

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

YEARS ENDED JUNE 30, 2013 AND 2012



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

YEARS ENDED JUNE 30, 2013 AND 2012

CONTENTS

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Financial statements:	
Statements of net position	7
Statements of revenues, expenses, and changes in net position	8
Statements of cash flows	9
Notes to financial statements	10-13
Independent Auditors' Report on Accompanying Information	14
Accompanying information to financial statements, State of Rhode Island required format:	
Attachment B Statement of Net Position	15-16
Attachment C Statement of Changes in Net Position	17
Attachment E Schedule of Changes in Long-Term Debt	18
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	19-20



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 (the Corporation), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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.

Independent Auditors' Report (Continued)

Board of Directors
Rhode Island Industrial Facilities Corporation

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, a component unit of the State of Rhode Island, as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

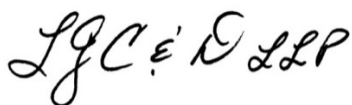
Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 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.

The financial statements of the Rhode Island Industrial Facilities Corporation as of and for the year ended June 30, 2012 were audited by other auditors whose report, dated August 23, 2012, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2013 on our consideration of the 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 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 in considering the Corporation's internal control over financial reporting and compliance.



Providence, Rhode Island
September 26, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013 and June 30, 2012. 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 Economic Development Corporation (RIEDC), 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, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

2013 Financial Highlights

Total assets exceeded total liabilities by \$353,091 (net position) at June 30, 2013, which is unrestricted and may be used to meet the Corporation's operating requirements.

Net position increased by \$3,839 in 2013, an increase of \$28,634 when compared to 2012 due to a reduction in administrative costs allocated from RIEDC.

2012 Financial Highlights

Total assets exceeded total liabilities by \$349,252 (net position) at June 30, 2012, which is unrestricted and may be used to meet the Corporation's operating requirements.

Net position decreased by \$24,795 in 2012, a decrease of \$34,138 when compared to 2011 due to an increase in administrative costs allocated from RIEDC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, as required by GASB No. 34 (in thousands):

Statements of Net Position					
	June 30,			Increase (decrease)	
	2013	2012	2011	2013 v 2012	2012 v 2011
Net position:					
Current assets	\$ 484	\$ 460	\$ 478	\$ 24	\$ (18)
Noncurrent assets	697	697	697	-	-
Total assets	1,181	1,157	1,175	24	(18)
Current liabilities	69	43	23	26	20
Noncurrent liabilities	759	765	778	(6)	(13)
Total liabilities	828	808	801	20	7
Net position, unrestricted	\$ 353	\$ 349	\$ 374	\$ 4	\$ (25)

Statements of Changes in Net Position					
	Year Ended June 30,			Increase (decrease)	
	2013	2012	2011	2013 v 2012	2012 v 2011
Changes in net position:					
Operating revenues	\$ 62	\$ 73	\$ 81	\$ (11)	\$ (8)
Operating expenses	58	98	72	(40)	26
Change in net position	\$ 4	\$ (25)	\$ 9	\$ 29	\$ (34)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

2013 Financial Analysis

Total assets of the Corporation increased by approximately \$24,000 during 2013, principally due to an increase in amounts owed from the Rhode Island Industrial-Recreational Building Authority (RIIRBA), a component unit of the State, offset by a decrease in cash.

Total liabilities of the Corporation increased by approximately \$20,000 during 2013, principally due to an increase in amounts owed to RIEDC, offset by a decrease in deferred revenue.

2013 Operating Activity

Operating revenues of the Corporation decreased by approximately \$11,000 compared to 2012 due to a decline in bond administration fees as a result of fewer financing applications and a declining overall portfolio.

Total operating expenses decreased by approximately \$40,000 due principally to a decline in administrative expenses allocated from RIEDC.

As a result of the above, the Corporation's net position increased by \$3,839 in 2013, compared to a decrease of \$24,795 in 2012.

2012 Financial Analysis

Total assets of the Corporation decreased by approximately \$18,000 during 2012, principally due to an increase in amounts owed from RIIRBA, offset by decreases in other receivables and cash.

Total liabilities of the Corporation increased by approximately \$7,000 during 2012, principally due to an increase in amounts owed to RIEDC, offset by a decrease in deferred revenue.

2012 Operating Activity

Operating revenues of the Corporation decreased by approximately \$8,000 compared to 2011 due to declines in bond administration fees and other revenues due to only one bond being paid off in 2012.

Total operating expenses increased by approximately \$26,000 due principally to an increase in administrative expenses allocated from RIEDC.

As a result of the above, the Corporation's net position decreased by \$24,795 in 2012 compared to an increase of \$9,343 in 2011.

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, 2013 AND 2012

	2013	2012
ASSETS:		
Current assets:		
Cash	\$ 138,986	\$ 358,714
Bond administration fees receivable	5,541	121
Due from Rhode Island Industrial-Recreational Building Authority (RIIRBA)	326,226	84,058
Prepaid insurance	13,591	12,944
Other receivables		4,434
Total current assets	484,344	460,271
Noncurrent asset, restricted cash	696,557	696,557
Total assets	1,180,901	1,156,828
 LIABILITIES:		
Current liabilities:		
Accounts payable		205
Unearned revenue	9,451	13,063
Due to Rhode Island Economic Development Corporation (RIEDC)	59,441	29,552
Total current liabilities	68,892	42,820
Noncurrent liabilities:		
Due to RIIRBA	696,557	696,557
Unearned revenue	62,361	68,199
Total noncurrent liabilities	758,918	764,756
Total liabilities	827,810	807,576
NET POSITION, UNRESTRICTED	\$ 353,091	\$ 349,252

See notes to 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

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Operating revenues:		
Charges for services, bond administration fee:	\$ 61,013	\$ 72,067
Other	1,000	1,000
	62,013	73,067
Total operating revenues		
Operating expenses:		
Administrative	29,839	70,424
Insurance	12,944	11,768
Contractual services	15,391	15,670
	58,174	97,862
Total operating expenses		
Change in net position	3,839	(24,795)
Net position, beginning of year	349,252	374,047
Net position, end of year	\$ 353,091	\$ 349,252

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Cash received for administration fees	\$ 56,593	\$ 59,995
Cash paid to suppliers for goods and services	(38,587)	(91,233)
Net cash provided by (used in) operating activities	18,006	(31,238)
Cash flows from investing activities:		
Advances to RIIRBA	(486,350)	(336,008)
Repayment of advances to RIIRBA	244,182	257,950
Other receivable	4,434	64,879
Net cash used in investing activities	(237,734)	(13,179)
Net decrease in cash	(219,728)	(44,417)
Cash, beginning of year	1,055,271	1,099,688
Cash, end of year	\$ 835,543	\$ 1,055,271
Reconciliation of change in net position to net cash provided by (used in) operating activities:		
Change in net position	\$ 3,839	\$ (24,795)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(5,420)	287
Prepaid expenses	(647)	(12,944)
Accounts payable	(205)	205
Unearned revenue	(9,450)	(13,359)
Due to RIEDC	29,889	19,368
Net cash provided by (used in) operating activities	\$ 18,006	\$ (31,238)

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

1. Description of business and summary of significant accounting policies (continued):

Recent accounting pronouncement:

Effective for the fiscal year ended June 30, 2013, the Corporation adopted Statement No. 63 of the Governmental Accounting Standards Board, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). Deferred outflows of resources represent the consumption of the Corporation's net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. GASB 63 prescribes the reporting requirements for these two elements and requires that the statement of net assets title be changed to statement of net position. The Corporation had no deferred inflows or outflows of resources at June 30, 2013 or 2012.

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.

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 deferred 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, 2013 and 2012, bond administration fees from two participants and three participants, respectively, represent 44% and 54%, respectively, of the Corporation's bond administration fees.

Bond administration fees receivable from one participant represents 100% and 56% of the Corporation's bond administration fees receivable at June 30, 2013 and 2012, respectively.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

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.

During the fiscal year ended June 30, 2012, the Corporation issued an aggregate of \$1,388,000 of revenue bonds, notes, equipment acquisition notes and construction loan notes to finance various capital expenditures for Rhode Island businesses. During the fiscal year ended June 30, 2013, the Corporation did not issue any such bonds or notes. The revenue bond issued during fiscal year 2012 was paid off as of June 30, 2012. The interest rates for outstanding debt range from fixed rates of 3.5% to 13%, as well as floating rates set as a percentage of the prime interest rate. Maturity dates for the bonds and notes range from 2013 to 2037. In March 2013, the Corporation was authorized to issue up to \$2,000,000 of taxable bonds to finance the development of real property and the construction of a recreational vehicle resort. In September 2013, authorization for these bonds increased to \$2,200,000.

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 outstanding on this debt at June 30, 2013 and 2012 was approximately \$80,000,000 and \$85,000,000, respectively.

3. Cash:

Cash, including restricted amounts, consists of the following:

	<u>2013</u>	<u>2012</u>
Bank balance in checking account	\$ 835,543	\$ 1,055,271
Bank balances insured by federal depository insurance	<u>250,000</u>	<u>1,055,271</u>
Bank balances uninsured and uncollateralized	<u>\$ 585,543</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

3. Cash (continued):

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 of the State, 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 which 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, 2013 and 2012, 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, 2013 and 2012, the Corporation is holding funds of the Rhode Island Economic Development Corporation (RIEDC) required to be established and 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 holds such escrow funds on behalf of RIIRBA.

The escrow funds are held in a repurchase agreement on behalf of RIIRBA and the related amount due to RIIRBA has been recorded separately in the accompanying financial statements.



Independent Auditors' Report on Accompanying Information

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

Our audit was performed for the purpose of forming an opinion on the 2013 basic financial statements of the Rhode Island Industrial Facilities Corporation, a Component Unit of the State of Rhode Island, taken as a whole. The accompanying supplementary information on pages 15 through 18 is presented for purposes of additional analysis and is not a required part of the 2013 financial statements. Such 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads 'LGCD LLP'.

Providence, Rhode Island
September 26, 2013

A Limited Liability Partnership

10 Weybosset Street, Suite 700, Providence, RI 02903 • (p) 401.421.4800 • 1.800.927.LGCD • (f) 401.421.0643 • www.lgcd.com

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

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

<u>Statement of Net Position</u>	<u>Attachment B</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 138,986
Investments	
Receivables (net)	5,541
Restricted assets:	
Cash and cash equivalents	
Investments	
Receivables (net)	
Other assets	
Due from primary government	
Due from other component units	326,226
Due from other governments	
Inventories	
Other assets	<u>13,591</u>
Total current assets	<u>484,344</u>
Noncurrent assets:	
Investments	
Receivables	
(Receivable allowance)	
Restricted assets:	
Cash and cash equivalents	696,557
Investments	
Other assets	
Due from other component units	
Capital assets - nondepreciable	
Capital assets - depreciable (net)	
Other assets, net of amortization	
Total noncurrent assets	<u>696,557</u>
Total assets	<u>1,180,901</u>

(continued)

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

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

<u>Statement of Net Position (Continued)</u>	<u>Attachment B</u>
Liabilities	
Current liabilities:	
Cash overdraft	
Accounts payable	
Due to primary government	
Due to other component units	\$ 59,441
Due to other governments	
Unearned revenue	9,451
Other liabilities	
Current portion of long-term debt	
	<hr/>
Total current liabilities	68,892
	<hr/>
Noncurrent liabilities:	
Due to primary government	
Due to other governments	
Due to other component units	696,557
Unearned revenue	62,361
Notes payable	
Loans payable	
Obligations under capital leases	
Other liabilities	
Compensated absences	
Bonds payable	
	<hr/>
Total noncurrent liabilities	758,918
	<hr/>
Total liabilities	827,810
	<hr/>
Net position, unrestricted	\$ 353,091
	<hr/> <hr/>

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

STATE OF RHODE ISLAND REQUIRED FORMAT

YEAR ENDED JUNE 30, 2013

<u>Statement of Revenues, Expenses, and Changes in Net Position</u>	<u>Attachment C</u>
Operating revenues:	
Charges for services	\$ 61,013
Interest income on loans	
Interest on investments	
Net increase (decrease) in fair value of investments	
Other operating income	<u>1,000</u>
Total operating revenues	<u>62,013</u>
Operating expenses:	
Personnel services	
Supplies, materials, and services	45,230
Interest expense	
Grants, scholarships, and contract programs	
Depreciation, depletion, and amortization	
Other operating expenses	<u>12,944</u>
Total operating expenses	<u>58,174</u>
Nonoperating revenues (expenses):	
Interest revenue	
Grants	
Payments from primary government	
Gain (loss) on sale of property	
Interest expense	
Payments (to) from other component units	
Net increase (decrease) in fair value of investments	
Other nonoperating revenue (expenses)	<u> </u>
Total nonoperating revenue (expenses)	<u>-</u>
Income (loss) before contributions	<u>3,839</u>
Capital contributions	
Special items	
Extraordinary items	<u> </u>
Change in net position	3,839
Total net position - beginning	<u>349,252</u>
Total net position - ending	<u>\$ 353,091</u>

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

STATE OF RHODE ISLAND REQUIRED FORMAT

JUNE 30, 2013

Attachment E

Schedule of Changes in Long-Term Debt

	<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	\$ 726,109	\$ 29,889		\$ 755,998	\$ 59,441	\$ 696,557
Notes payable						
Obligations under capital leases						
Net OPEB obligation						
Compensated absences						
Unearned revenue	81,262		\$ (9,450)	71,812	\$ 9,451	62,361
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other liabilities	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 807,371</u>	<u>\$ 29,889</u>	<u>\$ (9,450)</u>	<u>\$ 827,810</u>	<u>\$ 68,892</u>	<u>\$ 758,918</u>



**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 (the Corporation), a Component Unit of the State of Rhode Island, which comprise the statement of net position as of June 30, 2013, the related statements of revenues, expenses, and changes in net position, and cash flows as of and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 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.

A Limited Liability Partnership

10 Weybosset Street, Suite 700, Providence, RI 02903 • (p) 401.421.4800 • 1.800.927.LGCD • (f) 401.421.0643 • www.lgcd.com

**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 (Continued)**

Board of Directors
Rhode Island Industrial Facilities Corporation

Internal Control over Financial Reporting (Continued)

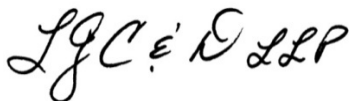
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Providence, Rhode Island
September 26, 2013