



Certified Public Accountants

IN CITY COUNCIL

JUN 7 1989

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

[Signature] CLERK

CITY OF PROVIDENCE, RHODE ISLAND

Single Audit Report
and
Management Letter

As of and for the year ended June 30, 1989

CITY OF PROVIDENCE, RHODE ISLAND

Single Audit Report
and
Management Letter

As of and for the year ended June 30, 1989

CITY OF PROVIDENCE, RHODE ISLAND

Management Letter

June 30, 1989

CITY OF PROVIDENCE, RHODE ISLAND

Table of Contents

	<u>Reference/Page</u>
<u>Management Letter:</u>	
Reportable Conditions	Exhibit I
Other Comments	Exhibit II
<u>Single Audit Report:</u>	
Independent Auditors' Report on Schedule of Federal Financial Assistance	1 - 4
Independent Auditors' Report on Compliance at the General Purpose Financial Statement Level	5
Independent Auditors' Report on General Compliance Requirements	6
Independent Auditors' Report on Compliance with Requirements Applicable to Major and Non-Major Federal Financial Assistance Programs	7 - 8
Independent Auditors' Report on Internal Accounting Controls at the General Purpose Financial Statement Level	9 - 10
Independent Auditors' Report on Internal Controls (Accounting and Administrative) related to Federal Assistance Programs	11 - 13



Certified Public Accountants

Peat Marwick Main & Co.

600 Fleet Center

Providence, RI 02903

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

We have audited the general purpose financial statements of the City of Providence, Rhode Island, for the year ended June 30, 1989, and have issued our report thereon dated December 15, 1989. 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 general purpose financial statements do not include a general fixed asset group of accounts

In planning and performing our audit of the general purpose financial statements of the City of Providence, Rhode Island, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention that, in our judgment, relate to significant deficiencies in the design or operation of the internal control structure and could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable conditions noted during our audit, all of which have been discussed with the appropriate members of management, are summarized in Exhibit I.

Although not considered to be reportable conditions, we also noted other items during our audit which we would like to bring to your attention. These comments, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies and are summarized in Exhibit II.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions as defined above.



Member Firm of
Klynveld Peat Marwick Goerdeler

The conditions and comments referred to above were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 1989 general purpose financial statements, and this report does not affect our report on these financial statements dated December 15, 1989. We have not considered the internal control structure since the date of our report.

We wish to take this opportunity to thank officials and employees of the City for the help and cooperation which our staff received during the course of the audit.

Should you have any questions concerning the matters presented herein, we shall be pleased to discuss them with you at your convenience.

This report is intended solely for the information and use of the finance committee, management and others within the organization.

Very truly yours,

KPMV Peat Marwick

CITY OPERATIONSFinding - Deposits in Transit

During our testwork of the General Fund bank reconciliation, we noted that a large item listed as a deposit in transit from the tax collectors office at June 30, 1989 was not deposited with the bank until July 18, 1989, hence resulting in an improper cash cut-off and an overstatement of cash, revenues, and receivables. This incident was subsequently adjusted as an audit difference.

Recommendation

We recommend that a proper cash cut-off policy be established and followed by all departments of the City.

Finding - General Fund Abatements

During our testwork of abatements, we noted that when a taxpayer receives a refund for an overpayment of taxes, due to abatements or actual overpayments, the check that is paid to them is never entered into the computer system under their name. Instead, the City enters one large refund due to several taxpayers as a lump sum into the system. If the invoice sent to the controller's office to process the taxpayer's check is not properly cancelled or is accidentally resubmitted for payment, there are currently no computer controls in place to prevent duplicate payments to taxpayers. This could lead to excess cash being disbursed by the City.

Recommendations

We recommend that a system of recording payments made to taxpayers for overpayments of taxes be established, whereby the specific taxpayers name and amount are recorded into the system.

Finding - Interfund Accounts

As noted in the prior year, we noted that interfund balances are not reconciled on a timely basis.

Recommendation

We recommend that all interfund accounts be reconciled on a monthly basis. This will ensure the propriety and accuracy over "due to" and "due from" accounts between City departments.

Finding and Recommendations - Data ProcessingContingency Planning

The City has an agreement for a temporary back-up site, however, the current disaster recovery plan needs enhancement to detail the steps involved in recovering from a partial or complete destruction of their data processing capabilities or facility.

We distinguish these two situations as follows:

- Emergency - the data center is available for processing, however, either the hardware is not fully operational or major data files have been lost
- Disaster - the data center is not available for processing.

The emergency scenario usually includes the assumption that the situation is temporary. Therefore, the plan addresses the interim processing of critical systems. The plan identifies applications which are to be processed partially, or deferred entirely until the system is restored.

An emergency contingency plan should be developed in conjunction with user areas affected and have the approval of senior management.

Disaster planning is more complex. An extended interim processing plan is required to permit the processing of critical applications. Depending on the critical processing window and dependence on data processing, alternative temporary installations and/or designated new data center sites need to be identified. As with emergency planning, user input and planning is essential, and the disaster plan should have the approval of senior management.

Recommendation

We recommend that the City enhance their current disaster plans to address both short and long term recovery scenarios. The City should evaluate recovery alternatives in terms of cost/benefit, practicality, and the failure to process the work. A program for testing the plan should be established to ensure applicability to the processing environment and employee experience in administering the recovery tasks.

Infocel User Documentation

Although operating procedures are documented concerning the execution of daily, weekly, and period-end jobstreams, user-level documentation detailing the procedures necessary to input, reconcile, and inquiry into financial data requires enhancement.

Recommendation

We recommend that the City review all current documentation in terms of its readability, applicability, and usefulness. Additional emphasis should be given to processing which the City determines to be critical.

PROVIDENCE WATER SUPPLY BOARD

Finding - Inventory Control

The Water Supply Board performs a physical count of their inventory at year end. Based on this, the perpetual inventory records are adjusted to match the actual quantities on hand. Because of unreliable counts, the perpetual records were not adjusted at year end. We were informed that the unreliable counts were a result of a general disregard for the need for accurate counts by shop personnel.

We recommend that written instructions be issued to all count teams in advance of the year-end physical. In addition, supervisors should be given the responsibility of rechecking counts on a sample basis to ensure that accurate counts have been performed. If it is determined that inaccurate counts have been made, then those specific areas should be recounted. These procedures will ensure that an accurate physical count has been achieved, and result in a proper, reliable valuation of ending inventory.

We also noted a general lack of control over the day to day handling of the Board's inventory. In many cases, part numbers have not been assigned to the inventory items. At present, the Board does not have effective procedures to closely monitor the movement of inventory items. As a result, the perpetual inventory records are, in many cases, inaccurate and discrepancies between recorded amounts and actual inventory are not investigate. This leads to poor or nonexistent controls over the inventory as missing items are never accounted for.

Recommendation

We recommend that procedures be implemented immediately to ensure effective control over all inventory items. Such procedures should include periodic physical inventory counts and reconciliations to the perpetual inventory records.

Due to the time lag occurring between the posting of inventory transactions to the general ledger and the perpetual inventory subledger differences are common between the two. This occurs because each record is posted from a different source.

On a monthly basis the general ledger should be reconciled to the subsidiary ledger and any differences should be investigated and corrected.

PROVIDENCE SCHOOL DEPARTMENT

Finding - Restricted Fund Disbursements

It was noted that a variance exists between the general ledger balance and the checking account balance (which was reconciled to the bank balance) in the Restricted Fund cash account. It appears that a lack of communication exists between the Federal Programs Office (FPO) and the City as it was noted that the accounting function and the accounting records for the Restricted Funds are maintained at the FPO, but the cash disbursement activities take place at the City. Proper communication is needed between the FPO and the City so that an accurate accounting of all Restricted Fund cash related activities can be achieved.

Recommendation

We recommend that the FPO and the City, together, coordinate a monthly review of all cash related activities for the Restricted Funds to facilitate proper reconciliations of the cash accounts.

Finding and Recommendation - Financial Record Keeping System

The financial record keeping function is currently shared by several School Department employees. The Federal Programs Office (FPO) handles the restricted federal funds and the Local Education Department (LED) is responsible for the unrestricted funds. For financial reporting purposes, certain LED receipts must be disclosed as either a "reimbursement" from FPO or as receipts for "indirect costs".

During our audit of the School Department, we observed instances of inadequate communication between the FPO and the LED. The ineffective communication process between the two departments has resulted in numerous audit adjustments and report reclassifications. Since the frequency and dollar value of these reimbursements is quite high, it is of particular importance that the communication procedures in effect between the FPO and LED be strengthened to prevent the occurrence of these errors in the future. We recommend that the School Department officials establish a more effective policy of communication which is conducive to the sharing of financial information between these two departments.

Finding - Cash and Cash Equivalents

During our testwork, we again noted that various general ledger cash and related accounts were not closed at June 30, 1989. The proper closing of accounts facilitates timely preparation of general purpose financial statements.

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 record keeping and depositing function.

CITY OPERATIONSFinding - Employees Retirement System Blank Checks

While observing the monthly employee retirement check distribution in the treasurer's office, we took note of a signed Employee Retirement System check, which had neither the payee nor the amount completed on the check. Upon further investigation, we noted that the check had incorrectly been printed blank, and was stamped with the appropriate signature without being reviewed by a responsible employee. This situation could lead to a misappropriation of funds.

Recommendation

We recommend that all checks issued by the EDP system be reviewed by personnel to insure the propriety and completeness of the stated information on the check prior to being stamped with a signature. This will allow a timely control over processing errors and minimize the risk of losing funds through potential misappropriation.

Finding - Employees Retirement System Investment Reconciliations

Although investment reconciliations between the City's records and the Trustee's records are being performed in total and on a more timely basis than in the past, there remain numerous errors in the classification of the investments between the aforementioned records.

Recommendation

These errors would be easily discovered and rectified through monthly reconciliations of general ledger account balances for the individual investment classifications to the individual classifications per the trustee statements. We recommend that this reconciliation be performed and be reviewed by a supervisor to insure its propriety. This will allow the City to easily access accurate information regarding the type of investments held in the Retirement System, as well as serving as a control check on the statements supplied by the trustees.

Finding - Employees Retirement System Loans

The Act to Provide for the Retirement of Employees of the City of Providence stipulates several conditions to be met in the granting and administration of loans from the Employees Retirement System. Two of these factors are that the loan must be for a purpose stipulated in the Act, such as medical expenses, dental expenses, hospital expenses, funeral expenses, down payment on real estate to be used in whole or in part as the member's home, and such other purposes as the Retirement Board may approve, and that the installments to repay the loan must be at least 5% of the members annual compensation. During our testwork over compliance with the provisions of this Act for new loans given during the fiscal year ended June 30, 1989, we noted that one loan was given for the stated purpose of "Personal", which is not a stipulated cause. Also, one member's installment repayments was below the 5% required rate due to an old pay rate being used to establish the repayment amounts.

Additionally, during our testwork over new loans issued by the Retirement System for the fiscal year ended June 30, 1989, we noted that a loan application was not signed by the supervisor of ERS indicating review and approval of the loan prior to the check being issued to the employee.

Recommendation

We recommend that the supervisor of the Employees Retirement System (ERS) carefully review each loan application for the propriety of the information included and compliance with the requirements set forth by the Act and the Retirement Board. This will insure that all loans are paid back to the System as expediently as possible, and that only those loans which comply with the guidelines established are given to members. Also a procedure should be established to ensure that all loan disbursements made to employees be authorized by the supervisor of ERS. This will assist in providing enhanced controls over the disbursement of Retirement System funds for approved purposes.

Finding - Fixed Asset Group of Accounts

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. 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 prior to 1980, thus providing a complete listing of fixed assets owned by the City.

Finding - Listing of Cash Accounts

The City was unable to provide us with a complete listing of all bank accounts.

Recommendation

We recommend that a complete listing of all cash accounts maintained by the City be established. This will allow for better control over bank reconciliation functions and better control over authorized accounts.

Finding - Employee Vacation

During our review of employee vacation policies, it came to our attention that, under negotiation union contract, employees are able to carry over only six weeks of vacation per year. However, there are many employees who have been allowed to carry over a greater number of weeks than this, with some having as many as 13 weeks accrued into the next year.

Recommendation

The City should enforce the aforementioned vacation policy. This would lower the possibility that a key employee would be away from their job for an extensive period of time and lower the related obligation of the City.

PROVIDENCE CIVIC CENTER AUTHORITYFinding - Manuals and Policies

The Providence Civic Center Authority (PCCA) currently has no accounting, EDP and administration policy and procedures manuals. The existence of these manuals is necessary to ensure the standardization of training and the uniform application of policies and procedures by existing and future employees. This should encompass the box office as well as the general accounting office.

Recommendation

We recommend a review of existing formal and informal policies and procedures, which should be followed by detailed manuals prepared by management for use in day to day operations.

Finding - Vacation Accrual Detail

As noted in prior years, the detail for vacation accrual is still being maintained manually. This method is inefficient and leads to great confusion when calculating the accrual at year end. It was also noted that several employees had negative balances, indicating they had taken vacation before it was earned. This is against PCCA policy.

Recommendation

We recommend that a computerized spreadsheet be created to record the vacation accrual. In regards to advanced vacations taken by employees, a formal policy should be issued and adhered to.

Finding - Cash Disbursements

The cash disbursements journal lists all checks paid for a particular month. If a check is voided, it does not appear in the journal. The check is marked "void" and filed with the checks stubs.

Recommendation

We recommend that voided checks be entered into the system and appear on the cash disbursements report as "void". This will enable the PCCA to account for all checks without further investigation.

Finding - Authorized Check Signers

A list of authorized signers was received with our bank confirmations. It was noted that the former assistant director was still listed as a signer.

Recommendation

We recommend that the banks be notified immediately when an authorized signer is no longer employed by the PCCA. This will avoid any chance of funds being withdrawn by a former employee.

Finding - Deposits in Transit

It was noted that two deposits for June were never made by the box office. One deposit was finally made by the box office in August and the other was made by the accounting department in August. The deposit made by the accounting department was the result of the check being attached to the box office report. These dollar amounts are considered insignificant to the financial statements.

Recommendation

We recommend that all deposits be made by the box office on a timely basis to avoid the possibility of deposits being lost. The accounting department should carefully check to see that there is a deposit slip for each deposit indicated on the box office report.

PROVIDENCE INDUSTRIAL DEVELOPMENT CORPORATION (PIDC)Finding - Loan Receivable

During our review of loans receivable we noted several instances for which loan amortization was not being properly accounted for. The proper accounting for the loans is to create an amortization schedule at the issuance of the loan and subsequently record principle and interest payments as they are made. Also consideration should be given to implementing a late fee or penalty charge on delinquent loans. This accounting treatment should be immediately followed by PIDC personnel. We also noted that there were several delinquent loans for which payment had not been received for several months. Upon inquiry we learned that PIDC does have a formal policy with respect to delinquent loan collections.

Recommendation

In order to maintain a positive cash flow and minimize bad debts, we recommend that a formal collection policy be followed and an accurate loan amortization schedule be developed for each loan.

Finding - Credit File Documentation

Credit files form the basis for evaluating the credit worthiness of borrowers and can be valuable in portraying the lending history of a borrower as well as providing useful information in the event of personnel turnover. During our review of the credit files, we noted that the files were not adequately maintained or updated on a timely basis. In many instances, the credit files did not contain recent financial statement. The responsibility for maintaining credit files should rest with the loan officer.

Recommendation

We recommend that greater attention be given in this area and PIDC implement procedures to update and maintain loan credit files properly.

Finding - Reconciliation

During our review of the loans receivable, we noted that the loan receivable detail did not reconcile to the general ledger.

Recommendation

In order to accurately present the balance for loans receivable, we recommend that the supporting loan detail be reconciled to the general ledger each month and that this reconciliation be reviewed on a timely basis.

Finding - Cash Accounts

During our review of cash accounts, we noted that bank statements had not been reconciled for several months. Prompt reconciliation of the monthly bank statements could result in early detection of bank errors, insufficient funds, client errors and unreconciled variances.

Recommendation

We recommend that reconciliations of bank accounts be completed promptly to assure that all transactions in the bank accounts are properly recorded and reflected in the accounting records.

PROVIDENCE WATER SUPPLY BOARDFinding - Cash Receipts

The majority of the Board's cash receipts are collected by the City of Providence, however, some checks are received directly at the Board. During the course of our audit, we noticed that checks received at the board are left out on employees' desks overnight and are not locked up. This represents an unnecessary risk.

Recommendation

We recommend that any checks received should be locked up at night and deposited to the bank on a timely basis. This will reduce the risk of theft or misappropriation.

Finding - Accounts Receivable

During our testwork on accounts receivable, we noted that the computer system is calculating interest on non-consumption related balances. Based on the Public Utilities Commission (PUC) rate filing, interest is to be charged on overdue water consumption balances only.

Recommendation

Although this interest was not posted to the general ledger, we recommend that the computer system be corrected so that interest is calculated on water consumption balances only.

CITY OF PROVIDENCE, RHODE ISLAND

Single Audit Report

June 30, 1989



Certified Public Accountants

Peat Marwick Main & Co.
600 Fleet Center
Providence, RI 02903

INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

We have audited the general purpose financial statements of the City of Providence, Rhode Island, as of and for the year ended June 30, 1989, and have issued our report thereon dated December 15, 1989 which was qualified due to the omission of a general fixed asset account group and because pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and whether management has complied with laws and regulations and has established and maintained a system of internal controls. An audit in accordance with those standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements and compliance with laws and regulations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit 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 audit 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.

KPMG Peat Marwick

December 15, 1989



Member Firm of
Klynveld Peat Marwick Goerdeler

CITY OF PROVIDENCE, RHODE ISLAND
 Schedule of Federal Financial Assistance
 Year ended June 30, 1989

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>	<u>Financial Statements Reference</u>
Major Federal financial assistance programs:			
U.S. Department of Housing and Urban Development (HUD):			
Community Development Block Grant	14.219	\$ 7,997,192	(a)
U.S. Department of Education Chapter I (pass-through grant from State of Rhode Island			
	84.010	4,710,302	(c)
Title VII - pass-through			
- from Federal Government	84.003	621,917	(c)
	84.003	206,651	(c)
Title VI			
Vocational Education	84.023	620,917	(c)
	84.050	574,866	(c)
Nonmajor Federal financial assistance programs:			
HUD:			
U.S. Department of Education:			
Chapter II	84.151	448,436	(c)
ESSEA - Magnet		255,706	(c)
Adult Education		112,249	(c)
Drug Free Schools - from Federal government		80,816	(c)
Literacy - Dropout Prevention		48,973	(c)
Drug Free Schools - pass-through		46,817	(c)
Other miscellaneous programs		28,903	(c)
Title II - Math/Science		24,534	(c)
Summer pass-through from State of Rhode Island		6,182	(c)

(Continued)

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, 1989 City of Providence general purpose 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 expenditures are included in the Other Educational Funds expenditures on Schedule 4 of the City of Providence Annual Financial Report.

See accompanying notes to schedule of Federal financial assistance.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Schedule of Federal Financial Assistance

June 30, 1989

(1) General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the City of Providence, Rhode Island. The City's reporting entity is defined in note 1 to the City's general purpose financial statements. All federal financial assistance received from federal agencies are included on the schedule.

(2) Basis of Accounting

As described in note 1 to the City's general purpose federal statement, the City follows the modified accrual basis of accounting. Federal financial assistance program expenditures as presented in the accompanying schedule do not represent expenses of the City, but represent federal financial assistance payments disbursed by the City during the year ended June 30, 1989.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AT THE
GENERAL PURPOSE FINANCIAL STATEMENT LEVEL

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

We have audited the general purpose financial statements of the City of Providence, Rhode Island as of and for the year ended June 30, 1989 and have issued our report thereon dated December 15, 1989 which was qualified due to the omission of a general fixed asset account group and because pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts and grants applicable to the City of Providence, Rhode Island is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the City of Providence, Rhode Island complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Providence, Rhode Island had not complied, in all material respects, with those provisions.

This report is intended solely for the information of management and the applicable Federal and other audit agencies. 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.

Karl Rost Marwick

December 15, 1989

INDEPENDENT AUDITOR'S REPORT ON
GENERAL COMPLIANCE REQUIREMENTS

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

We have applied procedures to test the City of Providence, Rhode Island's compliance with the following requirements applicable to each of its major/non-major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1989:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports

Our procedures were limited to the applicable procedures in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those requirements.

This report is intended solely for the information of management and the applicable Federal and other audit agencies. 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.

K. P. M. H. Scott Marzullo

December 15, 1989

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR AND NON-MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the City of Providence, Rhode Island's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of efforts, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1989. The management of the City of Providence, Rhode Island is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility, matching, level of effort, for earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1989.

In connection with our audit of the 1989 general purpose financial statements of the City, and with our study and evaluation of the City's internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1989. As required by Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those requirements.

This report is intended for the information of management, and the applicable Federal agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

K. M. H. Peat Marwick

December 15, 1989

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL ACCOUNTING CONTROLS AT THE
GENERAL PURPOSE FINANCIAL STATEMENT LEVEL

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

We have audited the general purpose financial statements of the City of Providence, Rhode Island, for the year ended June 30, 1989, and have issued our report thereon dated December 15, 1989 which was qualified due to the omission of a general fixed asset account group and because pension costs are recorded in a manner which is not in conformity with general accepted accounting principles. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and whether management has complied with laws and regulations and has established and maintained a system of internal controls. An audit in accordance with those standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements and compliance with laws and regulations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Under the date of December 15, 1989, we 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. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Control categories for which our study was extended beyond the preliminary review phase:
 - Cash receipts
 - Cash disbursements

- Control categories for which our study was limited to a preliminary review:
 - Investments
 - Bond payable

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, Rhode Island. 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 control identified above.

The management of the City 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 internal control systems 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 three paragraphs 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, taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness. In our letter to management dated December 15, 1989, we have separately communicated our observations and recommendations regarding certain other matters, including those pertaining to reportable conditions and nonmaterial internal control findings.

This report is intended solely for the use of management 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.

16/11/89 Peter Marcic

December 15, 1989

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE)
RELATED TO FEDERAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the City of Providence, Rhode Island, for the year ended June 30, 1989, and have issued our report thereon dated December 15, 1989 which was qualified due to the omission of a general fixed asset account group and because pension costs are recorded in a manner which is not in conformity with generally accepted accounting principles. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and whether management has complied with laws and regulations and has established and maintained a system of internal controls. An audit in accordance with those standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements and compliance with laws and regulations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Under the date of December 15, 1989, we reported separately on the results of our study and evaluation of internal accounting controls performed in connection with our study of the general purpose financial statements. The results of our study and evaluation of internal accounting and administrative controls used in administering federal financial assistance programs are presented herein.

For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering the major federal financial assistance programs in the following categories:

- Control categories for which our study was extended beyond the preliminary review phase:

- Cash receipts (related to federal assistance programs only)
- Cash disbursements (related to federal assistance programs only)

Eligibility

- Special requirements
- Control categories for which our study was limited to a preliminary review:
 - Civil rights
 - Cash management

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

The management of the City of Providence, Rhode Island 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, 1989, the City of Providence, Rhode Island expending approximately 93.3% percent of its total 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 audit would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

Our study and evaluation described in the two preceding paragraphs was more limited than would be necessary to express an opinion on the internal control systems used in administering the major and nonmajor federal financial assistance programs of the City of Providence, Rhode Island. Accordingly, we do not express an opinion on the internal control systems used in administering the major and nonmajor federal financial assistance programs of the City of Providence, Rhode Island. However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance program of the City of Providence, Rhode Island. In our letter to management dated December 15, 1989, we have separately communicated our observations and recommendations regarding certain other matters, including those pertaining to reportable conditions and nonmaterial internal control findings.

This report is intended solely for the information of management and the applicable Federal and other audit agencies. 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.

K. W. H. Keat Warner

December 15, 1989

FILED

Nov 7 10 13 AM '93

DEPT OF CITY CLERK
PROVIDENCE R.I.

THE COMMITTEE ON
FINANCE

Recommends

Be Received

Rose M. Mendoren

Clerk

May 31, 1980



KPMG Peat Marwick

Certified Public Accountants

IN CITY COUNCIL
JUN 7 1990

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

Joseph Mendonca CLERK

CITY OF PROVIDENCE, RHODE ISLAND

General Purpose Financial Statements
and Schedules

June 30, 1989

(With Independent Auditors' Report Thereon)

CITY OF PROVIDENCE, RHODE ISLAND

General Purpose Financial Statements
and Schedules

June 30, 1989

(With Independent Auditors' Report Thereon)

CITY OF PROVIDENCE, RHODE ISLAND

Table of Contents

	<u>Exhibit</u>	<u>Page(s)</u>
Independent Auditors' Report		1 - 2
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types, Account Group and Public Buildings Authority	A	3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - All Governmental Fund Types, Expendable Trust Funds and Public Buildings Authority	B	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds	C	6 - 7
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - Proprietary Fund Types and Similar Trust Funds	D	8
Combined Statement of Changes in Financial Position - Proprietary Fund Types and Similar Trust Funds	E	9
Individual Fund Financial Statements:		
Providence Civic Center Authority:		
Balance Sheet	F	10
Statement of Revenues and Expenses	G	11
Statement of Fund Equity	H	12
Statement of Changes in Financial Position	I	13 - 14
Providence Water Supply Board:		
Balance Sheet	J	15
Statement of Operations	K	16
Statement of Contributed Capital and Retained Earnings	L	17
Statement of Changes in Financial Position	M	18
Providence Public Buildings Authority:		
Balance Sheets	N	19
Statement of Revenues, Expenditures and Changes in Fund Balance	O	20
Notes to General Purpose Financial Statements		21 - 49
	<u>Schedule</u>	
Additional Information:		
General Fund:		
Schedule of Revenues - Budget and Actual	1	50
Schedule of Expenditures and Transfers - Budget and Actual	2	51 - 54
Special Revenue Funds:		
Combining Balance Sheet	3	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	4	56
Combining Statement of Revenues and Expenditures - Budget and Actual	5	57

CITY OF PROVIDENCE, RHODE ISLAND

Table of Contents, Continued

	<u>Schedule</u>	<u>Page(s)</u>
Capital Project Funds:		
Combining Balance Sheet	6	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	7	59
Fiduciary Fund Types:		
Combining Balance Sheet	8	60
Agency Funds - Combining Schedule of Cash Receipts and Disbursements	9	61
Schedule of Long-term Bonds Payable	10	62 - 63
Schedule of Property Taxes Receivable	11	64



Certified Public Accountants

Peat Marwick Main & Co.

600 Fleet Center

Providence, RI 02903

INDEPENDENT AUDITORS' REPORT

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

We have audited 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, 1989 as listed in the accompanying table of contents. These general purpose and individual fund financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose and individual fund financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and whether management has complied with laws and regulations and has established and maintained a system of internal control. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 third paragraph results in an incomplete presentation, and except for the effects of the matter discussed in the fourth paragraph, the aforementioned general purpose financial statements present fairly, in all material respects, the financial position of the City of Providence, Rhode Island at June 30, 1989, 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.



Member Firm of
Klynveld Peat Marwick Goerdeler

In our opinion, the individual fund financial statements present fairly, in all material respects, the financial position of the Providence Civic Center at June 30, 1989, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles.

In our opinion, except for the effects of the matter discussed in the fourth paragraph, the individual fund financial statements present fairly, in all material respects, the financial position of the Providence Water Supply Board at June 30, 1989, 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.

In our opinion, except that the omission of the financial statements referred to in the third paragraph results in an incomplete presentation, the individual fund statements present fairly, in all material respects, the financial position of the Providence Public Buildings Authority at June 30, 1989 and the results of its operations and changes in its fund balances for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose and individual fund financial statements taken as a whole. 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. Such information has been subjected to the auditing procedures applied in the audit 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 fourth paragraph, is fairly stated in all material respects in relation to the general purpose and individual fund financial statements taken as a whole.

KPMG Peat Marwick

December 15, 1989

CITY OF PROVIDENCE, RHODE ISLAND

Combined Balance Sheet - All Fund Types, Account Group and Public Buildings Authority

June 30, 1989

Assets and Other Debits	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Group	Providence	Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Long- term Obligations	Public Buildings Authority	(Memorandum Only)
Cash and cash equivalents (note 15) \$		6,219,573	6,537,618	444,231	18,850	4,471,303		8,856,460	26,548,035
Short-term investments, at cost which approximates market (note 15)	6,500,000	5,350,000	9,425,000	550,000					21,825,000
Due from:									
Other funds (note 5)	3,316,291	1,227,776				6,032,467			10,576,534
Other governments (note 3)	4,413,734	864,463							5,278,197
Accounts receivable (net where applicable of allowances for estimated uncollectible amounts of \$39,055,289):									
Taxes (note 2)	8,287,126			10,397,451	14,683	821,532			8,287,126
Other	684,432	165,633	27,623			167,159,319			12,111,354
Investments (note 15)						6,568,388			167,159,319
Loans receivable, net (note 6)		19,856,342							26,424,730
Inventory, at cost				887,890					887,890
Property, plant and equipment (net of accumulated depreciation) (note 4)				75,842,095					75,842,095
Restricted assets (note 9)				926,409					926,409
Amount to be provided for retirement of long-term obligations							112,694,994	13,000,000	125,694,994
Other assets	174,069	434,475		158,963		571,217			1,338,724
Total assets and other debits	\$ <u>23,375,652</u>	<u>34,118,262</u>	<u>15,990,241</u>	<u>89,207,039</u>	<u>33,533</u>	<u>185,624,226</u>	<u>112,694,994</u>	<u>21,856,460</u>	<u>482,900,407</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Combined Balance Sheet - All Fund Types, Account Group and Public Buildings Authority, Continued

Liabilities	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	Account Group	Providence Public Buildings Authority	Total (Memorandum Only)	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	General Long-term Obligations			
Cash overdraft (note 15)	\$	1,905,052						1,905,052	
Accounts payable	6,698,756	5,562,907	4,184,312		4,595	300,955	274,387	17,025,912	
Accrued expenditures	4,111,698		105,764	793,323				5,010,785	
Accrued legal contingencies	2,500,000							2,500,000	
Amounts held for others				330,372		5,781,688		6,112,060	
Due to:									
Other funds (note 5)	944,295	2,785,014	398,542	2,563,888		107,879	3,776,916	10,576,534	
Other governments (note 3)		592,385						592,385	
Notes payable, current			21,250,000	250,000				21,500,000	
Deferred revenues	8,032,324	24,761		1,405,544		102,664		9,565,293	
Bonds payable (notes 7 and 9)				7,205,000			90,835,000	111,040,000	
Other liabilities	27,483	1,570,356		1,388,988			18,083,078	21,069,905	
Obligation under capital leases (notes 8 and 9)				13,365,000				13,365,000	
Total liabilities	22,314,556	12,440,475	25,938,618	27,302,115	4,595	6,293,186	112,694,994	13,274,387	220,262,926
Fund Equity (Deficit)									
Contributed capital				54,893,422					54,893,422
Retained earnings				7,011,502	28,938				7,040,440
Fund balances (deficit) (note 10):									
Reserved						169,605,377			169,605,377
Unreserved:									
Designated		21,529,827				9,324,056	8,553,378	39,407,261	
Undesignated	1,061,096	147,960	(9,948,377)			401,607	28,695	(8,309,019)	
Total fund equity (deficit)	1,061,096	21,677,787	(9,948,377)	61,904,924	28,938	179,331,040	-	8,582,073	262,637,481
Commitments and contingent liabilities (notes 11, 12, 13 and 14)									
Total liabilities and fund equity (deficit)	\$ 23,375,652	34,118,262	15,990,241	89,207,039	33,533	185,624,226	112,694,994	21,856,460	482,900,407

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

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

Year ended June 30, 1989

	Governmental Fund Types			Fiduciary	Providence	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Types Expendable Trusts	Public Buildings Authority	
Revenues:						
Taxes (note 2)	\$ 133,586,783					133,586,783
Charges for services	6,338,631	129,565				6,468,196
Shared state taxes	1,680,371					1,680,371
Federal and state grants and reimbursements	20,301,709	72,292,525	461,833	385,419		93,441,486
Sale of real estate				2,682,096		2,682,096
Licenses	1,601,206			40,894		1,642,100
Investment and rental income	5,914,257	529,565	352,145	71,252	408,151	7,275,370
Fines and forfeitures	3,084,395					3,084,395
Other	63,493	1,927,329	54,954	860,102		2,905,878
Bad debt expense recoveries		200,394				200,394
Total revenues	172,570,845	75,079,378	868,932	4,039,763	408,151	252,967,069
Other financing sources:						
Proceeds from sale of General Revenue Bonds					13,000,000	13,000,000
Operating transfers:						
From Special Revenue Funds	200,000	842,731				1,042,731
From General Fund		44,439,292				44,439,292
From Other Fiduciary Funds				299,132		299,132
Total other financing sources	200,000	45,282,023	-	299,132	13,000,000	58,781,155
Total revenues and other financing sources	172,770,845	120,361,401	868,932	4,338,895	13,408,151	311,748,224
Expenditures:						
Personal services	56,727,706	65,455,200		300,540		122,483,446
Employee benefits	21,130,454	19,682,052				40,812,506
Services other than personal	19,325,060	6,728,165	1,737,717	544,920	4,378,587	32,714,449
Materials and supplies	3,726,469	2,007,081		189,598		5,923,148
Equipment	1,856,520	1,820,122		54,515		3,731,157
Program expenditures		12,124,151	28,515,781	385,060		41,024,992
Debt service (including interest)	13,697,204				447,491	14,144,695
Other	10,709,667	9,709,659	499,845	1,494,096		22,413,267
Bad debts		96,109				96,109
Total expenditures	127,173,080	117,622,539	30,753,343	2,968,729	4,826,078	283,343,769
Other financing uses - operating transfers:						
To Special Revenue Funds	44,439,292	842,731				45,282,023
To General Fund		200,000				200,000
To Enterprise Fund	288,748					288,748
Total expenditures and other financing uses	171,901,120	118,665,270	30,753,343	2,968,729	4,826,078	329,114,540
Revenues and other financing sources over (under) expenditures and other financing uses	869,725	1,696,131	(29,884,411)	1,370,166	8,582,073	(17,366,316)
Fund balance at beginning of year	191,371	19,981,656	19,936,034	2,739,613	-	42,848,674
Fund balance (deficit) at end of year	\$ 1,061,096	21,677,787	(9,948,377)	4,109,779	8,582,073	25,482,358

See accompanying notes to general purpose 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, 1989

	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)	\$ 128,849,265	133,586,783	4,737,518				128,849,265	133,586,783	4,737,518
Charges for services	8,333,022	6,338,631	(1,994,391)	106,500	129,565	23,065	8,439,522	6,468,196	(1,971,326)
Shared state taxes	1,750,000	1,680,371	(69,629)				1,750,000	1,680,371	(69,629)
Federal and state grants and reimbursements	22,967,919	20,301,709	(2,666,210)	47,986,693	48,040,788	54,095	70,954,612	68,342,497	(2,612,115)
Licenses	1,510,000	1,601,206	91,206				1,510,000	1,601,206	91,206
Investment and rental income	3,610,000	5,914,257	2,304,257				3,610,000	5,914,257	2,304,257
Fines and forfeitures	3,200,000	3,084,395	(115,605)				3,200,000	3,084,395	(115,605)
Miscellaneous	20,500	63,493	42,993		404,581	404,581	20,500	468,074	447,574
Total revenues	170,240,706	172,570,845	2,330,139	48,093,193	48,574,934	481,741	218,333,899	221,145,779	2,811,880
Other financing sources:									
Transfer from General Fund				43,758,557	42,907,828	(850,729)	43,758,557	42,907,828	(850,729)
Transfer from other Special Revenue Fund	250,000	200,000	(50,000)		27,915	27,915	250,000	227,915	(22,085)
Total other financing sources	250,000	200,000	(50,000)	43,758,557	42,935,743	(822,814)	44,008,557	43,135,743	(872,814)
Total revenues and other financing sources	170,490,706	172,770,845	2,280,139	91,851,750	91,510,677	(341,073)	262,342,456	264,281,522	1,939,066

(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	54,793,437	56,727,706	(1,934,269)	59,558,764	59,527,208	31,556	114,352,201	116,254,914	(1,902,713)
Employee benefits	22,048,120	21,130,454	917,666	17,436,662	17,623,247	(186,585)	39,484,782	38,753,701	731,081
Services other than personal	18,372,225	19,325,060	(952,835)	3,515,109	3,225,681	289,428	21,887,334	22,550,741	(663,407)
Materials and supplies	4,128,760	3,726,469	402,291	934,743	783,679	151,064	5,063,503	4,510,148	553,355
Equipment	2,164,192	1,856,520	307,672	1,314,235	1,155,575	158,660	3,478,427	3,012,095	466,332
Debt service	7,989,402	7,952,001	37,401				7,989,402	7,952,001	37,401
Interest	5,825,000	5,745,203	79,797				5,825,000	5,745,203	79,797
Other	9,895,922	10,709,667	(813,745)	9,092,237	9,195,287	(103,050)	18,988,159	19,904,954	(916,795)
Total expenditures	<u>125,217,058</u>	<u>127,173,080</u>	<u>(1,956,022)</u>	<u>91,851,750</u>	<u>91,510,677</u>	<u>341,073</u>	<u>217,068,808</u>	<u>218,683,757</u>	<u>(1,614,949)</u>
Other uses:									
Transfers to Special Revenue Funds	45,265,057	44,439,292	825,765				45,265,057	44,439,292	825,765
Enterprise Fund		288,748	(288,748)					288,748	(288,748)
Total other uses	<u>45,265,057</u>	<u>44,728,040</u>	<u>537,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,265,057</u>	<u>44,728,040</u>	<u>537,017</u>
Total expenditures and other uses	<u>170,482,115</u>	<u>171,901,120</u>	<u>(1,419,005)</u>	<u>91,851,750</u>	<u>91,510,677</u>	<u>341,073</u>	<u>262,333,865</u>	<u>263,411,797</u>	<u>(1,077,932)</u>
Revenues and other sources over expenditures and other uses	\$ <u>8,591</u>	<u>869,725</u>	<u>861,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,591</u>	<u>869,725</u>	<u>861,134</u>

See accompanying notes to general purpose 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, 1989

	Proprietary Fund Types		Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	Retirement System	Nonexpendable Trusts	
Operating revenues:					
Employee contributions	\$		4,579,980		4,579,980
Employer contributions			10,180,635		10,180,635
Investment income			16,101,324	486,363	16,587,687
Interest on member loans			374,002		374,002
Arena rent and concession income	2,155,009				2,155,009
Water sales	15,643,029				15,643,029
Maintenance and other charges	239,807				239,807
Other	<u>1,243,144</u>	<u>65,978</u>	<u>489,245</u>		<u>1,798,367</u>
Total operating revenues	<u>19,280,989</u>	<u>65,978</u>	<u>31,725,186</u>	<u>486,363</u>	<u>51,558,516</u>
Operating expenses:					
Wages and benefits	7,886,740				7,886,740
Operations	1,920,885				1,920,885
Charges by other City departments (note 9)	898,177				898,177
Retiree benefits			21,647,420		21,647,420
Administrative and general	3,269,588				3,269,588
Reimbursements by promoters	(1,136,447)				(1,136,447)
Other	430,898	91,830			522,728
Property taxes - other local governments	2,348,891				2,348,891
Depreciation	<u>1,561,313</u>				<u>1,561,313</u>
Total operating expenses	<u>17,180,045</u>	<u>91,830</u>	<u>21,647,420</u>	<u>-</u>	<u>38,919,295</u>
Operating income (loss)	<u>2,100,944</u>	<u>(25,852)</u>	<u>10,077,766</u>	<u>486,363</u>	<u>12,639,221</u>
Nonoperating revenues (expenses):					
Net interest income (expense)	(350,880)				(350,880)
Bad debt expense	<u>872,444</u>				<u>872,444</u>
Total nonoperating revenues (expenses)	<u>521,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,564</u>
Net income (loss)	<u>2,622,508</u>	<u>(25,852)</u>	<u>10,077,766</u>	<u>486,363</u>	<u>13,160,785</u>
Depreciation on certain property, plant and equipment acquired through contributed capital	430,708				430,708
Operating transfer in from general fund	288,748				288,748
Operating transfer out to other fiduciary funds				(299,132)	(299,132)
Increase (decrease) in retained earnings/ fund balance	3,341,964	(25,852)	10,077,766	187,231	13,581,109
Retained earnings/fund balances at beginning of year	<u>3,669,538</u>	<u>54,790</u>	<u>159,527,611</u>	<u>5,428,653</u>	<u>168,680,592</u>
Retained earnings/fund balances at end of year \$	<u>7,011,502</u>	<u>28,938</u>	<u>169,605,377</u>	<u>5,615,884</u>	<u>182,261,701</u>

See accompanying notes to general purpose 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, 1989

	Proprietary Fund Types		Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise (note 9)	Internal Service	Retirement System	Nonexpendable Trusts	
Sources of funds:					
Net income (loss)	\$ 2,911,256	(25,852)	10,077,765	486,363	13,449,532
Add depreciation expense	1,561,313				1,561,313
Add loss on disposal of assets	12,262				12,262
Funds provided (used) by operations	4,484,831	(25,852)	10,077,765	486,363	15,023,107
Disbursement from restricted investments	217,195				217,195
	<u>4,702,026</u>	<u>(25,852)</u>	<u>10,077,765</u>	<u>486,363</u>	<u>15,240,302</u>
Increase in capital lease	11,685,000				11,685,000
Increase in reserve for water quality	1,364,428				1,364,428
Decrease in loans receivable					
Decrease in other assets	4,000				4,000
Decrease in accounts receivable					
Contributed capital	675,600				675,600
Increase in accounts payable					
Decrease in amounts due from other funds					
Increase in deferred revenue	282,598				282,598
Increase in due to other funds					
Decrease in restricted assets					
Operating transfers-in					
Decrease in investments	233,000			1,812,107	2,045,107
Increase in accrued expenses	14,332				14,332
Increase in current portion of general obligation bonds	30,000				30,000
Total sources (uses) of funds	<u>18,990,984</u>	<u>(25,852)</u>	<u>10,077,765</u>	<u>2,298,470</u>	<u>31,341,367</u>
Uses of funds:					
Additions to property, plant and equipment	12,978,376				12,978,376
Investments restricted for the construction of capital assets	33,698				33,698
Payment of obligation of lease equipment project	240,000				240,000
Increase in accounts receivable	3,728,164	6,684	586,977	2,613	4,324,438
Increase in restricted assets	357,065		2,793		359,858
Increase in inventory	83,592				83,592
Decrease in accounts payable	821,868	560			822,428
Decrease in bonds and notes payable	540,000				540,000
Decrease in other liabilities	63,529				63,529
Increase in investments			19,230,919		19,230,919
Other, net	49,686			136,507	186,193
Increase due from other funds			525,718		525,718
Increase in loan receivable			458,198		458,198
Operating transfers out				299,132	299,132
Total uses of funds	<u>18,895,978</u>	<u>7,244</u>	<u>20,804,605</u>	<u>438,252</u>	<u>40,146,079</u>
Net increase (decrease) in cash	95,006	(33,096)	(10,726,840)	1,860,218	(8,804,712)
Cash balance at beginning of year	349,225	51,946	11,591,009	215,469	12,207,649
Cash balance at end of year	\$ <u>444,231</u>	<u>18,850</u>	<u>864,169</u>	<u>2,075,687</u>	<u>3,402,937</u>

See accompanying notes to general purpose financial statements.

INDIVIDUAL FUND FINANCIAL STATEMENTS

PROVIDENCE CIVIC CENTER AUTHORITY

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

Enterprise Fund

Balance Sheet

June 30, 1989

Assets

Current assets:

Cash and cash equivalents (note 15)	\$ 444,231
Investments (note 15)	550,000
Accounts receivable (net of allowance for uncollectible accounts of \$12,000 in 1989)	639,358
Prepaid expenses	<u>144,326</u>

Total current assets	<u>1,777,915</u>
----------------------	------------------

Property, plant and equipment:

Building and improvements	16,160,955
Furnishings and equipment	1,605,151
Investments restricted for the construction of capital assets (note 15)	<u>294,577</u>

	18,060,683
--	------------

Less accumulated depreciation	<u>8,911,939</u>
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Net property, plant and equipment	<u>9,148,744</u>
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	<u>\$ 10,926,659</u>
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See accompanying notes to general purpose financial statements.

Liabilities

Current liabilities:

Accrued expenses	\$ 356,328
Advance sales receipts and promoter deposits	330,372
Deferred income	345,981
Current installment of obligation under capital lease (note 13)	10,000
Current installment of obligation under lease purchase expansion project (note 8)	<u>240,000</u>

Total current liabilities 1,282,681

Obligation under lease purchase expansion project (note 8) 1,680,000

Total liabilities 2,962,681

Fund Equity

Contributed capital from the City of Providence	5,168,491
Accumulated surplus	<u>2,795,487</u>

Total fund equity 7,963,978

\$ 10,926,659

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, 1989

Operating revenues:	
Arena rent	\$ 1,290,737
Concessions	864,272
Advertising and other	435,194
Co-promotions	<u>146,073</u>
Total operating revenues	<u>2,736,276</u>
Operating expenses, excluding depreciation:	
Salaries and wages - admissions control	361,704
Salaries and wages - operations	1,279,646
Salaries and wages - administrative	341,905
Employee benefits	231,049
Payroll taxes	158,889
Event expenses	393,226
Utilities	285,416
Insurance	322,386
Loss on disposal of asset	12,262
Other	<u>430,898</u>
	3,817,381
Less expenses reimbursed by promoters	<u>1,136,447</u>
Net operating expenses, excluding depreciation	<u>2,680,934</u>
Operating income, excluding depreciation	<u>55,342</u>
Non-operating revenues:	
Net interest income	<u>74,823</u>
Net income before expansion financing and depreciation	<u>130,165</u>
Net interest expense from expansion financing	(121,702)
Net income before depreciation	8,463
Depreciation expense	<u>(729,604)</u>
Net loss before operating transfer	(721,141)
Other financing source:	
Operating transfer from the City of Providence general fund	<u>288,748</u>
Net loss	<u>(432,393)</u>

See accompanying notes to general purpose 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, 1989

	<u>Contributed Capital</u>	<u>Accumulated Surplus</u>	<u>Total</u>
Balance at June 30, 1988	\$ 5,599,199	2,797,172	8,396,371
Net loss for the year ended June 30, 1989		(432,393)	(432,393)
Depreciation on property, plant and equipment acquired through contributed capital	<u>(430,708)</u>	<u>430,708</u>	<u>-</u>
Balance at June 30, 1989	\$ <u>5,168,491</u>	<u>2,795,487</u>	<u>7,963,978</u>

See accompanying notes to general purpose 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, 1989

Sources of working capital:	
Operations:	
Net loss	\$ (432,393)
Item which does not use working capital:	
Depreciation	729,604
Loss on disposal of assets	<u>12,262</u>
Working capital provided by operations	309,473
Disbursement from restricted investments	<u>217,195</u>
	\$ <u>526,668</u>
Uses of working capital:	
Payment of obligation of lease equipment project	\$ 240,000
Net additions to property, plant and equipment	215,411
Current installment and payment of obligation under capital lease	10,000
Investments restricted for the construction of capital assets	33,698
Increase in working capital	<u>27,559</u>
	\$ <u>526,668</u>
Elements of net increase (decrease) in working capital:	
Increase (decrease) in current assets:	
Cash and cash equivalents	95,006
Investments	(233,000)
Accounts receivable, net	71,237
Prepaid expenses	<u>15,019</u>
	<u>(51,738)</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:	
Accrued expenses	\$ (16,149)
Advance sales receipts and promoter deposits	(63,529)
Deferred income	<u>381</u>
	<u>(79,297)</u>
Net increase in working capital	\$ <u>27,559</u>

See accompanying notes to general purpose financial statements.

PROVIDENCE WATER SUPPLY BOARD

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

Enterprise Fund

Balance Sheet

June 30, 1989

Assets

Property, plant and equipment:

Land	\$ 7,539,250
Buildings and improvements	6,472,616
Improvements other than buildings	61,420,433
Machinery and equipment	5,046,303
Assets under capital lease	3,460,672
Estimated construction costs to complete assets under capital lease	<u>8,224,328</u>

Less accumulated depreciation	<u>25,470,251</u>
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Net property, plant and equipment	<u>66,693,351</u>
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Restricted assets (note 9):

Cash	610,446
Investments, at cost (note 15)	<u>315,963</u>

Total restricted assets	<u>926,409</u>
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Current assets:

Accounts receivable (net of allowance for uncollectible accounts of \$441,520)	3,286,435
Accounts receivable - unbilled	6,471,658
Inventory, at cost	887,890
Other	<u>14,637</u>

Total current assets	<u>10,660,620</u>
----------------------	-------------------

\$ <u>78,280,380</u>

See accompanying notes to general purpose financial statements.

Capitalization and Liabilities

Contributed capital	\$ 49,724,931
Retained earnings	4,216,015
General obligation bonds (net of current portion) (note 7)	6,665,000
Obligation under capital lease	<u>11,685,000</u>
Total capitalization	<u>72,290,946</u>
Current liabilities (payable from current assets):	
Due to City of Providence General Fund (note 5)	2,563,888
Accrued expenses	436,995
Current portion of general obligation bonds (note 7)	540,000
Deferred revenue	1,059,563
Reserve for water quality protection	<u>1,364,428</u>
Total current liabilities	<u>5,964,874</u>
Deferred credits	<u>24,560</u>

Commitments and contingencies (note 14).

\$ 78,280,380

PROVIDENCE WATER SUPPLY BOARD

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

Enterprise Fund

Statement of Operations

Year ended June 30, 1989

Operating revenues - charges for services:	
Water sales:	
General customers	\$ 11,728,073
Other local water suppliers	3,914,956
Fire protection services	661,877
Maintenance charges and other revenue	<u>239,807</u>
Total operating revenues	<u>16,544,713</u>
Operating expenses:	
Wages and benefits	5,672,436
Water supply services and supplies	1,920,885
Administrative, general and other operating expenses	2,097,409
Charge for services provided by other City departments (note 9)	898,177
Depreciation	831,709
Property taxes - other local governments	<u>2,348,891</u>
Total operating expenses	<u>13,769,507</u>
Operating income	<u>2,775,206</u>
Nonoperating revenues (expenses):	
Interest income	132,934
Interest expense	(436,935)
Bad debt income (expense)	<u>872,444</u>
	<u>568,443</u>
Net income	<u>\$ 3,343,649</u>

See accompanying notes to general purpose 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, 1989

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at June 30, 1988	\$ 49,049,331	872,366	49,921,697
Contribution in aid of construction	675,600		675,600
Net income	<u> </u>	<u>3,343,649</u>	<u>3,343,649</u>
Balance at June 30, 1989	\$ <u>49,724,931</u>	<u>4,216,015</u>	<u>53,940,946</u>

See accompanying notes to general purpose 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, 1989

Sources (uses) of working capital:

Operations:

Net income	\$ 3,343,649
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Items which do not use working capital:

Depreciation	<u>831,709</u>
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Working capital provided by operations	4,175,358
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Contributions in aid of construction	675,600
--------------------------------------	---------

Decrease in other noncurrent assets	4,000
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Increase in capital lease	11,685,000
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Increase in reserve for water quality protection	<u>1,364,428</u>
--	------------------

	<u>\$ 17,904,386</u>
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Uses of working capital:

Acquisition of property, plant and equipment	12,762,965
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Retirement of general obligation bonds	540,000
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Increase in restricted assets	378,513
-------------------------------	---------

Deferred credits	14,030
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Net increase in working capital	<u>4,208,878</u>
---------------------------------	------------------

	<u>\$ 17,904,386</u>
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Elements of net increase in working capital:

Accounts receivable, net	1,511,023
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Accounts receivable - unbilled	2,145,904
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Inventory, at cost	83,592
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Other current assets	10,637
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Due to City of Providence General Fund	821,868
--	---------

Accrued expenses	(51,929)
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Current portion of general obligation bonds	(30,000)
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Deferred revenue	<u>(282,217)</u>
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Net increase in working capital	<u>\$ 4,208,878</u>
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See accompanying notes to general purpose financial statements.

PROVIDENCE PUBLIC BUILDINGS AUTHORITY

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

Balance Sheets

June 30, 1989

<u>Assets</u>	<u>Governmental Fund Types</u>			<u>Account Group</u>	<u>Total</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>General Long-term Obligations</u>	
Cash and cash equivalents (note 15)	\$ 33,397	6,974,397	1,848,666		8,856,460
Amount to be provided for retirement of long-term obligations				13,000,000	13,000,000
Total assets and other debts	\$ <u>33,397</u>	<u>6,974,397</u>	<u>1,848,666</u>	<u>13,000,000</u>	<u>21,856,460</u>
<u>Liabilities and Fund Balances</u>					
Public Buildings Authority general revenue bonds payable (note 7)				13,000,000	13,000,000
Accrued expenses	4,702	268,785			273,487
Due to Providence Redevelopment Agency		900			900
Total liabilities	<u>4,702</u>	<u>269,685</u>	<u>-</u>	<u>13,000,000</u>	<u>13,274,387</u>
Fund balances - unrestricted	28,695				28,695
- restricted (note 6)		6,704,712	1,848,666		8,553,378
Total liabilities and fund balances	\$ <u>33,397</u>	<u>6,974,397</u>	<u>1,848,666</u>	<u>13,000,000</u>	<u>21,856,460</u>

See accompanying notes to general purpose financial statements.

PROVIDENCE PUBLIC BUILDINGS AUTHORITY
 (A Component Unit of the City of Providence, Rhode Island)
 Statements of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 1989

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	
Revenues:				
Interest income	\$ <u>1,065</u>	<u>315,957</u>	<u>91,129</u>	<u>408,151</u>
Total revenues	<u>1,065</u>	<u>315,957</u>	<u>91,129</u>	<u>408,151</u>
Other financing sources (uses):				
Proceeds from sale of general revenue bonds	546,858	10,229,621	2,223,521	13,000,000
Interfund transfer	<u>18,493</u>	<u> </u>	<u>(18,493)</u>	<u> </u>
Total revenues and other financing sources	<u>566,416</u>	<u>10,545,578</u>	<u>2,296,157</u>	<u>13,408,151</u>
Expenditures:				
Interest			447,491	447,491
General and administrative	537,721			537,721
Capital expenditures	<u> </u>	<u>3,840,866</u>	<u> </u>	<u>3,840,866</u>
Total expenditures	<u>537,721</u>	<u>3,840,866</u>	<u>447,491</u>	<u>4,826,078</u>
Revenues and other financing sources over expenditures	28,695	6,704,712	1,848,666	8,582,073
Fund balances at beginning of year	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances at end of year	\$ <u>28,695</u>	<u>6,704,712</u>	<u>1,848,666</u>	<u>8,582,073</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1989

(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 funds and the 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. The City of Providence is a tax-exempt entity.

In determining those agencies, departments and other types of entities to be included in the City of Providence general purpose 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 includes 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 General Purpose 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 purposes.

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 General Purpose 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), compensated absences and long term capital lease obligations.

Public Buildings Authority

The Public Buildings Authority was established to acquire, construct, maintain, renovate, repair and operate public facilities and includes the accounts of the Providence Public Buildings Authority. See note 9.

(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 the purpose of the 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

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.

(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, however, there are no open encumbrances at June 30, 1989. 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 cost. 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 the 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 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 General Purpose 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. This appropriation does not lapse at year end.

(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 General Purpose 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 100% of appraised market value based on the 1987 valuation less Homestead exemptions for 1-6 unit dwellings. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value.

The taxable assessments, tax rate and gross levy of the 1987 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	\$ 5,283,462,100	1,243,763,268	4,039,698,832	23.88	96,468,008
Tangible property	507,802,950	27,900	507,775,050	57.45	29,171,677
Motor vehicles	262,516,041	2,062,892	260,453,149	57.45	14,963,033

Taxes on the gross levy were due in equal quarterly installments in July and October 1988 and January and April 1989.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose 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 net of cash abatements paid. 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. As of June 30, 1989 amounts due to the City from the Bay Commission were credited to the City.

Sewer use fees billed prior to July 30, 1985 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 General Purpose Financial Statements, Continued

(3) Intergovernmental Accounts

Due to and from other governments consists of the following amounts at June 30, 1989:

	<u>Due from</u>	<u>Due to</u>
General Fund:		
State of Rhode Island	\$ 4,413,734	_____
Total General Fund	<u>4,413,734</u>	<u> -</u>
Special Revenue Funds:		
Federal Government	352,468	326,485
State of Rhode Island	<u>511,995</u>	<u>265,900</u>
Total Special Revenue Funds	<u>864,463</u>	<u>592,385</u>
Total all funds	\$ <u>5,278,197</u>	<u>592,385</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, 1989:

	Providence Civic Center <u>Authority</u>	Providence Water Supply <u>Board</u>	<u>Total</u>
Land	\$	7,539,250	7,539,250
Improvements other than buildings		61,420,433	61,420,433
Buildings and improvements	16,160,955	6,472,616	22,633,571
Furnishings and equipment	1,605,151	5,046,303	6,651,454
Investments restricted for the construction of capital assets	294,577		294,577
Assets under capital leases		3,460,672	3,460,672
Estimated construction costs to complete assets under capital lease	_____	<u>8,224,328</u>	<u>8,224,328</u>
Total	18,060,683	92,163,602	110,224,285
Less accumulated depreciation	<u>8,911,939</u>	<u>25,470,251</u>	<u>34,382,190</u>
Net property, plant and equipment	\$ <u>9,148,744</u>	<u>66,693,351</u>	<u>75,842,095</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

(5) Interfund Accounts

At June 30, 1989, amounts due to and from other funds resulting from various interfund activities were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund:		
Proprietary Fund Types	\$ 2,563,888	
Special Revenue Funds	857,229	1,053,383
Fiduciary Fund Types	(128,558)	(109,088)
Capital Projects	<u>23,732</u>	<u> </u>
Total General Fund, net	<u>3,316,291</u>	<u>944,295</u>
Capital Project Funds:		
Fiduciary Fund Types		374,810
General Fund	<u> </u>	<u>23,732</u>
Total Capital Project Funds	<u> </u>	<u>398,542</u>
Long-term Obligation Group of Accounts:		
Fiduciary Funds - Retirement System (Note 7)	<u> </u>	<u>3,776,916</u>
Fiduciary Fund Types:		
Due from Other Fiduciary Funds	4,177	
Special Revenue Funds	1,753,392	
Capital Project Funds	374,810	
Long-term Obligations Group of Accounts (Note 7)	3,776,916	
General Fund	<u>123,172</u>	<u>107,879</u>
Total Fiduciary Fund Types, net	<u>6,032,467</u>	<u>107,879</u>
Special Revenue Funds:		
General Fund	387,500	191,346
Other Special Revenue Funds	840,276	840,276
Fiduciary Funds	<u> </u>	<u>1,753,392</u>
Total Special Revenue Funds, net	<u>1,227,776</u>	<u>2,785,014</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

	<u>Due from other funds</u>	<u>Due to other funds</u>
Proprietary Funds:		
General Fund	_____	<u>2,563,888</u>
Total Proprietary Funds	_____	<u>2,563,888</u>
Total all funds, net	\$ <u>10,576,534</u>	<u>10,576,534</u>

(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, 1989 - \$6,932,857
- Interest rate increasing from 0% at commencement to 8% by year six
- Repayment over thirty years

Richmond Square:

- Loan balance as of June 30, 1989 - \$844,363
- 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, 1989 - \$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. Loans receivable, net of estimated allowance for uncollectible loans amounted to \$3,615,365 at June 30, 1989.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

The Community Development Block Grant Program has the following loans receivable at June 30, 1989:

Fox Point Neighborhood Housing Corporation	
• 5% loan, payment commences the first day of the second month after closing of mortgage on the project	\$ 500,000
Jake Kaplan, Ltd.:	
• Loan balance as of June 30, 1989	500,000
• 5% fixed interest rate	
• Payable on demand	
India Point Associates:	
• Loan balance as of June 30, 1989	2,500,000
• 5% fixed interest rate	
• Payable on demand	
Indian Village Housing Development Joint Venture:	
• Loan balance as of June 30, 1989	646,926
• 4% fixed interest rate	
• Repayment over 15 years	
Roger Williams Day Care:	
• Loan balance as of June 30, 1989	49,299
• 5% fixed interest rate	
• Due on January 20, 1990	
Renaissance Associates:	
• Loan balance as of June 30, 1989	1,945,586
• Interest fixed: 3%	
• 30 years commencing on the first loan payment date	
• Financed through a Housing Action Grant	

The Providence Industrial Development Corporation receives federal funds from the Department of Planning and Development and loans the funds to qualifying businesses. At June 30, 1989, loans receivable net of estimated uncollectible amounts was \$896,544.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

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

The following is a summary of bond transactions of the City for the year ended June 30, 1989 (in thousands):

	General Obligation	Proprietary Fund - Providence Water Supply Board	Total
Bonds payable at June 30, 1988	\$ 92,275	7,715	99,990
Debt retired	<u>8,645</u>	<u>510</u>	<u>9,155</u>
Bonds payable at June 30, 1989	\$ <u>83,630</u>	<u>7,205</u>	<u>90,835</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.

The annual requirements to amortize long-term bonds payable as of June 30, 1989 are as follows (in thousands):

Year Ending June 30	General Obligation			Proprietary Fund			Total All Funds
	Principal	Interest	Total	Principal	Interest	Total	
1990	8,495	5,470	13,965	540	413	953	14,918
1991	8,345	4,961	13,306	560	384	944	14,250
1992	8,050	4,454	12,504	600	355	955	13,459
1993	7,640	3,954	11,594	625	324	949	12,543
1994	7,870	3,476	11,346	495	293	788	12,134
1995	7,655	2,977	10,632	525	263	788	11,420
1996	4,430	2,476	6,906	555	232	787	7,693
1997	4,410	2,173	6,583	590	198	788	7,371
1998	4,385	1,868	6,253	620	163	783	7,036
1999	4,360	1,562	5,922	655	126	781	6,703
2000	4,330	1,260	5,590	695	86	781	6,371
2001	3,550	980	4,530	745	45	790	5,320
2002	2,640	718	3,358				3,358
2003	2,495	517	3,012				3,012
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>1,035</u>
Total	\$ <u>83,630</u>	<u>37,528</u>	<u>121,158</u>	<u>7,205</u>	<u>2,882</u>	<u>10,087</u>	<u>131,245</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

Included in the long-term obligations group of accounts are \$7,501,849 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 \$60,318 and are included in the Restricted Sales Proceeds Fund (an expendable fiduciary trust fund) at June 30, 1989.

At June 30, 1989 the City had authorized but not yet issued \$66,000,000 general obligation bonds for school and parks purposes.

During fiscal year June 30, 1989 the General Capital Projects Fund issued \$21,250,000 of short-term bond anticipation notes, maturing October 20, 1989.

(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 1988:

Balance at June 30, 1988	\$ 3,954,981
Principal payments made during fiscal year 1989	<u>178,065</u>
Balance at June 30, 1989	\$ <u>3,776,916</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, 1989 amounted to approximately \$9,470,469.
- ii. The estimated liability for governmental fund Workers' Compensation claims under the City's self-insurance program at June 30, 1989 amounted to approximately \$1,586,000.
- 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 \$1,390,000 at June 30, 1989.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

- iv. The City is obligated under several lease participation agreements with financial institutions which qualify as capital leases for automobiles, trucks, computer, telecommunications and park maintenance equipment. Future minimum lease payments at June 30, 1989 were as follows:

Fiscal year ending June 30:	
1990	\$ 1,977,000
1991	1,040,000
1992	1,040,000
1993	1,040,000
1994	539,069

(8) Lease Purchase Agreement

The City of Providence entered into a lease purchase agreement for the Providence Civic Center in the amount of \$2,400,000 on December 26, 1986 with Fleet National Bank. The agreement is secured with the assets from the expansion project ongoing at the Civic Center. The agreement requires annual renewals for the next 10 years and payments of principal on those renewal dates as specified in the agreement. The agreement requires that a trustee (Fleet National Bank) maintain the unused portion of the funds during construction to invest these funds as specified in the trustee agreement.

The principal payments for the agreement for the next five fiscal years and for the subsequent five-year period are:

	<u>Principal</u>
1990	\$ 240,000
1991	240,000
1992	240,000
1993	240,000
1994	240,000
1995 - 1996	<u>480,000</u>
	<u>\$ 1,680,000</u>

(9) Segment Information for Enterprise Funds and Public Buildings Authority

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

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

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.

On July 1, 1988 the City of Providence through its Water Supply Board entered into a lease agreement with the Rhode Island Water Resources Board, a component unit of the State of Rhode Island. Under the terms of the lease agreement, the Rhode Island Water Resources Board has issued bond anticipation notes and revenue bonds totalling \$11,685,000 to finance the acquisition and construction of improvements and installations of certain water facilities located in the City of Providence and the Towns of Smithfield and North Providence, Rhode Island. The Providence Water Supply Board has leased the project to a term which commenced on July 1, 1988 (coincident with the issuance of the Rhode Island Water Resources Board's bond anticipation notes) and expiring on June 30, 2013.

Lease payments specified in the lease agreement call for the Providence Water Supply Board to make a semi-annual payment due in February and August of each year in an amount equal to the debt service requirements of the Rhode Island Water Resources Board as it pertains to the leased premises. In addition, the Providence Water Supply Board has agreed to pay, as lease payments, the administrative costs incurred by the Rhode Island Water Resources Board. At the expiration of the lease term, the Providence Water Supply Board has the option to purchase the facilities for \$1. This lease has been accounted for as a capital lease.

The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. To the extent that the construction of the assets are complete and in operation, the assets are depreciated under the Providence Water Supply Board's normal depreciation policies for similar assets. Depreciation of assets under capital leases are included in depreciation expense. Depreciation of assets under capital leases charged to expense during the year ended June 30, 1989 amounted to \$45,107. Accumulated depreciation related to assets under capital leases amounted to \$45,107 at June 30, 1989.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

Minimum future lease payments under capital leases as of June 30, 1989 for each of the next five years and in the aggregate are:

Year ended June 30:	
1990	\$ 508,121
1991	726,455
1992	989,830
1993	1,003,612
1994	1,020,387
Subsequent to 1994	<u>18,267,586</u>
Total minimum lease payments	22,515,991
Less amount representing interest	<u>10,830,991</u>
Present value of net minimum lease payments	\$ <u>11,685,000</u>

During the fiscal year ended June 30, 1989, the City of Providence performed various services for the Water Supply Board. The total billing for city services performed amounted to \$898,177. 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.

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 Section 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, 1989. The Civic 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

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 \$288,748 from the surcharge receipts during 1989 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, 1989:

Surcharge receipts	\$ 488,748
Amounts retained by the Authority	(288,748)
Payments to the City of Providence General Fund	<u>(200,000)</u>
Balance due City of Providence General Fund at June 30, 1989	\$ <u> -</u>

Restricted Assets

Restricted assets of the enterprise funds consisted of cash and investments maintained for the following reasons as of June 30, 1989:

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	\$ 926,409
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Total restricted assets	\$ <u>926,409</u>
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Providence Public Buildings Authority

The Providence Public Buildings Authority (the Authority) was created by an act of the Rhode Island General Assembly and was empowered by resolution of the Providence City Council on August 13, 1987, and by resolution of the Public Finance board, created under Section 42-10.11 of the General Laws of Rhode Island, on February 12, 1988. Under the act, the Authority constitutes a body politic and corporate having a distinct legal existence from the City of Providence, Rhode Island (the City). However, for financial reporting purposes, the Authority is a component unit of the City and as such, the financial statements of the Authority is included in the City's general purpose financial statements.

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

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units except that the financial statements do not include a general fixed assets account group which should be included to conform with generally accepted accounting principles.

In December 1988, the Authority sold \$13,000,000 1988 Series A General Revenue Bonds. These bonds, which have interest rates ranging from 6.50% to 7.75% and mature through 2009, are secured by a pledge of lease rentals to be received from the City pursuant to a lease agreement relating to projects financed by the Authority and leased to the City.

The proceeds from this bond issue are being used for the permanent financing for the acquisition and renovations of a school administration building, the construction, installation, operation and furnishing of Esek Hopkins School and the installation and construction of protective improvements to the Veazie Street School. The Authority has obtained a transfer of title to the Esek Hopkins and Veazie Street School building from the City.

Future Revenue Bond Principal Payments

The following principal payments on the 1988 Series A General Revenue bonds are required during the next five years and thereafter as follows:

1991 (1st payment due)	\$ 130,000
1992	390,000
1993	410,000
1994	440,000
1995	465,000
1996 and thereafter	<u>11,165,000</u>
	\$ <u>13,000,000</u>

Lease Agreement

The lease agreement relating to property financed by the Authority require, among other things, that the City make annual rental payments that are sufficient to meet the related bond principal and interest requirements as well as pay all costs of operating the leased properties. At the lease expiration, the City, at its option, can purchase the properties for a nominal amount.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

The following are the estimated future minimum lease payments for bond principal retirement and interest to be received from the City during the next five years:

1989	\$ 964,653
1990	1,094,653
1991	1,346,203
1992	1,340,463
1993	<u>1,342,993</u>
	\$ <u>6,088,965</u>

(10) Fund Balances

Reserved fund balances (deficit) at June 30, 1989 were as follows:

Fiduciary Fund Types:

Reserved for payment of retirement benefits and endowments	\$ <u>169,605,377</u>
Total reserved fund balance	\$ <u>169,605,377</u>

Designated portions of unreserved fund balances at June 30, 1989, were as follows:

Special Revenue Fund - designated for grantor-restricted purposes	\$ 21,592,827
Fiduciary Funds - designated for specific purposes	9,324,056
Providence Public Buildings Authority - Designated for specific purposes	<u>8,553,378</u>
Total designated portion of unreserved fund balance	\$ <u>39,407,261</u>

The General Capital Projects Fund has a fund deficit of \$9,948,377 at June 30, 1989. The City intends to eliminate this deficit through future bond issues.

(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 plan is considered part of the City's financial reporting entity and is included in the City's annual financial report as a retirement system. The City's payroll for the year ended June 30, 1989 for employees covered by the plan was \$60,840,974; the City's total payroll was \$68,360,645.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

The plan provides retirement benefits as well as death and disability benefits. Members of the plan are classified as Class A or Class B members.

Class A members are eligible to retire at age 55 with 10 years of service or at any age after 25 years of service. Retirement benefits are equal to an annuity, which is the actuarial equivalent of his/her accumulated contributions at the time of retirement, plus 1/40 of his/her final compensation for each year of total service up to 20 years and 1/50 of his/her final compensation for each year of service in excess of 20 years.

Class B members are eligible to retire at age 55 with 10 years of service or at any age after 20 years of service. Retirement benefits are equal to an annuity, which is the actuarial equivalent of his/her accumulated contributions at the time of retirement, plus 1/40 of his/her final compensation for each year of total service up to 20 years and 1/50 of his/her final compensation for each year of service in excess of 20 years (not to exceed 32 years and 6 months).

At retirement, a member may elect to convert his/her allowance into a benefit of equivalent actuarial value in accordance with one of the options described below:

Option 1. A reduced retirement allowance payable during the retired member's life, with a provision that in case of death before such payments have equalled the present value of his/her retirement allowance at the date of retirement, the balance shall be paid to the heirs or assigns; or

Option 2. A reduced retirement allowance payable during the retired member's life, with a provision that after his/her death it shall be continued during the life of and paid to the person nominated by him/her by written designation at the time of his/her retirement; or

Option 3. A reduced retirement allowance payable during the retired member's life, with a provision that after his/her death an allowance at one-half the rate of his/her reduced allowance shall be continued during the life of and paid to the person nominated by him/her by written designation at the time of his/her retirement; or

Option 4. A reduced retirement allowance payable during the retired member's life, with some other benefit payable after his/her death, provided that the benefit shall be certified by the actuary and approved by the retirement board.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

These benefit provisions and all other requirements are established by City ordinance.

Participants in the ERS are required to contribute 8% of their annual salary to the Plan. The City is required to contribute a percentage of the present value of the future benefits to be paid.

(b) Plan Assets

The market values as of June 30, 1988 of the plan assets are as follows:

Cash	\$ 11,591,009
Notes receivable	3,989,819
U.S. government securities	49,237,134
Corporate bonds	30,728,032
Corporate stock	82,001,984
Commercial paper	8,132,833
Other investments	459,422
Loans receivable	6,110,190
Other assets	<u>126,336</u>
	<u>\$ 192,376,759</u>

These assets are recorded in the nonexpendable trust funds in the City's annual report and are carried at cost. Investment income is recognized as earned and gains and losses on sales of securities are recognized on the transaction date.

(c) Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the plans on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the plan.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1988. Significant actuarial assumptions used in the valuation include; (a) a rate of return on the investments of 8% per year, (b) projected salary increase of 5% per year and (c) cost of living adjustments of 3%, not compounded, for Class B members.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

Total unfunded pension benefit obligation applicable to the City's employees at June 30, 1988 was as follows:

Pension benefit obligation:	
Retirees and beneficiaries	\$ 165,303,000
Active employees:	
Accumulated employee contributions	44,189,000
Employer-financed vested benefits	61,069,000
Employer-financed non-vested benefits	<u>52,941,000</u>
Total pension benefit obligations	<u>323,502,000</u>
Net assets available for benefits	<u>192,376,759</u>
Unfunded (assets in excess of) pension benefit obligation	<u>\$ 131,125,241</u>

The unfunded benefit obligation for the plans will be met solely by City contributions.

In December, 1989, the retirement board voted to increase pension benefits to retirees. This increase has not been implemented by City officials and is currently in the discussion phase between City officials and the retirement board. Such increase, if implemented, will have a significant effect on the City's contribution to the ERS on a prospective basis.

(d) Contribution Requirements and Contributions Made

The City has not adopted a policy of making actuarially determined contributions to the ERS each year. For regular active members, the City currently contributes 70% of the present value of the future benefits to be paid, adjusted for actuarial assumptions. For elected officials, the City funds on a pay-as-you-go basis.

The City contributed \$10,103,425 (16.6% of covered payroll) and employees contributed \$4,579,980, or 7.5% of covered payroll to the ERS. Certain employees are contributing an amount less than the required 8% contribution rate thereby resulting in the contribution of less than 8% of covered payroll for total City employees. Such employees have been notified by City officials of this matter and upon retirement of such employees, the deficiency of the contribution up to the required contribution of 8% shall be deducted from the retirees benefits.

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, 1989 is not known. In addition, the cumulative excess amount of pension expense

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

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.

(e) Historical Trend Information

Trend information gives an indication of the progress in accumulating sufficient assets to pay benefits when due.

<u>Employee Retirement Systems</u>	<u>Fiscal Year End</u>		
	<u>1986</u>	<u>1987</u>	<u>1988</u>
Net assets available for benefits as a percentage of pension benefit obligation	63%	64%	59%
Unfunded pension benefit obligation as a percentage of annual covered payroll	185%	185%	216%
Employer contributions as a percentage of annual covered payroll	20%	19%	18%

(f) Ten-Year Trend Information

Ten-year trend information is required disclosure in accordance with Statement No. 5 of the Governmental Accounting Standards Board however, such information was not available for the City's ERS.

(g) Teachers Pension Plan

All full-time teachers including superintendents, principals, school nurses and certain other school officials ("classified employees") in the Providence School Department participate in the Employees Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public retirement system. The payroll for employees covered by the System and the total classified employees payroll for the year ended June 30, 1989 was approximately \$48,500,000.

All full-time classified employees of the Providence School Department are eligible to participate in the System. Classified employees who retire at or after age 60 with 10 years of credited service or at any age with 30 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credited service with a maximum benefit of 80% of final average salary. Percentages relating to each year of credited service is as follows:

Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses, or severance pays. The System also provides death and disability benefits. Benefits are established by State Statute.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

Covered employees are required by State Statute to contribute 8.5% of their salary to the plan. The school department is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 1989 was approximately \$9,080,174, which consisted of approximately \$4,956,924 from the school department and approximately \$4,123,250 from employees; these employer contributions represent 10.2% and employee contributions of 8.5% of covered payroll.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and the pension benefit obligation for individual employers. Excluding the state employee's portion of the System, the pension benefit obligation at June 30, 1988 for the System as a whole, determined through an actuarial valuation performed as of that date was \$1,463,000,000. The System's net assets excluding the net assets attributable to the state employee's portion of the Plan available for benefits on that date (valued at market) were approximately \$756,000,000, leaving an unfunded pension benefit obligation of \$707,000,000. The School's 1988 contribution represented 9.7% percent of total contributions required of all participating entities.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due was not available in the Systems's June 30, 1988 annual report.

(h) 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, 1989 was \$37,018 and was based on a percentage of salaries paid. The Authority's policy is to fund all retirement costs accrued.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

(i) 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, 1989:

General Fund	\$ 896,135
Providence Water Supply Board	206,029
Unrestricted School Fund	<u>62,670</u>
	<u>\$ 1,164,834</u>

(12) Post-Retirement Benefits

The City provides health care benefits for most retired employees. During the year ended June 30, 1989 the cost of retiree health care benefits recorded in the General Fund amounted to \$2,496,716.

(13) Lease Obligations(a) Governmental Funds

The City is obligated under several noncancelable operating leases for the rental of various buildings. Future minimum lease payments as of June 30, 1989 were as follows:

Fiscal year ending June 30:	
1990	\$ 529,847
1991	<u>42,317</u>

(b) Civic Center Authority

The Authority is obligated under a capital lease for telephone equipment which expires in January 1990. At June 30, 1989 the gross amount of capital leases included in property, plant and equipment was \$60,000 less \$18,000 accumulated depreciation.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

The present value of future minimum capital lease payments as of June 30, 1989 is as follows:

Net minimum lease payments	\$ 10,856
Less amounts representing interest (approximately 9%)	<u>856</u>
Present value of minimum lease payments	\$ <u>10,000</u>

(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 fiscal year 1986-1987 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. The long-term portion of this amount has been accrued in the General Long-Term Obligations Group of Accounts. The amount due within one year has been accrued in the General Fund.

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. The results of the fiscal year 1989 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Combined Financial Statements, Continued

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 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 \$24,642,983 which includes a cash overdraft of \$1,905,052 and the bank balance was \$33,278,865. The primary difference between the bank balance and the carrying value is deposits in transit and outstanding checks. Of the bank balance \$6,174,140 was covered by federal and state depository insurance and \$27,104,725 was uninsured.

(b) Investments

It is management's practice to principally invest in commercial paper, certificates of deposit funds, U.S. government securities and corporate stocks. Additionally, 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 City 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

	Category			June 30, 1989	
	<u>1</u>	<u>2</u>	<u>3</u>	Carrying Amount	Market Value
	Repurchase agreements	\$ 2,000,000			2,000,000
U.S. government securities			65,991,308	65,991,308	70,121,782
Corporate bonds	100,000		33,568,974	33,668,974	31,665,427
Corporate stock			52,672,797	52,672,797	93,074,414
Other	<u>2,500,000</u>	<u>844,577</u>	<u>368,982</u>	<u>3,713,559</u>	<u>3,713,559</u>
	\$ <u>4,600,000</u>	<u>844,577</u>	<u>152,602,061</u>		
Commercial paper				26,357,504	26,357,504
Investments in deferred compensation plans				<u>5,190,717</u>	<u>5,190,717</u>
Total investments				\$ <u>189,594,859</u>	<u>232,123,403</u>

Included in the carrying amount and market value at June 30, 1989 are \$315,963 and \$294,577 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements, Continued

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.

CITY OF PROVIDENCE
ADDITIONAL INFORMATION

CITY OF PROVIDENCE, RHODE ISLAND

General Fund

Schedule of Revenues - Budget and Actual

Year ended June 30, 1989

	<u>Budget</u>	<u>Actual</u>	Actual over (under) <u>budget</u>
Revenues:			
Property taxes and excise taxes	\$ 128,849,265	133,586,783	4,737,518
Shared State taxes	1,750,000	1,680,371	(69,629)
Business and nonbusiness licenses	1,510,000	1,601,206	91,206
Fines, forfeits and escheats	3,200,000	3,084,395	(115,605)
Grants-in-aid (State of Rhode Island):			
General Public Assistance	13,074,650	9,780,839	(3,293,811)
State of Rhode Island General Revenue Sharing	8,362,666	8,603,936	241,270
In lieu of machinery, equipment, inventory and intangible taxes	1,530,603	1,916,934	386,331
Investment and rental income	3,610,000	5,914,257	2,304,257
Charges for services	8,333,022	6,338,631	(1,994,391)
Miscellaneous	<u>20,500</u>	<u>63,493</u>	<u>42,993</u>
Total revenues	\$ <u>170,240,706</u>	<u>172,570,845</u>	<u>2,330,139</u>
Other financing sources:			
Operating transfers:			
From Special Revenues	<u>250,000</u>	<u>200,000</u>	<u>(50,000)</u>
Total revenues and other financing sources	\$ <u>170,490,706</u>	<u>172,770,845</u>	<u>2,280,139</u>

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND

General Fund

Schedule of Expenditures and Transfers - Budget and Actual

Year ended June 30, 1989

<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	\$ 347,629		347,629	342,099	5,530
City Clerk	253,445		253,445	231,870	21,575
Probate Court	143,050		143,050	138,816	4,234
Providence Municipal Court	284,634		284,634	305,525	(20,891)
Mayor's Office	932,000		932,000	901,601	30,399
Law Department	1,686,291		1,686,291	3,702,086	(2,015,795)
City Sergeant	26,775		26,775	27,482	(707)
Contingencies	50,000		50,000	67,040	(17,040)
Housing Court	148,290		148,290	151,342	(3,052)
Total Executive, Legislative and Judicial Activities	3,872,114	-	3,872,114	5,867,861	(1,995,747)
Finance Administration:					
Finance Director	244,265	(5,000)	239,265	225,935	13,330
City Controller	503,403		503,403	534,083	(30,680)
Employees' Retirement Office	229,040		229,040	313,205	(84,165)
Data Processing	1,296,846		1,296,846	1,704,527	(407,681)
City Collector	721,695		721,695	782,641	(60,946)
City Assessor	729,272		729,272	793,161	(63,889)
Treasury Department	162,750	5,000	167,750	176,026	(8,276)
Board of Tax Assessments Review	89,000		89,000	148,202	(59,202)
Personnel	265,768		265,768	276,171	(10,403)
Labor lawyer	30,000		30,000	199,445	(169,445)
Emergency temporary and seasonal employees	25,000		25,000	21,915	3,085
Payment to Employees Retirement System	10,146,199		10,146,199	8,468,305	1,677,894
Elected officials	76,000		76,000	79,294	(3,294)
Police pensions	52,617		52,617	50,976	1,641
Fire pensions	66,554		66,554	57,165	9,389
Laborers International legal fee	410,000		410,000	412,294	(2,294)
Payment to Laborers International pension fund	1,010,500		1,010,500	1,015,848	(5,348)
Public employees health services	219,750		219,750	102,279	117,471
Debt service	13,814,402		13,814,402	13,697,204	117,198
FICA	1,685,000	(15,000)	1,670,000	1,737,619	(67,619)
Medical insurance	7,310,000		7,310,000	7,839,682	(529,682)
Unemployment compensation	49,000		49,000	95,881	(46,881)
Reserve for anticipated tax abatements	275,000		275,000	526,183	(251,183)

(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	1,861,000		1,861,000	1,837,819	23,181
Workers' compensation	<u>1,037,500</u>		<u>1,037,500</u>	<u>1,271,111</u>	<u>(233,611)</u>
Total Finance Administration	<u>42,310,561</u>	<u>(15,000)</u>	<u>42,295,561</u>	<u>42,366,971</u>	<u>(71,410)</u>
Public Safety:					
Commissioner of Public Safety	381,538		381,538	354,703	26,835
Police Department	19,109,753		19,109,753	20,509,969	(1,400,216)
Fire Department	18,423,473		18,423,473	19,651,940	(1,228,467)
Department of Communications	1,669,223		1,669,223	1,763,575	(94,352)
Traffic Engineering Department	<u>651,694</u>		<u>651,694</u>	<u>610,895</u>	<u>40,799</u>
Total Public Safety	<u>40,235,681</u>	<u>-</u>	<u>40,235,681</u>	<u>42,891,082</u>	<u>(2,655,401)</u>
Building Inspection Department:					
Building Inspection Administration	636,508		636,508	636,258	250
Structures and Zoning Division	313,196		313,196	306,815	6,381
Plumbing, Drainage, and Gas Piping Division	114,567		114,567	116,116	(1,549)
Electrical Installations Division	105,470		105,470	95,629	9,841
Mechanical Equipment and Installations Division	94,328		94,328	88,786	5,542
Zoning Board of Review	31,500		31,500	32,206	(706)
Housing Board of Review	5,450		5,450		5,450
Building Board of Review	13,000		13,000	13,890	(890)
Building Inspection Code Enforcement	390,115		390,115	379,537	10,578
Building Inspection Prosecution	<u>161,436</u>		<u>161,436</u>	<u>136,742</u>	<u>24,694</u>
Total Building Codes and Inspection	<u>1,865,570</u>	<u>-</u>	<u>1,865,570</u>	<u>1,805,979</u>	<u>59,591</u>
Public Works Activities:					
Public Works Administration	493,609		493,609	478,760	14,849
Engineering and Sanitation	330,859		330,859	317,138	13,721
Highway and Environmental Control	6,734,286		6,734,286	7,492,742	(758,456)
Bridge Maintenance Section	177,965		177,965	192,331	(14,366)
Snow Removal	450,000		450,000	202,331	247,669
Sewer Construction and Maintenance	<u>539,576</u>		<u>539,576</u>	<u>501,299</u>	<u>38,277</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>
Public Works Activities, continued:					
Garage Maintenance and Equipment Repair	\$ 237,582		237,582	218,437	19,145
Total Public Works Activities	8,963,877	-	8,963,877	9,403,038	(439,161)
Recreation Activities:					
Recreation Department	391,266		391,266	416,178	(24,912)
Recreation - seasonal	300,000		300,000	289,154	10,846
Total Recreation Activities	691,266	-	691,266	705,332	(14,066)
Public Lands and Parks:					
Development and Environmental Services	419,718		419,718	451,061	(31,343)
Zoological services	818,078		818,078	854,162	(36,084)
Grounds maintenance services	2,384,100		2,384,100	2,450,756	(66,656)
Programming services	229,330		229,330	243,462	(14,132)
Office of the Superintendent of Parks	325,688		325,688	334,919	(9,231)
Total Public Lands and Parks	4,176,914	-	4,176,914	4,334,360	(157,446)
Education:					
Local appropriation to School Department	43,765,057	-	43,765,057	42,907,828	857,229
Other Departments:					
Recorder of Deeds	356,129		356,129	330,379	25,750
Archives and history	72,615		72,615	84,717	(12,102)
Vital Statistics	128,361		128,361	138,304	(9,943)
Board of Canvassers	411,994		411,994	447,374	(35,380)
Bureau of Licenses	214,338		214,338	201,232	13,106
Providence Human Relations	145,269		145,269	159,147	(13,878)
Civil Defense Preparedness	131,301		131,301	107,257	24,044
Planning and Urban Development	1,954,611		1,954,611	1,934,465	20,146
Administration to City Council	136,798		136,798	128,005	8,793
Providence Review Commission	18,850		18,850	19,626	(776)
Department of Human Services	281,524		281,524	281,027	497
Total Other Departments	3,851,790	-	3,851,790	3,831,533	20,257

(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	\$ 13,074,650	-	13,074,650	9,699,860	3,374,790
Total Welfare Activities	<u>13,074,650</u>	<u>-</u>	<u>13,074,650</u>	<u>9,699,860</u>	<u>3,374,790</u>
Miscellaneous Activities	11,500	15,000	26,500	27,500	(1,000)
Transfer to Civic Center Authority	-	-	-	288,748	(288,748)
Transfer to Neighborhood Trust	1,500,000	-	1,500,000	1,531,464	(31,464)
Grants:					
Providence Public Library	1,611,050	-	1,611,050	1,611,050	-
Providence Center	270,000	-	270,000	270,000	-
Capital Center	50,000	-	50,000	50,000	-
Other	3,093	-	3,093	2,843	250
Total Grants	<u>1,934,143</u>	<u>-</u>	<u>1,934,143</u>	<u>1,933,893</u>	<u>250</u>
Public Properties:					
Public buildings	3,143,588	-	3,143,588	3,234,770	(91,182)
Purchasing	322,356	-	322,356	303,864	18,492
Total Public Properties	<u>3,465,944</u>	<u>-</u>	<u>3,465,944</u>	<u>3,538,634</u>	<u>(72,690)</u>
Port of Providence	631,088	-	631,088	629,333	1,755
Public Celebrations	9,800	-	9,800	12,935	(3,135)
Providence Housing Authority	52,160	-	52,160	56,341	(4,181)
League of Cities and Towns	70,000	-	70,000	68,428	1,572
Total expenditures and transfers	<u>\$ 170,482,115</u>	<u>-</u>	<u>170,482,115</u>	<u>171,901,120</u>	<u>(1,419,005)</u>

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND

Special Revenue Funds

Combining Balance Sheet

June 30, 1989

<u>Assets</u>	<u>Total All Funds</u>	<u>School Fund</u>	<u>Other Educational Funds</u>	<u>Neigh- borhood Trust Fund</u>	<u>Department of Planning and Development</u>
Cash	\$ 6,219,573		1,221,153		2,025,787
Accounts receivable (net where applicable of allowance for uncollectible amounts)	165,633				
Due from:					
Other funds	1,227,776	579,749	27,876		30,377
Other governments	864,463		847,153		17,310
Loans receivable (net of allowance for uncollectible amounts of \$421,503)	19,856,342				15,344,433
Short-term investments	5,350,000	4,250,000			
Other assets	<u>434,475</u>	<u>56,188</u>			<u>369,691</u>
Total assets	\$ <u>34,118,262</u>	<u>4,885,937</u>	<u>2,096,182</u>	<u>-</u>	<u>17,787,598</u>
<u>Liabilities</u>					
Cash overdraft	\$ 1,905,052	1,741,563	158,655		
Accounts payable and accrued expenditures	5,562,907	2,403,840	1,080,791	8,829	1,841,845
Due to:					
Other funds	2,785,014	728,386	281,983		691,346
Other governments	592,385	10,702	574,753		
Deferred revenues	24,761				24,761
Other liabilities	<u>1,570,356</u>	<u>1,446</u>			
Total liabilities	<u>12,440,475</u>	<u>4,885,937</u>	<u>2,096,182</u>	<u>8,829</u>	<u>2,557,952</u>
<u>Fund Balances</u>					
Fund balances (deficit):					
Undesignated	147,960				
Unreserved - designated for special purposes	<u>21,529,827</u>			<u>(8,829)</u>	<u>15,229,646</u>
Total fund balances (deficit)	<u>21,677,787</u>	<u>-</u>	<u>-</u>	<u>(8,829)</u>	<u>15,229,646</u>
Total liabilities and fund balances (deficit)	\$ <u>34,118,262</u>	<u>4,885,937</u>	<u>2,096,182</u>	<u>-</u>	<u>17,787,598</u>

See accompanying independent auditors' report.

<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>
108,642	1,723,746	59,051	1,081,194	
165,633				
	500,000			89,774
	1,100,000	3,615,365	896,544	
	900		6,214	1,482
<u>274,275</u>	<u>3,324,646</u>	<u>3,674,416</u>	<u>1,983,952</u>	<u>91,256</u>
	191,222			4,834
			15,181	21,199
	1,025,000	22,708		35,591
		6,930		
	<u>1,553,308</u>			<u>15,602</u>
<u>-</u>	<u>2,769,530</u>	<u>29,638</u>	<u>15,181</u>	<u>77,226</u>
			147,960	
<u>274,275</u>	<u>555,116</u>	<u>3,644,778</u>	<u>1,820,811</u>	<u>14,030</u>
<u>274,275</u>	<u>555,116</u>	<u>3,644,778</u>	<u>1,968,771</u>	<u>14,030</u>
<u>274,275</u>	<u>3,324,646</u>	<u>3,674,416</u>	<u>1,983,952</u>	<u>91,256</u>

CITY OF PROVIDENCE, RHODE ISLAND

Special Revenue Funds

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

Year ended June 30, 1989

	Total All Funds	School Fund	Other Educational Funds	Neigh- borhood Trust Fund	Department of Planning and Development
Revenues:					
Federal, state and local grants	\$ 72,292,525	48,040,788	10,854,744		12,073,886
Charges for services	129,565	129,565			
Miscellaneous	1,927,329	404,581			712,932
Interest	529,565				
Bad debt recoveries	200,394				
Total revenues	75,079,378	48,574,934	10,854,744	-	12,786,818
Other financing sources:					
Transfer from General Fund	44,439,292	42,907,828		1,531,464	
Transfer from other Special Revenue Funds	842,731	27,915	540,130		
Total other financing sources	45,282,023	42,935,743	540,130	1,531,464	-
Total revenues and other financing sources	120,361,401	91,510,677	11,394,874	1,531,464	12,786,818
Expenditures:					
Personal services	65,455,200	58,944,277	6,482,181		
Employee benefits	19,682,052	17,408,640	2,234,469		
Services other than personal	6,728,165	3,209,636	755,733	2,762,796	
Materials and supplies	2,007,081	782,446	1,224,635		
Equipment	1,820,122	1,155,575	664,547		
Program expenditures	12,124,151				7,997,192
Bad debts	96,109				
Other	9,709,659	9,195,287	33,309		
Total expenditures	117,622,539	90,695,861	11,394,874	2,762,796	7,997,192
Other uses:					
Transfer to other Special Revenue Funds	842,731	814,816			
Transfer to general fund	200,000				
Total other uses	1,042,731	814,816	-	-	-
Total expenditures and other uses	118,665,270	91,510,677	11,394,874	2,762,796	7,997,192
Revenues over (under) expenditures and other uses	1,696,131	-	-	(1,231,332)	4,789,626
Fund balances at beginning of year	19,981,656	-	-	1,222,503	10,440,020
Fund balances (deficit) at end of year	\$ 21,677,787	-	-	(8,829)	15,229,646

See accompanying independent auditors' report.

<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>
		212,090		1,111,017
81,946	679,858		5,757	42,255
10,174	194,221	175,413	149,757	
<u>200,394</u>				
292,514	874,079	387,503	155,514	1,153,272
				<u>274,686</u>
-	-	-	-	<u>274,686</u>
<u>292,514</u>	<u>874,079</u>	<u>387,503</u>	<u>155,514</u>	<u>1,427,958</u>
	2,088	32,150	28,742 4,705	
	2,638,835	16,000	62,491 80,109	1,425,633
<u>8,151</u>	<u>467,521</u>	-	-	<u>5,391</u>
<u>8,151</u>	<u>3,108,444</u>	<u>48,150</u>	<u>176,047</u>	<u>1,431,024</u>
<u>200,000</u>				27,915
<u>200,000</u>	-	-	-	<u>27,915</u>
<u>208,151</u>	<u>3,108,444</u>	<u>48,150</u>	<u>176,047</u>	<u>1,458,939</u>
84,363	(2,234,365)	339,353	(20,533)	(30,981)
<u>189,912</u>	<u>2,789,481</u>	<u>3,305,425</u>	<u>1,989,304</u>	<u>45,011</u>
<u>274,275</u>	<u>555,116</u>	<u>3,644,778</u>	<u>1,968,771</u>	<u>14,030</u>

CITY OF PROVIDENCE, RHODE ISLAND

Special Revenue Funds

Combining Statement of Revenues and Expenditures -
Budget and Actual

Year ended June 30, 1989

	<u>Unrestricted School Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 106,500	129,565	23,065
Federal and state grants	47,986,693	48,040,788	54,095
Miscellaneous		<u>404,581</u>	<u>404,581</u>
Total revenues	<u>48,093,193</u>	<u>48,574,934</u>	<u>481,741</u>
Other financing sources:			
Transfer from General Fund	43,758,557	42,907,828	(850,729)
Transfer from Indirect Cost Fund		<u>27,915</u>	<u>27,915</u>
Total other financing sources	<u>43,758,557</u>	<u>42,935,743</u>	<u>(822,814)</u>
Total revenues and other financing sources	<u>91,851,750</u>	<u>91,510,677</u>	<u>(341,073)</u>
Expenditures:			
Personal services	59,558,764	59,527,208	31,556
Employee benefits	17,436,662	17,623,247	(186,585)
Services other than personal	3,515,109	3,225,681	289,428
Materials and supplies	934,743	783,679	151,064
Equipment	1,314,235	1,155,575	158,660
Other	<u>9,092,237</u>	<u>9,195,287</u>	<u>(103,050)</u>
Total expenditures	<u>91,851,750</u>	<u>91,510,677</u>	<u>341,073</u>
Revenues and other financing sources over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND

Capital Project Funds

Combining Balance Sheet

June 30, 1989

<u>Assets</u>	<u>General Capital Projects</u>
Cash and cash equivalents	\$ 6,537,618
Short-term investments	9,425,000
Accounts receivable	<u>27,623</u>
Total assets	\$ <u>15,990,241</u>
 <u>Liabilities</u>	
Accounts payable and accrued expenditures	\$ 4,290,075
Due to other funds	398,543
Notes payable - current	<u>21,250,000</u>
	<u>25,938,618</u>
 <u>Fund Deficit</u>	
Fund deficit	<u>(9,948,377)</u>
Total liabilities and fund deficit	\$ <u>15,990,241</u>

See accompanying independent 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, 1989

	<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>
Revenues:				
Federal and state grants and reimbursements	\$ 461,833	450,000	11,833	
Investment income	352,145	352,145		
Other	<u>54,954</u>	<u>54,954</u>	—	—
Total revenues	868,932	857,099	11,833	-
Expenditures:				
Personal services				
Service other than personal	1,737,717	1,728,705	7,951	1,061
Capital projects	28,515,781	28,515,781		
Other	<u>499,845</u>	<u>499,845</u>	—	—
Total expenditures	<u>30,753,343</u>	<u>30,744,331</u>	<u>7,951</u>	<u>1,061</u>
Revenues and other financing sources over (under) expenditures	(29,884,411)	(29,887,232)	3,882	(1,061)
Fund balances (deficit) at beginning of year	19,936,034	19,938,855	<u>(3,882)</u>	<u>1,061</u>
Fund deficit at end of year	\$ <u>(9,948,377)</u>	<u>(9,948,377)</u>	—	—

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND

Fiduciary Fund Types

Combining Balance Sheet

June 30, 1989

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 (overdraft)	\$	1,264,694	2,075,687	864,169	590,971		(324,218)	4,471,303
Due from other funds, net	120,385	1,396,545		4,515,537				6,032,467
Accounts receivable, net	2,096	103,510	2,613	713,313				821,532
Investments, at carrying value	475,000	1,138,639	3,398,464	156,956,499 (1)		5,190,717		167,159,319
Loans receivable				6,568,388				6,568,388
Other assets			139,120				432,097	571,217
Total assets	\$ 597,481	3,903,388	5,615,884	169,617,906	590,971	5,190,717	107,879	185,624,226
Liabilities and Fund Balances								
Accounts payable and accrued expenditures	\$ 195,874	92,552		12,529				300,955
Amounts held for others					590,971	5,190,717		5,781,688
Deferred revenues		102,664						102,664
Due to other funds							107,879	107,879
Total liabilities	195,874	195,216	-	12,529	590,971	5,190,717	107,879	6,293,186
Fund balances:								
Reserved for benefits				169,605,377				169,605,377
Reserved for designated purposes		3,708,172	5,615,884					9,324,056
Total reserved fund balances	-	3,708,172	5,615,884	169,605,377	-	-	-	178,929,433
Undesignated	401,607							401,607
Total fund balances	401,607	3,708,172	5,615,884	169,605,377	-	-	-	179,331,040
Total liabilities and fund balances	\$ 597,481	3,903,388	5,615,884	169,617,906	590,971	5,190,717	107,879	185,624,226

(1) Market value at June 30, 1989 - \$198,312,623.

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND
Fiduciary Fund Types - Agency Funds
Combining Schedule of Cash Receipts and Disbursements
Year ended June 30, 1989

	Cash balances, June 30, 1988	Receipts	Total available	Disbursements	Cash balances, June 30, 1989
Probate accounts	\$ 593,199	24,916	618,115	27,144	590,971
Other agency funds:					
Deposit and Refund Account	(385,619)	2,515,371	2,129,752	2,719,913	(590,161)
Employees' Defense Savings Account	18,085	160,280	178,365	178,365	-
Employees' Retirement System, State of Rhode Island	828,005	3,069,863	3,897,868	3,897,868	-
Employees' Retirement System, Rhode Island Income Tax Withholding Pension Payments	166,687	408,751	575,438	575,438	-
Employees Withholding Tax Deductions	(506,431)	1,094,207	587,776	587,776	-
Hospital Service Corporation of Rhode Island	(26,253)	26,253	-	-	-
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	-	1,586	1,586	-
Payroll Deductions, Insurance Companies	2,316	50,555	52,871	52,871	-
Payroll Deductions and Withholdings, Other	2,355	1,830	4,185	4,185	-
Providence Municipal Employees Credit Union	4,156	-	4,156	4,156	-
Providence Permanent Fireman's Relief Association	87	-	87	-	87
Providence Teachers' Credit Union	(19,335)	19,335	-	-	-
Reserve for Social Security Taxes	(551,626)	7,296,094	6,744,468	6,744,468	-
Rhode Island Income Tax Withholding	(54,585)	158,746	104,161	104,161	-
State of Rhode Island Real Estate Conveyance Tax	273,900	871,376	1,145,276	1,066,447	78,829
State Sales Tax, Water	(22,233)	-	(22,233)	-	(22,233)
Tax Sheltered Annuities	(23,505)	123,947	100,442	96,735	3,707
Other	122,780	1,905,292	2,028,072	1,822,519	205,553
	240	17,701,900	17,702,140	18,026,358	(324,218)
Total agency funds	\$ 593,439	17,726,816	18,320,255	18,053,502	266,753

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND
 Schedule of Long-term Bonds Payable
 June 30, 1989

	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	\$ <u>1,200,000</u>	<u>120,000</u>
Highways Loan of 1964 (1970 Series)	6.30-6.60	6/15/70	6/15/90	<u>500,000</u>	<u>25,000</u>
Recreational Facilities Loan V	4.50	2/1/71	2/1/91	<u>2,000,000</u>	<u>200,000</u>
Redevelopment Bonds:					
Slum Clearance and Redevelopment IV (1970 Series)	6.30-6.60	6/15/70	6/15/90	<u>5,000,000</u>	<u>250,000</u>
General Obligation - Public Improvement Bonds	4.75-7.25	5/1/79	5/1/99	<u>15,000,000</u>	<u>8,250,000</u>
General Obligation - Public Improvement Bonds		8/15/86	8/15/2006	20,040,000	18,030,000
General Obligation - Refunding Bonds	4.2-7.00	9/15/86	3/15/2005	44,855,000	36,075,000
Old Harbor Tax Increment Bonds	5.50-8.5	8/15/86	8/15/2001	<u>2,100,000</u>	<u>1,820,000</u>
				<u>66,995,000</u>	<u>55,925,000</u>

(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	25,000
School Bonds of 1966	3.60-3.80	5/1/67	5/1/91	1,750,000	170,000
School Bonds of 1971 Series I	4.50	2/1/71	2/1/91	1,500,000	150,000
School Bonds of 1971 Series II	4.50	2/1/71	2/1/91	2,400,000	240,000
School Modernization Bonds Series V	3.60-3.80	5/1/67	5/1/91	1,500,000	150,000
Classical High School Bonds	6.30-6.60	6/15/70	6/15/90	1,000,000	50,000
School Modernization and Construction Bonds Series II	5.00	2/15/74	2/15/94	3,000,000	750,000
School Modernization and Construction Bonds Series III	5.00	2/15/74	2/15/94	3,000,000	750,000
School for Handicapped Children	5.00	2/15/74	2/15/94	2,500,000	625,000
School Bonds of 1988 Series I	7.356	1/15/88	2/15/2002	15,000,000	14,000,000
Total Schools				<u>32,150,000</u>	<u>16,910,000</u>
Civic Center Bonds	5.00-5.25	2/1/72	2/1/92	<u>13,000,000</u>	<u>1,950,000</u>
Total long-term obligations group of accounts bonds				<u>135,845,000</u>	<u>83,630,000</u>
Proprietary fund - bonds payable:					
Water Distribution Reservoir	3.25	12/1/62	12/1/92	2,050,000	380,000
Water Purification Works Improvements I	3.25	12/1/62	12/1/92	1,100,000	210,000
Water Bonds of 1971	5.00-6.00	6/1/71	6/1/2001	11,000,000	6,615,000
Total proprietary fund bonds				<u>14,150,000</u>	<u>7,205,000</u>
Total long-term bonds payable				<u>\$ 149,995,000</u>	<u>90,835,000</u>

See Note 7 for Providence Public Buildings Authority bonds payable.

See accompanying independent auditors' report.

CITY OF PROVIDENCE, RHODE ISLAND
 Schedule of Property Taxes Receivable

June 30, 1989

<u>Year of Assessment</u>	<u>Amount Receivable June 30, 1989</u>
1988	\$ 12,415,720
1987	4,418,065
1986	3,166,676
1985	2,862,968
1984	2,431,726
1983	2,669,949
1982	2,425,140
1981	1,480,284
1980	1,535,761
1979	1,297,865
1978	1,464,477
1977	1,140,252
1976 and prior	7,390,622
Total taxes	<u>2,189,390</u>
Supplemental taxes	<u>46,888,895</u>
Less allowance for estimated uncollectible amounts	<u>38,601,769</u>
Net property taxes receivable	<u>\$ 8,287,126</u>

See accompanying independent auditors' report.

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DEPT. OF CITY CLERK
PROVIDENCE, R. I.

KPMG

IN CITY COUNCIL
MAY 3 1990
FIRST READING
REFERRED TO COMMITTEE ON

Robt Menlove CLERK

FINANCE

THE COMMITTEE ON
FINANCE

Recommends

Be Received

Robt Menlove
Clerk
May 3, 1990