

TOWN OF NORTH PROVIDENCE

INTRODUCTORY SECTION

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TOWN OF NORTH PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2008

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TOWN OF NORTH PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2008

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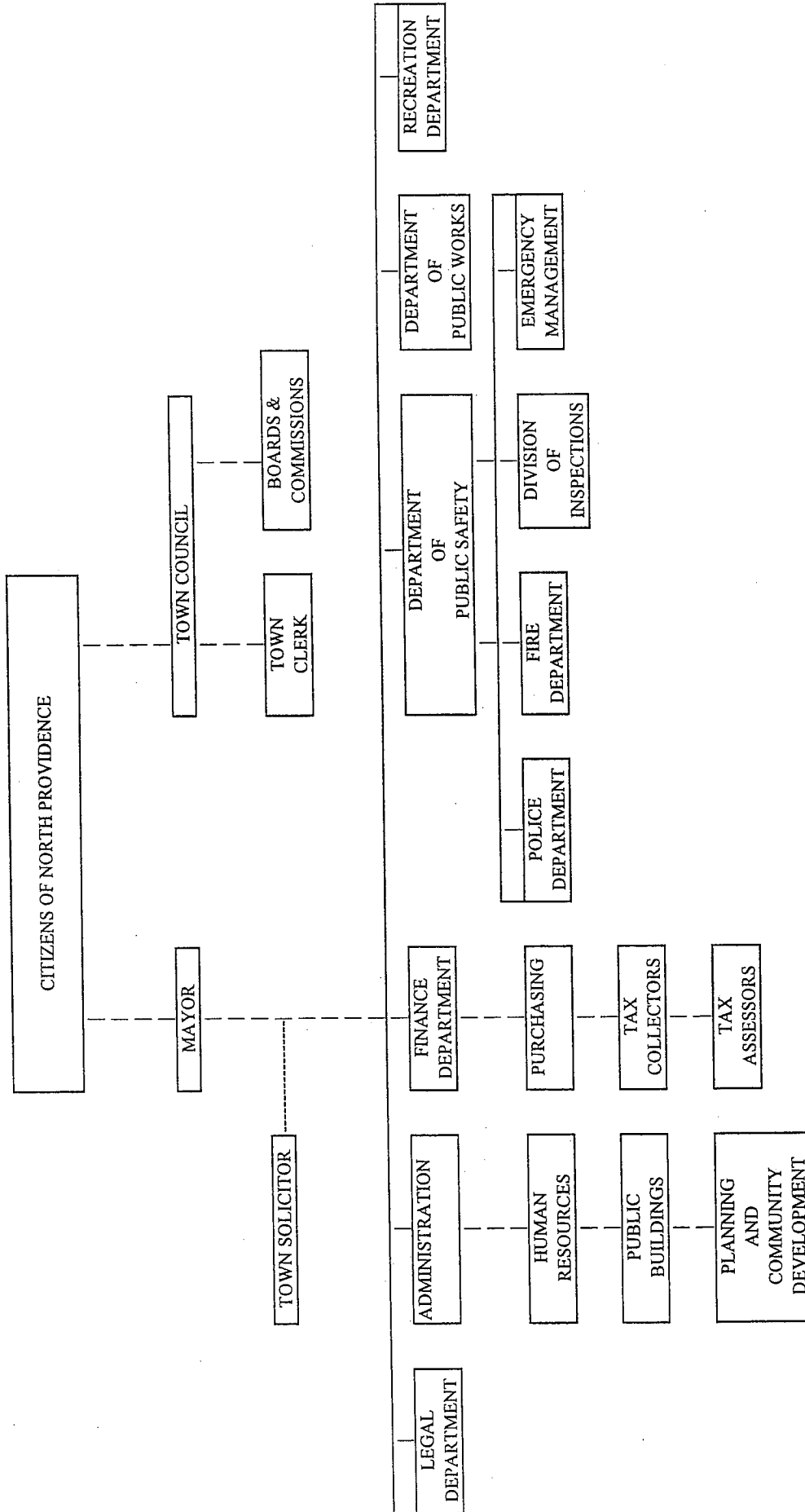
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(CONCLUDED)

TOWN OF NORTH PROVIDENCE

GOVERNMENTAL ORGANIZATION

June 30, 2008



TOWN OF NORTH PROVIDENCE, RHODE ISLAND

TOWN COUNCIL

Joseph S. Burchfield, President
John A. Zambarano, President Pro Tem
Paul F. Caranci
Mansuet J. Giusti, III
Raymond L. Douglas, III
Frank A. Manfredi
John E. Fleming, Jr.

MAYOR

Charles A. Lombardi

FINANCE DEPARTMENT

Maria G. Vallee, Acting Director Of Finance
Claudette Mooney, Tax Collector
Janesse Muscatelli, Acting Tax Assessor

TOWN OF NORTH PROVIDENCE

FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
 - MANAGEMENT'S DISCUSSION AND ANALYSIS
 - BASIC FINANCIAL STATEMENTS
 - SUPPLEMENTARY INFORMATION
-

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council
Town of North 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 Town of North Providence, Rhode Island as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of North 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 Town of North Providence, Rhode Island as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2008 on our consideration of the Town of North Providence, Rhode Island's internal control over financial reporting and 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Boston

Newton

The Management's Discussion and Analysis, Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Budgetary Basis, School Unrestricted Fund – Budgetary Basis, and the Schedule of Funding Progress for Pension Plans on pages 3 through 10, pages 56 through 59, and page 60, respectively, 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 Town of North Providence, Rhode Island's basic financial statements. The Combining Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of North Providence, Rhode Island. The Combining Fund Financial Statements 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.



Providence, Rhode Island
December 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

As management of the Town of North Providence, we offer readers of the Town of North Providence's financial Statements this narrative overview and analysis of financial activities of the Town of North Providence for the fiscal year ended June 30, 2008.

Financial Highlights

- On the Government-Wide Statements, the liabilities of the Town of North Providence exceeded its assets at the close of the most recent fiscal year by \$1,099,584 (net assets).
- The unrestricted net assets of the governmental activities at June 30, 2008 totaled (\$14,164,732).
- The independent auditor's report for year-ended June 30, 2007 expressed an adverse opinion on the Net Assets and the Statement of Activities of the Governmental Activities in the Government-wide Statements. The adverse opinion was the result of the Town's failure to comply with the governmental accounting standards regarding the reporting of infrastructure assets. For fiscal year 2008, the Town made compliance with governmental accounting standards one of its highest priorities. This goal was accomplished, and the Town of North Providence now meets the high standards and requirements that are set for municipalities.
- The June 30, 2007 net assets were restated to reflect the past due implementation of GASB Statement #34 relating to infrastructure assets and overall accounting for capital assets of governmental activities (See Note 18).
- As of year-end June 30, 2008 the Town's General Fund had a deficit unreserved fund balance of (\$6,102,927).
- As of June 30, 2008 the School Unrestricted Fund has an unreserved fund balance of \$412,615 which included a transfer from the Town's General Fund of \$300,000 in fiscal 2008 in addition to the original amount appropriated to the School Department.
- The Town has one Business-Type Fund, the School Cafeteria Fund. At June 30, 2008 this fund had unrestricted net asset deficiency of (\$44,752). The fund incurred a decrease in net assets (net loss) of (\$94,966) for the fiscal year ended June 30, 2008.

Overview of the Financial Statements

This management discussion and analysis are intended to serve as an introduction of the Town of North Providence's basic financial statements. The Town of North Providence's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The Town of North Providence's basic financial statements and other supplementary financial information provide information about all the Governments' activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

Government-wide financial statements

Government-wide financial statements are designed to provide readers with a broad overview of the Town of North Providence's finances, in a manner which is similar to a private-sector business. They are presented on the accrual base of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

The *Statement of Net Assets* presents information on all of the Town of North Providence's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decrease in net assets may serve as a useful indicator of whether the financial position of the town of North Providence is improving or deteriorating.

The *Statement of Activities* presents information showing how the Government's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town of North Providence which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government and administration, public safety, development services, cultural and recreational services.

The government-wide financial statements are reported on pages 11 through 12.

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 Town of North Providence, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town of North Providence can be divided into two categories: governmental funds and proprietary funds.

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, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of North Providence maintains governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and school special revenue unrestricted fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds statements are presented on pages 13 through 16.

Proprietary Funds

The Town of North Providence's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of North Providence has only one proprietary fund, this being an enterprise fund, the North Providence School Cafeteria Fund. This fund operates as a federally mandated school food service system for low income families on a for profit basis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The North Providence School Cafeteria fund, which is not a major fund, is presented in the proprietary funds.

The basic proprietary fund financial statements are presented on pages 17 through 19.

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 statement because resources of those funds are *not* available to support the Town of North Providence's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are presented on pages 20 through 21.

Notes to 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 are presented on pages 22 through 55.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town of North Providence's operations.

Required Supplementary information is presented on pages 56 through 60.

The combining statements referred to earlier in connection with non-major governmental funds, proprietary funds and fiduciary funds (as applicable) are presented on pages 61 through 70.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of North Providence, liabilities exceeded assets by \$1,099,584 as of June 30, 2008.

The largest portion of the Town of North Providence's net assets consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town of North Providence uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town of North Providence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND NET ASSETS

June 30, 2008 and 2007 (in 000's)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
	Restated				Restated	
Current and Other Assets	\$ 11,052	\$ 15,795	\$ 242	\$ 138	\$ 11,294	\$ 15,933
Capital Assets	46,502	44,929	0	0	46,502	44,929
Total Assets	57,554	60,724	242	138	57,796	60,862
Long-Term Liabilities	48,174	49,793	0	0	48,174	49,793
Other Liabilities	10,435	12,606	287	88	10,722	12,694
Total Liabilities	58,609	62,399	287	88	58,896	62,487
Net Assets:						
Invested in capital assets, net of related debt	13,110	8,734	0	0	13,110	8,734
Unrestricted	(14,165)	(10,409)	(45)	50	(14,210)	(10,359)
Total Net Assets	(\$ 1,055)	(\$1,675)	(\$45)	\$ 50	(\$1,100)	(\$ 1,625)

There are no external restrictions on the Town of North Providence's net assets.

As of June 30, 2008 the Town of North Providence reports negative (deficit) balances in all three categories of net assets, government as a whole, as well as separately for the governmental activities and business-type activities in the Government-wide statements.

Analysis of the Town of North Providence's Operation

The following analysis provides a summary of the Town of North Providence's operations for the year ended June 30, 2008.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND
CHANGES IN NET ASSETS**

For the Fiscal Years ending June 30, 2008 and 2007 (in 000's)

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,751	\$ 3,622	\$ 512	\$ 550	\$ 4,263	\$ 4,172
Operating Grants and Contributions	18,154	17,133	453	404	18,607	17,537
Capital Grants and Contributions	882	2,220			882	2,220
General Revenues:						
Property taxes	52,413	50,683			52,413	50,683
Motor vehicle phase-out taxes	4,979	5,052			4,979	5,052
Telephone and State PILOT	798	849			798	849
Grants and aid not restricted for a specific program	4,749	5,213			4,749	5,213
Unrestricted investment earnings	189	99		1	189	100
Total Revenues	85,915	84,871	965	955	86,880	85,826
Expenses:						
Legislative, judicial, and administrative	11,418	11,852			11,418	11,852
Department of Finance	782	800			782	800
Public Safety	18,974	14,493			18,974	14,493
Public Services/works	4,995	4,835			4,995	4,835
Grants and contributions	1,284	1,240			1,284	1,240
Education	46,261	45,712			46,261	45,712
Interest on long-term debt	1,581	1,608			1,581	1,608
School Cafeteria			1,060	1,048	1,060	1,048
Total Expenses	85,295	80,540	1,060	1,048	86,355	81,588
Increase (decrease) in net assets	620	4,331	(95)	(93)	525	4,238
Net assets beginning of year	(1,675)	5,507	50	143	(1,625)	5,650
Restatement (See Note 18)		(11,513)				(11,513)
Net assets (deficit) end of year	(\$ 1,055)	(\$ 1,675)	(\$ 45)	\$ 50	(\$ 1,100)	(\$1,625)

Financial Analysis of the Town of North Providence's Funds

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

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

At the end of the current fiscal year, the Town of North Providence's governmental funds reported combined ending fund balances (fund deficit) of (\$1,621,481). Unreserved fund balance deficit amounted to (\$2,147,524) with reserved fund balance of \$526,043 for prepaid expenses and professional development.

The general fund is the operating fund of the Town of North Providence. At the end of the current fiscal year the Town of North Providence ended with a decrease in fund balance of (\$2,932,180). In addition, the cumulative fund deficit of the General Fund was (\$5,634,727) at June 30, 2008 while the unreserved deficit was (\$6,102,927).

Proprietary Funds

The Town of North Providence's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail. Unrestricted net assets (cumulative deficit) of the respective proprietary funds are (\$44,752).

General Fund Budgetary Highlights

Differences between the original budget and the actual revenues were due to over budgeted line items and State reducing the Town's state aid. The differences between the original budget and actual expenses were due to sewer claims from prior year 2007, fire department personnel call back cost and an unfavorable healthcare costs.

Capital Assets and Debt and Administration

Capital Assets

The Town of North Providence's investment in capital assets for its governmental and business-type activities amounts to \$46,501,883 net of accumulated depreciation at June 30, 2008. Included are land, land improvements, building and improvements, vehicles, equipment, furniture and fixtures, and infrastructure.

Capital Assets and Debt and Administration (Continued)

During fiscal year 2008, numerous projects were completed by the Town of North Providence, some of which are as follows:

- A new Department of Public Safety complex was constructed, abutting the North Providence Police/Fire complex. For the convenience of the taxpayers, the Building Inspections, Zoning, Planning and Fire Department offices are now housed in one centralized location, with the Police Department offices located next door.
- The Town’s Public Works building was renovated and modernized into a state of the art facility. Located within the building is not only the Department of Public Works, but also the new Division of Automotive Repair for all Town vehicles. A new salt shed was also erected at this location.
- Renovations also took place within the North Providence Town Hall, the North Providence Police Department and all the individual Town’s fire stations.

Additional information on the Town of North Providence’s capital assets is located in Note 6 pages 36-37 of this report.

**Town of North Providence’s Capital Assets
(Net of depreciation) in 000’s**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
	(As Restated)				(As restated)	
Land	\$ 15,498	\$ 15,297			\$ 15,498	\$ 15,297
Buildings and improvements	25,686	24,459			25,686	24,459
Equipment, furn. & fixtures	770	597			770	597
Vehicles	1,128	1,070			1,128	1,070
Infrastructure	1,335	1,433			1,335	1,433
Land improvements	2,085	2,073			2,085	2,073
Total	\$46,502	\$44,929	\$ -0-	\$ -0-	\$ 46,502	\$ 44,929

Long Term Debt

At the end of the current fiscal year, the Town of North Providence had a total bonded debt of \$32,938,950. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government.

**Town of North Providence, Rhode Island’s
Outstanding Debt Obligations
(in 000’s)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$32,939	\$35,639	\$ 0	\$0	\$32,939	\$35,639
Lease Purchase Obligations	453	556	0	0	453	556
Total obligations	<u>\$33,392</u>	<u>\$36,195</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$33,392</u>	<u>\$36,195</u>

Long Term Debt (Continued)

Short-term obligations consisted of a Tax Anticipation Note Obligation at June 30, 2008. The balance outstanding on the note obligation was \$2,500,000.

State statutes limit the amount of general obligation debt a governmental entity may have outstanding to 3% of the fair value of all taxable Town of North Providence property on the general obligation debt that a municipality can issue. The Town of North Providence's limit is \$78,209,277 at year-end. The Town of North Providence's outstanding general obligation debt is \$32,938,950 at year-end, which is \$45,270,327 under the State imposed limitation. The increase in the Town of North Providence's limit over the prior year was due to a state mandated full revaluation. Due to the high housing market the total net assessed value of the Town of North Providence doubled.

The Town of North Providence's bonds are insured and hold a Baa3 credit rating from Moody's and a BBB+ from Standard & Poor's.

The Town of North Providence issued short term tax anticipation notes in the amount of \$2,300,000 on September 4, 2008 which matures on August 27, 2009 with an interest rate of 3.40%. The proceeds were deposited into the General Fund's cash account.

Additional information of the Town of North Providence's debt administration can be found in footnote 10 on pages 39 through 41 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town of North Providence has budgeted \$81,473,809 for fiscal 2009, an increase of \$710,636 over fiscal 2008. \$44,439,660 or 55% is budgeted for educational purposes and \$37,034,149 or 45% is budgeted for other purposes.
- State aid to education is budgeted at \$13,382,872, an increase of \$83,110 over fiscal 2008. This represents 30% of the education budget.
- The Town of North Providence has a five tier tax base which was revised in fiscal year 2008. This base is comprised of the following: Residential Real Estate \$16.75; Commercial Real Estate \$22.70; Tangible Property \$60.85 and Motor Vehicle \$41.95.

Request for Information

This financial report is designed to provide our citizens a general overview of the Town of North Providence's finances for all those with an interest. Questions concerning this report or if additional financial information is needed, please contact Acting Finance Director, Maria G. Vallee, 2000 Smith Street, North Providence, Rhode Island 02911.

TOWN OF NORTH PROVIDENCE

BASIC FINANCIAL STATEMENTS

TOWN OF NORTH PROVIDENCE RHODE ISLAND**Statement of Net Assets**
June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 5,268,975	\$ 173,760	\$ 5,442,735
Accounts receivable, net	3,876,039		3,876,039
Internal balances	(35,471)	35,471	-
Due from federal and state governments	1,474,900	32,627	1,507,527
Prepays	468,200		468,200
Total Current Assets	11,052,643	241,858	11,294,501
Noncurrent Assets:			
Capital assets not being depreciated	15,498,250		15,498,250
Capital assets, net of accumulated depreciation	31,003,633		31,003,633
Total Noncurrent Assets	46,501,883	-	46,501,883
TOTAL ASSETS	57,554,526	241,858	57,796,384
LIABILITIES:			
Current Liabilities:			
Accounts payable	3,558,715	286,610	3,845,325
Tax anticipation note payable	2,500,000		2,500,000
Accrued liabilities	3,999,904		3,999,904
Unearned revenue	376,795		376,795
Current portion of compensated absences	1,500,000		1,500,000
Current portion of IBNR claims	378,000		378,000
Current portion of bonds and notes	2,992,954		2,992,954
Total Current Liabilities	15,306,368	286,610	15,592,978
Noncurrent Liabilities:			
Compensated absences	9,336,438		9,336,438
Net pension obligation	3,567,523		3,567,523
Bond and note obligations, net	30,399,029		30,399,029
Total Noncurrent Liabilities	43,302,990	-	43,302,990
TOTAL LIABILITIES	58,609,358	286,610	58,895,968
NET ASSETS:			
Invested in capital assets net of related debt	13,109,900	-	13,109,900
Unrestricted	(14,164,732)	(44,752)	(14,209,484)
TOTAL NET ASSETS	\$ (1,054,832)	\$ (44,752)	\$ (1,099,584)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Legislative, judicial, and administrative	\$ 11,418,180	\$ 1,575,829	\$ 8,559	\$ 192,700	\$ (9,641,092)	\$	\$ (9,641,092)
Department of finance	782,459				(782,459)		(782,459)
Public safety	18,974,232	1,357,625	699,008	420,884	(16,496,715)		(16,496,715)
Public services	4,995,087	216,835	-	55,000	(4,723,252)		(4,723,252)
Grants and contributions	1,283,901				(1,283,901)		(1,283,901)
Education	46,260,754	600,688	17,447,147	213,294	(27,999,625)		(27,999,625)
Interest on long-term debt	1,581,159				(1,581,159)		(1,581,159)
Total governmental activities	85,295,772	3,750,977	18,154,714	881,878	(62,508,203)		(62,508,203)
Business-type activities:							
School Cafeteria	1,059,941	511,512	453,285			(95,144)	(95,144)
Total business-type activities	1,059,941	511,512	453,285	-	(95,144)		(95,144)
Total	\$ 86,355,713	\$ 4,262,489	\$ 18,607,999	\$ 881,878	\$ (62,508,203)	(95,144)	(62,603,347)
General revenues:							
Property taxes					52,412,623		52,412,623
Motor vehicle phase-out taxes					4,979,358		4,979,358
Telephone and State PILOT payments					798,239		798,239
Grants and aid not restricted for a specific program					4,748,961		4,748,961
Unrestricted investment earnings					189,581	178	189,759
Total general revenues and transfers					63,128,762	178	63,128,940
Change in Net assets					620,559	(94,966)	525,593
Net assets - beginning of year (as restated)					(1,675,391)	50,214	(1,625,177)
Net assets - ending of year					\$ (1,054,832)	\$ (44,752)	\$ (1,099,584)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Balance Sheet
Governmental Funds
June 30, 2008**

	General Fund	School Unrestricted Fund	\$3.5M Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 2,522,292		\$ 820,127	\$ 1,926,556	\$ 5,268,975
Accounts and other receivable, net	3,589,957			286,082	3,876,039
Due from federal and state governments	981,213			493,687	1,474,900
Prepaid expenditures	468,200				468,200
Due from other funds	511,329	\$ 5,698,548	3,950	938,424	7,152,251
TOTAL ASSETS	\$ 8,072,991	\$ 5,698,548	\$ 824,077	\$ 3,644,749	\$ 18,240,365
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 1,379,112	\$ 2,149,282		\$ 30,321	\$ 3,558,715
Tax anticipation notes	2,500,000				2,500,000
Accrued liabilities	609,980	2,901,824			3,511,804
Due to other funds	6,491,816	176,984		518,922	7,187,722
Deferred revenues	2,726,810			376,795	3,103,605
TOTAL LIABILITIES	13,707,718	5,228,090	\$ -	926,038	19,861,846
FUND BALANCES:					
Reserved for prepaid expenditures	468,200				468,200
Reserved for professional development		57,843			57,843
Unreserved:					
General fund	(6,102,927)	412,615			(6,102,927)
Special revenue funds			824,077	2,345,782	2,758,397
Capital project funds			824,077	372,929	1,197,006
TOTAL FUND BALANCES	(5,634,727)	470,458	824,077	2,718,711	(1,621,481)
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,072,991	\$ 5,698,548	\$ 824,077	\$ 3,644,749	\$ 18,240,365

(CONTINUED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Balance Sheet
Governmental Funds
June 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:

Total Fund Balance reported in Exhibit B-1	\$ (1,621,481)
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Gov't Fund Balance Sheet - represents net capital assets at June 30, 2007	46,501,883
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Assets.	(48,173,944)
Deferred tax revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	2,726,810
Interest expense accrued on debt obligations of governmental funds is not due and payable with current financial resources and therefore is reported in the Statement of Net assets and not the Governmental Fund Balance Sheet at June 30, 2007.	(488,100)
Total Net Assets reported in Exhibit A-1	<u>\$ (1,054,832)</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)
Year Ended June 30, 2008**

Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):	\$ (3,505,414)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,572,940
Governmental funds report the issuance of debt obligations as other financing sources whereas the issuance of new debt would have no effect on the net assets.	(139,768)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net assets.	2,942,736
Governmental funds do not report estimated accrued IBNR claims as a liability in the Fund Statements if they are not going to be paid with current available resources. These liabilities are reported in the government-wide financial statements as long-term debt. This adjustment reflects the decrease in the estimate from the amount reported at June 30, 2008	247,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Deferred tax and other revenue increased from fiscal 2007.	548,642
Allowance for doubtful accounts on tax & other receivables is not reported in the governmental fund statement of revenue, expenditures and changes in fund balances. The change in the allowance is included in the fund balance sheet as a contra to both receivables and deferred revenue. The decrease in the allowance provision is recorded against revenue in the statement of activities.	346,475
Accrued interest on debt obligations is not recorded in the governmental funds as it will not be paid with current measurable and available resources. The change in accrued interest is reported in the government-wide statement of activities. This is the decrease in the accrual for the year ended June 30, 2008 versus June 30, 2007.	38,900
Net pension obligation is a long-term liability reported in the government-wide financial statements but not reported in the fund statements as it is not expected to be paid with current measurable and available resources. Accordingly, the increase in the pension obligation is reported as an expenditure in the government-wide statement of activities. The net pension obligation increased in fiscal 2008.	(614,033)
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net assets.	<u>(816,919)</u>
Change in Net Assets of Governmental Activities in the Statement of Activities (Exhibit A-2)	<u>\$ 620,559</u>

TOWN OF NORTH PROVIDENCE RHODE ISLAND

Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Funds	
	School Cafeteria (current year)	School Cafeteria (prior year)
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 173,760	\$ 119,090
Due from other funds	35,471	-
Due from federal and state governments	32,627	19,126
Total Current Assets	241,858	138,216
TOTAL ASSETS	241,858	138,216
LIABILITIES:		
Current Liabilities:		
Accounts payable	286,610	88,002
Total Current Liabilities	286,610	88,002
TOTAL LIABILITIES	286,610	88,002
NET ASSETS:		
Unrestricted	(44,752)	50,214
TOTAL NET ASSETS	\$ (44,752)	\$ 50,214

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Funds	
	School Cafeteria (current year)	School Cafeteria (prior year)
OPERATING REVENUES:		
Charges for usage and service	\$ 511,512	\$ 549,721
Total Operating Revenues	<u>511,512</u>	<u>549,721</u>
OPERATING EXPENSES:		
Cafeteria management and operations	1,059,941	1,048,422
Depreciation and amortization	-	-
Total Operating Expenses	<u>1,059,941</u>	<u>1,048,422</u>
OPERATING LOSS	<u>(548,429)</u>	<u>(498,701)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	178	1,252
State and federal grants	453,285	404,275
Net Nonoperating Revenues	<u>453,463</u>	<u>405,527</u>
CHANGE IN NET ASSETS	<u>(94,966)</u>	<u>(93,174)</u>
TOTAL NET ASSETS - BEGINNING	<u>50,214</u>	<u>143,388</u>
TOTAL NET ASSETS - ENDING	<u>\$ (44,752)</u>	<u>\$ 50,214</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2008

		Enterprise Fund School Cafeteria
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$	511,512
Cash paid to suppliers for goods and services and other operating payments		(861,333)
Net cash provided (used) by operating activities		(349,821)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Increase in amounts due from other funds		(35,471)
Nonoperating grants received		439,784
Net cash provided by noncapital financing activities		404,313
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income		178
Net cash provided by investing activities		178
Net decrease in cash and cash equivalents		54,670
Cash and cash equivalents, beginning of year		119,090
Cash and cash equivalents, end of year	\$	173,760
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$	(548,429)
Increase (decrease) in:		
Accounts payable		198,608
Net cash used for operating activities	\$	(349,821)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Police Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,305,526	\$ 497,666
Investments	17,217,666	
Receivables	83,984	
TOTAL ASSETS	20,607,176	497,666
LIABILITIES		
Due to State of Rhode Island		24,019
Deposits held in custody for others		473,647
TOTAL LIABILITIES	-	497,666
NET ASSETS		
Held in trust for pension benefits	\$ 20,607,176	\$ -

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2008

	Police Pension Trust Fund
ADDITIONS:	
Contributions - employer	\$ 850,006
Contributions - plan members	310,683
Investment income (loss) - includes realized and unrealized gains and losses	<u>(1,134,742)</u>
TOTAL ADDITIONS	<u>25,947</u>
DEDUCTIONS:	
Benefits paid	1,376,407
Investment expense	190,342
TOTAL DEDUCTIONS	<u>1,566,749</u>
CHANGE IN NET ASSETS	(1,540,802)
NET ASSETS - BEGINNING OF YEAR	22,147,978
NET ASSETS - END OF YEAR	<u><u>\$ 20,607,176</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Reporting Entity

The Town of North Providence was incorporated in 1765. The Town operates under a Council/Mayor form of government, with a seven member Town Council headed by a Council President.

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

- Test 1 – The primary government appoints the voting majority of the board of the potential component unit and is able to impose its will on the potential component unit and/or is in a relationship of financial benefit or burden with the potential component unit;
- Test 2 – The potential component is fiscally dependent upon the primary government; or
- Test 3 – The financial statements would be misleading if data from the potential component unit were not included.

The following entities were considered for classification as component units for fiscal year 2008.

- North Providence School Department

Although these entities meet certain criteria of the tests listed above, neither entity is deemed to have a separate legal status apart from the Town. As a result, the financial data for the North Providence School Department has been included in the Governmental Funds within the Town's financial statements. There are no component units included in the financial statements of the Town of North Providence as of and for the year ended June 30, 2008.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type,
and
- (b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Permanent Funds

The Permanent Funds account for assets held by the Town pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Town does not currently maintain any Permanent Funds.

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Proprietary Funds include both Enterprise and Internal Service Funds. The Town currently has one Enterprise Fund and no Internal Service Funds.

Fiduciary Funds (Not included in government wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes seven agency funds at June 30, 2008. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- Unclaimed Estates
- Animal Care Donations
- Student Activities Fund (represents combination of approximately 32 funds)
- Seized Property
- Realty Tax Transfer
- Low Cost Spay/Neuter
- Food Pantry

Private-purpose Trust Funds

Private-purpose trust funds are used to account for resources legally held in trust for use by parties outside of the Town, and cannot be used at the Town's discretion or to support the Town's general operations. The reporting entity currently does not have any funds that meet the definition of a private-purpose trust fund.

Pension Trust Funds

The Town of North Providence currently maintains one Pension Trust Fund to account for the activity of the Town administered Police Pension Plan.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General Fund:	See above for description
Special Revenue Fund: School Unrestricted Fund	This fund is used to report all financial transactions of the North Providence School Department, which are not legally required to be accounted for separately.
Capital Project Fund: \$3.5M Capital Project Fund	This fund is used to account for \$3.5 million in bond proceeds received in fiscal 2007 to be used for various capital acquisitions and improvement projects. This fund met the definition of a major fund in 2007 however it does not meet the definition in 2008 but management has elected to present it as a major fund for comparative purposes.
Proprietary Funds:	
School Cafeteria	Accounts for the operations of the school breakfast and lunch program of the North Providence School Department. This fund did not meet the definition for classification as a major fund. However, management has elected to present the fund as a major fund.
Non-Major:	
Special Revenue Funds:	Bullet Proof Vests, Byrne Grant, Child Pass Safety Grant, Community Development Block Grant, Cops that Care, Dare Great Program, Dare Program, Drug Free Community, Federal Drug Forfeiture, State Drug Forfeiture, DUI Grant, EMA First Response, Fire Prevention Fund, Historical Records Trust, Homeland Security Grant Fund, Land Trust Reserve Fund, Police Professional Development Grant, Recording Fees Fund, Seat Belts Grant, Senate Legislative Grant Fund, Speeding Grant Fund, Bramley Grant Fund, Tobacco Grant Fund, Fire Haz Mat Fund, Underage Drinking Fund, Swat Fund, America the Beautiful Fund, Recycling Fund, and School Restricted Funds.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Non-Major:	
Capital Project Funds:	School Capital Reserve, and \$4.5M Capital Project Fund.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below and the accrual basis of accounting.

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

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes, State PILOT revenue, Telephone Tax revenue and other miscellaneous revenue from the State of Rhode Island as available if they are collected within 60 days after year end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting and as such is recognized when received. Except for grant funds which are recognized as revenue when earned (reimbursement grants).
- (b) The proprietary funds, governmental funds on the government-side statements, and pension trust funds utilize "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

All proprietary funds, agency funds, and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Amounts reported as program revenues include charges to customers or applicants for licenses, fees, goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Fund Equity

Cash

Cash and cash equivalents are carried at cost. Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts which hold public funds in excess of the \$100,000 which is guaranteed by FDIC.

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

Investments

The Town invests in various types of investments, which are stated at fair value in accordance with GASB Statement No. 31.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$3,733,510 at June 30, 2008. The allowance for uncollectible accounts includes \$3,100,000 for property taxes, \$236,634 for tax lien property, \$103,876 for municipal court fines, and \$293,000 for EMS rescue billings. Major receivable balances for the governmental activities include property taxes (approximately 88% of the gross receivable balance).

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, EMS billings, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Assets, Liabilities, and Fund Equity (Continued)

Property Taxes

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of August 1 (levy date). Assessed values are established by the Tax Assessor's Office and are currently calculated at 100% of the value. Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 following the levy date. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. Prepays recorded in governmental type funds do not reflect current appropriated resources and, thus, an equivalent portion of the fund balance is reserved.

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements as discussed below.

Government-Wide Statements

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

The Town does not currently have a formal Capital Asset capitalization policy. However, in fiscal 2008 the Town completed a valuation of its capital asset inventory including infrastructure assets required by GASB Statement No. 34. As part of this process the Town defined capital assets as assets with an estimated useful life in excess of one year and a cost basis of \$10,000 or more, except for land acquisitions which are recorded as capital assets regardless of the cost.

The Town was required to implement the inclusion of the infrastructure assets effective July 1, 2006. However, the Town did not complete the valuation process until fiscal 2008. Based upon completion of the capital asset valuation, the net assets of the governmental activities were restated as of June 30, 2007 to properly reflect the infrastructure assets and the capitalization policy. See Note 18 for details of the restatement.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the estimated useful life using the straight-line method of depreciation.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Assets, Liabilities, and Fund Equity (Continued)

Property, Plant and Equipment (Continued)

Government-Wide Statements (Continued)

The range of estimated useful lives by type of asset is as follows:

Land Improvements	20 years
Buildings and improvements	20 to 50 years
Equipment, Furniture, and Fixtures	5 to 20 years
Vehicles	3 to 20 years
Infrastructure	20 to 50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

Deferred Revenues

In the government-wide financial statements, deferred revenues represent funds received in advance of being earned/owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, (of the fund financial statements), deferred revenues include property tax receivables which were assessed on December 31, 2006 and prior and are not collected within 60 days of June 30, 2008. Net deferred taxes included in the fund financial statements were \$2,346,487 at June 30, 2008. In addition, net deferred revenue in the fund financial statements includes EMS billings and Municipal Court fines receivable which were not considered available at June 30, 2008 totaling \$330,517 and \$49,806, respectively.

Interfund Transactions

Interfund activity within and among the funds of the Town have been classified and reported as follows:

- Reciprocal interfund activities:
 - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
 - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions (Continued)

- Non-reciprocal interfund activities:
 - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.
 - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- (a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences. Compensated absences are accrued at varying amounts based on the collective bargaining unit contracts of the various unions.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$48,173,944 are as follows:

Bonds payable	\$32,938,950
Lease purchase obligations	453,033
Accrued IBNR claims	378,000
Net Pension Obligation	3,567,523
Compensated absences	<u>10,836,438</u>
Total	<u>\$48,173,944</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$1,572,940 difference are as follows:

Capital outlays	\$3,007,198
Depreciation expense	<u>(1,434,258)</u>
Net adjustment	<u>\$1,572,940</u>

Another element of that reconciliation states that, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this \$548,642 difference are as follows (before affect of allowance):

Deferred revenue - ending	\$6,223,687
Deferred revenue – beginning	<u>(5,675,045)</u>
Net adjustment (decrease net asset)	<u>\$ (548,642)</u>

Recently Issued Accounting Standards

The following are recently issued governmental accounting standards which will be implemented by the Town in future years.

- ✓ GASB Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions, effective for the Town’s fiscal year ending June 30, 2009.
- ✓ GASB Statement No. 49 – Accounting for Financial Reporting for Pollution Remediation Obligations, effective for the Town’s fiscal year ending June 30, 2009.
- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Town’s fiscal year ending June 30, 2010.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Standards (Continued)

- ✓ GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments, effective for the Town's fiscal year ending June 30, 2009.
- ✓ GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the Town's fiscal year ending June 30, 2010.

The impact of the above noted pronouncements on the Town's financial statements has not been determined.

During the fiscal year ended June 30, 2008 the Town implemented the following standards. Implementation of these standards did not have a material effect on the Town's financial statements.

- ✓ GASB Statement No. 48 – Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.
- ✓ GASB Statement No. 50 – Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.

2. **BUDGETARY PROCESS**

(a) Adoption

In accordance with the North Providence Legislative Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund. The annual operating budget for the General Fund is subject to adoption by the Town Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted by the Town Council. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. Appropriations, which are not expended lapse at year end. The Town's General Fund and School Unrestricted Fund operating budgets are in conformance with generally accepted accounting principals and the budget to actual presentations reflect the same basis of accounting.

Amendments to the operating budget that do not result in additional appropriations may be made within departments by means of a transfer. The Mayor has authority to make such transfers within departments. Any other transfers made outside the department level during the fiscal year require Town Council approval. The level on which all budgeted funds may not legally exceed appropriations is at the departmental level.

(b) General Fund

The following General Fund departmental expenditures exceeded appropriations: Legislative, judicial, and general government - \$474,492; Public Safety - \$1,026,482; Other Expenditures - \$128,439; and Debt Service - \$13,751. These over expenditures were offset by a positive variance of \$783,493 in the Deficit Reduction Elimination Program – to School Department. Overall total expenditures of the General Fund (excluding transfers to School Unrestricted Fund) exceeded the amount budgeted by \$1,340,948 while actual revenue received was under the amount budgeted by \$2,374,725.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

2. BUDGETARY PROCESS (Continued)

(b) General Fund (Continued)

For the fiscal year ended June 30, 2008 there were no differences between the revenue and expenditures and other financing uses recorded on a GAAP basis (Exhibit B-2) to those recorded on a budgetary basis (RSI-1). According the deficiency of revenues and other financing sources under expenditures and other financing uses of (\$2,932,180) is the same for GAAP and Budgetary purposes.

(c) Special Revenue Funds

As stated above the School Unrestricted Fund is the only other major governmental fund that has a formally adopted budget. The actual revenues and expenditures of Special Revenue Funds included in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – School Unrestricted Fund – (RSI - 2) are presented on the budgetary basis of accounting which differs from actual revenues and expenditures recognized for the School Unrestricted Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit B-2). GAAP purposes require the on behalf pension contributions by the State of Rhode Island to be reported as both revenue and expenditures in the funds statements.

A reconciliation of the School Unrestricted Fund revenues and expenditures and other financing sources (uses), as reported on Exhibits B-2 and RSI - 2, is presented below:

REVENUES AND OTHER FINANCING SOURCES

**Total School Unrestricted revenues and other financing sources
from Exhibit B-2.....** \$46,154,989

Adjustments:

State on behalf pension contribution not budgeted..... (1,964,838)

**Total budgetary basis revenues and other financing sources
from RSI -2.....** \$44,190,151

EXPENDITURES AND OTHER FINANCING USES

**Total School Unrestricted expenditures and other financing sources
from Exhibit B-2.....** \$45,716,260

Adjustments:

State on behalf pension contribution not budgeted..... (1,964,838)

**Total budgetary basis expenditures and other financing uses
from RSI - 2.....** \$43,751,422

Exhibit B-2 includes the \$3.5M Capital Project Fund as a major governmental fund of the Town of North Providence, Rhode Island for the fiscal year ended June 30, 2008. The Town does not legally adopt a budget for this fund. Accordingly, at June 30, 2008, there are no differences between GAAP and budgetary reporting of this fund.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

3. CASH AND INVESTMENTS

The State of Rhode Island requires, that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

Deposits

The carrying amount of the Town's cash and cash equivalents at June 30, 2008 was \$9,245,927 (including Fiduciary Funds) while the bank balance was \$14,151,550. Of the bank balance, \$396,258 was covered by federal depository insurance and \$13,755,292 was uninsured. Approximately \$332,000 and \$256,000 of the uninsured balance was held in money market accounts and accounts backed by federal securities, respectively. The Town has entered into certain collateralization agreements however, the amount of the uninsured balance, which was covered under collateralization agreements, was not available at June 30, 2008.

Investments

Investments of all idle funds shall be made through national banks or trust companies, providing that the financial conditions and integrity of said institution or institutions are verifiable and can be monitored. The investment of funds shall be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution shall not exceed 5% of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments will be made as would be done by prudent persons of discretion and intelligence in such matters who are seeking a reasonable rate of return and preservation of capital.

At June 30, 2008 the Town's investments were maintained solely in the Police Pension Trust Fund and totaled \$17,217,666 consisting of the following:

	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Common Stock	\$ 9,655,390	n/a	n/a	not rated
Insurance contracts – John Hancock	<u>7,562,276</u>	n/a	n/a	not rated
Total	<u>\$17,217,666</u>			

Interest Rate Risk

The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools. The investments noted above do not specify a rate of return rather the rate of return is dependent on operating results and economic conditions.

Concentration of Credit Risk

At June 30, 2008 the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although virtually all of the investments are held in common stock and mutual funds, these investments were in a wide range of companies and various industries enabling the Town to minimize its risk.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

3. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of financial institution failure, the Town's deposits and/or investments may not be returned. The Town does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the Town.

4. PROPERTY TAXES

During the year ended June 30, 2008, the Town received \$4,979,358 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last few years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$41.95 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years.

The State of Rhode Island has also passed legislation to phase-out wholesale and retail inventory tax over a ten-year period effective July 1, 1999. The phase-out of this tax was supposed to be supplemented through an increase in General Revenue Sharing. The General Revenue Sharing was supposed to be increased from the effective rate of 1% on June 30, 1998 to 4.7% on June 30, 2009. Based on fiscal problems with the State budget over the last few years the program did not increase as scheduled in the 2006, 2007 or 2008 fiscal years. In fiscal 2004, 2.7% of total State tax revenues were earmarked for General Revenue Sharing to cities and towns. In fiscal 2005 an additional \$1 million was added to the total General Revenue Sharing to cities and towns rather than the planned increase to 3% of the State tax revenues. In fiscal 2006 General Revenue Sharing was increased to 3% of the State tax revenues. Revenue sharing was frozen at the same dollar amount for the 2006-2007 and 2007-2008 fiscal years.

An automatic lien is placed on the taxpayer's property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 12% per annum calculated on the unpaid portion of the total tax. The Town does not record interest on delinquent taxes until payment is received.

Net property taxes levied for the fiscal year 2008 were based on a net assessed value of approximately \$2,602,700,000 at December 31, 2006 and amounted to approximately \$51,582,000. Collections on this assessment recognized as revenue for the year ended June 30, 2008 amounted to approximately \$49,379,000, which represents approximately 95% of the total tax levy.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes as of June 30, 2008 (\$3,054,877) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$3,100,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2008 are recorded as deferred revenue and amounted to \$2,346,487 at June 30, 2008. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2008 (due to their collection within the 60 days immediately following June 30, 2008) amounted to \$708,390

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

5. ACCOUNTS RECEIVABLE

At June 30, 2008 General Fund accounts receivable on the fund statements consisted of the following:

	<u>Receivable Balance</u>	<u>Allowance</u>	<u>Net Receivable</u>	<u>Recognized 60 Day Rule Collections</u>	<u>Fund Statement Deferred Revenue</u>
Property taxes	\$6,154,877	(\$3,100,000)	\$3,054,877	\$708,390	\$2,346,487
Tax lien property	236,634	(236,634)	0	0	0
Municipal Court fees	153,682	(103,876)	49,806	0	49,806
EMS Rescue billings	623,517	(293,000)	330,517	0	330,517
Other receivables	154,757	0	154,757	154,757	0
Total	\$7,323,467	(\$3,733,510)	\$3,589,957	\$863,147	\$2,726,810

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	(As Restated)			
	<u>Balances 7/1/07</u>	<u>Additions</u>	<u>Retirements & Disposals</u>	<u>Balances 6/30/08</u>
Governmental Activity:				
Nondepreciable Assets:				
Land	\$15,297,250	\$ 201,000		\$15,498,250
Total nondepreciable assets	15,297,250	201,000		15,498,250
Depreciable Assets:				
Buildings and improvements	40,740,505	1,963,033		42,703,538
Land improvements	4,508,554	177,554		4,686,108
Vehicles	4,540,951	377,075	\$ 230,923	4,687,103
Equipment, furniture and fixtures	1,264,938	288,536		1,553,474
Infrastructure	2,039,921			2,039,921
Total depreciable assets	53,094,869	2,806,198	230,923	55,670,144
Total cost	68,392,119	3,007,198	230,923	71,168,394
Accumulated Depreciation:				
Buildings and improvements	(16,281,877)	(736,004)		(17,017,881)
Land improvements	(2,435,947)	(164,919)		(2,600,866)
Vehicles	(3,471,194)	(318,846)	(230,923)	(3,559,117)
Equipment, furniture and fixtures	(667,623)	(115,781)		(783,404)
Infrastructure	(606,535)	(98,708)		(705,243)
Total accumulated depreciation	(23,463,176)	(1,434,258)	(230,923)	(24,666,511)
Net capital assets	\$44,928,943	\$1,572,940	\$ 0	\$46,501,883

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

6. CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>7/1/07</u>	<u>Additions</u>	<u>Retirements &</u> <u>Disposals</u>	<u>Balances</u> <u>6/30/08</u>
Business- type Activities:				
Machinery, equipment and furniture	\$ 93,795			\$93,795
Accumulated Depreciation:				
Machinery, equipment and furniture	<u>(93,795)</u>			<u>(93,795)</u>
Net capital assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense for the year ended June 30, 2008 was charged to the following functions/programs of the Town:

Governmental Activities:	
Legislative, judicial, and administrative.....	\$ 14,261
Public safety.....	400,769
Public services/works.....	471,702
Education	<u>547,526</u>
Total	<u>\$1,434,258</u>

7. TAX ANTICIPATION NOTE PAYABLE

At June 30, 2008 the Town had a tax anticipation note payable dated September 21, 2007 in the amount of \$2,500,000. The note is due in August 2008 with interest at an annual rate of 4.36%. The accrued interest on this obligation is included in accrued liabilities in the government-wide Statements of Net Assets and Activities. Interest is not accrued or expensed in the governmental funds until it is paid with current measurable and available resources.

<u>Balance</u> <u>7/1/2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2008</u>
<u>\$2,800,000</u>	<u>\$2,500,000</u>	<u>\$2,800,000</u>	<u>\$2,500,000</u>

Subsequent to June 30, 2008 the \$2,500,000 tax anticipation note matured and a new obligation was executed in the amount of \$2,300,000 which is scheduled to mature in August 2009..

8. DUE FROM FEDERAL AND STATE GOVERNMENTS

Due from federal and state governments represent balances on contracts, awards, and grants as well as for services provided and consisted of the following at June 30, 2008:

	<u>Due From</u>
General Fund:	
State of Rhode Island	\$ 981,213
Other Governmental Funds:	
State of Rhode Island	493,687
School Cafeteria Fund:	
State of Rhode Island	<u>32,627</u>
Total all fund types	<u>\$1,507,527</u>

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

9. INTERFUND BALANCES

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund. The composition of interfund balances at June 30, 2008 is as follows:

<u>Governmental Funds:</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund	\$ 511,329	\$6,491,816
School Unrestricted Fund	5,698,548	176,984
\$3.5M Capital Project Fund	3,950	0
Non-major Governmental Funds:		
Bullet Proof Vests	0	550
Byrne Grant.....	0	2,985
Community Development Block Grants.....	0	58,223
Dare Program	108	0
Drug Free Community Grant	0	6,154
Federal Drug Forfeiture Fund	219,088	3,950
DUI Grant.....	0	865
EMA First Response	36,703	0
Fire Prevention Fund	4,107	0
Historical Records Trust.....	22,936	0
Homeland Security Grant.....	0	90,000
Land Trust Reserve Fund	198,839	0
Police Professional Development	0	301
Recording Fees Fund	202,758	0
Bramley Grant Fund.....	24,129	0
Underage Drinking Fund.....	0	1,547
Swat Fund	365	0
Recycling Fund	6,897	0
School Restricted Fund.....	200,756	354,347
School Capital Reserve Fund	21,738	0
Total governmental funds	7,152,251	7,187,722
Proprietary Funds:		
Major Proprietary Funds:		
School Cafeteria Fund	35,471	0
Total Interfund Balances	<u>\$7,187,722</u>	<u>\$7,187,722</u>

Generally Accepted Accounting Principles (GAAP) requires that fund balance be reserved for the amount due from other funds which is not expected to be collected within one year. As of June 30, 2008 management has not reported a reservation of fund balance due to the belief that all interfund receivable balances will be collected during the fiscal year ended June 30, 2009.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

10. LONG-TERM DEBT

(a) At June 30, 2008, the Town's long-term debt outstanding and activity consisted of the following:

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	Outstanding June 30, 2007	Additions	Retirements	Outstanding June 30, 2008	Due Within One Year
Governmental Activities:									
General obligation bonds:									
General Obligation Bonds	10/15/03	\$16,500,000	10/15/23	2.0% - 4.55%	\$14,925,000		\$ 580,000	\$14,345,000	\$ 605,000
Capital Project Bonds	10/01/94	1,800,000	10/01/09	5.75% - 6.0%	360,000		120,000	240,000	120,000
Rhode Island Clean Water	06/01/94	1,597,000	09/01/14	4.03%	638,800		79,850	558,950	79,850
General Obligation Refunding	06/29/01	17,165,000	09/15/14	2.7-4.7%	11,490,000		1,235,000	10,255,000	1,280,000
Various Purpose Bond	07/15/99	1,500,000	07/15/11	5.75%	750,000		150,000	600,000	150,000
Public Improvement Bond	06/29/01	1,300,000	03/15/11	3.34-6.54%	600,000		135,000	465,000	145,000
General Obligation Bonds	10/01/01	4,500,000	09/15/21	4.52-4.56%	3,375,000		225,000	3,150,000	225,000
General Obligation Bond	02/15/07	3,500,000	6/12 & 6/27	4.0-5.375%	3,500,000		175,000	3,325,000	175,000
Total general obligation bonds		\$47,862,000			35,638,800	\$ 0	2,699,850	32,938,950	2,779,850
Lease purchase obligations:									
EMS Vehicle	03/07/05	\$ 133,100	12/01/08	4.45%	69,446		33,967	35,479	35,479
Three Police Vehicles	05/31/05	81,000	07/31/07	1.88%	27,505		27,505	0	0
Police Vehicle	07/15/05	27,458	07/15/07	5.60%	9,258		9,258	0	0
DPW Vehicle	04/28/05	335,000	03/31/10	4.5%	209,877		66,876	143,001	69,913
Fire Department - turn out gear equip	03/22/06	186,345	07/15/10	5.17%	149,234		34,707	114,527	36,386
Chevrolet trail blazer	03/10/06	23,913	03/15/08	6.8%	7,959		7,959	0	0
3 Dodge Charges - Popular Leasing	12/01/06	82,872	07/30/09	6.57%	82,872		27,047	55,825	27,024
Police Cruisers (4)	01/14/08	90,068	01/14/10	5.68%	0	90,068	31,696	58,372	28,380
Police - 2008 Tahoe	02/28/08	25,200	02/28/11	5.28%	0	25,200	2,607	22,593	8,103
Fire - 2008 Tahoe	04/16/08	24,500	04/16/11	5.28%	0	24,500	1,264	23,236	7,819
Total lease purchase obligations		\$1,009,456			556,151	139,768	242,886	453,033	213,104
Compensated absences					10,019,519	816,919	0	10,836,438	1,500,000
Net pension obligation					2,953,490	614,033	0	3,567,523	0
IBNR claims					625,000	378,000	625,000	378,000	378,000
Governmental activities long-term liabilities					\$49,792,960	\$1,948,720	\$3,567,736	\$48,173,944	\$4,879,954

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

10. LONG-TERM DEBT (Continued)

(b) Additional Debt Information

State law limits the amount of bonded debt that a municipality can enter into without legislation. The debt cap can not exceed 3% of the assessed value of taxable property of the Town. Accordingly, the maximum bonded debt obligations that the Town of North Providence could enter into is approximately \$78,081,000 which is 3% of the assessed value of property at December 31, 2006 (\$2,602,700,000). The Town's total bonded debt at June 30, 2008 was \$32,938,950 which is less than the maximum amount allowed. Also some of the Town's bonded debt may be exempt from the 3% calculation resulting in additional amounts available within the cap. The total long-term debt of the Town (\$48,173,944) represents approximately 1.9% of the assessed value of the taxable property of the Town at June 30, 2008.

Interest accrued on debt obligations is reported as a liability and expense in the government-wide financial statements. However, it is not reported in the Fund Statements until it is paid with measurable and available resources. Accrued interest expense recorded for the tax anticipation note obligation and long-term debt obligations of the Governmental Activities was approximately \$488,100 at June 30, 2008.

Compensated absences of \$10,836,438 at June 30, 2008 represent vested sick, personal, and vacation time earned by employees as of June 30, 2008 in accordance with their applicable employment contracts. This balance is comprised of \$8,101,876 for Town personnel and \$2,734,562 for School Department personnel.

(c) Debt Service Requirements

The Town's future debt service requirements relating to outstanding bond and lease purchase obligations consist of the following and are planned to be raised through future property tax levies, fee assessments, and state aid for school housing and library improvements:

Governmental Activities

Year(s) ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,992,954	\$ 1,395,983	\$ 4,388,937
2010	3,061,661	1,261,741	4,323,402
2011	2,912,968	1,126,691	4,039,659
2012	2,784,850	998,411	3,783,261
2013	2,739,850	883,416	3,623,266
2014 – 2018	9,704,700	2,728,064	12,432,764
2019 – 2023	7,235,000	1,423,628	8,658,628
2024 – 2028	1,960,000	149,839	2,109,839
Total	<u>\$33,391,983</u>	<u>\$9,967,773</u>	<u>\$43,359,756</u>

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

10. **LONG-TERM DEBT (Continued)**

(d) **Advanced and Current Refundings and Defeased Debt**

Proceeds of refunding bonds are deposited into an irrevocable escrow trust. The trust is held by an independent trustee and is invested in obligations of the United States Government which mature and bear interest in such amounts and at such times as will be sufficient to pay the principal and interest of the defeased bonds upon maturity. Accordingly, the escrow trust fund, as well as the defeased bonds, are not reflected in the financial statements of the Town of North Providence, Rhode Island.

As of June 30, 2007, the in-substance defeased bonds outstanding included School Improvement Bonds – 1996 Series A with a balance due of \$11,065,000. These bonds were called in July 2007 and accordingly, the Town no longer has any defeased bonds outstanding at June 30, 2008.

(e) Schedule of long-term debt by purpose at June 30, 2008 is as follows:

	<u>Amount</u>	<u>Percent</u>
School and public improvement bonds.....	\$32,938,950	68%
Lease purchase obligations – Public Safety.....	453,033	1%
Net pension obligation – Public Safety – Police Plan.....	3,567,523	7%
IBNR claims.....	378,000	1%
Compensated absences.....	10,836,438	23%
Total	<u>\$48,173,944</u>	<u>100%</u>

11. **FUND EQUITY BALANCES (DEFICITS)**

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

(a) **Fund Balances**

Reservations of fund balances at June 30, 2008 were as follows:

MAJOR GOVERNMENTAL FUNDS:

General fund:

Reserved for prepaids..... \$468,200

School Unrestricted Fund:

Reserved for professional development..... 57,843

Total reservations of fund balances..... \$526,043

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

11. **FUND EQUITY BALANCES (DEFICITS) (Continued)**

(b) **Fund Deficits**

The following individual funds had unreserved fund equity deficit balances at June 30, 2008:

Major Governmental Activities:

General Fund..... \$6,102,927

Management is in the process of developing a deficit reduction plan to eliminate the deficit in the General Fund through future tax increases and various cost saving strategies.

The following individual funds had deficit net assets at June 30, 2008:

Business-Type Activities:

School Cafeteria \$44,752

Management will be conducting a review of the School Cafeteria Fund to determine ways to increase profitability through an increase in user fees and/or cost saving strategies.

The following individual funds had operating deficits for the fiscal year ending June 30, 2008:

Major Governmental Activities:

General Fund..... \$2,932,180

\$3.5M Capital Project Fund..... \$1,808,141

Business-Type Activities:

School Cafeteria \$94,966

Non-major Governmental Activities:

Special Revenue Funds

Cops That Care	\$ 426
Dare Great Grant.....	3,396
State Drug Forfeiture	435
Fire Prevention Fund	7,644
Historical Records Trust	10,113
Homeland Security Grant	3,485
Police Professional Development Grant.....	7,149
Senate Legislative Grant	61
Speeding Grant Fund	1

Capital Project Funds:

\$4.5M Capital Project Fund..... 3,970

Total deficits non-major governmental activities.. **\$36,680**

The deficits incurred in the Special Revenue and Capital Project Funds were all covered by available fund balances. The revenue for these funds was realized in prior years while the expenditures were incurred during fiscal 2008.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

12. INTERFUND TRANSFERS

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer Out</u>	<u>School Unrestricted Fund</u>	<u>Non-major Governmental Funds</u>	<u>\$3.5M Capital Project Fund</u>	<u>Total Transfer Out</u>
General Fund	\$43,739,660	\$ 19,316		\$43,758,976
Non-major Governmental Funds.			\$12,601	12,601
Total transfer in	<u>\$43,739,660</u>	<u>\$ 19,316</u>	<u>\$12,601</u>	<u>\$43,771,577</u>

13. DEFINED BENEFIT PENSION PLANS

(a) General Municipal Employees' Pension Plan

The Town of North Providence participates in the Municipal Employees' Retirement System (MERS) of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for fire personnel. All full-time Town and non-certified School Department general employees participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2008 was approximately \$7,054,800 and the Town wide payroll was approximately \$45,600,000.

Plan Description

The MERS was established under section one of chapter 2784 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate.

The plan generally provides retirement benefits equal to 2 percent of a member's final average salary multiplied by the number of years of total service up to a maximum benefit of 75 percent of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two, including cost of living increases, minus the member's estimated social security benefit payable at age sixty-two. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. An optional cost of living provision may be elected. The general employees of the Town of North Providence have not elected the cost of living provision. The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement, vested benefits after 10 years of service; survivor's benefits, and certain lump sum death benefits.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

13. **DEFINED BENEFIT PENSION PLANS (Continued)**

(a) **General Municipal Employees' Pension Plan (Continued)**

Contributions Required and Contributions Made

Town of North Providence general employees are required by State Statute to contribute 6 percent of their annual earnings until the maximum benefit (75 percent of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2005.

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2008 was \$-0- for general employees. This contribution represents 0% of covered payroll. General municipal employees were required to contribute approximately \$424,000. This contribution represents 6% of covered payroll for the period July 1, 2007 to June 30, 2008.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirement. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$0	100%	\$0
2007	\$0	100%	\$0
2008	\$0	100%	\$0

Trend information showing the System's progress (See RSI - 3) in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2006 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan.

Funded Status of Plan

The required supplementary information which follows 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. Listed below are the details of the funding progress of the General Municipal Employees' Pension Plan with a valuation date of June 30, 2006 which is the most recent report available from the State who administers this plan.

- Actuarial value of assets - \$23,388,174
- Actuarial accrued liability - \$20,839,143
- Funding Excess - \$2,549,031
- Funded Ratio - 112.2%
- Annual covered payroll - \$6,826,293
- Funding Excess as percentage of covered payroll - 37.3%

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

13. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Municipal Fire Pension Plan

The Town of North Providence participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police and firemen. All full-time fire employees participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2008 was approximately \$5,500,000 and the Town wide payroll was approximately \$45,600,000.

Plan Description

The following eligibility and benefit provisions are established by State Statute. The System provides the following retirement benefits to employees at or after age 55 with 10 years of service or after 25 years of service with no restriction on age. Members may retire receive reduced benefit if they are at least age 50 and have at least 20 years of service. Fire personnel may elect for an optional cost-of-living provision. However, the Town of North Providence has not opted for the optional cost-of-living provision under MERS. The Town of North Providence has elected the optional 20-year retirement provision for its firefighters and accordingly an additional 1% contribution is required by all participating employees (normal employee contribution rate 7% plus option provision 1% - total employee contribution 8%).

Monthly retirement benefits are equal to 2.5% of the member's monthly final average compensation for each year of service, up to 30 years (75% of final average compensation maximum). Final average compensation is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3 percent, not compounded, to allow for increases in the cost of living.

Contributions Required and Contributions Made

Fire personnel are required by State Statute to contribute 8 percent until the maximum benefit (75 percent of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2005.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

13. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Municipal Fire Pension Plan (Continued)

Contributions Required and Contributions Made (Continued)

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2008 was approximately \$630,000. This contribution represents 11.51% of covered payroll for the fiscal year ended June 30, 2008. Employees were required to contribute approximately \$436,800 or 8% of the covered payroll for the fiscal year ended June 30, 2009.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirements. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

Trend Information

Municipal Fire Pension Plan:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$601,000	100%	\$0
2007	\$523,000	100%	\$0
2008	\$630,000	100%	\$0

Trend information showing the System's progress (see RSI - 3) in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2006 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan.

Funded Status of Plan

The required supplementary information which follows 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. Listed below are the details of the funding progress of the Municipal Fire Pension Plans with a valuation date of June 30, 2006, which is the most recent report available from the State who administers this plan.

- Actuarial value of assets - \$22,133,914
- Actuarial accrued liability - \$24,207,502
- Unfunded actuarial accrued liability (UAAL) - \$2,073,588
- Funded Ratio - 91.4%
- Annual covered payroll - \$5,212,740
- UAAL as percentage of payroll - 39.8%

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

13. **DEFINED BENEFIT PENSION PLANS (Continued)**

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

	General Municipal Employees <u>Pension Plan</u>	Municipal Fire <u>Pension Plan</u>
Valuation Date	6/30/05	6/30/05
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Percent Closed – 30 year from June 30, 1999	Level Percent Closed –30 year from 6/30/99
Remaining Amortization Period	24 years	24 years
Asset Valuation Method.....	5-year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial assumptions:		
Investment rate of return.....	8.25%, compounded annually	8.25%, compounded annually
Projected Salary Increases.....	4.5% to 9%, compounded annually	5.0% to 15.5%, compounded annually
Inflation Adjustment	3%	3%
Cost-of-living Adjustments	3%, not compounded, beginning on the January 1 following participant's retirement	3%, not compounded, beginning on the January 1 following participant's retirement
Participant Information (June 30, 2006) .		
	Active Employees 249	Active Employees 100
	Retirees and beneficiaries 151	Retirees and beneficiaries 38
	<u>400</u>	<u>138</u>

Note: Town of North Providence has opted 20-year optional Fire Plan but not the COLA for either the General Municipal Employees or the Fire Plan.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

13. **DEFINED BENEFIT PENSION PLANS (Continued)**

(c) **Teacher's Pension Plan**

All North Providence School Department certified school personnel participate in the Employees' Retirement System (ERS) of the State of Rhode Island ("System"), a cost-sharing multiple-employer defined benefit plan. The payroll for employees covered by the System for the year ended June 30, 2008 was approximately \$22,490,000, which consisted of \$596,000 for employees charged to federal programs and \$21,894,000 for all other certified employees. The School Department's total payroll was approximately \$26,000,000. The Town wide payroll for the year ended June 30, 2008 was approximately \$45,600,000.

Plan Description

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, or title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws. The plan provides a two tier benefit structure referred to as schedules A and B as follows:

Schedule A Benefits: Schedule A benefits are available to members who possess 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years of service; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age 62 and a reduced amount thereafter. The reduced amount is equal to the benefit before age 62, including cost-of-living increases, minus the member's estimated social security benefit payable at age 62. The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service connected disability pensions with no minimum service requirements; vested benefits after ten years of service; survivor's benefits for service connected death; and certain lump sum death benefits.

Schedule B Benefits: Schedule B benefits are provided to members who have less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.5% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five years. On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost of living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

The ERS plan also provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. The details of the survivor death benefits and other death benefits are provided in the financial section of the Annual Financial Report of the Employees' Retirement System of Rhode Island for the fiscal year ending June 30, 2006 which can be found at www.ersri.org.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

13. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teacher's Pension Plan (Continued)

Funding Policy

Rhode Island general laws set the contribution rates for participating plan employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The School Department was required to contribute 13.04%, 11.62%, and 9.72% for all full-time employees for fiscal years 2008, 2007, and 2006, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

- (a) **Mortality** – 1994 Group Annuity Mortality Tables
- (b) **Investment return** – 8.25 percent, compounded annually.
- (c) **Salary increase** - Salaries will increase at a rate of 4.5 – 17.0 percent, compounded annually.
- (d) **Retirement age** - Teachers are assumed to retire at the later of age 61 or completion of the service requirements.
- (e) **Cost of living adjustments** – Schedule A Members - 3.0 percent compounded annually. Schedule B Members – 2.5%.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. For fiscal year 2008, actuarial required contributions were 22.01% of the participant's salary. This resulted in contribution rates paid by the State on behalf of the School Department of 8.97% of non-federally reimbursable payrolls totaling \$1,964,838 for the fiscal year ended June 30, 2008. The School Department contributed the remaining 13.04% of the required 22.01%. The Town's contribution for certified employees paid under federal grants was 22.01%.

The School Department does not have any investments or related party investments with the State Plan. The School Department's contributions for the year ended June 30, 2006 represented approximately 3.9% percent of total contributions required of all participating entities for the fiscal year ended June 30, 2006 (latest available information).

The amounts contributed to the plan were as follows:

<u>Years Ending June 30,</u>	<u>Employee (approximate)</u>	<u>Town's Portion of Annual Required Contributions</u>	<u>Percentage Contributed</u>
2008	\$2,136,500	\$2,854,900	100%
2007	\$2,047,245	\$2,555,654	100%
2006	\$2,041,000	\$2,088,318	100%

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

13. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teacher's Pension Plan (Continued)

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the School Department has determined that there are no assets or liabilities relating to the funding requirements of the plan.

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2006 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan. The report can also be found at www.ersri.org.

(d) Police Pension Plan

All North Providence Police Officers participate in a single-employer retirement plan which was established in accordance with the North Providence Town Charter. The plan is considered part of the Town's financial reporting entity and is included as a pension trust fund (Fiduciary Fund) in the annual financial report for the fiscal year ended June 30, 2008. The payroll for employees covered by the plan for the year ended June 30, 2008 was approximately \$3,940,000 while the Town wide payroll for the year ended June 30, 2008 was approximately \$45,600,000.

Plan Description

The plan became effective July 1, 1978. All police officers working 1000 hours or more in a plan year and contributing to the plan are eligible for retirement benefits. Participants are eligible for vested benefits after 10 years of service. The plan provides retirement benefits as well as death and disability benefits. Participants in the plan are eligible to retire at the completion of 20 years of service. Normal retirement benefit is 2.5% of average compensation for each year of credited service, up to 20 years, plus 2% of average compensation for each year of credited service in excess of 20 years with a maximum of 75% of average compensation. Benefit is payable as an unreduced 67.5% Joint and Survivor Annuity. Average compensation is defined as the average of the 3 highest non-consecutive years during the last 10 years of base annual pay including longevity pay and excluding overtime.

Participants are eligible for non-occupational disability benefits after 7 years of service. Occupational disability benefits are provided to all employees immediately. Non-occupational disability benefits are 50% of average compensation as of the disability date while occupational disability benefits are equal to 66.67% of average compensation as of the date of disability.

Pre-Retirement Spouse's Death Benefit is immediate. The spouse is entitled to 40% of final average salary plus 10% for dependent children, subject to a maximum of 50%. If no surviving spouse, 15% of final average salary for each dependent subject to maximum of 45% and ceasing when the last child has attained his/her 18th birthday. The benefit is payable immediately following the death of the participant.

The plan provides benefits prior and subsequent to retirement. The death benefit prior to retirement is \$400 times the number of years of service, subject to a minimum of \$2,000 and a maximum of \$8,000, but no less than the employee accumulation. If death occurs after termination of employment, only the employee accumulation is payable. The death benefit subsequent to retirement is determined as above reduced by ¼ for each year subsequent to retirement, subject to a minimum of \$2,000 or the employee accumulation less annuity payments received. If employment is terminated prior to his/her retirement date, only the employee accumulation less payments received is payable.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

13. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police Pension Plan (Continued)

Plan Description (Continued)

Cost of living increases – Participants retiring between July 1, 1986 and prior to July 1, 2004, with 20 years of service, a lump sum payment will be made on each January 1st. The payment is initially 3% of the annual retirement allowance, increasing each year by 1% to a maximum of 12%. For participants retiring after July 1, 2004 and prior to July 1, 2006, with 20 years of service, a lump sum payment will be made on each January 1st beginning January 1, 2007. The payment is 3% of the initial annual retirement allowance, not compounded, for a period of 15 years. Those retiring after July 1, 2004 but prior to January 1, 2006 shall receive the COLA set forth above until January 1, 2007 at which time the 3% COLA will commence. Those participants retiring after July 1, 2006, with 20 years of service will receive a lump sum payment on each January 1st following the date of retirement and each January thereafter for 25 years. The payment is 3% per year of the original benefit, not compounded. At the end of 25 years, the COLA will not increase, but the final benefit will continue to be paid thereafter.

Contributions Required and Contributions Made

Under the provisions of the plan, employees are required to contribute 8% of their compensation effective January 1, 2007. Prior to January 1, 2007 the employee's contributions were 7% of their compensation. The plan actuarial valuation dated July 1, 2006 was used to determine the Town's annual required contribution for the fiscal year ended June 30, 2008 and June 30, 2009. The Town's annual required contribution for the fiscal year ended June 30, 2008 was \$1,525,120 while actual contributions made were \$840,985.

The July 1, 2006 plan actuarial valuation has determined the annual required contribution for the fiscal year ending June 30, 2008 to be \$1,525,120 or 39.3% of covered payroll.

The Town's annual pension cost (APC) and net pension benefit obligation (NPO) for the Police Pension Fund for the year ended June 30, 2008 was as follows:

Annual required contribution (ARC).....	\$ 1,525,120
Interest on net pension obligation.....	214,128
Adjustment to ARC	<u>(284,230)</u>
Annual pension cost (APC).....	1,455,018
Town contributions made.....	<u>840,985</u>
Increase in net pension obligation	614,033
Net pension benefit obligation, June 30, 2007	<u>2,953,490</u>
Net pension benefit obligation, June 30, 2007.....	<u>\$ 3,567,523</u>

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Town Contribution</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 840,985	\$1,455,018	57.8%	\$3,567,523
6/30/2007	\$ 967,426	\$1,153,098	83.9%	\$2,953,490
6/30/2006	\$1,150,123	\$1,153,212	99.7%	\$2,767,818

The net pension obligation of \$3,567,523 at June 30, 2008 is included as a long-term obligation in the government-wide statement of net assets.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

13. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police Pension Plan (Continued)

Actuarial Methods and Assumptions:

The following are the actuarial methods and assumptions used in the Police Pension Plan Annual Actuarial Valuation as of July 1, 2006 dated May 8, 2007 (latest available). The amounts noted in parenthesis represent the assumptions used in the July 1, 2005 valuation. The schedule of funding progress is presented in the Required Supplementary Information Section of these financial statements as RSI-3. The unfunded actuarial accrued liability at July 1, 2006 has been calculated at approximately \$9,031,000.

Investment Return – 7.25% (prior year 8.0%)

Salary Increases – 4.0% annually (prior year 5.5%)

Healthy Mortality – RP-2000 Combined Healthy Table (1994 Group Annuity Table)

Disabled Mortality – RP – 2000 Disabled Table (1994 Group Annuity Table)

Retirements – 25% of active members are assumed to retire on completion of 20 years of service; 5% retire at each age thereafter; 100% are assumed to have retired by age 55. (Prior year 100% were assumed to retire at the later of age 50 and the completion of 25 years of service, but no later than age 65).

Turnover – 25% of the Sarason T-1 Table

Disability – The United Auto Workers Table. 50% of disabilities are assumed to be duty related. (Prior year – four times the disability rates given in United Auto Workers 1955 Table. All disabilities are assumed to be duty related.)

Survivors – 90% of men and 75% of women are assumed to be married, with wives four years younger than husbands. 100% of active members are assumed to have one dependent child.

Plan Expenses - Administrative expenses are estimated using prior year's actual expenses increased by 3%, rounded to the nearest \$1,000. (Prior year – administrative expenses were estimated using the average of the prior three years adjusted using the salary increase assumption less 1%, rounded to the nearest \$1,000).

A complete copy of the Town of North Providence, Rhode Island Police Pension Plan Annual Actuarial Valuation as of July 1, 2006 for Fiscal Year 2007-2008 (latest available) can be obtained by contacting Maria G. Vallee, Acting Finance Director, Town of North Providence, 2000 Smith Street, North Providence, RI 02911.

Funded Status of Plan

The required supplementary information which follows 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. Listed below are the details of the funding progress of the Police Pension Plans with a valuation date of July 1, 2006, which is the most recent report available from the Actuary hired by the Town to conduct a valuation.

Police Pension Plan:

- Actuarial value of assets - \$18,763,757	- Actuarial accrued liability - \$27,794,462
- Unfunded actuarial accrued liability (UAAL) - \$9,030,705	
- Funded Ratio – 67.5%	- Annual covered payroll - \$3,881,749
- UAAL as percentage of payroll – 232.6%	

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

14. DEFERRED COMPENSATION PLAN

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457 (g). The Town has not reported these plans on its financial statements in accordance with GASB No. 32, "Accounting for Internal Revenue Code Section 457 Deferred Compensation Plans", since the Town does not have fiduciary responsibility for these plans. The Plans, available to all municipal employees, permit the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by an outside agency and the Town is only liable for remitting employee withholdings.

15. RISK MANAGEMENT AND HEALTH CARE MANAGEMENT PLAN

The Town of North Providence is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters for which the Town carries commercial insurance. Premiums are charged as expenditures as incurred. Settled claims resulting from these risks have not created additional premiums to the Town in any of the past four fiscal years and it is not anticipated that additional premiums will result from current year activity. There have been no significant reductions in insurance coverage from prior years.

The Town has a cost-plus financing plan in order to finance the costs of its health insurance benefits. Under this cost-plus plan the Town pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program. The Town remains liable under the plan for individual claims up to \$150,000 per claim. In order to avoid catastrophic losses, the Town "reinsures" the program by purchasing insurance known as "stop-loss insurance." Two types of "stop-loss insurance" are purchased; 1) individual stop-loss and, 2) aggregate stop-loss, with both provided through the Plan Administrator. These policies are retrospectively rated and premiums are accrued based on the ultimate cost experience of the Plan Administrator.

Approximate changes in the balances of claims liabilities (health, dental, and workers compensation) as of and during the year ended June 30, 2008 were as follows:

Incurred but not reported claims (IBNR), June 30, 2007	\$ 625,000
Approximate amount of incurred claims	8,993,273
Paid claims including amount in accounts payable at June 30, 2008	<u>(9,240,273)</u>
Estimated IBNR Claims outstanding at June 30, 2008	<u>\$ 378,000</u>

The estimated IBNR claims liability represents claims which occurred prior to June 30, 2008 but which were not reported until July and August 2008. These claims are recorded as a long-term obligation in the Governmental Activities in the government-wide Statement of Net Assets as they are not expected to be paid with current measurable and available resources at June 30, 2008. The IBNR claims outstanding at June 30, 2008 are comprised of approximately \$187,000 and \$191,000 related to Town and School employees, respectively.

At June 30, 2008 the Town of North Providence has a deposit with the Plan Administrator totaling approximately \$468,000. This deposit was required as part of the contract with the Plan Administrator to ensure reimbursement of claims is made in a timely manner. This deposit has been classified as a prepaid expense and as such has been included in reservation of fund balance in the governmental activities of the Fund Statements.

Subsequent to June 30, 2008 the Town and School Department became members in a collaborative with other local municipalities in an effort to reduce costs of health, dental and workers compensation costs.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

16. COMMITMENTS AND CONTINGENCIES

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources.

The Town, including the School Department has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. Town officials are of the opinion that such disallowances, if any, would be immaterial.

During the ordinary course of its operations, the Town is a party to various claims, other legal actions and complaints. These various legal actions include disputes in property valuations and torts for which the Town has been named as a defendant. In the opinion of the Town's management and legal counsel they do not anticipate any of the claims to have a material financial impact, or at this time legal counsel has been unable to assess the liability, if any, on the part of the Town. Accordingly, no liability has been reported in the government-wide Statement of Net Assets at June 30, 2008.

17. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 13, the Town provides post employment benefits (health insurance) in accordance with union contracts. These benefits, by employee group, are described below.

Town Hall Employees, Police Civilians and Public Service Employees

Members of this group are eligible for post employment benefits if they retire on or after they have attained the age of fifty-eight and have served at least twenty years in the Town at the time of retirement.

Eligibility for members of the group stems from taking normal retirement on or after July 1, 1988. A normal retirement shall be any of the following:

- (1) Retirement after a minimum of twenty years of service and/or purchased military time.
- (2) Retirement after a minimum of ten years of service at a minimum of fifty –five years of age.

The Town's obligations for these groups shall continue until either the retiree or spouse receive health care coverage from another employer or the retiree becomes eligible for Medicare or another federally subsidized health care program. If the health care program provided by another employer of the retiree or his/her spouse ceases to be provided at any time before the retiree becomes eligible for Medicare or another federally subsidized health care program, then the Town's obligations to pay for health care coverage shall resume. For Police personnel, if health care coverage offered by the new employer provides a lesser level of benefits than the Town plan, the Town shall pay to the health care provider the additional premium to provide benefits comparable to the Town plan.

The expenditure for post retirement health care benefits is recognized on a pay as you go basis. During the year ended June 30, 2008, expenditures of approximately \$1,214,000 were recognized for post retirement health care benefits paid for approximately 81 Town retirees under this plan.

The North Providence School Department pays the cost of health insurance benefits for all eligible employees in accordance with the terms of the union contracts. The School Department funds post employment benefits on a pay as you go basis. During the fiscal year ended June 30, 2008 the School Department incurred expenditures of approximately \$290,000 for 45 retirees under this plan.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

18. RESTATEMENT

Net assets of the Government-wide Financial Statements at June 30, 2007 have been restated to reflect the implementation of GASB Statement #34 relative to infrastructure assets and the impact of adopting a capitalization threshold of \$10,000 for all capital assets. The Town of North Providence was scheduled to implement the infrastructure component of GASB Statement #34 effective July 1, 2006 however, the Town did not conduct a fiscal valuation of the capital assets until the fiscal year ended June 30, 2008.

The following reflects the restatement of the net assets of the Governmental Activities in the Government-Wide financial statements as of June 30, 2007. This restatement does not affect the governmental fund statements due to the fact that the fund statements record capital acquisitions as expenditures when acquired.

The auditor's report as of and for the fiscal year ended June 30, 2007 presented an adverse opinion on the Governmental Activities of the Government-Wide Statements due to the lack of information and non compliance with GASB Statement #34 relative to capital asset reporting.

GOVERNMENT-WIDE STATEMENT OF NET ASSETS:

GOVERNMENTAL ACTIVITIES:

Net assets at June 30, 2007, as originally stated	\$ 9,837,415
Reduction in capital assets resulting from implementation of GASB Statement #34 for infrastructure assets, and valuation of all capital assets with a threshold of \$10,000.....	(11,512,806)
Net assets (deficit) at June 30, 2007, as restated	<u>(\$ 1,675,391)</u>
Capital assets as originally reported at June 30, 2007	\$56,441,749
Reduction in capital assets resulting valuation	(11,512,806)
Capital assets at June 30, 2007, as restated	<u>\$44,928,943</u>

The impact of the above noted prior period adjustment on the change in net assets for the fiscal year ended June 30, 2007 is unknown and it is impracticable for management to determine.

(CONCLUDED)

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TOWN OF NORTH PROVIDENCE

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF NORTH PROVIDENCE, RHODE ISLAND**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis**

For the Year Ended June 30, 2008

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Property taxes:			
Current taxes	\$ 49,966,465	\$ 49,378,963	\$ (587,502)
Prior taxes	2,000,000	1,878,046	(121,954)
Total taxes current and prior	51,966,465	51,257,009	(709,456)
Interest on delinquent accounts	575,000	433,347	(141,653)
Total property taxes	52,541,465	51,690,356	(851,109)
State & Federal Aid:			
General state aid	2,404,365	2,032,742	(371,623)
School construction aid	1,179,976	1,222,772	42,796
State motor vehicle phase-out	5,213,295	4,979,358	(233,937)
Telephone tax	320,185	284,579	(35,606)
State PILOT	533,146	513,660	(19,486)
State aid to education	13,299,762	13,052,777	(246,985)
Medicaid reimbursement (Education Department)	595,000	315,331	(279,669)
State community relief fund	1,070,479	1,120,853	50,374
Total state aid - Town	24,616,208	23,522,072	(1,094,136)
Licenses, fees and rents:			
Pool & fitness center/recreation	257,000	209,924	(47,076)
Data processing services	14,000	14,000	-
Rental of Town properties	132,500	162,881	30,381
Total licenses, fees and rents	403,500	386,805	(16,695)
Investment income - short term	145,000	77,612	(67,388)
Departmental revenues:			
Building inspection revenue	500,000	412,177	(87,823)
Town clerk receipts	690,000	486,504	(203,496)
Police department revenue	35,000	-	(35,000)
Municipal court revenue	250,000	111,412	(138,588)
Other departmental revenue	500	455	(45)
Total departmental revenues	1,475,500	1,010,548	(464,952)
Miscellaneous revenues:			
Administration grants	65,000	-	(65,000)
Housing authority - in lieu of taxes	16,500	18,897	2,397
Sale of surplus property	-	5,150	5,150
EMS services and other miscellaneous receipts	1,500,000	1,677,008	177,008
Total miscellaneous revenues	1,581,500	1,701,055	119,555
Total Revenues	80,763,173	78,388,448	(2,374,725)

(CONTINUED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis**

For the Year Ended June 30, 2008

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Legislative, judicial and general administrative:			
Administration	287,796	298,815	(11,019)
Town council	94,793	92,650	2,143
Town clerk	203,213	221,903	(18,690)
Legal department	166,134	259,383	(93,249)
Public Buildings	660,980	890,237	(229,257)
Board of canvassers	131,792	123,037	8,755
Human resources	39,320	40,260	(940)
Zoning board of review	8,050	5,613	2,437
Computer	36,050	79,942	(43,892)
Planning department /economic development	168,324	211,117	(42,793)
Other (departments)	148,000	195,987	(47,987)
Total general government	1,944,452	2,418,944	(474,492)
Department of Finance:			
Finance Director/Town Treasurer	264,535	227,144	37,391
Tax collector	235,323	281,215	(45,892)
Tax assessor	217,943	172,010	45,933
Purchasing	57,954	57,312	642
Auditing financial records	26,000	27,200	(1,200)
Total department of finance	801,755	764,881	36,874
Public Safety:			
Fire Department	7,712,489	8,684,156	(971,667)
Police Department	6,026,204	6,060,094	(33,890)
Communication Division	44,100	39,009	5,091
Division of inspections	200,447	197,116	3,331
Emergency management	5,700	19,384	(13,684)
Fire hydrants	145,000	160,663	(15,663)
Total public safety	14,133,940	15,160,422	(1,026,482)
Public Services/Works:			
Street lights	415,000	416,343	(1,343)
Beautification	4,500	3,658	842
Department of public works	1,791,693	1,850,243	(58,550)
Recreation department	605,182	541,869	63,313
Environmental protection	2,004,000	1,783,563	220,437
Local welfare	10,574	10,494	80
Total public services	4,830,949	4,606,170	224,779
Grants & Contributions:			
Grants to organizations	102,005	73,653	28,352
Grant to senior center	520,389	508,160	12,229
Grant to library	702,070	702,088	(18)
Total grants and contributions	1,324,464	1,283,901	40,563

(CONTINUED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis**

For the Year Ended June 30, 2008

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Other expenditures:			
Insurance	624,000	597,240	26,760
Fringe benefits	8,226,000	8,282,795	(56,795)
Various miscellaneous - contingencies	50,000	148,404	(98,404)
Total other expenditures	<u>8,900,000</u>	<u>9,028,439</u>	<u>(128,439)</u>
Debt Service:			
Bond and note principal	2,699,850	2,699,850	-
Bond and note interest	1,604,610	1,618,361	(13,751)
Total debt service	<u>4,304,460</u>	<u>4,318,211</u>	<u>(13,751)</u>
Total expenditures	<u>36,240,020</u>	<u>37,580,968</u>	<u>(1,340,948)</u>
Deficiency of revenues under expenditures	<u>44,523,153</u>	<u>40,807,480</u>	<u>(3,715,673)</u>
Other financing sources (uses):			
Transfer to School Unrestricted Fund	(43,439,660)	(43,439,660)	-
Deficit reduction elimination program - to School Department	(1,083,493)	(300,000)	783,493
Total other financing uses	<u>(44,523,153)</u>	<u>(43,739,660)</u>	<u>783,493</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,932,180)</u>	<u>\$ (2,932,180)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

(CONCLUDED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Unrestricted Fund - Budgetary Basis**

For the Year Ended June 30, 2008

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Miscellaneous	\$ -	\$ 450,491	\$ 450,491
Total revenues	-	450,491	450,491
Expenditures:			
Salaries	25,536,003	26,355,827	(819,824)
Employee benefits	9,951,480	10,221,596	(270,116)
Purchased services	6,768,710	6,002,446	766,264
Supplies and materials	857,804	838,457	19,347
Capital outlay	134,090	113,361	20,729
Other	191,573	219,735	(28,162)
Total expenditures	43,439,660	43,751,422	(311,762)
Excess of revenues over (under) expenditures before other financing sources (uses)	(43,439,660)	(43,300,931)	138,729
Other financing sources (uses):			
Operating transfer from Town of North Providence	43,439,660	43,439,660	0
Deficit reduction transfer from Town of North Providence	0	300,000	300,000
Total other financing sources (uses)	43,439,660	43,739,660	300,000
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 438,729	\$ 438,729

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Required Supplementary Information
Schedule of Funding Progress
June 30, 2008
UNAUDITED**

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funding Excess (Deficit)	Funded Ratio	Covered Payroll	Funding Excess (Deficit) as a percentage of Covered Payroll
General municipal employees pension plan.....	6/30/2004	\$ 22,615,008	\$ 17,882,590	\$ 4,732,418	126.5%	\$ 6,184,243	76.5%
	6/30/2005	\$ 22,458,809	\$ 19,033,818	\$ 3,424,991	118.0%	\$ 6,072,454	56.4%
	6/30/2006	\$ 23,388,174	\$ 20,839,143	\$ 2,549,031	112.2%	\$ 6,826,293	37.3%
Fire pension plan.....	6/30/2004	\$ 20,240,631	\$ 21,261,407	\$ (1,020,776)	95.2%	\$ 4,590,698	-22.2%
	6/30/2005	\$ 20,434,897	\$ 22,519,772	\$ (2,084,875)	90.7%	\$ 4,334,043	-48.1%
	6/30/2006	\$ 22,133,914	\$ 24,207,502	\$ (2,073,588)	91.4%	\$ 5,212,740	-39.8%

The information included above was obtained from the annual actuarial valuation report of the State of Rhode Island's Employee Retirement System for each of the dates indicated. The June 30, 2006 report is the most recent report available as of the date of the audited financial statements. The State of Rhode Island's Employee Retirement System is currently in the process of compiling the information to complete the June 30, 2007 report.

Police pension plan.....	7/1/2004	(1) \$ 16,217,715	\$ 18,957,496	(2,739,781)	85.5%	\$ 3,626,763	-75.5%
	7/1/2005	(2) \$ 17,636,910	N/A	N/A	N/A	\$ 3,671,759	N/A
	7/1/2006	(3) \$ 18,763,757	\$ 27,794,462	\$ (9,030,705)	67.5%	\$ 3,881,749	-232.6%

The police pension plan noted above is a plan administered by the Town of North Providence. The Town's schedule of funding progress information was obtained from the actuarial valuation report for the periods noted. The July 1, 2006 report is the most recent available as of the date of the audited financial statements. The Town's actuary is in the process of compiling the information to complete a valuation as of June 30, 2007.

(1) Unfunded frozen actuarial liability \$2,684,244 and frozen initial liability \$18,901,959 with a funded ratio of 85.8%. Unfunded frozen liability as percentage of covered payroll - 74%. This information was taken from the Town's June 30, 2005 basic financial statements.
 (2) Effective with the 2005 actuarial valuation, the cost method was changed to the Aggregate Method. Thus, there is no unfunded actuarial accrued liability.
 (3) The Entry Age Normal funding method was used for the valuation year beginning July 1, 2006.

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TOWN OF NORTH PROVIDENCE

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH PROVIDENCE

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The following special revenue funds are reported as nonmajor governmental funds.

Bullet Proof Vest	Byrne Grant
Child Pass Safety Grant	Community Development Block Grant
Cops that Care	Dare Great Program
Dare Program	Drug Free Community
Federal Drug Forfeiture	State Drug Forfeiture
DUI Grant	EMA First Response
Fire Prevention Fund	Historical Records Trust
Homeland Security Grant Fund	Land Trust Reserve Fund
Police Professional Development	Recording Fees Fund
Seat Belts Grant	Senate Legislative Grant Fund
Speeding Grant Fund	Bramley Grant Fund
Tobacco Grant Fund	Fire Haz Mat Fund
Underage Drinking Fund	Swat Fund
America the Beautiful Fund	Recycling Fund
School Restricted Funds	

The School Restricted Funds noted above is comprised of the following restricted grant funds administered by the North Providence School Department:

OPEB Reserve	Title I
Title V	Title IV
Project IDEA	Preschool
Title II	Title III
eRate	Perkins
Literacy	RI Learn & Serve Grant
Substance Abuse Task Force	Office Max Kids
CSR High School	Project Vault
CSR Ricci School	Beatrice Ward Auditorium
Use of Property	Preschool Tuition

(CONTINUED)

TOWN OF NORTH PROVIDENCE

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund operating transfers. The following capital project funds are reported as nonmajor governmental funds.

School Capital Reserve - This fund is used to account for the capital project activity maintained by the North Providence School Department.

\$4.5M Capital Project Fund - This fund is used to account for bond proceeds and other revenue which is to be used for capital acquisition and improvements to the senior center, Centredale revitalization, and recreation projects.

(CONCLUDED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

SPECIAL REVENUE FUNDS

	Bullet Proof Vests	Byrne Grant	Child Pass Safety Grant	Community Development Block Grants	Cops That Care	Dare Great Program	Dare Program	Drug Free Community Grant	Federal Drug Forfeiture
	\$ 550	\$ 2,985		\$ 826,611 286,082		\$ 4,828	108	\$ 16,666	\$ 556,401
	\$ 550	\$ 2,985	\$ -	\$ 1,112,693	\$ -	\$ 4,828	108	\$ 16,666	\$ 775,489

ASSETS

Cash and cash equivalents
 Accounts and other receivable(net)
 Due from federal & state governments
 Due from other funds
TOTAL ASSETS

LIABILITIES

Accounts payable
 Due to other funds
 Deferred revenue
TOTAL LIABILITIES

FUND BALANCES

Unreserved, undesignated
TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

\$ 550	\$ 2,985	\$ -	\$ 1,112,693	\$ -	\$ 4,828	108	\$ 16,666	\$ 775,489
\$ 550	\$ 2,985	\$ -	\$ 58,223 286,082	\$ -	\$ -	\$ -	\$ 6,154 10,512	\$ 3,950
\$ 550	\$ 2,985	\$ -	\$ 344,305	\$ -	\$ -	\$ -	\$ 16,666	\$ 3,950
-	-	-	768,388	-	4,828	108	-	771,539
-	-	-	768,388	-	4,828	108	-	771,539
\$ 550	\$ 2,985	\$ -	\$ 1,112,693	\$ -	\$ 4,828	108	\$ 16,666	\$ 775,489

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

SPECIAL REVENUE FUNDS

	State Drug Forfeiture	DUI Grant	EMA First Response	Fire Prevention Fund	Historical Records Trust	Homeland Security Grant Fund	Land Trust Reserve Fund	Police Professional Development Grant	Recording Fees Fund
ASSETS									
Cash and cash equivalents	\$ 10,090								
Accounts and other receivable(net)		\$ 865				\$ 90,000	\$ 198,839	\$ 301	\$ 202,758
Due from federal & state governments			\$ 36,703	\$ 4,107	\$ 22,936	\$ 90,000	\$ 198,839	\$ 301	\$ 202,758
Due from other funds		\$ 865	\$ 36,703	\$ 4,107	\$ 22,936	\$ 90,000	\$ 198,839	\$ 301	\$ 202,758
TOTAL ASSETS	\$ 10,090	\$ 865	\$ 36,703	\$ 4,107	\$ 22,936	\$ 90,000	\$ 198,839	\$ 301	\$ 202,758
LIABILITIES									
Accounts payable		\$ 865				\$ 90,000		\$ 301	
Due to other funds									
Deferred revenue									
TOTAL LIABILITIES	\$ -	\$ 865	\$ -	\$ -	\$ -	\$ 90,000	\$ -	\$ 301	\$ -
FUND BALANCES									
Unreserved, undesignated	10,090	-	36,703	4,107	22,936	-	198,839	-	202,758
TOTAL FUND BALANCES	10,090	-	36,703	4,107	22,936	-	198,839	-	202,758
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,090	\$ 865	\$ 36,703	\$ 4,107	\$ 22,936	\$ 90,000	\$ 198,839	\$ 301	\$ 202,758

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

SPECIAL REVENUE FUNDS

	Seat Belts Grant	Senate Legislative Grant	Speeding Grant	Bramley Grant	Tobacco Grant	Fire Haz Mat Fund	Underage Drinking Fund	Swat Fund	America the Beautiful Fund
ASSETS									
Cash and cash equivalents									
Accounts and other receivable(net)									
Due from federal & state governments									
Due from other funds							1,547		
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ 24,129	\$ -	\$ -	\$ 1,547	\$ 365	\$ -
LIABILITIES									
Accounts payable									
Due to other funds									
Deferred revenue									
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ 24,129	\$ -	\$ -	\$ 1,547	\$ -	\$ -
FUND BALANCES									
Unreserved, undesignated									
TOTAL FUND BALANCES	\$ -	\$ -	\$ -	\$ 24,129	\$ -	\$ -	\$ 1,547	\$ 365	\$ -
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ 24,129	\$ -	\$ -	\$ 1,547	\$ 365	\$ -

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS				Total Nonmajor Governmental Funds
	Recycling Fund	School Restricted Funds	Total Special Revenue Funds	School Capital Reserve	\$4.5M Capital Project Fund	Total Capital Project Funds		
ASSETS								
Cash and cash equivalents		\$ 177,435	\$ 1,575,365	\$ 351,191	\$	\$ 351,191	\$	1,926,556
Accounts and other receivable(net)			286,082					286,082
Due from federal & state governments		380,773	493,687					493,687
Due from other funds	\$ 6,897	200,756	916,686	21,738		21,738		938,424
TOTAL ASSETS	\$ 6,897	\$ 758,964	\$ 3,271,820	\$ 372,929	\$	\$ 372,929	\$	\$ 3,644,749
LIABILITIES								
Accounts payable		\$ 30,321	\$ 30,321				\$	30,321
Due to other funds		354,347	518,922					518,922
Deferred revenue		56,072	376,795					376,795
TOTAL LIABILITIES	\$ -	\$ 440,740	\$ 926,038	\$ -	\$ -	\$ -	\$ -	\$ 926,038
FUND BALANCES								
Unreserved, undesignated	6,897	318,224	2,345,782	372,929		372,929		2,718,711
TOTAL FUND BALANCES	6,897	318,224	2,345,782	372,929		372,929		2,718,711
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,897	\$ 758,964	\$ 3,271,820	\$ 372,929	\$ -	\$ 372,929	\$	\$ 3,644,749

(CONCLUDED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

SPECIAL REVENUE FUNDS											
	Bullet Proof Vests	Byrne Grant	Child Pass Safety Grant	Community Development Block Grants	Cops That Care	Dare Great Program	Dare Program	Drug Free Community Grant	Federal Drug Forfeiture		
REVENUES:											
Interest and investment income				\$ 35,705					\$ 1,152		
Fees and assessments				40,632							
Intergovernmental	\$ 550	\$ 30,150	\$ 1,555	192,700				\$ 41,333	542,526		
Contributions						\$ 410					
Other				24							
Total revenues	550	30,150	1,555	269,037	\$ -	434	\$ -	41,333	543,678		
EXPENDITURES:											
Current:											
Public safety	550	30,150	1,555		426	3,830		41,333	20,195		
Education				207,253							
Other expenses											
Debt Service:											
Debt service principal									43,561		
Interest expense									948		
Capital improvements											
Total expenditures	550	30,150	1,555	207,253	426	3,830	-	41,333	212,477		
Excess (deficiency) of revenues over (under) expenditures	-	-	-	61,784	(426)	(3,396)	-	-	331,201		
OTHER FINANCING SOURCES (USES)											
Issuance of bonded debt & lease purchase obligations										115,268	
Transfers in											
Transfers out											
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	115,268	
Net change in fund balances	-	-	-	61,784	(426)	(3,396)	-	-	446,469		
Fund balances - beginning of year	-	-	-	706,604	426	8,224	108	-	325,070		
Fund balances - end of year	\$ -	\$ -	\$ -	\$ 768,388	\$ -	\$ 4,828	\$ 108	\$ -	\$ 771,539		

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

		SPECIAL REVENUE FUNDS									
		State Drug Forfeiture	DUI Grant	EMA First Response	Fire Prevention Fund	Historical Records Trust	Homeland Security Grant Fund	Land Trust Reserve Fund	Police Professional Development Grant	Recording Fees Fund	
REVENUES:											
Interest and investment income											
Fees and assessments											
Intergovernmental		\$ 20,554	\$ 12,135	\$ 32,978	\$ 13,330	\$ 66,484	\$ 290,250	\$ 53,250	\$ 301	\$ 34,574	
Contributions				4,107							
Other											
Total revenues		20,554	12,135	32,978	17,437	66,484	290,250	53,250	301	34,574	
EXPENDITURES:											
Current:											
Public safety		20,989	12,135		19,413				7,450		
Education											
Other expenses						76,597		500			27,930
Debt Service:											
Debt service principal					9,223						
Interest expense					750						
Capital improvements					30,667		293,735				
Total expenditures		20,989	12,135	-	60,053	76,597	293,735	500	7,450		27,930
Excess (deficiency) of revenues over (under) expenditures		(435)	-	32,978	(42,616)	(10,113)	(3,485)	52,750	(7,149)		6,644
OTHER FINANCING SOURCES (USES)											
Issuance of bonded debt & lease purchase oblig					24,500						
Transfers in					10,472						
Transfers out											
Total other financing sources (uses)					34,972						
Net change in fund balances		(435)	-	32,978	(7,644)	(10,113)	(3,485)	52,750	(7,149)		6,644
Fund balances - beginning of year		10,525	-	3,725	11,751	33,049	3,485	146,089	7,149		196,114
Fund balances - end of year		\$ 10,090	\$ -	\$ 36,703	\$ 4,107	\$ 22,936	\$ -	\$ 198,839	\$ -	\$ -	\$ 202,758

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

SPECIAL REVENUE FUNDS

	Seat Belts Grant	Senate Legislative Grant Fund	Speeding Grant Fund	Bramley Grant Fund	Tobacco Grant Fund	Underage Drinking Fund	Fire Haz Mat Fund	Swat Team Fund	America the Beautiful Fund
Interest and investment income									
Fees and assessments									
Intergovernmental	\$ 1,910		\$ 2,772	\$ 38,737	\$ 397	\$ 1,547	\$ 130,634		
Contributions									
Other							1,176	\$ 365	\$ 3,100
Total revenues	1,910	-	2,772	38,737	397	1,547	131,810	365	3,100

EXPENDITURES:

Current:									
Public safety	1,910		2,773	38,737	397	1,547			
Education									
Other expenses									3,420
Debt Service:									
Debt service principal									
Interest expense									
Capital improvements							140,334		
Total expenditures	1,910	61	2,773	38,737	397	1,547	140,334	-	3,420
Excess (deficiency) of revenues over (under) expenditures	-	(61)	(1)	-	-	-	(8,524)	365	(320)

OTHER FINANCING SOURCES (USES)

Issuance of bonded debt & lease purchase oblig									
Transfers in							8,524		320
Transfers out									
Total other financing sources (uses)	-	-	-	-	-	-	8,524	-	320

Net change in fund balances	-	(61)	(1)	-	-	-	-	365	-
Fund balances - beginning of year	-	61	1	-	-	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365	\$ -

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS			
	Recycling Fund	School Funds	Total Special Revenue Funds	School Capital Reserve	\$4.5M Capital Project Fund	Total Capital Project Funds	Total Nonmajor Governmental Funds	
REVENUES:								
Interest and investment income		\$ 327	\$ 37,184		\$ 72	\$ 72	\$ 37,256	
Fees and assessments	\$ 6,912	285,357	533,517		-	-	533,517	
Intergovernmental		1,978,541	3,290,699	\$ 213,294		213,294	3,503,993	
Contributions		500	910				910	
Other			4,665		8,559	8,559	13,224	
Total revenues	6,912	2,254,725	3,866,975	213,294	8,631	221,925	4,088,900	
EXPENDITURES:								
Current:								
Public safety		2,080,180	2,283,570				2,283,570	
Education								
Other expenses	15		315,776				315,776	
Debt Service:								
Debt service principal			52,784				52,784	
Interest expense			1,698				1,698	
Capital improvements		150,968	763,477	21,900		21,900	785,377	
Total expenditures	15	2,231,148	3,417,305	21,900		21,900	3,439,205	
Excess (deficiency) of revenues over (under) expenditures	6,897	33,577	449,670	191,394	8,631	200,025	649,695	
OTHER FINANCING SOURCES (USES)								
Issuance of bonded debt & lease purchase oblig			139,768				139,768	
Transfers in			19,316				19,316	
Transfers out					(12,601)	(12,601)	(12,601)	
Total other financing sources (uses)			159,084		(12,601)	(12,601)	146,483	
Net change in fund balances	6,897	33,577	608,754	191,394	(3,970)	187,424	796,178	
Fund balances - beginning of year		284,647	1,737,028	181,535	3,970	185,505	1,922,533	
Fund balances - end of year	\$ 6,897	\$ 318,224	\$ 2,345,782	\$ 372,929	\$ -	\$ 372,929	\$ 2,718,711	

(CONCLUDED)

TOWN OF NORTH PROVIDENCE

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments. The following funds are reported in this section:

Unclaimed Estates – To account for unclaimed estates that are in probate.

Seized Property – To account for property that was obtained by the Town during police investigations and is to be remitted to the State or Federal Government or returned to the original owner.

Low Cost Spay/Neuter – To provide assistance to low income families for pet spay or neutering.

Animal Care Donations – To provide financial support to low income families whose pets are in need of miscellaneous care.

Realty Tax Transfer – To collect fees on real estate property transfers. This account is used to hold the portion of the fees that are due to the State of Rhode Island.

Student Activities Fund – To account for funds held in various school programs. At June 30, 2008 the North Providence School Department was administering approximately 32 separate accounts for student activity funds.

Food Pantry Fund – To account for funds received which are to be used to support low income families seeking assistance.

TOWN OF NORTH PROVIDENCE, RHODE ISLANDStatement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Unclaimed Estates</u>				
ASSETS:				
Cash	\$ 41,046	\$ 1,228	\$ 4,611	\$ 37,663
TOTAL ASSETS	\$ 41,046	\$ 1,228	\$ 4,611	\$ 37,663
LIABILITIES:				
Deposits held in custody for others	\$ 41,046	\$ 1,228	\$ 4,611	\$ 37,663
TOTAL LIABILITIES	\$ 41,046	\$ 1,228	\$ 4,611	\$ 37,663
<u>Seized Property:</u>				
ASSETS:				
Cash	\$ 4,681	\$ 17,979	\$ 10,598	\$ 12,062
TOTAL ASSETS	\$ 4,681	\$ 17,979	\$ 10,598	\$ 12,062
LIABILITIES:				
Deposits held in custody for others	\$ 4,681	\$ 17,979	\$ 10,598	\$ 12,062
TOTAL LIABILITIES	\$ 4,681	\$ 17,979	\$ 10,598	\$ 12,062
<u>Low Cost Spay/Neuter:</u>				
ASSETS:				
Cash	\$ 352	\$ 370	\$ 60	\$ 662
TOTAL ASSETS	\$ 352	\$ 370	\$ 60	\$ 662
LIABILITIES:				
Deposits held in custody for others	\$ 352	\$ 370	\$ 60	\$ 662
TOTAL LIABILITIES	\$ 352	\$ 370	\$ 60	\$ 662
<u>Animal Care Donations:</u>				
ASSETS:				
Cash	\$ 1,830	\$ 2,684	\$ 2,252	\$ 2,262
TOTAL ASSETS	\$ 1,830	\$ 2,684	\$ 2,252	\$ 2,262
LIABILITIES:				
Deposits held in custody for others	\$ 1,830	\$ 2,684	\$ 2,252	\$ 2,262
TOTAL LIABILITIES	\$ 1,830	\$ 2,684	\$ 2,252	\$ 2,262

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLANDStatement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Realty Tax Transfer Account:</u>				
ASSETS:				
Cash	\$ 70,196	\$ 508,801	\$ 525,621	\$ 53,376
TOTAL ASSETS	\$ 70,196	\$ 508,801	\$ 525,621	\$ 53,376
LIABILITIES:				
Deposits held in custody for others	\$ 38,607	\$ 29,357	\$ 38,607	\$ 29,357
Due to State of Rhode Island	31,589	479,444	487,014	24,019
TOTAL LIABILITIES	\$ 70,196	\$ 508,801	\$ 525,621	\$ 53,376
<u>Student Activities Fund</u>				
ASSETS:				
Cash	\$ 401,395	\$ 643,116	\$ 653,729	\$ 390,782
TOTAL ASSETS	\$ 401,395	\$ 643,116	\$ 653,729	\$ 390,782
LIABILITIES:				
Deposits held in custody for others	\$ 401,395	\$ 643,116	\$ 653,729	\$ 390,782
TOTAL LIABILITIES	\$ 401,395	\$ 643,116	\$ 653,729	\$ 390,782
<u>Food Pantry Fund</u>				
ASSETS:				
Cash	\$ -	\$ 2,650	\$ 1,791	\$ 859
TOTAL ASSETS	\$ -	\$ 2,650	\$ 1,791	\$ 859
LIABILITIES:				
Deposits held in custody for others	\$ -	\$ 2,650	\$ 1,791	\$ 859
TOTAL LIABILITIES	\$ -	\$ 2,650	\$ 1,791	\$ 859
<u>Total - All Agency Funds</u>				
ASSETS:				
Cash	\$ 519,500	\$ 1,176,828	\$ 1,198,662	\$ 497,666
TOTAL ASSETS	\$ 519,500	\$ 1,176,828	\$ 1,198,662	\$ 497,666
LIABILITIES:				
Due to State of Rhode Island	\$ 31,589	\$ 479,444	\$ 487,014	\$ 24,019
Deposits held in custody for others	487,911	697,384	711,648	473,647
TOTAL LIABILITIES	\$ 519,500	\$ 1,176,828	\$ 1,198,662	\$ 497,666

(CONCLUDED)