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**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE
OF RHODE ISLAND)**

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
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JUNE 30, 2016 AND 2015

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Independent Auditors' Report

Board of Directors
Rhode Island Industrial Facilities Corporation
Providence, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the Rhode Island Industrial Facilities Corporation, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Rhode Island Industrial Facilities Corporation's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rhode Island Industrial Facilities Corporation as of June 30, 2016, and the respective changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rhode Island Industrial Facilities Corporation's basic financial statements. The accompanying supplementary information on pages 13 through 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Matter

In accordance with auditing standards generally accepted in the United States of America, the basic 2015 financial statements of the Rhode Island Industrial Facilities Corporation were audited by other auditors who have issued their report thereon dated September 25, 2015, which contained an unmodified opinion on the basic financial statements of the Rhode Island Industrial Facilities Corporation. Such information is the responsibility of management and was derived from and relates directly to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2016 on our consideration of the Rhode Island Industrial Facilities Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island Industrial Facilities Corporation's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
September 27, 2016

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015**

As management of the Rhode Island Industrial Facilities Corporation (the Corporation), a component unit of the State of Rhode Island (the State), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the years ended June 30, 2016 and 2015. The Corporation's financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Introduction

The Corporation was organized in 1966 as a non-business corporation under Rhode Island law and in 1967 was constituted and established as a public body corporate and agency of the State by an act of the Rhode Island General Assembly. The Corporation was granted the power to issue revenue bonds, construction loan notes, and equipment acquisition notes for the financing of projects which further industrial development in Rhode Island. The powers of the Corporation are vested in a Board of Directors. The Corporation does not have any employees, but is staffed by employees of the Rhode Island Commerce Corporation (Commerce RI), a component unit of the State.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's financial statements.

The Corporation engages only in business-type activities, that is, activities that are financed in whole or in part by charges to external parties for services. As a result, the Corporation's basic financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents detail on the Corporation's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in the Corporation's net position serve as a useful indicator of whether the Corporation's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating the Corporation's net position. The statement of revenues, expenses, and changes in net position presents information on how the Corporation's net position changed during the year.

All assets, liabilities, and changes in net position are reported as soon as the underlying event affecting the asset or liability or deferred outflow or inflow, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses, and changes in net position will result in cash flows in future periods.

2016 Financial Highlights

Total assets exceeded total liabilities by \$332,938 (net position) at June 30, 2016, which is unrestricted and may be used to meet the Corporation's operating requirements.

Net position decreased by \$24,623 in 2016, a decrease of \$12,997 when compared to 2015, due principally to increases in administrative costs allocated from Commerce RI and other operating expenses.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015**

2015 Financial Highlights

Total assets exceeded total liabilities by \$357,561 (net position) at June 30, 2015, which is unrestricted and may be used to meet the Corporation's operating requirements.

Net position increased by \$11,626 in 2015, an decrease of \$27,722 when compared to 2014, due to a reduction in bond administration fees and in administrative costs allocated from Commerce RI.

Condensed Comparative Information

The following table reflects a summary of changes in certain balances in the statements of net position, and revenues, expenses and changes in net position (in thousands):

Statements of Net Position					
	June 30,			Increase (decrease)	
	2016	2015	2014	2016 v 2015	2015 v 2014
Net position:					
Current assets	\$ 432	\$ 1,129	\$ 436	\$ (697)	\$ 693
Noncurrent assets			697	-	(697)
Total assets	<u>432</u>	<u>1,129</u>	<u>1,133</u>	<u>(697)</u>	<u>(4)</u>
Current liabilities	60	727	14	(667)	713
Noncurrent liabilities	39	44	750	(5)	(706)
Total liabilities	<u>99</u>	<u>771</u>	<u>764</u>	<u>(672)</u>	<u>7</u>
Net Position, Unrestricted	<u>\$ 333</u>	<u>\$ 358</u>	<u>\$ 369</u>	<u>\$ (25)</u>	<u>\$ (11)</u>

Statements of Revenues, Expenses, and Changes in Net Position					
	Year Ended June 30,			Increase (decrease)	
	2016	2015	2014	2016 v 2015	2015 v 2014
Changes in net position:					
Operating revenues	\$ 43	\$ 60	\$ 56	\$ (17)	\$ 4
Operating expenses	<u>68</u>	<u>71</u>	<u>43</u>	<u>(3)</u>	<u>28</u>
Operating income (loss)	(25)	(11)	13	(14)	(24)
Nonoperating revenue			3	-	(3)
Change in Net Position	<u>\$ (25)</u>	<u>\$ (11)</u>	<u>\$ 16</u>	<u>\$ (14)</u>	<u>\$ (27)</u>

2016 Financial Analysis

Total assets of the Corporation decreased by \$696,691 during 2016, due to a decrease in restricted cash due to the Rhode Island Industrial-Recreational Building Authority (RIIRBA), a component unit of the State.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015**

Total liabilities of the Corporation decreased by \$672,068 during 2016, due to decreases in amounts owed to Rhode Island Industrial-Recreational Building Authority (RIIRBA), a component unit of the State.

2016 Operating Activity

Operating revenues of the Corporation decreased by approximately \$16,246 compared to 2015 due to a bond payoff and new application fees.

Total operating expenses decreased by approximately \$3,249 due to decreases in administrative expenses allocated from Commerce RI and other operating expenses.

The Corporation's operating loss was \$24,623 in 2016, compared to operating loss of \$11,626 in 2015.

2015 Financial Analysis

Total assets of the Corporation decreased by approximately \$4,000 during 2015, principally due to an increase in amounts due from Rhode Island Industrial-Recreational Building Authority (RIIRBA), a component unit of the State.

Total liabilities of the Corporation increased by approximately \$7,000 during 2015, principally due to increases in accounts payable and amounts owed to Commerce RI for administrative costs, offset by a decreased in unearned revenue.

2015 Operating Activity

Operating revenues of the Corporation increased by approximately \$4,000 compared to 2014 due to increases in bond administration fees related to bond payoff and new application fees, offset by an overall decrease in routine bond administration fees.

Total operating expenses increased by approximately \$28,000 due principally to an increase in administrative expenses allocated from Commerce RI.

The Corporation's operating loss was \$11,626 in 2015, compared to \$12,556 in 2014.

Requests for Information

This financial report is designed as a general overview of the Corporation's financial picture for external and internal shareholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Treasurer, Rhode Island Industrial Facilities Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets:		
Cash	\$ 350,117	\$ 119,392
Cash, restricted		696,557
Bond administration fees receivable		300
Due from Rhode Island Industrial-Recreational Building Authority (RIIRBA)	82,276	295,395
Prepaid insurance		13,900
Dividends receivable		3,540
Total current assets	<u>432,393</u>	<u>1,129,084</u>
Liabilities:		
Current liabilities:		
Accounts payable	38,663	12,820
Unearned revenue	5,281	8,406
Due to RIIRBA		696,557
Due to Rhode Island Commerce Corporation (Commerce RI)	16,287	9,235
Total current liabilities	<u>60,231</u>	<u>727,018</u>
Noncurrent liabilities:		
Unearned revenue	<u>39,224</u>	<u>44,505</u>
Total liabilities	<u>99,455</u>	<u>771,523</u>
Net Position, Unrestricted	<u>\$ 332,938</u>	<u>\$ 357,561</u>

The accompanying notes are an integral part of the financial statements

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues, Charges for Services:		
Bond administration fees	\$ 43,484	\$ 49,933
Other	3	9,800
Total operating revenues, charges for services	<u>43,487</u>	<u>59,733</u>
Operating Expenses:		
Administrative	30,757	39,098
Insurance	13,900	13,591
Contractual services	17,456	17,223
Other	5,997	1,447
Total operating expenses	<u>68,110</u>	<u>71,359</u>
Change in Net Position	(24,623)	(11,626)
Net Position, Beginning of Year	<u>357,561</u>	<u>369,187</u>
Net Position, End of Year	<u>\$ 332,938</u>	<u>\$ 357,561</u>

The accompanying notes are an integral part of the financial statements

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received for services	\$ 47,327	\$ 59,651
Cash paid to suppliers for goods and services	<u>(29,722)</u>	<u>(64,109)</u>
Net cash provided by (used in) operating activities	<u>17,605</u>	<u>(4,458)</u>
Cash Provided by Noncapital Financing Activities:		
Operating transfer out	(696,557)	-
Net cash used in noncapital financing activities	<u>(696,557)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Advances to RIIRBA	(666,056)	(754,724)
Repayment of advances to RIIRBA	<u>879,176</u>	<u>645,534</u>
Net cash provided by (used in) investing activities	<u>213,120</u>	<u>(109,190)</u>
Net Decrease in Cash	(465,832)	(113,648)
Cash, Beginning of Year	<u>815,949</u>	<u>929,597</u>
Cash, End of Year	<u>\$ 350,117</u>	<u>\$ 815,949</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	\$ (24,623)	\$ (11,626)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Recovery of bad debts		(1,000)
Changes in assets and liabilities:		
Accounts receivable	3,840	918
Prepaid expenses	13,899	(309)
Accounts payable	25,843	12,205
Unearned revenue	(8,406)	(9,450)
Due to Commerce RI	<u>7,052</u>	<u>4,804</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 17,605</u>	<u>\$ (4,458)</u>

The accompanying notes are an integral part of the financial statements

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Rhode Island Industrial Facilities Corporation (the Corporation) was organized in 1966 as a non-business corporation under Rhode Island law, and in 1967 was constituted and established as a public body corporate and agency of the State of Rhode Island (the State) by an act of the Rhode Island General Assembly. The Corporation was granted the power to issue revenue bonds, construction loan notes and equipment acquisition notes for the financing of projects, which further industrial development in Rhode Island. The Corporation is a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the Corporation are included in the State's comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties.

The Corporation uses the economic resources measurement focus and accrual basis of accounting.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of services provided and administrative expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

Use of Estimates

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

Cash and Cash Equivalents

The Corporation considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

Revenue Recognition and Concentrations

Bond administration fees paid by participants in the Corporation's revenue bond and note programs, calculated as one-eighth of one percent of the principal amount outstanding under conduit debt obligations determined at specified measurement dates, are recognized when earned over the terms of the respective bonds and notes. In certain instances, bond administration fees are paid in full by participants upon the Corporation issuing conduit debt obligations. In these instances, bond administration fees are generally calculated by the Corporation as the present value of one-eighth of one percent of the principal amount outstanding, based upon respective amortization schedules, under such conduit debt obligations at specified measurement dates. Such fees are reported as unearned revenue and recognized as revenue ratably over the term of the conduit debt. Other revenue is recognized when received.

For the years ended June 30, 2016 and 2015, bond administration fees from one participant represents 44% and 39%, respectively, of the Corporation's bond administration fees.

The Corporation also earns other fees from participants upon application for and payoff of conduit debt obligations.

2. CONDUIT DEBT

From time to time, the Corporation issues revenue bonds, notes, equipment acquisition notes and construction loan notes to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities. The bonds and notes are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and lease agreements. Upon repayment of the bonds and notes, ownership of the acquired facilities transfers to the private-sector entity served by the bond or note issuance. The Corporation is not obligated in any manner for repayment of the bonds and notes. Accordingly, the bonds and notes are not reported as liabilities in the accompanying financial statements.

In December 2015, the Corporation was authorized by its Board of Directors to issue up to \$4,022,500 in taxable industrial revenue bonds. These bonds were subsequently issued on July 5, 2016. The interest rates for outstanding debt range from fixed rates of 4.40% to 6.25%, as well as floating rates set as a percentage of the prime interest rate. Maturity dates for the bonds and notes range from 2017 to 2034.

Under the terms of the various indentures and related loan and lease agreements, the business entities make loan and lease payments directly to the trustees of the related bond and note issues in amounts equal to interest and principal payments due on the respective issues. Accordingly, the payments are not shown as receipts and disbursements of the Corporation. The aggregate amount of conduit debt outstanding at June 30, 2016 and 2015 was approximately \$42,000,000 and \$51,000,000, respectively.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

3. CASH

Cash, including restricted amounts, consists of the following:

	<u>2016</u>	<u>2015</u>
Bank balance in checking account	\$ 350,117	\$ 838,739
Bank balance insured by federal depository insurance	<u>250,000</u>	<u>250,000</u>
Bank Balance Uninsured and Uncollateralized	<u>\$ 100,117</u>	<u>\$ 588,739</u>

The Corporation assumes levels of custodial credit risk for its cash. Custodial credit risk is the risk that in the event of a financial institution failure, the Corporation's deposits may not be recovered. The Corporation is authorized to invest excess funds by the provisions of the General Laws of the State, Chapter 37, Section 45-37.1-6, in obligations of the State and of the United States Government or certain agencies thereof, and in certificates of deposit. The Corporation also is authorized to enter into repurchase agreements.

In accordance with State of Rhode Island General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions are required, at a minimum, to insure or pledge eligible collateral equal to one-hundred percent of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators are required to insure or pledge eligible collateral equal to one-hundred percent of deposits, regardless of maturity. The Corporation does not have a separate deposit policy for custodial credit risk.

4. DUE FROM RIIRBA

The Rhode Island Industrial-Recreational Building Authority (RIIRBA), a component unit of the State, guarantees principal and interest payments required under first mortgages and first security agreements issued to private-sector entities. At June 30, 2016 and 2015, due from RIIRBA represents amounts paid by the Corporation on behalf of RIIRBA. The payments pertain to RIIRBA's guarantee of defaulted revenue bonds issued to a private-sector entity.

5. RESTRICTED CASH

At June 30, 2015, the Corporation held funds of Rhode Island Commerce Corporation, a component unit of the State, required to be held in escrow on behalf of RIIRBA relating to RIIRBA's guarantee of the revenue bond issued for a private-sector entity. RIIRBA's funds ordinarily are held by the State, but in order to segregate such funds from the State's general fund, the Corporation held such escrow funds on behalf of RIIRBA.

The escrow funds were held in a checking account on behalf of RIIRBA and the related amount due to RIIRBA has been recorded separately in the accompanying financial statements. During the fiscal year ended June 30, 2015, the underlying revenue bond for the private-sector entity was paid off, and funds were released for payment during fiscal year ended June 30, 2016.

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
STATEMENT OF NET POSITION
JUNE 30, 2016**

Attachment B

Assets

Current assets:

Cash and cash equivalents	\$ 350,117
Investments	
Receivables (net)	
Restricted assets:	
Cash and cash equivalents	
Investments	
Receivables (net)	
Other assets	
Due from primary government	
Due from other component units	82,276
Due from other governments	
Inventories	
Other assets	
Total current assets	<u>432,393</u>

Noncurrent assets:

Investments	
Receivables	
(Receivable allowance)	
Restricted assets:	
Cash and cash equivalents	
Investments	
Other assets	
Due from other component units	
Capital assets - nondepreciable	
Capital assets - depreciable (net)	
Other assets, net of amortization	
Total noncurrent assets	<u>-</u>
 Total assets	 <u>432,393</u>

(Continued on next page)

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016**

Attachment B

Liabilities

Current liabilities:

Cash overdraft	
Accounts payable	\$ 38,663
Due to primary government	
Due to other component units	16,287
Due to other governments	
Unearned revenue	5,281
Other liabilities	
Current portion of long-term debt	
Total current liabilities	<u>60,231</u>

Noncurrent liabilities:

Due to primary government	
Due to other governments	
Due to other component units	
Unearned revenue	39,224
Notes payable	
Loans payable	
Obligations under capital leases	
Other liabilities	
Compensated absences	
Bonds payable	
Total noncurrent liabilities	<u>39,224</u>

Total liabilities	<u>99,455</u>
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Net position, unrestricted	\$ <u><u>332,938</u></u>
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**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Attachment C</u>
Expenses	\$ <u>68,110</u>
Program revenues:	
Charges for services	43,487
Operating grants and contributions	
Capital grants and contributions	
Total program revenues	<u>43,487</u>
Net (expenses) revenues	<u>(24,623)</u>
General revenues:	
Interest and investment earnings	
Miscellaneous revenue	
Total general revenues	<u>-</u>
Loss before contributions, transfers, and special and extraordinary items	<u>(24,623)</u>
Transfers to State, bond proceeds	
Special items	
Extraordinary items	
Total contributions and transfers	<u></u>
Change in net position	(24,623)
Total net position - beginning	<u>357,561</u>
Total net position - ending	\$ <u><u>332,938</u></u>

**RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
SCHEDULE OF CHANGES IN LONG-TERM DEBT
JUNE 30, 2016**

	Attachment E					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due Thereafter</u>
Bonds payable	\$	\$	\$	\$	\$	\$
Net unamortized premium/discount						
Deferred amount on refunding						
Bonds payable						
Due to primary government						
Due to other governments						
Due to other component units	705,792	7,052	(696,557)	16,287	16,287	
Notes payable						
Obligations under capital leases						
Net OPEB obligation						
Compensated absences						
Unearned revenue	<u>52,911</u>		<u>(8,406)</u>	<u>44,505</u>	<u>5,281</u>	<u>39,224</u>
Other liabilities						
	<u>\$ 758,703</u>	<u>\$ 7,052</u>	<u>\$ (704,963)</u>	<u>\$ 60,792</u>	<u>\$ 21,568</u>	<u>\$ 39,224</u>

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Rhode Island Industrial Facilities Corporation
Providence, Rhode Island

We have audited, 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, the financial statements of the Rhode Island Industrial Facilities Corporation, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated September 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rhode Island Industrial Facilities Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island Industrial Facilities Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
September 27, 2016