



Peat Marwick

Certified Public Accountants

IN CITY COUNCIL  
AUG - 4 1988

READ  
WHEREUPON IT IS ORDERED THAT  
THE SAME BE RECEIVED.

*[Signature]*  
CLERK

CITY OF PROVIDENCE, RHODE ISLAND  
General Purpose Financial Statements  
and Schedules  
June 30, 1987  
(With Auditors' Report Thereon)

CITY OF PROVIDENCE, RHODE ISLAND  
General Purpose Financial Statements  
and Schedules

June 30, 1987

(With Auditors' Report Thereon)

# CITY OF PROVIDENCE, RHODE ISLAND

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Certified Public Accountants

Peat Marwick Main & Co.  
40 Westminster Street  
Providence, RI 02903

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

We have examined the general purpose financial statements of the City of Providence, Rhode Island and the individual fund financial statements of the City, as of and for the year ended June 30, 1987 as listed in the accompanying table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described more fully in Note 1, the general purpose financial statements referred to above do not include the financial statements of a general fixed assets account group which should be included to conform with generally accepted accounting principles.

As discussed in Note 11, the City accounts for pension costs in a manner which is not in conformity with generally accepted accounting principles.

In our opinion, except that the omission of the financial statement referred to in the second paragraph results in an incomplete presentation, and except for the effects of the matter discussed in the third paragraph, the aforementioned general purpose financial statements present fairly the financial position of the City of Providence, Rhode Island at June 30, 1987, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in the method of accounting for Enterprise Funds fund equity as described in Note 8 to the financial statements.

In our opinion, except for the effects of the matter discussed in the third paragraph, the individual fund financial statements present fairly the financial position of the Providence Civic Center at June 30, 1987, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in the method of accounting for Enterprise Funds fund equity as described in Note 8 to the financial statements.

In our opinion, the individual fund financial statements present fairly the financial position of the Providence Water Supply Board at June 30, 1987, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Member Firm of  
Klynveld Peat Marwick Goerdeler

Our examination was made for the purpose of forming an opinion on the general purpose and individual fund financial statements. The combining and individual fund schedules and financial information included in Schedules 1 through 11 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements, and accordingly, our opinion does not relate to the fairness of the financial position and results of operations of such funds. Such information has been subjected to the auditing procedures applied in the examination of the general purpose and individual fund financial statements and, in our opinion, except for the effects on Schedule 2 of the matter discussed in the third paragraph, is fairly stated in all material respects in relation to the general purpose and individual fund financial statements taken as a whole.

*Peat Marwick Main & Co.*

December 4, 1987

## CITY OF PROVIDENCE, RHODE ISLAND

## Combined Balance Sheet - All Fund Types and Account Group

June 30, 1987

Assets and other Debits	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Long- term obligations	
Cash and cash equivalents (note 15) \$	-	1,144,375	1,601,053	467,081	29,088	4,110,408	-	7,352,005
Short-term investments, at cost which approximates market (note 15)	-	4,781,956	11,537,631	217,000	-	-	-	16,536,587
Due from:								
Other funds (net where applicable of allowances for estimated uncollectible amounts of \$1,934,343) (note 5)	3,555,277	1,634,086	78,578	-	-	4,530,391	-	9,798,332
Other governments (note 3)	3,686,447	5,048,438	62,476	-	-	-	-	8,797,361
Accounts receivable (net where applicable of allowances for estimated uncollectible amounts of \$34,058,033):								
Taxes	6,383,537	-	-	-	-	-	-	6,383,537
Other	768,934	1,121,559	-	6,501,712	-	797,172	-	9,189,377
Investments (note 15)	-	-	-	-	-	147,126,681	-	147,126,681
Loans receivable, net (note 6)	-	13,321,190	-	-	-	6,436,654	-	19,757,844
Inventory, at cost	-	-	-	834,225	-	-	-	834,225
Prepaid expenses	-	-	-	110,982	-	-	-	110,982
Property, plant and equipment (net of accumulated depreciation) (note 4)	-	-	-	65,065,310	-	-	-	65,065,310
Restricted assets (note 9)	-	-	-	1,344,265	-	-	-	1,344,265
Amount to be provided for retire- ment of long-term obligations	-	-	-	-	-	-	101,554,496	101,554,496
Other assets	-	5,019	-	8,000	17,685	296,593	-	327,297
<b>Total assets and other debits</b>	<b>\$ 14,394,195</b>	<b>27,056,623</b>	<b>13,279,738</b>	<b>74,548,575</b>	<b>46,773</b>	<b>163,297,899</b>	<b>101,554,496</b>	<b>394,178,299</b>

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## Combined Balance Sheet - All Fund Types and Account Group, Continued

<u>Liabilities</u>	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Account Group</u>	<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Enterprise</u>	<u>Internal</u>	<u>Trust and</u>		
		<u>Revenue</u>	<u>Projects</u>		<u>Service</u>	<u>Agency</u>	<u>General Long-</u>	<u>(Memorandum</u>
							<u>term obligations</u>	<u>Only)</u>
Accounts payable	\$ 6,626,081	3,053,123	437,091	900,990	9,748	60,713	-	11,087,746
Accrued expenditures	2,493,620	-	-	-	-	-	-	2,493,620
Amounts held for others	-	-	-	-	-	4,875,248	-	4,875,248
Due to:								
Other funds (note 5)	664,213	3,046,358	701,519	2,864,046	-	337,443	4,119,096	11,732,675
Other governments (note 3)	50,750	643,800	-	-	-	-	-	694,550
Deferred revenues	5,782,000	308,115	-	310,012	-	222,172	-	6,622,299
Bonds payable (note 7)	-	-	-	8,205,000	-	-	85,655,000	93,860,000
Other liabilities	-	185,916	-	3,221,849	-	-	-	3,407,765
Other noncurrent liabilities (note 7)	-	-	-	-	-	-	11,780,400	11,780,400
<b>Total liabilities</b>	<b>15,616,664</b>	<b>7,237,312</b>	<b>1,138,610</b>	<b>15,501,897</b>	<b>9,748</b>	<b>5,495,576</b>	<b>101,554,496</b>	<b>146,554,303</b>
<u>Fund Equity</u>								
Contributed capital	-	-	-	54,330,114	-	-	-	54,330,114
Retained earnings	-	-	-	4,716,564	37,025	-	-	4,753,589
Fund balances (deficit) (note 10):								
Reserved	-	-	-	-	-	155,336,386	-	155,336,386
Unreserved:								
Designated	-	12,532,827	-	-	-	322,169	-	12,854,996
Undesignated	(1,222,469)	7,286,484	12,141,128	-	-	2,143,768	-	20,348,911
<b>Total fund equity</b>								
(deficit)	(1,222,469)	19,819,311	12,141,128	59,046,678	37,025	157,802,323	-	247,623,996
<b>Commitments and contingent liabilities</b>								
(notes 12, 13 and 14).								
<b>Total liabilities and</b>								
fund equity	\$ 14,394,195	27,056,623	13,279,738	74,548,575	46,773	163,297,899	101,554,496	394,178,299

See accompanying notes to combined financial statements.



## CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances (Deficit) - All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 1987

	Governmental Fund Types			Fiduciary Fund Types	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trusts	
<b>Revenues:</b>					
Taxes (note 2)	\$ 110,070,441	-	-	-	110,070,441
Charges for services	8,820,846	621,113	-	-	9,441,959
Shared state taxes	4,165,221	-	-	-	4,165,221
Federal and state grants and reimbursements	15,050,495	53,537,322	848,123	583,671	70,019,611
Sale of real estate	-	-	-	324,559	324,559
Licenses	1,146,552	-	-	15,552	1,162,104
Investment and rental income	3,632,888	599,709	87,269	252,228	4,572,094
Fines and forfeitures	2,513,332	-	-	-	2,513,332
Other	921,802	1,051,153	70,604	998,480	3,042,039
Bad debt expense recoveries	-	803,184	-	-	803,184
<b>Total revenues</b>	<b>146,321,577</b>	<b>56,612,481</b>	<b>1,005,996</b>	<b>2,174,490</b>	<b>206,114,544</b>
<b>Other financing sources:</b>					
Proceeds from sale of General Obligation Bonds	-	-	2,100,000	-	2,100,000
Operating transfers:					
From Special Revenue Funds	-	809,145	-	-	809,145
From General Fund	-	35,263,684	-	-	35,263,684
From Revolving Funds	-	148,083	-	-	148,083
From Capital Projects	-	32,302	-	-	32,302
<b>Total other financing sources</b>	<b>-</b>	<b>36,253,214</b>	<b>2,100,000</b>	<b>-</b>	<b>38,353,214</b>
<b>Total revenues and other financing sources</b>	<b>146,321,577</b>	<b>92,865,695</b>	<b>3,105,996</b>	<b>2,174,490</b>	<b>244,467,758</b>
<b>Expenditures:</b>					
Personal services	47,189,027	56,999,593	194,250	202,827	104,585,697
Employee benefits	19,211,205	15,995,600	-	-	35,206,805
Services other than personal	16,741,553	3,760,412	1,772,431	223,624	22,498,020
Materials and supplies	3,599,955	1,646,188	-	280,877	5,527,020
Equipment	969,148	1,040,133	-	93,219	2,102,500
Program expenditures	-	6,477,019	-	30,025	6,507,044
Capital projects	-	-	3,616,491	-	3,616,491
Debt service	11,892,578	-	-	-	11,892,578
Other	9,618,473	5,192,282	656,424	2,466,653	17,933,832
Bad debts	-	28,450	-	-	28,450
<b>Total expenditures</b>	<b>109,221,939</b>	<b>91,139,677</b>	<b>6,239,596</b>	<b>3,297,225</b>	<b>209,898,437</b>
<b>Other uses - operating transfers:</b>					
To Special Revenue Funds	35,263,684	809,145	32,302	148,083	36,253,214
<b>Total expenditures and other uses</b>	<b>144,485,623</b>	<b>91,948,822</b>	<b>6,271,898</b>	<b>3,445,308</b>	<b>246,151,651</b>
<b>Revenues and other financing sources over (under) expenditures and other uses</b>	<b>1,835,954</b>	<b>916,873</b>	<b>(3,165,902)</b>	<b>(1,270,818)</b>	<b>(1,683,893)</b>
<b>Fund balance (deficit) at beginning of year, as restated (note 8)</b>	<b>(3,058,423)</b>	<b>18,902,438</b>	<b>15,307,030</b>	<b>3,736,755</b>	<b>34,887,800</b>
<b>Fund balance (deficit) at end of year</b>	<b>\$ (1,222,469)</b>	<b>19,819,311</b>	<b>12,141,128</b>	<b>2,465,937</b>	<b>33,203,907</b>

See accompanying notes to combined financial statements.

## CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual - General and Special Revenue Funds (Note 1e)

Year ended June 30, 1987

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes (note 2)	\$ 107,509,048	110,070,441	2,561,393	-	-	-	107,509,048	110,070,441	2,561,393
Charges for services	6,396,325	8,820,846	2,424,521	236,917	239,532	2,615	6,633,242	9,060,378	2,427,136
Shared state taxes	3,758,199	4,165,221	407,022	-	-	-	3,758,199	4,165,221	407,022
Federal and state grants and reimbursements	19,987,407	15,050,495	(4,936,912)	41,159,600	41,331,699	172,099	61,147,007	56,382,194	(4,764,813)
Licenses	998,100	1,146,552	148,452	-	-	-	998,100	1,146,552	148,452
Investment income	3,030,000	3,632,888	602,888	-	-	-	3,030,000	3,632,888	602,888
Fines and forfeitures	2,816,000	2,513,332	(302,668)	-	-	-	2,816,000	2,513,332	(302,668)
Miscellaneous	2,317,429	921,802	(1,395,627)	-	-	-	2,317,429	921,802	(1,395,627)
Total revenues	146,812,508	146,321,577	(490,931)	41,396,517	41,571,231	174,714	188,209,025	187,892,808	(316,217)
Other financing sources:									
Transfer from General Fund	-	-	-	34,686,465	35,249,684	563,219	34,686,465	35,249,684	563,219
Transfer from (to) other Special Revenue Fund	-	-	-	-	(4,099)	(4,099)	-	(4,099)	(4,099)
Transfer from Revolving Fund	-	-	-	-	148,083	148,083	-	148,083	148,083
Total other financing sources	-	-	-	34,686,465	35,393,668	707,203	34,686,465	35,393,668	707,203
Total revenues and other financing sources	146,812,508	146,321,577	(490,931)	76,082,982	76,964,899	881,917	222,895,490	223,286,476	390,986

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual - General and Special Revenue Funds (Note 1e), Continued

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Expenditures:									
Personal services	\$ 46,608,545	47,189,027	(580,482)	52,727,053	52,685,321	41,732	99,335,598	99,874,348	(538,750)
Employee benefits	19,447,725	19,211,205	236,520	13,527,359	14,608,196	(1,080,837)	32,975,084	33,819,401	(844,317)
Services other than personal	18,450,587	16,741,553	1,709,034	3,194,141	3,166,870	27,271	21,644,728	19,908,423	1,736,305
Materials and supplies	3,529,417	3,599,955	(70,538)	1,030,135	1,030,497	(362)	4,559,552	4,630,452	(70,900)
Equipment	1,008,021	969,148	38,873	957,176	817,972	139,204	1,965,197	1,787,120	178,077
Debt service	12,932,381	11,892,578	1,039,803	-	-	-	12,932,381	11,892,578	1,039,803
Interest	-	-	-	-	-	-	-	-	-
Other	10,148,379	9,618,473	529,906	4,647,118	4,656,043	(8,925)	14,795,497	14,274,516	520,981
Total expenditures	112,125,055	109,221,939	2,903,116	76,082,982	76,964,899	(881,917)	188,208,037	186,186,838	2,021,199
Other uses:									
Transfers to Special Revenues Funds	34,686,465	35,263,684	(577,219)	-	-	-	34,686,465	35,263,684	(577,219)
Total other uses	34,686,465	35,263,684	(577,219)	-	-	-	34,686,465	35,263,684	(577,219)
Total expenditures and other uses	146,811,520	144,485,623	2,325,897	76,082,982	76,964,899	(881,917)	222,894,502	221,450,522	1,443,980
Revenues and other sources over expenditures and other uses	\$ 988	1,835,954	1,834,966	-	-	-	988	1,835,954	1,834,966

See accompanying notes to combined financial statements.

## CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenses and Changes in  
Retained Earnings/Fund Balances - Proprietary Fund Types and Similar Trust Funds

Year ended June 30, 1987

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>		Total (Memorandum only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Retirement System</u>	<u>Nonexpendable Trusts</u>	
Operating revenues:					
Employee contributions	\$ -	-	4,104,184	-	4,104,184
Employer contributions	-	-	11,494,227	-	11,494,227
Investment income	-	-	13,227,800	997,278	14,225,078
Interest on member loans	-	-	386,335	-	386,335
Revenue from other funds	-	37,685	-	-	37,685
Arena rent and concession income	2,151,837	-	-	-	2,151,837
Water sales	10,812,179	-	-	-	10,812,179
Maintenance and other charges	655,992	-	-	-	655,992
Other	-	-	232,124	-	232,124
Total operating revenues	13,620,008	37,685	29,444,670	997,278	44,099,641
Operating expenses:					
Wages and benefits	7,081,460	-	-	-	7,081,460
Operations	1,968,488	46,712	-	-	2,015,200
Charges by other City departments (note 9)	1,282,981	-	-	-	1,282,981
Retiree benefits	-	-	18,567,279	-	18,567,279
Administrative and general	1,968,476	-	-	-	1,968,476
Bad debts	280,379	-	-	-	280,379
Reimbursements by promoters	(1,331,136)	-	-	-	(1,331,136)
Other	30,000	-	-	934,829	964,829
Property taxes - other local governments	2,123,605	-	-	-	2,123,605
Depreciation	1,343,079	-	-	-	1,343,079
Total operating expenses	14,747,332	46,712	18,567,279	934,829	34,296,152
Operating income (loss)	(1,127,324)	(9,027)	10,877,391	62,449	9,803,489
Nonoperating revenues (expenses):					
Net interest income (expense)	(427,949)	-	-	-	(427,949)
Total nonoperating revenues (expenses)	(427,949)	-	-	-	(427,949)
Net income (loss)	(1,555,273)	(9,027)	10,877,391	62,449	9,375,540
Depreciation on certain property, plant and equipment acquired through contributed capital	430,708	-	-	-	430,708
Operating transfers in	321,220	-	-	-	321,220
Increase (decrease) in retained earnings/ fund balance	(803,345)	(9,027)	10,877,391	62,449	10,127,468
Retained earnings/fund balance at beginning of year, as restated (note 8)	5,519,909	46,052	138,978,212	5,418,334	149,962,507
Retained earnings/fund balance at end of year	\$ 4,716,564	37,025	149,855,603	5,480,783	160,089,975

See accompanying notes to combined financial statements.

CITY OF PROVIDENCE, RHODE ISLAND  
 Combined Statement of Changes in Financial Position -  
 Proprietary Fund Types and Similar Trust Funds

Year ended June 30, 1987

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Total</u>
	<u>Enterprise</u>	<u>Internal</u>	<u>Retirement</u>	<u>Nonexpendable</u>	<u>(Memorandum</u>
	<u>(note 9)</u>	<u>Service</u>	<u>System</u>	<u>Trusts</u>	<u>Only)</u>
Sources of funds:					
Net income (loss)	\$ (1,555,273)	(9,027)	10,877,391	62,449	9,375,540
Add depreciation expense	1,343,079	-	-	-	1,343,079
Less:					
Discount accretion which does not provide cash	-	-	(131,386)	-	(131,386)
Other noncash expenses	<u>29,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,052</u>
Funds provided (used) by operations	(183,142)	(9,027)	10,746,005	62,449	10,616,285
Proceeds from disposition of fixed assets	213,378	-	-	-	213,378
Decrease in accounts receivable	-	-	645,596	15,251	660,847
Contributed capital	419,289	-	-	-	419,289
Proceeds from loan repayments	-	-	2,402,981	-	2,402,981
Decrease in amounts due from other funds	-	-	185,758	300,000	485,758
Proceeds from borrowings	2,400,000	-	-	-	2,400,000
Increase in accounts payable, accrued expenses and other liabilities	449,496	1,152	-	-	450,648
Increase in due to other funds	2,362,014	-	-	-	2,362,014
Decrease in other assets	133,203	-	-	-	133,203
Operating transfers-in	<u>321,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,220</u>
Total sources (uses) of funds	<u>6,115,458</u>	<u>(7,875)</u>	<u>13,980,340</u>	<u>377,700</u>	<u>20,465,623</u>
Uses of funds:					
Increase in accounts receivable	1,525,153	17,685	-	-	1,542,838
Increase in fixed assets	857,309	-	-	-	857,309
Decrease in bonds and notes payable	720,000	-	-	-	720,000
Loans to members	-	-	2,719,817	-	2,719,817
Increase in restricted assets	300,593	-	-	-	300,593
Increase in investments	2,588,816	-	14,830,383	321,674	17,740,873
Other, net	<u>-</u>	<u>-</u>	<u>1,931,340</u>	<u>2,613</u>	<u>1,933,953</u>
Total uses of funds	<u>5,991,871</u>	<u>17,685</u>	<u>19,481,540</u>	<u>324,287</u>	<u>25,815,383</u>
Net increase (decrease) in cash	123,587	(25,560)	(5,501,200)	53,413	(5,349,760)
Cash balance at beginning of year	<u>343,494</u>	<u>54,648</u>	<u>6,775,918</u>	<u>228,254</u>	<u>7,402,314</u>
Cash balance at end of year	\$ <u>467,081</u>	<u>29,088</u>	<u>1,274,718</u>	<u>281,667</u>	<u>2,052,554</u>

See accompanying notes to combined financial statements.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements

June 30, 1987

(1) Summary of Significant Accounting Policies

The City of Providence, which operates under a Mayor-Council form of government, adopted a Home Rule Charter in November 1980, which became fully effective on January 1, 1983. The Mayor is elected by the voters of the City for a four-year term. Most department heads and other City officials are appointed by the Mayor. City Council members are also elected for four-year terms, concurrent with that of the Mayor.

The accounting policies of the City of Providence, Rhode Island conform to generally accepted accounting principles as applicable to governmental units except that provisions for retirement benefits for most governmental fund and Providence Water Supply Board employees are not based on normal costs and the general purpose financial statements do not include a general fixed assets account group which should be included to conform with generally accepted accounting principles.

In determining those agencies, departments and other types of entities to be included in the City of Providence financial statements, the basic criterion utilized is the exercise of oversight responsibility by the City or its elected officials. Criteria utilized in determining oversight responsibility included financial independency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The following is a summary of the more significant policies:

(a) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. The various funds are summarized by type in the combined financial statements. The following fund types and account group are used by the City.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's governmental fund types.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Under the Charter of the City, the School Fund is set up as a separate special revenue fund accountable for appropriations disbursed to it by the General Fund and revenue receipts specifically pertaining to school activities. Under this system any excess of revenues over expenditures reverts to the City's General Fund, and any excess of expenditures over revenues is a liability of the City's General Fund. Therefore, the School Fund has no fund balance.

Capital Project Funds - Capital Project Funds are used to account for expenditures for the acquisition or construction of major capital facilities.

Proprietary Fund Types

Proprietary Funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following are the City's proprietary fund types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Fiduciary Funds include expendable, nonexpendable, agency and Retirement System trust funds. Expendable trust and agency funds are accounted for and reported as governmental funds. Nonexpendable and retirement trust funds are accounted for separately since capital maintenance is critical.

Account Group: General Long-term Obligations

This group of accounts is established to account for all long-term obligations of the City, including bonds, previously appropriated pension contributions which have been deferred to future years (Note 7), and compensated absences.

(b) Basis of Accounting

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (see Note 2 for property tax accrual policy). Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Revenues and expenses of fiduciary and proprietary fund types are primarily recognized on the accrual basis.



## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(c) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

(d) Investments

Debt securities of the Retirement Fund are stated at cost (adjusted for amortization of premium and accretion of discount). Equity securities of the Retirement Fund are stated at the lower of aggregate cost or market value. Investments of other funds are stated at cost which approximates market.

(e) Budgetary Data

The City employs the following procedures in establishing the General Fund and Federal Revenue Sharing Fund budgetary data reflected in general purpose financial statements (Exhibit C):

- (i) At least sixty days prior to July 1, the Mayor submits to the City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

The Council may alter the proposed expenditures but may not cause an excess of appropriations over expected revenues submitted by the Mayor.

- (ii) The final budget is legally enacted through passage of an ordinance.

- (iii) 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 actual amounts included in Exhibit C are presented in accordance with generally accepted accounting principles which is the method employed in preparation of the budget. The Special Revenue Fund amounts presented in Exhibit C include those of the Federal Revenue Sharing Fund, the Unrestricted School Fund and certain Restricted School Funds. Other Special Revenue Funds do not have legally adopted budgets.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

The budget of the Unrestricted School Fund is prepared annually and approved by the Providence School Committee. The amount of the annual transfer from the General Fund is ultimately determined through the adoption of the General Fund budget.

(f) Vacations, Sick Leave and Workers' Compensation

Under the terms of various contracts and policies, City employees are granted vacation and sick leave in varying amounts based on length of service. The City's policy is to recognize the cost of vacation and sick leave in governmental funds when paid and on the accrual basis in proprietary funds. The amount of earned but unpaid accumulated vacation time relating to governmental fund employees is recognized as a noncurrent obligation in the general long-term obligations group of accounts.

The City is self-insured for Workers' Compensation claims of most governmental fund employees. The City's policy is to recognize the cost of self-insured Workers' Compensation claims when paid. The estimated liability relating to such claims is recognized as a noncurrent obligation in the general long-term obligations group of accounts.

(g) Litigation and Related Matters

Liabilities for legal cases and other claims against governmental funds are recorded when the ultimate liability can be estimated and such cases are expected to be liquidated with expendable available financial resources (payable within one year). Remaining claims against governmental funds which can be estimated but are not expected to be liquidated with expendable available resources are recorded in the general long-term obligations group of accounts. Liabilities for such matters are recorded on the accrual basis in proprietary fund types.

(h) Amounts to be Provided

Amounts to be provided represent monies to be raised from future tax levies as well as future reimbursements from other governments to retire general long-term obligations.

(i) Inventory and Supplies

Inventory in the proprietary funds is stated at the lower of cost or market. Inventory consists primarily of materials and supplies. Inventory and supplies in governmental funds are recorded as an expenditure at the time of purchase.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(j) Property, Plant and Equipment - Enterprise Funds

Property, plant and equipment owned by the enterprise funds is stated at cost. Depreciation has been provided over the estimated useful lives using the straight-line method. Assets acquired by the Providence Water Supply Board through contributions are recorded at contributor's reported cost. Depreciation on Providence Civic Center assets acquired with contributed capital is recognized as an operating expense and then charged against contributed capital.

The estimated useful lives are as follows:

	<u>Civic Center Authority</u>	<u>Water Supply Board</u>
Buildings, source of supply structures and improvements	10 - 30 years	50 - 150 years
Improvements, other than buildings	-	75 - 100 years
Equipment	3 - 20 years	3 - 10 years

(k) Combined Total Data

The total data are the aggregate of the fund types and account group. No consolidating entries or other eliminations were made in arriving at the totals; thus they do not present consolidated information.

(2) Property Taxes and Other Charges for Services(a) Property Taxes

The City's property tax is levied each year on the assessed valued listed 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 85% of appraised market value based on the 1975 valuation. Assessed values of tangible property and equipment are determined annually at 85% of market value while the assessed value of motor vehicles is determined annually at 95% of market value.

The taxable assessments, tax rate and gross levy of the 1985 tax levy are as follows (in thousands):

	<u>Taxable assessment</u>	<u>Exemptions</u>	<u>Net taxable assessment</u>	<u>Rate per \$1,000</u>	<u>Gross levy</u>
Real property	\$ 1,106,855	25,080	1,081,775	75.85	82,052,634
Tangible property	322,708	38	322,670	75.85	24,474,519
Motor vehicles	<u>217,725</u>	<u>2,625</u>	<u>215,100</u>	<u>75.85</u>	<u>16,315,335</u>
	<u>\$ 1,647,288</u>	<u>27,743</u>	<u>1,619,545</u>		<u>122,842,488</u>

Taxes on the gross levy were due in equal quarterly installments in July and October 1986 and January and April 1987.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

The City recognizes property tax revenues in accordance with Interpretation 3 of Statement 1 of Governmental Accounting and Financial Reporting Principles. Under Interpretation 3, only those property tax payments due as of the end of the fiscal year and received within 60 days thereafter are recognized as revenue. All unpaid property taxes as of the end of the fiscal year are recorded as receivables. Those not collected within 60 days are recorded as deferred revenue if the eventual collection appears likely or are reserved by an allowance for doubtful accounts if the eventual collection appears unlikely.

(b) Sewer Use Fee

In 1982, the City transferred its Sewerage Treatment Facility to the Narragansett Bay Water Quality Management District Commission (Narragansett Bay Commission) (a component unit of the State of Rhode Island). Pursuant to the transfer agreement, the Bay Commission operates the plant and annually charges the City and other participating communities for their share of its operating costs. Through June 30, 1985, the City was responsible for levying and collecting a sewer use fee against all property owners, sufficient to meet the charge from the Narragansett Bay Commission. The City's sewer use fee and Narragansett Bay Commission charges are recorded in the special revenue Sewer Fund.

Effective July 1, 1985, the Bay Commission is directly responsible for levying and collecting a sewer use fee. Under a tentative agreement between the City and Bay Commission, the Bay Commission will bill and collect amounts due from City property owners based upon usage through June 30, 1985 which had not been billed by the City as of that date. Such amounts collected will then be remitted to the City. As of June 30, 1987, the Bay Commission has not yet remitted any amounts collected through June 30, 1987 to the City.

Sewer use fees are recorded as receivables when earned (including both amounts billed as of the end of the fiscal year as well as amounts to be billed after the fiscal year end), net of estimated uncollectibles. Net receivables which are not considered to be available to meet current obligations are reflected as deferred revenues.

(c) Water Fees

Revenues from charges for services of the Providence Water Supply Board are recognized on the accrual basis, net of estimated uncollectibles. Most metered water sale customers are billed semi-annually on a staggered basis throughout the fiscal year. Large commercial customers and other local water suppliers are billed more frequently.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(3) Intergovernmental Accounts

Due to and from other governments consists of the following amounts at June 30, 1987:

	<u>Due from</u>	<u>Due to</u>
General Fund:		
Federal Government	\$ -	50,750
State of Rhode Island	<u>3,686,447</u>	<u>-</u>
Total General Fund	<u>3,686,447</u>	<u>50,750</u>
Special Revenue Funds:		
Federal Government	743,382	643,800
State of Rhode Island	<u>4,305,056</u>	<u>-</u>
Total Special Revenue Funds	<u>5,048,438</u>	<u>643,800</u>
Capital Projects:		
Federal Government	<u>62,476</u>	<u>-</u>
Total all funds	\$ <u>8,797,361</u>	<u>694,550</u>

(4) Property, Plant and Equipment

The following is a summary of the property, plant and equipment of the City's enterprise funds at June 30, 1987:

	<u>Providence Civic Center Authority</u>	<u>Providence Water Supply Board</u>	<u>Total</u>
Land	\$ -	7,533,050	7,533,050
Improvements other than buildings	-	59,913,009	59,913,009
Buildings and improvements	14,089,314	6,313,567	20,402,881
Furnishings and equipment	1,334,479	4,824,577	6,159,056
Construction in progress	114,105	-	114,105
Investments restricted for the construction of capital assets	<u>2,371,816</u>	<u>-</u>	<u>2,371,816</u>
Total	17,909,714	78,584,203	96,493,917
Less accumulated depreciation	<u>7,547,385</u>	<u>23,881,222</u>	<u>31,428,607</u>
Net property, plant and equipment	\$ <u>10,362,329</u>	<u>54,702,981</u>	<u>65,065,310</u>

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(5) Interfund Accounts

At June 30, 1987, amounts due to and from other funds resulting from various interfund activities were as follows:

	Due from other funds	Due to other funds
General Fund:		
Proprietary Fund Types	\$ 2,864,046	-
Special Revenue Funds (due from net of allowance for estimated uncollectible amount of \$482,668)	-	613,213
Fiduciary Fund Types	337,443	51,000
Capital Projects	<u>353,788</u>	<u>-</u>
Total General Fund, net	<u>3,555,277</u>	<u>664,213</u>
Capital Project Funds:		
Fiduciary Fund Types	-	253,600
Special Revenue Funds	78,578	94,131
General Fund	<u>-</u>	<u>353,788</u>
Total Capital Project Funds	<u>78,578</u>	<u>701,519</u>
Long-term Obligation Group of Accounts:		
Fiduciary Funds - Retirement System (Note 7)	<u>-</u>	<u>4,119,096</u>
Fiduciary Fund Types:		
Special Revenue Funds (net of allowance for estimated uncollectible amount of \$1,451,675)	106,695	-
Capital Project Funds	253,600	-
Long-term Obligations Group of Accounts (Note 7)	4,119,096	-
General Fund	<u>51,000</u>	<u>337,443</u>
Total Fiduciary Fund Types, net	<u>4,530,391</u>	<u>337,443</u>
Special Revenue Funds:		
General Fund	613,213	482,668
Other Special Revenue Funds	926,742	926,742
Fiduciary Funds	-	1,558,370
Capital Project Funds	<u>94,131</u>	<u>78,578</u>
Total Special Revenue Funds	<u>1,634,086</u>	<u>3,046,358</u>

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

	Due from <u>other funds</u>	Due to <u>other funds</u>
Proprietary Funds:		
General Fund	-	2,864,046
Fiduciary Fund Types	-	-
Total Proprietary Funds	-	<u>2,864,046</u>
Total all funds, net	\$ <u>9,798,332</u>	<u>11,732,675</u>

Due to the fund deficit in the Special Revenue Sewer Fund, allowances for uncollectible receivable amounts of \$482,668 and \$1,451,675 have been recorded in the General Fund and the Restricted Sales Proceed Fund (an expendable fiduciary fund), respectively, against amounts due from the Sewer Fund.

(6) Loans Receivable

Included in Special Revenue Funds are loans receivable under Urban Development Action Grants representing amounts advanced to developers for certain urban development projects within the City. Such loans have been granted under the following terms:

## Fleet Center and Garage:

- Loan balance as of June 30, 1987 - \$7,000,000
- Interest rate increasing from 0% at commencement to 8% by year six
- Repayment over thirty years

## Richmond Square:

- Loan balance as of June 30, 1987 - \$877,490
- 5% interest rate, commencing in year four
- Repayment over twenty-five years, commencing in year four

## Providence Hotel Association:

- Loan balance as of June 30, 1987 - \$1,400,000
- Interest rate, first through four years @ 4% and fifth through fifteenth years @ 8%
- Repayment over fifteen years

Under the terms of these Federal UDAG agreements, future proceeds from repayment of principal and interest must be spent by the City on eligible community development projects.

The Providence Local Development Corporation also has a revolving loan program whereby loans are made to local businesses. Loan receivable, net of estimated allowance for uncollectible loans amounted to \$1,897,810 at June 30, 1987.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

The Community Development Block Grant Program has the following loans receivable at June 30, 1987:

Fox Point Neighborhood Housing Corporation	\$ 500,000
10 year no interest loan, payment commences the first day of the second month after closing of mortgage on the project	
Home Improvement Loans, net of estimated allowance for uncollectibles	\$ 106,432
Imperial Associates	
Loan balance	\$ 400,000
5% fixed interest rate	
Maturity date - May 29, 1989	

The Providence Industrial Development Corporation receives federal funds from the Economic Development Administration and loans the funds to qualifying businesses. At June 30, 1987, loans receivable net of estimated uncollectible amounts was \$1,139,458.

(7) Long-term Obligations(a) Bonds Payable

The following is a summary of bond transactions of the City for the year ended June 30, 1987 (in thousands):

	General <u>Obligation</u>	Proprietary Fund - Providence Water Supply <u>Board</u>	<u>Total</u>
Bonds payable at June 30, 1986	\$ 86,665	8,665	95,330
Debt issued	66,995	-	66,995
Debt retired	(68,005)	(460)	(68,465)
Bonds payable at June 30, 1987	\$ <u>85,655</u>	<u>8,205</u>	<u>93,860</u>

The Providence Water Supply Board (WSB) long-term debt is actually general obligation debt of the City, however, because it is the intent of the City to have the WSB meet the debt service requirements of this debt, such amounts are recorded in the WSB financial statements.



## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

The annual requirements to amortize long-term bonds payable as of June 30, 1987 are as follows (in thousands):

Year Ending June 30	<u>General Obligation</u>			<u>Proprietary Fund</u>			Total All Funds
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1988	\$ 8,380	5,286	13,666	490	464	954	14,620
1989	7,645	4,852	12,497	510	439	949	13,446
1990	7,495	4,434	11,929	540	413	953	12,882
1991	7,345	3,999	11,344	560	384	944	12,288
1992	7,050	3,566	10,616	600	355	955	11,571
1993	6,640	3,140	9,780	625	324	949	10,729
1994	6,870	2,736	9,606	495	293	788	10,394
1995	6,655	2,311	8,966	525	263	788	9,754
1996	3,430	1,884	5,314	555	232	787	6,101
1997	3,410	1,655	5,065	590	198	788	5,853
1998	3,385	1,424	4,809	620	163	783	5,592
1999	3,360	1,192	4,552	655	126	781	5,333
2000	3,330	964	4,294	695	86	781	5,075
2001	2,550	758	3,308	745	45	790	4,098
2002	1,640	570	2,210	-	-	-	2,210
2003	1,495	443	1,938	-	-	-	1,938
2004	1,490	328	1,818	-	-	-	1,818
2005	1,485	214	1,699	-	-	-	1,699
2006	1,000	105	1,105	-	-	-	1,105
2007	<u>1,000</u>	<u>35</u>	<u>1,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035</u>
Total	\$ <u>85,655</u>	<u>39,896</u>	<u>125,551</u>	<u>8,205</u>	<u>3,785</u>	<u>11,990</u>	<u>137,541</u>

Included in the long-term obligations group of accounts are \$8,948,000 in General Obligation Bonds for which the Narragansett Bay Commission has agreed to assume debt service pursuant to a 1982 agreement whereby the City's Sewerage Treatment Facility was transferred to the Bay Commission. Under the agreement, the Bay Commission will reimburse the City for all principal and interest due on the debt when due. The City, however, remains ultimately responsible for the timely payment of the issues.

Under the City Charter, proceeds from the sale of general fixed assets must be used to reduce or to finance capital improvements of the City. Funds available for this purpose amounted to \$322,169 and are included in the Restricted Sales Proceeds Fund (an expendable fiduciary trust fund) at June 30, 1987.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(b) Amount Due to Employees' Retirement System

In 1982, the City agreed to contribute an unpaid appropriation to the Employees' Retirement System over a twenty-year period ending in 2001 with interest at 8%. This obligation is being paid in annual amounts of \$514,238, including principal and interest. The remaining balance of the obligation is presented as an amount due to the Retirement System in the long-term obligations group of accounts. A corresponding receivable amount is recorded in the Retirement System Fund. Following is a summary of the activity during fiscal 1987:

Balance at June 30, 1986	\$ 4,270,354
Principal payments made during fiscal year 1987	<u>151,258</u>
Balance at June 30, 1987	\$ <u>4,119,096</u>

(c) Other Noncurrent Liabilities

The following noncurrent liabilities are recorded in the long-term obligation group of accounts.

- i. Accumulated vacation and sick pay for governmental fund employees at June 30, 1987 amounted to approximately \$6,662,000.
- ii. The estimated liability for governmental fund Workers' Compensation claims under the City's self-insurance program at June 30, 1987 amounted to approximately \$1,093,400.
- iii. Litigation and other claims and judgments against governmental funds which are estimable but are not expected to be liquidated with expendable available resources (payable within one year) amounted to approximately \$4,025,000 at June 30, 1987.

(8) Prior Period Adjustments

The following is a summary of the change to beginning fund equity of the Providence Civic Center resulting from changes in financial presentation.

	Contributed Capital	Accumulated (Deficit) Surplus
Enterprise Funds:		
Balance at June 30, 1986, as previously reported	\$ 8,533,503	(44,081)
Prior period adjustment to correct an accounting error (see below)	<u>(2,072,888)</u>	<u>2,072,888</u>
Balance at June 30, 1986, as restated	\$ <u>6,460,615</u>	<u>2,028,807</u>

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

In 1987 the City of Providence changed the accounting for the transfer of surcharge receipts to the Civic Center Authority from contributed capital to operating transfer. As a result, contributed capital has been reclassified as accumulated surplus to the extent it relates to surcharge transfers from the City. The contributed capital account at June 30, 1987 represents the original funding of the Authority in 1972 reduced by amortization as it relates to the original structure's depreciation.

(9) Segment Information for Enterprise Funds

The City maintains two Enterprise Funds, the Providence Civic Center Authority and the Providence Water Supply Board.

Providence Water Supply Board

The Providence Water Supply Board was created in 1940 by Chapter 832 of the Public Laws of the State of Rhode Island. Membership of the Board is comprised of four persons appointed by the Mayor who serve for 4-year staggered terms and two City Council members elected by the City Council who serve during their 4-year City Council term. The Finance Director of the City of Providence also serves as an ex-officio Board member.

The Water Supply Board provides water supply services through metered sales in Providence and parts of the surrounding communities of North Providence, Johnston and Cranston. The Water Supply Board also sells water to the other local water supply systems on a wholesale basis. The Water Supply Board's source of water supply is the Scituate Reservoir, located in the Town of Scituate, Rhode Island, and five tributary reservoirs.

Activities of the Water Supply Board are governed by the regulations of the Public Utility Administrator of the State of Rhode Island. All water sale rates are established by the State Public Utilities Commission.

During the fiscal year ended June 30, 1987, the City of Providence performed various services for the Water Supply Board. The total billing for city services performed amounted to \$1,282,981. This amount is established by the City. The Water Supply Board has also performed services for various City funds and departments, the charges for which have been included as revenue in the accompanying financial statements of the Water Supply Board. These revenues are not significant to total revenues.

The Water Supply Board does not maintain a cash account for its operations. All receipts and disbursements relating to Water Supply Board operations are recorded through the City's General Fund on its behalf.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

Providence Civic Center Authority

The Providence Civic Center Authority was created by an Act of the Rhode Island State Legislature in 1969 to provide a public facility for various civic, athletic and cultural events. The facility was built and paid for from the proceeds of general obligation bonds sold by the City and contributed to the Authority. The Authority leases its facilities to various promoters and groups, at rental charges usually calculated as a percentage of gross ticket sales and/or a minimum rental fee. Rental charges for certain events are based upon a fixed fee. In addition to rental income, the Authority is reimbursed by lessees for expenses the Authority incurs in connection with the various events.

Under Sec. 10(b) of the Act, the Authority is required to pay annually all excess revenues, as defined in the Act, to the City. However, the Authority has obtained a waiver of Section 10(b) for the fiscal year ended June 30, 1987. The Center and all funds and assets of the Authority shall become the property of the City upon the payment and retirement of all bonds issued by the City to fund the Authority. The bonds are scheduled for payment and retirement in 1992.

A 5% surcharge on all ticket sales is collected pursuant to a public law enacted by the Rhode Island General Assembly. The proceeds are to be used to reduce City bond indebtedness and will terminate upon liquidation of the bonds. The City of Providence has permitted the Authority to retain \$321,220 from the surcharge receipts during 1987 to fund capital additions. The retained surcharge collections have been added to contributed capital. The following is a summary of the activity in the surcharge account for the year ended June 30, 1987:

Surcharge receipts	\$ 521,220
Amounts retained by the Authority	(321,220)
Payments to the City of Providence General Fund	(200,000)
Balance due City of Providence General Fund at June 30, 1987	\$ <u>          </u>

Restricted Assets

Restricted assets of the enterprise funds consisted of cash and investments maintained for the following reasons as of June 30, 1987:

## Water Supply Board:

Depreciation and extension fund restricted for maintenance and expansion of utility plant as well as for insurance purposes as mandated by the Public Utilities Commission	\$ 605,039
---	------------

## Civic Center:

Collections from advance tickets sales and promoters' deposits	<u>739,226</u>
---	----------------

Total restricted assets	\$ <u>1,344,265</u>
-------------------------	---------------------

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(10) Fund Balances

Reservations of fund balance at June 30, 1987 were as follows:

## Fiduciary Fund Types:

Reserved for payment of retirement benefits	\$ 149,855,603
Reserved for endowments	<u>5,480,783</u>
	155,336,386
Total reserved fund balance	\$ <u>155,336,386</u>

Designated portions of unreserved fund balances at June 30, 1987, were as follows:

Special Revenue Fund - designated for grantor-restricted purposes	\$ 12,532,827
Fiduciary Funds - designated for specific purposes	<u>322,169</u>
Total designated portion of unreserved fund balance	\$ <u>12,854,996</u>

The General Fund and the Special Revenue Sewer Fund have fund deficits of \$1,222,469 and \$177,797, respectively at June 30, 1987. It is the intent of City officials to eliminate the General Fund deficit over the next three years through annual budget appropriations for this purpose. City officials expect that the Sewer Fund deficit will be eliminated through improved collections of sewer use fees.

(11) Pension Plans(a) Employees Retirement System (ERS)

The City's ERS is a contributory pension plan covering most City employees except teachers and employees of the Providence Civic Center Authority. The City's policy is to fund annually an amount which is sufficient to maintain funding at 70% of the actuarially determined liabilities for regular employees and to fund on a pay-as-you-go basis for elected officials. These are the minimum funding levels required by the plan.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

The amount of pension cost determined in accordance with generally accepted accounting principles (including normal cost, an amount equivalent to interest on any unfunded prior service cost and a provision for vested benefits) for the year ended June 30, 1987 is not known. In addition, the cumulative excess amount of pension expense determined in accordance with generally accepted accounting principles over the amount which has actually been funded has not been determined and recorded in the accompanying financial statements. Such excess amounts relating to governmental fund employees and Water Supply Board employees should be recorded in the general long-term obligations account group and the Water Supply Board enterprise fund, respectively.

The following is a summary of the ERS plan contributions based upon the funding method described in the second preceding paragraph and which are recorded as expenditures in the accompanying financial statements:

	Regular employees	Elected officials
General Fund	\$ 9,698,640	90,638
Unrestricted School Fund	1,177,982	-
Providence Water Supply Board	<u>420,272</u>	<u>-</u>
	<u>\$ 11,296,894</u>	<u>90,638</u>

Actuarial and net asset information of the Employees' Retirement System follows:

Actuarial present value of accumulated plan benefits as of June 30, 1985:	
Vested	\$ 214,215,000
Nonvested	<u>5,785,000</u>
Total	<u>\$ 220,000,000</u>
Net assets available for benefits as of June 30, 1985	
	<u>\$ 155,863,000</u>

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8.5 percent compounded annually.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(b) Other Pension Costs

The City is also required to make contributions to the National Pension Plan of the Laborers' International Union of North America, the Rhode Island Legal Service trust for those employees in the Laborers' International Union and to pay retirement benefits to certain retired police and firemen not covered by the ERS. Pension costs for these purposes amounted to the following for the year ended June 30, 1987:

General Fund	\$ 1,455,964
Providence Water Supply Board	193,578
Unrestricted School Fund	<u>164,794</u>
	<u>\$ 1,814,336</u>

(c) Teachers' Retirement Plan

Teachers in the City's public schools participate in the Employees' Retirement System of the State of Rhode Island. The teachers contribute 8% of their salary and the remainder of the cost is divided evenly between the City and the State. The City makes annual contributions to the plan equal to the amount of pension expense. The system's statutory funding schedule required partial funding of current costs and interest on the unfunded prior service cost in increasing amounts until June 30, 1985. Effective July 1, 1985, the rates provide for full funding of normal costs, amortization of the unfunded liability and interest on any unfunded liability. The contribution to the pension plan for the year ended June 30, 1987 was approximately \$3,962,000 and is included in the Unrestricted School Fund. At the current time information relating to the City's portion of accumulated plan benefits and plan net assets is not available.

(d) Providence Civic Center

The Providence Civic Center Authority has established a noncontributory, deferred compensation plan for all management employees. The contribution for the year ended June 30, 1987 was \$20,574 and was based on a percentage of salaries paid. The Authority's policy is to fund all retirement costs accrued.

(12) Post-retirement Benefits

The City provides health care benefits for most retired employees. During the year ended June 30, 1987 the cost of retiree health care benefits recorded in the General Fund amounted to approximately \$1,126,000.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(13) Lease Obligations(a) Governmental Funds

The City is obligated under several noncancelable operating leases for various buildings and equipment. Future minimum lease payments as of June 30, 1987 were as follows:

Fiscal year ending June 30:

1988	\$ 1,042,000
1989	1,013,000
1990	572,000
1991	<u>14,500</u>

(b) Civic Center Authority

The Authority is obligated under a capital lease for telephone equipment which expires in January 1990. At June 30, 1987 the gross amount of capital leases included in property, plant and equipment was \$60,000 less \$10,000 accumulated depreciation. The Authority is also obligated under an operating lease for an automobile.

Future minimum lease payments under noncancellable operating leases and the present value of future minimum capital lease payments as of June 30, 1987 are:

	<u>Capital Lease</u>
Year ending June 30:	
1988	\$ 12,570
1989	11,713
1990	<u>10,856</u>
Net minimum lease payments	35,139
Less amounts representing interest (approximately 9%)	<u>5,139</u>
Present value of minimum lease payments	30,000
Less current installments of obligations under capital lease	<u>(10,000)</u>
Obligation under capital lease excluding current installments	\$ <u>20,000</u>

Total rental expense for the operating lease in 1987 was \$1,059.



## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

(14) Commitments and Contingent Liabilities

In June 1985, the City was advised in a letter from the United States Department of Justice that the Department had concluded that the City, among other parties, is liable to the Small Business Administration for damages suffered by the SBA in connection with a 1980 revenue bond financing of a local company. The Department has demanded that the City pay the United States Government damages ranging between approximately \$11.5 million and \$15 million for the losses allegedly sustained by the SBA in this connection. During the current fiscal year negotiations were held and the City agreed to pay an amount with an equivalent present value of approximately \$1.8 million. As agreed upon, this amount will be paid over a number of years commencing in the fiscal year ending June 30, 1989. This amount has been accrued in the General Long-Term Obligations Group of Accounts.

The City recognizes liabilities for legal cases and other claims when the ultimate liability is probable and can be estimated. The City is also defendant in numerous pending and existing lawsuits, claims, and grievances. In the opinion of City officials, the ultimate disposition of these matters will not have a material adverse effect on the City's financial statements.

The City participates in a number of Federally-assisted grant programs, including the Federal Revenue Sharing, Community Development Block Grant, and various education programs and construction grants. These programs are subject to financial and compliance audits by the grantors or their representatives. Compliance audits of various programs included in special revenue funds have identified approximately \$14,000 of expenditures which have been questioned as to their allowability under the specific grant agreements. The results of the fiscal year 1987 compliance audits have not been fully resolved by the grantor agencies. The amount, if any, of expenditures which may actually be disallowed by the Federal granting agencies cannot be determined at this time.

The Providence Redevelopment Agency is defendant in several suits in which the Agency's property acquisition price is being contested. No provision has been made in the financial statements for the possible settlement amounts.

The Providence Civic Center Authority was assessed at \$30,000 from the Rhode Island Department of Employment Security for reimbursement of unemployment benefits paid to individuals who were alleged employees of the Authority and who received unemployment benefits during 1975 and 1976.

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

The City is self-insured for casualty losses to some real estate and equipment.

(15) Cash and Investments

Cash and investments are separately held by several of the City's funds. However, the cash account of the City's General Fund combines activity of both the General Fund and the City's Water Supply Board.

(a) Deposits

At year-end, the carrying amount of the City's deposits was \$7,352,005 and the bank balance was \$8,974,375. Of the bank balance \$6,539,401 was covered by federal and state depository insurance and \$2,434,974 was uninsured.

(b) Investments

It is management's practice to principally invest in commercial paper and certificates of deposit of major local banks. In addition, U.S. government securities are purchased. The City also enters into repurchase agreements.

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

	<u>Category</u>			<u>June 30, 1987</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase Agreements \$		795,985	4,015	\$ 800,000	800,000
U.S. Government Securities	42,514,237			42,514,237	47,034,357
Commercial paper	13,578,128	23,617,000		37,195,128	37,195,128

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## Notes to Combined Financial Statements, Continued

	Category			June 30, 1987	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificates of Deposit	400,000	7,320,952		7,720,952	7,720,952
Corporate Bonds	29,267,465			29,267,465	26,799,014
Corporate Stock	44,328,088			44,328,088	90,666,434
Other	<u>689,324</u>	<u>359,675</u>	<u>      </u>	<u>1,048,999</u>	<u>1,048,999</u>
	<u>\$ 130,777,242</u>	<u>32,093,612</u>	<u>4,015</u>	162,874,869	211,264,884
Investments in deferred compensation plans				<u>3,429,688</u>	<u>3,429,688</u>
Total Investments				<u>\$ 166,304,557</u>	<u>214,694,572</u>

Included in the carrying amount and market value at June 30, 1987 are \$269,473 and \$2,371,816 of investments that are included in restricted assets and fixed assets in the enterprise fund, respectively. These amounts are reserved for future capital expansion and other purposes.

(16) Deferred Compensation Plan

The City offers its municipal employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all municipal employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with the amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

## PROVIDENCE CIVIC CENTER AUTHORITY

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Balance Sheet

June 30, 1987

Assets

## Current assets:

Cash and cash equivalents (note 15)	\$ 467,081
Restricted cash and cash equivalents (note 9)	739,226
Investments (note 15)	217,000
Accounts receivable (net of allowance for uncollectible accounts of \$7,000 in 1987)	268,975
Inventory, at cost	30,523
Prepaid expenses	<u>113,067</u>

## Total current assets

1,835,872

## Property, plant and equipment:

Building and improvements	14,089,314
Furnishings and equipment	1,334,479
Construction in progress	114,105
Investments restricted for the construction of capital assets (note 15)	<u>2,371,816</u>

17,909,714

## Less accumulated depreciation

7,547,385

## Net property, plant and equipment

10,362,329\$ 12,198,201

See accompanying notes to combined financial statements.

Exhibit F

Liabilities

Current liabilities:

Accrued expenses	\$ 403,080
Advance sales receipts and promoter deposits (note 10)	739,226
Deferred income	310,012
Current installment of obligation under capital lease (note 13)	<u>10,000</u>

Total current liabilities	1,462,318
---------------------------	-----------

Obligation under capital lease (note 13)	20,000
Obligation under lease purchase expansion project	<u>2,400,000</u>

Total liabilities	<u>3,882,318</u>
-------------------	------------------

Fund Equity

Contributed capital from the City of Providence	6,029,907
Accumulated surplus	<u>2,285,976</u>

Total fund equity	<u>8,315,883</u>
-------------------	------------------

\$ 12,198,201

## PROVIDENCE CIVIC CENTER AUTHORITY

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Revenues and Expenses

Year ended June 30, 1987

## Operating revenues:

Arena rent	\$ 1,326,309
Concessions	825,528
Advertising and other	333,247
Co-promotions	<u>49,240</u>

Total operating revenues	<u>2,534,324</u>
--------------------------	------------------

## Operating expenses, excluding depreciation:

Salaries and wages - admissions control	358,177
Salaries and wages - operations	1,257,510
Salaries and wages - administrative	285,047
Employee benefits	182,087
Payroll taxes	143,672
Event expenses	467,894
Utilities	260,290
Insurance	341,127
Litigation expense	30,000
Other	<u>466,050</u>

Less expenses reimbursed by promoters	<u>3,791,854</u>
	<u>1,331,136</u>

Net operating expenses, excluding depreciation	<u>2,460,718</u>
--	------------------

Operating income, excluding depreciation	<u>73,606</u>
--	---------------

## Non-operating revenues (expenses):

Net interest income	<u>32,828</u>
---------------------	---------------

Net income before depreciation	106,434
--------------------------------	---------

Depreciation	<u>601,193</u>
--------------	----------------

Net loss before operating transfer	(494,759)
------------------------------------	-----------

## Other financing source:

Operating transfer from general fund	<u>321,220</u>
--------------------------------------	----------------

Net loss	(173,539)
----------	-----------

(Continued)

## PROVIDENCE CIVIC CENTER AUTHORITY

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Revenues and Expenses, Continued

Depreciation on property, plant and equipment acquired through contributed capital	\$ <u>430,708</u>
Increase in accumulated surplus	257,169
Accumulated surplus at beginning of year	<u>2,028,807</u>
Accumulated surplus at end of year	\$ <u>2,285,976</u>

See accompanying notes to combined financial statements.

## PROVIDENCE CIVIC CENTER AUTHORITY

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Fund Equity

Year ended June 30, 1987

	Contributed <u>Capital</u>	Accumulated (Deficit) <u>Surplus</u>	<u>Total</u>
Balance at June 30, 1986, as restated (note 8)	6,460,615	2,028,807	8,489,422
Net loss for the year ended June 30, 1987		(173,539)	(173,539)
Depreciation on property, plant and equipment acquired through contributed capital	<u>(430,708)</u>	<u>430,708</u>	<u>-</u>
Balance at June 30, 1987	\$ <u>6,029,907</u>	<u>2,285,976</u>	<u>8,315,883</u>

See accompanying notes to financial statements.



## PROVIDENCE CIVIC CENTER AUTHORITY

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Changes in Financial Position

Year ended June 30, 1987

## Sources of working capital:

## Operations:

Net loss	\$ (173,539)
----------	--------------

## Item which does not use working capital:

Depreciation	<u>601,193</u>
--------------	----------------

Working capital provided by operations	427,654
--	---------

Proceeds from Revenue anticipation notes	-
--	---

Proceeds from lease obligations	<u>2,400,000</u>
---------------------------------	------------------

	<u>\$ 2,827,654</u>
--	---------------------

## Uses of working capital:

Current installment and repayment of Revenue anticipation notes	-
---	---

Net additions to property, plant and equipment	225,418
--	---------

Additions to construction in progress	114,105
---------------------------------------	---------

Current installment and payment of obligation under capital lease	10,000
---	--------

Investments restricted for the construction of capital assets	2,371,816
---	-----------

Increase in working capital	<u>106,315</u>
-----------------------------	----------------

	<u>\$ 2,827,654</u>
--	---------------------

## Elements of net increase (decrease) in working capital:

## Increase (decrease) in current assets:

Cash and cash equivalents	123,587
---------------------------	---------

Restricted cash and cash equivalents	(21,795)
--------------------------------------	----------

Investments	217,000
-------------	---------

Accounts receivable, net	(83,694)
--------------------------	----------

Inventory	(10,633)
-----------	----------

Prepaid expenses	<u>(50,232)</u>
------------------	-----------------

	<u>174,233</u>
--	----------------

(Continued)

## PROVIDENCE CIVIC CENTER AUTHORITY

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Changes in Financial Position, Continued

Increase (decrease) in current liabilities:	
Revenue anticipation notes payable	\$ (250,000)
Due to City of Providence General Fund	-
Accrued expenses	135,742
Advance sales receipts and promoter deposits	(21,795)
Deferred income	208,971
Current installment of obligation under capital lease	<u>(5,000)</u>
	<u>67,918</u>
Net increase in working capital	\$ <u>106,315</u>

See accompanying notes to combined financial statements.

## PROVIDENCE WATER SUPPLY BOARD

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Balance Sheet

June 30, 1987

<u>Assets</u>	<u>1987</u>
Property, plant and equipment:	
Land	\$ 7,533,050
Buildings and improvements	6,313,567
Improvements other than buildings	59,913,009
Machinery and equipment	<u>4,824,577</u>
	78,584,203
Less accumulated depreciation	<u>23,881,222</u>
Net property, plant and equipment	<u>54,702,981</u>
Restricted assets (note 9):	
Cash	335,566
Investments, at cost (note 15)	<u>269,473</u>
Total restricted assets	<u>605,039</u>
Current assets:	
Accounts receivable (net of allowance for uncollectible accounts of \$1,200,000 and \$920,000 in 1987 and 1986, respectively)	2,312,853
Accounts receivable - unbilled	3,919,884
Inventory, at cost	803,702
Other	<u>-</u>
Total current assets	<u>7,036,439</u>
Other noncurrent assets	<u>8,000</u>
	<u>\$ 62,352,459</u>

See accompanying notes to combined financial statements.

Capitalization and Liabilities

1987

Contributed capital	\$ 48,300,207
Retained earnings	2,430,588
General obligation bonds (net of current portion) (note 7)	<u>7,715,000</u>
Total capitalization	<u>58,445,795</u>
Current liabilities (payable from current assets):	
Due to City of Providence General Fund (note 5)	2,864,046
Accrued expenses	499,995
Current portion of general obligation bonds (note 7)	<u>490,000</u>
Total current liabilities	<u>3,854,041</u>
Deferred credits	<u>52,623</u>

Commitments and contingencies (note 14).

\$ 62,352,459

## PROVIDENCE WATER SUPPLY BOARD

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Operations

Year ended June 30, 1987

	<u>1987</u>
Operating revenues - charges for services:	
Water sales:	
General customers	\$ 7,171,152
Other local water suppliers	3,042,417
Fire protection services	598,610
Maintenance charges and other revenue	<u>273,505</u>
Total operating revenues	<u>11,085,684</u>
Operating expenses:	
Wages and benefits	4,998,639
Water supply services and supplies	1,500,594
Administrative, general, and other operating expenses	757,337
Charge for services provided by other City departments (note 9)	1,282,981
Depreciation	741,886
Bad debts	280,379
Property taxes - other local governments	<u>2,123,605</u>
Total operating expenses	<u>11,685,421</u>
Operating loss	<u>(599,737)</u>
Nonoperating revenues (expenses):	
Interest income	19,774
Interest expense	(487,624)
Gain on sale of investments	<u>7,073</u>
	<u>(460,777)</u>
Net loss	\$ <u>(1,060,514)</u>

See accompanying notes to combined financial statements.

## PROVIDENCE WATER SUPPLY BOARD

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Contributed Capital and Retained Earnings

Year ended June 30, 1987

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at June 30, 1986	47,880,918	3,491,102	51,372,020
Contribution in aid of construction	419,289	-	419,289
Net loss	<u>-</u>	<u>(1,060,514)</u>	<u>(1,060,514)</u>
Balance at June 30, 1987	\$ <u>48,300,207</u>	<u>2,430,588</u>	<u>50,730,795</u>

See accompanying notes to combined financial statements.

## PROVIDENCE WATER SUPPLY BOARD

(A Component Unit of the City of Providence, Rhode Island)

## Enterprise Fund

## Statement of Changes in Financial Position

Year ended June 30, 1987

	<u>1987</u>
Sources (uses) of working capital:	
Operations:	
Net loss	\$ (1,060,514)
Items which do not use working capital:	
Depreciation	741,886
Loss on disposition of fixed assets	<u>29,052</u>
Working capital used by operations	(289,576)
Contributions in aid of construction	419,289
Decrease in other noncurrent assets	4,000
Proceeds from retirements of property, plant and equipment	213,378
Decrease in restricted assets	-
Net decrease in working capital	<u>961,288</u>
	<u>\$ 1,308,379</u>
Uses of working capital:	
Acquisition of property, plant and equipment	517,786
Retirement of general obligation bonds	490,000
Increase in restricted assets	300,593
Decrease in other noncurrent liabilities	-
Increase in non-current assets	<u>-</u>
	<u>\$ 1,308,379</u>
Elements of net decrease in working capital:	
Accounts receivable, net	531,321
Accounts receivable - unbilled	1,077,526
Inventory, at cost	(22,805)
Other current assets	(21,653)
Due to City of Providence General Fund	(2,362,014)
Accrued expenses	(81,040)
Current portion of general obligation bonds	(30,000)
Deferred credits	<u>(52,623)</u>
Net decrease in working capital	<u>\$ (961,288)</u>

See accompanying notes to combined financial statements.

**CITY OF PROVIDENCE**  
**ADDITIONAL INFORMATION**



## CITY OF PROVIDENCE, RHODE ISLAND

## General Fund

## Schedule of Revenues - Budget and Actual

Year ended June 30, 1987

	<u>Budget</u>	<u>Actual</u>	Actual over (under) <u>budget</u>
Revenues:			
Property taxes and excise taxes	\$ 107,509,048	110,070,441	2,561,393
Shared State taxes	3,758,199	4,165,221	407,022
Business and nonbusiness licenses	998,100	1,146,552	148,452
Fines, forfeits and escheats	2,816,000	2,513,332	(302,668)
Grants-in-aid (State of Rhode Island):			
General Public Assistance	15,647,600	10,795,030	(4,852,570)
Payment of school debt	453,000	368,658	(84,342)
In lieu of machinery, equipment, inventory and intangible taxes	3,886,807	3,886,807	-
Rents and interest	3,030,000	3,632,888	602,888
General departments	6,396,325	8,045,053	1,648,728
Miscellaneous	<u>2,317,429</u>	<u>1,697,595</u>	<u>(619,834)</u>
Total revenues	\$ <u>146,812,508</u>	<u>146,321,577</u>	<u>(490,931)</u>

See accompanying auditors' report.

## CITY OF PROVIDENCE, RHODE ISLAND

## General Fund

## Schedule of Expenditures and Transfers - Budget and Actual

Year ended June 30, 1987

<u>Expenditures</u>	<u>Budget</u>	<u>Transfers increase (decrease)</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Executive, Legislative and Judicial Activities:					
City Council	\$ 290,859	14,000	304,859	281,240	23,619
City Clerk	223,703	-	223,703	202,995	20,708
Probate Court	117,980	-	117,980	111,330	6,650
Providence Municipal Court	249,074	-	249,074	244,001	5,073
Mayor's Office	764,793	62,000	826,793	823,102	3,691
Law Department	1,163,933	-	1,163,933	1,205,235	(41,302)
City Sergeant	21,220	-	21,220	21,597	(377)
Contingencies	50,000	-	50,000	49,964	36
Appropriation reserve	567,115	-	567,115	-	567,115
Department of Human Services	-	47,000	47,000	45,480	1,520
Total Executive, Legislative, and Judicial Activities	3,448,677	123,000	3,571,677	2,984,944	586,733
Finance Administration:					
Finance Director	213,671	-	213,671	212,738	933
City Controller	518,983	(30,000)	488,983	484,019	4,964
Employees' Retirement Office	175,430	-	175,430	184,803	(9,373)
Data Processing	728,379	-	728,379	846,491	(118,112)
City Collector	682,669	(10,000)	672,669	643,339	29,330
City Assessor	1,346,224	-	1,346,224	1,030,580	315,644
Treasury Department	143,015	-	143,015	146,480	(3,465)
Board of Tax Assessments Review	31,996	-	31,996	25,044	6,952
Personnel	251,832	(120)	251,712	258,305	(6,593)
Labor lawyer	30,000	-	30,000	56,707	(26,707)
Emergency temporary and seasonal employees	25,000	-	25,000	25,000	-
Payment to Employees Retirement System	9,968,560	-	9,968,560	9,618,278	350,282
Elected officials	125,252	-	125,252	90,638	34,614
Police pensions	55,526	-	55,526	54,664	862
Fire pensions	67,064	-	67,064	66,170	894
Laborers International legal fee	150,000	-	150,000	382,272	(232,272)
Payment to Laborers International pension fund	975,000	-	975,000	952,857	22,143
Public employees health services	97,000	-	97,000	186,974	(89,974)
Retirement of serial bonds and deferred pension contribution	6,831,170	(50,000)	6,781,170	7,093,715	(312,545)
Interest	6,151,211	-	6,151,211	4,798,864	1,352,347
FICA	1,308,000	-	1,308,000	1,296,043	11,957
Medical insurance	5,669,208	-	5,669,208	5,724,457	(55,249)
Unemployment compensation	115,000	-	115,000	82,687	32,313
Reserve for anticipated tax abatements	275,000	-	275,000	422,222	(147,222)

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## General Fund

## Schedule of Expenditures and Transfers - Budget and Actual, Continued

<u>Expenditures</u>	<u>Budget</u>	<u>Transfers increase (decrease)</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Finance Administration, continued					
Heat, light, and power	\$ 1,750,000	-	1,750,000	1,832,186	(82,186)
Workers' Compensation	350,000	-	350,000	753,504	(403,504)
Total Finance Administration	38,035,190	(90,120)	37,945,070	37,269,037	676,033
Public Safety:					
Commissioner of Public Safety	282,479	-	282,479	267,462	15,017
Police Department (excluding Federal Revenue Sharing amounts)	15,901,573	50,000	15,951,573	16,697,934	(746,361)
Fire Department (excluding Federal Revenue Sharing amounts)	15,500,786	-	15,500,786	16,358,298	(857,512)
Department of Communications	1,602,118	-	1,602,118	1,654,060	(51,942)
Traffic Engineering Department	619,703	(3,000)	616,703	544,683	72,020
Total Public Safety	33,906,659	47,000	33,953,659	35,522,437	(1,568,778)
Building Inspection Department:					
Building Inspection Administration	428,480	-	428,480	417,126	11,354
Structures and Zoning Division	270,327	(40,000)	230,327	198,499	31,828
Plumbing, Drainage, and Gas Piping Division	110,176	(12,000)	98,176	88,172	10,004
Electrical Installations Division	103,260	(14,000)	89,260	76,616	12,644
Mechanical Equipment and Installations Division	80,436	-	80,436	75,879	4,557
Zoning Board of Review	13,100	-	13,100	13,309	(209)
Housing Board of Review	2,700	-	2,700	2,318	382
Building Board of Review	10,150	-	10,150	10,126	24
Building Inspection Code Enforcement	308,996	(12,000)	296,996	288,078	8,918
Building Inspection Prosecution	138,186	-	138,186	123,753	14,433
Division of Utilities and Standards	49,090	-	49,090	44,855	4,235
Total Building Codes and Inspection	1,514,901	(78,000)	1,436,901	1,338,731	98,170
Public Works Activities:					
Public Works Administration	492,085	(11,500)	480,585	481,495	(910)
Engineering and Sanitation	394,616	-	394,616	380,813	13,803
Street Cleaning Section	347,920	-	347,920	333,789	14,131
Waste Collection and Processing	2,414,113	-	2,414,113	2,893,518	(479,405)
Highway and Environmental Control	2,493,527	-	2,493,527	2,370,206	123,321
Bridge Maintenance Section	178,504	-	178,504	178,796	(292)
Snow Removal	450,000	-	450,000	679,354	(229,354)
Sewer Construction and Maintenance	631,179	-	631,179	567,358	63,821

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## General Fund

## Schedule of Expenditures and Transfers - Budget and Actual, Continued

<u>Expenditures</u>	<u>Budget</u>	<u>Transfers increase (decrease)</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Public Works Activities, continued:					
Garage Maintenance and Equipment Repair	\$ 336,504	-	336,504	212,217	124,287
Public Works Environment	-	-	-	215	(215)
Total Public Works Activities	<u>7,738,448</u>	<u>(11,500)</u>	<u>7,726,948</u>	<u>8,097,761</u>	<u>(370,813)</u>
Recreation Activities:					
Recreation Department	281,098	400	281,498	268,992	12,506
Camp Cronin	24,700	(400)	24,300	25,488	(1,188)
Recreation - seasonal	<u>275,427</u>	<u>-</u>	<u>275,427</u>	<u>259,448</u>	<u>15,979</u>
Total Recreation Activities	<u>581,225</u>	<u>-</u>	<u>581,225</u>	<u>553,928</u>	<u>27,297</u>
Public Lands and Parks:					
Development and Environmental Services	389,248	18,500	407,748	376,382	31,366
Zoological services	686,106	-	686,106	679,848	6,258
Grounds maintenance services	2,172,492	-	2,172,492	2,228,227	(55,735)
Programming services	191,209	20,000	211,209	252,340	(41,131)
Office of the Superintendent of Parks	<u>227,335</u>	<u>10,000</u>	<u>237,335</u>	<u>248,526</u>	<u>(11,191)</u>
Total Public Lands and Parks	<u>3,666,390</u>	<u>48,500</u>	<u>3,714,890</u>	<u>3,785,323</u>	<u>(70,433)</u>
Education:					
Local appropriation to School Department	<u>34,686,465</u>	<u>-</u>	<u>34,686,465</u>	<u>35,249,684</u>	<u>(563,219)</u>
Other Departments:					
Recorder of Deeds	298,575	-	298,575	347,442	(48,867)
Archives and history	60,008	(6,000)	54,008	40,272	13,736
Vital Statistics	108,171	-	108,171	96,475	11,696
Board of Canvassers	372,039	-	372,039	368,450	3,589
Bureau of Licenses	165,577	-	165,577	165,831	(254)
Providence Human Relations	134,726	120	134,846	119,288	15,558
Civil Defense Preparedness	85,132	-	85,132	84,582	550
Planning and Urban Development	874,131	(25,000)	849,131	1,013,997	(164,866)
Administration to City Council	111,272	(5,000)	106,272	89,954	16,318
Providence Review Commission	24,910	-	24,910	15,801	9,109
Miscellaneous Service - Transfer to Planning and Urban Development, CDBG	-	-	-	14,000	(14,000)
Total Other Departments	<u>2,234,541</u>	<u>(35,880)</u>	<u>2,198,661</u>	<u>2,356,092</u>	<u>(157,431)</u>

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## General Fund

## Schedule of Expenditures and Transfers - Budget and Actual, Continued

<u>Expenditures</u>	<u>Budget</u>	<u>Transfers Increase (decrease)</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Welfare Activities:					
General Public Assistance	\$ 16,147,600	-	16,147,600	12,460,557	3,687,043
Total Welfare Activities	16,147,600	-	16,147,600	12,460,557	3,687,043
Miscellaneous Activities	85,894	-	85,894	116,930	(31,036)
Transfer to Civic Center Authority	-	-	-	321,220	(321,220)
Grants:					
Providence Public Library	1,144,750	-	1,144,750	1,144,750	-
RI Center	245,000	-	245,000	245,000	-
Other	55,000	-	55,000	55,000	-
Total Grants	1,444,750	-	1,444,750	1,444,750	-
Public Properties:					
Public buildings	2,243,268	(3,000)	2,240,268	2,016,903	223,365
Purchasing	278,733	-	278,733	239,834	38,899
Total Public Properties	2,522,001	(3,000)	2,519,001	2,256,737	262,264
Port of Providence	791,879	-	791,879	722,246	69,633
Public Celebrations	6,900	-	6,900	5,246	1,654
Total expenditures and transfers	\$ 146,811,520	-	146,811,520	144,485,623	2,325,897

See accompanying auditors' report.

## CITY OF PROVIDENCE, RHODE ISLAND

## Special Revenue Funds

## Combining Balance Sheet

June 30, 1987

<u>Assets</u>	<u>Total All Funds</u>	<u>School Fund</u>	<u>Other Educational Funds</u>	<u>Revenue Sharing Fund</u>	<u>Community Development Block Grants</u>	<u>Providence Hotel Associates</u>
Cash (overdraft)	\$ 1,144,375	(2,417,470)	547,739		(70,167)	
Accounts receivable (net where applicable of allowance for uncollectible amounts of \$3,359,916)	1,121,559	35,466	1,073		98,656	5,667
Due from:						
Other funds	1,634,086	1,032,222	22,501		377,821	
Other governments	5,048,438	3,789,297	1,086,163		172,978	
Loans receivable (net of allowance for uncollectible amounts of \$630,189)	13,321,190	-	-		1,006,432	1,400,000
Short-term investments	4,781,956	-	-	-	-	-
Other assets	5,019	-	-	-	-	-
<b>Total assets</b>	<b>\$ 27,056,623</b>	<b>2,439,515</b>	<b>1,657,476</b>	<b>-</b>	<b>1,585,720</b>	<b>1,405,667</b>
<u>Liabilities</u>						
Accounts payable and accrued expenditures	\$ 3,053,123	2,245,568	507,683	-	173,640	
Due to:						
Other funds	3,046,358	155,265	501,919	-	-	
Other governments	643,800	-	643,800	-	-	
Deferred revenues	308,115	35,466	-	-	272,649	
Other liabilities	182,905	3,216	4,074	-	-	
Reserve for home improvement loans	3,011	-	-	-	3,011	-
<b>Total liabilities</b>	<b>7,237,312</b>	<b>2,439,515</b>	<b>1,657,476</b>	<b>-</b>	<b>449,300</b>	<b>-</b>
<u>Fund Balances</u>						
Fund balances (deficit):						
Unreserved	7,286,484	-	-	-	-	-
Unreserved - designated for special purposes	12,532,827	-	-	-	1,136,420	1,405,667
<b>Total fund balances (deficit)</b>	<b>19,819,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,136,420</b>	<b>1,405,667</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,056,623</b>	<b>2,439,515</b>	<b>1,657,476</b>	<b>-</b>	<b>1,585,720</b>	<b>1,405,667</b>

See accompanying auditors' report.

## Urban Development Action Grants

SWAP	Fleet Center and Garage	Richmond Square	Special Neighborhood and Jobs Bill	UPARR Parks and Neighborhoods	Sewer Fund	Providence Redevelop- ment Agency	Providence Local Development Corporation	Providence Industrial Development Corporation	Miscellaneous Grants
34,492	-	-	120,325	8,761	73,132	983,565	971,846	846,428	45,724
-	-	22,510	-	-	944,760	7,319	6,000	-	108
-	-	-	-	-	-	94,132	-	-	107,410
-	7,000,000	877,490	-	-	-	-	1,897,810	1,139,458	-
-	-	-	-	-	800,000	3,981,956	-	-	-
-	-	-	-	-	-	-	-	5,019	-
<u>34,492</u>	<u>7,000,000</u>	<u>900,000</u>	<u>120,325</u>	<u>8,761</u>	<u>1,817,892</u>	<u>5,066,972</u>	<u>2,875,656</u>	<u>1,990,905</u>	<u>153,242</u>
-	-	-	28,510	8,761	61,346	-	-	9,189	18,426
-	-	-	-	-	1,934,343	348,399	-	-	106,432
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	175,615	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	<u>28,510</u>	<u>8,761</u>	<u>1,995,689</u>	<u>524,014</u>	<u>-</u>	<u>9,189</u>	<u>124,858</u>
-	-	-	-	-	(177,797)	4,542,958	2,875,656	45,667	-
<u>34,492</u>	<u>7,000,000</u>	<u>900,000</u>	<u>91,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,936,049</u>	<u>28,384</u>
<u>34,492</u>	<u>7,000,000</u>	<u>900,000</u>	<u>91,815</u>	<u>-</u>	<u>(177,797)</u>	<u>4,542,958</u>	<u>2,875,656</u>	<u>1,981,716</u>	<u>28,384</u>
<u>34,492</u>	<u>7,000,000</u>	<u>900,000</u>	<u>120,325</u>	<u>8,761</u>	<u>1,817,892</u>	<u>5,066,972</u>	<u>2,875,656</u>	<u>1,990,905</u>	<u>153,242</u>

## CITY OF PROVIDENCE, RHODE ISLAND

## Special Revenue Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year ended June 30, 1987

	Total All Funds	School Fund	Other Educational Funds	Revenue Sharing Fund	Community Development Block Grants	Providence Hotel Associates
<b>Revenues:</b>						
Federal, state and local grants	\$ 53,537,322	40,544,241	7,102,838	787,458	3,097,785	1,400,000
Charges for services	621,113	50,828	10,790	-	552,575	-
Miscellaneous	1,051,153	188,704	30,892	-	-	-
Interest	599,709	-	-	-	-	5,667
Bad debt (expense)	803,184	-	-	-	-	-
<b>Total revenues</b>	<b>56,612,481</b>	<b>40,783,773</b>	<b>7,144,520</b>	<b>787,458</b>	<b>3,650,360</b>	<b>1,405,667</b>
<b>Other financing sources:</b>						
Transfer from Capital Projects	32,302	-	-	-	-	-
Transfer from General Fund	35,263,684	35,249,684	-	-	14,000	-
Transfer from other Special Revenue Funds	809,145	-	594,958	-	-	-
Transfer from Revolving Funds	148,083	148,083	-	-	-	-
<b>Total other financing sources</b>	<b>36,253,214</b>	<b>35,397,767</b>	<b>594,958</b>	<b>-</b>	<b>14,000</b>	<b>-</b>
<b>Total revenues and other financing sources</b>	<b>92,865,695</b>	<b>76,181,540</b>	<b>7,739,478</b>	<b>787,458</b>	<b>3,664,360</b>	<b>1,405,667</b>
<b>Expenditures:</b>						
Personal services	56,999,593	51,306,591	4,693,835	787,458	-	-
Employee benefits	15,995,600	14,394,422	1,556,340	-	-	-
Services other than personal	3,760,412	3,156,871	551,167	-	-	-
Materials and supplies	1,646,188	1,030,497	610,911	-	-	-
Equipment	1,040,133	812,972	224,394	-	-	-
Program expenditures	6,477,019	-	-	-	5,637,905	-
Bad debts	28,450	-	-	-	-	-
Other	5,192,282	4,671,042	102,831	-	-	-
<b>Total expenditures</b>	<b>91,139,677</b>	<b>75,372,395</b>	<b>7,739,478</b>	<b>787,458</b>	<b>5,637,905</b>	<b>-</b>
<b>Other uses:</b>						
Transfer to other Special Revenue Funds	809,145	809,145	-	-	-	-
<b>Total other uses</b>	<b>809,145</b>	<b>809,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures and other uses</b>	<b>91,948,822</b>	<b>76,181,540</b>	<b>7,739,478</b>	<b>787,458</b>	<b>5,637,905</b>	<b>-</b>
<b>Revenues over (under) expenditures and other uses</b>	<b>916,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,973,545)</b>	<b>1,405,667</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>18,902,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,109,965</b>	<b>-</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ 19,819,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,136,420</b>	<b>1,405,667</b>

See accompanying auditors' report.



## Urban Development Action Grants

<u>SWAP</u>	<u>Fleet Center and Garage</u>	<u>Richmond Square</u>	<u>Special Neighborhood and Jobs Bill</u>	<u>Sewer Fund</u>	<u>Providence Redevelop- ment Agency</u>	<u>Providence Local Development Corporation</u>	<u>Providence Industrial Development Corporation</u>	<u>Miscellaneous Grants</u>
-	-	-	-	-	-	600,000	5,000	-
-	-	-	-	-	-	-	6,920	-
-	-	-	12,499	46,433	205,820	48,920	116,270	401,615
-	-	-	-	38,052	246,452	152,101	157,437	-
-	-	-	-	803,184	-	-	-	-
-	-	-	12,499	887,669	452,272	801,021	285,627	401,615
-	-	-	-	-	32,302	-	-	-
-	-	-	-	-	-	-	-	214,187
-	-	-	-	-	-	-	-	-
-	-	-	-	-	32,302	-	-	214,187
-	-	-	12,499	887,669	484,574	801,021	285,627	615,802
-	-	-	-	-	-	-	47,370	164,339
-	-	-	-	-	-	-	7,069	37,769
-	-	-	-	-	-	6,828	45,546	-
-	-	-	-	-	-	-	4,780	-
-	-	-	-	-	-	-	2,767	-
17,455	-	-	59,731	-	761,928	-	-	-
-	-	-	-	-	-	7,660	20,790	-
-	-	-	-	168	-	-	24,555	393,686
17,455	-	-	59,731	168	761,928	14,488	152,877	595,794
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
17,455	-	-	59,731	168	761,928	14,488	152,877	595,794
(17,455)	-	-	(47,232)	887,501	(277,354)	786,533	132,750	20,008
51,947	7,000,000	900,000	139,047	(1,065,298)	4,820,312	2,089,123	1,848,966	8,376
34,492	7,000,000	900,000	91,815	(177,797)	4,542,958	2,875,656	1,981,216	28,384

## CITY OF PROVIDENCE, RHODE ISLAND

## Special Revenue Funds

Combining Statement of Revenues and Expenditures -  
Budget and Actual

Year ended June 30, 1987

	Federal Revenue Sharing			Unrestricted School Fund			Totals		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Charges for services	\$ -	-	-	236,917	239,532	2,615	236,917	239,532	2,615
Federal and state grants	745,876	787,458	41,582	40,413,724	40,544,241	130,517	41,159,600	41,331,699	172,099
Total revenues	745,876	787,458	41,582	40,650,641	40,783,773	133,132	41,396,517	41,571,231	174,714
Other financing sources (uses):									
Transfer from General Fund	-	-	-	34,686,465	35,249,684	563,219	34,686,465	35,249,684	563,219
Transfer to Indirect Cost Fund	-	-	-	-	(4,099)	(4,099)	-	(4,099)	(4,099)
Transfer from Revolving Fund	-	-	-	-	148,083	148,083	-	148,083	148,083
Total other financing sources	-	-	-	34,686,465	35,393,668	707,203	34,686,465	35,393,668	707,203
Total revenues and other financing sources	745,876	787,458	41,582	75,337,106	76,177,441	840,335	76,082,982	76,964,899	881,917
Expenditures:									
Personal services	745,876	787,458	(41,582)	51,981,177	51,897,863	83,314	52,727,053	52,685,321	41,732
Employee benefits	-	-	-	13,527,359	14,608,196	(1,080,837)	13,527,359	14,608,196	(1,080,837)
Services other than personal	-	-	-	3,194,141	3,166,870	27,271	3,194,141	3,166,870	27,271
Materials and supplies	-	-	-	1,030,135	1,030,497	(362)	1,030,135	1,030,497	(362)
Equipment	-	-	-	957,176	817,972	139,204	957,176	817,972	139,204
Other	-	-	-	4,647,118	4,656,043	(8,925)	4,647,118	4,656,043	(8,925)
Total expenditures	745,876	787,458	(41,582)	75,337,106	76,177,441	(840,335)	76,082,982	76,964,899	(881,917)
Revenues and other financing sources over expenditures	\$ -	-	-	-	-	-	-	-	-

See accompanying auditors' report.

## CITY OF PROVIDENCE, RHODE ISLAND

## Capital Project Funds

## Combining Balance Sheet

June 30, 1987

<u>Assets</u>	<u>Total All Funds</u>	<u>General Capital Projects</u>	<u>Urban Mass Transportation Administration Grant - Kennedy Plaza Construction</u>	<u>Urban Mass Transportation Administration Grant - Kennedy Plaza Design</u>
Cash and cash equivalents	\$ 1,601,053	1,548,514	50,980	1,559
Short-term investments	11,537,631	11,537,631	-	-
Due from other funds	78,578	78,578	-	-
Due from federal government	<u>62,476</u>	<u>-</u>	<u>32,703</u>	<u>29,773</u>
Total assets	\$ <u>13,279,738</u>	<u>13,164,723</u>	<u>83,683</u>	<u>31,332</u>
<u>Liabilities</u>				
Accounts payable and accrued expenditures	\$ 437,091	426,591	-	10,500
Due to other funds	<u>701,519</u>	<u>607,387</u>	<u>73,692</u>	<u>20,440</u>
	<u>1,138,610</u>	<u>1,033,978</u>	<u>73,692</u>	<u>30,940</u>
<u>Fund Balances</u>				
Fund balance - unreserved:				
Undesignated	<u>12,141,128</u>	<u>12,130,745</u>	<u>9,991</u>	<u>392</u>
Total fund balance	<u>12,141,128</u>	<u>12,130,745</u>	<u>9,991</u>	<u>392</u>
Total liabilities and fund balance	\$ <u>13,279,738</u>	<u>13,164,723</u>	<u>83,683</u>	<u>31,332</u>

See accompanying auditors' report.

## CITY OF PROVIDENCE, RHODE ISLAND

## Capital Project Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances (Deficit)

Year ended June 30, 1987

	<u>Total All Funds</u>	<u>General Capital Projects</u>	<u>Urban Mass Transportation Administration Grant - Kennedy Plaza Construction</u>	<u>Urban Mass Transportation Administration Grant - Kennedy Plaza Design</u>
<b>Revenues:</b>				
Federal grants and reimbursements	\$ 848,123	-	719,650	128,473
Investment income	87,269	87,269	-	-
Other	70,604	70,604	-	-
<b>Total revenues</b>	<b>1,005,996</b>	<b>157,873</b>	<b>719,650</b>	<b>128,473</b>
<b>Other financing sources:</b>				
Proceeds from sale of general obligation bonds	<u>2,100,000</u>	<u>2,100,000</u>	<u>-</u>	<u>-</u>
<b>Total revenues and other financing sources</b>	<b><u>3,105,996</u></b>	<b><u>2,257,873</u></b>	<b><u>719,650</u></b>	<b><u>128,473</u></b>
<b>Expenditures:</b>				
Personal services	194,250	194,250	-	-
Service other than personal	1,772,431	1,772,431	-	-
Capital projects	3,616,491	2,960,568	527,450	128,473
Other	656,424	656,424	-	-
<b>Total expenditures</b>	<b>6,239,596</b>	<b>5,583,673</b>	<b>527,450</b>	<b>128,473</b>
<b>Other uses:</b>				
Transfer to Special Revenue Funds	<u>32,302</u>	<u>32,302</u>	<u>-</u>	<u>-</u>
<b>Total expenditures and other uses</b>	<b><u>6,271,898</u></b>	<b><u>5,615,975</u></b>	<b><u>527,450</u></b>	<b><u>128,473</u></b>
<b>Revenues and other financing sources over (under) expenditures and other uses</b>	<b>(3,165,902)</b>	<b>(3,358,102)</b>	<b>192,200</b>	<b>-</b>
<b>Fund balances (deficit) at beginning of year</b>	<b><u>15,307,030</u></b>	<b><u>15,488,847</u></b>	<b><u>(182,209)</u></b>	<b><u>392</u></b>
<b>Fund balances at end of year</b>	<b>\$ <u>12,141,128</u></b>	<b><u>12,130,745</u></b>	<b><u>9,991</u></b>	<b><u>392</u></b>

See accompanying auditors' report.

## CITY OF PROVIDENCE, RHODE ISLAND

## Fiduciary Fund Types

## Combining Balance Sheet

June 30, 1987

Assets	Expendable Trust Funds		Nonexpendable Trust Funds		Agency Funds			Total
	Revolving Funds	Other Expendable Trusts	Other	Retirement System	Probate Court	Deferred Compensation Plans	Other Agency Funds	
Cash and cash equivalents	\$ 94,176	750,354	281,667	1,274,718	709,370	-	1,000,123	4,110,408
Due from other funds, net	-	304,600 (1)	-	4,225,791	-	-	-	4,530,391
Accounts receivable, net	575,000	222,172 (2)	-	-	-	-	-	797,172
Investments, at carrying value	-	736,910	5,196,503	137,763,580 (3)	-	3,429,688	-	147,126,681
Loans receivable	-	-	-	6,436,654	-	-	-	6,436,654
Other assets	-	139,120	2,613	154,860	-	-	-	296,593
<b>Total assets</b>	<b>\$ 669,176</b>	<b>2,153,156</b>	<b>5,480,783</b>	<b>149,855,603</b>	<b>709,370</b>	<b>3,429,688</b>	<b>1,000,123</b>	<b>163,297,899</b>
<b>Liabilities and Fund Balances</b>								
Accounts payable and accrued expenditures	\$ 60,713	-	-	-	-	-	-	60,713
Amounts held for others	-	-	-	-	709,370	3,429,688	736,190	4,875,248
Deferred revenues	-	222,172	-	-	-	-	-	222,172
Due to other funds	73,510	-	-	-	-	-	263,933	337,443
<b>Total liabilities</b>	<b>134,223</b>	<b>222,172</b>	<b>-</b>	<b>-</b>	<b>709,370</b>	<b>3,429,688</b>	<b>1,000,123</b>	<b>5,495,576</b>
Fund balances:								
Reserved for benefits	-	-	-	149,855,603	-	-	-	149,855,603
Reserved for designated purposes	-	322,169	5,480,783	-	-	-	-	5,802,952
<b>Total reserved fund balances</b>	<b>-</b>	<b>322,169</b>	<b>5,480,783</b>	<b>149,855,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155,658,555</b>
Unreserved	534,953	1,608,815	-	-	-	-	-	2,143,768
<b>Total fund balances</b>	<b>534,953</b>	<b>1,930,984</b>	<b>5,480,783</b>	<b>149,855,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157,802,323</b>
<b>Total liabilities and fund balances</b>	<b>\$ 669,176</b>	<b>2,153,156</b>	<b>5,480,783</b>	<b>149,855,603</b>	<b>709,370</b>	<b>3,429,688</b>	<b>1,000,123</b>	<b>163,297,899</b>

(1) Net of allowance for estimated uncollectible amount of \$1,451,675

(2) Net of allowance for estimated uncollectible amount of \$75,000

(3) Market value: \$184,641,700

See accompanying auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND  
Fiduciary Fund Types - Agency Funds  
Combining Schedule of Cash Receipts and Disbursements  
Year ended June 30, 1987

	<u>Cash balances, June 30, 1986</u>	<u>Receipts</u>	<u>Total available</u>	<u>Disbursements</u>	<u>Cash balances, June 30, 1987</u>
Probate accounts	\$ 682,494	101,748	784,242	74,872	709,370
Other agency funds:					
Deposit and Refund Account	161,388	2,273,601	2,434,989	2,088,983	346,006
Employees' Defense Savings Account	16,434	262,034	278,468	261,491	16,977
Employees' Retirement System, State of Rhode Island	339,842	3,833,808	4,173,650	3,767,461	406,189
Employees' Retirement System, Rhode Island Income Tax Withholding Pension Payments	56,729	287,712	344,441	287,712	56,729
Employees Withholding Tax Deductions	(2,976)	1,345,934	1,342,958	1,330,511	12,447
Hospital Service Corporation of Rhode Island	23,005	643,518	666,523	644,890	21,633
Local No. 799, International Association of Firefighters	6	-	6	-	6
Local No. 958, American Federation of Teachers	169,864	-	169,864	-	169,864
Local No. 1033, Public Employees Union	1,586	5,699	7,285	5,699	1,586
Payroll Deductions, Insurance Companies	2,104	33,955	36,059	33,747	2,312
Payroll Deductions and Withholdings, Other	3,058	58,790	61,848	57,900	3,948
Providence Municipal Employees Credit Union	4,156	-	4,156	-	4,156
Providence Permanent Fireman's Relief Association	78	6,622	6,700	6,613	87
Providence Teachers' Credit Union	(18,717)	35	(18,682)	-	(18,682)
Reserve for Social Security Taxes	495,867	10,402,092	10,897,959	11,491,952	(593,993)
Rhode Island Income Tax Withholding	(58,257)	312,175	253,918	308,589	(54,671)
State of Rhode Island Real Estate Conveyance Tax	343,464	1,078,635	1,422,099	1,158,356	263,743
State Sales Tax, Water	(4,578)	327,613	323,035	78,923	244,112
Tax Sheltered Annuities	(567)	735	168	2,993	(2,825)
Other	116,392	571,172	687,564	567,065	120,499
	<u>1,648,878</u>	<u>21,444,130</u>	<u>23,093,008</u>	<u>22,092,885</u>	<u>1,000,123</u>
Total agency funds	\$ <u>2,331,372</u>	<u>21,545,878</u>	<u>23,877,250</u>	<u>22,167,757</u>	<u>1,709,493</u>

See accompanying auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND  
Schedule of Long-term Bonds Payable  
June 30, 1987

	Interest rate	Date of		Bonds	
		Issue	Maturity	Issued	Outstanding
<u>Long-term Obligations Group of Accounts:</u>					
Bonds payable, serially:					
Bridge Replacement and Reconstruction	3.60-3.80%	5/1/67	5/1/91	\$ 1,200,000	240,000
Highways Loan of 1964 (1970 Series)	6.30-6.60	6/15/70	6/15/90	500,000	75,000
Municipal Dock Improvements and Extension	3.125	9/1/63	9/1/87	2,000,000	100,000
Recreational Facilities Loan V	4.50	2/1/71	2/1/91	2,000,000	400,000
Public Welfare Building Bonds	3.90-4.60	6/1/68	6/1/88	1,500,000	75,000
Redevelopment Bonds:					
Redevelopment and Slum Clearance Bonds V	3.125	9/1/63	9/1/87	4,000,000	200,000
Redevelopment and Slum Clearance Bonds VI	3.25-3.40	10/1/64	10/1/88	2,000,000	200,000
Slum Clearance and Redevelopment IV (1970 Series)	6.30-6.60	6/15/70	6/15/90	5,000,000	750,000
Total Redevelopment Bonds				11,000,000	1,150,000
Hurricane Barrier:					
Hurricane Barrier Bond Series I	3.25-3.40	10/1/64	10/1/88	3,000,000	300,000
General Obligation - Public Improvement Bonds	4.75-7.25	5/1/79	5/1/99	15,000,000	9,750,000
General Obligation - Public Improvement Bonds		8/15/86	8/15/2006	20,040,000	20,040,000
General Obligation - Refunding Bonds	4.2-7.00	9/15/86	3/15/2005	44,855,000	43,255,000
Old Harbor Tax Increment Bonds	5.50-8.5	8/15/86	8/15/2001	2,100,000	2,100,000
				66,995,000	65,395,000

(Continued)

## CITY OF PROVIDENCE, RHODE ISLAND

## Schedule of Long-term Bonds Payable, Continued

	Interest rate	Date of		Bonds	
		Issue	Maturity	Issued	Outstanding
Schools:					
School Athletic Fields - Series III	4.50-4.60%	6/1/68	6/1/90	\$ 500,000	75,000
School Bonds of 1966	3.60-3.80	5/1/67	5/1/91	1,750,000	340,000
School Bonds of 1968	3.90-4.60	6/1/68	6/1/88	6,000,000	300,000
School Bonds of 1971 Series I	4.50	2/1/71	2/1/91	1,500,000	300,000
School Bonds of 1971 Series II	4.50	2/1/71	2/1/91	2,400,000	480,000
School Modernization Bonds Series V	3.60-3.80	5/1/67	5/1/91	1,500,000	300,000
Classical High School Bonds	6.30-6.60	6/15/70	6/15/90	1,000,000	150,000
School Modernization and Construction Bonds Series II	5.00	2/15/74	2/15/94	3,000,000	1,050,000
School Modernization and Construction Bonds Series III	5.00	2/15/74	2/15/94	3,000,000	1,050,000
School for Handicapped Children	5.00	2/15/74	2/15/94	2,500,000	875,000
Total Schools				23,150,000	4,920,000
Civic Center Bonds	5.00-5.25	2/1/72	2/1/92	13,000,000	3,250,000
Total long-term obligations group of accounts bonds				139,345,000	85,655,000
Proprietary fund - bonds payable:					
Water Distribution Reservoir	3.25	12/1/62	12/1/92	2,050,000	550,000
Water Purification Works Improvements I	3.25	12/1/62	12/1/92	1,100,000	310,000
Water Bonds of 1971	5.00-6.00	6/1/71	6/1/2001	11,000,000	7,345,000
Total proprietary fund bonds				14,150,000	8,205,000
Total long-term bonds payable				\$ 153,495,000	93,860,000

See accompanying auditors' report.



CITY OF PROVIDENCE, RHODE ISLAND  
Schedule of Property Taxes Receivable  
June 30, 1987

<u>Year of Assessment</u>	<u>Amount Receivable June 30, 1987</u>
1986	\$ 9,988,012
1985	4,007,685
1984	2,855,184
1983	2,917,309
1982	2,626,447
1981	3,840,250
1980	1,575,578
1979	1,305,441
1978	1,465,040
1977	1,140,388
1976	1,027,882
1975	948,644
1974	866,641
1973	989,372
1972	611,871
1971	775,644
1970	735,088
1969	352,352
1968	327,829
1967	316,157
1966	<u>439,913</u>
	<u>39,112,727</u>
Less allowance for estimated uncollectible amounts	<u>32,729,190</u>
Net property taxes receivable	\$ <u>6,383,537</u>

See accompanying auditors' report.

THE COMMITTEE ON  
FINANCE

Recommends

Be Received

Rose M. Menlove

Clerk

July 12, 1950

KPMG



**KPMG** Peat Marwick

Certified Public Accountants

CITY OF PROVIDENCE, RHODE ISLAND

Management Letter  
and  
Single Audit Report

June 30, 1987

CITY OF PROVIDENCE, RHODE ISLAND

Management Letter  
and  
Single Audit Report

June 30, 1987

CITY OF PROVIDENCE, RHODE ISLAND

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CITY OF PROVIDENCE, RHODE ISLAND

Management Letter

June 30, 1987

Certified Public Accountants

Peat Marwick Main & Co.  
40 Westminster Street  
Providence, RI 02903

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

We have examined the general purpose financial statements of the City of Providence, Rhode Island, for the year ended June 30, 1987, and have issued our report thereon dated December 4, 1987. Our report on the general purpose financial statements was qualified due to the following:

- Pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles
- The combined financial statements do not include a general fixed asset group of accounts

As part of our examination we made a study and evaluation of the system of internal accounting control of the City to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit for Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office. On page 14 we have reported separately on the results of our study and evaluation of internal accounting and administrative controls used in administering Federal financial assistance programs. The results of our study and evaluation of internal controls other than those used in administering Federal financial assistance programs are presented herein on pages 4 to 10. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Revenue/receipts
- Purchases/disbursements
- Payroll

Our study and evaluation included the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of auditing procedures necessary for expressing an opinion on the general purpose financial statements of the City of Providence. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the City of Providence is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the City of Providence, taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed certain conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the City of Providence, Rhode Island, may occur and not be detected within a timely period. Such conditions are referred to herein as "material weaknesses." In addition, we have noted and commented upon nonmaterial weaknesses for which corrective action by management may be practicable in the circumstances.

Finally, a supplementary schedule of the City's Federal financial assistance programs and our auditors' report thereon is included beginning on page 29.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the 1987 general purpose financial statements, and this report does not affect our report on the general purpose financial statements dated December 4, 1987.

This report is intended solely for the use of management and applicable Federal regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Providence, Rhode Island, is a matter of public record.

*Peat Marwick Main Co.*

January 25, 1988



## CITY OPERATIONS

### A. STATUS OF PRIOR YEAR COMMENTS

#### Bank Accounts

While most frequently used bank accounts are reconciled to accounting control balances on a regular basis, however, there are still problems in the following areas:

- Probate Court bank accounts are not reconciled to underlying accounting records.
- Problems with the Police Department and Municipal Court bank account.

See current year comment No. 1.

#### Accounting Systems

The City has redesigned its data processing systems, including developing appropriate charts of accounts and funds format to meet financial reporting needs.

#### Data Processing Operations

The City has completely redesigned its data processing functions in fiscal year 1987.

#### Property Taxes

Although the current property tax system cannot purge customer credit balances during the year (the process is performed only at year end), City officials prepare monthly recap sheets to determine the nature of all customer credit balances where appropriate attention and action is necessitated.

#### Fixed Assets

Some progress has been made in preparing comprehensive fixed asset records for the City. See current year comment No. 2.

## CITY OPERATIONS, CONTINUED

### B. CURRENT YEAR COMMENTS

#### 1. BANK ACCOUNTS

##### a. Finding - Probate Court Accounts

The bank accounts maintained by Probate Court were not being reconciled to the underlying accounting records. Accordingly, the possibility exists for errors to be undetected.

##### Recommendation

Probate bank accounts should be reconciled on a regular basis by a person who is independent of the recordkeeping and disbursements function.

##### b. Finding - Police Department/Municipal Court

The Police Department and Municipal Court use a separate bank account to deposit parking fines and other collections. This bank account is not under the control of the Controller's Office and is not controlled on the General Fund general ledger. Deposits are held in a safe and deposited to this account only once per week. Then the week's collections are remitted to the Collector's Office. Police Department Municipal Court personnel have signatory authority over the account. Personnel handling such cash and accounts are not bonded.

It was also noted that the bank account statement was not being reconciled to underlying accounting records.

##### Recommendation

To improve internal controls it is recommended that Municipal Court collections be deposited daily. Persons handling cash and deposits should be bonded. A bank reconciliation of this account should be performed monthly.

#### 2. FIXED ASSETS

##### Finding

Although the City maintains a fixed asset ledger which serves as a recordkeeping function for fixed asset purchases, this ledger does not facilitate the preparation and maintenance of a fixed asset group of accounts as required by generally accepted accounting principles.

##### Recommendation

The City maintains control over the proper input into the records for additions, sales, abandonments and transfers of fixed assets and takes periodic inventory counts of fixed assets by location.

### CITY OPERATIONS, CONTINUED

However, for the City to account for fixed assets in accordance with generally accepted accounting principles, it should develop a system to provide costs for fixed assets purchased in the prior years thus providing a complete listing of fixed assets owned by the City.

#### 3. WATER SUPPLY BOARD RECONCILIATION

##### Finding

See Water Supply Board management letter comment No. 2 on page 7.

## PROVIDENCE WATER SUPPLY BOARD

### A. STATUS OF PRIOR YEAR COMMENTS

#### ACCOUNTING STAFF

A full-time accounting manager was hired during the current year enabling several of our comments from the prior year to be addressed.

#### INVENTORY CONTROL

No progress has been made. See current year comment No. 1.

#### SEGREGATION OF DUTIES

The hiring of the accounting manager has strengthened the internal controls over the accounting and data processing functions.

#### INTERFUND ACCOUNT

No progress has been made. See current year comment No. 2.

#### ACCOUNTS RECEIVABLE COLLECTIONS

Accounts receivable agings are currently being monitored by Water Supply Board personnel.

#### FIXED ASSET RECORDS

Progress has been made in that all costs to be capitalized are being captured and periodic reconciliations of the subsidiary and general ledgers are being performed. See current year comment No. 3.

#### GENERAL LEDGER

The general ledger is now being produced on a monthly basis and balances are being reconciled to subsidiary ledgers.

#### CLASSIFICATION OF EXPENSES

No misclassifications of expenses were noted during our review.

### B. CURRENT YEAR COMMENTS

#### 1. INVENTORY CONTROL

Due to the time lag occurring between the posting of inventory transactions to the inventory subsidiary ledger and to the general ledger there can be a difference between these two records. This occurs because each record is posted from a different source.

Both the subsidiary ledger and the general ledger inventory balance should be updated from the same information and at the same time. The subsidiary ledger should be reconciled periodically to the general ledger and any differences should be investigated and corrected.

## PROVIDENCE WATER SUPPLY BOARD, CONTINUED

### 2. INTERFUND ACCOUNT

Since the Water Supply Board does not have its own cash account all cash receipts and disbursements are handled through the general fund of the City. These transactions are recorded in an interfund account on the WSB books and on the City's books. These two accounts must be reconciled to assure that the cash transactions recorded in the general fund are accurately being recorded on the WSB books.

The due to/due from interfund balances should be reconciled on a regular basis.

### 3. FIXED ASSET RECORDS

Utilities are required to maintain records which can be summarized into accounts prescribed by the Public Utilities Commission (PUC) for required periodic reporting. The utility plant accounts are extensive in number and contain considerable detail. The extent of the detail indicates the importance of the utility plant to the ratemaking process.

The fixed asset Continuing Property Records are not currently on the Water Supply Board computer system. This implementation would greatly enhance controls over fixed assets.

- A system should be implemented which would capture all additions and retirements of fixed assets. Documentation should be required when an asset is retired and a responsible individual should approve all retirements.
- Periodic reconciliations between the Continuing Property Records and the general ledger should be performed in order to insure that the utility plant accounts are accurate.

## PROVIDENCE CIVIC CENTER

### 1. EMPLOYEE PERFORMANCE APPRAISALS

#### Finding

As noted in the prior year's management letter, there is a lack of formalized procedures concerning employee performance appraisals.

#### Recommendation

We recommend that formal procedures be adopted for performance appraisals. Additionally, formal accounting policies should also be adopted. Formal accounting policies enhance the accuracy, reliability and efficiency of the processing of financial data. All policies should be approved by the Authority. We understand that management is currently gathering information which will assist in developing formal evaluations.

#### Management Response

We concur with the above comments but note that development of a formal evaluation process is not feasible at this time due to staffing limitations.

### 2. PAYROLL

#### Finding

An adequate comparison is performed between data submitted to the payroll center and the data (payroll register and checks) received back from the center. However, the review is not timely since the comparisons are sometimes performed subsequent to the disbursement of payroll checks.

#### Recommendation

We recommend that payroll checks be disbursed on Friday to allow the accounting department to thoroughly review the payroll registers.

#### Management Response

We concur with the above recommendation.

### 3. NONMONETARY EXCHANGES

#### Finding

As noted in the prior year and current year audits, the Civic Center entered into various nonmonetary transactions. The following is a summary of the items received in exchange for the advertising:

- |                      |                  |
|----------------------|------------------|
| • Leased automobiles | • Hotel services |
| • Radio advertising  | • Equipment      |

## PROVIDENCE CIVIC CENTER, CONTINUED

### Recommendation

We understand that nonmonetary exchanges are a customary method of doing business in the entertainment and advertising industries but we recommend that detailed procedures be established to ensure that all nonmonetary transactions are properly recorded in the accounting records and reviewed by the Authority. This will provide additional accountability over the use of advertising space within the facility and the adequacy of prices (exchanges) charged.

### Management Response

We concur with the above recommendation and further note that we will implement this when a new marketing person is hired since this is a function which we feel should be performed by the marketing department.

## 4. RECONCILIATIONS

### Finding

One of the basic controls in any accounting system is that of reconciliation. This process assures that the total of the specific detail item actually agrees to an account's general ledger balance. This process, typically, occurs on a monthly basis and requires that any significant differences be identified, investigated and corrected.

During our examination, we noted that a few key accounts had not been reconciled for the entire year. This resulted in an excessive strain on the accounting staff at year end in order to complete the reconciliations.

### Recommendation

We cannot overemphasize the importance of timely reconciliations since they provide management with reliable and accurate information. Further, we suggest that the reconciliations be performed on a monthly basis and that they be reviewed by an appropriate level of management.

### Management Response

Efforts are currently being made to correct this.

## PROVIDENCE REDEVELOPMENT AGENCY

The following are our findings and recommendations concerning the accounting records and operations of the Providence Redevelopment Agency (PRA). These conditions are considered to be material weaknesses.

### Finding - Accounting Records

As noted in the prior year, many problems exist with the accounting records of the PRA. In general, the records suffer from lack of management review and scrutiny. Among the specific problems are the following:

- Detail records of "good faith deposits" from persons or businesses performing projects on PRA property contain many stale items dating back many years. The recorded balances appeared to represent amounts which in some cases should have been returned to the depositors because the work had been completed.
- The PRA's policy with respect to the amount and method of paying interest on such deposits are unclear. The PRA sometimes relies on an outside party to calculate the interest to be paid without recalculation of the amount.
- Interest income and interest expense for good faith deposits is not recorded on the accounting records. Accordingly, the accounting records do not present the true financial position of PRA funds and obligations.
- Certain accounting errors were detected in the records. These related to the capitalization of certain disbursements which should have been recognized as expenditures.
- The nature of the accounting records is not conducive to preparation of annual operating financial statements. Revenue and expenditure accounts are maintained on a cumulative basis rather than on a fiscal year basis.
- Journal entries to the accounting records are not approved by a responsible official. There is no policy for regular preparation of comprehensive, useful financial reports to management.

### Recommendation

The extent of these findings is an indication that the PRA (and the Department of Planning and Development) need additional qualified accounting staff to maintain and operate the accounting records of the Department and all of its funds.

A plan should be adopted to correct the problems noted. Consideration should be given to development of an accounting system which will meet the combined needs of the PRA funds and the other Federal grants administered by the Department of Planning and Development.



**CITY OF PROVIDENCE, RHODE ISLAND**  
**Comments Relating to Federal Financial Assistance Programs**  
**Single Audit Report**  
**June 30, 1987**

Certified Public Accountants

Peat Marwick Main & Co.  
40 Westminister Street  
Providence, RI 02903

**AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS  
RELATED TO MAJOR AND NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have examined the general purpose financial statements of the City of Providence, Rhode Island for the year ended June 30, 1987 and have issued our report thereon dated December 4, 1987. Our report on the general purpose financial statements was qualified due to the following:

- Pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles
- The combined financial statements do not include a general fixed asset group of accounts

Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Providence is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records that included, but were not limited to, transactions and records relating to each major Federal financial assistance program and certain nonmajor Federal financial assistance programs. The purpose of our testing of transactions and records was to obtain reasonable assurance that the City of Providence, had, in all material respects, administered its major Federal financial assistance programs and executed the tested transactions in compliance with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures or on the City's general purpose financial statements. Such laws and regulations include those pertaining to Federal financial reports and claims for advances and reimbursements.

Our testing of transactions and records selected from major Federal financial assistance programs disclosed instances of noncompliance with certain laws and regulations. All instances of noncompliance that we found, and the programs to which they relate, are identified in this report with internal control findings under the captions "Compliance Findings" on pages 18 to 27. Our comments are arranged by function/department of the City.

In our opinion, subject to the effect of the ultimate resolution of those instances of noncompliance referred to in the preceding paragraph, for the year ended June 30, 1987, the City of Providence, Rhode Island, administered each of its major Federal financial assistance programs in compliance, in all material respects, with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures.

Further, the results of our testing of transactions and records referred to in the second paragraph of this report indicate that for the transactions and records tested the City of Providence complied with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures or on the City's general purpose financial statements, except as described in the sections labeled "Compliance Findings." These instances of noncompliance were considered by us in evaluating whether the general purpose financial statements are presented fairly in conformity with generally accepted accounting principles. Our testing was more limited than would be necessary to express an opinion on whether the City of Providence administered the nonmajor Federal financial assistance programs in compliance, in all material respects, with those laws and regulations for which noncompliance could have a material effect on the allowability of program expenditures. With respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that the City of Providence had not complied with laws and regulations other than those laws and regulations for which we noted violations in our testing referred to above.

*Best manuscript Maine Co.*

January 25, 1988

Certified Public Accountants

**Peat Marwick Main & Co.**

40 Westminister Street

Providence, RI 02903

**AUDITORS' REPORT ON INTERNAL CONTROLS -  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have examined the general purpose financial statements of the City of Providence, Rhode Island for the year ended June 30, 1987 and have issued our report thereon dated December 4, 1987. Our report on the general purpose financial statements was qualified due to the following:

- Pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles
- The combined financial statements do not include a general fixed asset group of accounts

As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal accounting and administrative controls used in administering Federal financial assistance programs, to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments.

On page 2, we have reported separately on the results of our study and evaluation of internal accounting and administrative controls other than those used in administering Federal financial assistance programs. The results of our study and evaluation of internal accounting and administrative controls used in administering Federal financial assistance programs are presented herein with our compliance findings on pages 18 to 27. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering Federal financial assistance programs in the following categories:

#### Accounting Controls

- Payroll
- Accounts payable and expenditures/expenses
- Revenue/receipts

#### Administrative Controls

- Eligibility
- Davis Bacon Act
- Cash management
- Cost allocation
- Other general requirements

Our study and evaluation included all of the applicable control categories listed above.

The management of the City of Providence is responsible for establishing and maintaining internal control systems used in administering Federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering Federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to Federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering Federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

During the year ended June 30, 1987, the City of Providence expended 79.4 percent of its Federal financial assistance under major Federal financial assistance programs. With respect to internal control systems used in administering major Federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering nonmajor Federal financial assistance programs, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Accordingly, our examination would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor Federal financial assistance programs.



## THE DEPARTMENT OF PLANNING AND DEVELOPMENT

The following is a summary of the findings from our financial and compliance audit of the grants administered by the Department of Planning and Development (DPD).

The findings are presented in 3 parts:

- A. PRIOR YEAR FINDINGS
- B. COMPLIANCE FINDINGS
- C. INTERNAL CONTROLS OVER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

### A. PRIOR YEAR FINDINGS

#### 1. TRAVEL ALLOWANCES

##### Condition

The DPD paid employees approximately \$21,000 as allowances for automobile usage and benefits. There was no documentation to support the expenditures which were charged to the Community Development Block Grant (CDBG).

##### Status

Documentation to support these expenditures still does not exist. See current year comment No. 1.

##### Grantee's Response

The expenditures amounting to \$21,000 for auto expense have been reimbursed by the City to CDBG funds.

#### 2. IMPROPER COST ALLOCATIONS

##### Condition

Approximately \$94,000 was charged to the CDBG for non-DPD City employees working in the Office of the Mayor without supporting documentation evidencing that these employees were working on Federal programs.

##### Status

These costs have been reimbursed by the City to CDBG funds and the finding has been closed by the grantor agency.

THE DEPARTMENT OF PLANNING AND DEVELOPMENT, CONTINUED

3. SUBGRANTEE AUDIT REPORTS

Condition

One subgrantee audit report was not submitted for fiscal 1986. All subgrantees using DPD funds are required to submit annual audited financial statements and audit reports.

Status

This finding is still open by the grantor agency. However, the audit report is currently in the process of being completed.

B. COMPLIANCE FINDINGS

1. TRAVEL ALLOWANCES

Finding

Employees of the DPD were paid approximately \$14,000 as allowances for automobile usage and benefits. There is no documentation that exists to support the expenditures which were charged to the CDBG.

Recommendation

Proper documentation should exist for all costs charged to the CDBG (i.e., expense reports for mileage reimbursements).

Grantee's Response

A study of the vouchers submitted for fiscal year beginning July 1, 1986 indicate a basis for allowance of some expenditures which are being submitted to the Grantor Agency for its consideration.

2. SUBGRANTEE AUDIT REPORTS

Finding

A Subgrantee audit report has not been submitted for South Providence Revitalization for year end December 31, 1986:

All subgrantee contracts using DPD funds for administration purposes must have annual audited financial statements and audit reports prepared in conjunction with OMB Circular A-128.



## THE DEPARTMENT OF PLANNING AND DEVELOPMENT, CONTINUED

### Recommendation

DPD should continue to ensure that subgrantees submit annual audited financial statements and audit reports on a timely basis.

### Grantee's Response

This audit report is due on July 15, 1987.

Summary of DPD questioned costs:

<u>Grant</u>	<u>Compliance Finding Reference</u>	<u>Amount</u>
CDBG B-86-MC-44-0003	1	\$ 14,000

## C. INTERNAL CONTROLS OVER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

### Non-Material Weaknesses

#### 1. ACCOUNTING SYSTEMS

##### Finding

Although DPD personnel are currently working on developing charts of accounts, general ledgers and comprehensive financial reports for CDBG activities, The Providence Redevelopment Agency and the PLDC, we stress that this project should continue to be a high priority.

## PROVIDENCE INDUSTRIAL DEVELOPMENT CORPORATION

### A. PRIOR YEAR FINDINGS

#### 1. FEDERAL REPORTS

##### Condition

PIDC personnel did not fill required federal reports on a timely basis.

##### Status

See current year comment No. 1.

### B. COMPLIANCE FINDINGS

#### 1. FEDERAL REPORTS

##### Finding

As noted in the prior year, PIDC did not file its semi-annual reports on progress and financial status of the Revolving Loan Fund to the EDA by the required deadlines. Further, the reports appeared to lack the following information: (a) statement of actions taken to correct delinquent loans; (b) an assessment of the Revolving Loan Fund's collateral position with respect to the loan portfolio, status of actions to protect the assets, and the value of collateral as a percentage of the portfolio; and (c) a statement of evaluation of the effectiveness of the Revolving Loan Fund program in terms of both EDA administration and implementation by the grantee.

PIDC did not file its quarterly Federal Cash Transaction Reports within 15 business days after the end of each quarter. Additionally, the reports were not completed in accordance with the instructions and, therefore, do not properly reflect the true cash balances and all activity within the appropriate period.

##### Recommendation

The quarterly cash reports should be reconciled to the accounting records (general ledger) prior to submission. The preparer should make sure that all activity concerning grant funds has been recorded. Semi-annual progress and financial status reports should include all required information.

##### Grantee's Response

These reports have historically been filed by the former executive director. Other employees were not involved in any facet of preparation. The reports were filed late because the former director left without advising anyone regarding the due dates and it was upon receipt of a delinquency notice that anyone realized that a required report had not been filed.

The work papers for each report will now have the historic value of the collateral and an opinion as to its present value. This item has never been questioned by the EDA on any previously submitted report.

The lateness of the Federal Cash Transaction Reports reflects the same problems mentioned above. Future reports will use reconciled cash figures.

PROVIDENCE INDUSTRIAL DEVELOPMENT CORPORATION, CONTINUED

C. INTERNAL CONTROLS OVER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Nonmaterial Weaknesses

1. SEGREGATION OF DUTIES

Findings and Recommendations

Segregation of duties is somewhat limited by the number of office personnel. The staff size, although adequate for efficient operation of PIDC, prohibits the optimal segregation of accounting functions. We recognize that this weakness is common in many business organizations the size of PIDC, and we therefore propose no recommendation for improvement, except to stress the importance of close scrutiny of financial transactions by management. In addition, PIDC should consider having an original daily list of customer remittances prepared by someone who has no responsibility for or access to cash and accounts receivable accounting records. This list would then be matched to and filed with the daily deposit slip.

Grantee's Response

The importance of segregation of duties is acknowledged. It is not possible to accomplish due to the lack of personnel. However, it may be possible for one employee to list the daily remittances and another to complete the daily deposit slip. This will be done when it is practical to do so since one employee is not always in the office.

## PROVIDENCE SCHOOL DEPARTMENT

### A. STATUS OF PRIOR YEAR COMMENTS

Although the following findings pertain to actual School Department records, it should be noted and stressed that the current year findings No. 1 and 3 are directed towards the City of Providence Controllers Office since the City of Providence maintains control over the School Department's cash accounts.

#### Bank Account Reconciliation

There are still problems in this area. See current year comment No. 1.

#### Maintenance of Restricted Program Records

No progress has been made in this area. See current year comment No. 1.

#### Cash and Cash Equivalents

Problems still exist in this area. See current year comment No. 3.

### B. CURRENT YEAR COMMENTS

#### Material Weakness

##### 1. BANK ACCOUNT RECONCILIATIONS

##### Finding

Reconciliations of the following restricted bank accounts were either improperly performed or not performed on a timely basis.

- |              |              |
|--------------|--------------|
| • 15-8109720 | • 15-8104481 |
| • 15-8002446 | • 15-8106700 |
| • 15-8100692 | • 15-8109746 |
| • 15-8106684 | • 15-8011959 |
| • 15-8109712 | • 15-8106247 |
| • 15-801578  | • 20-2064608 |

At June 30, 1987 outstanding check lists for many of these accounts had to be created since they were not maintained throughout the year. In order to ensure early detection of clerical and other types of errors and omissions, prompt reconciliation of cash accounts is critical.

## PROVIDENCE SCHOOL DEPARTMENT, CONTINUED

### Recommendation

We again recommend that qualified personnel independent of the cash receipts and cash disbursement functions should perform the monthly reconciliations for restricted cash accounts. These reconciliations should be reviewed by an appropriate official to ensure the following:

- The reconciliations are performed on a timely basis.
- The reconciled balance is agreed to the general ledger cash account balance and the balance in the School Department's cash ledger books.
- The reconciliations include all deposits in transit and outstanding checks as reconciling items.
- All miscellaneous variances are promptly investigated and entries made to correct any errors or omissions.

### Nonmaterial Weaknesses

#### 2. MAINTENANCE OF RESTRICTED PROGRAM RECORDS

##### Finding

Detailed general ledgers are not maintained to record the activity of the restricted programs. Control over funds is recorded on a cash basis through the use of various cash ledger books maintained by the Federal Programs Department of the Controller's Office. In many instances the cash ledgers are maintained on the funding agencies' grant year/period which differs from the School Department's June 30 fiscal year. This causes great difficulty in summarizing the activity of the restricted programs on an accrual basis.

##### Recommendation

In order to facilitate School Department reporting for the various restricted programs, we recommend that an appropriate general ledger system be developed which summarizes all balance sheet and revenue and expenditure items on an accrual basis for each major title or grant program. This will result in increased efficiency in completing the various regulatory reports and in compiling information for the annual financial statements.

PROVIDENCE SCHOOL DEPARTMENT, CONTINUED

3. CASH AND CASH EQUIVALENTS

Finding

During our testwork, we again noted that various general ledger cash and related accounts were not closed at June 30, 1987. The proper closing of accounts facilitates timely preparation of general purpose financial statements.

Also, as noted that receipts were held at the Providence School Department for periods of up to two weeks before being deposited.

Per our review of the authorized check signers over the restricted bank accounts, it was noted that a former School Department employee remains an authorized check signer on bank account number 001-273-4. This situation may result in unauthorized payments being made from this account.

Recommendation

We recommend that all cash and other related general ledger accounts which require closing at year end be closed on a timely basis.

Also, we recommend that, for security purposes as well as to increase the interest earning potential of School Department cash receipts, deposits be made on a daily basis. A check of this procedure should be made periodically by the School Department controller by comparing the date on the validated deposit ticket to the date received per a daily cash receipts listing maintained by someone independent of the recordkeeping and depositing function.

We recommend that the authorized check signers listing be updated with the bank involved to reflect only those persons who are currently authorized to sign Providence School Department checks. Additionally, a procedure for periodic review of check signers on all accounts should be established.

## PROVIDENCE SCHOOL DEPARTMENT, CONTINUED

### 4. PUPIL SUMMARY DATA FORM

#### Finding

During our review of the Pupil Summary Data Form, we noted that several schools had prepared attendance summaries incorrectly (these errors were corrected subsequent to their discovery). Due to a lack of review for reasonableness of these figures by the Pupil Data Clerk at the School Department, these errors were passed through to the Pupil Summary Data Form and the ES-J005, resulting in an understatement of attending students in the Providence School System. These forms are used by the State in determining the level of monetary assistance to be given to the School Department.

#### Recommendation

We recommend that clerks, teachers, and principals be properly instructed in the preparation of attendance summaries, a more thorough review of these attendance summaries by school principals prior to forwarding them to the Pupil Data office, and a timely review of reasonableness of the attendance sheets submitted prior to preparation of the Pupil Summary Data Form and the ES-J005.

## PARKS DEPARTMENT

The Parks Department administers two grants from the National Endowments for the Arts; the City Arts and the Folk Arts programs. It also administers an Institute of Museum Services General Operating Support Grant.

### A. PRIOR YEAR FINDINGS

#### 1. INSTITUTE OF MUSEUM SERVICES GENERAL OPERATING SUPPORT GRANT (G008303215)

##### a. Grant Reporting

###### Condition

The financial status reports as of June 30, 1985 and 1986 were filed; however, copies were not maintained by Parks Department personnel.

###### Status

This finding is currently still open.

##### b. Travel Allowances

###### Condition

Approximately \$400 of auto allowances were paid in fiscal year 1985 to employees of the Park without supporting documentation to verify the eligibility of the expenditures.

###### Status

This finding is currently still open.



## PARKS DEPARTMENT, CONTINUED

### B. INTERNAL CONTROLS OVER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

#### Material Weaknesses

##### 1. GENERAL LEDGERS

###### Finding

A formal general ledger system is not maintained for the National Endowment for the Arts, the City Arts and Folk Arts programs. The accounting records consist of a loosely maintained cash receipts and disbursements log.

Additionally, there is a lack of segregation of duties between operations and accounting personnel. The same individual who submits and approves expenditures also maintains the accounting records and submits Federal financial reports.

###### Recommendation

We recommend that formal accounting records be developed and maintained. This should include a general ledger that reflects assets, liabilities, fund balance, revenues and expenditures. This will help to ensure that all accounting transactions are properly recorded and reflected in the financial statements. Management should also determine whether there are persons adequately trained in accounting to maintain these records.

Finally, the City should consider centralizing the accounting and disbursements records currently maintained by the Parks Department into the accounting records of the Department of Planning and Development or the City Controllers Department.

###### Grantee's Response

A general ledger is currently being set up for the various grants where all transactions will be properly recorded. Additionally, the Parks Department has added the position of Chief Fiscal Officer who will assume overall authority over a centralized financial system.

**CITY OF PROVIDENCE, RHODE ISLAND**

**Supplementary Schedule  
of Federal Financial Assistance**

**June 30, 1987**

Certified Public Accountants

**Peat Marwick Main & Co.**

40 Westminster Street

Providence, RI 02903

**AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

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

We have examined the general purpose financial statements of the City of Providence, Rhode Island, for the year ended June 30, 1987, and have issued our report thereon dated December 4, 1987. Our report on the general purpose financial statements was qualified due to the following:

- Pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles
- The combined financial statements do not include a general fixed asset group of accounts

Our examination of such general purpose financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements of the City of Providence, Rhode Island, taken as a whole. The supplementary information included in the accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such supplementary information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Peat Marwick Main & Co.*

January 25, 1988

CITY OF PROVIDENCE, RHODE ISLAND  
Schedule of Federal Financial Assistance  
For the year ended June 30, 1987

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Financial Statements Reference</u>	<u>Questioned Costs</u>	<u>Audit Findings Reference</u>
<b>Major Federal financial assistance programs:</b>					
U.S. Department of Housing and Urban Development (HUD):					
Community Development Block Grant	14.219	\$ 5,637,905	(a)	\$ 14,000	(1)
U.S. Department of Treasury - Revenue Sharing	21.300	784,000	(f)	-	(3)
U.S. Department of Education Chapter I (passthrough grant from State of Rhode Island)	1420.51600	3,392,910	(e)	-	(2)
Title VII - passthrough - from Federal Government	Various	686,245	(e)	-	(2)
	G008202858 and G008303655	357,783	(e)	-	(2)
Urban Development Action Grant (UDAG)	14.221	1,400,000	(b)	-	(1)
<b>Nonmajor Federal financial assistance programs:</b>					
HUD:					
U.S. Department of Transportation Urban Mass Transportation Capital Improvement Grant	20.500	527,450	(d)	-	(1)
Jobs Bill		59,731	(a)	-	(1)
U.S. Department of Commerce Economics Development Administration (EDA) Grant	11.300	114,500	(b)	-	(1)
U.S. Department of Transportation Urban Mass Transportation Capital and Operating Assistance Grant	20.507	128,473	(d)	-	(1)
National Endowment for the Arts:					
Folk Arts	-	5,754	(c)	-	(4)
U.S. Department of Education: Passthrough grants from Rhode Island					
Chapter II	1420-51000-501	506,078	(e)	-	(2)
Title VI	1430	538,092	(e)	-	(2)
Area Vocational Aid	-	82,831	(e)	-	(2)
Vocational Education	5-1440-552-555	236,664	(e)	-	(2)
Summer	-	10,184	(e)	-	(2)
Providence Plan Section IV	1415-10500-501	639,384	(e)	-	(2)
Miscellaneous	-	137,006			
Miscellaneous:	-	189,360	(e)	-	(2)

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Federal Financial Assistance, Continued

The following is a cross reference of the grant expenditures presented to the applicable June 30, 1987 City of Providence financial statements:

- (a) These expenditures appear on the Combining Statement of Revenues and Expenditures for Special Revenue Funds (Schedule 4) of the City of Providence Annual Financial Report and on the Combining Statement of Revenues and Expenditures of the Department of Planning and Development financial statements.
- (b) These UDAG and EDA grant expenditures are not considered to be expenditures for financial accounting purposes. Rather, such amounts are considered to be loans to third parties and such loans appear on Schedule 3 of the City of Providence Annual Financial Report.
- (c) These expenditures are included in the Miscellaneous Grant expenditures on Schedule 4 to the City of Providence Annual Financial Report.
- (d) These expenditures appear on the Combining Statement of Revenues and Expenditures for Capital Project Funds (Schedule 7) of the City of Providence Annual Financial Report.
- (e) These expenditures are included in the Other Educational Funds expenditures on Schedule 4 of the City of Providence Annual Financial Report.
- (f) These expenditures appear on Schedule 4 of the City of Providence Annual Financial Report.
- (g) These expenditures are included in Schedule 2 of the City of Providence Annual Financial Report.

The following is a cross reference of the City's Federal financial assistance programs to the applicable audit findings in this report:

- (1) These grants/programs are administered by the Department of Planning and Development which is discussed on pages 17 to 19 of this report. Questioned costs are summarized on page 19.
- (2) Education-related grants/programs are administered by the School Department which is discussed on pages 22 to 25 of this report.
- (3) These grants/programs are administered by the Parks Department which is discussed on pages 26 to 27 of this report.

THE COMMITTEE ON  
FINANCE

Recommends

*Be Received*

*Frederick M. Henderson*

Clerk

*July 12, 1950*

KPMG