

CITY OF PROVIDENCE, RHODE ISLAND

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2017



**CITY OF PROVIDENCE**  
Finance Department  
25 Dorrance Street  
Providence, RI 02903

**CITY OF PROVIDENCE, RHODE ISLAND**  
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**JUNE 30, 2017**

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## **Introductory Section**

**City Officials**  
**As of June 30, 2017**

**Mayor**  
Jorge O. Elorza

**City Council**

Ward 1 – Seth Yurdin	Ward 6 – Michael J. Correia	Ward 11 – Mary Kay Harris
Ward 2 – Samuel D. Zurier	Ward 7 – John J. Iglizzi	Ward 12 – Terrence M. Hassett
Ward 3 – vacant	Ward 8 – Wilbur W. Jennings, Jr.	Ward 13 – Brian Principe
Ward 4 – Nicholas A. Narducci, Jr.	Ward 9 – Carmen Castillo	Ward 14 – David A. Salvatore
Ward 5 – Jo-Ann Ryan	Ward 10 – Luis A. Aponte	Ward 15 – Sabina Matos

**Department Directors**

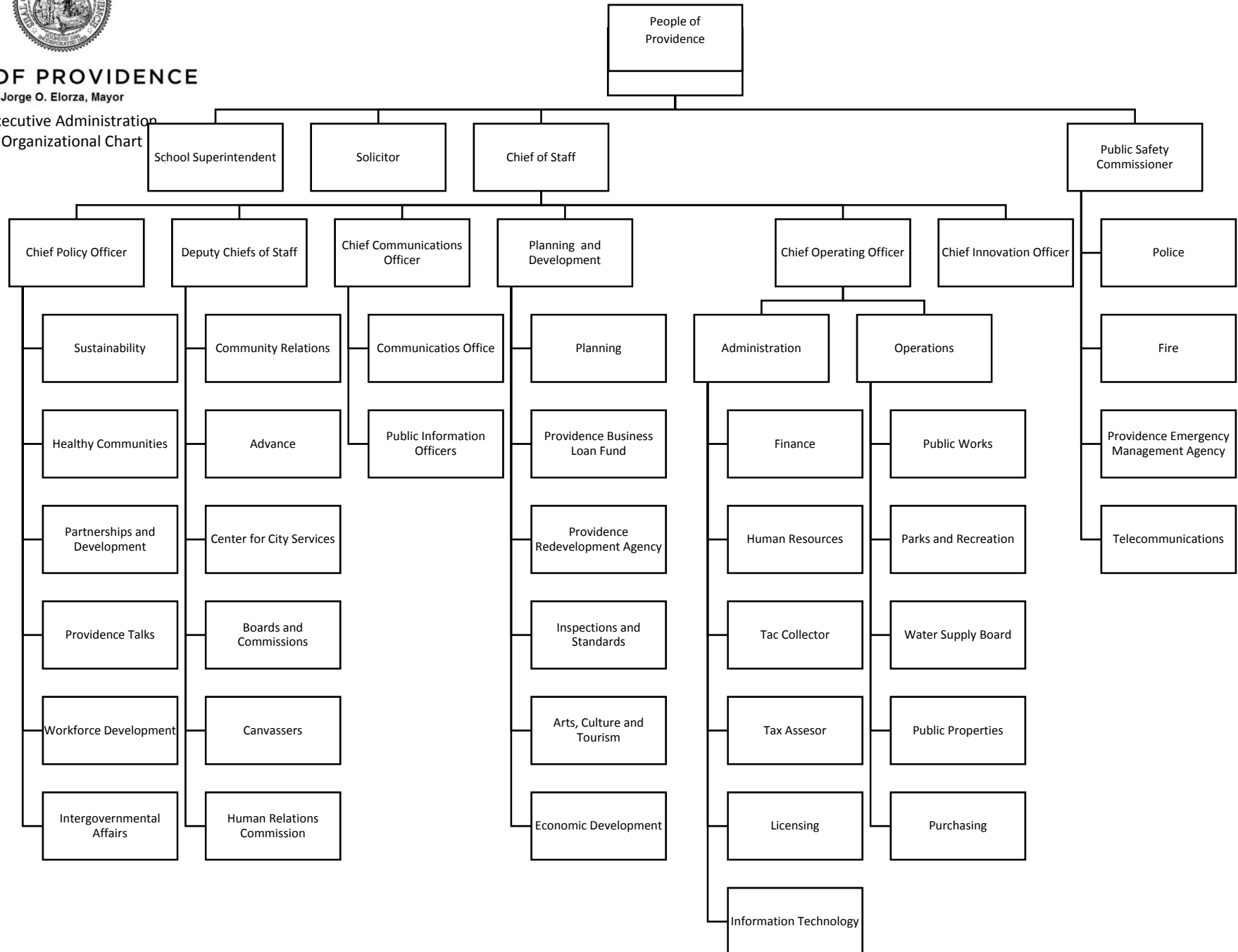
General Manager of Water Supply	Richard A. Caruolo
Commissioner of Public Safety & Acting Fire Chief	Steven M. Pare
Chief of Police Department	Col. Hugh T. Clements, Jr
Chief of Staff	Nicole Pollock
City Clerk	Lori L. Hagen
City Controller	J. Michael D'Antuono, CPA
City Solicitor	Jeffrey Dana, Esq
City Treasurer	James J. Lombardi, III
Chief Operating Officer	vacant
Director of Arts, Culture, and Tourism	Stephanie P. Fortunato
Director of Emergency Management	Kevin Kugel
Director of Finance	Lawrence J. Mancini
Director of Information Technology	James A. Silveria
Director of Inspections and Standards	Jeffrey L. Lykins, RA
Director of Public Property	Alan R. Sepe
Director of Personnel	Sybil F. Bailey
Director of Planning and Development	Bonnie Nickerson, AICP
Director of Public Works	Michael D. Borg
Director of Telecommunications	Carolyn Arias
Internal Auditor	Matthew M. Clarkin, Jr
Recorder of Deeds	John A. Murphy, Acting
Registrar of Vital Statistics	Heather Kilkenny
Superintendent of Parks and Recreation	Wendy Nilsson
Superintendent of Schools	Christopher N. Maher
Tax Assessor	David L. Quinn II
Tax Collector	John A. Murphy
City Engineer	William C. Bombard, P.E.



# CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

## Executive Administration Organizational Chart





## CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

December 29, 2017

Providence City Council  
Providence City Hall  
25 Dorrance Street  
Providence, Rhode Island 02903

Honorable Members:

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 fulfills that requirement for the fiscal year (FY17) that ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls 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.

Accountants and advisers from BlumShapiro have issued an unmodified ("clean") opinion on the City of Providence, Rhode Island's financial statements for the year ending June 30, 2017. A copy of their independent auditor's report is located at the front of the financial section of the report.

Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provide 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 capital city of Providence was founded in 1636 and incorporated in 1831. It occupies a total land area of 18.1 square miles and an additional 1.9 square miles of water, is located at the head of Narragansett Bay on the Providence River, and is the major population, financial, educational, governmental and industrial center of Rhode Island. Situated on the Boston-Washington Interstate 95 corridor, with proximity to multi-billion dollar markets and multi-million population centers, residents and businesses have ready access to all major forms of transportation, including AMTRAK, Providence & Worcester Railroad, T.F. Green International Airport, the Port of Providence and Interstates 95 and 195. Providence has the largest population of Rhode Island's 39 cities and towns with 178,036 residents (2010 Census,) up 2.5 percent from 173,618 in 2000 (2000 Census). The demographic profile for the city is as follows: Caucasians 49.8 percent; Hispanics 38.1 percent; African Americans 16.0 percent; Asians 6.4 percent; and Native Americans 1.4 percent.



## CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

The City has a Mayor-Council form of government with a Home Rule Charter (adopted 1980, effective January 3, 1983). City government is responsible for providing such services as: general government, community development, administrative services, public safety, sanitation, public works, planning and development, workforce development, recreation, parks and public education. The City adopts an annual budget for the General Fund, and separately for the Providence Public School District. The legal level of control is by Department.

### **FY17 Budget Highlights**

On April 27, 2016, Mayor Elorza formally presented the budget to the City Council. He emphasized the need for a long-term approach to ensure the success of the City of Providence. He took bold steps to address fiscal challenges, invest in education, support thriving neighborhood communities and ensure that the city continues to work for its residents and local businesses.

#### *Surplus*

The City projected to end FY17 with a surplus of \$10.2 million. However, after the close of the fiscal year, two existing labor disputes were settled requiring the City to recognize an additional \$4.9 million in expenses. This resulted in the City reporting a surplus of \$5.44 million for the year ended June 30, 2017. This surplus was achieved primarily through responsible budgeting practices, a steady increase in tax collections and additional State Aid.

With the FY17 surplus, the City was able to eliminate its cumulative deficit of \$3.16 million and report a cumulative fund balance of \$2.28 million. The City has completed its obligation to the RI Auditor General to eliminate its cumulative deficit three years ahead of schedule. The City begins to build reserves and commits to appropriating one percent of its annual budget towards building its reserves until a healthy 5 percent of its annual general fund budget has been achieved.

#### *Pension ARC Funding*

In FY17 the City made its earliest 100 percent ARC funding in the past twenty-four years, with payments paid by July 17, 2017. The timing of this payment saved the City nearly \$1.6 million that otherwise would have been paid from the general fund in FY17.

#### *Medical surplus*

The City's efforts to manage its self-insured medical budget to reflect appropriate funding and preventive options for insureds paid dividends. The last two successive years have resulted in surpluses with approximately \$1.4 million for FY2016 and \$1.9 million for FY17. Reserves totaling approximately \$3.3 million have been set aside to assist the City should catastrophic claims occur.





## CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

### *Tax relief*

The FY17 budget lowered the car tax for every vehicle owner in the city by doubling the exemption level to \$2,000. The budget also made a small reduction in the commercial rate and lowered the residential tax and non-resident tax rates to keep Providence competitive with surrounding cities and towns.

### **FY 2017 Budgeted Initiatives**

The Mayor is steadfast in his support of enhancing education, creating thriving communities, supporting job and economic opportunity and ensuring Providence is a city that responds to the needs of residents and businesses.

### *Youth Education*

The FY17 budget included education investments in classroom technology, additional school resources, expanded summer learning and recreational opportunities, increased financial support for students and infrastructure improvements.

A \$500,000 Access-to-Technology investment provided an infusion of thousands of new computers in Providence classrooms. By improving the student-to-computer ratio, the City is moving its urban education system into the 21st century while increasing opportunities for personalized learning experiences.

With a focus on equity, funding was allotted to hire an Equal Employment Opportunity Commission (EEOC) Officer for the school district and launch a bilingual call center to be the point of contact between families and schools.

The City expanded summer programming to include a wide range of activities for youth and support for families through its robust and affordable summer recreation programs in FY17. The line-up offered diverse and affordable programming including weekly sports camps, specialty camps and full day camps that incorporated literacy programming made possible through a partnership with the Providence Community Library.

The Edward Hinkling Bradford Book Scholarship was announced in Spring 2017. The scholarship program aims to assist Providence students pursuing a college education who demonstrate financial need through individual \$750 awards. As established in Bradford's will, the scholarship is granted to students "without reference to excellence in scholarship," who may be unable to obtain financial assistance for costs beyond tuition.

Approximately \$12 million in infrastructure improvements were made to schools inclusive of buildings, heating, and upgraded safety measures.



## CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

Partnering with federal, state and community partners, Providence offered free and nutritious meals to the children under the age of 18 through the Summer Food Service Program. Taking into consideration the population of students who depend on free or reduced meal options during the school year, offering this program during the summer months ensured that youth with limited access had an opportunity to eat a healthy meal. The program was offered at 33 parks throughout the city and provided 49,680 meals, as well as 52,244 lunches and 43,944 breakfasts at 59 additional enrolled sites. 42,775 suppers were also served in the evenings at recreation centers across the city. Complementing this effort, fall and winter recreation offerings were increased to include dance, drums, bowling, garden clubs, and lacrosse.

### *Creating Thriving Communities*

Creating a thriving community requires collaborative efforts from neighborhood stakeholders and at its core, increases quality of life and quality of space. The FY17 budget invested in public safety, accessible transportation options, resilient public policy and improving greenspaces citywide.

Providence public neighborhood parks provide families and visitors the opportunity for engaging programming, recreational activities and interactions with quality outdoor space. FY17 saw the expansion and revitalization of many neighborhood greenspaces. In addition to improvements to roads, trails and attractions, Roger Williams Park opened an Off-Road Bicycle Area and a Greenway. A new splash waterpark at Joslin Recreation Center was added along with enhancements at Peace and Plenty Park, Ellery Street Park, Warren Street Park, Donigian Park and Ascham Park.

The City also continues to look to the future and work toward sustainable energy solutions. To that end, the City is under contract to develop a 20 MW solar farm that will provide renewable energy credits for municipal buildings and streetlights. The City was also awarded the U.S. Department of Energy's SolSmart Silver designation in recognition of efforts to make solar affordable and accessible. The Administration is committed to bringing Providence's carbon emissions down while supporting the private sector to follow suit.

The City again hosted PVDfest, a citywide celebration of arts, music and culture. The third edition of the festival welcomed over 75,000 spectators, 800 artists, 55 vendors and 32 food vendors for a four day festival that transformed downtown into a stage and continued into the neighborhoods for the finale day.

Safe and secure neighborhoods are an important element of thriving communities and are a priority for Mayor Elorza. The FY17 budget expanded the 68<sup>th</sup> Providence Police Training Academy to 60 members from 32. On August 7, the most diverse class in the Providence Police Department's history graduated adding 54 officers to the department. A fire academy consisting of 83 graduates was also supported by the budget. Supporting the Department's commitment to community policing efforts citywide, a dedicated community liaison was hired to support the community engagement efforts to continue fostering strong relationships between residents and public safety personnel.



## CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

### *Economy and Workforce Development*

Through the leadership of the Department of Planning and Development and offices of Economic Opportunity and Economic Development, an urban innovation vision was developed in FY17. The strategy aims to build off of Providence's strengths and support an economy centered on innovation through the development of two innovation districts, one along the Woonasquacket River corridor and the other in the Jewelry District. Investments such as an \$850,000 loan from the Providence Business Loan Fund (PBLF) to Farm Fresh RI, helping them purchase a 3.2-acre site at 498 Kinsley Avenue, are stimulating innovation and strengthening the creative culture of the city to drive investment.

In FY17, PBLF approved five loans totaling \$1.6 million. In addition to providing funds for the development of Farm Fresh Rhode Island's Food Hub, various neighborhood restaurants were supported as well as a tailor shop and laundromat.

### *A City that Works*

In collaboration with the Providence City Council, the City adopted a comprehensive 5-year Capital Improvement Plan (CIP) outlining improvements to public infrastructure including roads, sidewalks and parks. The FY17 budget also realized a tenfold increase in the City's capital budget to \$1 million. The citywide EveryHome Program aimed at addressing vacant and abandoned properties was also continued.

The administration has made streamlining and improving outdated processes a priority and implemented systematic changes in the licensing process – bettering the user experience and ease for obtaining licenses. Through the physical reorganization of licensing office space, customer wait times were decreased. Staff members in the Office received customer service training and all Licensing Board members went through Ethics and Diversity Training. Applications were also consolidated from 40 to 3 forms, to increase customer access and expedite the processing.

The administration supports a customer service approach to all city functions and aims to ensure that city services are accessible, transparent and efficient. The new User-Centered Website – Providenceri.gov, is a user-centered government website enhancing information access for residents, businesses and visitors of the capital city. Using the PVD311 smart phone application and system, the Mayor's Center for City Services delivers high quality customer service and case management for a robust variety of city service issues. During FY17, the PVD311 system received approximately 15,000 case files. During this time, the PVD311 application generated an additional 1,778 downloads for a total of 3,157 app users by June 30, 2017. A 129-percent increase in app downloads was realized.

### **Debt Administration**

Outstanding government- and business-type activity bonds at June 30, 2017 totaled \$525,135,000. (Note 7 of this report represents more detailed information about the City's debt position.)



## CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

The City has the following bond ratings for general obligation debt:

Moody's Investor Services –	Baa1
Standard and Poor's –	BBB
Fitch –	A-

### Acknowledgments

The preparation of this report was possible due to the dedication and hard work of many individuals. I would like to express my appreciation and gratitude to all of the staff members who assisted and contributed to its preparation. I also appreciate the dedication of the audit team at BlumShapiro.

Finally, I would like to thank Mayor Jorge O. Elorza and the Providence City Council for their steady and responsible stewardship of all aspects of City government.

Respectfully submitted,

A handwritten signature in blue ink, reading "Melissa A. Malone".

Melissa A. Malone  
Chief Operating Officer



Government Finance Officers Association

**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, 2016**

Executive Director/CEO

## **Financial Section**



Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

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, 2017, and the related notes to the financial statements, which collectively comprise the City of Providence, Rhode Island's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

## ***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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Changes in Accounting Principle***

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2017, the City adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to this matter.

## ***Prior Period Adjustment***

As discussed in Note 18 to the financial statements, the beginning net position for governmental activities and business-type activities has been restated in order to correct transactions incorrectly recorded in prior years. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 66 through 71 and the pension schedules on pages 72 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Providence, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section and Annual Supplemental Transparency Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements and schedules and the Annual Supplemental Transparency Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the Annual Supplementary Transparency Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Providence, Rhode Island's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

Cranston, Rhode Island  
December 29, 2017

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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, 2017.

**Financial Highlights – Primary Government**

**Government – Wide Highlights**

*Net Position* – The liabilities of the City's governmental activities exceeded its assets for the fiscal year ending June 30, 2017 by \$1,161 million (presented as "total net position"). Of this amount, a negative of \$1,422 million was reported as "unrestricted". The net investment in capital assets was \$243 million. The assets of the City's business-type activities exceed its liabilities by \$279 million. Of this amount, \$256 million represents the City's business-type activities net investment in capital assets.

*Change in Net Position* – The City's total net position decreased by \$3.2 million in fiscal year 2017. Net position of governmental activities decreased by \$11.1 million primarily due to legal claims accruals. Net position of business-type activities increased by \$14.3 million primarily due to the merger of the East Smithfield Water District and normal ongoing operations.

**Fund Highlights**

*Governmental Funds – Fund Balances* – As of June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$67.9 million, a \$5.0 million increase from the prior year. Of the total fund balance reported, \$2.0 million represents "unassigned fund balance".

**Long-Term Obligations**

The City's total long-term obligations related to its government activities had a net decrease of \$13 million during the current fiscal year. This was primarily due to normal payments due on bonds, notes and leases.

The total long-term obligations of the City's proprietary activities decreased \$17 million during the current fiscal year. This was primarily due to new revenue bonds issued of \$16.2 million and normal bond payments on PPBA debt of \$29 million.

**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.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**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. In other words, 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 Position* presents all of the government's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the City's net position 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 position changed during the fiscal year. All changes in net position 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 expenses 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: (1) governmental, (2) proprietary, and (3) fiduciary. 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:

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**Fund Financial Statements (continued)**

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 customers, including local governments, which are known as enterprise funds. Proprietary funds provide the 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.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**Fund Financial Statements (continued)**

The City's fiduciary funds are comprised of 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 2017, 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.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**Government-Wide Financial Analysis**

**Net Position**

As noted earlier, net position may serve as a useful indicator of the government's financial position over time. The City's combined net position (government and business-type activities) totaled a deficit of \$882 million at the end of 2017, compared to a deficit of \$885 million at the end of the prior year.

The largest portion of the City's net position, \$499 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 cannot be used to liquidate these liabilities.

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 256,074	\$ 66,758	\$ 322,832	\$ 234,662	\$ 74,753	\$ 309,415
Capital Assets	672,206	390,107	1,062,313	674,661	359,675	1,034,336
Noncurrent Assets		\$ 1,178	\$ 1,178		\$ 1,309	\$ 1,309
Total Assets	928,280	458,043	1,386,323	909,323	434,428	1,343,751
Deferred Outflows of Resources	107,283	4,739	112,022	105,991	6,349	112,340
Current liabilities	200,991	13,035	214,026	221,062	15,265	236,327
Noncurrent liabilities	1,968,456	170,282	2,138,738	1,921,118	157,876	2,078,994
Total Liabilities	2,169,447	183,317	2,352,764	2,142,180	173,141	2,315,321
Deferred Inflows of Resources	26,875	787	27,662	30,457	179	30,636
Net Position:						
Net investment in capital assets	243,237	256,129	499,366	204,262	239,088	443,350
Restricted	17,543	49,188	66,731		50,554	50,554
Unrestricted	(1,421,539)	(26,639)	(1,448,178)	(1,361,585)	(20,876)	(1,382,461)
Total Net Position	\$ (1,160,759)	\$ 278,678	\$ (882,081)	\$ (1,157,323)	\$ 268,766	\$ (888,557)

Restricted net position of \$66.7 million primarily represents 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 position.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**Changes in Net Position**

The City's net position decreased by \$11.1 million for governmental activities and increased by \$14.3 million for business-type activities for a combined increase in net position of \$3.2 million. General fund revenues increased due to the success of increased tax collections and higher than budgeted departmental revenues, while expenditures for legal and utility costs came in higher than the budgeted amounts. Business-type activities increased due to large commitment to the replacement of infrastructure included in water rates in FY2017. Approximately 48.35% of the City's total governmental revenues were generated from taxes and payments in lieu of taxes, which is comparable to the prior year. 40.27% of revenues resulted from grants and contributions, including Federal Aid, which is slight decrease from the prior year. There were no changes in both, charges for various goods and services, which provided 6.3% of total revenues, while other revenues and investment and rental income accounted for 4% of total revenues, respectively. The City's expenses cover a range of services. The largest expenses were for education, public safety, retirement costs, and employee benefits. Revenues from business-type activities in fiscal year 2017 exceeded expenses by \$14.3 million. The Business-type activities reported a decrease in revenue of 6.9%, while expenses decreased .65% from the prior year.

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for service	\$ 52,255	\$ 104,137	\$ 156,392	\$ 49,591	\$ 110,175	\$ 159,766
Operating grants and contributions	331,773		331,773	320,191		320,191
Capital grants and contributions	8,505	391	8,896	2,569	471	3,040
General revenues:						
Property taxes	398,364		398,364	383,151		383,151
Grants not restricted for a specific purpose	16,978		16,978	17,586		17,586
Miscellaneous	13,364	543	13,907	13,944	2,218	16,162
Unrestricted investment earnings	2,598		2,598	117		117
<b>Total revenues</b>	<b>823,837</b>	<b>105,071</b>	<b>928,908</b>	<b>787,149</b>	<b>112,864</b>	<b>900,013</b>
<b>Expenses:</b>						
Executive, legislative and judicial	66,564		66,564	54,515		54,515
Finance	20,693		20,693	27,561		27,561
Public safety	218,980		218,980	219,557		219,557
Building inspection	4,800		4,800	4,960		4,960
Public works	15,875		15,875	12,360		12,360
Recreation	3,631		3,631	3,362		3,362
Public lands and parks	28,908		28,908	37,119		37,119
Education	430,468	17,442	447,910	430,501	16,010	446,511
Community development	25,924		25,924	27,758		27,758
Interest on long-term debt	20,182		20,182	21,908		21,908
Economic development		11,919	11,919		14,574	14,574
Water		60,274	60,274		59,635	59,635
<b>Total expenses</b>	<b>836,025</b>	<b>89,635</b>	<b>925,660</b>	<b>839,601</b>	<b>90,219</b>	<b>929,820</b>
Transfers	1,103	(1,103)				
<b>Change in net position</b>	<b>(11,085)</b>	<b>14,333</b>	<b>3,248</b>	<b>(52,452)</b>	<b>22,645</b>	<b>(29,807)</b>
<b>Net position- beginning (as restated)</b>	<b>(1,149,674)</b>	<b>264,345</b>	<b>(885,329)</b>	<b>(1,104,871)</b>	<b>246,121</b>	<b>(858,750)</b>
<b>Net position- ending</b>	<b>\$ (1,160,759)</b>	<b>\$ 278,678</b>	<b>\$ (882,081)</b>	<b>\$ (1,157,323)</b>	<b>\$ 268,766</b>	<b>\$ (888,557)</b>

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**Business-Type Activities**

The business-type activities increased the City's net position by \$14.3 million. This resulted primarily from a \$13.8 million increase in net position of the Water Supply Board generated from operating activities as well as a merger with the East Smithfield Water District. Additionally, there was an increase of net position of \$1.1 million by the Providence Public Building Authority due to lease receipts in excess of the interest expense associated with the Authority's long-term debt. Finally, there was a decrease of \$524 thousand from the school lunch program due to operating expenses exceeding federal grant income and charges for services.

**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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2.3 million, an increase of \$5.4 million from negative \$3.2 million the prior year. The increase in fund balance is due to an overall increase in revenues collected of \$14 million more than prior fiscal year offset by overall increases in expenditures of \$19.7 million, over the prior fiscal year. Other financing sources amounted to \$1.4 million, an increase of \$860 thousand over the prior fiscal year. Increases in tax collections, fines and forfeitures, and other revenues partially offset the increases in expenditures and other financing sources for the fiscal year ending June 30, 2017. As a measure of the general funds' liquidity, it may be useful to compare both unassigned fund balance and total fund balance.

*School Grants-Fund Balance* – The school grant funds account for federal and state grants received and expended by the school system. The fiscal year 2017 school grants fund balance is reported at \$4.6 million, with little change from fiscal 2016. The inclusion of all state aid in fiscal 2017 was included in the School's general fund and excluded from the school grants fund.

*School Fund* – The school fund ended the year with a \$0 fund balance in accordance with City charter regulations. The expenditures were \$379 million as compared to \$367 million in the prior year. All state aid in fiscal 2017 was included in the School's general fund and excluded in the school grants fund.

*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 2017 capital projects fund balance is \$1.1 million. The \$1.5 million decrease from fiscal year 2017 is attributable most notably to capital outlays related to completion of the \$40 Million Road Bond Paving Initiative.



**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**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 position increased by \$14.3 million as a result of operations in the individual enterprise funds. This increase is due to a \$13.8 million increase in net position of the Water Supply Board, an increase in net position of \$1.1 million by the Providence Public Building Authority, and a \$524 thousand decrease in the school lunch program for fiscal year 2017. In January 2017, the Water Supply Board merged with the East Smithfield Water District. Upon completion of the merger, East Smithfield Water District ceased to exist and was absorbed operationally and financially by the Providence Water Supply Board. See note 17 in the Notes to the Financial Statements. In addition, the beginning fund balance for the Public Building Authority needed to be restated due to reclassification of unspent bond proceeds from Fiscal 2016. See note 18 in the Notes to the Financial Statements.

**General Fund Budgetary Highlights**

The general fund incurred an uncombined surplus in FY 2017 of \$5.5 million. This will decrease the cumulative uncombined general fund balance to a negative \$6.6 million. The GASB 54 requirement for combining funds shows a cumulative general fund balance as \$2.3 million. Total general fund revenues and transfers for the fiscal year were \$493 million and total general fund expenditures and transfers for the fiscal year were \$486 million.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 66 to 77 of the fiscal year 2017 Comprehensive Annual Financial Report.

**Capital Asset and Debt Administration**

**Capital Assets (Note 6 to the Basic Financial Statements)**

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,590	\$ 24,114	\$ 70,704	\$ 46,086	\$ 23,836	\$ 69,922
Land Improvements			-			-
Building and Improvements	198,475	258,612	457,087	177,913	240,561	418,474
Machinery and Equipment	19,595	3,407	23,002	19,390	3,344	22,734
Infrastructure	93,287		93,287	96,556		96,556
Leased Assets	312,896		312,896	321,058		321,058
Construction in Progress	1,363	103,974	105,337	13,658	91,934	105,592
	<u>\$ 672,206</u>	<u>\$ 390,107</u>	<u>\$ 1,062,313</u>	<u>\$ 674,661</u>	<u>\$ 359,675</u>	<u>\$ 1,034,336</u>

The City's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$1,134 million, net of accumulated depreciation of \$462 million, leaving a net book value of \$672 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, 2017**

**Debt Administration**

	June 30, 2017			June 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 76,106		\$ 76,106	\$ 83,961		\$ 83,961
Revenue Bonds	44,419	116,740	161,159	49,644	103,545	153,189
Unamortized Bond Premiums	4,394		4,394	4,963		4,963
Tax Increment Obligations			-			-
Capital Notes Payable	33,676		33,676	34,768		34,768
Notes Payable	4,808		4,808	2,749		2,749
PPBA Debt		283,476	283,476		314,064	314,064
	<u>\$ 163,403</u>	<u>\$ 400,216</u>	<u>\$ 563,619</u>	<u>\$ 176,085</u>	<u>\$ 417,609</u>	<u>\$ 593,694</u>

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 outstanding general obligation bonds decreased by \$7.9 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.

The City of Providence maintains the following ratings from Wall Street's credit agencies for general obligation debt: a Baa1 rating from Moody's Investors Service, a BBB rating from Standard and Poor and a A-rating from Fitch. 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 has negotiated with all of its unions to increase employee contributions for health insurance.

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, 25 Dorrance Street, Providence, RI 02903.

## **Basic Financial Statements**

**CITY OF PROVIDENCE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**  
(In Thousands)

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals*</b>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 100,469	\$ 12,069	\$ 112,538
Restricted cash and cash equivalents		42,179	42,179
Investments	18,235	16,878	35,113
Taxes receivable (net of allowance)	27,111		27,111
Intergovernmental receivable	51,930	3,071	55,001
Loan receivable (net of allowance)	25,944		25,944
Restricted receivables		340	340
Other receivable	10,356		10,356
Charges for service receivable (net of allowance)		9,541	9,541
Internal balances	18,843	(18,843)	
Other assets	3,186	1,391	4,577
Current portion of notes receivable		132	132
Total current assets	<u>256,074</u>	<u>66,758</u>	<u>322,832</u>
Noncurrent assets:			
Notes receivable		1,178	1,178
Capital assets, nondepreciable	47,953	128,088	176,041
Capital assets, depreciable, net	<u>624,253</u>	<u>262,019</u>	<u>886,272</u>
Total noncurrent assets	<u>672,206</u>	<u>391,285</u>	<u>1,063,491</u>
Total assets	<u>928,280</u>	<u>458,043</u>	<u>1,386,323</u>
Deferred Outflows of Resources relate to pension	<u>107,283</u>	<u>4,739</u>	<u>112,022</u>
<b>Liabilities:</b>			
Current liabilities:			
Warrants and accounts payable	25,222	6,008	31,230
Payable to retirement plan	45,556		45,556
Due to other governments	282		282
Accrued liabilities	32,500		32,500
Unearned revenue	22,748		22,748
Amounts payable with current restricted assets		1,635	1,635
Long term debt due within one year	<u>74,683</u>	<u>5,392</u>	<u>80,075</u>
Total current liabilities	<u>200,991</u>	<u>13,035</u>	<u>214,026</u>
Noncurrent liabilities:			
Due in more than one year	<u>1,968,456</u>	<u>170,282</u>	<u>2,138,738</u>
Total noncurrent liabilities	<u>1,968,456</u>	<u>170,282</u>	<u>2,138,738</u>
Total liabilities	<u>2,169,447</u>	<u>183,317</u>	<u>2,352,764</u>
Deferred Inflows of Resources related to pension	<u>26,875</u>	<u>787</u>	<u>27,662</u>
<b>Net Position:</b>			
Net investment in capital assets	243,237	256,129	499,366
Restricted for:			
Various endowments:			
Expendable	17,407		17,407
Nonexpendable	136		136
Water Quality Protection		37,233	37,233
Debt service		11,955	11,955
Unrestricted	<u>(1,421,539)</u>	<u>(26,639)</u>	<u>(1,448,178)</u>
Total Net Position	<u>\$ (1,160,759)</u>	<u>\$ 278,678</u>	<u>\$ (882,081)</u>

\* After internal receivables and payables have been eliminated

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Executive, legislative, and judicial	\$ 66,564	\$ 344	\$ 6	\$	\$ (66,214)	\$	\$ (66,214)
Finance	20,693	5,578			(15,115)		(15,115)
Public Safety	218,980	26,075	2,453		(190,452)		(190,452)
Building inspection	4,800	6,871			2,071		2,071
Public Works	15,875	218		6,656	(9,001)		(9,001)
Recreation	3,631	1,417	575		(1,639)		(1,639)
Public land and parks	28,908	1,825		1,849	(25,234)		(25,234)
Education	430,468	34	312,170		(118,264)		(118,264)
Community development	25,924	9,893	16,569		538		538
Interest on long-term debt	20,182				(20,182)		(20,182)
Total governmental activities	<u>836,025</u>	<u>52,255</u>	<u>331,773</u>	<u>8,505</u>	<u>(443,492)</u>	<u>-</u>	<u>(443,492)</u>
Business-type activities:							
Water Supply Board	60,274	73,404		391		13,521	13,521
PPBA	11,919	13,815				1,896	1,896
Nonmajor School lunch program	17,442	16,918				(524)	(524)
Total business-type activities	<u>89,635</u>	<u>104,137</u>	<u>-</u>	<u>391</u>	<u>-</u>	<u>14,893</u>	<u>14,893</u>
Total	<u>\$ 925,660</u>	<u>\$ 156,392</u>	<u>\$ 331,773</u>	<u>\$ 8,896</u>	<u>(443,492)</u>	<u>14,893</u>	<u>(428,599)</u>
General revenues:							
Taxes:							
Property taxes					357,666		357,666
Payment in lieu of taxes					40,698		40,698
Grants and contributions not restricted to specific programs					16,978		16,978
Investment earnings					2,598		2,598
Miscellaneous					13,364	543	13,907
Total general revenues					<u>431,304</u>	<u>543</u>	<u>431,847</u>
Transfers					<u>1,103</u>	<u>(1,103)</u>	
Change in Net Position					(11,085)	14,333	3,248
Net Position at Beginning of Year, as Restated					<u>(1,149,674)</u>	<u>264,345</u>	<u>(885,329)</u>
Net Position at End of Year					<u>\$ (1,160,759)</u>	<u>\$ 278,678</u>	<u>\$ (882,081)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**  
(In Thousands)

	Major Funds				Nonmajor	Total
	General Fund	School Fund	School Grants Fund	Capital Projects	Governmental Funds	Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 34,306	\$ 30,829	\$ 8,580	\$ 1,393	\$ 22,011	\$ 97,119
Investments					18,235	18,235
Receivables, net:						
Taxes	27,111					27,111
Loans					25,944	25,944
Intergovernmental	37,669	907	10,328	94	2,931	51,929
Other	7,186	267	30	931	62	8,476
Due from other funds	43,790	15,714	9,815		14,500	83,819
Other assets		1			916	917
Total Assets	\$ 150,062	\$ 47,718	\$ 28,753	\$ 2,418	\$ 84,599	\$ 313,550
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants and accounts payable	\$ 6,671	\$ 13,921	\$ 1,011	\$	2,409	\$ 24,012
Accrued liabilities	703	27,043	22		824	28,592
Unearned revenues-other	9,106		3,259		10,390	22,755
Due to employee retirement plan	43,967					43,967
Due to other funds	59,835	6,754	19,818	1,277	11,146	98,830
Due to other governments	274		8			282
Total liabilities	120,556	47,718	24,118	1,277	24,769	218,438
Deferred inflows of resources:						
Unavailable revenue - taxes	24,590					24,590
Unavailable revenue - other receivables	2,637					2,637
Total deferred inflows of resources	27,227	-	-	-	-	27,227
Fund balances:						
Nonspendable					136	136
Restricted			4,360	1,141	50,154	55,655
Committed			275		9,839	10,114
Unassigned	2,279				(299)	1,980
Total fund balances	2,279	-	4,635	1,141	59,830	67,885
Total Liabilities and Fund Balances	\$ 150,062	\$ 47,718	\$ 28,753	\$ 2,418	\$ 84,599	\$ 313,550

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**  
(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ 67,885
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 1,134,112	
Less accumulated depreciation	(461,906)	
Net capital assets		672,206

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	24,590
Accounts and other receivables	2,637
Deferred outflows related to pension	107,283

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

3,319

Long-term liabilities, including bonds payable and deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(142,456)
PPBA debt	(265,566)
Unspent PPBA bond proceeds	17,825
Unamortized bond premium	(4,394)
Interest payable on bonds and notes	(3,901)
Compensated absences	(36,198)
Claims and Judgements	(27,268)
Capital lease	(16,553)
Net OPEB obligation	(300,109)
Net pension liability	(1,233,184)
Deferred inflows related to pension	(26,875)

Net Position of Governmental Activities (Exhibit I)	\$ <u>(1,160,759)</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects		
Revenues:						
Taxes	\$ 356,050	\$	\$	\$	\$	\$ 356,050
Departmental revenue	93,357	237,585			9,977	340,919
Federal and state grants and reimbursements	35,130	15,035	34,186	7,868	18,838	111,057
Investment and rental income	462				3,164	3,626
Fines and forfeitures	5,228					5,228
Other	1,628		668		2,185	4,481
Total revenues	<u>491,855</u>	<u>252,620</u>	<u>34,854</u>	<u>7,868</u>	<u>34,164</u>	<u>821,361</u>
Expenditures:						
Current:						
Executive, legislative, and judicial	24,165				388	24,553
Finance	45,378					45,378
Public safety	163,390				9,532	172,922
Building inspection	4,262					4,262
Public works	21,798					21,798
Recreation	2,305				1,182	3,487
Public lands and parks	19,277				773	20,050
Other departments	10,868					10,868
Grants	4,963					4,963
Education		378,775	33,630			412,405
Community development					18,274	18,274
Noncurrent:						
Capital outlays				15,604	46	15,650
Debt Service:						
Principal	45,163				1,887	47,050
Interest and other costs	21,309				666	21,975
Total expenditures	<u>362,878</u>	<u>378,775</u>	<u>33,630</u>	<u>15,604</u>	<u>32,748</u>	<u>823,635</u>
Excess (Deficiency) of Revenues over Expenditures	<u>128,977</u>	<u>(126,155)</u>	<u>1,224</u>	<u>(7,736)</u>	<u>1,416</u>	<u>(2,274)</u>
Other Financing Sources (Uses):						
Capital lease proceeds				3,846		3,846
Note payable proceeds				2,342		2,342
Transfers in	1,385	126,155	1,239		8	128,787
Transfers out	(124,925)		(2,476)		(283)	(127,684)
Total other financing sources (uses)	<u>(123,540)</u>	<u>126,155</u>	<u>(1,237)</u>	<u>6,188</u>	<u>(275)</u>	<u>7,291</u>
Net Change in Fund Balances	5,437	-	(13)	(1,548)	1,141	5,017
Fund Balances at Beginning of Year	<u>(3,158)</u>	<u>-</u>	<u>4,648</u>	<u>2,689</u>	<u>58,689</u>	<u>62,868</u>
Fund Balance at End of Year	<u>\$ 2,279</u>	<u>\$ -</u>	<u>\$ 4,635</u>	<u>\$ 1,141</u>	<u>\$ 59,830</u>	<u>\$ 67,885</u>

The accompanying notes are an integral part of the financial statements



**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 5,017
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	22,034
Depreciation expense	(24,235)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the assets sold.

(254)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	1,616
Accounts and other receivables - accrual basis change	745
Change in deferred outflows related to pension	1,292

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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of

long-term debt and related items are as follows:

Issuance of notes payable and capital leases	(6,189)
Bond principal payments	13,080
Note payable and capital lease principal payments	5,222
PPBA debt principal payments	28,748
Unspent PPBA bond proceeds	(1,378)
Amortization of premiums	569

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:

Compensated absences	(1,302)
Accrued interest	1,219
Net OPEB expense	(29,130)
Change in net pension liability	(37,799)
Claims and judgements	4,173
Deferred inflows related to pension	3,582

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

1,905

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (11,085)</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2017**  
(In Thousands)

	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water Supply Board</b>	<b>Public Building Authority</b>	<b>Nonmajor School Lunch Program</b>	<b>Totals</b>	<b>Internal Service Fund</b>
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 1,331	\$ 9,082	\$ 1,656	\$ 12,069	\$ 3,356
Restricted cash	42,179			42,179	
Investments		16,878		16,878	
Receivables, net	9,451		90	9,541	1,882
Restricted receivables	340			340	
Receivables- other governments			3,071	3,071	
Due from primary government		476,645		476,645	
Due from other funds				-	44,004
Inventories	569			569	
Current portion of notes receivable	132			132	
Other assets	822			822	2,268
Total current assets	<u>54,824</u>	<u>502,605</u>	<u>4,817</u>	<u>562,246</u>	<u>51,510</u>
Noncurrent assets:					
Notes receivable	1,178			1,178	
Capital assets:					
Land	24,114			24,114	
Buildings and improvements	117,974			117,974	
Improvements other than buildings	339,975			339,975	
Machinery and equipment	32,722			32,722	
Construction in progress	103,974			103,974	
	<u>618,759</u>			<u>618,759</u>	
Less accumulated depreciation	<u>228,652</u>			<u>228,652</u>	
Total noncurrent assets	<u>391,285</u>	<u>-</u>	<u>-</u>	<u>391,285</u>	<u>-</u>
Total assets	<u>446,109</u>	<u>502,605</u>	<u>4,817</u>	<u>953,531</u>	<u>51,510</u>
Deferred Outflows of Resources Related to Pension	<u>4,739</u>			<u>4,739</u>	
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	4,184	1,402	1,655	7,241	1,201
Risk management claims payable					17,411
Due to other funds	743		275	1,018	29,579
Due to primary government				-	
Other		5,870		5,870	
Amounts payable from restricted assets	1,635			1,635	
Current portion of long-term debt and capital leases, net	5,392	28,644		34,036	
Total current liabilities	<u>11,954</u>	<u>35,916</u>	<u>1,930</u>	<u>49,800</u>	<u>48,191</u>
Noncurrent liabilities:					
Revenue bonds and PAP Loans, net	111,348	458,311		569,659	
Net pension liability	50,303			50,303	
Net OPEB obligation	8,631			8,631	
Total noncurrent liabilities	<u>170,282</u>	<u>458,311</u>	<u>-</u>	<u>628,593</u>	<u>-</u>
Total liabilities	<u>182,236</u>	<u>494,227</u>	<u>1,930</u>	<u>678,393</u>	<u>48,191</u>
Deferred Inflows of Resources:					
Net deferred charges on debt refunding		412		412	
Differences between expected and actual experience	787			787	
Total deferred inflows of resources	<u>787</u>	<u>412</u>	<u>-</u>	<u>1,199</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	256,129			256,129	
Restricted for Water Quality Protection	37,233			37,233	
Restricted for debt service		11,955		11,955	
Unrestricted	<u>(25,537)</u>	<u>(3,989)</u>	<u>2,887</u>	<u>(26,639)</u>	<u>3,319</u>
Total Net Position	<u>\$ 267,825</u>	<u>\$ 7,966</u>	<u>\$ 2,887</u>	<u>\$ 278,678</u>	<u>\$ 3,319</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water Supply Board</b>	<b>Public Building Authority</b>	<b>Non-major School Lunch Program</b>	<b>Totals</b>	<b>Internal Service Fund</b>
Operating Revenues:					
Charges for sales and services	\$ 73,404	\$	\$ 1,206	\$ 74,610	\$ 103,234
Federal and state grants and reimbursements			15,712	15,712	
Lease receipts		12,563		12,563	
Other		1,252		1,252	4,452
Total operating revenues	<u>73,404</u>	<u>13,815</u>	<u>16,918</u>	<u>104,137</u>	<u>107,686</u>
Operating Expenses:					
Cost of sales and services	21,988		17,442	39,430	
Health claims					105,781
Administration	25,056	234		25,290	
Depreciation and amortization	10,327	30		10,357	
Other		179		179	
Total operating expenses	<u>57,371</u>	<u>443</u>	<u>17,442</u>	<u>75,256</u>	<u>105,781</u>
Operating Income (Loss)	<u>16,033</u>	<u>13,372</u>	<u>(524)</u>	<u>28,881</u>	<u>1,905</u>
Non-operating Revenues (Expenses):					
Investment income	279	264		543	
Interest expense	(2,903)	(11,476)		(14,379)	
Total non-operating expenses	<u>(2,624)</u>	<u>(11,212)</u>	<u>-</u>	<u>(13,836)</u>	<u>-</u>
Net Income (Loss) Before Capital Grants, Contributions and Transfers	13,409	2,160	(524)	15,045	1,905
Capital Grants and Contributions	391			391	
Transfers out		(1,103)		(1,103)	
Change in Net Position	13,800	1,057	(524)	14,333	1,905
Net Position, Beginning, as Restated	<u>254,025</u>	<u>6,909</u>	<u>3,411</u>	<u>264,345</u>	<u>1,414</u>
Net Position, Ending	<u>\$ 267,825</u>	<u>\$ 7,966</u>	<u>\$ 2,887</u>	<u>\$ 278,678</u>	<u>\$ 3,319</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water Supply Board</b>	<b>Public Building Authority</b>	<b>Non-major School Lunch Program</b>	<b>Totals</b>	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:					
Cash received from customers and other	\$ 71,184	\$ 44,411	\$ 1,191	\$ 116,786	\$ 107,686
Cash received from intergovernmental sources			13,723	13,723	
Cash paid to vendors	(26,926)	(345)	(17,016)	(44,287)	(108,190)
Cash paid to employees	(18,331)		(470)	(18,801)	
Net cash provided by (used in) operating activities	<u>25,927</u>	<u>44,066</u>	<u>(2,572)</u>	<u>67,421</u>	<u>(504)</u>
Cash Flows from Noncapital Financing Activities:					
Transfer from other funds					
Transfer to other funds		(1,103)		(1,103)	
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(1,103)</u>	<u>-</u>	<u>(1,103)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(37,223)	(2,435)		(39,658)	
Interest paid on debt	(2,903)	(11,476)		(14,379)	
Proceeds from bond issuance	16,272			16,272	
Proceeds from notes receivable	126			126	
Repayment of long-term debt and capital leases	(3,945)	(30,588)		(34,533)	
Capital grants	391			391	
Net cash provided by (used in) capital and related financing activities	<u>(27,282)</u>	<u>(44,499)</u>	<u>-</u>	<u>(71,781)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Purchase of investment securities		(1,403)		(1,403)	
Investment income	279	264		543	
Net cash provided by (used in) investing activities	<u>279</u>	<u>(1,139)</u>	<u>-</u>	<u>(860)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,076)	(2,675)	(2,572)	(6,323)	(504)
Cash and Cash Equivalents, July 1, 2016	44,586	11,757	4,228	60,571	3,860
Cash and Cash Equivalents, Unrestricted, June 30, 2017	<u>1,331</u>	<u>9,082</u>	<u>1,656</u>	<u>12,069</u>	<u>3,356</u>
Cash and Cash Equivalents, Restricted, June 30, 2017	<u>\$ 42,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,179</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 16,033	\$ 13,372	\$ (524)	\$ 28,881	\$ 1,905
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	10,327	30		10,357	
(Increase) decrease in receivables	166	30,760	(2,004)	28,922	366
(Increase) decrease in inventories	48			48	
(Increase) decrease in other assets	(822)			(822)	
(Increase) decrease in deferred outflows of resources	1,625			1,625	
(Increase) decrease in due from other funds					(11,472)
Increase (decrease) in accounts payable and accrued expenses	(2,972)	(33)	365	(2,640)	143
Increase (decrease) in due to other funds	99	(63)	(409)	(373)	118
Increase (decrease) in other payables	599			599	
Increase (decrease) in net pension liability	51			51	
Increase (decrease) in OPEB obligation	773			773	
Increase (decrease) in risk management claims payable					8,436
Net Cash Provided by (Used in) Operating Activities	<u>\$ 25,927</u>	<u>\$ 44,066</u>	<u>\$ (2,572)</u>	<u>\$ 67,421</u>	<u>\$ (504)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Employee Retirement Plan</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Fund</b>
<b>Assets:</b>			
Investments, at fair value:			
U.S. Government securities	\$ 13,751	\$	\$
Corporate and foreign bonds	49,579		
Corporate equity securities	106,588		
Mutual funds	85,800	2,002	
Alternative investments	8,654		
Total investments	<u>264,372</u>	<u>2,002</u>	<u>-</u>
Cash and cash equivalents	<u>11,591</u>	<u>10</u>	<u>1,574</u>
Receivables:			
Loans receivable	26,593		
Due from other funds	45,638		
Other	669		14
Total receivables	<u>72,900</u>	<u>-</u>	<u>14</u>
Total assets	<u>348,863</u>	<u>2,012</u>	<u>\$ 1,588</u>
<b>Liabilities:</b>			
Accounts payable	138		\$
Due to other funds	81		
Due to student group			723
Other payables			865
Total liabilities	<u>219</u>	<u>-</u>	<u>\$ 1,588</u>
Net Position Restricted for Pensions and Held in Trust	<u>\$ 348,644</u>	<u>\$ 2,012</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<b>Employee Retirement Plan</b>	<b>Private Purpose Trust Funds</b>
Additions:		
Contributions:		
Employer	\$ 72,396	\$
Employees	11,419	
Donations		20
Total contributions	<u>83,815</u>	<u>20</u>
Investment Earnings:		
Investment income	34,919	297
Investment expense		
Total additions	<u>118,734</u>	<u>317</u>
Deductions:		
Benefits	103,088	28
Administrative expenses	289	
Total deductions	<u>103,377</u>	<u>28</u>
Change in Net Position	15,357	289
Net Position Restricted for Pension Benefits and Held in Trust, July 1, 2016	<u>333,287</u>	<u>1,723</u>
Net Position Restricted for Pension Benefits and Held in Trust, July 1, 2017	<u>\$ 348,644</u>	<u>\$ 2,012</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(Amounts expressed in thousands)

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**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 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 coincide 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), including all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

All dollar values disclosed herein are in thousands (000 omitted).

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. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated in some manner for the debt of the organization.

The criterion has been considered and the blended component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(Amounts expressed in thousands)

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**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.

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 the City. These activities are structured as financing leases between the PPBA and the City. The future payments to be received on these leases is presented as "Due from Primary Government" on the PPBA Statement of Net Position. 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.

*The Providence Redevelopment Agency*

The Providence Redevelopment Agency ("PRA") was formed on December 20, 1946 pursuant to R.I.G.L. 45-31 (the Act) by a duly enacted resolution of the City Council of the City. Under the Act, the PRA constitutes a body corporate and politic, exercising public and essential government functions, and having a distinct legal existence from the City. As such, the PRA has the authority to acquire, develop as a building site, administer, sell and lease property, has the power of eminent domain, and the power to issue bonds, notes and other evidence of indebtedness. The PRA does not have the power to levy taxes.

The PRA was created to eliminate and prevent blighted and substandard areas in the City and replace such areas through redevelopment of well-planned, integrated stable, safe and healthful neighborhoods. As such, the services provided by PRA are intended to provide an almost exclusive benefit to the City.

The Powers of the PRA are vested in eight members, including the Mayor of the City ex officio, five members appointed by the Mayor of the City and two members who are also members of the City Council, appointed by the City Council. All appointed members of the PRA must be resident electors of the City. The PRA is presented as a blended special revenue fund.



**CITY OF PROVIDENCE, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**Government-Wide Fund Financial Statements**

The Statement of Net position 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. The effect of inter-fund activity has not 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 segments 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.

**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.

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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 position. 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 non-operating 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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:

- d. Total assets and deferred outflow of resources, liabilities and deferred inflow of resources, 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
- e. Total assets and deferred outflow of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The 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. Revenue is derived primarily from State and Federal Aid and transfers from the City.
- The *School Grants Fund* accounts for federal, state, and private grants received and expended by the school system

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- 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 *Internal Service Fund* is used by management to charge the costs of self-insurance and legal claims to individual funds.
- 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. These funds account for assets held by the School Department as an agent for student activities and by the City for probate purposes.

### **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**

#### *Employees’ Retirement System of the City of Providence*

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.

#### *Funding Policy*

The City makes contributions at the discretion of management.

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**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.

**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.

**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 2012 State mandated statistical updated valuations less exemptions. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value, and a \$1,000 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.

**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. The property tax receivable allowance of \$37,525 is equal to 63.1% of outstanding property taxes at June 30, 2017.

**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.

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**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 acquisition value.

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.

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

<b>Assets</b>	<b>Year</b>
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:

	<b>Water Supply Board</b>
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.

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**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 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.

**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. For governmental activities the general fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences.

**Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Net OPEB Obligations**

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide 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 position. 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.

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**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension in the government-wide and business-type activities, enterprise funds statements of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions in the in the government-wide and business-type activities, enterprise funds statements of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, loans receivable and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available. The City also reports a deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Fund Equity**

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

**Net Investment in Capital Assets**

This category groups all capital assets, including infrastructure, into one component of net position. 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 Position**

This category represents the net position of the City, which are restricted by outside parties or enabling legislation.

**Unrestricted Net position or Deficits**

This category represents the net position of the City, which do not meet the definition of “restricted” or “invested in capital assets, net of related debt”. Deficits require future funding.

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Governmental fund equity is classified as fund balance. Fund balance is classified into one of the following five categories: non-spendable, restricted, committed, assigned, or unassigned. These categories are defined below.

**Nonspendable Fund Balance**

This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash.

**Restricted Fund Balance**

This includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance**

This includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts usually through city ordinance. The City Council is the highest level of decision-making authority for the City of Providence and utilizes City Ordinances to vote on the City's budget and resolutions proposed by the various committees.

**Assigned Fund Balance**

This includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City of Providence does not currently have a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for the expenditures incurred. Accordingly, by default, the City is following the policy prescribed by GASB Statement No. 54 which specifies that fund balance is reduced first by committed, then by assigned, then by unassigned when expenditures are incurred for purposes for which any unrestricted fund balance could be used.

**Unassigned Fund Balance**

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**Fund Balance Flow Assumptions**

The City of Providence does not currently have a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for the expenditures incurred. Accordingly, by default, the City is following the policy prescribed by GASB Statement No. 54 which specifies that fund balance is reduced first by committed, then by assigned, then by unassigned when expenditures are incurred for purposes for which any unrestricted fund balance could be used. In all situations, the City considers restricted fund balance to be used first when available and when expenditures are incurred that meet the requirements of the restricted fund balance.



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**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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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.

**Excess Of Expenditures Over Appropriations**

- The executive, legislative and judicial line was overspent by \$9,303
- The finance line was overspent by \$3,256
- The public works line was overspent by \$108
- The recreation line was overspent by \$141

**Fund Balance Deficits**

The Workforce Development (WDO) Fund has a deficit balance of \$299 as of June 30, 2017. The deficit will be funded from future grant receipts.

### **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.

#### **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.

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$114,674 of the City's bank balance of \$115,805 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging banks trust department, not in City's name	<u>114,674</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 114,674</u>

**Cash Equivalents**

At June 30, 2017, the City's cash equivalents amounted to \$40,724. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations). The pools all have maturities of less than one year.

Santander Investment	\$ 255
Webster Bank Investment	119
Bank RI CD	261
Coastway Bank CD	648
Home Loan Investment Bank CD	152
State Street	11,437
BNY Mellon	18,835
US Bank	8,919
Morgan Stanley	7
Wainwright Investment	<u>91</u>
Total	<u>\$ 40,724</u>

**Investments**

As of June 30, 2017, the City had the following investments:

	Total Value	Fair Value	NAV	Investment Maturities (Years)		
				Less Than 1	1 - 10	More Than 10
Interest-bearing investments at fair value:						
Certificate of Deposit	\$ 518	\$ 518	\$ -	\$ 247	\$ 271	\$ -
U.S. Government Securities	13,867	13,867	-	-	13,867	-
Foreign Bonds	2,603	2,603	-	500	2,103	-
U.S. Government Agencies	8,935	8,935	-	8,935	-	-
Corporate Bonds	<u>47,062</u>	<u>47,062</u>	-	<u>1,628</u>	<u>36,491</u>	<u>8,943</u>
Total interest-bearing investments at fair value	72,985	72,985	-	11,310	52,732	8,943
Guaranteed Investment Contracts (NAV)	<u>7,943</u>	-	<u>7,943</u>	-	<u>7,943</u>	-
Total Interest Bearing Investments	80,928	<u>\$ 72,985</u>	<u>\$ 7,943</u>	<u>\$ 11,310</u>	<u>\$ 60,675</u>	<u>\$ 8,943</u>
Common Stock	105,817					
Mutual Funds	105,317					
Preferred Stock	771					
Limited Partnership Units	831					
Alternative Investments	<u>7,823</u>					
Total Investments	<u>\$ 301,487</u>					

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Presented below is the rating of investments for each debt investment type:

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>Certificate of Deposit</u>	<u>Guaranteed Investment Contract</u>	<u>Foreign Bonds</u>	<u>U.S. Government Agencies</u>
Aaa	\$ 8,662	\$ 13,752	\$	\$	\$	\$
Aa1	713					
Aa2	716	115				
Aa3	1,446					
A1	1,006			7,943		
A2	8,519					
A3	5,272					
Baa1	4,493					
Baa2	6,239					
Baa3	4,109					
Ba1	1,386					
Ba2	1,951					
Ba3	693					
B1	666					
B2	86					
Unrated	<u>1,105</u>	<u></u>	<u>518</u>	<u></u>	<u>2,603</u>	<u>8,935</u>
	\$ <u>47,062</u>	\$ <u>13,867</u>	\$ <u>518</u>	\$ <u>7,943</u>	\$ <u>2,603</u>	\$ <u>8,935</u>

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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Securities	\$ 13,867	\$ 13,867	\$	\$
U.S. Government Agencies	8,935		8,935	
Corporate Bonds	47,062		47,062	
Common Stock	105,817	105,817		
Preferred Stock	771	771		
Mutual Funds	105,317	105,317		
Limited Partnership Units	831			831
Foreign Bonds	2,603	2,603		
Alternative Investments	7,823	7,823		
Total investments by fair value level	<u>293,026</u>	<u>\$ 236,198</u>	<u>\$ 55,997</u>	<u>\$ 831</u>
Investments recorded at net asset value:				
Guaranteed Investment Contracts	7,943			
Investments not recorded at fair value:				
Certificates of Deposit	<u>518</u>			
Total Investments	<u>\$ 301,487</u>			

#### 4. RECEIVABLES

Receivables as of year end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>School Fund</u>	<u>School Grants Fund</u>	<u>Capital Projects</u>	<u>Water Supply Board</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 64,636	\$	\$	\$	\$	\$	\$ 64,636
Intergovernmental	37,669	907	10,328	94		6,002	55,000
User charges					10,674		10,704
Loans						57,263	57,263
Notes					1,310		1,310
Accounts and other	48,753	267	30	931	340	2,717	53,038
Gross receivables	<u>151,058</u>	<u>1,174</u>	<u>10,358</u>	<u>1,025</u>	<u>12,324</u>	<u>65,982</u>	<u>241,951</u>
Less allowance for uncollectibles:							
Taxes	37,525						37,525
User charges					1,223		1,223
Loans						4,726	4,726
Accounts and other	41,567						41,567
Total allowance	<u>79,092</u>	<u></u>	<u></u>	<u></u>	<u>1,223</u>	<u>4,726</u>	<u>85,041</u>
Net Total Receivables	<u>\$ 71,966</u>	<u>\$ 1,174</u>	<u>\$ 10,358</u>	<u>\$ 1,025</u>	<u>\$ 11,101</u>	<u>\$ 61,256</u>	<u>\$ 156,910</u>

**CITY OF PROVIDENCE, RHODE ISLAND**  
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**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2017 is presented below:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 43,790	\$ 103,802
School Fund	15,714	6,754
School Grants Fund	9,815	19,818
Capital Projects Fund		1,277
Nonmajor Governmental Funds	14,500	11,146
Water Supply Board		743
School Lunch Program		275
Agency Fund	14	
Employee Retirement Plan	45,638	81
Internal Service Fund	44,004	29,579
	<u>\$ 173,475</u>	<u>\$ 173,475</u>

A summary of interfund transfers is presented below:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
General Fund	\$ 1,385	\$ 124,925
School Fund	126,155	
School Grants Fund	1,239	2,476
Nonmajor Governmental Funds	8	283
Providence Public Building Authority		1,103
	<u>\$ 128,787</u>	<u>\$ 128,787</u>

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**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 46,086	\$ 504	\$	\$ 46,590
Construction in progress - City	1,046	1,856	1,539	1,363
Construction in progress - PPBA	12,612	2,149	14,761	-
Total capital assets not being depreciated	<u>59,744</u>	<u>4,509</u>	<u>16,300</u>	<u>47,953</u>
Capital assets being depreciated:				
Buildings	185,997		72	185,925
Improvements other than buildings	82,721	27,763	145	110,339
Machinery and equipment	82,113	6,057	2,472	85,698
Infrastructure	283,254			283,254
Building - PPBA leases	420,938	5		420,943
Total capital assets being depreciated	<u>1,055,023</u>	<u>33,825</u>	<u>2,689</u>	<u>1,086,159</u>
Less accumulated depreciation for:				
Buildings	71,784	3,069	72	74,781
Improvements other than buildings	19,021	3,989	2	23,008
Machinery and equipment	62,723	5,741	2,361	66,103
Infrastructure	186,698	3,269		189,967
Buildings - leases	99,880	8,167		108,047
Total accumulated depreciation	<u>440,106</u>	<u>24,235</u>	<u>2,435</u>	<u>461,906</u>
Total capital assets being depreciated, net	<u>614,917</u>	<u>9,590</u>	<u>254</u>	<u>624,253</u>
Governmental Activities Capital Assets, Net	<u>\$ 674,661</u>	<u>\$ 14,099</u>	<u>\$ 16,554</u>	<u>\$ 672,206</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 23,836	\$ 278	\$	\$ 24,114
Scituate Reservoir Project	18,682			18,682
Construction in progress	73,263	36,595	24,566	85,292
Total Capital assets not being depreciated	<u>115,781</u>	<u>36,873</u>	<u>24,566</u>	<u>128,088</u>
Capital assets being depreciated:				
Buildings and improvements	103,049	14,925		117,974
Improvements other than building	330,546	9,429		339,975
Machinery and equipment	32,159	563		32,722
Total Capital assets being depreciated	<u>465,754</u>	<u>24,917</u>	<u>-</u>	<u>490,671</u>
Less accumulated depreciation for:				
Buildings and improvements	66,804	5,147		71,951
Improvements other than building	122,765	4,621		127,386
Machinery and equipment	28,756	559		29,315
Total accumulated depreciation	<u>218,325</u>	<u>10,327</u>	<u>-</u>	<u>228,652</u>
Total capital assets being depreciated, net	<u>247,429</u>	<u>14,590</u>	<u>-</u>	<u>262,019</u>
Business-type activities capital assets, net	<u>\$ 363,210</u>	<u>\$ 51,463</u>	<u>\$ 24,566</u>	<u>\$ 390,107</u>

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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.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Executive, legislative and judicial	\$ 12
Finance	88
Public Safety	1,654
Public Works	5,616
Recreation	7
Public land and parks	11,139
Education	4,190
Community development	<u>1,529</u>
Total Depreciation Expense - Governmental Activities	\$ <u>24,235</u>
Business-type activities:	
Water Supply Board	\$ <u>10,327</u>

## 7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 83,960	\$ 7,855	\$ 76,105	\$ 8,185	
Revenue bonds	49,645	5,225	44,420	5,390	
Add unamortized premiums	<u>4,963</u>	<u>569</u>	<u>4,394</u>		
Total bonds payable	138,568	13,649	124,919	13,575	
Notes payable	2,749	2,343	284	4,808	289
Capital leases	16,350	3,846	3,643	16,553	5,086
Capital notes	<u>18,418</u>	<u>1,295</u>	<u>17,123</u>	<u>1,360</u>	
Total bonds, notes, and leases payable	176,085	6,189	18,871	163,403	20,310
Claims and judgements	40,416	4,263		44,679	22,109
Compensated absences	34,896	1,631	329	36,198	3,620
Net pension liability	1,195,385	37,799		1,233,184	
Net OPEB obligation	270,979	55,403	26,273	300,109	
PPBA debt	<u>294,314</u>	<u>28,748</u>	<u>265,566</u>	<u>28,644</u>	
Governmental Activities Long-Term Liabilities	\$ <u>2,012,075</u>	\$ <u>105,285</u>	\$ <u>74,221</u>	\$ <u>2,043,139</u>	\$ <u>74,683</u>



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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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds payable:					
Revenue bonds - water	\$ 104,413	\$ 16,272	\$ 3,945	\$ 116,740	\$ 5,392
PPBA - City	294,314		28,748	265,566	28,644
PPBA - Bond premiums	<u>19,750</u>	<u></u>	<u>1,840</u>	<u>17,910</u>	<u></u>
Total bonds and notes payable	418,477	16,272	34,533	400,216	34,036
PPBA - PAP notes*	203,479			203,479	
Net pension liability	50,366		63	50,303	
Net OPEB liability	<u>7,858</u>	<u>1,354</u>	<u>581</u>	<u>8,631</u>	<u></u>
Business-Type Activities Long-Term Liabilities	<u>\$ 680,180</u>	<u>\$ 17,626</u>	<u>\$ 35,177</u>	662,629	34,036
Less PPBA Eliminations				<u>(486,955)</u>	<u>(28,644)</u>
Business-Type Activities Long-Term Liabilities				<u>\$ 175,674</u>	<u>\$ 5,392</u>

\*Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements. The \$221,389 difference between business type PPBA eliminations and governmental PPBA eliminations consists of \$203,479 of PAP loans between the City and PPBA and \$17,910 of net bond premium.

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.

Debt service requirements for bonds and notes payable at June 30, 2017 were as follows:

Governmental Activities				PPBA				Total Government Entity-Wide			
Year Ending June 30,	Principal	Interest	Total	Year Ending June 30,	Principal	Interest	Total	Year Ending June 30,	Principal	Interest	Total
2018	\$ 15,224	\$ 6,022	\$ 21,246	2018	\$ 28,644	\$ 10,977	\$ 39,621	2018	\$ 43,868	\$ 16,999	\$ 60,867
2019	14,940	5,380	20,320	2019	28,119	9,872	37,991	2019	43,059	15,252	58,311
2020	13,937	4,729	18,666	2020	25,048	8,830	33,878	2020	38,985	13,559	52,544
2021	10,102	4,198	14,300	2021	23,830	7,779	31,609	2021	33,932	11,977	45,909
2022	10,622	3,721	14,343	2022	21,895	6,809	28,704	2022	32,517	10,530	43,047
2023-2027	49,504	15,418	64,922	2023-2027	99,450	20,144	119,594	2023-2027	148,954	35,562	184,516
2028-2032	23,365	9,172	32,537	2028-2032	36,515	2,584	39,099	2028-2032	59,880	11,756	71,636
2033-2037	<u>4,762</u>	<u>7,326</u>	<u>12,088</u>	2033-2037	<u>2,065</u>	<u>161</u>	<u>2,226</u>	2033-2037	<u>6,827</u>	<u>7,487</u>	<u>14,314</u>
Total	<u>\$ 142,456</u>	<u>\$ 55,966</u>	<u>\$ 198,422</u>	Total	<u>\$ 265,566</u>	<u>\$ 67,156</u>	<u>\$ 332,722</u>	Total	<u>\$ 408,022</u>	<u>\$ 123,122</u>	<u>\$ 531,144</u>

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<b>Business-Type Activities</b>				
<b>Year Ending June 30,</b>	<b>ARRA Principal</b>			<b>Total</b>
	<b>Principal</b>	<b>Forgiveness</b>	<b>Interest</b>	
2018	\$ 33,982	\$ (278)	\$ 14,862	\$ 48,566
2019	34,196	(327)	13,637	47,506
2020	31,173	(334)	12,430	43,269
2021	30,094	(341)	11,275	41,028
2022	28,302	(348)	10,101	38,055
2023-2027	133,102	(1,860)	33,658	164,900
2028-2032	69,791	(1,970)	9,671	77,492
2033-2037	21,666	(1,109)	1,525	22,082
<b>Total</b>	<b>382,306</b>	<b>(6,567)</b>	<b>107,159</b>	<b>482,898</b>
Less amount representing the PPBA	265,566	-	67,156	332,722
	<u>\$ 116,740</u>	<u>\$ (6,567)</u>	<u>\$ 40,003</u>	<u>\$ 150,176</u>

**Bonds Payable**

The following is a schedule of changes in bonds payable for the year ended June 30, 2017:

<b>Description</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate (%)</b>	<b>Amount of Original Issue</b>	<b>Balance Outstanding July 1, 2016</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance Outstanding June 30, 2017</b>
<b>Governmental Activities:</b>								
December 2001 - Taxable	12/1/2007	1/15/2026	3.0-6.8	\$ 13,000	\$ 7,885	\$	\$ 585	\$ 7,300
Refunding Bonds 2010 Series A	12/21/2010	6/30/2026	4.6-5.0	30,545	24,845		2,025	22,820
PRA Taxable Lease Revenue Bonds 2010 Series 1	8/27/2010	10/15/2018	4.2	12,600	4,641		1,800	2,841
PRA Taxable Lease Revenue Bonds 2010 Series 2	6/30/2011	6/30/2021	4.9	3,145	2,454		491	1,963
GO Road Bond 2013 Series A	1/15/2013	1/15/1933	5.0	39,345	35,040		1,430	33,610
GO Refunding Bonds 2014 Series A	7/8/2014	7/15/2019	2.5	17,480	11,080		2,725	8,355
GO Refunding Bonds 2014 Series B	7/8/2014	7/15/2019	1.0-3.25	6,285	5,110		1,090	4,020
PRA Refunding Bonds 2015 Series A	3/31/2015	4/1/2029	2.0-5.0	44,910	42,550		2,934	39,616
Total governmental activities bonds payable					\$ 133,605	\$ -	\$ 13,080	\$ 120,525
<b>Business-Type Activities:</b>								
Water Revenue Bonds					\$ 104,413	\$ 16,272	\$ 3,945	\$ 116,740
1998 Series A	5/1/1998	12/1/2018	3.9-5.1	28,270	775		245	530
1999 Series A	7/1/1999	12/1/2019	4.1-5.5	39,750	970		225	745
2001 Series A	12/1/2001	12/1/2021	3.3-5.1	9,995	950		140	810
2007 Series A	11/7/2007	5/15/2028	3.8-5.5	75,000	3,465		3,465	
2007 Series B	11/7/2007	5/15/2021	3.8-5.5	16,470	6,760		1,265	5,495
2007 Series C	12/20/2007	5/15/2028	3.5-5.0	75,000	3,460		3,460	
2009 Series A	6/30/2009	6/30/2021	6.3	12,000	6,097		1,072	5,025
2009 Series A QSCB	12/30/2009	6/15/2025	1.9	22,320	13,440		1,480	11,960
2010 Series 1	11/15/2010	12/1/2018	4.3	19,500	6,797		2,631	4,166
2011 Series A	4/28/2011	6/15/2026	3.0-5.9	35,000	26,120		2,050	24,070
2010 Series A QSCB	12/7/2010	5/15/2029	2.5	12,280	12,280			12,280
2010 Series B QSCB	12/7/2010	5/15/2029	2.5	9,665	9,665			9,665
2013 Series A	11/19/2013	5/14/2024	3.0-5.0	69,705	47,210		8,805	38,405
2015 Series A	5/1/2015	5/15/2028	3.0-5.0	146,325	146,325		3,630	142,695
2015 Series B	12/1/2015	5/15/2035	2.0-4.0	10,000	10,000		280	9,720
Total Business-type activities bonds payable					\$ 398,727	\$ 16,272	\$ 32,693	\$ 382,306

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**Capital Notes**

The following table below shows the changes in capital notes payable for the year ended June 30, 2017. These capital notes are eligible for principal forgiveness through the American Recovery and Reinvestment Act of 2009 (ARRA) and could total \$6,567.

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2016	Issued	Retired	Balance Outstanding June 30, 2017
Port of Providence 2003 Series A	5/1/2003	9/1/2023	1.7-4.3	\$ 20,820	\$ 11,560	\$	\$ 1,295	\$ 10,265
Port of Providence 2006 Series A	5/1/2006	9/1/2036	5.3-5.6	6,858	6,858			6,858
Total governmental activities capital notes payable					\$ 18,418	\$ -	\$ 1,295	\$ 17,123

**Notes Payable**

The following are the changes notes payable for the year ended June 30, 2017:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2016	Issued	Retired	Balance Outstanding June 30, 2017
HUD Section 108 Loan	2/1/2010	8/1/1931	0.2-7.2	\$ 10,000	\$ 2,285	\$	\$ 101	\$ 2,184
School Building Authority Capital Fund Loan Bond	6/30/2016	6/1/2026	1.9	1,831	464	1,367	183	1,648
Efficient Building Fund Loan	7/8/2016	6/30/2026	1.3-2.9	1,252		976		976
Total governmental activities notes payable					\$ 2,749	\$ 2,343	\$ 284	\$ 4,808

**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, 2017 are as follows:

City		
Year Ending June 30,	Principal	Interest
2018	\$ 28,644	\$ 10,977
2019	28,119	9,872
2020	25,048	8,830
2021	23,830	7,779
2022	21,895	6,809
2023-2027	99,450	20,144
2028-2032	36,515	2,584
2033-2037	2,065	161
Total	\$ 265,566	\$ 67,156

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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 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 position.

**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 sinking funds maintained by the City. The current outstanding debt of the City subject to the 3% debt limit is \$33.6 million and the current 3% debt limit of the City is \$350.1 million based on taxable property as of December 31, 2016, of approximately \$11.7 billion, leaving a remaining borrowing capacity of approximately \$216.5 million.

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, 2017, the total outstanding debt of the City issued outside the 3% debt limit was \$42.5 million, excluding water bonds and sewer bonds which 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.

**CITY OF PROVIDENCE, RHODE ISLAND**  
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**8. LEASE COMMITMENT**

Property and equipment carried at approximately \$34,500 with approximately \$8,500 in accumulated depreciation, in the governmental activities is being acquired under capital lease arrangements.

The City is obligated under various capital leases to make the following aggregate annual lease payments:

<u>Year Ending June 30,</u>		
2018	\$	5,577
2019		3,119
2020		3,119
2021		1,638
2022		1,638
2023-2027		<u>3,439</u>
Total payments		18,530
Less interest		<u>(1,977)</u>
Principal Balance	\$	<u><u>16,553</u></u>

Lease expenditures approximated \$2,030 for the fiscal year ended June 30, 2017.

**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.

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**10. FUND EQUITY**

The components of fund balance at June 30, 2017 are as follows:

	<u>General</u>	<u>School Grants Fund</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Loans	\$	\$	\$	\$	\$
Trust				136	136
Restricted for:					
Trust				17,407	17,407
Education		4,360			4,360
Capital projects			1,141		1,141
Federal programs				29,652	29,652
Public lands and parks				1,270	1,270
Law enforcement and fire prevention				1,281	1,281
Community development				245	245
Committed to:					
Education		275			275
Capital projects				9,550	9,550
Public lands and parks				289	289
Unassigned	<u>2,279</u>				<u>2,279</u>
Total Fund Balances	<u>\$ 2,279</u>	<u>\$ 4,635</u>	<u>\$ 1,141</u>	<u>\$ 59,830</u>	<u>\$ 67,885</u>

**11. DEFINED BENEFIT PENSION PLANS**

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**

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 3%. Benefits are paid at varying amounts not to exceed 100% of final compensation for Class A (city) employees or 100% of final compensation for Class B at age 60 (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.

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(Amounts expressed in thousands)

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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. The Board has the discretion and authority to interpret the Plan and to determine the eligibility and benefits of Participants and beneficiaries pursuant to the provisions of the Plan. On all such matters, the decision of a majority of the then members of the Board shall govern and be binding upon the Employer, Participants, and beneficiaries.

Membership of the ERS plan consisted of the following at July 1, 2016, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	3,188
Inactive employees entitled to but not yet receiving benefits	552
Active employees	<u>2,810</u>
Total	<u><u>6,550</u></u>

**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 contributions are determined actuarially. The current year contribution was determined with the July 1, 2014 actuarial valuation.

**Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments**

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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**Investment Policy**

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." The following is a representation of the Board's adopted asset allocation strategy:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	39.25%	6.44%
International Developed Markets Equity	13.25%	7.40%
International Emerging Markets Equity	1.50%	9.42%
Core Fixed Income	29.00%	2.02%
Hedge fund, GTAA, risk parity	13.00%	3.75%
Private Equity	4.00%	10.47%
Total Portfolio	100.00%	

\* Long-Term Returns are provided by Segal Group, Inc. The returns are geometric means.

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the Retirement System at June 30, 2017 were as follows:

Total pension liability	\$	1,350,005
Plan fiduciary net position		<u>(348,644)</u>
Net Pension Liability	\$	<u>1,001,361</u>
Plan fiduciary net position as a percentage of the total pension liability		25.28%



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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	3.5%
Investment rate of return	8.00%

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with scale BB2D, set forward 1 year post-retirement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages. The impact of asset allocation and rebalancing is not reflected in the expected return. An expected rate of return of 8.00% was used.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 1,318,341	\$ 333,287	\$ 985,054
Changes for the year:			
Service cost	20,248		20,248
Interest on total pension liability	102,963		102,963
Differences between expected and actual experience	11,541		11,541
Changes in assumptions			
Employer contributions		72,396	(72,396)
Member contributions		11,419	(11,419)
Net investment income (loss)		34,880	(34,880)
Benefit payments, including refund to employee contributions	(103,088)	(103,088)	
Administrative expenses		(250)	250
Net changes	31,664	15,357	16,307
Balances as of June 30, 2017	\$ 1,350,005	\$ 348,644	\$ 1,001,361

**Sensitivity in the Net Pension Liability**

The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease in Discount Rate (7.00%)	Current Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability as of June 30, 2017	\$ 1,151,457	\$ 1,001,361	\$ 875,706

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**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2017, the City recognized pension expense of \$107,476. At June 30, 2017, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,893	\$ 2,620
Changes of assumptions	36,524	
Net difference between projected and actual earnings on pension plan investments	10,733	
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>2,523</u>	<u>2,523</u>
Total	<u>\$ 59,673</u>	<u>\$ 5,143</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year Ended June 30,**

2018	\$ 19,241
2019	19,240
2020	15,540
2021	<u>509</u>
Total	<u>\$ 54,530</u>

**B. Employees Retirement System of the State of Rhode Island**

**General Information about the Pension Plan**

Plan description - Certain employees of the City of Providence participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

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The System issues a publicly available report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

**Benefit provisions** - The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, City of Providence teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City of Providence are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by City of Providence; the rates were 9.95% and 13.18 % of annual covered payroll for the fiscal year ended June 30, 2017 for the state and City of Providence, respectively. The City of Providence contributed \$21,329 for the fiscal year ended June 30, 2017, equal to 100% of the required contribution.

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**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2017, the City of Providence reported a liability of \$282,126 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the City of Providence as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City of Providence were as follows:

City's proportionate share of the pension liability	\$	282,126
State's proportionate share of the pension liability associated with the City associated with the City		<u>193,215</u>
Total Net Pension Liability	\$	<u><u>475,341</u></u>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The City proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2016 the City's proportion was 9.46%

For the year ended June 30, 2017, the City recognized gross pension expense of \$39,599 and revenue of \$16,173 for support provided by the State. At June 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 5,566
Changes of assumptions		5,844
Net difference between projected and actual earnings on pension plan investments	31,925	9,911
Contributions subsequent to measurement date	20,424	
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>1,198</u>
Total	\$ <u><u>52,349</u></u>	\$ <u><u>22,519</u></u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30,**

2018	\$	22,063
2019		1,640
2020		6,595
2021		2,928
2022		(2,303)
Thereafter		<u>(1,093)</u>
Total	\$	<u><u>29,830</u></u>

**Actuarial Assumptions**

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.5%
Investment rate of return	7.50%

Mortality - male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity:	38.00%	
US Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	-
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay, Money Market	3.00%	0.82%
Total Portfolio	<u>100.00%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) calculated using the discount rate of 7.5% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<b>1% Decrease in Discount Rate (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase in Discount Rate (8.50%)</b>
Net Pension Liability as of June 30, 2017	\$ 348,400	\$ 282,126	\$ 227,870

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

**C. Teachers Defined Contribution Pension Plan**

**Plan Description**

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with the Internal Revenue Service guidelines for such plans.

The City's School District recognized pension expense of \$1,601 for the fiscal year ended June 30, 2017.

The System issues a publicly available financial report that included financial statements and required supplementary information for plans administered by the system. The report can be obtained at <http://www.ersri.org>.

**D. 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 incurred by the City for these purposes amounted to \$2,899 for the year ended June 30, 2017.



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**12. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**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 are provided through the City's self-insured health insurance program covering both active and retired employees. The financial activity of these programs 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.

**OPEB 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. 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.

The following is a current census of the City benefit participants as of July 1, 2016:

	(not in thousands)
Active members	4,382
Retirees	3,783
	<hr/>
Total	8,165
	<hr/> <hr/>

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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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 (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

		<b>Other Post Employment Benefits (OPEB)</b>
Annual recommended contribution (ARC)	\$	55,760
Interest on net OPEB obligation		11,153
Adjustment to annual recommended contribution		(10,156)
Annual OPEB cost		56,757
Contributions made		(26,854)
Increase in net OPEB obligation		29,903
Net OPEB obligation, beginning of year		278,837
Net OPEB Obligation, End of Year	\$	308,740

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2015, 2016 and 2017 were is presented below:

<b>Fiscal Year Ending</b>		<b>Annual OPEB Cost (AOC)</b>		<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>		<b>Net OPEB Obligation</b>
6/30/15	\$	62,938	\$	29,134	46.3 %	\$	243,285
6/30/16		65,594		30,042	45.8		278,837
6/30/17		56,757		26,854	47.3		308,740

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 June 30, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% 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 7.5% initially, reduced by decrements of .5% to an ultimate rate of 4.5% after six years. Both rates included a 3.5% 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 payrolls on an open basis. The remaining amortization period at June 30, 2016, was 30 years.

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**Required Supplemental Information - OPEB**

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Funding Status and Schedule of Funding Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Projected Unit Credit (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UFAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/13	\$ -	\$ 1,032,887	0%	\$ 267,341	386%
7/1/14	-	980,674	0	270,706	362
7/1/16	-	955,681	0	284,321	336

*Schedule of Employer Contributions*

<b>Fiscal Year Ended</b>	<b>Annual Required Contributions</b>	<b>Actual Contribution</b>	<b>Percentage ARC Contributed</b>
6/30/15	\$ 62,189	\$ 29,134	46.8%
6/30/16	64,724	30,042	46.4
6/30/17	55,760	26,854	48.2

**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 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 projects approximating \$12.5 million as of June 30, 2017.

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**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 2018 and 2035. 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 6 and 7).

**15. RISK MANAGEMENT**

The City is self-insured in most areas of risk; due to "stop loss" insurance, the city is responsible for a maximum of \$1 million per claimant per year for health care claims. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health 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 United Healthcare and Blue Cross - Blue Shield of Rhode Island (BCBS). In 1997, the City first went to a self-insured program with BCBS and United Health Care. BCBS and United Health Care act as third-party agents for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of BCBS 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 reasonably 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, 2017 and June 30, 2016 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>2017</u>	<u>2016</u>
Beginning of the year	\$ 40,416	\$ 38,982
Incurred claims	105,781	105,452
Less: payment of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compensation	<u>101,518</u>	<u>104,018</u>
Total	<u>\$ 44,679</u>	<u>\$ 40,416</u>
Legal Claims	\$ 33,703	\$ 29,988
Health - IBNR	6,278	6,340
Workers' Compensation	<u>4,698</u>	<u>4,088</u>
Total	<u>\$ 44,679</u>	<u>\$ 40,416</u>

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**16. ABATEMENTS**

As of June 30, 2017, the City provides tax abatements through multiple programs:

- Title 44 Program
- Historic Property Stabilization Ordinance
- Tax Stabilization for Commercial and Residential Property
- Neighborhood Revitalization Act

<b>Program:</b>	<b>Title 44 Program</b>	<b>Historic Property Stabilization Ordinance</b>	<b>Tax Stabilization for Commercial and Residential Property</b>	<b>Neighborhood Revitalization Act</b>
<b>Purpose of program:</b>	To encourage the restoration of historical landmark properties and mills in the arts and entertainment district.	To encourage the rehabilitation of historic commercial and industrial buildings to productive use.	To encourage the investment in building improvements and/or new construction by owners of property requiring environmental remediation, is historically preserved, or is used for affordable housing, manufacturing, commercial, or residential purposes.	To encourage and promote the use of vacant and/or underutilized property through new construction or rehabilitation of qualifying properties for residential and commercial purposes.
<b>Tax being abated:</b>	Real and Personal Property Tax	Real and Personal Property Tax	Real and Personal Property Tax	Real and Personal Property Tax
<b>Authority under which abatement agreement is entered into:</b>	The State of Rhode Island General Laws Section 44-3-31.2	The State of Rhode Island General Laws Section 44-3-9	The State of Rhode Island General Laws Section 44-3-9	The State of Rhode Island General Laws Section 44-3-9

**CITY OF PROVIDENCE, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Amounts expressed in thousands)

<b>Program:</b>	<b>Title 44 Program</b>	<b>Historic Property Stabilization Ordinance</b>	<b>Tax Stabilization for Commercial and Residential Property</b>	<b>Neighborhood Revitalization Act</b>
<b>Criteria to be eligible to receive abatement:</b>	Eligibility is based on taxable properties designated on the landmark list as approved by ordinance in the City of Providence, and shall be eligible if certified by the city building inspector as in need of substantial rehabilitation.	Eligible property must be in need of substantial rehabilitation, at least 50% of the current replacement value of the structure, as determined by the Director of Department of Inspections and Standards, and located in the historic district as determined by the City Council.	Eligible property must be located in the I-195 redevelopment district, located in the Capital Center Special Development District, or include new construction with a construction valuation of at least \$10,000,000, or the rehabilitation of commercial or multi-family residential property with a cost of construction of at least \$10,000,000.	Eligible properties include new construction (excluding land acquisition costs) or the rehabilitation of commercial, mixed-use, or multi-family residential property between \$250,000 and \$3,000,000 located in opportunity neighborhoods, or commercial corridors that abut or are contiguous with opportunity neighborhoods.
<b>How recipients' taxes are reduced:</b>	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value.	Through the fixing of the assessed value prior to the improvement.	Through the fixing of the assessed value prior to the improvement.
<b>How amount of abatement is determined:</b>	The benefit is based on a fixed rate reduction of \$33.44 applied to the tangible property value over a ten-year period.	The benefit is an amount equal to the lesser of \$0.35 per square foot or the tax assessed for the year.	The benefit will be based upon a percentage of the total tax at the annual tax rate.	The benefit will be based upon a percentage of the total tax at the annual tax rate over a six year phase-in period.
<b>Provisions for recapturing abated taxes:</b>	None	None	None	None
<b>Types of commitments made by the City other than to reduce taxes:</b>	None	None	None	None
<b>Gross dollar amount (accrual basis) by which the City's taxes were reduced as a result of the abatement agreement/program:</b>	\$15,754,464	\$2,544,454	\$260,110	\$-

**CITY OF PROVIDENCE, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(Amounts expressed in thousands)

**17. WATER SUPPLY BOARD MERGER**

On January 13, 2017, the Providence Water Supply Board and the East Smithfield Water District combined in a government merger. Subsequent to the merger, the East Smithfield Water District ceased to exist, and their operations have been absorbed into, and provided by, the Providence Water Supply Board. The initial opening balances of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of East Smithfield Water District as of June 30, 2016, as follows:

<b>Assets:</b>		<b>Liabilities:</b>	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 177	Accounts payable and accrued liabilities	143
Restricted cash and cash equivalents	3	Current portion of long-term notes payable	52
Receivables, net	355	Total current liabilities	195
Inventories	48		
Total current assets	583	Noncurrent liabilities:	
		Notes payable, net	816
Capital assets:		Total noncurrent liabilities	816
Improvements other than buildings	4,169		
Machinery and equipment	189	Total liabilities	1,011
Construction in progress	12		
	4,370	Deferred Inflows of Resources:	
Less accumulated depreciation	834	Net deferred charges on debt refunding	
Total noncurrent assets	3,536	Changes in pension plan assumptions	9
		Total deferred inflows of resources	9
Other assets:		Net Position:	
Net pension asset	114	Net investment in capital assets	2,668
		Restricted for net pension asset	114
Total assets	4,233	Restricted for qualified assistance fund	3
		Unrestricted	443
Deferred Outflows of Resources:		Total Net Position	\$ 3,228
Differences between expected and actual experience	11		
Difference between projected and actual earnings on pension plan investments	1		
Contributions made subsequent to the measurement date	3		
Total deferred outflows of resources	15		

**CITY OF PROVIDENCE, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

(Amounts expressed in thousands)

**18. RESTATEMENT**

The City has determined that certain transactions were recorded incorrectly in a prior year.

**Public Building Authority**

The beginning fund balance of the Public Building Authority has been restated due the recognition of unspent bond funds that should have been included in Other Liabilities in the prior fiscal year. This restatement has the same impact on the Business-Type Activities. This restatement also effected the Governmental Activities as the unspent bond funds are recorded as a receivable from the Public Building Authority.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Supply Board</u>	<u>Public Building Authority</u>
Net position as previously reported at June 30, 2016	\$ (1,157,323)	\$ 268,766	\$ 250,797	\$ 14,558
Adjustment:				
Recognition of additional unspent bond funds held by the Public Building Authority	7,649	(7,649)		(7,649)
Merger:				
Acquisition of East Smithfield Water District as discussed in Note 17		3,228	3,228	
Net Position as Restated as of July 1, 2016	<u>\$ (1,149,674)</u>	<u>\$ 264,345</u>	<u>\$ 254,025</u>	<u>\$ 6,909</u>



**Required Supplementary  
Information**

**CITY OF PROVIDENCE, RHODE ISLAND**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

Revenues and Transfers	Budgeted Amounts		Actual	Variance Positive/ (Negative)
	Original	Final		
Tax revenues:				
Property taxes	\$ 348,670	\$ 348,670	\$ 350,997	\$ 2,327
Interest on overdue taxes	4,500	4,500	5,053	553
	<u>353,170</u>	<u>353,170</u>	<u>356,050</u>	<u>2,880</u>
Payments in lieu of taxes	30,138	30,138	33,308	3,170
Tax stabilization plans	9,725	9,725	9,000	(725)
State revenue	32,689	32,689	35,130	2,441
Fines	6,000	6,000	5,228	(772)
Investment interest			1	1
Miscellaneous			1,148	1,148
	<u>78,552</u>	<u>78,552</u>	<u>83,815</u>	<u>5,263</u>
Executive, legislative, and judicial:				
Mayor's Office				
Law Department	122	122	230	108
City clerk	9	9	10	1
Probate court	148	148	161	13
Housing court	30	30	20	(10)
	<u>309</u>	<u>309</u>	<u>421</u>	<u>112</u>
Finance:				
City collector	620	620	505	(115)
City controller			12	12
Personnel Department			1	
	<u>620</u>	<u>620</u>	<u>518</u>	<u>(103)</u>
Public safety:				
Commissioner of public safety	90	90	182	92
Police department	1,600	1,600	3,157	1,557
Fire department	856	856	930	74
Communications	688	688	736	48
Traffic engineering	4,763	4,763	3,709	(1,054)
	<u>7,997</u>	<u>7,997</u>	<u>8,714</u>	<u>717</u>
Building inspection department:				
Building inspection administration	6,664	6,664	6,825	161
Zoning board of review	41	41	35	(6)
Building board of review	8	8	11	3
	<u>6,713</u>	<u>6,713</u>	<u>6,871</u>	<u>158</u>

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

Revenues and Transfers	Budgeted Amounts		Actual	Variance Positive/ (Negative)
	Original	Final		
Public works:				
Environmental control	\$ 20	\$ 20	\$ 25	\$ 5
Highway	529	529	201	(328)
Sewer construction and maintenance	7	7	8	1
	<u>556</u>	<u>556</u>	<u>234</u>	<u>(322)</u>
Public lands and parks:				
Recreation			72	72
North Burial Ground	260	260	317	57
	<u>260</u>	<u>260</u>	<u>389</u>	<u>129</u>
Other departments:				
Recorder of deeds	2,447	2,447	3,146	699
Vital statistics	330	330	338	8
Bureau of licenses	1,541	1,541	1,491	(50)
Emergency Management	200	200	182	(18)
WSB reimbursement	839	839	839	
Room tax	2,424	2,424	2,034	(390)
Meals and beverage tax	5,370	5,370	5,463	93
Tax Stabilization			74	74
Planning and urban development	1,675	1,675	13	(1,662)
Arts, Culture, Film & Tourism	128	128	99	(29)
Providence Place Mall			300	300
Voluntary payments in lieu of taxes	7,404	7,404	7,251	(153)
Port Providence	360	360	417	57
	<u>22,718</u>	<u>22,718</u>	<u>21,647</u>	<u>(1,071)</u>
Public Properties	<u>128</u>	<u>128</u>	<u>150</u>	<u>22</u>
Transfers:				
Transfer from rescue runs	4,700	4,700	4,767	67
Transfer from police/fire detail fund	2,135	2,135	1,778	(357)
Transfer from Providence Public Building Authority			1,103	1,103
Transfers from North Burial Ground	340	340	283	(57)
Transfer from Other funds	800	800		(800)
	<u>7,975</u>	<u>7,975</u>	<u>7,931</u>	<u>(44)</u>
Total	\$ <u>478,998</u>	\$ <u>478,998</u>	486,740	\$ <u>7,741</u>

Budgetary revenues are different than GAAP revenues because:

Funds consolidated with the General Fund under GASB 54 6,500

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 493,240

**CITY OF PROVIDENCE, RHODE ISLAND**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

Expenditures and Transfers	Budgeted Amounts		Actual	Variance Positive/ (Negative)
	Original	Final		
Executive, legislative and judicial:				
Mayor's office	\$ 2,875	\$ 2,875	\$ 3,055	\$ (180)
City Council	2,182	2,182	1,468	714
City sergeant	71	71	81	(10)
City clerk	960	960	809	151
Law department	5,154	5,154	14,312	(9,158)
Municipal court	2,254	2,254	3,138	(884)
Probate court	526	526	496	30
Housing court	470	470	440	30
Contingencies-Mayor	99	99	95	4
	<u>14,591</u>	<u>14,591</u>	<u>23,894</u>	<u>(9,303)</u>
Finance:				
Finance Director	797	797	742	55
City controller	1,344	1,344	1,264	80
Employees retirement office	414	414	403	11
Data processing	3,025	3,025	2,736	289
City collector	2,511	2,511	2,613	(102)
City assessor	1,831	1,831	1,594	237
Board of tax assessment review	17	17	14	3
Treasury department	631	631	653	(22)
Personnel	1,872	1,872	1,961	(89)
Heat, light and power	3,564	3,564	4,940	(1,376)
Debt service	64,944	64,944	66,472	(1,528)
Employee Death Benefit	200	200	683	(483)
Workers compensation	2,060	2,060	2,321	(261)
Unemployment compensation	165	165	235	(70)
	<u>83,375</u>	<u>83,375</u>	<u>86,631</u>	<u>(3,256)</u>
Public safety:				
Commissioner of public safety	1,496	1,496	1,414	82
Police department	72,271	72,271	73,308	(1,037)
Fire department	73,850	73,850	72,596	1,254
Communications department	9,055	9,055	8,979	76
Traffic Engineering	1,292	1,292	1,558	(266)
	<u>157,964</u>	<u>157,964</u>	<u>157,855</u>	<u>109</u>

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

Expenditures and Transfers	Budgeted Amounts		Actual	Variance Positive/ (Negative)
	Original	Final		
Building inspection department:				
Building inspection administration	\$ 1,893	\$ 1,893	\$ 1,651	\$ 242
Structures and zoning division	1,850	1,850	1,684	166
Plumbing, drainage, and gas piping division	390	390	345	45
Electrical installations division	350	350	356	(6)
Zoning board of review	17	17	19	(2)
Building and housing board of review	14	14	11	3
Building inspection prosecution	230	230	196	34
	<u>4,744</u>	<u>4,744</u>	<u>4,262</u>	<u>482</u>
Public works:				
Public works administration	835	835	828	7
Engineering and sanitation	959	959	831	128
Environmental control	10,068	10,068	9,850	218
Highway	5,316	5,316	5,449	(133)
Snow removal	1,979	1,979	2,210	(231)
Parking administration	859	859	858	1
Sewer construction and maintenance	765	765	960	(195)
Garage maintenance and equipment repair	896	896	799	97
	<u>21,677</u>	<u>21,677</u>	<u>21,785</u>	<u>(108)</u>
Recreation:				
Recreation	1,396	1,396	1,438	(42)
Recreation seasonal	768	768	867	(99)
	<u>2,164</u>	<u>2,164</u>	<u>2,305</u>	<u>(141)</u>
Public lands and parks:				
Grounds maintenance services	4,611	4,611	4,553	58
Forestry services	1,250	1,250	1,195	55
Zoological services	2,841	2,841	2,986	(145)
Park environmental services (Greenhouse)	624	624	497	127
Park programming (Roger Williams Park)	1,444	1,444	1,355	89
Superintendent of parks	1,368	1,368	1,073	295
North Burial Grounds	721	721	792	(71)
	<u>12,859</u>	<u>12,859</u>	<u>12,451</u>	<u>408</u>
Other departments:				
Recorder of deeds	504	504	517	(13)
Vital statistics	322	322	330	(8)
Board of canvassers	1,206	1,206	1,052	154
Bureau of licenses	886	886	744	142

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

Expenditures and Transfers	Budgeted Amounts		Actual	Variance Positive/ (Negative)
	Original	Final		
Other departments, Continued:				
Emergency Management	\$ 660	\$ 660	\$ 561	\$ 99
Planning and urban development	5,378	5,378	3,845	1,533
Administration to City Council	1,233	1,233	998	235
Internal auditor	379	379	351	28
Archives	291	291	316	(25)
Human relations commission	76	76	29	47
Department of human services	711	711	315	396
Office of Arts, Culture, Film & Tourism	760	760	746	14
Providence Housing Authority	9	9	7	2
League of Cities	12	12	13	(1)
Ceremonies	9	9	8	1
P.E.R.A.	115	115		115
Non-Departmental	1,615	1,615	1,036	579
	<u>14,166</u>	<u>14,166</u>	<u>10,868</u>	<u>3,298</u>
Grants:				
Providence Public Library	4,050	4,050	3,770	280
Providence plan commission	25	25	980	(955)
Community centers	261	261		261
Crossroads	129	129		129
P.A.S.A	250	250		250
Institute of Non-Violence	188	188	188	
Grants (Transfer to Mary Sharpe)	25	25	25	
Grant Expenditure	50	50		50
	<u>4,978</u>	<u>4,978</u>	<u>4,963</u>	<u>15</u>
Public properties	<u>6,333</u>	<u>6,333</u>	<u>6,078</u>	<u>255</u>
Transfers:				
Transfers to School Department	124,897	124,897	124,917	(20)
Transfer to Retiree Benefits	25,150	25,150	25,219	(69)
Transfer to Emergency Management Fund			8	(8)
Deficit Reduction	6,100	6,100		6,100
	<u>156,147</u>	<u>156,147</u>	<u>150,144</u>	<u>6,003</u>
Total	<u>\$ 478,998</u>	<u>\$ 478,998</u>	481,236	<u>\$ (2,238)</u>

Budgetary expenditures are different than GAAP expenditures because:

Funds consolidated with the General Fund under GASB 54 6,567

Total Expenditures and Other Financing Uses as Reported on the Statement of  
Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds -  
Exhibit IV

\$ 487,803

**CITY OF PROVIDENCE, RHODE ISLAND**  
**SCHOOL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<u>Budgeted Amounts</u>			<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal and state revenue	\$ 232,521	\$ 232,521	\$ 233,351	\$ 830
Other revenue	6,435	6,435	5,576	(859)
Transfers from other funds	124,897	124,897	124,917	20
Total revenues	<u>363,853</u>	<u>363,853</u>	<u>363,844</u>	<u>(9)</u>
Expenditures:				
Education	363,853	363,853	363,844	9
Transfer to other funds				
Total expenses	<u>363,853</u>	<u>363,853</u>	<u>363,844</u>	<u>9</u>
Excess of Revenue over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**Budget - GAAP Reconciliation:** A reconciliation of revenues and expenditures between the accounting treatment required by GAAP and budgetary requirements is as follows:

	<u>School Unrestricted</u>	
	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2017	\$ 363,844	\$ 363,844
State teachers' retirement on-behalf payments	<u>14,931</u>	<u>14,931</u>
Balance, GAAP Basis - June 30, 2017	\$ <u>378,775</u>	\$ <u>378,775</u>

**CITY OF PROVIDENCE, RHODE ISLAND**  
**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF PROVIDENCE (ERS)**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST FOUR FISCAL YEARS\***  
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 20,248	\$ 18,405	\$ 17,783	\$ 18,844
Interest	102,963	100,333	98,938	96,007
Differences between expected and actual experience	11,541	(4,367)	1,650	
Changes of assumptions		60,313	841	
Benefit payments, including refunds of member contributions	<u>(103,088)</u>	<u>(108,193)</u>	<u>(97,651)</u>	<u>(96,570)</u>
Net change in total pension liability	31,664	66,491	21,561	18,281
Total pension liability - beginning	<u>1,318,341</u>	<u>1,251,850</u>	<u>1,230,289</u>	<u>1,212,008</u>
Total pension liability - ending	<u>1,350,005</u>	<u>1,318,341</u>	<u>1,251,850</u>	<u>1,230,289</u>
Plan fiduciary net position:				
Contributions - employer	72,396	70,704	66,876	62,140
Contributions - member	11,419	12,043	11,624	10,873
Net investment income	34,880	7,849	12,702	47,003
Benefit payments, including refunds of member contributions	(103,088)	(108,193)	(97,651)	(96,570)
Administrative expense	<u>(250)</u>	<u>(184)</u>	<u>(195)</u>	<u>(1,519)</u>
Net change in plan fiduciary net position	15,357	(17,781)	(6,644)	21,927
Plan fiduciary net position - beginning	<u>333,287</u>	<u>351,068</u>	<u>357,712</u>	<u>335,785</u>
Plan fiduciary net position - ending	<u>348,644</u>	<u>333,287</u>	<u>351,068</u>	<u>357,712</u>
Net Pension Liability - Ending	\$ <u>1,001,361</u>	\$ <u>985,054</u>	\$ <u>900,782</u>	\$ <u>872,577</u>
Plan fiduciary net position as a percentage of the total pension liability	25.83%	25.28%	28.04%	29.08%
Covered-employee payroll	\$ 143,311	\$ 145,874	\$ 142,504	139,893
Net pension liability as a percentage of covered-employee payroll	698.73%	675.28%	632.11%	623.75%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.



**CITY OF PROVIDENCE, RHODE ISLAND**  
**EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF PROVIDENCE (ERS)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST FOUR FISCAL YEARS\***  
(In Thousands)

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 72,396	\$ 70,704	\$ 66,876	\$ 61,615
Contributions in relation to the actuarially determined contribution	<u>72,396</u>	<u>70,704</u>	<u>66,876</u>	<u>62,140</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(525)</u>
Covered-employee payroll	\$ 143,311	\$ 145,874	\$ 142,504	\$ 139,893
Contributions as a percentage of covered-employee payroll	50.52%	48.47%	46.93%	44.42%

**Notes to Schedule**

Valuation date: July 1, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method  
Amortization method

Remaining amortization period

Entry age normal

Level dollar for the 1995 deferral liability and increasing 3.5% per year for the remaining unfunded liability.

Market value of assets as reported by the City less unrecognized returns in each of the last five years plus the discounted contribution paid by the city in the following year. Unrecognized return is equal to the difference between the actual market return and the expected market return and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Inflation

3.5%

Salary increases

3.5% per year before reflecting increases due to longevity

Investment rate of return

8.00%, net of pension plan investment and administrative expenses, including inflation.

Cost of living adjustments:

1 0-year freeze as of January 1, 2013 and 3% thereafter.

Benefit changes:

There have been no changes in benefit provisions since GASB 67/68 implementation

Assumption changes:

The actuarial assumptions used to reflect the assumptions proposed in the Experience Investigation for the Five Year Period Ending June 30, 2011 submitted to the Board on April 2, 2012, with the following exception: The retirement rate for Class B participants is 100% at age 60.

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF PROVIDENCE, RHODE ISLAND  
 EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF PROVIDENCE (ERS)  
 SCHEDULE OF INVESTMENT RETURNS  
 LAST FOUR FISCAL YEARS\***

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	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	12.20%	2.60%	3.30%	17.50%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST THREE FISCAL YEARS**  
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.76%	0.76%	0.76%
City's proportionate share of the net pension liability	\$ 282,126	\$ 260,697	\$ 231,542
State's proportionate share of the net pension liability associated with the City	<u>193,215</u>	<u>178,100</u>	<u>158,779</u>
Total	<u>\$ 475,341</u>	<u>\$ 438,797</u>	<u>\$ 390,321</u>
City's covered-employee payroll	\$ 154,962	\$ 148,594	\$ 153,873
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55%	57%	66%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.60%	61.40%

**Notes:**

- 1.) The amounts presented for each fiscal year were determined as of the 6/30 measurement date prior to the fiscal year-end.
- 2.) This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**LAST THREE FISCAL YEARS**  
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 20,424	\$ 20,402	\$ 20,634
Contributions in relation to the actuarially determined contribution	<u>20,424</u>	<u>20,402</u>	<u>20,634</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered-employee payroll	\$ 154,962	\$ 148,594	\$ 153,873
Contributions as a percentage of its covered-employee payroll	13.2%	13.7%	13.4%

**Notes:**

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**Supplemental, Combining and Individual  
Fund Statements and Schedules**

**Nonmajor  
Governmental Funds**

## **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 for public safety and seizure.

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Other Nonmajor Governmental Funds** - Other Nonmajor governmental funds are used to account for permanent trust funds.

CITY OF PROVIDENCE, RHODE ISLAND  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017  
(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>ASSETS</b>											
Cash and cash equivalents	\$ 1,285	\$ 914	\$ 2,759	\$ 10,873	\$ 281	\$ 2,165	\$ 242	\$ 42	\$ 2,765	\$ 685	\$ 22,011
Investments						184			719	17,332	18,235
Receivables, net:											
Loans	6,050	9,153	10,352	389							25,944
Intergovernmental		1,019		5		942		965			2,931
Other						29			33		62
Due from other funds	498	3,908	2,830	331	494	114			6,155	170	14,500
Other assets	257	22	327	310							916
<b>Total assets</b>	<u>\$ 8,090</u>	<u>\$ 15,016</u>	<u>\$ 16,268</u>	<u>\$ 11,908</u>	<u>\$ 775</u>	<u>\$ 3,434</u>	<u>\$ 242</u>	<u>\$ 1,007</u>	<u>\$ 9,672</u>	<u>\$ 18,187</u>	<u>\$ 84,599</u>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Warrants and accounts payable	\$ 14	\$ 710	\$ 228	\$ 18	\$	\$ 420	\$ 5	\$ 882	\$ 55	\$ 77	\$ 2,409
Accrued liabilities	181			607				36			824
Unearned revenue	358	9,153	741	138							10,390
Due to other funds	482	4,475	3,014	1,353	634	161	5	388	67	567	11,146
<b>Total liabilities</b>	<u>1,035</u>	<u>14,338</u>	<u>3,983</u>	<u>2,116</u>	<u>634</u>	<u>581</u>	<u>10</u>	<u>1,306</u>	<u>122</u>	<u>644</u>	<u>24,769</u>
<b>FUND BALANCES</b>											
Nonspendable										136	136
Restricted	7,055	678	12,285	9,792	141	2,564	232			17,407	50,154
Committed						289			9,550		9,839
Unassigned								(299)			(299)
<b>Total fund balances</b>	<u>7,055</u>	<u>678</u>	<u>12,285</u>	<u>9,792</u>	<u>141</u>	<u>2,853</u>	<u>232</u>	<u>(299)</u>	<u>9,550</u>	<u>17,543</u>	<u>59,830</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,090</u>	<u>\$ 15,016</u>	<u>\$ 16,268</u>	<u>\$ 11,908</u>	<u>\$ 775</u>	<u>\$ 3,434</u>	<u>\$ 242</u>	<u>\$ 1,007</u>	<u>\$ 9,672</u>	<u>\$ 18,187</u>	<u>\$ 84,599</u>



**CITY OF PROVIDENCE, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(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
Revenues:											
Departmental	\$	\$	\$	\$ 8,835	\$	\$ 543	\$ 599	\$	\$	\$	\$ 9,977
Intergovernmental		9,797				3,338		5,703			18,838
Investment and rental income	3		316	27		217			20	2,581	3,164
Other	129	91	108	256		1,511			39	51	2,185
Total Revenues	<u>132</u>	<u>9,888</u>	<u>424</u>	<u>9,118</u>		<u>5,609</u>	<u>599</u>	<u>5,703</u>	<u>59</u>	<u>2,632</u>	<u>34,164</u>
Expenditures:											
Current:											
Executive, legislative, and judicial						111				277	388
Finance											
Public safety						3,530		6,002			9,532
Recreation						571	528		83		1,182
Public lands and parks						670				103	773
Community development	61	9,917	1,524	6,639		133					18,274
Debt service:											
Principal		101		1,786							1,887
Interest and other costs		24		642							666
Capital outlay:						46					46
Total expenditures	<u>61</u>	<u>10,042</u>	<u>1,524</u>	<u>9,067</u>		<u>5,061</u>	<u>528</u>	<u>6,002</u>	<u>83</u>	<u>380</u>	<u>32,748</u>
Excess (Deficiency) of Revenue over Expenditures	71	(154)	(1,100)	51		548	71	(299)	(24)	2,252	1,416
Other Financing Sources (Uses):											
Transfers in						8					8
Transfers out										(283)	(283)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283)</u>	<u>(275)</u>
Net Change in Fund Balance	71	(154)	(1,100)	51		548	71	(299)	(24)	1,969	1,141
Fund Balance, Beginning of Year	<u>6,984</u>	<u>832</u>	<u>13,385</u>	<u>9,741</u>	<u>141</u>	<u>2,297</u>	<u>161</u>		<u>9,574</u>	<u>15,574</u>	<u>58,689</u>
Fund Balance, End of Year	<u>\$ 7,055</u>	<u>\$ 678</u>	<u>\$ 12,285</u>	<u>\$ 9,792</u>	<u>\$ 141</u>	<u>\$ 2,845</u>	<u>\$ 232</u>	<u>\$ (299)</u>	<u>\$ 9,550</u>	<u>\$ 17,543</u>	<u>\$ 59,830</u>

**Agency Funds**

## **AGENCY FUNDS**

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

**CITY OF PROVIDENCE, RHODE ISLAND**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets:				
Cash and cash equivalents	\$ 1,587	\$ 16	\$ 29	\$ 1,574
Other receivables	<u>2</u>	<u>12</u>		<u>14</u>
Total Assets	<u>\$ 1,589</u>	<u>\$ 28</u>	<u>\$ 29</u>	<u>\$ 1,588</u>
Liabilities:				
Other payables	\$ 872	\$ -	\$ 7	\$ 865
Due to other funds	10	-	10	-
Due to student group	<u>707</u>	<u>16</u>	<u>-</u>	<u>723</u>
Total Liabilities	<u>\$ 1,589</u>	<u>\$ 16</u>	<u>\$ 17</u>	<u>\$ 1,588</u>

**Other Schedule**

**CITY OF PROVIDENCE, RHODE ISLAND**  
**SCHEDULE OF PROPERTY TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

<u>Year</u>	<u>Property Taxes Receivable July 1, 2016</u>	<u>Current Year Assessment</u>	<u>Transfers Addendums (Net)</u>	<u>Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Collections Net of Refunds</u>	<u>Property Taxes Receivable June 30, 2017</u>
2017	\$	\$ 364,001	\$	\$ 8,374	\$ 355,627	\$ 344,072	\$ 11,555
2016	11,645			366	11,279	5,493	5,786
2015	6,103			88	6,015	1,038	4,977
2014	4,835			(8)	4,843	453	4,390
2013	5,032			11	5,021	235	4,786
2012	3,914			11	3,903	110	3,793
2011	2,641			6	2,635	43	2,592
2010	2,368			14	2,354	51	2,303
2009	2,597			24	2,573	31	2,542
2008	2,393			23	2,370	23	2,347
2007 and prior	14,495			17	14,478	59	14,419
Subtotal	56,023	\$ <u>364,001</u>	\$ <u>-</u>	\$ <u>8,926</u>	\$ <u>411,098</u>	\$ <u>351,608</u>	59,490
Less: estimated allowance for uncollectable accounts	<u>35,607</u>						<u>37,525</u>
Net property taxes receivable	\$ <u>20,416</u>						\$ <u>21,965</u>

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND**  
**SCHEDULE OF PROPERTY TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

(In Thousands)

**Collections**

<b>Year</b>	<b>July - August 2016 Collections Subject to 60-Day FY16 Accrual</b>	<b>September - June 2017 Collections</b>	<b>Total FY 2017 Collections</b>	<b>July - August 2017 Collections Subject to 60-Day FY17 Accrual</b>
2017	\$	\$ 344,072	\$ 344,072	\$ 1,821
2016	2,140	3,353	5,493	251
2015	230	808	1,038	113
2014	85	368	453	79
2013	49	186	235	80
2012	23	87	110	69
2011	11	32	43	66
2010	13	38	51	8
2009	4	27	31	10
2008	4	19	23	4
2007 and prior	13	46	59	11
Total	\$ <u>2,572</u>	\$ <u>349,036</u>	\$ <u>351,608</u>	\$ <u>2,512</u>

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND**  
**SCHEDULE OF PROPERTY TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
(In Thousands)

<b>Schedule of Net Assessed Property Value by Category</b>			<b>Reconciliation of Current Year Property Tax Revenue</b>	
<b>Assessed December 31, 2015</b>				
<u>Description of Property</u>	<u>Valuations</u>	<u>Levy</u>		
Real property	\$ 10,325,063	\$ 282,913	Current year collections	\$ 351,608
Motor vehicle	741,502	44,490	Revenue received 60 days subsequent to	
Tangible property	<u>948,202</u>	<u>52,910</u>	fiscal year ending June 30, 2017	<u>2,512</u>
			Subtotal	354,120
Total	12,014,767	380,313	Prior year revenue received in current year	
Exemptions and adjustments	<u>345,404</u>	<u>16,048</u>	(2016 60 day rule)	<u>(2,572)</u>
Net Assessed Value	\$ <u><u>11,669,363</u></u>	\$ <u><u>364,265</u></u>	Current Year Property Tax Revenue	\$ <u><u>351,548</u></u>



# **Annual Supplementary Transparency Report**

City of Providence  
Annual Supplemental Transparency Report (MTP2)  
Fiscal Year Ended June 30, 2017

Exhibit D-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 343,575,510	\$ -
Last Year's Levy Tax Collection	5,371,958	-
Prior Years Property Tax Collection	2,050,008	-
Interest & Penalty	5,053,837	-
PILOT & Tax Treaty (excluded from levy) Collection	17,197,130	-
Other Local Property Taxes	-	-
Licenses and Permits	8,723,020	-
Fines and Forfeitures	5,228,475	-
Investment Income	-	-
Departmental	13,921,288	-
Rescue Run Revenue	5,132,377	-
Police & Fire Detail	6,791,500	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	4,233,878
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	15,423,228
CDBG	1,040,379	-
COPS Grants	607,349	-
SAFER Grants	188,222	-
Other Federal Aid Funds	4,627,413	32,002,650
MV Excise Tax Reimbursement	1,620,464	-
State PILOT Program	33,291,936	-
Distressed Community Relief Fund	5,628,195	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	2,232,279	-
Meals & Beverage Tax / Hotel Tax	7,497,085	-
LEA Aid	-	233,351,043
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	24,871,031	-
State Food Service Revenue	-	288,823
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	1,864,381	2,190,050
Other Revenue	3,947,735	1,972,363
Local Appropriation for Education	-	124,916,787
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
<b>Total Revenue</b>	<b>\$ 500,461,572</b>	<b>\$ 414,378,822</b>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	282,592	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
<b>Total Other Financing Sources</b>	<b>\$ 282,592</b>	<b>\$ -</b>

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 11,368,902	\$ 4,774,803	\$ 2,441,629	\$ 831,769	\$ 4,157,299	\$ -	\$ 5,080,935	\$ 7,894,852	\$ 30,507,796
Compensation - Group B	-	-	-	-	-	-	-	-	6,171,043
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	104,378	2,637	-	31,421	88,338	-	172,567	312,137	1,581,252
Overtime - Group B	-	-	-	-	-	-	-	-	323,795
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	4,523,355
Active Medical Insurance - Group A	2,075,144	873,525	250,614	163,382	847,377	-	1,212,587	1,685,034	5,247,205
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	1,065,885
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	149,935	81,397	21,406	12,580	68,508	-	110,473	153,357	435,323
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	88,414
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	732,573	349,625	111,071	63,899	316,043	-	374,543	634,462	750,432
Life Insurance	-	-	-	-	-	-	-	-	151,312
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	1,179,798	220,831	141,629	27,428	316,246	-	400,257	491,679	911,484
Other Benefits- Group B	-	-	-	-	-	-	-	-	186,689
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	3,052,235	1,401,974	406,822	242,254	1,197,253	-	1,355,931	1,959,472	20,294,806
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	4,119,287
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	274,359	195,575	45,250	28,465	214,482	-	361,685	473,797	318,237
Purchased Services	17,229,839	1,813,402	468,502	940,640	1,210,536	-	10,708,356	695,379	932,627
Materials/Supplies	1,336,859	24,713	35,631	358,673	10,381	-	433,268	279,580	588,668
Software Licenses	-	-	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	1,450,860	512,214	-
Insurance	-	-	-	-	-	-	-	-	-
Maintenance	600,920	9,068	-	22,210	17,461	-	719,167	159,435	110,537
Vehicle Operations	8,156	-	-	-	-	-	152,416	16,957	132,036
Utilities	87,740	16,451	35,085	95,506	49,354	-	403,056	1,451,137	309,780
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	2,198,349	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	809,155	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	2,247,506	-	3,339,036	-	548,870	3,770,000	12,567	233,571	3,534
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 40,448,344</b>	<b>\$ 9,764,001</b>	<b>\$ 7,296,676</b>	<b>\$ 2,818,227</b>	<b>\$ 9,042,148</b>	<b>\$ 3,770,000</b>	<b>\$ 25,956,172</b>	<b>\$ 16,953,065</b>	<b>\$ 78,753,499</b>

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 38,185,883	\$ 4,569,232	\$ 887,850	\$ -	\$ -	\$ -	\$ 110,700,951	\$ 144,227,308
Compensation - Group B	2,004,701	-	-	-	-	-	8,175,745	26,122,740
Compensation - Group C	-	-	-	-	-	-	-	31,102,219
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	829,244	283,166	9,703	-	-	-	3,414,844	17,709
Overtime - Group B	43,644	-	-	-	-	-	367,440	5,445
Overtime - Group C	-	-	-	-	-	-	-	496,567
Police & Fire Detail	638,745	-	-	-	-	-	5,162,100	-
Active Medical Insurance - Group A	4,956,026	771,556	110,033	-	-	-	18,192,483	19,349,179
Active Medical Insurance- Group B	260,843	-	-	-	-	-	1,326,728	3,442,608
Active Medical Insurance- Group C	-	-	-	-	-	-	-	10,237,585
Active Dental insurance- Group A	394,618	63,671	10,878	-	-	-	1,502,146	1,393,157
Active Dental Insurance- Group B	20,769	-	-	-	-	-	109,183	279,485
Active Dental Insurance- Group C	-	-	-	-	-	-	-	1,015,419
Payroll Taxes	612,203	362,237	64,715	-	-	-	4,371,803	15,130,131
Life Insurance	31,832	-	-	-	-	-	183,144	128,209
State Defined Contribution- Group A	-	-	-	-	-	-	-	1,392,248
State Defined Contribution - Group B	-	-	-	-	-	-	-	206,573
State Defined Contribution - Group C	-	-	-	-	-	-	-	2,479
Other Benefits- Group A	717,563	223,215	19,276	-	-	-	4,649,405	3,835,574
Other Benefits- Group B	37,766	-	-	-	-	-	224,456	128,266
Other Benefits- Group C	-	-	-	-	-	-	-	4,761,810
Local Defined Benefit Pension- Group A	22,136,741	1,213,269	259,007	-	-	-	53,519,764	602,560
Local Defined Benefit Pension - Group B	1,160,656	-	-	-	-	-	5,279,943	1,098,440
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	7,801,992
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	17,458,730
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	2,911,119
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	54,026
Other Defined Benefit / Contribution	79,759	232,246	19,944	-	-	-	2,243,798	-
Purchased Services	943,109	7,829	32,108	-	-	-	34,982,329	72,751,207
Materials/Supplies	690,097	107,876	28,095	-	-	-	3,893,842	4,603,573
Software Licenses	-	-	-	-	-	-	-	1,720,165
Capital Outlays	-	-	-	-	-	-	1,963,074	6,318,941
Insurance	-	-	-	-	-	-	-	597,502
Maintenance	35,075	409,020	536,202	-	-	-	2,619,096	21,010,615
Vehicle Operations	8,755	125	2,214	-	-	-	320,660	110,702
Utilities	246,769	771,390	63,503	-	-	-	3,529,772	6,586,678
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	2,198,349	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	809,155	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	429,761
Community Support	-	-	-	-	-	-	-	-
Other Operation Expenditures	150	-	-	-	-	-	10,155,235	1,079,316
Local Appropriation for Education	-	-	-	124,916,787	-	-	124,916,787	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	16,298,231	-	16,298,231	-
Municipal Debt- Interest	-	-	-	-	12,100,305	-	12,100,305	-
School Debt- Principal	-	-	-	-	29,594,176	-	29,594,176	-
School Debt- Interest	-	-	-	-	7,501,279	-	7,501,279	-
Retiree Medical Insurance- Total	-	-	-	-	-	25,218,848	25,218,848	6,504,521
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 74,034,951</b>	<b>\$ 9,014,831</b>	<b>\$ 2,043,530</b>	<b>\$ 124,916,787</b>	<b>\$ 65,493,991</b>	<b>\$ 25,218,848</b>	<b>\$ 495,525,071</b>	<b>\$ 414,914,557</b>

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	7,500	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
<b>Total Other Financing Uses</b>	<b>\$ 7,500</b>	<b>\$ -</b>
<b>Net Change in Fund Balance<sup>1</sup></b>	<b>5,211,592</b>	<b>(535,735)</b>
<b>Fund Balance1- beginning of year</b>	<b>\$ (2,546,722)</b>	<b>\$8,057,358</b>
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	1,642
<b>Fund Balance<sup>1</sup> - beginning of year adjusted</b>	<b>(2,546,722)</b>	<b>8,059,000</b>
Rounding	-	-
<b>Fund Balance<sup>1</sup> - end of year</b>	<b>\$ 2,664,870</b>	<b>\$ 7,523,265</b>

<sup>1</sup> and Net Position if Enterprise Fund activity is included in the transparency portal report.

City of Providence  
Combining Schedule of  
Reportable Government Services with  
Reconciliation to MTP2  
Municipal  
Fiscal Year Ended June 30, 2017

Exhibit D-2

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016</b>						\$ (2,546,722)		\$ (2,546,722)	
<i>No funds removed from RGS for fiscal 2017</i>						-		-	
<i>No funds added to RGS for Fiscal 2017</i>						-		-	
<i>No misc. adjustments made for fiscal 2017</i>						-		-	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016 adjusted</b>						<u>\$ (2,546,722)</u>	-	<u>\$ (2,546,722)</u>	
General Fund	\$ 491,855,000	\$ 1,385,000	\$ 362,878,000	\$ 124,925,000	\$ 5,437,000	\$ (3,158,000)	\$ -	\$ (3,158,000)	\$ 2,279,000
Other Nonmajor Governmental Funds (Excluding WDO)	28,461,000	8,000	26,746,000	283,000	1,440,000	58,689,000	-	58,689,000	60,129,000
WDO	5,703,000	-	6,002,000	-	(299,000)	-	-	-	(299,000)
<b>Totals per audited financial statements</b>	<u>\$ 526,019,000</u>	<u>\$ 1,393,000</u>	<u>\$ 395,626,000</u>	<u>\$ 125,208,000</u>	<u>\$ 6,578,000</u>	<u>\$ 55,531,000</u>	<u>\$ -</u>	<u>\$ 55,531,000</u>	<u>\$ 62,109,000</u>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	124,916,787	(124,916,787)	\$ -	\$ -	\$ -	\$ -	\$ -
Remove Nonmajor Governmental Funds omitted from MTP-2	(25,574,805)	(8,000)	(23,930,633)	(283,000)	(1,369,172)	\$ (58,077,722.00)	-	(58,077,722)	(59,446,894)
PPBA Debt Service Subsidy Recorded as Transfer In on FS and Reduction of Expense in MTP-2	-	(1,102,639)	(1,102,639)	-	-	\$ -	-	-	-
Rounding to thousands variance in FS	17,377	231	15,556	(713)	2,764	-	-	-	2,764
<b>Totals Per MTP2</b>	<u>\$ 500,461,572</u>	<u>\$ 282,592</u>	<u>\$ 495,525,071</u>	<u>\$ 7,500</u>	<u>\$ 5,211,592</u>	<u>\$ (2,546,722)</u>	<u>\$ -</u>	<u>\$ (2,546,722)</u>	<u>\$ 2,664,870</u>

<sup>1</sup> and Net Position if Enterprise Fund activity is included in the transparency portal report.

City of Providence  
Combining Schedule of  
Reportable Government Services with  
Reconciliation to MTP2  
Education Department  
Fiscal Year Ended June 30, 2017

Exhibit D-2

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016</b>						\$ 8,057,358	-	\$ 8,057,358	
<i>Rounding adjustment to endign fund balance reported in MTP2 for FY 16</i>						1,642	-	1,642	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016 adjusted</b>						<u>\$ 8,059,000</u>	-	<u>\$ 8,059,000</u>	
School Unrestricted Fund	\$ 252,620,000.00	\$ 126,155,000.00	\$ 378,775,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Grants Fund	34,854,000	1,239,000	33,632,000	2,476,000	(15,000)	4,648,000	-	4,648,000	4,633,000
Enterprise Fund <sup>1</sup>	16,918,000	-	17,442,000	-	(524,000)	3,411,000	-	3,411,000	2,887,000
<b>Totals per audited financial statements</b>	<u>\$ 304,392,000</u>	<u>\$ 127,394,000</u>	<u>\$ 429,849,000</u>	<u>\$ 2,476,000</u>	<u>\$ (539,000)</u>	<u>\$ 8,059,000</u>	<u>\$ -</u>	<u>\$ 8,059,000</u>	<u>\$ 7,520,000</u>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 124,916,787.23	\$ (124,916,787.23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(14,930,786)	-	(14,930,786.28)	-	-	-	-	-	-
Eliminate transfers per UCOA	-	(2,476,000.00)	-	(2,476,000.00)	-	-	-	-	-
Rounding	821	(1,213)	(3,657)	-	3,265	-	-	-	3,265
<b>Totals Per MTP2</b>	<u>\$ 414,378,822</u>	<u>\$ -</u>	<u>\$ 414,914,557</u>	<u>\$ -</u>	<u>\$ (535,735)</u>	<u>\$ 8,059,000</u>	<u>\$ -</u>	<u>\$ 8,059,000</u>	<u>\$ 7,523,265</u>
<b><u>Reconciliation from MTP2 to UCOA</u></b>									
No reconciling items between MTP2 and UCOA	-		-						
<b>Totals per UCOA Validated Totals Report</b>	<u>\$ 414,378,822</u>		<u>\$ 414,914,557</u>						

<sup>1</sup> and Net Position if Enterprise Fund activity is included in the transparency portal report.

## Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

### NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

### NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

### NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City's (or Town's) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State's departmental groupings based on a reasonable basis.

### NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

*Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.*



## **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 80,301	\$ 102,250	\$ 122,820	\$ 127,340	\$ 122,997	\$ 117,449	\$ 199,002	\$ 219,179	\$ 204,262	\$ 243,237
Restricted										17,543
Unrestricted	(29,054)	(63,215)	(143,890)	(233,086)	(261,508)	(263,762)	(341,989)	(1,303,632)	(1,361,585)	(1,421,539)
<b>Total governmental activities net assets</b>	<b>\$ 51,247</b>	<b>\$ 39,035</b>	<b>\$ (21,070)</b>	<b>\$ (105,746)</b>	<b>\$ (138,511)</b>	<b>\$ (146,313)</b>	<b>\$ (142,987)</b>	<b>\$ (1,084,453)</b>	<b>\$ (1,157,323)</b>	<b>\$ (1,160,759)</b>
Business-type activities:										
Net investment in capital assets	\$ 143,479	\$ 159,670	\$ 179,800	\$ 201,281	\$ 213,758	\$ 217,210	\$ 225,544	\$ 239,088	\$ 256,129	\$ 256,129
Restricted	54,745	44,280	31,037	18,809	20,943	35,112	36,627	42,322	51,642	49,188
Unrestricted	8,465	6,622	3,503	11,661	10,986	6,403	6,676	(35,289)	(39,005)	(26,639)
<b>Total business-type activities net assets</b>	<b>\$ 206,689</b>	<b>\$ 210,572</b>	<b>\$ 214,340</b>	<b>\$ 231,751</b>	<b>\$ 245,687</b>	<b>\$ 258,725</b>	<b>\$ 268,847</b>	<b>\$ 246,121</b>	<b>\$ 268,766</b>	<b>\$ 278,678</b>
Primary government:										
Net investment in capital assets	\$ 223,780	\$ 261,920	\$ 302,620	\$ 328,621	\$ 336,755	\$ 334,659	\$ 424,546	\$ 458,267	\$ 460,391	\$ 499,366
Restricted	54,745	44,280	31,037	18,809	20,943	35,112	36,627	42,322	51,642	66,731
Unrestricted	(20,589)	(56,593)	(140,387)	(221,425)	(250,522)	(257,359)	(335,313)	(1,338,921)	(1,400,590)	(1,448,178)
<b>Total primary government net assets</b>	<b>\$ 257,936</b>	<b>\$ 249,607</b>	<b>\$ 193,270</b>	<b>\$ 126,005</b>	<b>\$ 107,176</b>	<b>\$ 112,412</b>	<b>\$ 125,860</b>	<b>\$ (838,332)</b>	<b>\$ (888,557)</b>	<b>\$ (882,081)</b>

Governmental accounting standards 67 and 68 were implemented during the 2015 fiscal year affecting unrestricted fund balance.

**CITY OF PROVIDENCE, RHODE ISLAND**

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Executive, legislative, and judicial	\$ 19,352	\$ 32,624	\$ 42,202	\$ 40,382	\$ 51,677	\$ 36,944	\$ 36,036	\$ 36,830	\$ 54,515	\$ 66,564
Finance	119,373	111,908	59,345	58,740	57,819	58,462	49,261	63,820	27,561	20,693
Public safety	111,183	106,243	182,787	178,374	157,676	170,854	169,742	180,430	219,557	218,980
Building inspection	2,717	2,946	4,806	4,636	4,126	4,264	4,381	4,496	4,960	4,800
Public works	18,384	17,079	23,030	28,451	25,754	15,752	23,965	26,959	12,360	15,875
Recreation	3,089	2,771	3,285	1,593	1,644	1,876	2,131	2,238	3,362	3,631
Public land and parks	17,249	5,523	21,069	24,572	19,437	21,941	20,825	21,290	37,119	28,908
Education	387,624	377,736	381,096	388,612	379,768	395,215	402,539	422,730	430,501	430,468
Community development	20,811	26,110	31,150	21,467	18,687	24,297	18,901	17,981	27,758	25,924
Interest on long-term debt	17,056	27,360	27,389	26,699	32,365	26,817	19,984	19,859	21,908	20,182
<b>Total governmental activities expenses</b>	<b>716,838</b>	<b>710,300</b>	<b>776,159</b>	<b>773,526</b>	<b>748,953</b>	<b>756,422</b>	<b>747,765</b>	<b>796,633</b>	<b>839,601</b>	<b>836,025</b>
Business-type activities:										
PPBA	14,900	17,222	17,696	18,949	19,992	19,396	19,322	17,076	14,574	11,919
Water Supply Board	47,610	50,381	52,303	47,483	50,461	52,553	56,271	56,628	59,635	60,274
Civic Center										
Non-major School lunch program		12,044	12,194	12,836	13,908	14,422	15,448	15,152	16,010	17,442
<b>Total business-type activities expenses</b>	<b>62,510</b>	<b>79,647</b>	<b>82,193</b>	<b>79,268</b>	<b>84,361</b>	<b>86,371</b>	<b>91,041</b>	<b>88,856</b>	<b>90,219</b>	<b>89,635</b>
<b>Total primary government expenses</b>	<b>779,348</b>	<b>789,947</b>	<b>858,352</b>	<b>852,794</b>	<b>833,314</b>	<b>842,793</b>	<b>838,806</b>	<b>885,489</b>	<b>929,820</b>	<b>925,660</b>
Program revenue:										
Governmental activities:										
Charges for services:										
Executive, legislative, and judicial	265	241	222	203	232	222	198	191	355	344
Finance	18,779	16,928	42,926	51,412	63,264	68,955	67,590	60,636	5,312	5,578
Public safety	20,867	22,222	19,515	16,252	11,384	11,776	12,050	11,908	21,621	26,075
Building inspection	4,993	4,240	3,599	3,405	4,112	4,503	4,036	4,376	7,872	6,871
Public works	202	213	219	132	193	229	516	318	295	218
Recreation	361	416	231	226	206	211	196	547	1,350	1,417
Public land and parks	410	438	311	581	136	264	321	317	2,109	1,825
Education	1,621	8,309	11,691	11,704	12,558	12,174	12,599	15,151	367	34
Community development	8,397	8,982	375	88	10				10,310	9,893
Operating grants and contributions:										
Executive, legislative, and judicial									2	6
Finance										
Public safety	4,924	7,348	3,084	2,200	3,183	183	51	56	2,378	2,453
Public works										
Recreation	743	329	349	296	261	442	395	484	589	575
Public land and parks	4,714	177								
Education	248,949	235,234	238,267	243,134	225,661	247,624	252,226	275,252	297,205	312,170
Community development	13,758	11,943	14,645	15,856	12,518	13,005	8,292	6,791	20,017	16,569
Capital grants and contributions:										
Finance										
Public Works									2,083	6,656
Public land and parks									486	1,849
Education	13,908	15,872								
<b>Total governmental activities program revenue:</b>	<b>342,891</b>	<b>332,892</b>	<b>335,434</b>	<b>345,489</b>	<b>333,718</b>	<b>359,588</b>	<b>358,470</b>	<b>376,027</b>	<b>372,351</b>	<b>392,533</b>

(CONTINUED)

**CITY OF PROVIDENCE, RHODE ISLAND**

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenue:										
Business-type activities:										
Charges for services:										
PPBA	\$ 15,712	\$ 9,835	\$ 16,362	\$ 18,548	\$ 20,996	\$ 20,020	\$ 19,652	\$ 18,861	\$ 22,405	\$ 13,815
Water Supply Board	56,032	59,575	54,976	64,017	61,726	61,070	62,872	69,231	71,011	73,404
Civic Center										
Non-major School lunch program		12,040	12,446	12,986	14,548	15,124	15,414	15,803	16,759	16,918
Capital grants and contributions:										
Water Supply Board	898	775	773	510	200	2,100	3,304	1,098	471	391
<b>Total business-type activities</b>										
<b>program revenues</b>	<u>72,642</u>	<u>82,225</u>	<u>84,557</u>	<u>96,061</u>	<u>97,470</u>	<u>98,314</u>	<u>101,242</u>	<u>104,993</u>	<u>110,646</u>	<u>104,528</u>
<b>Total primary government program</b>										
<b>revenues</b>	<u>415,533</u>	<u>415,117</u>	<u>419,991</u>	<u>441,550</u>	<u>431,188</u>	<u>457,902</u>	<u>459,712</u>	<u>481,020</u>	<u>482,997</u>	<u>497,061</u>
Net (expense) revenue:										
Governmental activities	(373,947)	(377,408)	(440,725)	(428,037)	(415,235)	(396,834)	(389,295)	(420,606)	(467,250)	(443,492)
Business-type activities	10,132	2,578	2,364	16,793	13,109	11,943	10,201	16,137	20,427	14,893
<b>Total primary government net expense</b>	<u>(363,815)</u>	<u>(374,830)</u>	<u>(438,361)</u>	<u>(411,244)</u>	<u>(402,126)</u>	<u>(384,891)</u>	<u>(379,094)</u>	<u>(404,469)</u>	<u>(446,823)</u>	<u>(428,599)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	272,366	284,775	289,837	286,998	320,591	325,960	331,133	335,624	344,012	357,666
Payments in lieu of taxes	19,575	19,680	19,103	23,115	23,461	25,645	27,110	28,088	39,139	40,698
Grants and contributions not restricted to										
specific programs	42,787	38,048	40,070	25,619	21,473	19,296	18,158	16,658	17,586	16,978
Investment income	19,905	1,230	252	153	100	84	1	1	117	2,598
Gain (loss) on disposal	409									
Miscellaneous	18,037	21,525	31,358	17,473	16,846	18,290	18,871	19,176	13,944	13,364
Transfers						(243)				1,103
Sale of building and land										
<b>Total governmental activities</b>	<u>373,079</u>	<u>365,258</u>	<u>380,620</u>	<u>353,358</u>	<u>382,471</u>	<u>389,032</u>	<u>395,273</u>	<u>399,547</u>	<u>414,798</u>	<u>432,407</u>
Business-type activities:										
Investment earnings	3,625	1,243	1,404	618	827	852	662	485		
Miscellaneous									2,218	543
Transfers						243				(1,103)
Special items:										
Sale of building and land										
<b>Total business-type activities</b>	<u>3,625</u>	<u>1,243</u>	<u>1,404</u>	<u>618</u>	<u>827</u>	<u>1,095</u>	<u>662</u>	<u>485</u>	<u>2,218</u>	<u>(560)</u>
<b>Total primary government</b>	<u>376,704</u>	<u>366,501</u>	<u>382,024</u>	<u>353,976</u>	<u>383,298</u>	<u>390,127</u>	<u>395,935</u>	<u>400,032</u>	<u>417,016</u>	<u>431,847</u>
Changes in net position:										
Governmental activities	(868)	(12,150)	(60,105)	(74,679)	(32,764)	(7,802)	5,978	(21,059)	(52,452)	(11,085)
Business-type activities	13,757	3,821	3,768	17,411	13,936	13,038	10,863	16,622	22,645	14,333
<b>Total primary government</b>	<u>\$ 12,889</u>	<u>\$ (8,329)</u>	<u>\$ (56,337)</u>	<u>\$ (57,268)</u>	<u>\$ (18,828)</u>	<u>\$ 5,236</u>	<u>\$ 16,841</u>	<u>\$ (4,437)</u>	<u>\$ (29,807)</u>	<u>\$ 3,248</u>

(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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Assigned	\$ -	\$ -	\$ 1,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	22,361	17,361	2,080	3,725	(11,399)	(9,827)	(8,672)	(13,445)	(3,158)	2,279
<b>Total General Fund</b>	<b>\$ 22,361</b>	<b>\$ 17,361</b>	<b>\$ 3,458</b>	<b>\$ 3,725</b>	<b>\$ (11,399)</b>	<b>\$ (9,827)</b>	<b>\$ (8,672)</b>	<b>\$ (13,445)</b>	<b>\$ (3,158)</b>	<b>\$ 2,279</b>
All Other Governmental Funds:										
Nonspendable				\$ 16,428	\$ 19,818	\$ 19,932	\$ 18,770	\$ 19,041	\$ 17,032	\$ 136
Restricted				36,253	35,103	71,066	51,378	39,352	39,117	55,655
Committed				12,194	9,275	10,268	9,530	10,013	9,877	10,114
Unassigned				3,686	(262)	(18)				(299)
Reserved	\$ 11,729	\$ 14,183	\$ 15,882							
Unreserved:										
Designated for future uses	18,045	16,754								
Special Revenue			9,311							
Undesignated:										
Capital Projects	7,394	9,807	7,081							
Special Revenue	57,678	42,400	20,041							
Permanent Trust	14,932	11,821	12,794							
<b>Total all other government funds</b>	<b>\$ 109,778</b>	<b>\$ 94,965</b>	<b>\$ 65,109</b>	<b>\$ 68,561</b>	<b>\$ 63,934</b>	<b>\$ 101,248</b>	<b>\$ 79,678</b>	<b>\$ 68,406</b>	<b>\$ 66,026</b>	<b>\$ 65,606</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes	\$ 273,956	\$ 283,631	\$ 290,358	\$ 290,704	\$ 314,355	\$ 324,058	\$ 330,449	\$ 334,103	\$ 343,993	\$ 356,050
Departmental revenue	64,136	73,545	65,786	73,025	95,336	92,683	88,042	89,769	325,438	340,919
Federal and state grants and reimbursements	334,533	298,742	302,272	305,814	285,120	306,195	306,232	316,291	104,375	111,057
Investment and rental income	21,201	16,254	19,742	4,829	1,454	3,297	4,358	1,843	1,173	3,626
Fines and forfeitures	7,241	7,464	7,663	8,143	7,341	6,030	6,066	4,559	6,294	5,228
State Fiscal Stabilization Funds		10,209	13,246	4,406	1,437	-	-	-	-	-
Other	15,628	15,491	11,867	12,796	15,492	15,076	14,514	17,334	9,366	4,481
<b>Total revenues</b>	<b>716,695</b>	<b>705,336</b>	<b>710,934</b>	<b>699,717</b>	<b>720,535</b>	<b>747,339</b>	<b>749,661</b>	<b>763,899</b>	<b>790,639</b>	<b>821,361</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Executive, legislative, and judicial	10,264	11,100	14,239	12,695	15,364	11,649	11,090	13,354	15,834	24,553
Finance	112,142	103,361	43,447	39,526	49,661	50,743	44,540	47,741	43,199	45,378
Public safety	109,197	103,795	166,254	165,909	151,655	153,492	161,866	163,213	173,208	172,922
Building inspection	2,686	2,838	4,391	4,308	3,901	3,931	4,096	4,239	4,454	4,262
Public works	14,331	15,650	19,064	21,806	26,179	18,963	18,852	20,264	19,180	21,798
Recreation	2,992	2,656	2,902	1,470	1,532	1,750	2,004	2,101	3,208	3,487
Public lands and parks	14,884	14,582	19,138	21,716	21,034	20,458	21,415	20,560	19,641	20,050
Other departments	5,394	5,947	9,262	9,767	10,185	7,877	9,203	10,178	9,942	10,868
Grants	4,148	4,086	4,529	4,185	4,297	4,231	4,233	4,551	4,563	4,963
Education	385,721	380,577	383,636	378,572	362,649	382,618	388,489	403,943	399,087	412,405
Community development	16,663	22,024	26,621	17,282	14,390	20,066	14,668	13,430	21,299	18,274
<b>Noncurrent:</b>										
Capital outlays	14,520	7,903	2,856	10,782	2,587	4,638	23,341	22,881	11,821	15,650
Debt service principal payments	35,051	36,929	46,653	41,158	43,066	42,844	45,161	40,481	42,815	47,050
Debt service interest and other payments	14,622	20,591	26,201	28,706	32,427	26,669	21,118	20,377	22,797	21,975
<b>Total expenditures</b>	<b>742,615</b>	<b>732,039</b>	<b>769,193</b>	<b>757,882</b>	<b>738,927</b>	<b>749,929</b>	<b>770,076</b>	<b>787,313</b>	<b>791,048</b>	<b>823,635</b>
<b>Excess of revenues (under) expenditures</b>	<b>(25,920)</b>	<b>(26,703)</b>	<b>(58,259)</b>	<b>(58,165)</b>	<b>(18,392)</b>	<b>(2,590)</b>	<b>(20,415)</b>	<b>(23,414)</b>	<b>(409)</b>	<b>(2,274)</b>
<b>Other financing sources (uses):</b>										
Capital leases issued		6,952	14,500					7,000	6,043	3,846
Capital notes issued									464	2,342
Bond proceeds				87,584	2,366	39,345				
Refunding bonds issued								68,675		
Payment to refunding bonds escrow agent				(29,425)				(74,367)		
Premium on bond issued						2,125		6,061		
Loan proceeds						250				
Proceeds from sale of real estate										
Transfers in	156,231	145,201	165,765	139,461	133,903	129,707	129,617	131,377	127,980	128,787
Transfers out	(156,231)	(145,201)	(165,765)	(139,461)	(133,903)	(129,950)	(129,617)	(131,377)	(127,980)	(127,684)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>6,952</b>	<b>14,500</b>	<b>58,159</b>	<b>2,366</b>	<b>41,477</b>	<b>-</b>	<b>7,369</b>	<b>6,507</b>	<b>7,291</b>
<b>Special Items</b>										
Proceeds from sale	-	-	-	-	-	-	-	-	-	-
<b>Net changes in fund balance</b>	<b>\$ (25,920)</b>	<b>\$ (19,751)</b>	<b>\$ (43,759)</b>	<b>\$ (6)</b>	<b>\$ (16,026)</b>	<b>\$ 38,887</b>	<b>\$ (20,415)</b>	<b>\$ (16,045)</b>	<b>\$ 6,098</b>	<b>\$ 5,017</b>
Debt service as a percentage of noncapital expenditures	6.8%	7.9%	9.5%	9.4%	10.3%	9.3%	8.9%	8.0%	8.4%	8.5%

**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)

Tax Year	Real Estate	Tangible Taxes	Excise Taxes	Total
2008	\$226,176	\$26,087	\$16,564	\$268,827
2009	\$231,186	\$30,080	\$16,963	\$278,229
2010	\$234,687	\$34,262	\$15,559	\$284,508
2011	\$234,519	\$34,032	\$16,221	\$284,772
2012	\$239,855	\$35,437	\$24,280	\$299,572
2013	\$248,593	\$35,185	\$25,939	\$309,717
2014	\$251,201	\$39,006	\$26,599	\$316,806
2015	\$251,770	\$45,652	\$32,025	\$329,447
2016	\$256,943	\$49,034	\$32,971	\$338,948
2017	\$271,500	\$49,552	\$29,945	\$350,997
Change 2008-2017	20.0%	89.9%	80.8%	30.6%

**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	Real Property	Tangible Personal Property	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
2008	\$13,721,337	\$631,015	\$638,107	(\$4,781,679)	\$10,208,780	39.57%	26.62	\$14,990,459	68.10%
2009	\$13,664,004	\$746,260	\$658,076	(\$4,838,398)	\$10,229,942	0.21%	25.53	\$15,068,340	67.89%
2010	\$13,657,654	\$830,243	\$610,997	(\$4,838,398)	\$10,260,496	0.30%	28.87	\$15,098,894	67.96%
2011	\$10,358,912	\$926,252	\$616,722	(\$2,858,134)	\$9,043,752	-11.86%	35.37	\$11,901,886	75.99%
2012	\$10,346,045	\$850,314	\$644,247	(\$2,960,325)	\$8,880,281	-1.81%	36.28	\$11,840,606	75.00%
2013	\$10,261,120	\$685,579	\$685,618	(\$2,709,274)	\$8,923,043	0.48%	34.14	\$11,883,368	75.09%
2014	\$9,333,995	\$749,808	\$701,909	(\$243,998)	\$10,541,714	18.14%	34.62	\$10,785,712	97.74%
2015	\$9,308,593	\$879,201	\$702,310	(\$281,241)	\$10,608,863	0.64%	34.83	\$10,890,104	97.42%
2016	\$9,487,244	\$911,150	\$720,527	(\$286,566)	\$10,832,355	2.11%	37.04	\$11,118,921	97.42%
2017	\$10,325,063	\$948,202	\$741,502	(\$345,404)	\$11,669,363	7.73%	36.57	\$12,014,767	97.13%

Source: City Records

**Weighted Average Rate Calculation**

Tot. R/E	10,325,063
Tangible	741,502
Excise	948,202
Tot. Assessment	<u>12,014,767</u>

		<u>% of Assessment</u>	<u>Tax Rate</u>	<u>Tot. Direct Rate</u>
Tot. Res. R/E	7,795,457	64.88%	31.96	20.74
Comm. R/E	2,529,607	21.05%	36.70	7.73
Tangible	948,202	7.89%	55.80	4.40
Excise	741,502	6.17%	60.00	3.70
		<u>100.00%</u>		<u>36.57</u>

# CITY OF PROVIDENCE, RHODE ISLAND

## Schedule 7 Principal Property Taxpayers Current Year and Ten Years Ago (unaudited)

Taxpayer	2017			2008			
	Taxable Assessed Value	Rank	Percentage of Total Taxes Percentage of Total Taxes	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Narragansett Electric Co	\$ 425,469,820	1	33.55%	Narragansett Electric Co	\$ 336,671,070	1	30.89%
Prospect Charter Care*	\$ 79,253,200	2	6.25%	PRI XVII L P	\$ 144,234,640	2	13.23%
OMNI Rhode Island	\$ 91,145,800	3	7.19%	ONA Providence Office It LLC	\$ 61,710,400	3	5.66%
Westminster Partners	\$ 59,593,700	4	4.70%	One Financial Holdings LLC.	\$ 52,502,700	4	4.82%
One Citizens Plaza Holdings	\$ 56,004,170	5	4.42%	High Rock Westminster Street	\$ 40,245,400	5	3.69%
Regency Plaza I, LLC	\$ 48,479,520	6	3.82%	G Tech Waterplace park	\$ 45,966,700	6	4.22%
1 Financial Holdings	\$ 53,050,600	7	4.18%	Historic Hotel Partners Of Prov Lp	\$ 44,182,600	7	4.05%
Motiva Enterprises	\$ 55,781,340	8	4.40%	The Providence Journal Company	\$ 31,745,100	8	2.91%
CoxCom	\$ 30,025,020	9	2.37%	Capital Properties Inc	\$ 40,019,500	9	3.67%
Athlena Providence Place	\$ 51,674,000	10	4.08%	Blue Cross And Blue Shield Of Rhode Island	\$ 37,027,100	10	3.40%
Textron Realty Corporation	\$ 41,664,470	11	3.29%	Avalon Properties Inc	\$ 35,714,286	11	3.28%
Valley Stream	\$ 39,831,000	12	3.14%	Motiva Enterprises LLC	\$ 33,471,400	12	3.07%
Blue Cross & Blue Shield*	\$ 35,631,132	13	2.81%	One Financial Center Plaza LLC	\$ 31,826,100	13	2.92%
CJUF III MJH Providence LLC	\$ 33,417,950	14	2.64%	76 Westminster Street LLC	\$ 20,800,600	14	1.91%
Avalon Properties Inc	\$ 34,149,800	15	2.69%	Textron Realty Corporation	\$ 30,889,400	15	2.83%
10 Memorial Boulevard Owner	\$ 32,697,548	16	2.58%	Edward E Zuker (trstee)	\$ 14,075,640	16	1.29%
Verizon Online LLC	\$ 21,503,650	17	1.70%	Robert Day LLC	\$ 23,634,200	17	2.17%
GD Thayer	\$ 26,669,680	18	2.10%	Providence Realty Associates LP	\$ 23,495,900	18	2.16%
ARC Hospitality Providence	\$ 29,263,500	19	2.31%	Cox Com Inc	\$ 22,310,600	19	2.05%
PRI I LP	\$ 22,718,700	20	1.79%	Civic Center Parking Associates LLC	\$ 19,545,500	20	1.79%
<b>Total</b>	<b>\$ 1,268,024,600</b>		<b>100.00%</b>		<b>\$ 1,090,068,836</b>		<b>100.00%</b>

Source: City Records

total levy for 2017 tax roll \$363,952,200

total levy for 2008 tax roll \$287,279,180

**CITY OF PROVIDENCE, RHODE ISLAND**

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

Fiscal Year Ended June 30:	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
2008	\$275,853,725	\$255,874,916	92.76%	\$13,269,822	\$269,144,738	97.57%
2009	\$287,281,144	\$269,559,441	93.83%	\$11,428,094	\$280,987,535	97.81%
2010	\$294,186,862	\$276,463,184	93.98%	\$10,134,760	\$286,597,944	97.42%
2011	\$307,014,942	\$277,131,464	90.27%	\$8,058,440	\$285,189,904	92.89%
2012	\$324,460,407	\$299,707,126	92.37%	\$10,894,363	\$310,601,489	95.73%
2013	\$332,768,119	\$310,510,342	93.31%	\$10,592,810	\$321,103,152	96.49%
2014	\$340,814,523	\$317,730,599	93.23%	\$8,922,702	\$326,653,301	95.84%
2015	\$345,156,658	\$321,248,525	93.07%	\$7,461,993	\$328,710,518	95.24%
2016	\$351,854,213	\$330,475,210	93.92%	\$4,821,522	\$335,296,732	95.29%
2017	\$364,264,528	\$344,482,858	94.57%	\$0	\$344,482,858	94.57%

**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	Net Bond Premium	Deferred Items from Financing	Line of Credit	Revenue Bonds	Capital Leases				
2008	105,075	62,445	23,755	361,011	49,300	2,546	-	(5,184)	-	45,043	2,000	645,991	**	1,731	0.86%
2009	96,735	60,295	21,150	358,750	47,628	2,336	-	(4,666)	-	43,573	990	626,791	**	542	0.80%
2010	88,260	58,080	18,435	360,663	52,286	798	-	(4,184)	-	55,299	-	633,821	**	495	0.73%
2011	80,935	73,140	15,575	411,617	45,433	585	-	(3,792)	-	53,010	-	676,503	**	4,826	0.67%
2012	73,815	68,860	12,585	388,487	39,554	2,776	1,906	(3,284)	-	52,489	-	637,188	**	**	0.61%
2013	105,661	65,934	9,450	363,919	35,127	2,777	1,788	(722)	-	78,087	-	662,021	**	**	0.88%
2014	99,501	59,799	6,170	333,344	30,506	2,474	6,276	(363)	-	74,269	-	611,976	**	**	0.83%
2015	92,261	54,221	2,725	306,682	33,473	2,382	5,532	-	-	78,174	-	575,450	**	**	0.77%
2016	83,961	49,644	-	294,314	34,768	2,749	-	-	-	103,545	-	568,981	**	**	0.70%
2017	76,105	44,420	-	265,566	33,676	4,808	-	-	-	116,740	-	541,315	**	**	0.63%

**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, 2017  
(unaudited)  
(in thousands)

Governmental Unit	Debt Outstanding
General obligation debt:	
General obligation bonds	\$ 76,105
Revenue bonds	44,420
Notes payable	4,808
Capital leases	16,553
Capital notes	17,123
PPBA debt-City	265,566
PPBA net bond premium	17,910
<b>Total direct debt</b>	<b>\$ 442,485</b>

**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  
For the Year Ended June 30, 2017  
(unaudited)  
(in thousands)

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**Legal Debt Margin Calculation for Fiscal Year 2016**

Taxable Property	\$	11,669,363
Debt limit (3% of taxable property)		350,081
Debt applicable to limit:		
General obligation bonds		76,105
Less: debt not subject to 3% limit		<u>42,495</u>
Total net debt applicable to limit		<u>33,610</u>
Legal debt margin	\$	<u><u>316,471</u></u>

# CITY OF PROVIDENCE, RHODE ISLAND

## Schedule 12 Legal Debt Margin Information Last Ten Fiscal Years and Current Year Computation (unaudited) (in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 294,163	\$ 306,899	\$ 309,438	\$ 266,408	\$ 273,279	\$ 321,547	\$ 323,251	\$ 331,415	\$ 334,360	\$ 350,081
Total net debt applicable to limit	16,247	13,078	9,914	6,750	4,340	41,235	39,065	37,090	27,185	33,610
Legal debt margin	277,916	293,821	299,524	259,658	268,939	280,312	284,186	294,325	307,175	316,471
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	6%	4%	3%	3%	2%	15%	14%	13%	9%	11%
<b>Debt outstanding issued outside the 3% debt limit*</b>	\$ 88,828	\$ 83,657	\$ 78,346	\$ 74,185	\$ 69,475	\$ 65,950	\$ 60,435	\$ 55,170	\$ 48,921	\$ 42,495

\* 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	
2008	56,032	46,410	9,622	561	131	13.90	2008	-	*	-	-
2009	59,575	48,796	10,779	590	102	15.58	2009	-	*	-	-
2010	54,976	50,845	4,131	618	71	6.00	2010	-	*	-	-
2011	64,017	46,054	17,963	61	24	211.33	2011	-	*	-	-
2012	61,726	49,212	12,514	115	41	80.22	2012	-	*	-	-
2013	61,070	50,305	10,765	na	na	na	2013	-	*	-	-
2014	62,872	54,394	8,478	na	na	na	2014	-	*	-	-
2015	69,501	54,760	14,741	na	na	na	2015	-	*	-	-
2016	71,011	56,953	14,058	na	na	na	2016	-	*	-	-
2017	73,404	57,371	16,033	na	na	na	2017	-	*	-	-

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	
2008	-	-	-	***	-	-	2008	15,712	27,874	13,124	0.38
2009	-	-	-	***	-	-	2009	9,835	15,261	16,675	0.31
2010	-	-	-	***	-	-	2010	16,362	20,407	16,715	0.44
2011	-	-	-	***	-	-	2011	18,548	25,491	17,429	0.43
2012	-	-	-	***	-	-	2012	20,966	23,130	19,607	0.49
2013	-	-	-	***	-	-	2013	20,020	24,568	18,368	0.47
2014	-	-	-	***	-	-	2014	19,652	25,663	17,486	0.46
2015	-	-	-	***	-	-	2015	18,861	26,661	12,483	0.48
2016	-	-	-	***	-	-	2016	22,405	22,368	14,009	0.62
2017	-	-	-	***	-	-	2017	13,815	28,748	11,476	0.34

\* 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*)

Fiscal Year Ended June 30	Population***	Personal Income	Per Capita Income****	Median Age***	School Enrollment**	Unemployment(*) Rate
2008	178,400	(1)	\$ 26,867	28.1	24,494	10.5%
2009	178,400	(1)	\$ 26,867	28.1	23,710	13.1%
2010	178,400	(1)	\$ 26,867	28.2	23,710	11.7%
2011	178,400	(1)	\$ 26,867	28.2	23,500	10.9%
2012	178,042	(1)	\$ 26,867	28.5	23,520	12.9%
2013	178,042	(1)	\$ 26,867	28.5	23,872	11.1%
2014	178,432	(1)	\$ 26,867	28.7	23,827	9.9%
2015	178,432	(1)	\$ 26,867	28.7	23,765	7.1%
2016	179,207	(1)	\$ 26,867	28.8	23,867	5.5%
2017	178,710	(1)	\$ 26,867	28.8	24,093	4.3%

(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 2013 and 2004 (unaudited)

Employer	2013*			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brown University	4,600	1	4.30%	3,251	2	2.78%
Rhode Island Hospital	4,200	2	3.93%	6,063	1	5.19%
Life Span (Mgmt. Svcs. including Miriam Mgmt Svcs.)	1,990	3	1.86%			
Women & Infants Hospital	1,800	4	1.68%	2,800	4	2.40%
Roger Williams Medical Center	1,470	5	1.38%	1,340	6	1.15%
The Miriam Hospital	1,263	6	1.18%	2,161	5	1.85%
Belo Corp/Providence Journal	870	7	0.81%	964	11	0.82%
Mars 2000	850	8	0.80%			
Providence College	799	9	0.75%			
AAA Southern New England	700	10	0.66%			
Johnson & Wales University	700	11	0.66%	1,200	8	1.03%
Butler Hospital	699	12	0.65%	800	16	0.68%
H. Carr & Sons Inc.	500	13	0.47%			
National Grid	450	14	0.42%	1,304	10	1.12%
Employment 2000	400	15	0.37%			
Verizon Wireless	400	16	0.37%			
Gilbane Building Co.	400	17	0.37%			
Wal-mart Stores	350	18	0.33%			
Jewel Case Corp.	300	19	0.28%			
Nordstrom Inc.	300	20	0.28%			

\* most recent information available

**Sources:** Commerce RI, (f/k/a Rhode Island Economic Development Corp.)

**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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Executive, Legislative, Judicial and Finance:</b>										
City Council	15	15	15	15	15	15	15	15	15	15
City Council Administration	13	13	10.5	11	11	11	11	11	-	-
Internal Auditor	2	2	2	2	2	2	2	4	-	-
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	10	11	9.5	9	9	9	11	11	11	11
Human Resources (Personnel)	17	16	16	16	14	14	12	12	13	13
Finance	21	19	18	19	23	18	24	24	22	22
Computer Services	15	16	13	13	13	13	5	5	7	7
Legal	27	26	26	27	25	26	25	24	23	23
Courts	24	23	23	23	23	24	24	24	23	23
Retirement	4	4	4	4	4	5	5	5	5	5
Board Tax Assessment	5	5	4	4	5	5	5	5	5	5
City Treasurer	5	5	5	5	5	6	7	6	6	5
City Collector	15	15	15	15	15	15	15	15	13	14
City Assessor	18	18	18	18	18	15	16	15	15	17
<b>Recreation and Public Land and Parks:</b>										
Neighborhood Parks & Recreation Svcs	44	44	57	57	56	60	61	44	44	44
Recreation	16	13	-	-	-	-	-	21	21	20
Zoo	31	31	31	31	31	31	31	31	31	31
Forestry	13	13	13	13	15	15	15	14	14	14
Parks	39	54	52	49	51	49	51	48	48	48
Greenhouse	9	8	8	8	6	10	11	11	11	11
Public Property	30	30	31	31	31	32	30	30	31	31
<b>Public Safety:</b>										
Police Department	559	526	552	544	529	562	594	594	589	581
Commissioner's Office	8	8	8	9	9	9	9	8	8	8
Firefighters' Department	463	508	509	507	438	433	450	467	489	487
Communication	67	67	67	69	69	73	76	76	76	76
Emergency Mgmt./Homeland Security	5	5	5	5	5	6	6	6	-	-
<b>Public Works:</b>										
Administration	9	8	8	8	8	8	8	8	8	7
Engineering	9	8	7	7	8	8	8	8	7	7
Environmental Control	8	8	8	8	8	11	12	12	13	12
Highway and Bridge Maintenance	49	49	49	50	50	52	50	50	50	50
Sewer Maintenance	9	9	9	9	9	10	12	12	12	10
Miscellaneous	0	0	0	0	3	3	1	1	120	117
Garage	7	7	7	7	7	9	9	9	9	9
Parking Administration	3	3	3	-	-	-	-	-	-	-
Traffic Engineering	9	9	9	9	9	8	13	13	13	13
Building Inspection	54	54	55	57	42	55	60	60	49	49
<b>Miscellaneous:</b>										
Recorded Deeds	5	5	5	5	6	7	7	7	-	-
Planning & Development	46	48	44	47	44	50	54	46	-	-
Arts, Culture & Tourism	5	4	4	4	4	4	5	5	-	-
Human Relations	1	1	1	1	1	1	3	3	-	-
Human Services	10	9	8	7	7	3	2	4	-	-
PERA	1	1	1	1	1	2	3	3	-	-
Board of Canvassers	9	9	13	8	8	8	8	8	-	-
Board of Licenses	11	11	11	11	11	13	12	11	-	-
Vital Statistics	4	4	4	5	11	5	5	5	-	-
City Archivist	4	3	3	3	3	3	3	3	-	-
School Department	3,316	3,265	3,260	3,241	3,224	3,226	3,236	3,157	3,284	3,300
<b>Total</b>	<b>5,045</b>	<b>5,011</b>	<b>5,022</b>	<b>4,993</b>	<b>4,887</b>	<b>4,945</b>	<b>5,023</b>	<b>4,952</b>	<b>5,086</b>	<b>5,086</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	Fiscal year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Calls for service	130	124	122	115	114	118	125	139	145	138
Fire:										
Total fire calls	47	46	40	42	41	44	10	11	14	13
Total rescue calls *	-	-	-	-	-	-	31	31	27	27
Building safety:										
Total building permits	9	9	8	7	8	8	8	10	8	7
Total value all permits	368,662	397,535	190,735	155,160	215,485	162,913	198,251	146,236	234,191	217,629
Public service:										
Residential garbage collected (ton)	63	61	70	70	71	73	74	77	79	81

**Source:** City Records

\* Reported as total fire and rescue

# CITY OF PROVIDENCE, RHODE ISLAND

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	23	23	23	23	23	23	23
Public Works:										
Bridges	27	27	27	27	27	27	27	27	27	27
Streets (Miles)	370	370	370	370	370	370	370	370	370	370
Manholes	20	20	20	20	20	20	20	20	20	20
Catch Basins	12	12	12	12	12	12	12	12	12	12
Drain Inlets	4	4	4	4	4	4	4	4	4	4
Parks & Recreation:										
Acreage	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Parks	124	124	124	124	124	124	124	124	124	124
Golf Course	2	2	2	2	2	2	2	2	2	2
Baseball/Softball Diamonds	40	40	40	40	40	40	40	40	40	40
Greenhouse	6	6	6	6	6	6	6	6	6	6
Soccer/Football Fields	11	11	11	11	11	11	11	11	11	11
Water Parks	9	9	9	9	9	9	9	9	9	9
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	10	10	10	10	10	10	10
Zoo	1	1	1	1	1	1	1	1	1	1
Community Centers										
Water:										
Lakes	10	10	10	10	10	10	10	10	10	10
Wastewater:										
Sanitary Sewer Lines (miles)	300	300	300	300	300	300	300	300	300	300

**Source:** City Records