



# CITY OF **P**ROVIDENCE, RHODE ISLAND

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2009

**PROVIDENCE** THE CREATIVE CAPITAL

Finance Department | 25 Dorrance Street Providence, RI 02903

**CITY OF PROVIDENCE, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2009**

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**YEAR ENDED JUNE 30, 2009**

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# CITY OF PROVIDENCE

## INTRODUCTORY SECTION

- LETTER OF TRANSMITTAL
  - ORGANIZATION CHART
  - LIST OF CITY OFFICIALS
  - GFOA CERTIFICATE OF ACHIEVEMENT
-



## Finance Department

David N. Cicilline, Mayor | Bruce T. Miller, Finance Director

December 30, 2009

City Council  
Providence, Rhode Island

State law requires that all general-purpose local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Braver PC, Accountants and Advisors, have issued an unqualified (“clean”) opinion on the City of Providence, Rhode Island’s financial statements for the year ended June 30, 2009. A copy of their independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

### **PROFILE OF THE GOVERNMENT**

The City of Providence was incorporated in 1832, is located at the head of Narragansett Bay on the Providence River and is the major population, industrial, and commercial center of Rhode Island. The City is the center of State government. Providence occupies a total land area of 18.1 square miles and an additional 1.9 square miles of water. The City is ranked first in population among the thirty-nine cities and towns in Rhode Island.

The City utilizes a Mayor – Council form of government. A Home Rule Charter was adopted in 1980 and became fully effective on January 3, 1983. The City provides a full range of services including General Government, Community Development, Administration Services, Public Safety, Sanitation, Planning and Development, Workforce Development, Recreation, Parks, and Education.

The City adopts an annual budget for the General Fund, including the School Department. The legal level of control is by department.

### **FACTORS AFFECTING FINANCIAL CONDITION**

According to current and estimated employment data for 2006, provided by the Rhode Island Department of Labor and Training ([www.employri.org/analyzer](http://www.employri.org/analyzer)) there were 522,911 working in the city in 2006. The largest employers were as follows: 76,081 in health care and social assistance; manufacturing industries employed 52,726 workers; 51,714 in retail trade; educational services comprised 46,322 workers;

**PROVIDENCE** THE CREATIVE CAPITAL

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[www.providenceri.com](http://www.providenceri.com)

accommodation & food services had 42,560 workers; 26,492 workers in finance and insurance; administrative and support & waste management and remediation comprised 25,388 workers; 22,803 workers were employed in the construction industry; 16,969 in wholesale trade; 10,878 in information industry; 9,341 in management of companies & enterprises, and 18,818 in other services (not government.)

Several industrial parks, built as part of major urban renewal projects, are located in Providence. ProvPort, or the Port of Providence, consists of 105 acres of property, with New England's second-deepest port of 41-feet; an a study completed in 2006 by Martin Associates found that ProvPort's impact on the region reached \$180 million, since that study was completed, its business has grown an additional 30-percent. Rail service and transit sheds are accessible to ships docking in the Port; cargo entering and leaving the Port of Providence principally includes gasoline, fuel and diesel oil, cement and lumber. A \$39.5 million TIGER (US DOT) and \$6.5 million EDA grant are outstanding and, if approved, will allow for additional improvements and upwards of 1,000 new jobs.

The US Census has estimated the 2006 population of the City of Providence at 178,400 up from 173,618 (2000 US Census.) The demographic profile of the City is as follows: Caucasians, African Americans, Hispanics, Asians and Native Americans represent approximately 54.5%, 14.5%, 30%, 6% and 1% of the population, respectively.

### **MAJOR INITIATIVES**

As the state capital of Rhode Island and seat of government, education, finance, health care and arts and culture, Providence has made a concerted effort to leverage its extraordinary human and physical assets to build jobs and grow its economy. Despite the deepening recession of recent years, more than \$3 billion in new development has taken place in Providence since 2003. Through the focus of its seven colleges and universities, hospitals, health care and groundbreaking R&D facilities, emerging green and knowledge-economy businesses, award-winning scholars, internationally recognized art, culture and tourism, and excellent restaurants and hospitality, Providence is fast gaining a reputation of excellence and livability. The City readily support business growth as the market rebounds due to its megalopolis proximity and accessibility to several modes of transportation and markets, and its close collaboration among levels of government and the public/private sector.

The City has also succeeded in leveraging nearly \$100 million to improve its housing stock through new construction and related programs in recent years. With an emphasis on home ownership and owner occupancy, this program is the first of its kind to incorporate the City's resources with those of the Rhode Island Housing and Mortgage Finance Corporation and the State's leading banks. In collaboration with the State of Rhode Island, the development of the Providence Neighborhood Housing Corporation will also become the blueprint for identifying resources to expand and improve employment opportunities, health care, social services, crime prevention, recreation, and neighborhood revitalization programs.

To further their expansion, development, and investment, the Mayor has identified several major goals for fiscal year 2010. These goals include:

1. **Stimulating Entrepreneurship** by cutting the average time of plan review for building permits in half, facilitating development of new biotech incubator, launching economic development dashboard website, establishing Expediter as new resource for small businesses and b2b mentorship program, and making \$5 million in loans available by recapitalizing the Providence Economic Development Partnership (PEDP) fund.

2. **Greening the Economy** by creating the *Providence Green Jobs Training Corps*, finalizing site plans for wind turbines, doubling the citywide recycling rate, and implementing executive order so that all new municipal buildings are LEED or CHPS certified.
3. **Preparing the Next Generation** by giving every parent an online data dashboard to monitor their child's daily progress, implementing 21<sup>st</sup> – century science and math curriculum and tools, establishing middle school summer programs, and beginning new after-school programs.
4. **Ensuring Security for Success** by making the Providence Police Department the nation's first Center of Excellence in police training, creating Firefighter preparation programs for high school students, implementing family home safety programs, and securing nation accreditation for Providence Emergency Management Agency to ensure capabilities meet the highest standards.
5. **Building New Pathways to Opportunity** by launching *Bank of Providence* to provide affordable financial services and financial literacy to low-wage workers, supporting *Building Futures* in moving 30 City residents into union apprenticeships, supporting *Stepping Up* in moving 50 city residents into local nursing jobs and leveraging federal funds to create summer youth employment opportunities.
6. **Focusing on the Customer** by implementing performance-based budgeting, increasing the number of online services, streamlining license reissue processes, and ending waste from separate leases/locations and securing office space with ample parking to collocate departments.
7. **Rebuilding Economic Foundations** by investing at least \$10 million to improve city roads, making significant investments in port infrastructure to promote job growth, opening a career and technical academy to provide best job training facilities and building/renovating the City's fourth school.

## Economic Development

In recent years, the City of Providence has pursued an economic development strategy designed to foster growth and stability in downtown areas and surrounding neighborhoods. Concurrently, the City collaborated with leaders in the public and private sector to address economic expansion. In 2007, the City joined forces with various entities in a branding study to promote the City in a unified voice. These entities included the Greater Providence Chamber of Commerce, Providence Warwick Convention & Visitors Bureau, and Providence Tourism Council. After months of in-depth research and analysis, the "P" campaign, for "**Providence, The Creative Capital**," was adopted citywide and translated into marketing materials and messaging.

In 2009, the City contracted with Basile Baumann Prost Cole & Associates, Inc. (BBPC), an economic and real estate development advisory firm, to construct an implementation plan "to streamline economic development in the City, create and retain jobs and to provide training and job opportunities for the citizens of Providence." This plan was conducted under a federal Economic Development Administration grant, which was awarded to establish a unified, coordinated approach to economic development.

Since completion of the BBPC study, the Mayor's Department of Planning & Development, with the support of the reconstituted Providence Economic Development Partnership, have begun implanting this Action Plan on an eighteen-month timeline. The Mayor has also announced its adoption of "Operation Opportunity." This plan objects to stimulate the economy, green the economy, grow jobs, link school and work, create pathways to opportunity and improve customer relations. The City has also devoted

considerable efforts to support the expansion of the knowledge, green and creative economies, along with traditional manufacturing, financial services, marine trade and other industries in the past year.

These initiatives include:

- Providing seed funding to the Chamber/IPIC *Innovation Providence* entrepreneurs
- Securing Federal funding to develop the knowledge district (formerly Jewelry District) in hopes to align institutional, private R&D, and government agencies
- Conducted tours with Congressional leaders (including the chair of the House Appropriations Committee,) and met with the United States Congressional and Presidential Administration officers to draw attention to Providence and the region's economic needs and opportunities
- Created a partnership with the State of Rhode Island and Brown University to attract the IBM center to the City; this state-of-the-art center will create jobs along the entire spectrum of income and attract business to the City
- Teaming up with Lifespan Corporation, the University of Rhode Island and Brown University to engage in projects to relocate the Brown University Alpert Medical School, form the Rhode Island Institute for Translational and Personalized Medicine, develop and commercialize the Rhode Island Center for Life Sciences Research
- Developed a "green corridor" along the Woonasquatucket River Corridor to attract and retain environmental and energy related businesses
- Promotion of mass transit through the implementation of Transit 2020
- Launched a Creative Plan that engages more than 3,000 area residents in identifying ways to promote job and business development within the creative sector

Overall, the City of Providence continues to pursue economic development strategies designed to foster growth and stability in downtown areas and surrounding neighborhoods. The objective of this strategy is to:

- 1) Supporting the transit of the economy from one dependent, primarily on manufacturing, to a diversified economic base with major service oriented employment;
- 2) Retaining viable industry through the development of new industrial sites while promoting the establishment of new companies that have long-term potential for expansion;
- 3) Revitalizing the Port of Providence district's maritime and industrial activities;
- 4) Broadening and enhancing the residential tax base by planning and implementing revitalization projects and programs in the City's neighborhoods; and
- 5) Creating a coherent development strategy for the downtown core that provides a focus for public investment and private capital.

### **Redevelopment Initiatives**

Under contract with the City, Sasaki Associates Inc. completed a redevelopment plan for more than 200 acres of industrial land along the Providence River, also known as Narragansett Landing, in 2003. The plan builds on a previous plan that Sasaki completed in 2000 that envisioned a conversion of the area to a mixed residential and commercial district. Through the *Providence Tomorrow* planning process, the City continues to plan work for this waterfront area ([www.waterfronttowork.com](http://www.waterfronttowork.com)).

The City's Planning Department is currently in the process of proposing a new Working Waterfront Protection Zone. This zone would protect jobs and encourage economic growth at the Port of Providence, in conjunction with the City's *Put the Waterfront to Work* plan. The plan also limits all development at the Port to heavy industrial marine-based businesses, prohibits condominiums, residences, restaurants, retail, hotels and all non- marine industrial businesses. The Port of Providence already supports 1,500



jobs and the City is aggressively pursuing its ReNEWable Port plan to create 1,000 additional high-skilled/high-paying jobs for area residents. The *Put the Waterfront to Work* plan also expands the Port area, adding 20 more acres for additional staging area, a new rail loop to increase shipping capacity and enhanced security on its access roads. In addition, the *Put the Waterfront to Work* plan identifies Allens Avenue as a primary area for job development.

Another redevelopment district is Promenade, which encompasses land adjacent to the Woonasquatucket River between downtown and Olneyville; this area has seen a considerable amount of private development over the past three years. A high-end, \$57 million, 325 residential apartment complex has been completed by the Texas based JPI company on land west of the Providence Place Mall. Feldco, Inc. has constructed the Eagle Square shopping center, a \$20 million project, at the corner of Atwells Avenue and Valley Street. The project was completed in 2004. Farther west, the Armory Revival Company and Struever Brothers of Baltimore are currently investing \$45 million to renovate a historic mill complex on Valley Street into office space and apartments (to be offered at market and affordable rates). The American Locomotive Works, another Struever Brothers project, a \$333 million, multi-phase mixed-use project is currently under construction. Recent expansion also includes the Ecolet, the solar headquarters of Alteris Renewables, United Natural Food, Inc., Mid Ocean Studio, Recycle-A-Bike, and the Woonasquatucket River Watershed Council.

### **Commercial Expansion**

Providence's employment base has experienced long-term shifts to high-grade employment in the service sector that are evidence by the proliferation of newly constructed office and institutional buildings. Prior to 1983, there was approximately 3,760,000 square feet of office space in the City of Providence, in all categories. Currently, office space has increased to approximately 8,000,000 square feet. Substantial increases in Providence's office market are due to the completion of commercial buildings, such as, the Fleet Center, One Providence Washington Plaza, One La Salle Square, Gateway Center (home of the Shareholder Services Division of First Data Corporation), and the Citizens Bank Building. Recent studies indicate an approximate average office vacancy rate of 11%. However, the vacancy rate varies drastically for the categories A-, B-, and C- class space. Vacancy rates for these classes are 5.0%, 10.0%, and 20.0%, respectively. Office development activity in downtown Providence has been reinforced by the completion of GTECH's new 10-story corporate headquarters in 2007. With its close proximity to Boston, Providence expects to benefit from the tighter markets to the north for viable opportunities for growth.

Blue Cross/Blue Shield of RI is currently constructing a new 13-story building containing 325,000 square feet of office space. The project is estimated to cost \$114 million and is nearing completion. \$25 million Capital Cove project has been completed and has constructed 260 apartments, 360 parking spaces, and 18,000 square feet of retail space. The Marriot Residence Hotel, a \$77 million project, was completed in 2007. The Waterplace Condominiums, consisting of 193 units, and Westin Hotel and Residences were completed in 2007. A \$21 million Hampton Inn project was recently completed, as well as, a \$15 million mixed-use project at 333 Atwells Avenue, which enhanced commercial expansion by developing retail space on the ground floor and condominiums on upper floors.

### **Institutional Expansion**

Current and recently completed institutional expansion also represents a considerable investment in Providence. Collectively, since 1990 construction spending by the City's educational and healthcare institutions on completed projects, as well as, projects planned in the near future, exceeds \$200 million.

## Public Investment

The City has supported private investments in downtown Providence with major public capital investments. This support has resulted in new and rehabilitated office buildings and hotels; arts and entertainment facilities; and new specialty retail centers and restaurants. Major public sector projects presently consist of the Capital Center, the Convention Center, infrastructure improvements in the Promenade and Old Harbor Sectors of the City; and ongoing capital improvements to the City's public infrastructure, schools, public housing, port facilities, and roadways. Additionally, the following significant projects were completed in the past fifteen years:

- Kennedy Plaza, a Federal and City investment of \$7 million to refurbish roadway, public transit, and pedestrian facilities in the core of the Central Business District; it should also be noted that Kennedy Plaza, which serves as a focal point outside of Providence City Hall, was subject of a \$17 million renovation and reconfiguration project sponsored by the Federal Transit Authority (FTA) through the Rhode Island Transportation Authority (RIPTA) in 2000.
- The Silver Spring Industrial Park, a \$4 million, 30-acre industrial site consisting of 16 development parcels.
- A \$6.1 million loan to the Providence Performing Arts Center (PPAC) for expansion of its stage house, which was completed in 1995.
- The Fleet Skating center in the former Francis Street bus loop opened in November 1998; the outdoor skating rink is open to the public on an hourly fee basis; this facility is convertible for outdoor entertainment use during the summer months.
- RIPTA redesigned and improved its transit facilities in the spring of 2002 completing redevelopment of Kennedy Plaza.
- The Rhode Island Department of Transportation (RIDOT) committed \$3.2 million to improve traffic circulation in the downtown area; the project's first phase was reconfiguration of Washington street from a one-way to a two-way traffic pattern with state-of-the-are traffic signals and emergency overrides for fire vehicles in 2003; other improvements include the reconfiguration of Empire and Weybosset Streets.
- A \$65 million renovation of the Dunkin Donuts Center, completed in 2008
- In 2008, RIDOT is committed to improve traffic improvement with the relocation of Interstate – 195. This \$525 million project will make 40 acres of developable land available.
- \$5 million was invested in the construction of New Riverside Park during 2008.
- More than \$10 million was invested in the Roger Williams Zoo for the Botanical Center and Elephant Exhibit in 2008.
- Despite the economic downturn affecting local governments during 2009, the City has continued its plans for public investment in the economic vitality of the City. The planning and development department currently has several opportunities under review.

## Debt Administration

Outstanding governmental and business-type activity bonds at June 30, 2009 totaled \$580,503. Note 7 of this report presents more detailed information about the City's debt position. The City has the following bond ratings:

Moody's Investor Services	A3
Standard and Poors	A
Fitch	A

## **Cash Management**

Cash temporarily available during the year was invested for periods ranging from 30 to 181 days to maturity in accordance with Rhode Island General Laws, Chapter 35-10.1. Trust funds are also authorized to invest in corporate bonds, securities and other commercial paper. Three factors affecting investment income include: (1) interest rates, (2) available cash balances, and (3) cash flow management.

## **Risk Management**

The City of Providence has a comprehensive program for managing all areas of risk, including health and life insurance for active and retired employees, worker's compensation, heart and hypertension, property and casualty, general liability, professional liability, and other exposures including theft, performance, and surety.

The activities of the risk management program are accounted for in an internal service fund. This fund operates on a full accrual basis with self-retention levels. Each year, total risk management costs are charged as an insurance premium to departments based on formulas applying elements of exposure and loss history.

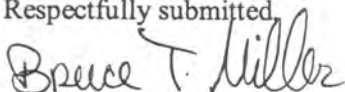
## **Long-Term Financial Planning**

As part of the annual budget process, the Finance and Planning Department present a five-year capital improvement plan. This plan identifies costs and financing methods for those capital projects the City expects to fund over the next five years. The 2009 – 2013 fiscal year capital project plan projects needs through fiscal 2013. The plan provides for the needs of the general government and addresses issues, such as, infrastructure, major equipment replacement, school facilities, public safety, recreation and public lands and parks. The estimated cost of the capital improvement plan is \$180,000,000.

## **ACKNOWLEDGMENTS**

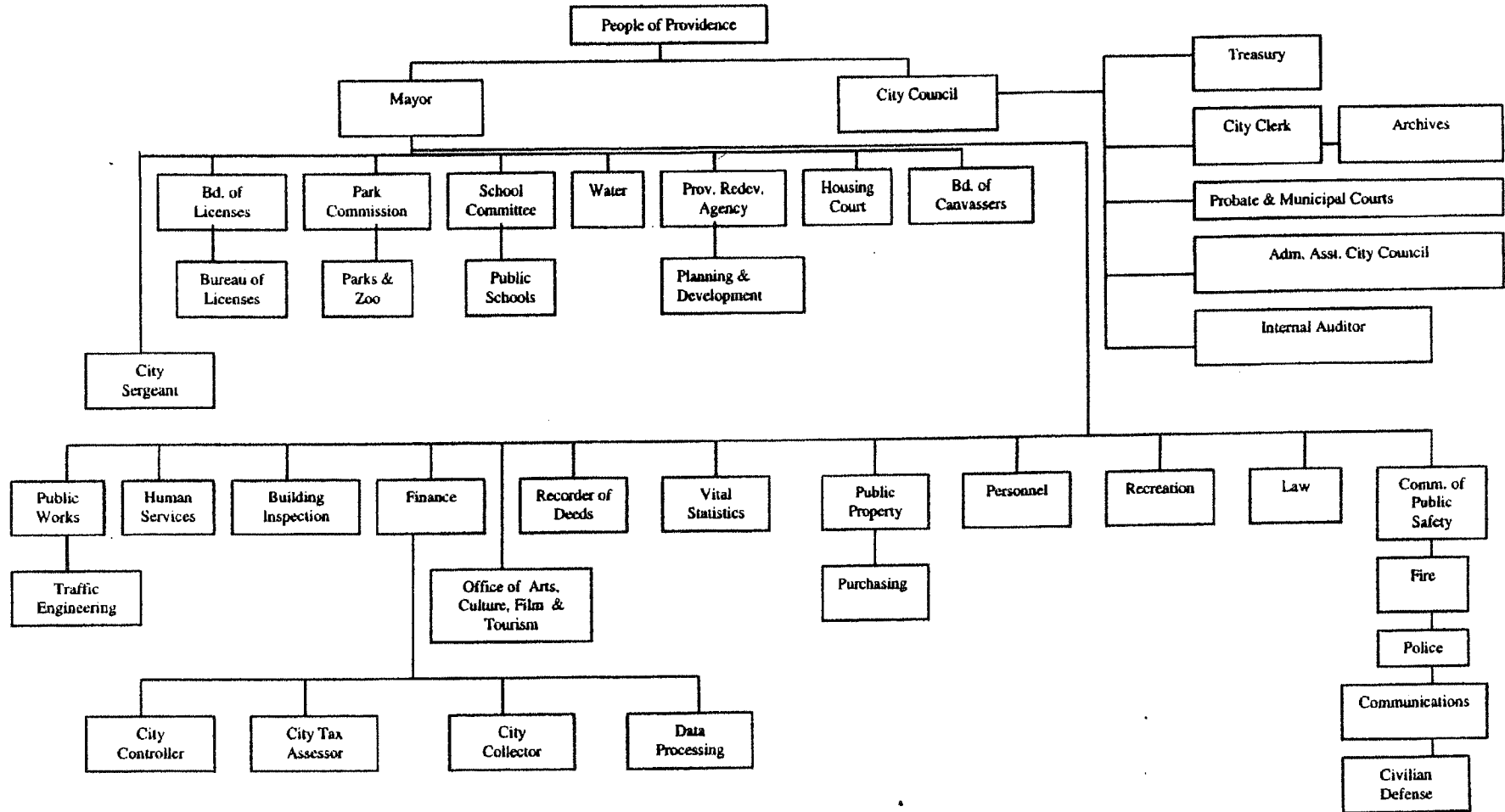
The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department who assisted and contributed to its preparation. I also appreciate the assistance and dedication of Malloy, Lynch, Bienvenue, LLP and the audit team of Braver, PC. Finally, I would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Bruce T. Miller,  
Director of Finance

# ORGANIZATIONAL CHART



**City Officials**  
As of June 30, 2009

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Mayor..... David N. Cicilline

**City Council:**

Ward 1..... Seth Yurdin  
 Ward 2..... Cliff Wood  
 Ward 3..... Kevin Jackson  
 Ward 4..... Nicholas J. Narducci, Jr.  
 Ward 5..... Michael A. Solomon  
 Ward 6..... Joseph DeLuca  
 Ward 7..... John J. Igliazzi  
 Ward 8..... Leon F. Tejada  
 Ward 9..... Miguel Luna  
 Ward 10..... Luis A. Aponte  
 Ward 11..... Balbina A. Young  
 Ward 12..... Terrence Hassett  
 Ward 13..... John J. Lombardi  
 Ward 14..... Peter S. Mancini  
 Ward 15..... Josephine DiRuzzo

Chief Engineer/GM of Water Supply..... Pamela Marchand  
 Chief of Fire Department..... George Farrell  
 Chief of Operations..... Alix Ogden  
 Chief of Police Department..... Dean Esserman  
 Chief of Staff..... Deborah Brayton  
 City Clerk..... Anna Stetson  
 City Controller..... John Cimino  
 City Solicitor..... Joseph Fernandez  
 City Treasurer..... Stephen T. Napolitano  
 Deputy Chief of Staff..... Rita Murphy  
 Deputy Director of Public Property..... Alan Sepe  
 Director of Administration..... Richard Kerbel  
 Director of Communications..... Rhoades Alderson  
 Director of Department of Arts, Culture, and Tourism..... Lynne McCormack  
 Director of Emergency Management Agency..... Peter Gaynor  
 Director of Finance..... Bruce T. Miller  
 Director of Information Technology..... Charles Hewitt  
 Director of Inspections and Standards, Acting..... Sheila Barrett  
 Director of Personnel..... Sybil Bailey  
 Director of Planning and Development..... Thomas Deller  
 Director of Policy..... Matthew Stark  
 Director of Prov Stat..... Pamela Cardillo  
 Director of Public Works..... William Bombard  
 Director of Recreation..... Frank Santos, Jr.  
 Director of Telecommunications..... William Trinque  
 Director of Workforce Solutions..... Robert L. Ricci  
 Internal Auditor..... James Lombardi  
 Recorder of Deeds, Acting..... John A. Murphy  
 Registrar of Vital Statistics..... Ernesto Figueroa  
 Superintendent of Parks..... Robert McMahon  
 Superintendent of Schools..... Thomas Brady  
 Tax Assessor..... John Gelati  
 Tax Collector, Acting..... Matthew Clarkin  
 Traffic Engineer..... Bernard Lebby

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Providence  
Rhode Island

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# CITY OF PROVIDENCE

## FINANCIAL SECTION

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

## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor and Members  
Of the City Council  
Providence, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Providence, Rhode Island, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Providence, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Providence, Rhode Island, as of June 30, 2009, 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.



The Management's Discussion and Analysis, schedule of funding progress, and budgetary comparison information on Pages 3 through 11 and 55 through 62 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2009 on our consideration of the City of Providence, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Providence, Rhode Island's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund financial statements, capital asset schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund financial statements, capital asset schedules and other schedules 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 and budgetary comparison schedules taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Braver, PC*

Braver, PC  
Providence, Rhode Island  
December 30, 2009

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
JUNE 30, 2009

This Management's Discussion and Analysis of the City of Providence, Rhode Island's Basic Financial Statements provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009.

**Financial Highlights – Primary Government**

**Government – Wide Highlights**

*Net Assets* – The assets of the City's governmental activities exceeded its liabilities for the fiscal year ending June 30, 2009 by \$39 million (presented as "total net assets"). Of this amount, a deficit of \$63.2 million was reported as "unrestricted." The net investment in capital assets was \$102.3 million. The assets of the City's business-type activities exceed its liabilities by \$210.6 million. Of this amount, \$159.7 million represents the City's net investment in capital assets.

*Change in Net Assets* – The City's total net assets decreased by \$8.3 million in fiscal year 2009. Net Assets of governmental activities decreased by \$12.2 million, while net assets of business-type activities increased by \$3.8 million.

**Fund Highlights**

*Governmental Funds – Fund Balances* – As of June 30, 2009, the City's governmental funds reported a combined ending fund balance of \$112.3 million. A \$19.8 million decrease from the prior year. Of the total fund balance reported, \$98.1 million represents "unreserved fund balance," of which \$9.8 million pertains to Capital Project Funds, \$69.1 million is for non-major funds, \$17.4 million pertains to the general fund, and \$1.8 million pertains to school grant funds.

**Long-Term Debt**

The City's total long-term debt obligations related to its government activities decreased by \$73.1 million during the current fiscal year.

The total long-term debt of the City's proprietary activities decreased by \$4 million during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Providence's basic financial statements. The City's basic financials statements include three components: 1) government – wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information (budget schedules) and other supplementary information (combining financial statements). These components are described in this next section of this analysis.

**Basic Financial Statements**

The basic financial statements include two types of statements that present different views of the City's financial information. These statements are the **Government-Wide and the Fund Financial statements**. These financial statements are accompanied by **Notes to the financial Statements**, which provide detailed information about financial statement items.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
JUNE 30, 2009

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the city's operations in a manner similar to a business operating in the private sector. The statements provide short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

- The *Statement of Net Assets* presents all of the government's assets and liabilities, with the difference between the two reported as "net assets." Overtime, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City 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, as soon as, the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expense are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as, uncollected taxes and earned, but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the above financial statements have separate sections for two different types of the City's programs or activities. These activities are defined below:

- *Governmental Activities* – The activities in this section are supported mostly by tax revenues and intergovernmental revenues (federal and state grants). Most services normally associated with City government fall into this category, including the executive, legislative and judicial, financial administration, human resources, public safety, building inspections, public works, recreation, parks, schools, public property, planning, other general government, judgment and claims, retirement costs, debt service, and other employee benefits.
- *Business-Type Activities* – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The City's business-type activities include the operations of the Water Supply Board and The Providence Public Building Authority. The City does not have any discretely presented component units.

**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. Like other local Governments, the City uses fund accounting to ensure and demonstrate compliance with finance-regulated legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are described below:

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1. *Governmental Fund Financial Statements* – Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed, short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

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 fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has four governmental funds considered to be major funds for financial statement presentation. That is, each major fund is presented in a separate column in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major governmental funds are comprised of the following: (1) the General Fund, (2) the School Fund, (3) the School Grant Fund, and (4) the Capital Projects Fund. All nonmajor governmental funds are presented in single column. The basic governmental fund financial statements can be found immediately following the government-wide statements.

2. *Proprietary Fund Financial Statements* – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customer, including local governments, which are known as enterprise funds. Proprietary funds provide that same type of information as the government-wide financial statement, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and proprietary fund financial statements. The City has two major enterprise funds: The Water Supply Board and the Providence Public Buildings Authority. Financial statements for the Providence Public Buildings Authority may be obtained from the City of Providence Finance Department.

The Internal Service Fund is maintained to account for the self-insured health claims and potential legal claims of the City.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

3. *Fiduciary Fund Financial Statements* – These funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. They use the accrual basis of accounting.

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The City's fiduciary funds are the Employee Retirement Fund, various Private-Purpose Trust Funds, and Agency Funds.

The fiduciary financial statements can be found immediately following the proprietary fund financial statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund basis financial statements. The notes to the financial statements can be found immediately following the fiduciary fund financial statements.

**Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules for the general and school funds – the only governmental funds for which legal budgets are adopted annually. In fiscal year 2009, there were no significant modifications to the budgets originally adopted for each fund.

**Other Supplementary Information**

**Combining Financial Statements and Schedules**

Combining financial statements are presented for nonmajor governmental funds and combining schedules are presented by individual grant within the school department. These are presented following the required supplementary information. The total columns of these combining financial statements and schedules are presented in the applicable fund financial statement.

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**Government-Wide Financial Analysis**

**Net Assets**

As earlier noted, net assets may serve as a useful indicator of the government's financial position overtime. The City's combined net assets (government and business-type activities) totaled \$249.6 million at the end of 2009, compared to \$257.9 million at the end last year.

The largest portion of the City's net assets, \$261.9 million, reflect its investment in capital assets, like land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any outstanding related debt used to acquire that asset. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets can not be used to liquidate these liabilities.

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 286,801	\$ 78,114	\$ 364,915	\$ 397,955	\$ 97,704	\$ 495,659
Capital assets	637,197	204,233	841,430	555,898	190,522	746,420
Total Assets	<u>923,998</u>	<u>282,347</u>	<u>1,206,345</u>	<u>953,853</u>	<u>288,226</u>	<u>1,242,079</u>
Current liabilities	171,946	28,310	200,256	116,517	33,985	150,502
Long-term liabilities	713,017	43,465	756,482	786,151	47,490	833,641
Total Liabilities	<u>884,963</u>	<u>71,775</u>	<u>956,738</u>	<u>902,668</u>	<u>81,475</u>	<u>984,143</u>
Net assets:						
Invested in capital assets, net of related debt	102,250	159,670	261,920	80,301	143,479	223,780
Restricted		44,280	44,280		54,745	54,745
Unrestricted	(63,215)	6,622	(56,593)	(29,116)	8,527	(20,589)
Total Net Assets	<u>\$ 39,035</u>	<u>\$ 210,572</u>	<u>\$ 249,607</u>	<u>\$ 51,185</u>	<u>\$ 206,751</u>	<u>\$ 257,936</u>

Restricted net assets of \$44.3 million primarily represent water restricted funds that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net assets.

**Changes in Net Assets**

The City's net assets decreased by \$12.2 million and increased by \$3.8 million for governmental activities and business-type activities, respectively. The reason for this decrease is due primarily to a cut in state funding and increase in employee benefits and related costs. Business-type activities increased due to higher charges for services collected in FY2009. Approximately, 43% of the City's total governmental revenues was generated from taxes and payments in lieu of taxes. 43.7% resulted from grants and contributions, including Federal Aid. Charges for various goods and services provided 8.8% of total revenues, while other revenues and

**CITY OF PROVIDENCE, RHODE ISLAND**  
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investment and rental income accounted for 4.5% of total revenues, respectively. The City's expenses cover a range of services. The largest expenses were for school, public safety, retirement costs, and employee benefits. Revenues from business-type activities in 2009 exceeded expense by \$3.8 million. The increase in revenue was due from operating surpluses from the Water Supply Board, which reported an increase in revenue of 6.3%, while expense increased only 4.1%.

**The City of Providence's Changes in Net Assets - Primary Government**  
**(in Thousands)**

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 61,989	\$ 81,450	\$ 143,439	\$ 44,110	\$ 83,528	\$ 127,638
Operating grants and contributions	272,674		272,674	273,088		273,088
Capital grants and contributions	13,908	775	14,683	13,908	898	14,806
General revenues			-			
Property taxes	304,455		304,455	291,941		291,941
Grants not restricted to specific programs	22,369		22,369	42,787		42,787
Miscellaneous	21,525		21,525	18,446		18,446
Unrestricted investment earnings	1,230	1,243	2,473	19,905	3,625	23,531
<b>Total revenues</b>	698,150	83,468	781,618	704,186	88,051	792,237
<b>Expenses:</b>						
Executive, legislative, and judicial	32,624		32,624	19,352		19,352
Finance	111,908		111,908	119,373		119,373
Public safety	109,501		109,501	111,183		111,183
Building inspection	2,946		2,946	2,717		2,717
Public works	19,657		19,657	18,384		18,384
Recreation	2,771		2,771	3,089		3,089
Public land and parks	(313)		(313)	17,249		17,249
Education	377,736	12,044	389,780	375,830	11,794	387,624
Community development	26,110		26,110	20,811		20,811
Interest on long-term debt	27,360		27,360	17,056		17,056
Economic development		17,222	17,222		14,900	14,900
Water		50,381	50,381		47,610	47,610
<b>Total expenses</b>	710,300	79,647	789,947	705,044	74,304	779,348
<b>Change in net assets</b>	(12,150)	3,821	(8,329)	(858)	13,747	12,889
<b>Net assets - beginning</b>	51,185	206,751	257,936	52,043	193,004	245,047
<b>Net assets - ending</b>	\$ 39,035	\$ 210,572	\$ 249,607	\$ 51,185	\$ 206,751	\$ 257,936

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Business-Type Activities**

The business-type activities increased the City's net assets by \$3.8 million. This resulted primarily from a \$9.7 million increase in net assets of the Water Supply Board and a decrease in net assets of \$5.9 million by the Providence Public Building Authority. The Water Supply Board increase was primarily due to higher charges for services collected in FY2009.

**Financial Analysis of the City's Individual Funds**

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

**Governmental Funds**

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$17.4 million. As a measure of the general funds' liquidity, it may be useful to compare both unreserved fund balance and total fund balance of total fund expenditures. Unreserved and general fund balance represents 5.8% of total general fund expenditures. The City has achieved the goal of maintaining a minimum fund balance of 5.0% of annual general fund budgetary expenditures at the end of the fiscal year.

*School Grants-Fund Balance* – The school grant funds account for federal and state grants received and expended by the school system. The fiscal year 2009 school grants fund balance is reported at \$1.8 million, a \$.8 million decrease from fiscal year 2008. The decrease is directly related to a decrease in interfund transfers. During 2009, the City was awarded Federal funding under the American Recovery and Reinvestment Act resulting in an increase of revenues and expenses.

*School Fund* – The school fund ended the year with a \$0 fund balance in accordance with City charter regulations. The expenditures were \$265.6 million as compared to \$327.9 million in the prior year. Expenditures decreased approximately 20% due to the City's efforts to cut costs as state funding was significantly reduced in FY2009.

*Capital Projects Fund-Fund Balance* – The capital projects fund accounts for resources to be used for the acquisition or construction of capital assets for housing and community improvement activities in the City, other than those financed by proprietary funds. The fiscal year 2009 capital projects fund balance is \$9.8 million. The \$2.4 million increase from fiscal year 2008 is attributable to the capital leases issued during the year.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities above, the City's proprietary net assets increased by \$3.8 million as a result of operations in the individual enterprise funds. The Water Supply Board showed an increase in net assets of \$9.7 million resulting primarily from higher charges for services collected in FY 2009. The Providence Public Building Authority accounted for a \$5.9 million decrease in net assets and the School Lunch Program accounted for a \$4 thousand decrease in net assets.



**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**General Fund Budgetary Highlights**

The City sustained an overall budgetary deficit of \$5 million in fiscal year 2009. This will decrease the cumulative fund balance to \$17.4 million. Total general fund revenues and transfer for the fiscal year were \$424.2 million and total general fund expenditures and transfers for the fiscal year were \$429.2 million. The City's revenue deficit is a direct result of reductions in state revenues of \$8.6 million. Local receipts remained relatively stable in 2009. Because of state revenue reductions, expenditures were offset by cost cutting measures and savings from other funds were transferred into the general fund during fiscal year 2009. The City will continue to review its cost cutting and process improvements to increase efficiency and reduce costs in future periods.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 55 to 62 of the Comprehensive Annual Financial Report.

Below are the changes in undesignated fund balance since June 30, 2003 (in millions):

	2003	2004	2005	2006	2007	2008	2009
Undesignated fund balance, beginning	\$ 8.3	\$ 10.2	\$ 12.5	\$ 16.7	\$ 19.7	\$ 22.2	\$ 22.3
Increase (decrease)	1.9	2.3	4.2	2.6	2.5	0.1	(4.9)
Reallocation of Designated Fund Balance				0.4			
Undesignated fund balance, end	<u>\$ 10.2</u>	<u>\$ 12.5</u>	<u>\$ 16.7</u>	<u>\$ 19.7</u>	<u>\$ 22.2</u>	<u>\$ 22.3</u>	<u>\$ 17.4</u>

**Capital Asset and Debt Administration**

**Capital Assets (Note 5 to the Basic Financial Statements)**

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 45,892	\$ 12,551	\$ 58,443	\$ 45,707	\$ 11,091	\$ 56,798
Land Improvements	8,245	18,682	26,927	6,662	18,682	25,344
Building and Improvements	115,054	125,568	240,622	112,178	114,341	226,519
Machinery and Equipment	14,567	4,052	18,619	14,188	4,570	18,758
Infrastructure	114,693		114,693	115,462		115,462
Leased assets	199,551	10,779	210,330	190,428	10,964	201,392
Construction in Progress	139,195	32,601	171,796	66,568	30,874	97,442
<b>Total</b>	<u>\$ 637,197</u>	<u>\$ 204,233</u>	<u>\$ 841,430</u>	<u>\$ 551,193</u>	<u>\$ 190,522</u>	<u>\$ 741,715</u>

The City's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$970 million, net of accumulated depreciation of \$332.8 million, leaving a net book value of \$637.2 million. This investment in capital assets included land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2009**

**Debt Administration**

	June 30, 2009			June 30, 2008		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 96,735	\$	\$ 96,735	\$ 105,075	\$	\$ 105,075
Revenue bonds	60,295	43,573	103,868	62,445	45,043	107,488
Tax increment obligations	21,150		21,150	23,755		23,755
Capital leases payable	47,628	990	48,618	49,300	2,000	51,300
Notes payable	2,336		2,336	2,546		2,546
PPBA Debt	-	503,289	503,289	-	501,263	501,263
<b>Total</b>	<b>\$ 228,144</b>	<b>\$ 547,852</b>	<b>\$ 775,996</b>	<b>\$ 243,121</b>	<b>\$ 548,306</b>	<b>\$ 791,427</b>

The authority of the City to incur debt is governed by federal and state laws, which restrict the amounts and purposes for which a municipality can incur debt.

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the City Council.

The City's total outstanding notes and bonds decreased by \$15.4 million during the current fiscal year.

The 2004 State legislative session authorized the City to issue variable rate debt and to participate in interest rate swaps. The City is developing policies that will set guidelines and procedures and define permitted instruments. It will set participant requirements and limitations on exposure, as well as ongoing management and reporting requirements. As of the date of this report, the City has not issued variable rate debt or participated in interest rate swaps.

The City of Providence maintains the following ratings from Wall Street's credit agencies for general obligation debt: an A3 rating from Moody's Investors Service, and an A rating from Standard and Poor and Fitch. The City recently received notice from two agencies changing the City's outlook from positive to stable. The City of Providence continues to perform long-term strategic planning in a pro-active attempt to control costs: examples of these costs are health insurance, pension costs, education, salaries and benefits and debt service. The City is currently in union negotiations to increase the employees' contributions of health insurance costs.

Additional information on the City's long-term debt obligations can be found in Notes 7 and 8 to the Financial Statements.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Providence's finances for all of the City of Providence's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Providence, Finance Department, Providence City Hall, Room 304, Providence, RI 02903.

# **CITY OF PROVIDENCE**

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF PROVIDENCE****Statement of Net Assets  
6/30/2009 (in thousands)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals*</b>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 87,377	\$ 65,183	\$ 152,560
Restricted cash and cash equivalents		36,118	36,118
Investments	35,973	12,076	48,049
Restricted investments		1,209	1,209
Taxes receivable (net of allowance)	22,662		22,662
Intergovernmental receivable	53,209	9,134	62,343
Loan receivable (net of allowance)	14,183		14,183
Restricted receivables		564	564
Other receivable	8,939		8,939
Charges for service receivable (net of allowance)		10,753	10,753
Internal balances	57,782	(57,782)	
Other assets	2,376	859	3,235
<b>Total current assets</b>	<b>282,501</b>	<b>78,114</b>	<b>360,615</b>
<b>Noncurrent assets</b>			
Deferred charges	4,300		4,300
Capital assets, nondepreciable	185,087	63,834	248,921
Capital assets, depreciable, net	452,110	140,399	592,509
<b>Total noncurrent assets</b>	<b>641,497</b>	<b>204,233</b>	<b>845,730</b>
<b>TOTAL ASSETS</b>	<b>923,998</b>	<b>282,347</b>	<b>1,206,345</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Warrants and accounts payable	16,178	21,258	37,436
Payable to retirement plan	51,536		51,536
Due to other governments	1,357		1,357
Accrued liabilities	36,003		36,003
Unearned revenue	869	1,903	2,772
Amounts payable with current restricted assets		2,635	2,635
Long term debt due within one year	66,003	2,514	68,517
<b>Total current liabilities</b>	<b>171,946</b>	<b>28,310</b>	<b>200,256</b>
<b>Noncurrent liabilities:</b>			
Due in more than one year	713,017	43,465	756,482
<b>Total noncurrent liabilities</b>	<b>713,017</b>	<b>43,465</b>	<b>756,482</b>
<b>TOTAL LIABILITIES</b>	<b>884,963</b>	<b>71,775</b>	<b>956,738</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	102,250	159,670	261,920
Restricted for Water Quality Protection		43,370	43,370
Restricted for debt service		910	910
Unrestricted	(63,215)	6,622	(56,593)
<b>TOTAL NET ASSETS</b>	<b>\$ 39,035</b>	<b>\$ 210,572</b>	<b>\$ 249,607</b>

\* After internal receivables and payables have been eliminated

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF PROVIDENCE, RHODE ISLAND**

**Statement of Activities**  
**For the Year Ended June 30, 2009 (in thousands)**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
Governmental activities:							
Executive, legislative, and judicial	\$ 32,624	\$ 241			\$ (32,383)	\$	\$ (32,383)
Finance	111,908	16,928			(94,980)		(94,980)
Public Safety	106,243	22,222	\$ 7,348		(76,673)		(76,673)
Building inspection	2,946	4,240			1,294		1,294
Public Works	17,079	213			(16,866)		(16,866)
Recreation	2,771	416	329		(2,026)		(2,026)
Public land and parks	5,523	438	177		(4,908)		(4,908)
Education	377,736	8,309	235,234	\$ 15,872	(118,321)		(118,321)
Community development	26,110	8,982	11,943		(5,185)		(5,185)
Interest on long-term debt	27,360	-			(27,360)		(27,360)
<b>Total governmental activities</b>	<b>710,300</b>	<b>61,989</b>	<b>255,031</b>	<b>15,872</b>	<b>(377,408)</b>	<b>-</b>	<b>(377,408)</b>
<b>Business-type activities:</b>							
PPBA	17,222	9,835				\$ (7,387)	\$ (7,387)
Water Supply Board	50,381	59,575		775		9,969	9,969
Non-major School lunch program	12,044	12,040				(4)	(4)
<b>Total business-type activities</b>	<b>79,647</b>	<b>81,450</b>		<b>775</b>		<b>2,578</b>	<b>2,578</b>
<b>Total primary government</b>	<b>\$ 789,947</b>	<b>\$ 143,439</b>	<b>\$ 255,031</b>	<b>\$ 16,647</b>	<b>(377,408)</b>	<b>2,578</b>	<b>(374,830)</b>
General revenues							
Taxes:							
Property taxes					284,775		284,775
Payments in lieu of taxes					19,680		19,680
Grants and contributions not restricted to specific programs					38,048		38,048
Investment income					1,230	1,243	2,473
Miscellaneous					21,525		21,525
<b>Total general revenues</b>					<b>365,258</b>	<b>1,243</b>	<b>366,501</b>
Change in net assets					(12,150)	3,821	(8,329)
Net assets-beginning, as restated					51,185	206,751	257,936
Net assets-ending					<b>\$ 39,035</b>	<b>\$ 210,572</b>	<b>\$ 249,607</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND**Balance Sheet- Governmental Funds  
June 30, 2009 (in thousands)**

	Major Funds					Other Non- major Governmental Funds	Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects			
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 7,150	\$ 2,867	\$ 12,869	\$ 12,065	\$ 50,389	\$ 85,340	
Investments					35,973	35,973	
Receivables, net:							
Taxes	22,662					22,662	
Loans					14,183	14,183	
Intergovernmental	23,758	13,442	15,599		410	53,209	
Other	1,456	2,827	1		3,938	8,222	
Due from other funds	49,526	34,448	6,667	10	20,079	110,730	
Other assets					108	108	
<b>TOTAL ASSETS</b>	<b>\$ 104,552</b>	<b>\$ 53,584</b>	<b>\$ 35,136</b>	<b>\$ 12,075</b>	<b>\$ 125,080</b>	<b>\$ 330,427</b>	
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Warrants and accounts payable	\$ 2,682	\$ 8,691	\$ 2,313	\$ 477	\$ 1,697	\$ 15,860	
Accrued liabilities	3,095	18,432	85			21,612	
Other payables	30,708	7,064				37,772	
Unearned revenues			241		50	291	
Deferred revenue	17,065				5,175	22,240	
Due to other funds	33,171	19,397	29,816	1,791	34,794	118,969	
Due to other governments	470		887			1,357	
<b>TOTAL LIABILITIES</b>	<b>87,191</b>	<b>53,584</b>	<b>33,342</b>	<b>2,268</b>	<b>41,716</b>	<b>218,101</b>	
<b>FUND BALANCES:</b>							
Reserved for:							
Loans					14,183	14,183	
Unreserved:							
Designated for future uses, reported in special revenue funds					16,754	16,754	
Undesignated, reported in							
General fund	17,361					17,361	
Special revenue funds			1,794		40,606	42,400	
Capital project funds				9,807		9,807	
Permanent funds					11,821	11,821	
<b>TOTAL FUND BALANCES</b>	<b>17,361</b>		<b>1,794</b>	<b>9,807</b>	<b>83,364</b>	<b>112,326</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 104,552</b>	<b>\$ 53,584</b>	<b>\$ 35,136</b>	<b>\$ 12,075</b>	<b>\$ 125,080</b>		

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	637,197
Net pension obligations and other post employment benefits	(139,117)
Deferred charges	4,300
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(601,689)
Deferred 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	22,240
Internal service funds are used by management to charge the costs of self-insurance and legal claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,778

Net assets of governmental activities (A-1)

**\$ 39,035**

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

## CITY OF PROVIDENCE, RHODE ISLAND

Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds  
For the Year Ended June 30, 2009 (In thousands)

	Major Funds					Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Non- major Governmental Funds	
<b>REVENUES:</b>						
Taxes	\$ 283,631	\$	\$	\$	\$	\$ 283,631
Departmental revenue	50,396	1,031		178	21,940	73,545
Federal and state grants and reimbursements	53,565	109,812	115,214	3,057	17,094	298,742
Investment and rental income	12,046	23		2,454	1,731	16,254
Fines and forfeitures	7,464					7,464
State Fiscal Stabilization Funds		10,209				10,209
Other		14,161	89	56	1,185	15,491
<b>TOTAL REVENUES</b>	<b>407,102</b>	<b>135,236</b>	<b>115,303</b>	<b>5,745</b>	<b>41,950</b>	<b>705,336</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Executive, legislative, and judicial	9,652				1,448	11,100
Finance	103,361					103,361
Public safety	89,793				14,002	103,795
Building inspection	2,838					2,838
Public works	15,650					15,650
Recreation	1,834				822	2,656
Public lands and parks	13,630				952	14,582
Other departments	5,947					5,947
Grants	4,086					4,086
Education		265,556	115,021			380,577
Community development					22,024	22,024
<b>Noncurrent:</b>						
Capital outlays				7,903		7,903
<b>Debt Service:</b>						
Principal	35,007				1,922	36,929
Interest and other costs	18,210			2,381		20,591
<b>TOTAL EXPENDITURES</b>	<b>300,008</b>	<b>265,556</b>	<b>115,021</b>	<b>10,284</b>	<b>41,170</b>	<b>732,039</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>107,094</b>	<b>(130,320)</b>	<b>282</b>	<b>(4,539)</b>	<b>780</b>	<b>(26,703)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	17,106	130,593	1,378		24	149,101
Transfers out	(129,200)	(273)	(2,522)		(17,106)	(149,101)
Capital leases issued				6,952		6,952
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(112,094)</b>	<b>130,320</b>	<b>(1,144)</b>	<b>6,952</b>	<b>(17,082)</b>	<b>6,952</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>(5,000)</b>		<b>(862)</b>	<b>2,413</b>	<b>(16,302)</b>	<b>(19,751)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>22,361</b>		<b>2,656</b>	<b>7,394</b>	<b>99,666</b>	<b>132,077</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 17,361</b>	<b>\$</b>	<b>\$ 1,794</b>	<b>\$ 9,807</b>	<b>\$ 83,364</b>	<b>\$ 112,326</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF PROVIDENCE, RHODE ISLAND*****Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
For the Year Ended June 30, 2009 (in thousands)***


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<b>Net Change in Fund Balances - Total Governmental Fund (B-2)</b>	<b>\$ (19,751)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,654
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	1,804
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(4,637)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	14,978
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	<u>(13,198)</u>
<b>Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)</b>	<b><u><u>\$ (12,150)</u></u></b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS



## CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Assets-Proprietary Funds  
June 30, 2009 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
<b>ASSETS:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 3,367	\$ 57,922	\$ 3,894	\$ 65,183	\$ 2,037
Restricted cash	36,118			36,118	
Investments		12,076		12,076	
Restricted investments	1,209			1,209	
Receivables, net	10,745		8	10,753	717
Restricted receivables	564			564	
Receivables- other governments	8,114		1,020	9,134	
Rentals receivable		489,680		489,680	
Due from other funds	416			416	25,080
Deferred gain on refinancing		85		85	
Inventories	479			479	
Other assets	380			380	2,268
<b>Total current assets</b>	<b>61,392</b>	<b>559,763</b>	<b>4,922</b>	<b>626,077</b>	<b>30,102</b>
<b>Noncurrent assets:</b>					
Deferred gain on refunding		876		876	
Capital assets:					
Land	12,551			12,551	
Buildings and improvements	50,884			50,884	
Improvements other than buildings	198,828			198,828	
Machinery and equipment	26,292			26,292	
Construction in progress	51,283			51,283	
	339,838			339,838	
Less accumulated depreciation	135,605			135,605	
Net capital assets	204,233			204,233	
<b>Total noncurrent assets</b>	<b>204,233</b>	<b>876</b>		<b>205,109</b>	
<b>Total assets</b>	<b>285,625</b>	<b>560,639</b>	<b>4,922</b>	<b>831,186</b>	<b>30,102</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	3,331	14,856	3,071	21,258	318
Claims payable					12,447
Unearned revenue	1,903			1,903	578
Due to other funds	2,483		1,793	4,276	12,981
Other		37,268		37,268	
Amounts payable from restricted assets	2,635			2,635	
Net bond premium		221		221	
Current portion of long-term debt and capital leases	2,514	16,787		19,301	
<b>Total current liabilities</b>	<b>12,866</b>	<b>69,132</b>	<b>4,864</b>	<b>86,862</b>	<b>26,324</b>
<b>Noncurrent liabilities:</b>					
Revenue bonds	42,048	486,503		528,551	
Net bond premium		3,784		3,784	
Net OPEB obligation	1,417			1,417	
<b>Total noncurrent liabilities</b>	<b>43,465</b>	<b>490,287</b>		<b>533,752</b>	
<b>TOTAL LIABILITIES</b>	<b>56,331</b>	<b>559,419</b>	<b>4,864</b>	<b>620,614</b>	<b>26,324</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	159,670			159,670	
Restricted for Water Quality Protection	43,370			43,370	
Restricted for debt service		910		910	
Unrestricted	6,254	310	58	6,622	3,778
<b>TOTAL NET ASSETS</b>	<b>\$ 209,294</b>	<b>\$ 1,220</b>	<b>\$ 58</b>	<b>\$ 210,572</b>	<b>\$ 3,778</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF PROVIDENCE, RHODE ISLAND**

**Statement of Revenue, Expenses and Changes in  
Net Assets-Proprietary Funds  
For the Year Ended June 30, 2009 (in thousands)**

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
<b>OPERATING REVENUES:</b>					
Charges for sales and services	\$ 59,575	\$	\$ 11,053	\$ 70,628	\$ 85,331
Lease receipts		9,723		9,723	
Other		112	987	1,099	
<b>Total operating revenues</b>	<b>59,575</b>	<b>9,835</b>	<b>12,040</b>	<b>81,450</b>	<b>85,331</b>
<b>OPERATING EXPENSES:</b>					
Cost of sales and services	24,230	300	12,044	36,574	
Health claims					89,978
Administration	13,920	421		14,341	
Depreciation	10,646			10,646	
<b>Total operating expenses</b>	<b>48,796</b>	<b>721</b>	<b>12,044</b>	<b>61,561</b>	<b>89,978</b>
<b>OPERATING INCOME (LOSS)</b>	<b>10,779</b>	<b>9,114</b>	<b>(4)</b>	<b>19,889</b>	<b>(4,647)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Investment income (expenses)	(228)	1,471		1,243	10
Interest expense	(1,585)	(16,501)		(18,086)	
<b>Total non-operating expenses</b>	<b>(1,813)</b>	<b>(15,030)</b>		<b>(16,843)</b>	<b>10</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>8,966</b>	<b>(5,916)</b>	<b>(4)</b>	<b>3,046</b>	<b>(4,637)</b>
Capital grants and contributions	775			775	
<b>Change in net assets</b>	<b>9,741</b>	<b>(5,916)</b>	<b>(4)</b>	<b>3,821</b>	<b>(4,637)</b>
<b>FUND NET ASSETS, BEGINNING</b>	<b>199,553</b>	<b>7,136</b>	<b>62</b>	<b>206,751</b>	<b>8,415</b>
<b>FUND NET ASSETS, ENDING</b>	<b>\$ 209,294</b>	<b>\$ 1,220</b>	<b>\$ 58</b>	<b>\$ 210,572</b>	<b>\$ 3,778</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE**Statement of Cash Flows-Proprietary Funds  
For the Year Ended June 30, 2009 (In thousands)**

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and other	\$ 61,637	\$ 24,216	\$ 999	\$ 86,852	\$ 90,623
Cash received from intergovernmental sources			12,274	12,274	
Cash paid to vendors	(25,015)	(721)	(11,337)	(37,073)	(92,504)
Cash paid to employees	(13,281)		(415)	(13,696)	
<b>Net cash provided by (used for) operating activities</b>	<b>23,341</b>	<b>23,495</b>	<b>1,521</b>	<b>48,357</b>	<b>(1,881)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Custodial assets					
Due to other funds	261		2,373	2,634	
Transfers in					
<b>Net cash (used for) provided by noncapital financing activities</b>	<b>261</b>		<b>2,373</b>	<b>2,634</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(24,357)	(83,023)		(107,380)	
Interest paid on debt	(1,584)	(16,675)		(18,259)	
Proceeds from bond issuance and net bond premium	24,904	12,125		37,029	
Repayment of long-term debt and capital leases	(2,481)	(15,851)		(18,332)	
Transfer to refunding bond trustee					
Repayment of line of credit					
Capital grants	775			775	
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(2,743)</b>	<b>(103,424)</b>		<b>(106,167)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	376			376	
Sale of investment securities		1,001		1,001	
Investment income	(228)	1,471		1,243	10
<b>Net cash provided by investing activities</b>	<b>148</b>	<b>2,472</b>		<b>2,620</b>	<b>10</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,007</b>	<b>(77,457)</b>	<b>3,894</b>	<b>(52,556)</b>	<b>(1,871)</b>
<b>Cash and Cash Equivalents</b>					
Beginning	18,478	135,379		153,857	3,908
Ending	\$ 39,485	\$ 57,922	\$ 3,894	\$ 101,301	\$ 2,037

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

(CONTINUED)

**CITY OF PROVIDENCE, RHODE ISLAND**

C-3

**Statement of Cash Flows-Proprietary Funds  
For the Year Ended June 30, 2009 (In thousands)**

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>					
Operating income (loss)	\$ 10,779	\$ 9,114	\$ (4)	\$ 19,889	\$ (4,647)
Adjustments to reconcile operating income to net cash provide by (used in) operating activities:					
Depreciation	10,646			10,646	
Administrative expenses funded by bond proceeds		(112)		(112)	
Changes in assets and liabilities:					
Receivables	1,974	14,493	1,234	17,701	(167)
Inventories	(39)			(39)	
Other assets	70			70	
Due from other funds					(4,915)
Accounts payable and accrued expenses	(107)		291	184	(2,526)
Due to other funds					10,259
Unearned revenue	18			18	115
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 23,341</b>	<b>\$ 23,495</b>	<b>\$ 1,521</b>	<b>\$ 48,357</b>	<b>\$ (1,881)</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

(CONCLUDED)

**CITY OF PROVIDENCE, RHODE ISLAND****Statement of Fiduciary Net Assets-Fiduciary Funds  
June 30, 2009 (in thousands)**

	Employee Retirement Plan	Private Purpose Trust Fund Funds	Agency Fund
<b>ASSETS</b>			
Investments, at fair value:			
U.S. Government securities	\$ 12,805	\$ -	\$ -
Corporate and foreign bonds	38,769		
Corporate equity securities	168,899		
Mutual funds	15,820	824	
<b>Total investments</b>	<b>236,293</b>	<b>824</b>	
Cash and cash equivalents	2,384	14	946
Receivables:			
Loans receivable	22,397		
Other	44,589		11
<b>Total receivables</b>	<b>66,986</b>		<b>11</b>
<b>Total assets</b>	<b>305,663</b>	<b>838</b>	<b>957</b>
<b>LIABILITIES</b>			
Accounts payable	2,655		
Due to student groups			549
Other payables	1		408
<b>Total liabilities</b>	<b>2,656</b>	<b>\$</b>	<b>957</b>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits and Other Purposes	<b>\$ 303,007</b>	<b>\$ 838</b>	

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**Statement of Changes in Fiduciary Net Assets-Fiduciary Funds  
For the Year Ended June 30, 2009 (In thousands)**

	<b>Employee Retirement Plan</b>	<b>Private Purpose Trust Fund Funds</b>
<b>ADDITIONS:</b>		
Contributions:		
Employer	\$ 55,474	
Employees	11,232	
Donations		\$ 19
<b>Total contributions</b>	<b>66,706</b>	<b>19</b>
<b>Investment Earnings</b>		
Net appreciation in the fair value of investments	(47,143)	(227)
Interest	1,683	
Dividends	3,532	
<b>Total investment earnings</b>	<b>(41,928)</b>	<b>(227)</b>
Less investment expenses		
<b>Net investment earnings</b>	<b>(41,928)</b>	<b>(227)</b>
<b>Total additions</b>	<b>24,778</b>	<b>(208)</b>
<b>DEDUCTIONS:</b>		
Benefits	78,990	33
Refunds of contributions		
Administrative expenses	1,570	
<b>Total deductions</b>	<b>80,560</b>	<b>33</b>
<b>Change in net assets</b>	<b>(55,782)</b>	<b>(241)</b>
<b>Net assets - beginning</b>	<b>358,789</b>	<b>1,079</b>
<b>Net assets - ending</b>	<b>\$ 303,007</b>	<b>\$ 838</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES

### *Reporting Entity*

The City of Providence, Rhode Island (the "City") was incorporated in 1832. The City covers 18.5 square miles located in southeastern New England, at the head of the Narragansett Bay on the Atlantic sea coast. The City is approximately 45 miles from Boston and approximately 3 1/2 hours from New York by automobile or rail.

The City of Providence, Rhode Island (the "City") operates under a Mayor-Council form of government. A Home Rule Charter was adopted in November 1980 and became fully effective on January 3, 1983. The Mayor is elected by the voters of the City to a four-year term. City Council members are also elected to four-year terms, which coincides with the term of the Mayor. Most department heads and other City officials are appointed by the Mayor.

The City complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The City 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.

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. 14. Under GASB Statement No. 14, 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 unit is fiscally dependent upon the primary government; or

Test 3 - The financial statements would be misleading if data from the potential component unit were not included.

The criteria has been considered, and the blended component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

### *Individual Component Unit Disclosure*

The component unit provides services entirely or almost entirely to the City or otherwise exclusively or almost exclusively benefits the City, even though they do not provide services directly to it. The component unit has been reported as if it was part of the primary government through a method of inclusion known as blending. A description of the component unit, criteria for inclusion and its relationship with the City is as follows:

#### Providence Public Buildings Authority

The Providence Public Buildings Authority ("PPBA") was created by an act of the Rhode Island General Assembly and was empowered by resolution of the Providence City Council on August 13, 1987, and by resolution of the Public Finance Board, created under Section 42-10.11 of the General Laws of Rhode Island, on February 12, 1988. Membership is comprised of 5 members appointed by the Mayor and approved by the City Council. The PPBA is presented as a blended enterprise fund.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

## 1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Individual Component Unit Disclosure (Continued)**

#### Providence Public Buildings Authority (Continued)

The purpose of the PPBA is to acquire, construct, maintain, renovate, repair and operate public facilities and public equipment through the use of public financing for lease to the City. These activities allow the PPBA to provide for the conduct of the executive, legislative and judicial functions of the government. The PPBA is obligated to pay the principal and interest on any financing solely from the rents, revenues and receipts derived under the lease agreements with the City or from receipts on the disposition of the assets being financed. The PPBA's administrative expenses are paid on an annual basis by the lessee in the form of additional rent.

Complete financial statements of the PPBA can be obtained through the City of Providence Finance Department, City Hall, Providence, Rhode Island 02903.

### **Recently Issued Accounting Standards**

The City has implemented GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations, effective for the City's fiscal year ending June 30, 2009. The implementation of this standard had no effect on the City's financial statements.

The City has also implemented GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments, effective for the City's fiscal year ending June 30, 2009. The implementation of this standard had no effect on the City's financial statements.

The City will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the City's fiscal year ending June 30, 2010.
- GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the City's fiscal year end June 30, 2010.
- GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the City's fiscal year ending June 30, 2011.

The impact of these pronouncements on the City's financial statements has not been determined.

### **Government-Wide Fund Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.



**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items, primarily permits and fees, are considered to be measurable only when cash is received by the City.

All proprietary funds utilize an "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. Proprietary fund equity is classified as net assets. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the government's internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds, including both enterprise funds and internal service funds, include the cost of operations, maintenance, sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues from charges for services of the Providence Water Supply Board are recognized on the accrual basis, net of estimated uncollectibles. Depending upon consumption, metered water sale customers are billed monthly, quarterly or annually for water usage. Large commercial customers and other local water suppliers are billed more frequently.

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 expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City 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.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

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## 1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *School Fund* accounts for operations of the Providence school system.
- The *School Grants Fund* accounts for federal, state, and private grants received and expended by the school system.
- The *Capital Projects Fund* accounts for resources to be used for the acquisition or construction of capital assets for the housing and community improvement activities in the City.

The City reports the following major proprietary funds:

- The *Water Supply Board* accounts for the activities of the Providence Water Supply Board.
- The *Providence Public Buildings Authority* accounts for the activities related to acquisition, construction and leasing of capital assets to the City.

Additionally, the City reports the following fund types:

- The *Pension Trust Fund* accounts for the activities of the City of Providence Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.
- The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for the benefit of individuals, organizations or other governments.
- The *Agency Fund* accounts for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

### **Interfund Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Pension Plan Accounting**

#### Employee Retirement Plan

The Employee Retirement Plan (Pension Trust Fund) is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value, based on value of underlying assets.

The net pension obligation, the cumulative difference between annual pension cost and the City's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension obligation is recorded as a non-current liability in the government-wide financial statements.

#### Funding Policy

The City makes contributions at the discretion of management.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

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## 1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

### *Accounting 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, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

### *Property taxes*

The City's property tax is levied each year on July 1 based on the assessed property value, as of the prior December 31, for all real property, tangible property, equipment and motor vehicles located in the City. Assessed values of real property were established by the City Assessor's office at 100% of appraised market value based on 2003 State mandated statistical updated valuations less Homestead exemptions for up to five residential units. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value, with a State mandated, 10-year phase-out on tangible inventory property and a State-mandated \$4,500 exemption on motor vehicle assessments. Payments on the gross levy are due in equal quarterly installments in July, October, January, and April. Property taxes attach as an enforceable lien on property when levied.

### *Cash equivalents*

For purposes of the cash flow statement, the City considers certificates of deposits and highly liquid short-term investment funds with original maturities of three months or less, when purchased, to be cash equivalents, including amounts reported as restricted.

### *Investments*

Investments and pooled fixed income investments are stated at fair value, based on quoted market prices.

### *Inventories and prepaid assets*

Proprietary fund inventory is stated at the lower of weighted average cost or market using the first-in, first-out method. Inventory consists primarily of materials and supplies. Inventory is not maintained in governmental funds, but is recorded as an expenditure at the time of purchase. Inventory on hand at year-end is not material.

Any material payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

### *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as all computer equipment and assets with an initial, individual cost of more than a range of \$5,000 to \$100,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital asset, as applicable.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

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

**Capital Assets (Continued)**

Capital assets of the governmental activities are depreciated using the straight-line method over the following estimated useful lives:

Assets	Year
Buildings.....	45
Building improvements.....	20
Public domain infrastructure.....	45
System infrastructure.....	30
Vehicles.....	6
Office equipment.....	7
Computer equipment.....	5
Machinery and equipment.....	15

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Property, plant and equipment of the business-type activities and proprietary funds are depreciated using the straight-line method over the following estimated useful lives:

	Water Supply Board
Buildings, source of supply, structures, and improvements.....	5 – 75 years
Improvements other than buildings.....	3 – 75 years
Machinery and equipment.....	3 – 50 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds from project specific debt issued over the same period.

**Self-Insurance**

The City is self-insured in most areas of risk, subject to certain third-party “stop loss” coinsurance. Self-insured risks include general liability, property and casualty, workers’ compensation, unemployment and employee health and life insurance claims. Claims incurred but not paid, including those which have not been reported, are accrued as long-term obligations in the government-wide and internal service fund financial statements. Obligations are paid out of the General Fund and the Internal Service Funds.

**Allowance for Collection Losses**

The allowance for possible loan losses is maintained at a level believed adequate by management to absorb potential losses for outstanding loans. Management’s determination of the adequacy of the allowance is based on an evaluation of the portfolio, past loan loss experience and current economic conditions.

All trade and property tax receivables for governmental and proprietary funds are reported net of an allowance for uncollectibles, totaling \$43,471 and \$2,411, respectively. The majority of amounts relates to property taxes and water usage. Amounts determined to be uncollectible are based on the type and age of the related receivable and the ability of the debtor to pay.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

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## 1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Compensated Absences***

Under the terms of various contracts and policies, employees are granted vacation and sick leave based on length of service. The City's policy is to recognize the cost of vacation and sick leave in governmental funds when paid (matured). The liability for vacation and sick leave is recognized when earned in the government-wide and proprietary fund financial statements.

### ***Long-term Obligations***

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payments of bond principal are recognized as expenditures as it comes due.

### ***Fund Equity and Net Assets***

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

***Invested in Capital Assets, Net of Related Debt*** - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

***Restricted Net Assets*** - This category represents the net assets of the City, which are restricted by outside parties or enabling legislation.

***Unrestricted Net Assets or Deficits*** - This category represents the net assets of the City, which do not meet the definition of "restricted" or "invested in capital assets, net of related debt". Deficits require future funding.

In the fund financial statements, fund balances of governmental funds are classified in separate categories. The three categories, and their general meanings, are as follows:

### ***Fund Equity and Net Assets***

***Reserved Fund Balance*** — indicates that portion of fund equity which is not available for appropriation or is legally segregated for specific future use.

***Unreserved-Designated Fund Balance*** — indicates that portion of fund equity for which the City has made tentative plans.

***Unreserved and Undesignated Fund Balance and Deficits*** — indicates that portion of fund equity which is available for appropriation and expenditure in future periods. Deficits require future funding.

### ***Reclassification***

During FYE 2009 the School Lunch classification was changed from a special revenue fund to an enterprise fund. As a result, June 30, 2008 balances were restated to reflect an increase in the enterprise fund balance and a decrease in special revenue fund balance of \$62.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

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**2. RECONCILIATION OF GOVERNMENTAL ACTIVITIES AND GOVERNMENTAL FUND FINANCIAL STATEMENTS**

The governmental fund balance sheet includes a reconciliation between fund balances — 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, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$601,689 difference are as follows:

Bonds and notes payable	\$ (539,265)
Add: premiums and discounts	4,666
Leases payable	(16,538)
Capital notes payable	(31,090)
Accrued interest payable	(4,822)
Compensated absences	(32,982)
Workers' compensation	(3,426)
Claims and judgments	(17,995)
Unspent PPBA bond proceeds	39,763
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 \$ (601,689)

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 estimated useful lives and reported as depreciation expense.” The details of this \$8,654 difference is as follows:

Capital outlay - governmental funds	\$ 24,351
 Depreciation expense	 <u>(15,697)</u>
 Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	  <u>\$ 8,654</u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**2. RECONCILIATION OF GOVERNMENTAL ACTIVITIES AND GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)**

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$14,978 difference are as follows:

Capital lease proceeds	\$ (6,952)
Issuance of bonds	(13,000)
<b>Principal repayments:</b>	
General obligation bonds	26,096
Capital leases	5,498
Capital notes	3,126
Notes payable	<u>210</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 14,978</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(13,198) difference are as follows:

Compensated absences	\$ 2,093
Accrued interest	153
Deferred charges	(405)
Amortization of bond premium	(518)
Claims and judgments	(4,104)
Net pension obligation	(3,127)
Other post employment benefits	<u>(7,290)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (13,198)</u></u>

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

***Deposits***

The City’s custodial credit risk policy is in accordance with RI General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to 100% of time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators will insure or pledge eligible collateral equal to 100% of deposits, regardless of maturities.

## CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

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### 3. *CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)*

#### *Investments*

The City policy for pension investments is under the oversight of the Board of Investment Commissioners. The Board contracts with an investment advisory firm and approves any new investment vehicles presented by the consultant. The Board follows all applicable state statutes and Section 17-189 of the City Ordinance, which states, "The Board of Investment Commissioners is authorized and empowered to execute the disposition and investment of the funds which are within its control in any securities and investments as would be acquired by prudent persons of discretion and intelligence in these matters, who are seeking a reasonable income and the preservation of their capital."

#### Interest Rate Risk

The City does not have a formal investment policy for its pension funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's policy is to limit 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 mutual funds, or similar investment pools.

#### Concentrations

The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

#### *Custodial Credit Risk*

#### Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009 \$61,420 of the city's bank balance of 150,283 was uninsured and uncollateralized. (Amounts do not include PPBA, as such amounts cannot be separated.)

#### Investments

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a custodial credit risk policy.



**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Cash and investments of the City consist of the following at June 30, 2009:

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 90,721
PPBA deposits with financial institutions	101,301
<b>Total cash and cash equivalents</b>	<u>192,022</u>
<b>Investments</b>	
Non-major Governmental Funds	
Mutual Funds	34,573
Municipal Bonds	1,400 *
	<u>35,973</u>
Private Purpose Trust Funds	
Mutual Funds	824
	<u>824</u>
PPBA Investments	
Guaranteed Investment Contracts	12,076
U.S. Government Agencies	
	<u>12,076</u>
Water Supply Board	
Equity Mutual Funds	1,209
	<u>1,209</u>
Pension Trust Funds	
U.S. Government Securities	12,805 *
Corporate and Foreign Bonds	38,769 *
Common and Preferred Stocks	168,899 *
Equity Mutual Funds	15,820
	<u>236,293</u>
<b>Total investments</b>	<u>286,375</u>
<b>Total cash and investments</b>	<u>\$ 478,397</u>

\*These investments are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, in the City's name.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Cash, cash equivalents, and investments are classified in the accompanying financial statement as follows:

**Cash and Cash Equivalents**

Statement of Net Assets		
Cash and cash equivalents	\$	152,560
Restricted cash and cash equivalents		36,118
		<u>188,678</u>
Fiduciary Funds		
Cash and cash equivalents		3,344
		<u>3,344</u>
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b><u><u>192,022</u></u></b>

**Investments**

Statement of Net Assets		
Investments	\$	48,049
Restricted investments		1,209
		<u>49,258</u>
Fiduciary Funds		
Investments		237,117
Restricted investments		
		<u>237,117</u>
<b>Total investments</b>	<b>\$</b>	<b><u><u>286,375</u></u></b>

**Interest Rate Risk**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	U.S. Government Securities	\$ 12,805	\$ 2,072	\$ 6,825	\$ 3,908
Corporate and Foreign Bonds	Corporate and Foreign Bonds	38,769	1,306	21,350	10,269
Municipal Bonds	Municipal Bonds	1,400			1,400
PPBA-Guaranteed Investment	PPBA-Guaranteed Investment Contracts	12,076	3,378	3,257	5,441
PPBA-U.S. Government Agencies	PPBA-U.S. Government Agencies				
<b>TOTAL</b>		<b>\$ 65,050</b>	<b>\$ 1,306</b>	<b>\$ 26,800</b>	<b>\$ 20,351</b>
				<b>\$ 16,593</b>	

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

3. **CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Credit Risk**

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment:

Average Rating	Corporate and Foreign Bonds	Municipal Bonds	PPBA-Guaranteed Investment Contracts
AAA	\$ 8,448	\$ 1,400	\$ -
AA+	1,162	-	-
AA	1,182	-	-
AA-	655	-	3,376
A+	334	-	-
A	6,757	-	-
A1	-	-	3,260
A-	3,000	-	5,440
BBB+	4,929	-	-
BBB	5,460	-	-
BBB-	1,813	-	-
BB+	210	-	-
BB	559	-	-
BB-	78	-	-
B+	801	-	-
CCC+	251	-	-
CCC	316	-	-
Unrated	2,814	-	-
	<u>\$ 38,769</u>	<u>\$ 1,400</u>	<u>\$ 12,076</u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows (in thousands):

	Due from Other Funds	Due to Other Funds
General Fund	\$ 49,526	\$ 33,171
School Fund	34,448	19,397
School Grants	6,667	29,816
Capital Projects	10	1,791
Non-Major Governmental Funds	20,079	34,794
Water Supply Board	416	2,483
School Lunch Program	-	1,793
Internal Service Fund	25,080	12,981
Total	<u>\$ 136,226</u>	<u>\$ 136,226</u>

Amounts owed among funds result principally from timing of payments to the City's general fund of \$49.5 million, payments to the City's health insurance and legal claims fund of \$25.1 million, and amounts owed to the school fund for current year expenditures of \$34.4 million. All of these amounts were paid subsequent to year-end. All other amounts owed are expected to be paid within one year.

Interfund transfers during the year ended June 30, 2009 were as follows (in thousands):

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ 17,106	\$ 129,200
School Fund	130,593	273
School Grants	1,378	2,522
Non-Major Governmental Funds	24	17,106
Total	<u>\$ 149,101</u>	<u>\$ 149,101</u>

The most significant transfer in fiscal year 2009 was the appropriated operating subsidy from the City's general fund to the school fund.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows: (in thousands):

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 45,707	\$ 185	\$ -	\$ 45,892
Construction in progress-City	13,691	2,593	7,316	8,968
Construction in progress-PPBA	52,877	77,350	-	130,227
Total capital assets, not being depreciated	<u>112,275</u>	<u>80,128</u>	<u>7,316</u>	<u>185,087</u>
Capital assets, being depreciated:				
Buildings	173,961	6,128	-	180,089
Improvements other than buildings	14,348	2,155	-	16,503
Machinery and equipment	65,173	4,004	673	68,504
Infrastructure	274,025	2,675	-	276,700
Building - leases	228,915	14,163	-	243,078
Total capital assets being depreciated	<u>756,422</u>	<u>29,125</u>	<u>673</u>	<u>784,874</u>
Less accumulated depreciation for:				
Buildings	61,783	3,252	-	65,035
Improvements other than buildings	7,686	572	-	8,258
Machinery and equipment	50,985	3,389	437	53,937
Infrastructure	158,563	3,444	-	162,007
Building - leases	38,487	5,040	-	43,527
Total accumulated depreciation	<u>317,504</u>	<u>15,697</u>	<u>437</u>	<u>332,764</u>
Total capital assets, being depreciated, net	<u>438,918</u>	<u>13,428</u>	<u>236</u>	<u>452,110</u>
Governmental activities capital assets, net	<u>\$ 551,193</u>	<u>\$ 93,556</u>	<u>\$ 7,552</u>	<u>\$ 637,197</u>

The leased assets reported in the table above represent assets, principally buildings and related improvements, leased by the City from the Providence Public Building Authority. For the government-wide statements, the capital assets and related PPBA debt is presented principally in the governmental activities column and the related transactions are eliminated.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

5. **CAPITAL ASSETS (Continued)**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,091	\$ 1,460	\$ -	\$ 12,551
Construction in progress-City	30,874	24,911	23,184	32,601
Other land improvements	18,682		-	18,682
Total capital assets, not being depreciated	<u>60,647</u>	<u>26,371</u>	<u>23,184</u>	<u>63,834</u>
Capital assets, being depreciated:				
Buildings	31,108	5,930	-	37,038
Improvements other than buildings	184,077	14,750	-	198,827
Machinery and equipment	24,919	490	-	25,409
Leased assets	14,730		-	14,730
Total capital assets being depreciated	<u>254,834</u>	<u>21,170</u>	<u>-</u>	<u>276,004</u>
Less accumulated depreciation for:				
Buildings	23,255	2,199	-	25,454
Improvements other than buildings	77,589	7,254	-	84,843
Machinery and equipment	20,349	1,008	-	21,357
Leased assets	3,766	185	-	3,951
Total accumulated depreciation	<u>124,959</u>	<u>10,646</u>	<u>-</u>	<u>135,605</u>
Total capital assets, being depreciated, net	<u>129,875</u>	<u>10,524</u>	<u>-</u>	<u>140,399</u>
Business-type activities capital assets, net	<u>\$ 190,522</u>	<u>\$ 36,895</u>	<u>\$ 23,184</u>	<u>\$ 204,233</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Executive, legislative and judicial	\$ 22
Finance	85
Public safety	1,774
Public works	3,481
Recreation	10
Public lands and parks	981
Other departments	2,089
Education	2,215
Building Leases	5,040
<b>Total depreciation expense</b>	<u><u>\$ 15,697</u></u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

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**6. DEFERRED REVENUE/UNEARNED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues that are not available to liquidate liabilities of the current period. Governmental funds and governmental activities report unearned revenue in connection with resources that have been received, but not yet earned. At year-end, the various components of unearned revenue and deferred revenue reported in governmental funds and governmental activities were as follows:

	Unearned Revenue	Deferred Revenue
<b>General Fund:</b>		
Taxes and accrued interest on delinquent property taxes	\$ -	\$ 16,848
Charges for services	-	217
<b>School Grants:</b>		
Grant drawdowns prior to meeting all eligibility requirements	241	-
<b>Nonmajor Funds</b>		
Charges for services	-	5,175
Deferred loan fees and loan fees	50	-
	<u>\$ 291</u>	<u>\$ 22,240</u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**7. LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$ 105,075	\$ -	\$ 8,340	\$ 96,735	\$ 8,475
Revenue bonds	62,445	-	2,150	60,295	2,215
Special obligation tax increment	23,755	-	2,605	21,150	2,715
<b>Total bonds payable</b>	<b>191,275</b>		<b>13,095</b>	<b>178,180</b>	<b>13,405</b>
Notes payable	2,546	-	210	2,336	1,538
Capital leases	15,084	6,952	5,498	16,538	4,570
Capital notes	34,216	-	3,126	31,090	3,238
<b>Total bonds and notes payable</b>	<b>243,121</b>	<b>6,952</b>	<b>21,929</b>	<b>228,144</b>	<b>22,751</b>
Deferred items from refunding	(5,184)	518	-	(4,666)	-
<b>Other Long-Term Liabilities:</b>					
Claims and judgments	23,428	5,163	3,898	24,693	24,693
Compensated absences	35,075	19,035	21,128	32,982	3,298
Net pension obligation	124,360	51,237	48,110	127,487	-
Other post employment liability	4,340	7,290	-	11,630	-
<b>Total other long-term liabilities</b>	<b>187,203</b>	<b>82,725</b>	<b>73,136</b>	<b>196,792</b>	<b>27,991</b>
<b>Governmental activity long-term liabilities before PPBA reclassification</b>	<b>425,140</b>	<b>90,195</b>	<b>95,065</b>	<b>420,270</b>	<b>50,742</b>
<b>PPBA Debt</b>	<b>361,011</b>	<b>13,000</b>	<b>15,261</b>	<b>358,750</b>	<b>15,261</b>
<b>Government activity long-term liabilities</b>	<b>\$ 786,151</b>	<b>\$ 103,195</b>	<b>\$ 110,326</b>	<b>\$ 779,020</b>	<b>\$ 66,003</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.



**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

7. **LONG-TERM OBLIGATIONS (Continued)**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds - water	\$ 45,043	\$ -	\$ 1,470	\$ 43,573	\$ 1,524
PPBA - CITY	361,011	13,000	15,261	358,750	20,407
<b>Total bonds</b>	<b>406,054</b>	<b>13,000</b>	<b>16,731</b>	<b>402,323</b>	<b>21,931</b>
Capital leases	2,000	-	1,010	990	990
PPBA - PAP Loans	137,988	6,093	1,216	142,865	-
PPBA - Water	2,264	-	590	1,674	618
Other post employment liability	447	970	-	1,417	-
<b>Business-type activity long-term liabilities</b>	<b>\$ 548,753</b>	<b>\$ 20,063</b>	<b>\$ 19,547</b>	<b>549,269</b>	<b>23,539</b>
Less PPBA Eliminations				(503,289)	(21,025)
<b>Business-type activity long-term liabilities</b>				<b>\$ 45,980</b>	<b>\$ 2,514</b>

\* - Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements.

The Water Supply Board long-term debt is general obligation debt of the City. However, because it is the intent of the City to have the Board meet the debt service requirements of this debt, such amounts are recorded in the enterprise funds of the City. Similarly, debt of the PPBA that will be met by the Water Supply Board has been recorded as the Water Supply Board's debt.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**7. LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements for bonds and notes payable at June 30, 2009 were as follows:

	Governmental Activities			PPBA			Total Government Entity-Wide		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 18,181	\$ 9,372	\$ 27,553	\$ 20,407	\$ 15,855	\$ 36,262	\$ 38,588	\$ 25,227	\$ 63,815
2011	17,311	8,671	25,982	21,288	14,946	36,234	37,718	24,526	62,244
2012	14,377	7,764	22,141	19,906	14,068	33,974	35,665	22,710	58,375
2013	14,555	7,091	21,646	19,132	14,017	33,149	34,461	21,159	55,620
2014	13,210	6,448	19,658	20,021	13,124	33,145	32,342	20,465	52,807
2015-2019	59,465	23,374	82,839	107,884	50,596	158,480	79,486	36,498	115,984
2020-2024	42,120	11,925	54,045	93,438	25,527	118,965	150,004	62,521	212,525
2025-2029	28,962	9,307	38,269	56,675	6,385	63,060	122,400	34,834	157,234
2030-2034	2,320	6,885	9,205	-	-	-	58,995	13,270	72,265
2035-2039	1,105	4,399	5,504	-	-	-	1,105	4,399	5,504
	<u>\$ 211,606</u>	<u>\$ 95,236</u>	<u>\$ 306,842</u>	<u>\$ 358,751</u>	<u>\$ 154,518</u>	<u>\$ 513,269</u>	<u>\$ 590,764</u>	<u>\$ 265,609</u>	<u>\$ 856,373</u>

Business-Type Activities		
Principal	Interest	Total
		2010
\$ 21,931	\$ 17,134	\$ 39,065
24,156	16,318	40,474
22,605	15,353	37,958
21,477	15,198	36,675
22,432	14,278	36,710
117,128	55,387	172,515
102,869	28,806	131,675
67,345	7,870	75,215
2,380	45	2,425
<u>402,323</u>	<u>170,389</u>	<u>572,712</u>

Less amount representing the PPBA	<u>358,751</u>	<u>154,518</u>	<u>513,269</u>
	<u>\$ 43,572</u>	<u>\$ 15,871</u>	<u>\$ 59,443</u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**7. LONG-TERM OBLIGATIONS (Continued)**

**Bonds Payable**

Total interest expense paid on general long-term liabilities for the year ended June 30, 2009 was approximately \$27,000.

	<b>Date of Issue</b>	<b>Amount Issued</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2009</b>
Dec 2001 Series A	12/1/2001	37,000	3.0-5.5%	1/15/2026	\$ 5,075	\$ -	\$ 1,200	\$ 3,875
GO's Refunding Bonds '97	5/15/1997	23,435	4.4-5.5%	1/15/2011	4,725	-	1,595	3,130
December 2001- Taxable	12/1/2007	13,000	3.00-6.84%	1/15/2026	11,445	-	355	11,090
Judgement Bond	8/1/2000	6,825	4.75-5.375%	8/15/2015	4,385	-	440	3,945
Refunding Bonds 2001	12/1/2001	21,620	3.0-5.5%	1/15/2013	9,435	-	1,910	7,525
Revenue Refunding Bonds 2005 Series A	3/1/2005	67,315	3.0-5.0%	4/1/2029	62,445	-	2,150	60,295
GO Refunding Bonds 2004 Series A	9/16/2004	34,395	2.5-5.5%	7/15/2019	29,645	-	1,990	27,655
GO Refunding Bonds 2004 Series B	9/16/2004	12,135	2.37-5.41%	7/15/2019	10,595	-	680	9,915
Refinancing Neighborhood Bond 2001	8/1/2006	29,910	3.625-3.75%	6/30/2026	29,770	-	170	29,600
Special Obligation Bonds Series E	6/1/2006	24,465	4-5%	6/1/2016	22,315	-	1,355	20,960
Special Obligation Bonds Series F	6/1/2006	1,480	5.07%	6/1/2009	120	-	120	-
Special Obligation Bonds Series G	6/1/2006	2,730	4-5%	6/1/2010	1,320	-	1,130	190
<b>Total governmental activities bonds payable</b>					<b>\$ 191,275</b>	<b>\$ -</b>	<b>\$ 13,095</b>	<b>\$ 178,180</b>
Revenue Bonds					\$ 45,043	\$ -	\$ 1,470	\$ 43,573
1995 Series B	6/1/1995	7,500	4.70-7.10%	12/1/2014	3,715	-	445	3,270
1996 Series A	3/1/1996	36,225	3.50-5.40%	12/1/2011	11,005	-	2,865	8,140
<i>(LESS: PPBA Water Portion)</i>		<i>(7,455)</i>			<i>(2,264)</i>	<i>-</i>	<i>(589)</i>	<i>(1,675)</i>
1996 Series B	12/1/1996	21,225	5.375-6.50%	12/1/2017	12,340	-	1,095	11,245
1998 Series A	5/1/1998	28,270	3.85-5.10%	12/1/2018	17,595	-	1,495	16,100
1999 Series A	7/1/1999	39,750	4.10-5.5%	12/1/2019	28,300	-	1,750	26,550
2000 Series B	9/1/2000	10,435	5.25-5.75%	12/1/2010	3,610	-	1,135	2,475
2001 Series A	12/1/2001	9,995	3.25-5.125%	12/1/2021	8,105	-	420	7,685
2002 Series A	12/1/2002	1,216		12/1/2008	1,215	-	1,215	-
2003 Series A	3/1/2003	31,000	2.5-5.0%	12/1/2023	26,320	-	1,245	25,075
2003 Series B	6/1/2003	31,000	3.0-5.0%	12/1/2023	26,500	-	1,245	25,255
2006 Series A	9/1/2006	60,000	4.0-5.0%	5/1/2027	59,310	-	2,010	57,300
2007 Series A	11/7/2007	75,000	3.75-5.5%	5/15/2028	75,000	-	-	75,000
2007 Series B	11/7/2007	16,470	3.75-5.5%	5/15/2021	15,260	-	930	14,330
2007 Series C	12/20/2007	75,000	3.5-5.0%	5/15/2028	75,000	-	-	75,000
2009 Series A	6/30/2009	12,000	6.25%	6/30/2021	-	12,000	-	12,000
2009 Series B	6/30/2009	1,000	5.01%	6/30/2014	-	1,000	-	1,000
<b>Total business-type activities bonds payable</b>					<b>\$ 406,054</b>	<b>\$ 13,000</b>	<b>\$ 16,731</b>	<b>\$ 402,323</b>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements  
June 30, 2009 (in thousands)

7. **LONG-TERM OBLIGATIONS (Continued)**

**Capital Notes**

<b>Date of Issue</b>	<b>Amount Issued</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Retirement</b>	<b>Balance June 30, 2009</b>
4/1/2003	\$ 23,655	1.70 - 4.25%	2013	\$ 20,155	\$ -	\$ 935	\$ 19,220
7/1/2005	2,223	5.75%	2010	1,523	-	365	1,158
11/1/2005	9,145	3.61%	2010	5,681	-	1,826	3,855
5/1/2006	6,857	5.34 - 5.56%	2036	6,857	-	-	6,857
				<u>\$ 34,216</u>	<u>\$ -</u>	<u>\$ 3,126</u>	<u>\$ 31,090</u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**7. LONG-TERM OBLIGATIONS (Continued)**

***Notes Payable***

At June 30, 2009, the City had several notes outstanding relating to planning and development activities. These notes included \$132 of notes payable through 2011 with an interest rate based on LIBOR (3.10%) plus 2%. The notes are payable in annual installments of approximately \$79. These notes also included \$890 of Section 108 loans payable through 2013 with interest rates ranging from 3.82% to 7.18%; \$130 was paid in 2009. In addition, the City has a note payable of \$1,314 outstanding relating to the Fleet Skating Center. The interest rate on the note varies.

***PPBA Eliminations***

The Providence Public Building Authority (PPBA) issues long-term bonds for the acquisition and construction of capital assets. Upon acquisition or completion, these capital assets are leased to the City. Because the PPBA is included as a blended component unit in the accompanying statements, the capital assets and related debt are reported as part of the governmental activities and business-type activities columns in the government-wide statements as presented below. The respective amounts in the PPBA statements have been eliminated in the business-type activities column in order to properly reflect the debt and assets. The annual requirements to amortize the debt payable at June 30, 2009 are as follows:

	City		Water Supply Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 20,407	\$ 15,855	\$ 618	\$ 71	\$ 21,025	\$ 15,926
2011	21,288	14,946	641	39	21,929	14,985
2012	19,906	14,068	415	11	20,321	14,079
2012	19,132	14,017	-	-	19,132	14,017
2014	20,021	13,124	-	-	20,021	13,124
2015-2019	107,884	50,596	-	-	107,884	50,596
2020-2024	93,438	25,527	-	-	93,438	25,527
2025-2029	56,674	6,385	-	-	56,674	6,385
	<u>\$ 358,750</u>	<u>\$ 154,518</u>	<u>\$ 1,674</u>	<u>\$ 121</u>	<u>\$ 360,424</u>	<u>\$ 154,639</u>

The City and the Water Supply Board entered into lease agreements with the PPBA relating to various capital projects. In connection with these lease agreements, the PPBA issued revenue bonds that will be repaid by the Water Board with the \$0.01 per hundred gallons Water Quality Protection Charge. The City repays the PPBA as lease payments from general revenues. The PPBA debt to be repaid by the proprietary funds has been shown as debt in those funds' financial statements. PPBA debt to be repaid by the City is presented as debt of the governmental activities in the government-wide statement of net assets.

***Debt limit***

Except as explained below, under Rhode Island law, the City may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the City. The current outstanding debt of the City subject to the 3% debt limit is \$13.1 million and the current 3% debt limit of the City is \$294.7 million based on taxable property as of December 31, 2006, of approximately \$10.2 billion, leaving a remaining borrowing capacity of approximately \$294 million.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

## 7. *LONG-TERM OBLIGATIONS (Continued)*

The State of Rhode Island General Assembly (General Assembly) may, by special act permit the City to incur indebtedness outside the 3% debt limit. Bonds issued either within the 3% debt limit or by special legislation adopted by the General Assembly authorizing the City to incur debt are subject to referendum by the electors of the City. On June 30, 2009, the total outstanding debt of the City issued outside the 3% debt limit was \$83.7 million, excluding water bonds and sewer bonds that are deemed self-supporting.

In addition to debt authorized within the 3% debt limit and debt authorized by special act of the General Assembly, Rhode Island General Laws Section 45-12-11 authorizes the State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The City has not requested the State Director of Administration to authorize indebtedness of the City under Section 45-12-11.

### *Bond Anticipation Notes*

The City had no bond anticipation transactions for the fiscal year ended June 30, 2009.

### *In-Substance Defeasance - Prior Years*

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2009, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, was approximately \$96 million.

## 8. *LEASE COMMITMENT*

Property and equipment carried at approximately \$98,000 with approximately \$82,000 in accumulated depreciation, in the governmental activities is being acquired under capital lease arrangements.

The City is obligated under various capital and operating leases to make the following aggregate annual lease payments (in thousands): Lease expenditures approximated \$2,030 for fiscal year ended June 30, 2009.

	<u>Operating</u>	<u>Capital</u>
2010	\$ 2,030	\$ 5,385
2011	2,030	3,870
2012	2,030	2,845
2013	2,030	1,143
2014	2,030	1,129
Thereafter	2,030	4,019
	<u>\$ 12,180</u>	<u>18,391</u>
Less: Interest		1,854
Present Value of minimum payments		<u>\$ 16,537</u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements  
June 30, 2009 (in thousands)

**8. LEASE COMMITMENT (Continued)**

Minimum future lease payments under capital leases for the proprietary funds as of June 30, 2009 are as follows (in thousands):

Years	Water Supply Board
2010	\$ 1,014
Total minimum lease payments	
Less: interest	(24)
Present value of minimum payments	\$ 990

**Sale-Leaseback**

During fiscal year 2000 and 2002, the City entered into sale-leaseback transactions involving certain street lights within the City. The transactions resulted in the City receiving \$7.9 million in payments and committing to a future stream of lease payments. In addition, the City is also committed to a future series of payments for the maintenance of the street lights. The future commitment for maintenance is \$990 and will be paid in full during fiscal year 2010.

**9. RESTRICTED ASSETS AND RELATED LIABILITIES**

The State of Rhode Island enacted the Public Drinking Water Protection Act of 1987 (the Act) that empowers suppliers of public drinking water to levy a surcharge (the Water Quality Protection Surcharge) of \$0.01 per hundred gallons of water for all customers. The Act was amended numerous times and effective July 1, 2002, the surcharge increased to \$0.0292 per hundred gallons of water for all customers. In addition to the increase, the Water Supply Board will retain 36.1% of the surcharge in its Water Quality Protection fund, remit 57% to the State Water Resources Board and retain 6.9% for general operations.

The restricted assets are pooled with the cash and cash equivalents and investments of other funds maintained by the City. The earnings from pooled cash and cash equivalents and investments are allocated in proportion to each funds' balance.

**10. FUND EQUITY**

The following non-major funds had deficits as of June 30, 2009:

<b>Governmental:</b>	
Federal Funds.....	\$ 555
Skating Rink.....	\$ 84
Workforce Development.....	\$ 70

These deficits are expected to be eliminated through transfers from the City's general fund and from other revenue sources.

Reserved fund balances at June 30, 2009 are as follows (in thousands):

<b>Non-Major Governmental Funds:</b>	
Reserved for loans .....	\$14,183

The City has also designated \$16,754 in the non-major Governmental Funds.

The Water Supply Board has restricted net assets of \$43.3 million at June 30, 2009. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**11. EMPLOYEE RETIREMENT SYSTEM**

The City contributes to two defined benefit pension plans - the Employees' Retirement System of the City of Providence (ERS), a single employer plan; and the Employees' Retirement System of the State of Rhode Island (the System), a cost-sharing multiple employer plan. The ERS is presented in the accompanying financial statements as a pension trust fund. A separate financial statement is not issued. The System is not included in the basic financial statements.

**(a) Employees' Retirement System of the City of Providence (ERS)**

- Plan Description and Contribution Information

Membership of the ERS plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits .....	2,898
Active plan members.....	
Vested .....	1,796
Nonvested .....	<u>1,159</u>
	<u>5,853</u>

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
Actuarial cost method	Individual entry age method
Amortization cost method	Approximate level percent of payroll-open
Remaining amortization period	22 years (for original unfunded)
Asset valuation method	5-year moving average of market values
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	2010-2013 – 4.25%
	Thereafter – 4.5%
Cost of living adjustments	3% to 6%

**Plan Description**

ERS is a single-employer defined benefit pension plan that covers most management employees of the City, except school teachers. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided to retirees and beneficiaries at varying percentages ranging from 0% to 6%. Benefits are paid at varying amounts not to exceed 100% of final compensation for Class A (city) employees or 75% of final compensation for Class B (police and fire). Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

ERS is governed by an Employee Retirement Board provided by the Providence Home Rule Charter. The ERS consists of elected officials, management and employee representation and provides for establishing rules and regulations and is responsible for the administration and operation of the city employee retirement system.



**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**11. EMPLOYEE RETIREMENT SYSTEM (Continued)**

**Contributions**

Class A members and police officers are required to contribute 8% of their salary to the Plan. Class B members, other than police officers, are required to contribute 9.5% of their salary to the Plan. The Mayor and City Council contribute to the Plan at a rate of \$350 per year. Additionally, the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to them. The City's contributions to the ERS for the years ended June 30, 2009, 2008 and 2007 were \$48,410, \$54,120, and \$50,686 respectively, which were equal to the required contributions for each year and representing 99.9%, 100.2%, and 96.2% of the system-wide annual pension costs contributed.

**Funded Status of Plan**

The required supplementary information, which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the ERS with a valuation date of June 30, 2009, which is the most recent report available.

**(a) Employees' Retirement System of the City of Providence (ERS) (Continued)**

Actuarial value of assets	405,217
Actuarial accrued liability	1,210,018
Unfunded (excess) actuarial accrued liability	804,801
Funded ratio	33.49%
Annual covered payroll	135,516
UALL (excess) as a percentage of payroll	593.88%

**Annual Pension Cost and Net Pension Obligation (NPO)**

The City's annual pension cost and net pension obligation to ERS for the current and two preceding years were as follows:

	<b>FY</b>	<b>2009</b>	<b>FY</b>	<b>2008</b>	<b>FY</b>	<b>2007</b>
Annual required contribution	\$	48,509	\$	54,120	\$	50,584
Interest on NPO		10,571		10,411		10,244
Amortization of NPO		(7,543)		(8,538)		(8,181)
Annual pension cost		51,537		55,993		52,647
Contributions made		(48,410)		(54,120)		(50,686)
Increase in net pension obligation		3,127		1,873		1,961
Net pension obligation, beginning of year		124,360		122,487		120,526
Net pension obligation, end of year	\$	127,487	\$	124,360	\$	122,487
Percentage of annual pension cost contributed		93.93%		96.65%		96.28%

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

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**11. EMPLOYEE RETIREMENT SYSTEM (Continued)**

**(b) Employees Retirement System of the State of Rhode Island**

***Plan Description***

All full-time teachers including superintendents, principals, school nurses and certain other school officials (classified employees) in the Providence School Department participate in the Employees Retirement System of the State of Rhode Island (System), a cost-sharing multiple-employer public retirement system. The System provides retirement, death and disability benefits, all of which are established by State statute. The plan issues a stand-alone publicly available financial report that includes the financial statements and required supplementary information. A copy of that report can be obtained from the State Employees Retirement Board, 40 Fountain Street, Providence, Rhode Island 02903, or by accessing their website at [www.ersri.org](http://www.ersri.org).

Classified employees who retire at or after age 60 with 10 years of credited service on or before July 1, 2005, or at any age with 28 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credited service with a maximum benefit of 80% of "final average" salary. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses or severance pays. The System also provides death and disability benefits. Benefits are established by State statute. The percent of earnings related to each year of credited service is as follows:

**(b) Employees Retirement System of the State of Rhode Island (Continued)**

<u>Years of Credited Service</u>	<u>Percent/Year</u>
1 - 10	1.7%
11 - 20	1.9%
21 - 34	3.0%
35	2.0%

Benefit accrual rates: The percentage accrual a Schedule A member has earned as of September 30, 2009 will be frozen. Future accruals will be earned under Schedule B. The member's benefit will be based on the sum of these credits, multiplied by his/her Final Average Salary.

## CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2009 (in thousands)

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### 11. *EMPLOYEE RETIREMENT SYSTEM (Continued)*

#### *Funding Policy*

System members are required by State statute to contribute 9.5% of their salary to the System. The School Department contributions are based on a percentage of annual compensation of active members, half of which is payable by the State of Rhode Island. The School Department contributions made for the years ended June 30, 2009, 2008, and 2007 were approximately \$18.2 million, \$20.1 million and \$15.9 million, respectively, and were equal to the required contributions for each year. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial liability as of July 1, 1989 over 27 year; and (c) interest on the unfunded frozen actuarial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. In addition, the School Department is required to contribute .7% for post-retirement health benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- A. Mortality – 1994 Group Annuity Mortality Table with mortality for disable persons set equal to the age 65 under the 1971 Group Annuity Mortality Table.
- B. Investment return – 8.25 percent, compounded annually.
- C. Salary increase – Salaries will increase at a rate of 4.50 – 13.25 percent, compounded annually.
- D. Retirement age – Teachers are assumed to retire at the later of age 61 or completion of the service requirements. Article 7 establishes a minimum retirement age of 62 for all future hires, but this age must not be less than under prior law.
- E. Cost of living adjustments – 3.0 percent compounded annually beginning on the January 1<sup>st</sup> following participant's third anniversary of retirement.

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. This resulted in contribution rates paid by the State on behalf of the School Department totaling \$14.2 million for the fiscal year ended June 30, 2009. These amounts are included as revenues and expenditures/expenses in the accompanying financial statements.

#### (c) *Other City Pension Costs*

The City is required to make contributions to the National Pension Plan of the Laborers' International Union of North America, a multi-employer plan. The pension cost charged to the general fund for these purposes amounted to \$3.1 million for the year ended June 30, 2009.

### 12. *POSTEMPLOYMENT BENEFITS*

#### *Plan Description*

The City's Post-Employment Medical Benefit Plan is a single-employer defined benefit postretirement health insurance program administered by the City. The City provides for a portion of the lifetime health care benefits to substantially all retired employees and their spouses. Health care benefits were paid to approximately 4,284 retired participants and spouses during the fiscal year ended June 30, 2009 and are paid substantially on a pay as you go basis. Health care benefits are provided through the City's self-insured health insurance program covering both active and retired employees. The financial activity of which is reported as an internal service fund. The Plan does not issue a separate financial report. These benefits are provided for and amended under various provisions of Rhode Island General Law, City Ordinances and the terms of collective bargaining agreements.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**12. POSTEMPLOYMENT BENEFITS (Continued)**

***Funding Policy***

The contribution requirements of plan members and the City are established and may be amended through provisions of Rhode Island General Law, City Ordinances and through collective bargaining. The required contribution is based on pay as you go financing requirements. For fiscal year 2008 the City contributed approximately \$30,172 to the health insurance program on behalf of retirees. Plan members contributed approximately \$4,850, or 13.84% of the total premium. The plan can cover 100% of the costs of the benefit, however, retirees and their spouses are potentially required to fund a portion of the Plan costs depending upon the class an employee has been assigned and their date of hire. Current employee co-share for the retiree health insurance benefit requires a co-share of .01 of final average salary with a maximum limit of \$400.

***Annual OPEB Cost and Net OPEB Obligation***

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (amounts in thousands):

Annual contribution	\$ 43,147
Interest on net OPEB obligation	407
Adjustment to annual required contributions	<u>(272)</u>
Annual OPEB cost (expense)	43,282
Contributions made	<u>35,022</u>
Increase in net OPEB obligation	8,260
Net OPEB obligation - beginning of year	<u>4,787</u>
Net OPEB obligation - end of year	<u><u>\$ 13,047</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 40,447	80.91%	\$ 13,047
6/30/2008	43,282	88.16%	8,260
6/30/2007	N/A	N/A	N/A

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**12. POSTEMPLOYMENT BENEFITS (Continued)**

***Funding Status and Schedule of Funding Progress***

The unfunded actuarial accrued liability was determined using the level dollar thirty year open amortization basis.

Actuarial Valuation Date Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2008	\$ 1,035	\$ 593,903	\$ 592,868	0.17%	\$ 274,827	215.72%
7/1/2007	-	542,413	542,413	0%	256,157	211.75%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, motility, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions***

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 8.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.6% initially, reduced by decrements to an ultimate rate of 5% after five years. Both rates included a 4.5% inflation assumption. The actuarial value of the assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2008, was 29 years.

**13. CONTINGENCIES**

The City is involved in numerous lawsuits, claims and grievances arising in the normal course of business, including claims for property damage, personal injury and personnel practices, disputes over property condemnation proceedings and suits contesting the legality of certain taxes. In the opinion of City officials, the ultimate disposition of these matters will not have a material adverse effect on the City's basic financial statements. Included in the government-wide financial statements is a provision for claims that are deemed probable.

The Rhode Island Department of Education is reviewing the calculation of the City's prior year school housing aid revenue. It is not possible at this time to determine the ultimate liability, if any, that may result from this review. According, not liability has been reflected in the accompanying financial statements.

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2009 (in thousands)

**13. CONTINGENCIES (Continued)**

The City participates in a number of federally-assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of City officials, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying basic financial statements.

The City is committed under contracts for outstanding project approximating \$3.5 million as of June 30, 2009.

**14. RELATED PARTY TRANSACTIONS**

The City leases certain properties from the PPBA. The estimated future minimum lease payments required under these agreements coincide with the principal and interest payments on bonds issued by the PPBA. The leases terminate between 2010 and 2028. The City, in turn, subleases a portion of this property to the School Department. At the expiration of the leases, the City, at its option, can purchase the properties for a nominal amount (see Notes 5 and 7).

**15. RISK MANAGEMENT**

The City is self-insured in most areas of risk, subject to certain third-party “stop loss” coinsurance of \$300 per claim for health insurance. Self-insured risks include general liability, property and casualty, workers’ compensation, unemployment and employee health and life insurance claims. The City does, however, purchase commercial insurance for all buildings leased from the PPBA. The City’s Counsel defends the City in any lawsuits that arise from the normal course of operations. At no time during the past three years have insurance settlements exceeded coverage.

The City’s health insurance program provides coverage to the City’s employees and retirees through Health mate and Blue Cross - Blue Shield of Rhode Island (BCIBS). In 1997, the City first went to a self-insured program with BC/BS and United Health Care. BC/BS and United Health Care act as a third-party agents for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of BCIBS and United Health Care plans are accounted for in an internal service fund. Costs to the City are paid by all funds based on “working rates” established by a third party medical consultant.

The City is required to record liabilities for self-insured claims if it is probable that a loss has been incurred and the amount can be reasonable estimated. The City has established a liability based on historical trends of previous years, where available, and attorney’s estimates of pending matters and lawsuits in which the City is involved.

Changes in the risk management liability for the fiscal years ended June 30, 2009 and June 30, 2008 are below. Legal claims and incurred but not reported claims for health benefits are recorded in the City’s internal service fund. Accrued workers’ compensation claims are recorded on the entity-wide statements. This schedule presents the activity for all self-insured risks.

	<u>2009</u>	<u>2008</u>
Beginning of year.....	\$ 23,428	\$19,720
Incurred claims .....	89,978	93,801
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers’ compensation .....	<u>88,713</u>	<u>90,093</u>
Total .....	<u>\$ 24,693</u>	<u>\$23,428</u>
 Legal claims .....	 \$16,706	 \$12,481
Health – IBNR .....	4561	6,462
Workers’ compensation .....	<u>3,426</u>	<u>4,485</u>
Total .....	<u>\$ 24,693</u>	<u>\$23,428</u>

# **CITY OF PROVIDENCE**

## **REQUIRED SUPPLEMENTARY INFORMATION**



## CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information  
 General Fund Revenues and Expenditures-Budgetary Basis  
 Budget and Actual  
 For the Year Ended June 30, 2009 (in thousands)

Revenues and Transfers	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Tax revenues:				
Property taxes	\$ 278,706	\$ 278,706	\$ 278,228	\$ (478)
Interest on overdue taxes	5,200	5,200	5,403	\$ 203
	<u>283,906</u>	<u>283,906</u>	<u>283,631</u>	<u>(275)</u>
Payments in lieu of taxes	19,570	19,570	19,675	105
Tax stabilization plans	7,500	7,500	7,000	(500)
State revenue	62,103	62,103	53,565	(8,538)
Fines	10,477	10,477	7,464	(3,013)
Rents	9,563	9,563	10,816	1,253
Investment interest	4,275	4,275	1,230	(3,045)
Miscellaneous	82	82	33	(49)
	<u>113,570</u>	<u>113,570</u>	<u>99,783</u>	<u>(13,787)</u>
Executive, legislative, and judicial:				
City clerk	8	8	30	22
Probate court	200	200	195	(5)
Housing court	15	15	17	2
	<u>223</u>	<u>223</u>	<u>242</u>	<u>19</u>
Finance:				
Data processing	230	230	231	1
City collector	475	475	711	236
City controller			3	3
City assessor	5	5	1	(4)
Personnel			1	1
Restitution payments			107	107
	<u>710</u>	<u>710</u>	<u>1,054</u>	<u>344</u>
Public safety:				
Commissioner of public safety	55	55	42	(13)
Police department	500	500	1,860	1,360
Fire department	1,043	1,043	750	(293)
Communications department	5	5	44	39
Traffic engineering	1,200	1,200	1,410	210
	<u>2,803</u>	<u>2,803</u>	<u>4,106</u>	<u>1,303</u>
Building inspection department:				
Building inspection administration	5,000	5,000	4,116	(884)
Zoning board of review	85	85	83	(2)
Building board of review	25	25	6	(19)
Structures and zoning			13	13
	<u>5,110</u>	<u>5,110</u>	<u>4,218</u>	<u>(892)</u>

(CONTINUED)



## CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information  
 General Fund Revenues and Expenditures-Budgetary Basis  
 Budget and Actual, Continued  
 For the Year Ended June 30, 2009 (in thousands)

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues and Transfers</b>				
Public works:				
Environmental control	30	30	29	(1)
Highway	170	170	208	38
Sewer construction and maintenance			5	5
Administration			9	9
	200	200	251	51
Public lands and parks:				
North Burial Ground			216	216
Other departments:				
Recorder of deeds	3,750	3,750	2,862	(888)
Vital statistics	350	350	320	(30)
Bureau of licenses	1,534	1,534	1,401	(133)
Civil defense preparedness	197	197	171	(26)
WSB reimbursement	839	839	625	(214)
JTPA/planning reimbursement	550	550	156	(394)
Room tax	1,100	1,100	1,289	189
Meals and beverage tax	4,300	4,300	4,264	(36)
Tax stabilization			57	57
School department master lease	400	400		(400)
Master alarm connection fee	623	623		(623)
Planning and urban development			5	5
Arts, Culture, Film & Tourism			91	91
Recreation			21	21
Providence Place Mall	200	200	200	
Voluntary payments in lieu of taxes	3,692	3,692	1,903	(1,789)
Stop Loss Insurance	1,200	1,200		(1,200)
Non-union furlough	870	870		(870)
	19,605	19,605	13,365	(6,240)
Public Properties			236	236
Transfers:				
Transfer from revolving funds	1,600	1,600	1,556	(44)
Transfer from parking tickets			40	40
Transfer from rescue runs	2,600	2,600	3,309	709
Transfer from police detail fund	650	650	800	150
Transfer from expendable trust	12,000	12,000	11,071	(929)
Transfers from North Burial Ground	530	530	330	(200)
Transfer from Water Supply Board	715	715		(715)
	18,095	18,095	17,106	(989)
<b>Total</b>	\$ 444,222	\$ 444,222	\$ 424,208	\$ (20,014)

(CONTINUED)

## CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information  
 General Fund Revenues and Expenditures-Budgetary Basis-  
 Budget and Actual, Continued  
 For the Year Ended June 30, 2009 (in thousands)

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Expenditures and Transfers</b>				
Executive, legislative and judicial:				
Mayor's office	\$ 1,914	\$ 1,914	\$ 1,935	\$ (21)
City Council	882	882	857	25
City sergeant	35	35	35	
City clerk	628	628	492	136
Law department	2,798	2,798	2,865	(67)
Municipal court	628	628	2,929	(2,301)
Probate court	263	263	281	(18)
Housing court	190	190	259	(69)
Contingencies-Mayor	110	110		110
Contingencies-City Council	76	76		76
	<u>7,524</u>	<u>7,524</u>	<u>9,653</u>	<u>(2,129)</u>
Finance:				
Finance director	427	427	441	(14)
City controller	977	977	918	59
Employees retirement office	342	342	344	(2)
Data processing	2,647	2,647	2,620	27
City collector	1,819	1,819	1,457	362
City assessor	1,939	1,939	1,558	381
Board of tax assessment review	16	16	9	7
Treasury department	301	301	232	69
Personnel	815	815	775	40
Heat, light and power	6,040	6,040	6,670	(630)
Employees Retirement System				
contributions	46,028	46,028	45,708	320
Elected officials	125	125		125
Laborers legal fees	166	166	132	34
Local 1033 benefits-Public Employees				
Health Services	2,215	2,215	2,247	(32)
Laborers International Pension				
contributions	1,325	1,325	1,319	6
Debt service	38,365	38,365	35,007	3,358
Interest on bonded debt	15,914	15,914	18,210	(2,296)
FICA	4,100	4,100	4,027	73
Medical insurance	44,764	44,764	32,661	12,103
Workers compensation	1,842	1,842	1,874	(32)
Unemployment compensation	215	215	127	88
Reserve for anticipated tax abatements	350	350	54	296
	<u>170,732</u>	<u>170,732</u>	<u>156,390</u>	<u>14,342</u>
Public safety:				
Commissioner of public safety	387	387	312	75
Police department	45,678	45,678	43,063	2,615
Fire department	43,200	43,200	39,016	4,184
Communications department	6,115	6,115	6,145	(30)
Traffic Engineering	1,238	1,238	1,257	(19)
	<u>96,618</u>	<u>96,618</u>	<u>89,793</u>	<u>6,825</u>

(CONTINUED)

## CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information  
 General Fund Revenues and Expenditures-Budgetary Basis-  
 Budget and Actual, Continued  
 For the Year Ended June 30, 2009 (in thousands)

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures and Transfers</b>				
Building inspection department:				
Building inspection administration	1,177	1,177	1,252	(75)
Structures and zoning division	670	670	590	80
Plumbing, drainage, and gas piping division	160	160	175	(15)
Electrical installations division	194	194	202	(8)
Mechanical equipment and installation division	162	162	141	21
Zoning board of review	16	16	17	(1)
Building and housing board of review	13	13	12	1
Building inspection code enforcement	385	385	319	66
Building inspection prosecution	151	151	130	21
	<u>2,928</u>	<u>2,928</u>	<u>2,838</u>	<u>90</u>
Public works:				
Public works administration	457	457	489	(32)
Engineering and sanitation	427	427	432	(5)
Environmental control	8,949	8,949	7,617	1,332
Highway	2,427	2,427	3,530	(1,103)
Snow removal	995	995	2,503	(1,508)
Sewer construction and maintenance	525	525	459	66
Garage maintenance and equipment repair	627	627	620	7
	<u>14,407</u>	<u>14,407</u>	<u>15,650</u>	<u>(1,243)</u>
Recreation:				
Recreation	1,114	1,114	1,093	21
Recreation seasonal	689	689	741	(52)
	<u>1,803</u>	<u>1,803</u>	<u>1,834</u>	<u>(31)</u>
Public lands and parks:				
Grounds maintenance services	2,513	2,513	2,427	86
Forestry services	761	761	804	(43)
Zoological services	1,837	1,837	1,851	(14)
Park environmental services	526	526	523	3
Park programming	1,345	1,345	1,424	(79)
Superintendent of parks	1,061	1,061	1,007	54
North Burial Grounds	492	492	573	(81)
	<u>8,535</u>	<u>8,535</u>	<u>8,609</u>	<u>(74)</u>
Other departments:				
Recorder of deeds	400	400	330	70
Vital statistics	219	219	222	(3)
Board of canvassers	670	670	645	25
Bureau of licenses	470	470	471	(1)

(CONTINUED)

**CITY OF PROVIDENCE, RHODE ISLAND**

Required Supplementary Information  
General Fund Revenues and Expenditures-Budgetary Basis-  
Budget and Actual, Continued  
For the Year Ended June 30, 2009 (in thousands)

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures and Transfers</b>				
Other departments, Continued:				
Civil defense preparedness	363	363	371	(8)
Planning and urban development	2,294	2,294	1,886	408
Administration to City Council	633	633	563	70
Internal auditor	341	341	247	94
Archives	199	199	175	24
Human relations commission	152	152	153	(1)
Department of human services	193	193	154	39
Office of Arts, Culture, Film & Tou	396	396	484	(88)
Office of parking administration	65	65	10	55
Providence Housing Authority	50	50	28	22
League of Cities	12	12		12
Public celebrations	10	10	11	(1)
P.E.R.A.	212	212	197	15
	<u>6,679</u>	<u>6,679</u>	<u>5,947</u>	<u>732</u>
Grants:				
Providence Public Library	3,000	3,000	3,000	
Rhode Island Historical Society	7	7	9	(2)
Capital Center	32	32	24	8
Providence Plan Commission	108	108	81	27
Providence Center	144	144	304	(160)
Community centers	350	350	320	30
Crossroads	122	122	91	31
P.A.S.A	203	203	152	51
Institute of Non-Violence	81	81	61	20
Procap	75	75	56	19
Grants			(12)	12
First source				
	<u>4,122</u>	<u>4,122</u>	<u>4,086</u>	<u>36</u>
Public properties	<u>5,776</u>	<u>5,776</u>	<u>5,021</u>	<u>755</u>
Purchasing	<u>191</u>	<u>191</u>	<u>188</u>	<u>3</u>
Transfers:				
Transfers to School Department	124,883	124,883	129,176	(4,293)
Transfer to Other funds	24	24	24	
Transfer to Council Contingency				
	<u>124,907</u>	<u>124,907</u>	<u>129,200</u>	<u>(4,293)</u>
Total	<u>\$ 444,222</u>	<u>\$ 444,222</u>	<u>\$ 429,209</u>	<u>\$ 15,013</u>

(CONTINUED)

## CITY OF PROVIDENCE, RHODE ISLAND

**Required Supplementary Information**  
**Schedule of Revenues and Expenditures-Budget and Actual-**  
**School Fund**  
**For the Year Ended June 30, 2009 (in thousands)**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal and state revenue	\$ 195,395	\$ 195,395	\$ 178,578	\$ (16,817)
State Fiscal Stabilization Fund			10,209	10,209
Other revenue	340	340	1,053	713
Transfers from other funds	125,988	125,988	130,593	4,605
Master lease proceeds	400	400		(400)
<b>Total revenues</b>	<b>322,123</b>	<b>322,123</b>	<b>320,433</b>	<b>(1,690)</b>
Expenditures:				
Education	322,123	322,123	320,433	1,690
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF PROVIDENCE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2009**

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**Schedules of Revenues and Expenditures - Budget and Actual – General and School Funds**

The City employs the following procedures in establishing the General Fund budgetary data reflected in the accompanying required supplementary information:

- At least sixty days prior to July 1, the Mayor submits a proposed operating budget for the upcoming fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing appropriations over expected revenues.
- The final budget is legally enacted through passage of an ordinance.
- The Mayor is authorized to make minor transfers of budgeted amounts between departments. Significant budget revisions or transfers must be approved by the City Council.

The General and School funds are the only governmental funds that have legally adopted annual budgets. The “actual amounts” presented in the accompanying schedules are presented on a budgetary basis.

The budget for the School Fund is prepared annually and approved by the Providence School Board. The amount of the annual transfer from the General Fund is ultimately determined through the adoption of the General Fund budget. This appropriation does not lapse at year-end.

The difference between the amounts shown in the accompanying schedules and those shown in the basic financial statements relate solely to reclassifications made between revenues and expenditures as presented below (in thousands):

	General Fund	School Fund
Total budgetary revenues and transfers per schedule	\$ 424,208	\$ 320,433
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		14,162
State Aid recorded in budgetary revenue and transfers		(68,766)
Total revenues and transfers per financial statements	\$ 424,208	\$ 265,829
 Total budgetary expenditures and transfers per schedule	 \$ 424,208	 \$ 320,433
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		14,162
State Aid recorded in budgetary expenditures and transfers		(68,766)
Total expenditures and transfers per financial statements	\$ 424,208	\$ 265,829

**CITY OF PROVIDENCE**  
**REQUIRED SUPPLEMENTARY INFORMATION – FUNDING PROGRESS**  
**JUNE 30, 2009**

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

**Pension**

**SCHEDULE OF FUNDING PROGRESS**  
(Dollar Amounts in Thousands)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2001	\$ 341,986	\$ 821,363	\$ 479,377	41.64%	\$ 116,493	411.51%
2002	340,550	867,457	526,907	39.26%	114,265	461.13%
2003	334,929	899,336	564,407	37.24%	115,015	490.72%
2004	372,128	1,025,345	653,217	36.29%	115,548	565.32%
2005	376,690	993,029	616,339	37.93%	118,600	519.68%
2006	393,768	1,052,805	659,036	37.40%	126,458	521.15%
2007	426,055	1,079,017	652,962	39.49%	132,719	491.99%
2008	449,464	1,165,183	715,719	38.57%	133,008	538.10%
2009	405,217	1,210,018	804,801	33.49%	135,516	593.88%

**SCHEDULE OF CONTRIBUTIONS FROM THE CITY**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 38,899	60.60%
2002	42,442	64.18%
2003	42,008	80.25%
2004	46,321	85.99%
2005	49,329	92.15%
2006	51,454	96.22%
2007	50,584	100.20%
2008	54,200	100.00%
2009	48,509	99.80%

**Other Post Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2008	\$ 1,035	\$ 593,903	\$ 592,868	0.17%	\$ 274,827	215.72%
7/1/2007	-	542,413	542,413	0%	256,157	211.75%

# CITY OF PROVIDENCE

## OTHER SUPPLEMENTARY INFORMATION

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# CITY OF PROVIDENCE

## NONMAJOR GOVERNMENTAL FUNDS

### *SPECIAL REVENUE FUNDS*

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Neighborhood Housing Fund** – is used for Administrative and Program Expenses primarily related to Housing Repair Loan Programs and Downpayment/Closing Assistance Programs. Also income related to Tax Stabilization Agreements.

**Federal Funds Fund** – is used to account for Administrative and Program Expenses and Program Income primarily related to the following federally funded programs: Community Development Block Grant, Emergency Shelter Grant and Housing Opportunities for Persons with Aids.

**PEDC Fund** - is used to account for Administrative and Program Expenses and Program Income primarily related to loans and grants for business start-ups, expansion, and operating costs (Industrial, Commercial and Operating Accounts).

**PRA Fund** – Is used to account for Administrative and Program Expenses and Program Income primarily related to the sale, rent and upkeep of Providence Redevelopment Agency controlled land and buildings. Expenses related to implementation of redevelopment projects.

**Other P&D** – is used to account for Good Faith Deposits – Deposits to secure vacant lots of the PRA until closing. There is also the Lead Fund which is primarily for expenses and income related to federally funded programs that supply loans to homeowners for remediation work, income from federal grants and City Bond dollars.

**Other Special Revenue Funds** – is used to account for various smaller special revenue funds used by the City.

**Skating Rink** – is used to account for the operations of the Skating Rink.

**WDO** – is used to account for proceeds received from the federal government for workforce development services.

**Capital Proceeds Fund** – is used to account for various smaller operations. It primarily consists of a Trust Fund that has spending stipulations for various City operations, and proceeds received or public safety and seizure.

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# CITY OF PROVIDENCE

## NONMAJOR GOVERNMENTAL FUNDS

### *PERMANENT TRUST FUNDS*

Other Nonmajor governmental funds is used to account for permanent trust funds.

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CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Neighborhood Housing	Federal Funds	PEDC	PRA	Other P & D	Other Special Revenue Fund	Skating Rink	WDO	Capital Proceeds Fund	Other Nonmajor Governmental Funds	Totals
<b>ASSETS</b>											
Cash and cash equivalents	\$ 2,714	\$ 653	\$ 2,912	\$ 145	\$ 160	\$ 20,410	\$ 18	\$ 214	\$ 22,279	\$ 884	\$ 50,389
Investments				24,569		112				11,292	35,973
Receivables, net:											
Loans	3,874		10,309								14,183
Intergovernmental						7		403			410
Other						3,938					3,938
Due from other funds	86	1,054	179	31		11,529	1		6,858	341	20,079
Other assets				100				8			108
<b>Total assets</b>	<b>\$ 6,674</b>	<b>\$ 1,707</b>	<b>\$ 13,400</b>	<b>\$ 24,845</b>	<b>\$ 160</b>	<b>\$ 35,996</b>	<b>\$ 19</b>	<b>\$ 625</b>	<b>\$ 29,137</b>	<b>\$ 12,517</b>	<b>\$ 125,080</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Warrants and accounts payable	\$ 24	\$ 267		\$ 402	\$ 110	\$ 380		\$ 449		\$ 65	\$ 1,697
Accrued liabilities											
Unearned revenue			\$ 37			5				8	50
Deferred revenue	105	1				5,069					5,175
Due to other funds	111	1,994	860	8,001	1	9,013	\$ 103	246	\$ 14,130	335	34,794
Due to other governments											
<b>Total liabilities</b>	<b>240</b>	<b>2,262</b>	<b>897</b>	<b>8,403</b>	<b>111</b>	<b>14,467</b>	<b>103</b>	<b>695</b>	<b>14,130</b>	<b>408</b>	<b>41,716</b>
<b>FUND BALANCES (DEFICITS)</b>											
Reserved for:											
Loans	3,874		10,309								14,183
Unreserved											
Designated for future uses						16,466				288	16,754
Undesignated											
Reported in											
Special revenue funds	2,560	(555)	2,194	16,442	49	5,063	(84)	(70)	15,007		40,606
Capital project funds											
Permanent funds										11,821	11,821
<b>Total fund balances (deficits)</b>	<b>6,434</b>	<b>(555)</b>	<b>12,503</b>	<b>16,442</b>	<b>49</b>	<b>21,529</b>	<b>(84)</b>	<b>(70)</b>	<b>15,007</b>	<b>12,109</b>	<b>83,364</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 6,674</b>	<b>\$ 1,707</b>	<b>\$ 13,400</b>	<b>\$ 24,845</b>	<b>\$ 160</b>	<b>\$ 35,996</b>	<b>\$ 19</b>	<b>\$ 625</b>	<b>\$ 29,137</b>	<b>\$ 12,517</b>	<b>\$ 125,080</b>

CITY OF PROVIDENCE, RHODE ISLAND  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 June 30, 2009 (in thousands)

	Neighborhood Housing	Federal Funds	PEDC	PRA	Other P&D	Other Special Revenue Fund	Skating Rink	WDO	Capital Proceeds Fund	Other Nonmajor Governmental Funds	Totals
<b>Revenues</b>											
Departmental	\$ 1,429	\$ 16	\$ 209	\$ 7,665		\$ 12,188	\$ 412			\$ 21	\$ 21,940
Intergovernmental		8,839		289	3	3,110		4,853			17,094
Investment and rental income	6		385	2,735		872			\$ (39)	(2,228)	1,731
Other						294	480		411		1,185
<b>Total Revenues</b>	<b>1,435</b>	<b>8,855</b>	<b>594</b>	<b>10,689</b>	<b>3</b>	<b>16,464</b>	<b>892</b>	<b>4,853</b>	<b>372</b>	<b>(2,207)</b>	<b>41,950</b>
<b>Expenditures</b>											
<b>Current:</b>											
Executive, legislative, and judicial Finance						899			11	538	1,448
Public safety						9,033		4,969			14,002
Recreation						397	425				822
Public lands and parks						915				37	952
Community development	311	10,111	1,252	10,275	3	72					22,024
<b>Debt service</b>											
Principal			87	1,835							1,922
Interest and other costs											
<b>Capital outlay</b>											
<b>Total expenditures</b>	<b>311</b>	<b>10,111</b>	<b>1,339</b>	<b>12,110</b>	<b>3</b>	<b>11,316</b>	<b>425</b>	<b>4,969</b>	<b>11</b>	<b>575</b>	<b>41,170</b>
<b>Excess (deficiency)</b>	<b>1,124</b>	<b>(1,256)</b>	<b>(745)</b>	<b>(1,421)</b>		<b>5,148</b>	<b>467</b>	<b>(116)</b>	<b>361</b>	<b>(2,782)</b>	<b>780</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in						24					24
Transfers out						(5,705)			(11,071)	(330)	(17,106)
<b>Total other financing sources (uses)</b>						<b>(5,681)</b>			<b>(11,071)</b>	<b>(330)</b>	<b>(17,082)</b>
<b>Net change in fund balance (deficit)</b>	<b>1,124</b>	<b>(1,256)</b>	<b>(745)</b>	<b>(1,421)</b>		<b>(533)</b>	<b>467</b>	<b>(116)</b>	<b>(10,710)</b>	<b>(3,112)</b>	<b>(16,302)</b>
<b>Fund Balance (deficit), beginning of year</b>	<b>5,310</b>	<b>701</b>	<b>13,248</b>	<b>17,863</b>	<b>49</b>	<b>22,062</b>	<b>(551)</b>	<b>46</b>	<b>25,717</b>	<b>15,221</b>	<b>99,666</b>
<b>Fund Balance (deficit), end of year</b>	<b>6,434</b>	<b>(555)</b>	<b>12,503</b>	<b>16,442</b>	<b>49</b>	<b>21,529</b>	<b>(84)</b>	<b>(70)</b>	<b>15,007</b>	<b>12,109</b>	<b>83,364</b>

**CITY OF PROVIDENCE, RHODE ISLAND**

**COMBINING BALANCE SHEET  
BY GRANT ACCOUNT  
JUNE 30, 2009 (in thousands)**

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	<b>Federal Grants</b>	<b>Direct Federal Grants</b>	<b>State Grants</b>	<b>Grants From Other Sources</b>	<b>Indirect Costs</b>	<b>Totals</b>
<b>ASSETS</b>						
Cash and investments	5,433	243	6,374	391	428	\$ 12,869
Receivables, net:						
Other governments	8,263		7,336			15,599
Other	1					1
Due from other funds	4,745		924	8	990	6,667
<b>Total assets</b>	<b>\$ 18,442</b>	<b>\$ 243</b>	<b>\$ 14,634</b>	<b>\$ 399</b>	<b>\$ 1,418</b>	<b>\$ 35,136</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	2,013		103	197		\$ 2,313
Accrued liabilities	76			9		85
Unearned revenue	91		5	145		241
Deferred revenue						-
Due to other funds	14,835		13,562	1	1,418	29,816
Due to other governments	887					887
<b>Total liabilities</b>	<b>17,902</b>	<b>-</b>	<b>13,670</b>	<b>352</b>	<b>1,418</b>	<b>33,342</b>
<b>FUND BALANCES (DEFICITS)</b>						
Unreserved:	540	243	964	47	(0)	1,794
<b>Total fund balances (deficits)</b>	<b>540</b>	<b>243</b>	<b>964</b>	<b>47</b>	<b>(0)</b>	<b>1,794</b>
<b>Total liabilities and fund balance (deficits)</b>	<b>\$ 18,442</b>	<b>\$ 243</b>	<b>\$ 14,634</b>	<b>\$ 399</b>	<b>\$ 1,418</b>	<b>\$ 35,136</b>

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**CITY OF PROVIDENCE, RHODE ISLAND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES (DEFICITS) BY GRANT FUND  
JUNE 30, 2009 (in thousands)**

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Totals
<b>REVENUES:</b>						
Federal and state governments	41,856		73,334	24	\$	115,214
Miscellaneous				89		89
<b>Total revenues</b>	<b>41,856</b>	<b>-</b>	<b>73,334</b>	<b>113</b>	<b>-</b>	<b>115,303</b>
<b>EXPENDITURES:</b>						
Personnel services	18,662		51,454	16		70,132
Employee benefits	8,209		20,482	1		28,692
Other supplies			2			2
Equipment	797		137	41		975
Miscellaneous services	8,557		1,221	11		9,789
Other services	152		90	1		243
Pupil transportation	417		6	2		425
Repairs	177					177
Office supplies	3,452		359	36		3,847
Education supplies	64		11	0		75
Textbooks	264		400			664
<b>Total expenditures</b>	<b>40,751</b>	<b>-</b>	<b>74,162</b>	<b>108</b>	<b>-</b>	<b>115,021</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer to other funds	(1,105)				(1,417)	(2,522)
Transfer from other funds					1,378	1,378
<b>Total other financing sources (uses)</b>	<b>(1,105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39)</b>	<b>(1,144)</b>
<b>Net change in fund balances (deficit)</b>	<b>-</b>	<b>-</b>	<b>(828)</b>	<b>5</b>	<b>(39)</b>	<b>(862)</b>
<b>Fund balance (deficit), beginning of year</b>	<b>540</b>	<b>243</b>	<b>1,792</b>	<b>42</b>	<b>39</b>	<b>2,656</b>
<b>Fund balance (deficit), end of year</b>	<b>\$ 540</b>	<b>\$ 243</b>	<b>\$ 964</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ 1,794</b>

# CITY OF PROVIDENCE

## AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for others.

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**CITY OF PROVIDENCE, RHODE ISLAND**

**Statement of Changes in Assets and Liabilities  
For the Year Ended June 30, 2009 (in thousands)**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>AGENCY FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 19,181		\$ 18,235	\$ 946
Other receivables		\$ 11		\$ 11
Total Assets	\$ 19,181	\$ 11	\$ 18,235	\$ 957
<b>Liabilities</b>				
Accounts payable	\$ 144		\$ 144	\$ -
Other payable	18,473		18,065	408
Due to student groups	564	\$ 981	996	549
Total Liabilities	\$ 19,181	\$ 981	\$ 19,205	\$ 957



# CITY OF PROVIDENCE

## CAPITAL ASSETS

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**City of Providence**

**Capital Assets Used in the Operation of Governmental Funds**  
**For the Year Ended June 30, 2009 (in thousands)**

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Governmental funds capital assets, net of related  
accumulated depreciation

Land	\$	45,892
Improvements other than buildings		8,245
Buildings and improvements		115,054
Buildings - leases		199,551
Infrastructue		114,693
Machinery and equipment		14,567
Constuction in progress - City		8,968
Construction in progress - PPBA		130,227
	<u>\$</u>	<u>637,197</u>

Investments in governmental funds capital assets:

Assets put into service as of June 30, 2009	\$	637,197
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# CITY OF PROVIDENCE

## STATISTICAL SECTION

This part of the City of Providence, Rhode Island's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents:

#### *Financial Trends*

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### *Revenue Capacity*

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

#### *Debt Capacity*

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

#### *Demographic and Economic Information*

These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

#### *Operating Information*

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 1  
 Net Assets By Component  
 Last Six Fiscal Years\*  
*(accrual basis of accounting)*  
*(in thousands)*

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
<b>Governmental activities:</b>						
Invested in capital assets, net of related debt	\$ 52,962	\$ 34,042	\$ 22,435	\$ 51,350	\$ 80,301	\$ 102,250
Unrestricted	(18,473)	(4,820)	11,285	765	(29,054)	(63,215)
<b>Total governmental activities net assets</b>	<b>\$ 34,489</b>	<b>\$ 29,222</b>	<b>\$ 33,720</b>	<b>\$ 52,115</b>	<b>\$ 51,247</b>	<b>\$ 39,035</b>
<b>Business-type activities:</b>						
Invested in capital assets, net of related debt	\$ 137,962	\$ 147,543	\$ 157,507	\$ 165,284	\$ 143,479	\$ 159,670
Restricted	16,411	16,193	17,515	19,470	54,745	44,280
Unrestricted	3,967	(888)	7,431	8,178	8,465	6,622
<b>Total business-type activities net assets</b>	<b>\$ 158,340</b>	<b>\$ 162,848</b>	<b>\$ 182,453</b>	<b>\$ 192,932</b>	<b>\$ 206,689</b>	<b>\$ 210,572</b>
<b>Primary government:</b>						
Invested in capital assets, net of related debt	\$ 190,924	\$ 181,585	\$ 179,942	\$ 216,634	\$ 223,780	\$ 261,920
Restricted	16,411	16,193	17,515	19,470	54,745	44,280
Unrestricted	(14,506)	(5,708)	18,716	8,943	(20,589)	(56,593)
<b>Total primary government net assets</b>	<b>\$ 192,829</b>	<b>\$ 192,070</b>	<b>\$ 216,173</b>	<b>\$ 245,047</b>	<b>\$ 257,936</b>	<b>\$ 249,607</b>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 2  
 Changes In Net Assets  
 Last Six Fiscal Years\*  
 (accrual basis of accounting)  
 (in thousands)

	Fiscal year					
	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Executive, legislative, and judicial	\$ 11,240	\$ 15,514	\$ 15,552	\$ 22,761	\$ 19,352	\$ 32,624
Finance	96,286	38,517	32,655	106,740	119,373	111,908
Public safety	87,558	152,354	170,273	110,246	111,183	106,243
Building inspection	2,537	4,578	5,455	2,495	2,717	2,946
Public works	24,119	28,223	30,275	21,992	18,384	17,079
Recreation	2,751	3,341	3,933	2,939	3,089	2,771
Public land and parks	16,654	22,484	23,992	17,535	17,249	5,523
Education	351,656	361,220	373,591	380,730	387,624	377,736
Community development	20,632	16,758	21,175	23,432	20,811	26,110
Interest on long-term debt	14,531	26,134	21,863	18,639	17,056	27,360
Other	-	-	-	-	-	-
<b>Total governmental activities expenses</b>	<b>627,964</b>	<b>669,123</b>	<b>698,764</b>	<b>707,509</b>	<b>716,838</b>	<b>710,300</b>
<b>Business-type activities:</b>						
PPBA	11,496	9,929	9,314	11,790	14,900	17,222
Water Supply Board	39,184	42,421	43,661	46,105	47,610	50,381
Civic Center	7,743	9,106	2,241	-	-	-
Non-major School lunch program	-	-	-	-	-	12,044
<b>Total business-type activities expenses</b>	<b>58,423</b>	<b>61,456</b>	<b>55,216</b>	<b>57,895</b>	<b>62,510</b>	<b>79,647</b>
<b>Total primary government expenses</b>	<b>686,387</b>	<b>730,579</b>	<b>753,980</b>	<b>765,404</b>	<b>779,348</b>	<b>789,947</b>
<b>Program revenue:</b>						
<b>Governmental activities:</b>						
<b>Charges for services:</b>						
Executive, legislative, and judicial	238	224	234	788	265	241
Finance	19,273	22,216	24,526	34,717	18,779	16,928
Public safety	16,078	19,412	16,336	14,831	20,867	22,222
Building inspection	4,381	4,660	4,817	6,379	4,993	4,240
Public works	208	258	244	2,259	202	213
Recreation	94	91	90	418	361	416
Public land and parks	1,133	1,271	1,216	4,004	410	438
Education	1,942	1,931	2,802	1,526	1,621	8,309
Community development	-	2,054	125	7,233	8,397	8,982
<b>Operating grants and contributions:</b>						
Executive, legislative, and judicial	410	136	142	1	-	-
Finance	1	269	683	61	-	-
Public safety	1,733	1,696	3,039	2,702	4,924	7,348
Public works	3,474	3,044	3,171	-	-	-
Recreation	504	570	599	703	743	329
Public land and parks	32	-	-	4,679	4,714	177
Education	242,517	248,927	252,043	248,239	248,949	235,234
Community development	22,198	17,361	25,502	15,472	13,758	11,943
<b>Capital grants and contributions:</b>						
Finance	13,609	-	-	-	-	-
Education	-	13,115	15,199	15,039	13,908	15,872
<b>Total governmental activities</b>	<b>327,825</b>	<b>337,235</b>	<b>350,768</b>	<b>359,051</b>	<b>342,891</b>	<b>332,892</b>
<b>Program revenue:</b>						

(CONTINUED)

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 2  
Changes In Net Assets, Continued  
Last Six Fiscal Years\*  
(accrual basis of accounting)  
(in thousands)

	Fiscal year					
	2004	2005	2006	2007	2008	2009
Program revenue:						
Business-type activities:						
Charges for services:						
PPBA	7,110	8,197	7,825	10,988	15,712	9,835
Water Supply Board	49,168	48,807	52,432	52,749	56,032	59,575
Civic Center	5,306	5,581	1,824	-	-	
Non-major School lunch program						12,040
Capital grants and contributions:						
Water Supply Board	1,197	1,464	1,309	1,613	898	775
Civic Center	-	-	-	-		
<b>Total business-type activities program revenues</b>	<b>62,781</b>	<b>64,049</b>	<b>63,390</b>	<b>65,350</b>	<b>72,642</b>	<b>82,225</b>
<b>Total primary government program revenues</b>	<b>390,606</b>	<b>401,284</b>	<b>414,158</b>	<b>424,401</b>	<b>415,533</b>	<b>415,117</b>
Net (expense) revenue:						
Governmental activities	(300,139)	(331,888)	(347,996)	(348,458)	(373,947)	(377,408)
Business-type activities	4,358	2,593	8,174	7,455	10,132	2,578
<b>Total primary government net expense</b>	<b>(295,781)</b>	<b>(329,295)</b>	<b>(339,822)</b>	<b>(341,003)</b>	<b>(363,815)</b>	<b>(374,830)</b>
General revenues and other changes in net assets:						
Governmental activities:						
Property taxes	257,116	258,213	260,629	257,776	272,366	284,775
Payments in lieu of taxes	17,078	17,656	26,879	20,124	19,575	19,680
Grants and contributions not restricted to specific programs	42,869	45,781	49,546	51,967	42,787	38,048
Investment income	4,191	4,465	8,033	19,779	19,905	1,230
Gain (loss) on disposal	-	(31)	3,563	-	409	
Miscellaneous	(3,430)	782	696	17,207	18,037	21,525
Transfers	(600)	(245)	-			
Sale of building and land	-	-	3,148	-		
<b>Total governmental activities</b>	<b>317,224</b>	<b>326,621</b>	<b>352,494</b>	<b>366,853</b>	<b>373,079</b>	<b>365,258</b>
Business-type activities:						
Investment earnings	1,681	1,670	2,227	3,024	3,625	1,243
Miscellaneous	-	-	-	-		
Transfers	600	245	-	-		
Special items:						
Sale of building and land	-	-	9,204	-		
<b>Total business-type activities</b>	<b>2,281</b>	<b>1,915</b>	<b>11,431</b>	<b>3,024</b>	<b>3,625</b>	<b>1,243</b>
<b>Total primary government</b>	<b>319,505</b>	<b>328,536</b>	<b>363,925</b>	<b>369,877</b>	<b>376,704</b>	<b>366,501</b>
Changes in net assets:						
Governmental activities	17,085	(5,267)	4,498	18,395	(868)	(12,150)
Business-type activities	6,639	4,508	19,605	10,479	13,757	3,821
<b>Total primary government</b>	<b>\$ 23,724</b>	<b>\$ (759)</b>	<b>\$ 24,103</b>	<b>\$ 28,874</b>	<b>\$ 12,889</b>	<b>\$ (8,329)</b>

(CONCLUDED)

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 3  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
*(in thousands)*

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Designated for future uses	\$ 403	\$ -	\$ 10,200	\$ 900	\$ 2,290	\$ 401	\$ 433	\$ 550	\$ -	
Unreserved	6,462	7,323	8,328	10,226	12,532	16,706	19,251	21,614	22,361	17,361
<b>Total General Fund</b>	<b>\$ 6,865</b>	<b>\$ 7,323</b>	<b>\$ 18,528</b>	<b>\$ 11,126</b>	<b>\$ 14,822</b>	<b>\$ 17,107</b>	<b>\$ 19,684</b>	<b>\$ 22,164</b>	<b>\$ 22,361</b>	<b>\$ 17,361</b>
All Other Governmental Funds:										
Reserved	\$ 74,409	\$ 67,467	\$ 71,557	\$ 51,922	\$ 10,264	\$ 11,758	\$ 10,885	\$ 10,157	\$ 11,729	\$ 14,183
Unreserved:										
Designated for future uses	-	-	-	-	11,035	11,146	11,146	16,026	18,045	16,754
Capital Projects										
Special Revenue										
Permanent Trust										
Undesignated:										
Capital Projects	26,367	21,133	-	-	26,942	24,930	23,541	14,513	7,394	9,807
Special Revenue	11,761	1,923	24,579	20,702	26,833	57,228	95,918	76,976	57,678	42,400
Permanent Trust	-	-	14,440	18,048	20,673	-	-	18,223	14,932	11,821
<b>Total all other government funds</b>	<b>\$ 112,537</b>	<b>\$ 90,523</b>	<b>\$ 110,576</b>	<b>\$ 90,672</b>	<b>\$ 95,747</b>	<b>\$ 105,062</b>	<b>\$ 141,490</b>	<b>\$ 135,895</b>	<b>\$ 109,778</b>	<b>\$ 94,965</b>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 4  
Changes In Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
Taxes	\$ 203,242	\$ 211,527	\$ 216,770	\$ 243,838	\$ 262,873	\$ 270,302	\$ 285,966	\$ 281,422	\$ 273,956	\$ 283,631
Departmental revenue	4,948	7,861	23,554	8,728	31,352	32,911	33,877	67,352	64,136	73,545
Federal and state grants and reimbursements	222,524	252,851	288,410	281,956	326,516	329,141	345,627	338,863	334,533	298,742
Investment and rental income	25,413	28,195	10,445	13,315	17,047	15,628	21,305	19,779	21,201	16,254
Fines and forfeitures	3,721	3,898	3,773	3,805	5,231	5,597	5,486	4,307	7,241	7,464
State Fiscal Stabilization Funds										10,209
Other	39,565	47,778	10,473	26,223	4,075	3,772	4,267	17,207	15,628	15,491
<b>Total revenues</b>	<b>499,413</b>	<b>552,110</b>	<b>553,425</b>	<b>577,865</b>	<b>647,094</b>	<b>657,351</b>	<b>696,528</b>	<b>728,930</b>	<b>716,695</b>	<b>705,336</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Executive, legislative, and judicial	6,455	18,971	9,528	15,417	11,285	11,074	12,995	9,852	10,264	11,100
Finance	47,952	54,715	86,126	94,124	98,836	119,565	124,814	106,674	112,142	103,361
Public safety	69,559	76,399	85,399	85,498	95,137	95,110	108,146	103,111	109,197	103,795
Building inspection	2,637	2,639	2,704	2,592	2,610	2,521	2,600	2,462	2,686	2,838
Public works	10,275	12,240	12,134	12,481	13,426	12,866	13,919	13,423	14,331	15,650
Recreation	1,576	1,731	3,758	2,611	2,766	2,470	2,939	2,909	2,992	2,656
Public lands and parks	7,675	8,337	13,036	13,565	15,411	14,446	16,211	23,718	14,884	14,582
Education	240,914	257,444	282,021	299,911	338,485	345,255	366,910	377,793	385,721	380,577
Community development	-	-	22,929	19,218	20,185	18,942	21,145	19,101	16,663	22,024
Other departments	4,792	5,229	-	-	-	-	-	5,742	5,394	5,947
Grants	3,504	4,042	-	-	-	-	-	4,331	4,148	4,086
Public properties	3,198	2,951	-	-	-	-	-	-	-	-
Other	31,291	31,831	-	-	-	-	-	-	-	-
Program expenditures	110	209	-	-	-	-	-	-	-	-
<b>Noncurrent:</b>										
Capital outlays	61,841	32,934	31,890	16,504	10,979	5,709	6,279	19,627	14,520	7,903
Debt service principal payments				10,605	10,489	11,915	10,000	32,267	35,051	36,929
Debt service interest and other payments	35,558	43,635	35,719	39,777	22,649	19,061	14,128	18,978	14,622	20,591
<b>Total expenditures</b>	<b>527,337</b>	<b>553,307</b>	<b>585,244</b>	<b>612,303</b>	<b>642,258</b>	<b>658,934</b>	<b>700,086</b>	<b>739,988</b>	<b>742,615</b>	<b>732,039</b>
<b>Excess of revenues (under) expenditures</b>	<b>(27,924)</b>	<b>(1,197)</b>	<b>(31,819)</b>	<b>(34,438)</b>	<b>4,836</b>	<b>(1,583)</b>	<b>(3,558)</b>	<b>(11,058)</b>	<b>(25,920)</b>	<b>(26,703)</b>
<b>Other financing sources (uses):</b>										
Capital leases issued	-	-	79,995	34,851	4,535	7,435	9,145	7,547	-	6,952
Capital notes issued	-	-	-	-	-	-	9,081	-	-	-
Payment to refunding bonds escrow agent	-	-	(22,038)	(27,319)	-	(111,980)	(28,244)	(29,514)	-	-
Premium on bond issued	128,287	17,216	-	-	-	3,013	778	-	-	-
Proceeds from sale of real estate	-	-	-	-	-	-	6,440	-	-	-
Transfers in	182	64,120	103,521	97,306	118,126	112,305	138,153	139,458	156,231	145,201
Transfers out	-	(103,220)	(103,951)	(97,706)	(118,726)	(112,550)	(138,270)	(139,458)	(156,231)	(145,201)
Proceeds on refunding bonds issued	-	-	-	-	-	114,960	28,675	29,910	-	-
<b>Total other financing sources (uses)</b>	<b>128,469</b>	<b>(21,884)</b>	<b>57,527</b>	<b>7,132</b>	<b>3,935</b>	<b>13,183</b>	<b>25,758</b>	<b>7,943</b>	<b>-</b>	<b>6,952</b>
<b>Special Items</b>										
Proceeds from sale	-	-	-	-	-	-	16,805	-	-	-
<b>Net changes in fund balance</b>	<b>\$ 100,545</b>	<b>\$ (23,081)</b>	<b>\$ 25,708</b>	<b>\$ (27,306)</b>	<b>\$ 8,771</b>	<b>\$ 11,600</b>	<b>\$ 39,005</b>	<b>\$ (3,115)</b>	<b>\$ (25,920)</b>	<b>\$ (19,751)</b>
Debt service as a percentage of noncapital expenditures	7.6%	8.4%	6.5%	6.7%	3.6%	2.9%	2.0%	2.6%	2.0%	2.8%



**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 5  
 Tax Revenues by Source, Governmental Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
*(unaudited)*  
*(in thousands)*

Fiscal Year	Real Estate	Tangible Taxes	Excise Taxes	Total
2000	131,962	44,777	17,880	194,619
2001	143,781	47,202	20,544	211,527
2002	167,962	30,512	18,294	216,768
2003	181,222	28,834	16,782	226,838
2004	193,896	31,121	18,254	243,271
2005	203,258	28,378	17,131	248,767
2006	209,251	28,154	17,768	255,173
2007	211,732	28,440	15,685	255,857
2008	226,176	26,087	16,564	268,827
2009	231,186	30,080	16,963	278,229
Change 2000-2009	75.2%	-32.8%	-5.1%	43.0%

**Source:** City records.

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 6  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
*(in thousands)*  
*(unaudited)*

Fiscal Year	Residential Property	Tangible Personal Property (1)	Motor Vehicle	Exemptions	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2000	5,437,478	622,022	296,593	(1,296,243)	5,059,850	0.10%	41.54	6,023,631	84.00%
2001	5,375,740	646,851	268,898	(1,261,983)	5,029,506	-0.60%	43.12	5,987,507	84.00%
2002	6,208,931	632,987	258,320	(1,102,234)	5,998,004	19.26%	37.61	7,140,481	84.00%
2003	6,162,597	636,696	232,133	(1,052,670)	5,978,756	-0.32%	38.92	7,033,831	85.00%
2004	6,154,269	672,482	243,658	(1,082,370)	5,988,039	0.16%	41.39	7,044,752	85.00%
2005	9,484,121	638,720	222,344	(3,055,179)	7,290,006	21.74%	34.75	8,570,428	85.06%
2006	9,496,709	636,126	241,061	(3,139,525)	7,234,371	-0.76%	35.36	8,818,102	82.04%
2007	9,651,377	657,840	599,020	(3,593,637)	7,314,600	1.11%	35.17	8,511,287	85.94%
2008	13,721,337	631,015	638,107	(4,781,679)	10,208,780	39.57%	26.62	12,153,310	84.00%
2009	13,664,004	746,260	658,076	(4,838,398)	10,229,942	0.21%	25.53	12,035,226	85.00%

Source: City Records

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 7  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(*unaudited*)

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Narragansett Electric Co	\$ 217,695,922	1	2.13%	164,156,851	1	3.29%
PRI XVII L P	137,041,200	2	1.34%	-	-	0.00%
ONA Providence Office It LLC	62,697,800	3	0.61%	-	-	0.00%
Capital Properties Inc	52,502,700	4	0.51%	126,536,803	2	2.54%
Avalon Properties Inc	45,966,700	5	0.45%	-	-	0.00%
One Financial Holdings LLC.	44,495,100	6	0.43%	-	-	0.00%
Textron Realty Corporation	43,610,500	7	0.43%	37,751,210	8	0.76%
The Providence Journal Company	37,255,100	8	0.36%	51,876,826	4	1.04%
Regency Plaza	36,484,000	9	0.36%	-	-	0.00%
G Tech Waterplace park	34,965,035	10	0.34%	-	-	0.00%
Providence Realty Associates LP	33,471,400	11	0.33%	-	-	0.00%
High Rock Westminster	32,027,100	12	0.31%	-	-	0.00%
Historic Hotel Partners Of Prov Lp	30,889,400	13	0.30%	-	-	0.00%
Motiva Enterprises LLC	28,157,100	14	0.28%	-	-	0.00%
Blue Cross And Blue Shield Of Rhode Island	25,961,111	15	0.25%	39,800,500	7	0.80%
380 Westminster Street LLC	23,634,200	16	0.23%	-	-	0.00%
PRI I LP	23,495,900	17	0.23%	-	-	0.00%
One Financial Center Plaza LLC	19,677,800	18	0.19%	-	-	0.00%
RI Gateway Properties	19,545,500	19	0.19%	-	-	0.00%
Cox Com Inc	15,991,500	20	0.16%	-	-	0.00%
<b>Total</b>	<b>\$ 965,565,068</b>		<b>9.44%</b>	<b>\$ 420,122,190</b>		<b>8.42%</b>

Source: City Records

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 8  
Property Tax Levies And Collections  
Last Ten Fiscal Years  
(*unaudited*)

Fiscal Year Ended June 30:	Net Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	206,444,935	191,437,915	92.73%	10,862,152	202,300,067	97.99%
2001	214,851,680	199,539,625	92.87%	11,914,322	211,453,947	98.42%
2002	221,121,470	208,194,767	94.15%	12,361,103	220,555,870	99.74%
2003	228,040,394	215,494,344	94.50%	9,938,634	225,432,978	98.86%
2004	240,581,574	231,862,834	96.38%	6,437,343	238,300,177	99.05%
2005	248,700,567	240,140,679	96.56%	8,428,501	248,569,180	99.95%
2006	254,005,375	243,165,192	95.73%	9,737,364	252,902,556	99.57%
2007	261,450,407	245,357,642	93.84%	11,019,088	256,376,730	98.06%
2008	275,853,725	255,874,916	92.76%	11,275,176	267,150,092	96.84%
2009	287,281,144	269,559,441	93.83%	-	269,559,441	93.83%

**Source:** City Tax Collector Records

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 9  
Ratios of Net General Bonded Debt Outstanding by Type  
Last Ten Fiscal Years  
(unaudited)  
(in thousands)

Fiscal Year	Governmental Activities						Business-Type Activities			Total Primary Government	Percentage of Personal Income	Net Debt Per Capita	Net General Obligation Bonds to Estimated Actual Value
	General Obligation Bonds	Revenue Bonds	Special Obligation Tax Increment	PPBA Debt	Capital Notes and Leases	Notes Payable	Line of Credit	Revenue Bonds	Capital Leases				
2000	140,215	68,000	*	146,853	38,615	2,659	-	24,677	11,316	432,335	**	594	2.33%
2001	102,735	69,430	33,275	141,811	44,602	2,349	-	26,823	9,990	431,015	**	591	1.72%
2002	147,250	66,750	32,040	143,534	48,084	7,764	-	27,129	8,621	481,172	**	851	2.06%
2003	140,340	65,445	30,700	200,120	50,123	6,904	-	28,856	7,391	529,879	**	808	2.00%
2004	131,875	64,085	29,250	192,768	47,959	5,966	789	22,135	6,105	500,932	**	760	1.87%
2005	127,250	67,315	27,675	182,930	50,987	4,974	1,104	22,437	5,009	489,681	**	719	1.48%
2006	119,215	66,500	28,285	173,474	59,994	4,215	385	18,070	3,865	474,003	**	674	1.35%
2007	112,845	64,525	26,260	222,415	58,453	3,434	300	11,879	2,950	503,061	**	638	1.33%
2008	105,075	62,445	23,755	361,011	49,300	2,546	-	45,043	2,000	651,175	**	1731	0.86%
2009	96,735	60,295	21,150	358,750	47,628	2,336	-	43,573	990	631,457	**	542	0.80%

**Note:** Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

\* Amounts were included in general obligation bonds.

\*\* Information not available.

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 10  
Direct Governmental Activities Debt  
For the Year Ended June 30, 2009  
*(unaudited)*  
*(in thousands)*

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Governmental Unit	Debt Outstanding
General obligation debt:	
General obligation bonds	\$ 96,735
Revenue bonds	60,295
Special obligation tax increment	21,150
Notes payable	2,336
Capital leases	16,538
Capital notes	31,090
PPBA debt-City	358,750
<b>Total direct debt</b>	<u><u>\$ 586,894</u></u>

**Note:** The City of Providence is not subject to the debt of overlapping governments.

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 11

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

*(unaudited)*

*(in thousands)*

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**Legal Debt Margin Calculation for Fiscal Year 2009**

Taxable Property	\$	10,229,956
Debt limit (3% of taxable property)		306,899
Debt applicable to limit:		
General obligaton bonds		96,735
Less: debt not subject to 3% limit		83,657
Total net debt applicable to limit		<u>13,078</u>
Legal debt margin	\$	<u><u>293,821</u></u>

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

*(unaudited)*

*(in thousands)*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 180,700	\$ 179,600	\$ 179,600	\$ 179,400	\$ 218,700	\$ 206,500	\$ 210,700	\$ 219,400	\$ 294,163	\$ 306,899
Total net debt applicable to limit	39,000	35,300	33,200	29,500	31,600	27,500	23,400	19,400	16,247	13,078
Legal debt margin	141,700	144,300	146,400	149,900	187,100	179,000	187,300	200,000	277,916	293,821
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<u>28%</u>	<u>24%</u>	<u>23%</u>	<u>20%</u>	<u>17%</u>	<u>15%</u>	<u>12%</u>	<u>10%</u>	<u>6%</u>	<u>4%</u>
<b>Debt outstanding issued outside the 3% debt limit*</b>	<u>\$ 99,200</u>	<u>\$ 100,900</u>	<u>\$ 114,000</u>	<u>\$ 110,900</u>	<u>\$ 102,500</u>	<u>\$ 99,800</u>	<u>\$ 95,700</u>	<u>\$ 93,400</u>	<u>\$ 88,828</u>	<u>\$ 83,657</u>

\* The State of Rhode Island General Assembly has, by Special Act, permitted the City to incur indebtedness outside the 3% debt limit. This amount excludes water and sewer bonds that are deemed self-supporting.



**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 13  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(unaudited)  
(in thousands)

Water Supply Board							Redevelopment Revenue Bonds				
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Fiscal Year	Collections	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2000	41,558	32,961	8,597	-	**	-	2000	5,394	-	-	-
2001	42,613	34,530	8,083	-	**	-	2001	11,584	-	-	-
2002	41,699	32,925	8,774	425	**	20.60	2002	4,767	1,250	-	3.80
2003	45,177	36,759	8,418	443	179	13.50	2003	4,360	1,305	-	3.40
2004	49,168	37,614	11,554	464	229	16.70	2004	6,624	1,360	3,662	1.32
2005	48,807	40,871	7,936	516	207	11.00	2005	6,858	*	-	-
2006	52,432	42,446	9,986	509	183	14.43	2006	-	*	-	-
2007	52,749	45,181	7,568	537	158	10.89	2007	-	*	-	-
2008	56,032	46,410	9,622	561	131	13.90	2008	-	*	-	-
2009	59,575	48,796	10,779	590	102	15.58	2009	-	*	-	-

Civic Center Bonds							Providence Public Building Authority Revenue				
Fiscal Year	Charges	Operating Expenses	Net Available Revenues	Debt Service		Coverage	Fiscal Year	Collections	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2000	4,569	6,394	(1,825)	190	109	(6.1)	2000	-	-	-	-
2001	3,934	6,153	(2,219)	195	99	(7.5)	2001	-	-	-	-
2002	4,645	6,744	(2,099)	205	109	(6.7)	2002	7,958	6,330	7,666	0.57
2003	4,159	6,592	(2,433)	215	99	(7.7)	2003	10,850	6,630	7,782	0.75
2004	5,492	7,659	(2,167)	225	68	(7.4)	2004	7,110	7,322	6,943	0.50
2005	4,885	8,949	(4,064)	235	151	(10.4)	2005	8,197	9,838	9,189	0.43
2006	1,824	2,241	(417)	***	-	-	2006	7,825	10,516	8,713	0.41
2007	-	-	-	***	-	-	2007	10,988	11,058	9,829	0.53
2008	-	-	-	***	-	-	2008	15,712	27,874	13,124	0.38
2009	-	-	-	***	-	-	2009	9,835	15,261	16,675	0.31

\* Bond was fully refunded in 2005.

\*\* Not available.

\*\*\* Note: The Civic Center Authority was sold on December 5, 2005.

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 14  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(*unaudited*)

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Fiscal Year Ended June 30	Population***	Personal Income	Per Capita Income****	Median Age***	School Enrollment**	Unemployment(*) Rate
2000	173,618	(1)	26,617	28.1	26,937	5.0%
2001	173,618	(1)	28,318	28.1	27,159	6.1%
2002	173,618	(1)	28,925	28.1	27,580	6.1%
2003	173,618	(1)	29,787	28.1	27,900	6.4%
2004	173,618	(1)	30,837	28.1	26,741	6.1%
2005	176,862	(1)	21,978	30.4	25,615	6.3%
2006	176,862	(1)	(1)	30.4	25,190	6.9%
2007	176,862	(1)	(1)	30.4	24,494	6.1%
2008	178,400	(1)	26,867	28.1	24,494	10.5%
2009	178,400	(1)	26,867	28.1	23,710	13.1%

(1) Unavailable

\* Source: Rhode Island Department of Labor and Training

\*\* RI Department of Education

\*\*\* Source: U.S. Bureau of the Census

\*\*\*\* Source U.S. Bureau of Economic Analysis

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 15  
Principal Employers  
2009 and 2000  
(*unaudited*)

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rhode Island Hospital	6,910	1	6.17%	5,185	1	5.22%
Brown University	4,877	2	4.36%	3,000	2	3.02%
Bank of America/Fleet National bank	3,040	3	2.72%	1,168	10	1.18%
Women & Infants Hospital	2,880	4	2.57%	2,006	4	2.02%
The Miriam Hospital	2,389	5	2.13%	1,646	9	1.66%
Roger Williams Medical Center	1,470	6	1.31%	1,626	7	1.64%
Citizens Bank	1,289	7	1.15%	2,200	3	2.22%
Verizon	1,205	8	1.08%	-	-	0.00%
Johnson & Wales University	1,200	9	1.07%	1,500	8	1.51%
Pinkerton Northeast/Securitas	1,167	10	1.04%	-	-	0.00%
Blue Cross/Blue Shield of Rhode Island	1,143	11	1.02%	1,441	6	1.45%
AAA Southern New England	1,080	12	0.96%			
GTECH	954	13	0.85%	-	-	0.00%
Veteran's Administration Medical Center	950	14	0.85%	-	-	0.00%
Rhode Island College	936	15	0.84%	-	-	0.00%
Providence College	930	16	0.83%			
Rhode Island School of Design	912	17	0.81%	900	12	0.91%
Butler Hospital	850	18	0.76%	-	-	0.00%
RI Public Transit Authority	844	19	0.75%			
Manpower Inc. of Providence	750	20	0.67%			
Belo Corp/Providence Journal	728	21	0.65%	1,800	5	1.81%

Sources: Rhode Island Department of Labor and Training

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 16  
Full-Time Equivalent Employees By Functional Program  
Last Ten Fiscal Years  
(unaudited)

Functions/Program	Full-Time Equivalent Employees as of June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Executive, Legislative, Judicial and Finance:</b>										
City Council	15	15	15	15	15	15	15	15	15	15
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	11	11	10	9	9	10	10	10	10	9
Personnel	13	13	12	12	12	10	10	11	9	7
Finance	22	22	30	23	30	33	30	30	22	23
Computer Services	7	7	-	7	-	-	-	-	5	2
Legal	23	23	22	22	22	22	20	21	20	21
Courts	23	23	23	23	23	24	23	24	25	18
Retirement	5	5	5	5	5	5	5	5	4	5
Board Tax Assessment	5	5	5	5	5	5	5	5	5	5
City Treasurer	6	5	5	5	5	5	5	5	5	4
City Collector	13	14	18	16	18	20	19	18	16	15
City Assessor	15	17	16	18	16	20	19	22	20	21
<b>Recreation and Public Land and Parks:</b>										
Grounds Maintenance	44	44	44	47	52	62	64	66	58	66
Recreation	21	20	20	20	20	22	28	28	25	22
Zoo	31	31	31	37	37	36	35	34	34	29
Forestry	14	14	14	14	16	17	17	17	16	16
Parks	48	48	49	45	39	39	49	56	48	39
Greenhouse	11	11	11	11	14	14	12	12	13	11
Public Property	31	31	33	24	25	29	28	29	28	27
<b>Public Safety:</b>										
Police Department	589	581	592	592	563	584	587	590	592	532
Commissioner's Office	8	8	7	7	7	7	7	10	8	11
Firefighters' Department	489	487	487	484	485	508	511	511	510	490
Communication	76	76	78	78	78	84	97	99	94	83
<b>Public Works:</b>										
Administration	8	7	10	10	10	10	9	10	10	9
Engineering	7	7	7	7	8	7	6	7	7	5
Environmental Control	13	12	12	12	12	12	26	25	24	18
Highway and Bridge Maintenance	50	50	50	48	48	56	42	44	44	32
Sewer Maintenance	12	10	10	9	10	9	9	9	9	11
Miscellaneous	120	117	45	45	44	47	52	55	56	51
Garage	9	9	9	8	9	9	8	9	9	6
Traffic Engineering	13	13	12	12	11	11	-	-	-	-
Building Inspection	49	49	13	12	13	14	15	14	14	15
School Department	3284	3,300	3,345	3,333	3,342	3,473	3,435	3,382	3,243	N/A
<b>Total</b>	<b>5,086</b>	<b>5,086</b>	<b>5,041</b>	<b>5,016</b>	<b>5,004</b>	<b>5,220</b>	<b>5,199</b>	<b>5,174</b>	<b>4,999</b>	<b>1,619</b>

Source: City Records.

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 17  
 Operating Indicators By Function/Program  
 Last Ten Fiscal Years  
*(unaudited)*  
*(in thousands)*

Function/Program	Calendar Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Police:</b>										
Calls for service	145	138	149	190	190	190	190	190	190	150
<b>Fire:</b>										
Total fire calls	14	13	14	13	13	13	13	13	15	15
Total rescue calls	27	27	26	25	25	25	25	26	26	26
<b>Building safety:</b>										
Total building permits	7,542	7,361	3,210	8,250	7,759	7,418	5,914	5,165	5,145	5,821
Total value all permits	234,191	217,629	TBD	251,400	172,700	315,400	166,000	140,300	107,800	106,600
<b>Public service:</b>										
Residential garbage collected (ton)	79	81	TBD	69	69	69	69	60	60	60

**Source:** City Records

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 18  
 Capital Asset Statistics By Function/Program  
 Last Ten Fiscal Years  
*(unaudited)*

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Public Safety:</b>										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	28	28	28	28	28	28	28
<b>Public Works:</b>										
Traffic signals										
Collection Trucks										
Bridges	27	27	27	53	53	53	53	53	53	53
Streets (Miles)	370	370	370	417	417	417	417	417	417	417
Manholes	20	20	20	20	20	20	20	20	12	12
Catch Basins	12	12	12	12	12	12	12	12	12	12
Drain Inlets	4	4	4							
<b>Parks &amp; Recreation:</b>										
Acreage	1,300	1,300	1,300							
Parks	124	124	124	141	141	141	141	141	141	110
Golf Course	2	2	2	1	1	1	1	1	1	1
Baseball/Softball Diamonds	40	40	40	1	1	1	1	1	-	-
Greenhouse	6	6	6	1	1	1	1	1	1	1
Soccer/Football Fields	11	11	11	1	1	1	1	1	-	-
Water Parks	9	9	9	3	3	3	3	3	3	3
Museum	1	1	1	1	1	1	1	1	1	1
Swimming pools	6	6	6	6	6	6	6	6	6	6
Recreation Centers	10	10	10	12	12	12	12	12	12	12
Zoo	1	1	1	1	1	1	1	1	1	1
Community Centers										
<b>Water:</b>										
Lakes	10	10	10	10	10	10	10	10	10	10
<b>Wastewater:</b>										
Sanitary Sewer Lines (miles)	300	300	300	415	415	415	415	415	415	415

**Source:** City Records