,522
Other liabilities	-	-	-	-	-	-	205,775
Total liabilities	-	-	-	-	-	-	14,805,534
<i>Fund balances (deficits)</i>							
Nonspendable:							
Cemetery perpetual care	9,992	65,262	1,619	15,108	14,082	106,063	106,063
Restricted for:							
Education programs	-	-	-	-	-	-	123,330
Public safety programs	-	-	-	-	-	-	790,820
Historical records preservation	-	-	-	-	-	-	351,252
Community service programs	-	-	-	-	-	-	708,329
Capital projects	-	-	-	-	-	-	8,079,826
Other programs	-	-	-	-	-	-	387,553
Assigned to:							
Capital projects	-	-	-	-	-	-	46,168
Unassigned	-	-	-	-	-	-	(5,157,067)
Total fund balances (deficits)	9,992	65,262	1,619	15,108	14,082	106,063	5,436,274
Total liabilities and fund balances	\$ 9,992	\$ 65,262	\$ 1,619	\$ 15,108	\$ 14,082	\$ 106,063	\$ 20,241,808

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds						
	<i>School Restricted Fund</i>	<i>School Lunch Fund</i>	<i>School Technology Improvement</i>	<i>Assistance to Firefighters</i>	<i>Aqua Fund WPC</i>	<i>Bold Point Park</i>	<i>Byrne/ JAG 2009 Formula</i>
Revenues							
Federal and state aid and grants	\$4,547,858	\$1,104,229	\$ -	\$ 748,006	\$ -	\$ -	\$ 6,915
Charges for services	91,344	585,203	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	-	5	-	-	-	-
Contributions and private grants	99,840	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>4,739,042</u>	<u>1,689,432</u>	<u>5</u>	<u>748,006</u>	<u>-</u>	<u>-</u>	<u>6,915</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	755,061	-	-	7,079
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	4,743,384	1,823,205	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>4,743,384</u>	<u>1,823,205</u>	<u>-</u>	<u>755,061</u>	<u>-</u>	<u>-</u>	<u>7,079</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(4,342)</u>	<u>(133,773)</u>	<u>5</u>	<u>(7,055)</u>	<u>-</u>	<u>-</u>	<u>(164)</u>
Other financing sources (uses)							
Proceeds of loan	-	104,000	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	934	-	-	61,200	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>934</u>	<u>104,000</u>	<u>-</u>	<u>61,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(3,408)</u>	<u>(29,773)</u>	<u>5</u>	<u>54,145</u>	<u>-</u>	<u>-</u>	<u>(164)</u>
Fund balances (deficits) - beginning of year, restated	<u>72,791</u>	<u>(85,239)</u>	<u>42,022</u>	<u>12,573</u>	<u>4,745</u>	<u>28,229</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 69,383</u>	<u>\$ (115,012)</u>	<u>\$ 42,027</u>	<u>\$ 66,718</u>	<u>\$ 4,745</u>	<u>\$ 28,229</u>	<u>\$ (164)</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds						
	<i>Byrne/ JAG 2009 Local</i>	<i>Central Park Coalition</i>	<i>CERT</i>	<i>Champlin Weaver</i>	<i>City Hall Boiler Replacement</i>	<i>Community Development Activities</i>	<i>Cops Program/ Burglar Program</i>
Revenues							
Federal and state aid and grants	\$ 22,429	\$ -	\$ -	\$ -	\$ 167,500	\$ 949,311	\$ -
Charges for services	-	-	-	-	-	700	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	-	-	4	-	23,381	-
Contributions and private grants	-	-	-	43,000	-	-	-
Other revenue	-	-	-	-	-	143,008	-
Total revenues	<u>22,429</u>	<u>-</u>	<u>-</u>	<u>43,004</u>	<u>167,500</u>	<u>1,116,400</u>	<u>-</u>
Expenditures							
Current:							
General government	-	-	-	-	-	1,189,998	-
Public safety	5,740	-	-	-	-	-	-
Public works	-	-	-	-	167,500	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	31,636	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	265,660	-
Total expenditures	<u>5,740</u>	<u>-</u>	<u>-</u>	<u>31,636</u>	<u>167,500</u>	<u>1,455,658</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>16,689</u>	<u>-</u>	<u>-</u>	<u>11,368</u>	<u>-</u>	<u>(339,258)</u>	<u>-</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	154,509	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,509</u>	<u>-</u>
Net change in fund balance	16,689	-	-	11,368	-	(184,749)	-
Fund balances (deficits) - beginning of year, restated	-	70	1,052	34,099	-	667,615	4,528
Fund balances (deficits) - end of year	<u>\$ 16,689</u>	<u>\$ 70</u>	<u>\$ 1,052</u>	<u>\$ 45,467</u>	<u>\$ -</u>	<u>\$ 482,866</u>	<u>\$ 4,528</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds						
	<i>Crescent Park Carousel</i>	<i>Debt Service Reserve East Pointe</i>	<i>Emergency Management Program</i>	<i>Energy Consulting Services Grant</i>	<i>Energy Grant</i>	<i>Energy Study & Improvement</i>	<i>Fire Miscellaneous Grants</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ 6,056	\$ 16,726	\$ 23,302	\$ -	\$ -
Charges for services	103,293	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	21	-	4	-	-	-	-
Contributions and private grants	14,166	-	-	-	-	13,232	2,000
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>117,480</u>	<u>-</u>	<u>6,060</u>	<u>16,726</u>	<u>23,302</u>	<u>13,232</u>	<u>2,000</u>
Expenditures							
Current:							
General government	-	-	-	16,726	23,302	187,465	-
Public safety	-	-	10,087	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	120,970	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>120,970</u>	<u>-</u>	<u>10,087</u>	<u>16,726</u>	<u>23,302</u>	<u>187,465</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(3,490)</u>	<u>-</u>	<u>(4,027)</u>	<u>-</u>	<u>-</u>	<u>(174,233)</u>	<u>2,000</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	(2,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Net change in fund balance	<u>(3,490)</u>	<u>-</u>	<u>(4,027)</u>	<u>-</u>	<u>-</u>	<u>(174,233)</u>	<u>-</u>
Fund balances (deficits) - beginning of year, restated	<u>206,815</u>	<u>-</u>	<u>98,483</u>	<u>-</u>	<u>-</u>	<u>185,000</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 203,325</u>	<u>\$ -</u>	<u>\$ 94,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,767</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds						
	<i>Fire Decon Grant</i>	<i>Fire Department Boat</i>	<i>Fire Port Security</i>	<i>Fire Prevention & Safety</i>	<i>Fire UASI</i>	<i>Forfeited Drugs - State Funds</i>	
Revenues							
Federal and state aid and grants	\$ 49,814	\$ -	\$ -	\$ 81,055	\$ 76,504	\$ 20,443	\$1,026,859
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	4	-	-	-	-	4
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	3	-	-	-	-
Total revenues	<u>49,814</u>	<u>4</u>	<u>3</u>	<u>81,055</u>	<u>76,504</u>	<u>20,443</u>	<u>1,026,863</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	49,981	-	-	80,526	59,234	7,491	657,847
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>49,981</u>	<u>-</u>	<u>-</u>	<u>80,526</u>	<u>59,234</u>	<u>7,491</u>	<u>657,847</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(167)</u>	<u>4</u>	<u>3</u>	<u>529</u>	<u>17,270</u>	<u>12,952</u>	<u>369,016</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(167)</u>	<u>4</u>	<u>3</u>	<u>529</u>	<u>17,270</u>	<u>12,952</u>	<u>369,016</u>
Fund balances (deficits) - beginning of year, restated	<u>(663)</u>	<u>43,410</u>	<u>(3)</u>	<u>(19)</u>	<u>(17,257)</u>	<u>160</u>	<u>173,720</u>
Fund balances (deficits) - end of year	<u>\$ (830)</u>	<u>\$ 43,414</u>	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ 13</u>	<u>\$ 13,112</u>	<u>\$ 542,736</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds						
	<i>Forbes Street Solar Project</i>	<i>Friends of Ancient Little Neck Cemetery</i>	<i>Fuller Library Grant</i>	<i>Girl Scout House Refurbishment</i>	<i>Harbormaster Grant</i>	<i>Heart Safe Community Fund</i>	<i>Historic Properties Commission</i>
Revenues							
Federal and state aid and grants	\$ 84,543	\$ -	\$ -	\$ -	\$ 43,000	\$ 2,000	\$ -
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	40,000	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>124,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>2,000</u>	<u>-</u>
Expenditures							
Current:							
General government	127,093	-	-	-	-	-	2,000
Public safety	-	-	-	-	43,000	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	2,000	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>127,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>2,000</u>	<u>2,000</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(2,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(2,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Fund balances (deficits) - beginning of year, restated	<u>-</u>	<u>1,287</u>	<u>1,506</u>	<u>8,184</u>	<u>-</u>	<u>-</u>	<u>2,181</u>
Fund balances (deficits) - end of year	<u>\$ (2,550)</u>	<u>\$ 1,287</u>	<u>\$ 1,506</u>	<u>\$ 8,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds						
	<i>Historic Records Preservation</i>	<i>Homeland Security - Fire</i>	<i>Homeland Security - Police</i>	<i>Hunts Mill Reuse</i>	<i>Library Donations Fund</i>	<i>Local Law Enforcement Block Grant</i>	<i>Meadowcrest School Playground</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ 87,354	\$ -	\$ -	\$ -
Charges for services	31,763	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	41	-	-	-	10	-	-
Contributions and private grants	-	-	-	-	26,455	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>31,804</u>	<u>-</u>	<u>-</u>	<u>87,354</u>	<u>26,465</u>	<u>-</u>	<u>-</u>
Expenditures							
Current:							
General government	74,590	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	82,621	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>74,590</u>	<u>-</u>	<u>-</u>	<u>82,621</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(42,786)</u>	<u>-</u>	<u>-</u>	<u>4,733</u>	<u>26,465</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	30,000	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(42,786)</u>	<u>-</u>	<u>-</u>	<u>34,733</u>	<u>26,465</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - beginning of year, restated	<u>394,038</u>	<u>59</u>	<u>3,693</u>	<u>15,404</u>	<u>89,512</u>	<u>230</u>	<u>11,742</u>
Fund balances (deficits) - end of year	<u>\$ 351,252</u>	<u>\$ 59</u>	<u>\$ 3,693</u>	<u>\$ 50,137</u>	<u>\$ 115,977</u>	<u>\$ 230</u>	<u>\$ 11,742</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds					
	<i>Metropolitan Burglary Network</i>	<i>Personnel Higher Education</i>	<i>Project DARE</i>	<i>Recreation League Scholarship</i>	<i>RI Comprehensive Planning and Use Act</i>	<i>Rhode Island Health Coalition</i>
Revenues						
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment and interest income	-	-	-	8	-	-
Contributions and private grants	-	-	5,750	17,856	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>5,750</u>	<u>17,864</u>	<u>-</u>	<u>-</u>
Expenditures						
Current:						
General government	-	314	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	21,112	-	-
Public health and welfare	-	-	3,716	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>314</u>	<u>3,716</u>	<u>21,112</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>(314)</u>	<u>2,034</u>	<u>(3,248)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Proceeds of loan	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(314)</u>	<u>2,034</u>	<u>(3,248)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - beginning of year, restated	<u>3,609</u>	<u>1,607</u>	<u>5,860</u>	<u>65,771</u>	<u>9,947</u>	<u>5,646</u>
Fund balances (deficits) - end of year	<u>\$ 3,609</u>	<u>\$ 1,293</u>	<u>\$ 7,894</u>	<u>\$ 62,523</u>	<u>\$ 9,947</u>	<u>\$ 5,646</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Special Revenue Funds					
	<i>Riverside Square Improvements</i>	<i>Rose Larisa Memorial Park</i>	<i>Senior Center Grant</i>	<i>SBA Green Business Initiative</i>	<i>Station Construction 2009</i>	<i>Stormwater Management Phase II</i>
Revenues						
Federal and state aid and grants	\$ -	\$ -	\$ 5,000	\$ 843	\$ 16,207	\$ -
Charges for services	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>843</u>	<u>16,207</u>	<u>-</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	16,206	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Public health and welfare	-	-	1,147	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,147</u>	<u>-</u>	<u>16,206</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,853</u>	<u>843</u>	<u>1</u>	<u>-</u>
Other financing sources (uses)						
Proceeds of loan	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	17,100
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,100</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>3,853</u>	<u>843</u>	<u>1</u>	<u>17,100</u>
Fund balances (deficits) - beginning of year, restated	<u>376</u>	<u>(1,941)</u>	<u>9,389</u>	<u>-</u>	<u>-</u>	<u>(17,100)</u>
Fund balances (deficits) - end of year	<u>\$ 376</u>	<u>\$ (1,941)</u>	<u>\$ 13,242</u>	<u>\$ 843</u>	<u>\$ 1</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	<u>Special Revenue Funds</u>				<i>Total Special Revenue Funds</i>
	<i>Substance Abuse Donations</i>	<i>Substance Abuse Grants</i>	<i>Waterfront Commission TIF</i>	<i>Waterfront Stormwater Study</i>	
Revenues					
Federal and state aid and grants	\$ -	\$ 84,055	\$ -	\$ 68,424	\$ 9,238,433
Charges for services	450	-	-	-	812,753
Fines and penalties	-	1,839	-	-	1,839
Investment and interest income	2	-	-	-	23,484
Contributions and private grants	-	-	-	-	262,299
Other revenue	-	-	-	-	143,011
Total revenues	<u>452</u>	<u>85,894</u>	<u>-</u>	<u>68,424</u>	<u>10,481,819</u>
Expenditures					
Current:					
General government	-	-	2,500	-	1,623,988
Public safety	-	-	-	-	1,692,252
Public works	-	-	-	71,799	239,299
Parks and recreation	-	-	-	-	224,703
Public health and welfare	15,437	85,845	-	-	108,145
Public libraries	-	-	-	-	31,636
Education	-	-	-	-	6,566,589
Debt service	-	-	-	-	265,660
Total expenditures	<u>15,437</u>	<u>85,845</u>	<u>2,500</u>	<u>71,799</u>	<u>10,752,272</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(14,985)</u>	<u>49</u>	<u>(2,500)</u>	<u>(3,375)</u>	<u>(270,453)</u>
Other financing sources (uses)					
Proceeds of loan	-	-	-	-	258,509
Proceeds of capital lease	-	-	-	-	-
Transfers from other funds	-	-	-	-	109,234
Transfers to other funds	-	-	-	-	(2,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,743</u>
Net change in fund balance	<u>(14,985)</u>	<u>49</u>	<u>(2,500)</u>	<u>(3,375)</u>	<u>95,290</u>
Fund balances (deficits) - beginning of year, restated	<u>48,587</u>	<u>7,726</u>	<u>2,500</u>	<u>3,375</u>	<u>2,145,319</u>
Fund balances (deficits) - end of year	<u>\$ 33,602</u>	<u>\$ 7,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,240,609</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Capital Project Funds						
	<i>Capital Improvements</i>	<i>Economic Development Bond</i>	<i>Hull Street Renovations</i>	<i>Open Space</i>	<i>Superior Court MP9538</i>	<i>Vintner Avenue Playground</i>	<i>Union Primary Reserve</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	1	85	-	4	-	-	3
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>1</u>	<u>85</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>3</u>
Expenditures							
Current:							
General government	386	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	3,536
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,536</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(385)</u>	<u>85</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>(3,533)</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(385)</u>	<u>85</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>(3,533)</u>
Fund balances (deficits) - beginning of year, restated	<u>4</u>	<u>913,486</u>	<u>(19,820)</u>	<u>(6,594)</u>	<u>-</u>	<u>3,006</u>	<u>23,183</u>
Fund balances (deficits) - end of year	<u>\$ (381)</u>	<u>\$ 913,571</u>	<u>\$ (19,820)</u>	<u>\$ (6,590)</u>	<u>\$ -</u>	<u>\$ 3,006</u>	<u>\$ 19,650</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Capital Project Funds						
	<i>Stormwater Basin- Routine</i>	<i>Stormwater Basin- Nonroutine</i>	<i>Capital Lease Fund</i>	<i>1999 School Bond Fund</i>	<i>2000 Bond Public Works</i>	<i>2000 Bond Public Safety</i>	<i>1999 Bond Streets & Sidewalks</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	4	-	-	8	-	1
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	20,000	-
Total revenues	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>20,000</u>	<u>1</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>20,000</u>	<u>1</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	4	-	-	8	20,000	1
Fund balances (deficits) - beginning of year, restated	<u>4,147</u>	<u>19,361</u>	<u>-</u>	<u>10</u>	<u>65,487</u>	<u>-</u>	<u>3,031</u>
Fund balances (deficits) - end of year	<u>\$ 4,147</u>	<u>\$ 19,365</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 65,495</u>	<u>\$ 20,000</u>	<u>\$ 3,032</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	Capital Project Funds					<i>Total Capital Project Funds</i>
	<i>1999 Recreation/ Library</i>	<i>2002 Miscellaneous Projects</i>	<i>2007 BAN Public Works</i>	<i>\$6,000,000 School BAN</i>	<i>School RIHEBC Leases</i>	
Revenues						
Federal and state aid and grants	\$ 42	\$ 292,752	\$ 201,549	\$ -	\$ -	\$ 494,343
Charges for services	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment and interest income	1	46	423	-	850	1,426
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	20,000
Total revenues	<u>43</u>	<u>292,798</u>	<u>201,972</u>	<u>-</u>	<u>850</u>	<u>515,769</u>
Expenditures						
Current:						
General government	-	-	-	-	-	386
Public safety	-	-	-	-	-	-
Public works	-	300,015	480,957	-	-	784,508
Parks and recreation	3,530	-	-	-	-	3,530
Public health and welfare	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	5,009,601	8,529,491	13,539,092
Debt service	-	-	-	-	-	-
Total expenditures	<u>3,530</u>	<u>300,015</u>	<u>480,957</u>	<u>5,009,601</u>	<u>8,529,491</u>	<u>14,327,516</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(3,487)</u>	<u>(7,217)</u>	<u>(278,985)</u>	<u>(5,009,601)</u>	<u>(8,528,641)</u>	<u>(13,811,747)</u>
Other financing sources (uses)						
Proceeds of loan	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	7,777,000	7,777,000
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,777,000</u>	<u>7,777,000</u>
Net change in fund balance	(3,487)	(7,217)	(278,985)	(5,009,601)	(751,641)	(6,034,747)
Fund balances (deficits) - beginning of year, restated	<u>10,612</u>	<u>555,094</u>	<u>3,640,592</u>	<u>-</u>	<u>3,912,750</u>	<u>9,124,349</u>
Fund balances (deficits) - end of year	<u>\$ 7,125</u>	<u>\$ 547,877</u>	<u>\$ 3,361,607</u>	<u>\$ (5,009,601)</u>	<u>\$ 3,161,109</u>	<u>\$ 3,089,602</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2011

	<i>Permanent Funds</i>					<i>Total Permanent Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Lakeside Springdale</i>	<i>Little Neck Cemetery</i>	<i>Nancy Miller</i>	<i>George Bucklin</i>	<i>FBO Newman</i>		
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,732,776
Charges for services	-	-	-	-	-	-	812,753
Fines and penalties	-	-	-	-	-	-	1,839
Investment and interest income	-	155	-	-	-	155	25,065
Contributions and private grants	-	-	-	-	-	-	262,299
Other revenue	-	-	-	-	-	-	163,011
Total revenues	<u>-</u>	<u>155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>	<u>10,997,743</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	1,624,374
Public safety	-	-	-	-	-	-	1,692,252
Public works	-	-	-	-	-	-	1,023,807
Parks and recreation	-	-	-	-	-	-	228,233
Public health and welfare	-	-	-	-	-	-	108,145
Public libraries	-	-	-	-	-	-	31,636
Education	-	-	-	-	-	-	20,105,681
Debt service	-	-	-	-	-	-	265,660
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,079,788</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>	<u>(14,082,045)</u>
Other financing sources (uses)							
Proceeds of loan	-	-	-	-	-	-	258,509
Proceeds of capital lease	-	-	-	-	-	-	7,777,000
Transfers from other funds	-	-	-	-	-	-	109,234
Transfers to other funds	-	-	-	-	-	-	(2,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,142,743</u>
Net change in fund balance	<u>-</u>	<u>155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>	<u>(5,939,302)</u>
Fund balances (deficits) - beginning of year, restated	<u>9,992</u>	<u>65,107</u>	<u>1,619</u>	<u>15,108</u>	<u>14,082</u>	<u>105,908</u>	<u>11,375,576</u>
Fund balances (deficits) - end of year	<u>\$ 9,992</u>	<u>\$ 65,262</u>	<u>\$ 1,619</u>	<u>\$ 15,108</u>	<u>\$ 14,082</u>	<u>\$ 106,063</u>	<u>\$ 5,436,274</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet

October 31, 2011

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title III Immigrant Assistance</u>	<u>Title IV</u>	<u>Title V</u>	<u>Preschool</u>
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 754	\$ -
Due from federal and state governments	203,348	69,889	24,184	-	-	-	7,552
Due from other funds	1,195	-	197	934	-	-	-
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 204,543</u>	<u>\$ 69,889</u>	<u>\$ 24,381</u>	<u>\$ 934</u>	<u>\$ -</u>	<u>\$ 754</u>	<u>\$ 7,552</u>
 LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Cash overdraft	\$ 14,979	\$ 16,160	\$ 4,689	\$ 934	\$ -	\$ -	\$ 703
Accounts payable and accrued expenditures	29,985	17,410	2,407	-	-	-	-
Due to other funds	159,579	36,319	17,135	-	-	-	6,849
Total liabilities	<u>204,543</u>	<u>69,889</u>	<u>24,231</u>	<u>934</u>	<u>-</u>	<u>-</u>	<u>7,552</u>
<i>Fund balances (deficits)</i>							
Restricted for education	-	-	150	-	-	754	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>754</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 204,543</u>	<u>\$ 69,889</u>	<u>\$ 24,381</u>	<u>\$ 934</u>	<u>\$ -</u>	<u>\$ 754</u>	<u>\$ 7,552</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2011

	<i>DLT ARRA</i>	<i>Homeland Security</i>	<i>PL 94-142 Part B</i>	<i>PL 94-142 Part B ARRA</i>	<i>Preschool ARRA</i>	<i>Title I ARRA</i>	<i>Career & Technical Program Income</i>
ASSETS							
Cash	\$ 264	\$ -	\$ -	\$ -	\$ 42	\$ -	\$ 37,840
Due from federal and state governments	-	-	289,397	-	-	52,742	-
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	296	-	-	-	-
Prepaid expenditures	-	-	2,695	-	-	-	-
Total assets	\$ 264	\$ -	\$ 292,388	\$ -	\$ 42	\$ 52,742	\$ 37,840
LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Cash overdraft	\$ -	\$ -	\$ 65,410	\$ -	\$ -	\$ 37,883	\$ -
Accounts payable and accrued expenditures	-	-	17,936	-	-	12,017	-
Due to other funds	264	-	209,042	-	42	2,842	-
Total liabilities	264	-	292,388	-	42	52,742	-
<i>Fund balances (deficits)</i>							
Restricted for education	-	-	-	-	-	-	37,840
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	-	-	-	-	-	-	37,840
Total liabilities and fund balances	\$ 264	\$ -	\$ 292,388	\$ -	\$ 42	\$ 52,742	\$ 37,840

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2011

	<u>Perkins</u>	<u>Fresh Fruits & Vegetables</u>	<u>USDA Kitchen Equipment</u>	<u>Teaching American History</u>	<u>Literacy for All</u>	<u>Enhancing Education Through Tech</u>	<u>E2T2 Training Consortium</u>
ASSETS							
Cash	\$ 1,649	\$ -	\$ -	\$ 50	\$ 1,113	\$ 2,535	\$ -
Due from federal and state governments	86,431	6,918	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 88,080</u>	<u>\$ 6,918</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 1,113</u>	<u>\$ 2,535</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Cash overdraft	\$ -	\$ 1,943	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	24,126	5,153	-	-	-	-	-
Due to other funds	63,954	-	-	-	-	-	-
Total liabilities	<u>88,080</u>	<u>7,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficits)</i>							
Restricted for education	-	-	-	50	1,113	2,535	-
Unassigned	-	(178)	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>50</u>	<u>1,113</u>	<u>2,535</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 88,080</u>	<u>\$ 6,918</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 1,113</u>	<u>\$ 2,535</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2011

	<u>E2T2 ARRA</u>	<u>RTTT Standards & Curriculum</u>	<u>RTTT Educator Effectiveness</u>	<u>Donation & Gifts</u>	<u>Career Tech. Center - Ind. Contractor</u>	<u>United Way</u>	<u>EPHS Arts</u>
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ 5,540	\$ -	\$ 255	\$ 2,300
Due from federal and state governments	20,000	2,928	15,762	-	-	-	-
Due from other funds	-	-	-	1,266	-	-	-
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 20,000</u>	<u>\$ 2,928</u>	<u>\$ 15,762</u>	<u>\$ 6,806</u>	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 2,300</u>
LIABILITIES AND FUND BALANCES							
<i>Liabilities</i>							
Cash overdraft	\$ 20,000	\$ -	\$ 1,524	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-	-
Due to other funds	-	2,928	14,238	725	-	-	-
Total liabilities	<u>20,000</u>	<u>2,928</u>	<u>15,762</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficits)</i>							
Restricted for education	-	-	-	6,081	-	255	2,300
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,081</u>	<u>-</u>	<u>255</u>	<u>2,300</u>
Total liabilities and fund balances	<u>\$ 20,000</u>	<u>\$ 2,928</u>	<u>\$ 15,762</u>	<u>\$ 6,806</u>	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 2,300</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2011

	<i>Legislative Technology Martin</i>	<i>Legislative Technology Orlo</i>	<i>Legislative Technology Hennessey</i>	<i>Feinstein</i>	<i>Champlin Grant</i>	<i>R.I. Parent Information Network</i>
ASSETS						
Cash	\$ 1,801	\$ 1,000	\$ 1,000	\$ 1,396	\$ 165	\$ 1,181
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	\$ 1,801	\$ 1,000	\$ 1,000	\$ 1,396	\$ 165	\$ 1,181
 LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
<i>Fund balances (deficits)</i>						
Restricted for education	1,801	1,000	1,000	1,396	165	1,181
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	1,801	1,000	1,000	1,396	165	1,181
Total liabilities and fund balances	\$ 1,801	\$ 1,000	\$ 1,000	\$ 1,396	\$ 165	\$ 1,181

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2011

	<u>National Geographic</u>	<u>RI State Improvement Waddington</u>	<u>Federal Stabilization</u>	<u>Vocational Training for Adults</u>	<u>Education Jobs ARRA</u>	<u>RITIE</u>
ASSETS						
Cash	\$ 68	\$ -	\$ -	\$ 18,246	\$ -	\$ 733
Due from federal and state governments	-	-	-	-	16,612	-
Due from other funds	-	3,063	27,105	738	-	-
Other receivables	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 68</u>	<u>\$ 3,063</u>	<u>\$ 27,105</u>	<u>\$ 18,984</u>	<u>\$ 16,612</u>	<u>\$ 733</u>
 LIABILITIES AND FUND BALANCES						
<i>Liabilities</i>						
Cash overdraft	\$ -	\$ 3,063	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	27,105	-	-	-
Due to other funds	-	-	-	8,139	16,612	-
Total liabilities	<u>-</u>	<u>3,063</u>	<u>27,105</u>	<u>8,139</u>	<u>16,612</u>	<u>-</u>
<i>Fund balances (deficits)</i>						
Restricted for education	68	-	-	10,845	-	733
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>68</u>	<u>-</u>	<u>-</u>	<u>10,845</u>	<u>-</u>	<u>733</u>
Total liabilities and fund balances	<u>\$ 68</u>	<u>\$ 3,063</u>	<u>\$ 27,105</u>	<u>\$ 18,984</u>	<u>\$ 16,612</u>	<u>\$ 733</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2011

	<u>Safe Routes</u>	<u>RI State Council on the Arts</u>	<u>Verizon Corporate</u>	<u>R.I. Historical</u>	<u>Total</u>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ 294	\$ 78,226
Due from federal and state governments	-	-	-	-	795,763
Due from other funds	-	-	-	-	34,498
Other receivables	-	-	-	-	296
Prepaid expenditures	-	-	-	-	2,695
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ -	\$ -	\$ -	\$ 294	\$ 911,478
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 167,288
Accounts payable and accrued expenditures	-	-	-	-	136,139
Due to other funds	-	-	-	-	538,668
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-	-	842,095
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits)					
Restricted for education	-	-	-	294	69,561
Unassigned	-	-	-	-	(178)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	-	-	-	294	69,383
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ 294	\$ 911,478
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended October 31, 2011

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title III Immigrant Assistance</u>	<u>Title IV</u>	<u>Title V</u>	<u>Preschool</u>
Revenues							
Intergovernmental revenues	\$ 1,253,987	\$ 440,949	\$ 58,084	\$ -	\$ 5,253	\$ -	\$ 49,193
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>1,253,987</u>	<u>440,949</u>	<u>58,084</u>	<u>-</u>	<u>5,253</u>	<u>-</u>	<u>49,193</u>
Expenditures							
Education	1,261,187	440,949	57,934	-	5,253	-	49,362
Total expenditures	<u>1,261,187</u>	<u>440,949</u>	<u>57,934</u>	<u>-</u>	<u>5,253</u>	<u>-</u>	<u>49,362</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(7,200)</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169)</u>
Other financing sources							
Transfers from other funds	-	-	-	934	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(7,200)</u>	<u>-</u>	<u>150</u>	<u>934</u>	<u>-</u>	<u>-</u>	<u>(169)</u>
Fund balances (deficits) - beginning of year	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>(934)</u>	<u>-</u>	<u>754</u>	<u>169</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 754</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2011

	<u>DLT ARRA</u>	<u>Homeland Security</u>	<u>PL 94-142 Part B</u>	<u>PL 94-142 Part B ARRA</u>	<u>Preschool ARRA</u>	<u>Title I ARRA</u>	<u>Career & Technical Program Income</u>
Revenues							
Intergovernmental revenues	\$ 72,158	\$ 44,949	\$ 1,281,133	\$ 168,931	\$ 8,888	\$ 163,307	\$ -
Charges for services	-	-	-	-	-	-	70,365
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>72,158</u>	<u>44,949</u>	<u>1,281,133</u>	<u>168,931</u>	<u>8,888</u>	<u>163,307</u>	<u>70,365</u>
Expenditures							
Education	72,158	44,949	1,284,158	168,931	8,888	163,552	59,507
Total expenditures	<u>72,158</u>	<u>44,949</u>	<u>1,284,158</u>	<u>168,931</u>	<u>8,888</u>	<u>163,552</u>	<u>59,507</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>(3,025)</u>	<u>-</u>	<u>-</u>	<u>(245)</u>	<u>10,858</u>
Other financing sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(3,025)</u>	<u>-</u>	<u>-</u>	<u>(245)</u>	<u>10,858</u>
Fund balances (deficits) - beginning of year	<u>-</u>	<u>-</u>	<u>3,025</u>	<u>-</u>	<u>-</u>	<u>245</u>	<u>26,982</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,840</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2011

	<i>Perkins</i>	<i>Fresh Fruits & Vegetables</i>	<i>USDA Kitchen Equipment</i>	<i>Teaching American History</i>	<i>Literacy for All</i>	<i>Enhancing Education Through Tech</i>	<i>E2T2 Training Consortium</i>
Revenues							
Intergovernmental revenues	\$ 358,072	\$ 16,384	\$ 26,418	\$ -	\$ 989	\$ -	\$ 41,398
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	358,072	16,384	26,418	-	989	-	41,398
Expenditures							
Education	358,072	16,562	26,418	-	989	1,047	41,398
Total expenditures	358,072	16,562	26,418	-	989	1,047	41,398
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(178)	-	-	-	(1,047)	-
Other financing sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balance	-	(178)	-	-	-	(1,047)	-
Fund balances (deficits) - beginning of year	-	-	-	50	1,113	3,582	-
Fund balances (deficits) - end of year	\$ -	\$ (178)	\$ -	\$ 50	\$ 1,113	\$ 2,535	\$ -

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2011

	<i>E2T2 ARRA</i>	<i>RTTT Standards & Curriculum</i>	<i>RTTT Educator Effectiveness</i>	<i>Donation & Gifts</i>	<i>Career Tech. Center - Ind. Contractor</i>	<i>United Way</i>	<i>EPHS Arts</i>
Revenues							
Intergovernmental revenues	\$ 20,000	\$ 2,928	\$ 15,762	\$ -	\$ 164,470	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	20,000	2,928	15,762	-	164,470	-	-
Expenditures							
Education	20,000	2,928	15,762	-	164,470	-	-
Total expenditures	20,000	2,928	15,762	-	164,470	-	-
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	-	-	-	-
Other financing sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-
Fund balances (deficits) - beginning of year	-	-	-	6,081	-	255	2,300
Fund balances (deficits) - end of year	\$ -	\$ -	\$ -	\$ 6,081	\$ -	\$ 255	\$ 2,300

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2011

	<i>Legislative Technology Martin</i>	<i>Legislative Technology Orlo</i>	<i>Legislative Technology Hennessey</i>	<i>Feinstein</i>	<i>Champlin Grant</i>	<i>R.I. Parent Information Network</i>
Revenues						
Intergovernmental revenues	\$ 7,722	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	99,840	-
Total revenues	<u>7,722</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>99,840</u>	<u>-</u>
Expenditures						
Education	7,722	-	-	-	99,840	-
Total expenditures	<u>7,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,840</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - beginning of year	<u>1,801</u>	<u>-</u>	<u>-</u>	<u>1,396</u>	<u>165</u>	<u>1,181</u>
Fund balances (deficits) - end of year	<u>\$ 1,801</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,396</u>	<u>\$ 165</u>	<u>\$ 1,181</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2011

	<u>National Geographic</u>	<u>RI State Improvement Waddington</u>	<u>Federal Stabilization</u>	<u>Vocational Training for Adults</u>	<u>Education Jobs ARRA</u>	<u>RITIE</u>
Revenues						
Intergovernmental revenues	\$ -	\$ -	\$ 278,744	\$ 46,557	\$ 16,612	\$ -
Charges for services	-	-	-	20,979	-	-
Contributions and private grants	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>278,744</u>	<u>67,536</u>	<u>16,612</u>	<u>-</u>
Expenditures						
Education	-	-	278,958	67,808	16,612	-
Total expenditures	<u>-</u>	<u>-</u>	<u>278,958</u>	<u>67,808</u>	<u>16,612</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>(214)</u>	<u>(272)</u>	<u>-</u>	<u>-</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(214)</u>	<u>(272)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - beginning of year	<u>68</u>	<u>-</u>	<u>214</u>	<u>11,117</u>	<u>-</u>	<u>733</u>
Fund balances (deficits) - end of year	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,845</u>	<u>\$ -</u>	<u>\$ 733</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

For the Fiscal Year Ended October 31, 2011

	<i>Safe Routes</i>	<i>RI State Council on the Arts</i>	<i>Verizon Corporate</i>	<i>R.I. Historical</i>	<i>Total</i>
Revenues					
Intergovernmental revenues	\$ 83	\$ 2,887	\$ -	\$ -	\$ 4,547,858
Charges for services	-	-	-	-	91,344
Contributions and private grants	-	-	-	-	99,840
Total revenues	<u>83</u>	<u>2,887</u>	<u>-</u>	<u>-</u>	<u>4,739,042</u>
Expenditures					
Education	83	2,887	5,000	-	4,743,384
Total expenditures	<u>83</u>	<u>2,887</u>	<u>5,000</u>	<u>-</u>	<u>4,743,384</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(4,342)</u>
Other financing sources					
Transfers from other funds	-	-	-	-	934
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>934</u>
Net change in fund balance	-	-	(5,000)	-	(3,408)
Fund balances (deficits) - beginning of year	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>294</u>	<u>72,791</u>
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294</u>	<u>\$ 69,383</u>

A G E N C Y F U N D S

**Agency Funds account
for assets held by the City
as an agent for individuals,
organizations or other governmental units.**

Student Activities Fund – This fund accounts for monies derived from school sponsored student activities.

Savings Bond Account – This fund is used to account for payroll deductions made by City employees to purchase U.S. Savings Bonds.

Employee Dine Out Account – This fund accounts for collections of money of City employees to purchase Dine Out and Treat Out books.

Escrow Pending Forfeiture – This fund accounts for monies seized by the Police Department that is turned over to government agencies.

Contractor's Escrow Account – This fund accounts for monies held by the City to insure maintenance of the detention pond.

Waterfront Commission – This fund accounts for monies held on behalf of the Waterfront Commission.

Basins Maintenance Escrow Account – This fund accounts for monies held by the City from various developers to defray the maintenance cost of retention and detention water ponds.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Statement of Net Assets

Agency Funds

October 31, 2011

	<u>Student Activities Fund</u>	<u>Savings Bond Account</u>	<u>Employee Dine Out Account</u>	<u>Escrow Pending Forfeiture</u>	<u>Contractor's Escrow Account</u>	<u>Waterfront Commission</u>	<u>Basins Maintenance Escrow Account</u>	<u>Total Agency Funds</u>
Assets								
Cash	\$241,743	\$ 1,769	\$ 4	\$ 24,962	\$ -	\$ 14,109	\$ 25	\$282,612
Investments	-	-	-	16,379	167,560	2,096	4,421	190,456
Due from other funds	-	-	-	-	-	25,908	-	25,908
	<u>-\$241,743</u>	<u>-\$ 1,769</u>	<u>-\$ 4</u>	<u>-\$ 41,341</u>	<u>-\$167,560</u>	<u>-\$ 42,113</u>	<u>-\$ 4,446</u>	<u>-\$498,976</u>
Total assets	<u>\$241,743</u>	<u>\$ 1,769</u>	<u>\$ 4</u>	<u>\$ 41,341</u>	<u>\$167,560</u>	<u>\$ 42,113</u>	<u>\$ 4,446</u>	<u>\$498,976</u>
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,996	\$ -	\$ 22,996
Due to other funds	-	-	-	-	-	8,530	-	8,530
Deposits held in custody for others	241,743	1,769	4	41,341	167,560	10,587	4,446	467,450
	<u>241,743</u>	<u>1,769</u>	<u>4</u>	<u>41,341</u>	<u>167,560</u>	<u>42,113</u>	<u>4,446</u>	<u>467,450</u>
Total liabilities	<u>\$241,743</u>	<u>\$ 1,769</u>	<u>\$ 4</u>	<u>\$ 41,341</u>	<u>\$167,560</u>	<u>\$ 42,113</u>	<u>\$ 4,446</u>	<u>\$498,976</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND

Tax Collector's Annual Report

For the Fiscal Year Ended October 31, 2011

Real Estate and Personal Property Taxes

<u>Year</u>	<u>Balance November 1, 2010</u>	<u>Current Year Assessment</u>	<u>Supplemental Billings</u>	<u>Discounts, Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance October 31, 2011</u>
2011	\$ (9,690)	\$ 95,317,344	\$ 160,817	\$ (1,809,806)	\$ 93,658,665	\$ 72,810,450	\$ 20,848,215
2010	18,199,616	-	313	(340,505)	17,859,424	16,796,639	1,062,785
2009	1,160,969	-	318	(12,772)	1,148,515	877,156	271,359
2008	250,633	-	-	(3,378)	247,255	65,958	181,297
2007	177,748	-	-	(2,505)	175,243	10,309	164,934
2006 and prior	957,638	-	-	(151,806)	805,832	19,826	786,006
	<u>\$ 20,736,914</u>	<u>\$ 95,317,344</u>	<u>\$ 161,448</u>	<u>\$ (2,320,772)</u>	<u>\$ 113,894,934</u>	<u>\$ 90,580,338</u>	<u>\$ 23,314,596</u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 4,055,323,653	\$ 83,899,573
Motor vehicles	239,306,610	8,878,275
Personal property	241,538,380	11,977,888
Total	<u>4,536,168,643</u>	<u>104,755,736</u>
Exemptions and adjustments	<u>468,580,555</u>	<u>9,438,393</u>
Net assessed value	<u><u>\$ 4,067,588,088</u></u>	<u><u>\$ 95,317,344</u></u>

SINGLE AUDIT SECTION

***REPORT ON THE 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***

To the Honorable Mayor,
Members of the City Council
and Members of the Budget Commission
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, Rhode Island, as of and for the year ended October 31, 2011, which collectively comprise the City of East Providence, Rhode Island's basic financial statements and have issued our report thereon dated April 30, 2012. 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 of East Providence, Rhode Island is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of East Providence, Rhode Island'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 of East Providence, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of East Providence, Rhode Island's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity'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 11-02, 11-03 and 11-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of East Providence, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 as item 11-01.

We noted certain matters that we reported to the management of the City of East Providence, Rhode Island in a separate letter dated April 30, 2012.

The City of East Providence, Rhode Island's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of East Providence, Rhode Island'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, the Budget Commission, the State of Rhode Island Auditor General 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.

Bacon & Company, LLC

Warwick, Rhode Island
April 30, 2012

***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***

To the Honorable Mayor,
Members of the City Council
and Members of the Budget Commission
East Providence, Rhode Island

Compliance

We have audited the City of East Providence, Rhode Island's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of East Providence, Rhode Island's major federal programs for the year ended October 31, 2011. The City of East Providence, Rhode Island'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 of East Providence, Rhode Island's management. Our responsibility is to express an opinion on the City of East Providence, Rhode Island'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 of East Providence, Rhode Island'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 of East Providence, Rhode Island's compliance with those requirements.

As described in items 11-06 and 11-09 in the accompanying schedule of findings and questioned costs, the City of East Providence, Rhode Island did not comply with requirements regarding equipment and cash management that are applicable to its Federal Seized Assets and Assistance to Firefighters programs, respectively. Compliance with such requirements is necessary, in our opinion, for the City of East Providence, Rhode Island to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of East Providence, Rhode Island complied, in all material respects, with the compliance 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, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 11-06 (Community Development Block Grant).

Internal Control Over Compliance

Management of the City of East Providence, Rhode Island 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 of East Providence, Rhode Island's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 of East Providence, Rhode Island's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-06, 11-07 and 11-09 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-05 and 11-08 to be significant deficiencies.

The City of East Providence, Rhode Island's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of East Providence, Rhode Island'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, the Budget Commission, the State of Rhode Island Auditor General, 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.

Bacon & Company, LLC

Warwick, Rhode Island
April 30, 2012

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

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? X yes 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 weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs: qualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes no

Identification of major programs

<i>CFDA Number</i>	<i>Name of Program or Cluster</i>
97.044	Assistance to Firefighters
84.010A	Title I Part A Cluster - Title I
84.389	Title I Part A Cluster - Title I ARRA
84.027A	Special Education Cluster – IDEA
84.173A	Special Education Cluster – Preschool
84.391	Special Education Cluster – IDEA ARRA
84.392	Special Education Cluster – Preschool ARRA
84.048A	Perkins/Vocational Training for Adults
84.367A	Title II – Professional Development
14.218	Community Development Block Grant
16.000	Federal Seized Assets
81.041	Energy Efficiency Wastewater Treatment Program ARRA
81.128	Energy Efficiency Conservation Block Grant ARRA
66.458	Capitalization Grants for Clean Water State Revolving Funds - ARRA
10.555	Child Nutrition Cluster – National School Lunch Program

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS (Continued)

Identification of major programs

CFDA Number	Name of Program or Cluster
10.553	Child Nutrition Cluster – National School Breakfast Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$335,010

Auditee qualified as low-risk auditee? _____ yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

11-01 Finding: Rhode Island General Law 16-2-18 prohibits Rhode Island School Departments from having a deficit. The East Providence School Department’s School Unrestricted Fund had a cumulative fund deficit of \$(7,595,872) as of October 31, 2011. The City and School Department are in violation of Rhode Island General Laws.

Recommendation: We recommend that the City and School Department implement a plan to fund the cumulative deficit.

City Response: The City has provided cash to EPSD to reduce the payables significantly. The City believes EPSD has reduced payables to 60 days as opposed to 90 days or more previously. The City and EPSD have been working hard with the EP Budget Commission to reduce expenses and maximize revenues in order to balance the FY2012 budget and the subsequent five years.

School Department Response: At this date, the City of East Providence, including the School Department, is being overseen by a State appointed Budget Commission. The accumulated deficit is nearly wiped out with the remaining \$3.5M due to a major vendor scheduled to be paid in July 2012. The Commission is working with the City to ensure that there is a 5 year balanced budget with appropriate City funding to the School Department.

11-02 Finding: The City and School Department do not have policies and procedures in place to properly maintain and account for capital assets. The City and the School Department have not established procedures to maintain the list of capital assets on a perpetual basis. The City and School Department prepared a list of capital assets and depreciation schedule as of October 31, 2011, but the lists did not include deletions that occurred during the year and certain asset additions were omitted. We also determined that prior year audit adjustments to the City’s list of capital assets had not been recorded properly to the capital asset records. The City and School Department have also not performed a physical inventory of capital assets in many years. In addition, the City and School Department do not maintain adequate construction in progress records for Governmental Activities and Business-Type Activities. This is critical as there are many large construction projects active as of October 31, 2011 and into the future.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Construction in progress for Business-Type Activities was not reconciled to the general ledger throughout fiscal year 2011. As a result of the lack of policies and procedures, several material audit adjustments were proposed to both Governmental Activities and Business-Type Activities capital assets.

Recommendation: We recommend that the City and School Department establish policies and procedures to account for additions, deletions and adjustments to the list of capital assets throughout the year on at least a quarterly basis. These procedures should include monitoring of construction in progress, maintenance of subsidiary construction in progress records, and reconciliation of capital asset balances, including construction in progress, to the general ledger for Business-Type Activities. These procedures should also include a physical inventory of capital assets at least bi-annually. This will ensure proper recording and safeguarding of capital assets.

City 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.

School Department Response: The School Department, working with IT, will endeavor to complete a physical inventory of property owned by the School Department. However, this is a very time consuming task. With staffing issues and other pressing demands, it has been difficult to complete this task in past years. The School Department will record construction in progress for FY12.

11-03 Finding: The City did not properly record to the general ledger transactions related to its \$6,000,000 Bond Anticipation Note, issued August 18, 2011. The note transactions were recorded to a liability account in the School Unrestricted Fund, instead of to a separate Capital Project Fund. As a result, the \$6,000,000 note payable and over \$5,000,000 of expenditures were not recorded in the City's accounting records. This resulted in material misstatements to capital project fund financial statements. As a result, numerous audit adjustments were proposed to record the transactions as of October 31, 2011.

Recommendation: We recommend that 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.

City Response: The City will record 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

11-04 Finding: The City does not have policies and procedures in place to properly identify, document and monitor grant activity within the City. In fiscal year 2011, the City (excluding the School Department) expended over \$5 million in Federal funds. Information related to grants is decentralized and maintained within individual departments. It was difficult to obtain grant awards and Catalog of Federal Domestic Assistance (CFDA) numbers and to determine the source of funds for the Single Audit. Grant revenue for several grants was improperly recorded as an expenditure reimbursement resulting in the revenue and expenditures not being recorded in the general ledger. Adequate and centralized grant administration records are necessary to ensure compliance with the Federal Single Audit Act and other grantor requirements.

Recommendation: We recommend that a centralized grant administration system be established in the Finance Department. This system should include maintaining a list of all City grants; identification of the source of grant funds (Federal, State or private) and pass-through information; CFDA number, if applicable; department and City personnel responsible for program administration; copies of grant awards, financial reports and reimbursement requests; and City fund used to account for the grant. The Finance Department should also ensure the grants are recorded properly in the accounting records and, if appropriate a new fund established, prior to processing cash receipts or disbursements. This will ensure proper administration of grants and compliance with grantor requirements.

City Response: The City has engaged a consultant to develop a request for proposal to upgrade the current financial system to include grant management. Simultaneously, it is expected that policies and procedures will be developed to support the business processes, including grant management. In the interim, the procedure has been established whereby the Deputy Treasurer requires all grant documentation prior to releasing grant reimbursements. This procedure was created in January 2012 to alleviate cash receipts being deposited to incorrect accounts.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Program: Perkins/Vocational Training for Adults

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.048A

11-05 Criteria: Program income directly generated by a federally funded project during the grant period must be used in one of three ways: deducted from outlays, added to the project budget, or used to meet matching requirements. Program income includes, but is not limited to, fees for services performed or the sale of commodities or items fabricated under a grant agreement.

Condition: The School Department does not properly account for program income related to its Perkins and Vocational Training for Adults grants. Although course fees are recorded in the Perkins and Vocational Training for Adults restricted grant funds, other fees for services performed and sales of goods are recorded to the Career and Technical Center special revenue fund.

Questioned Costs: None

Recommendation: We recommend that the School Department record all program income related to the Perkins and Vocational Training for Adults grants in the restricted grant funds to ensure the program income properly offsets outlays or is added to the grant budget.

School Department Response: The School Department will ensure that for FY12 and forward, all program income related to Perkins and Vocational Training for Adults grants in the restricted grant funds is recorded.

Program: Federal Seized Assets; Community Development Block Grant

Agency: U.S. Department of Justice; U.S. Department of Housing and Urban Development

Pass-through: Not applicable - Direct

CFDA Number: 16.000; 14.218

11-06 Criteria: 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition: 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.

Questioned Costs: None

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.

City 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.

Program: Community Development Block Grant

Agency: U.S. Department of Housing and Urban Development

Pass-through: Not applicable - Direct

CFDA Number: 14.218

11-07 Criteria: Effective October 1, 2010, the Federal Funding Accountability and Transparency Act requires direct recipients of new federal grant awards or cooperative agreements equal to or exceeding \$25,000 to report information related to first-tier subawards made by the direct recipient. Direct recipients are required to register in the Federal Funding and Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS. Direct recipients must report information related to a subaward by the end of the month following the month in which a subaward of \$25,000 or greater is made or the month in which a modification was issued that changed previously reported information.

Condition: The City's Community Development Block Grant issues subawards to various entities to conduct public service activities. The City has no policies and procedures in place to ensure compliance with the Federal Funding Accountability and Transparency Act.

Questioned Costs: None

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation: We recommend that the City establish policies and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements.

City Response: The City has engaged a consultant to develop a request for proposal to upgrade the current financial system. Simultaneously, it is expected that policies and procedures will be developed to support the business processes, including compliance with federal financial reporting: the Federal Funding Accountability and Transparency Act.

Program: Child Nutrition Cluster – National school Lunch and School Breakfast Program

Agency: U.S. Department of Agriculture

Pass-through: R.I. Department of Education

CFDA Number: 10.555; 10.553

11-08 Criteria: The School Department is required to perform eligibility verifications on a sample basis each year by November 15. Sampling documentation and verification results must be maintained on file. In addition, a student's eligibility status must be changed if through the verification process the student's status changes.

Condition: Based on our testing of the School Department's eligibility verification procedures, we determined that several students' eligibility status changed through the verification process and the free and reduced lunch roster was not changed.

Questioned Costs: None

Recommendation: We recommend that students determined to be ineligible or students who do not respond to income verification requests be properly changed on the free/reduced lunch roster.

School Department Response: The School Department will ensure that changes in verification are implemented immediately by school based personnel.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended October 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Program: Assistance to Firefighters

Agency: U.S. Department of Homeland Security

Pass-through: Not applicable – Direct

CFDA Number: 97.044

11-09 Criteria: Recipients of advances of Federal funds must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. These procedures should include the proportional drawdown of matching funds.

Condition: The City's policies and procedures related to cash management are not operating effectively to minimize the time elapsing between transfer of funds from the U.S. Treasury and disbursement and do not include procedures for the proportional drawdown of matching funds.

Questioned Costs: None

Recommendation: We recommend that the City establish procedures to evaluate cash balances prior to the drawdown of funds and that each drawdown be reduced for the City's share of grant expenditures.

City Response: The City has engaged a consultant to develop a request for proposal to upgrade the current financial system. Simultaneously, it is expected that policies and procedures will be developed to support the business processes, including the evaluation of cash balances and associated drawdown of matching funds.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended October 31, 2011

Program: Special Education Cluster – IDEA, Preschool, IDEA ARRA, Preschool ARRA;
Title II – Professional Development

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.027A; 84173A; 84.391; 84.392; 84.367A

Prior Year Finding:

10-04 Criteria: An entity is responsible for maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal award programs.

Condition: The School Department has internal control policies and procedures to ensure compliance with the types of activities allowed/unallowed, allowable costs/cost principles and period of availability of federal funds requirements. The School Department's internal control procedure to ensure compliance with these requirements is the approval of all grant expenditures by the Grant Coordinator.

We selected a sample of forty expenditures and determined that eleven of the expenditures had no documentation to support that the expenditures had been approved by the Grant Coordinator. The School Department's internal controls over compliance of the requirement of activities allowed/unallowed, allowable costs/cost principles and period of availability of federal funds are not operating effectively.

Questioned Costs: None

Recommendation: We recommend that the School Department adhere to its established policies and procedures to ensure compliance with requirements of federal award programs.

Status: All grant expenditures were approved by the Grant Coordinator/Administrator to ensure compliance with requirements of federal award programs.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended October 31, 2011

Program: Perkins/Vocational Training for Adults

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.048A

Prior Year Finding:

10-05 Criteria: Program income directly generated by a federally funded project during the grant period must be used in one of three ways: deducted from outlays, added to the project budget, or used to meet matching requirements. Program income includes, but is not limited to, fees for services performed or the sale of commodities or items fabricated under a grant agreement.

Condition: The School Department does not properly account for program income related to its Perkins and Vocational Training for Adults grants. Although course fees are recorded in the Perkins and Vocational Training for Adults restricted grant funds, other fees for services performed and sales of goods are recorded to the Career and Technical Center special revenue fund.

Questioned Costs: None

Recommendation: We recommend that the School Department record all program income related to the Perkins and Vocational Training for Adults grants in the restricted grant funds to ensure the program income properly offsets outlays or is added to the grant budget.

Prior Year School Department Response: The School Department will record all income generated by the Perkins and Vocational Training for Adults grants in the grant funds to ensure program income offsets outlays or is added to the grant budget. The major source of past grant generated revenue was from the Phlebotomy Program which was removed from the grant effective 9/1/2010. The little revenue that is generated from several of the other programs will be spent on the specific programs that generate the revenue and will be maintained and accounted for by the Director of the CTC.

Status: See current year finding 11-05.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended October 31, 2011

Program: Assistance to Firefighters

Agency: U.S. Department of Homeland Security

Pass-through: Not applicable - Direct

CFDA Number: 97.044

Prior Year Finding:

10-06 Criteria: 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.

Condition: 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.

Questioned Costs: None

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.

Status: The Fire Department has established policies and procedures to maintain equipment records and perform a physical inventory at least every 2 years.

Program: Community Development Block Grant

Agency: U.S. Department of Housing and Urban Development

Pass-through: Not applicable - Direct

CFDA Number: 14.218

Prior Year Finding:

10-07 Criteria: The Federal Cash Transaction Report (SF-272) must be filed 15 calendar days following the end of each quarter with the Federal awarding agency to comply with reporting requirements.

Condition: The City did not file any of the quarterly Federal Cash Transaction Reports in a timely manner during fiscal year 2010.

Questioned Costs: None

CITY OF EAST PROVIDENCE, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended October 31, 2011

Recommendation: We recommend that the City file the Federal Cash Transaction Reports (SF-272) within 15 calendar days following the end of each quarter as required by Federal requirements.

Status: The Community Development Division has created a schedule series within its electronic calendars that will provide prompts to staff within the 15 day period after the end of each quarter to generate the Cash Transaction Reports. One of the four quarterly reports was filed late during fiscal year 2011.

Program: Child Nutrition Cluster – National School Lunch and School Breakfast Program

Agency: U.S. Department of Agriculture

Pass-through: R.I. Department of Education

CFDA Number: 10.555; 10.553

Prior Year Finding:

10-08 Criteria: For a child to be eligible for free or reduced lunch benefits the child must be directly certified or the household must submit a complete application and be determined to be either categorically eligible or income eligible. The certifying school official must verify the application is complete, determine eligibility and approve the application.

Condition: During our testing of compliance of the eligibility requirements, we noted ten out of twenty-five applications selected that were not completed properly. For example, several applications were missing the social security number or did not list all household members in Part 4 – Total Household Gross Income. The School Department could also not locate an application for one of the students selected.

Questioned Costs: None

Recommendation: We recommend that more care be taken when reviewing the applications to ensure applications are completed properly as required by U.S.D.A. guidelines. We also recommend that all supporting documentation be maintained on file to support the determination of eligibility.

Status: The School Department was unable to locate an application for one student selected during the current year testing.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended October 31, 2011

Program: Child Nutrition Cluster – National school Lunch and School Breakfast Program

Agency: U.S. Department of Agriculture

Pass-through: R.I. Department of Education

CFDA Number: 10.555; 10.553

Prior Year Finding:

10-09 Criteria: The School Department is required to perform eligibility verifications on a sample basis each year by November 15. Sampling documentation and verification results must be maintained on file. In addition, a student's eligibility status must be changed if through the verification process the student's status changes.

Condition: Based on our testing of the School Department's eligibility verifications procedures we noted the following:

- a. Eligibility verifications were due to the R.I. Department of Education by November 15, 2009. The Schools selected for testing; East Providence High School; Martin Middle School; and Orlo Avenue Elementary School did not file eligibility verifications until December 2009.
- b. Martin Middle School was unable to provide the supporting documentation to verify that the free and reduced lunch roster had been changed for those students whose eligibility status changed through the verification process.
- c. Verification forms to support the verification report submitted to the R.I. Department of Education could not be provided at Orlo Avenue Elementary School.
- d. The High School was required to verify twelve applications per federal requirements, but only seven applications were verified. We also determined that three students' eligibility status changed through the verification process and the free and reduced lunch roster was not changed.

Questioned Costs: None

Recommendation: We recommend that income eligibility verifications be filed with the R.I. Department of Education by November 15 each year and that supporting documentation be properly maintained at each school. More care must be taken when determining sample sizes and completing verification procedures to ensure compliance with federal requirements. We also recommend that students determined to be ineligible or students who do not respond to income verification requests be properly changed on the free/reduced lunch roster.

Status: See current year audit finding 11-08.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended October 31, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Pass-through RI Department of Education:			
State Fiscal Stabilization Grant - ARRA	84.394	4572-10502-101	\$ 278,958
Education Jobs Fund - ARRA	84.410	4572-13102-101	16,612
<i>Special Education Cluster (IDEA):</i>			
PL-94-142 - Project IDEA	84.027A	2725-13202-201/101	1,284,158
Preschool Section 619	84.173A	2725-13502-201/101	49,362
PL-94-142 - Project IDEA - ARRA	84.391	4572-10202-101	168,931
Preschool Section 619 - ARRA	84.392	4572-10802-101	8,888
Title IV	84.186A	2725-12602-101	5,253
<i>Title I Part A Cluster:</i>			
Title I	84.010A	2725-11702-201/101	1,261,187
Title I - ARRA	84.389	4572-10102-101	163,552
Title III LEP	84.365A	2725-16502-201/101	57,934
Race to the Top - ARRA	84.395A	4572-13502-110	2,928
Race to the Top - ARRA	84.395A	4572-13502-130	15,762
Perkins	84.048	2725-15302-201/101	358,072
Vocational Training for Adults	84.048A	2725-15602-201/101	67,808
Title II - Professional Development	84.367A	2725-16402-201/101	440,949
<i>Education Technology State Grants Cluster:</i>			
Title II - Technology - Enhancing Education through Technology	84.318X	2725-12902-130	1,047
Title II - Technology - Enhancing Education through Technology	84.318X	2725-12902-240	41,398
Title II - Technology - Enhancing Education through Technology - ARRA	84.386	4572-10702-150	20,000
Total U.S. Department of Education			<u>4,242,799</u>
U.S. Department of Housing and Urban Development			
Direct:			
Community Development Block Grant	14.218	B10-MC-44-0005	951,969
Pass-through RI Housing and Mortgage Finance Corp.:			
HOME Program	14.239	N/A	44,009
Neighborhood Stabilization Program	14.264	N/A	110,500
Total U.S. Department of Housing and Urban Development			<u>1,106,478</u>
U.S. Department of Agriculture			
Direct:			
Wildlife Habitat Incentives Program	10.914	68-1535-07-006	298,831
Pass-through RI Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	N/A	933,710
National School Breakfast Program	10.553	N/A	141,347
Food Distribution	10.550	N/A	96,525
Equipment Assistance Grant	10.000	21272109	26,418
Fresh Fruits & Vegetables	10.582	2725-17602-020/030	16,562
Total U.S. Department of Agriculture			<u>1,513,393</u>
U.S. Department of the Commerce			
Direct:			
Economic Development Administration	11.300	01-01-08328	275,257
Total U.S. Department of Commerce			<u>275,257</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Expenditures of Federal Awards (Continued)

For the Fiscal Year Ended October 31, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Justice			
Direct:			
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	5,740
Federal Seized Assets	16.000	N/A	657,847
Pass-through RI Public Safety Grant Administration Office:			
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	7,079
Title V Delinquency Prevention and Intervention	16.548	N/A	35,841
Total U.S. Department of Justice			<u>706,507</u>
U.S. Environmental Protection Agency			
Direct:			
Waterfront Stormwater Management Analysis	66.202	EM-97164801	71,799
Technical Services for Completion of Wastewater DBO	66.000	EM-96141101	219,164
Pass-through RI Clean Water Finance Agency:			
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458	N/A	379,750
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	N/A	130,175
Total U.S. Environmental Protection Agency			<u>800,888</u>
U.S. Department of Health and Human Services			
Pass-through RI Department of Health:			
MEDS	93.069	N/A	4,500
Total U.S. Department of Health and Human Services			<u>4,500</u>
U.S. Department of Homeland Security			
Direct:			
Assistance to Firefighters	97.044	EMW-2008-FO-09694; EMW-2009-FO-03385; EMW-2010-FO-04481	755,061
Fire Prevention and Safety	97.044	N/A	80,526
Port Security Grant Program	97.056	2010-V0754-RI-PU	43,000
Station Construction	97.000	N/A	16,206
Pass-through RI Emergency Management Agency:			
Pre-Disaster Mitigation	97.047	N/A	1,556
State Homeland Security Program	97.073	10-23-FY09/FY10	49,981
State Homeland Security Program	97.073	10-23-FY09/FY10	2,534
Homeland Security Cluster:			
Homeland Security Grant	97.067	10-23-UASI FY08/FY09/FY10	59,234
Homeland Security Grant	97.067	10-710-FY09 UASI	44,949
Disaster Grants	97.036	N/A	156,340
Total U.S. Department of Homeland Security			<u>1,209,387</u>
U.S. Department of Labor			
Pass-through RI Department of Labor & Training:			
WIA - ARRA	17.259	DLT-RA2011-03	72,158
Total U.S. Department of Labor			<u>72,158</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Expenditures of Federal Awards (Continued)

For the Fiscal Year Ended October 31, 2011

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Expenditures</i>
U.S. Department of Transportation			
Pass-through RI Department of Transportation:			
I-195 Taunton/Warren Ave. Interchange	20.000	N/A	300,016
<i>Highway Planning Construction Cluster:</i>			
Safe Routes to School	20.205	N/A	83
Total U.S. Department of Transportation			<u>300,099</u>
U.S. Department of Energy			
Direct:			
ARRA Energy Efficiency Conservation Block Grant - Energy Study	81.128	N/A	187,465
Pass-through RI Office of Energy Resources:			
ARRA Energy Efficiency Wastewater Treatment Program	81.041	N/A	456,000
ARRA EECBG - Forbes St. Solar Project	81.128	N/A	84,543
ARRA Energy Efficiency Conservation Block Grant	81.128	N/A	167,500
ARRA Energy Efficiency Conservation Block Grant	81.128	N/A	23,302
ARRA Energy Efficiency Conservation Block Grant	81.128	N/A	16,726
Total U.S. Department of Energy			<u>935,536</u>
Total Expenditures of Federal Awards			<u>\$ 11,167,002</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

October 31, 2011

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of East Providence, Rhode Island and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.