



The Global Leader

CITY OF PROVIDENCE, RHODE ISLAND

General Purpose Financial Statements and
Supplementary Financial Information

Year ended June 30, 1995

(With Independent Auditors' Report Thereon)

IN CITY COUNCIL
NOV 21 1996

READ

WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

Michael X. Clement
CLERK

CITY OF PROVIDENCE, RHODE ISLAND

General Purpose Financial Statements and Supplementary Financial Information

Year ended June 30, 1995

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INDEPENDENT AUDITORS' REPORT

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, 1995, as listed in the accompanying table of contents. 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 did not audit the financial statements of certain entities and accounts that aggregate the following percentages of total assets and revenues of the respective fund types and account groups:

<u>Fund Type/Account Group</u>	<u>Percentage of</u>	
	<u>Total assets</u>	<u>Total revenues</u>
Special Revenue	13%	4%
Capital Projects	47	15
General Fixed Assets	31	
General Long-term Obligations	25	

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for those entities and accounts, is based solely upon the reports of the other auditors.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Providence, Rhode Island as of June 30, 1995, and the results of its operations and cash flows of its proprietary and nonexpendable trust fund types for the year then ended, in conformity with generally accepted accounting principles.



Honorable Mayor and Members of the City Council
City of Providence, Rhode Island
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As discussed in note 23 to the general purpose financial statements, the City changed its method of accounting for self insurance costs as of July 1, 1994, to adopt the provisions of Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

In accordance with *Government Auditing Standards* we have also issue and separate reports dated June 28, 1996 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and other financial information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Providence, Rhode Island. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

June 28, 1996

CITY OF PROVIDENCE, RHODE ISLAND

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1995

<u>Assets</u>	<u>Governmental Fund Types</u>			<u>Proprietary Funds Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Long-term Obligations</u>	<u>General Fixed Assets</u>	
Cash and cash equivalents (note 16)	\$ 14,006,709	5,348,709	2,674,960	1,223,942	3,501,071	-	-	26,755,391
Restricted assets (note 11)	-	-	-	3,202,068	-	-	-	3,202,068
Investments (note 16)	-	6,161,623	5,584,116	-	230,331,890	-	-	242,077,629
Receivables:								
Taxes (net of allowances for uncollectible amounts of \$35,045,043)	24,113,389	-	-	-	-	-	-	24,113,389
Unbilled water charges	-	-	-	4,413,556	-	-	-	4,413,556
Other (net of allowance for uncollectible amounts)	771,681	2,663,291	-	3,211,368	-	-	-	6,646,340
Due from:								
Other funds (note 6)	3,059,448	6,039,868	30,811	-	24,127,355	-	-	33,257,482
Other governments	9,978,319	8,979,224	-	-	121,487	-	-	19,079,030
Notes due from Water Supply Board (note 18)	3,248,552	-	-	-	-	-	-	3,248,552
Loans receivable, net (note 7)	400,000	18,127,638	-	-	11,471,533	-	-	29,999,171
Inventory	-	-	-	665,590	-	-	-	665,590
Property, plant and equipment (net of accumulated depreciation) (note 5)	-	-	-	111,560,772	-	-	210,252,889	321,813,661
Amount to be provided for retirement of long-term obligations	-	-	-	-	-	250,793,971	-	250,793,971
Other assets	<u>1,120,200</u>	<u>644,554</u>	<u>729,146</u>	<u>936,322</u>	<u>1,414,396</u>	<u>-</u>	<u>-</u>	<u>4,844,618</u>
	<u>\$ 56,698,298</u>	<u>47,964,907</u>	<u>9,019,033</u>	<u>125,213,618</u>	<u>270,967,732</u>	<u>250,793,971</u>	<u>210,252,889</u>	<u>970,910,448</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1995

<u>Liabilities and Fund Equity</u>	<u>Governmental Fund Types</u>			<u>Proprietary Funds Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Long-term Obligations</u>	<u>General Fixed Assets</u>	
Liabilities:								
Accounts payable	\$ 8,020,244	9,213,589	61,484	2,150,645	390,676	-	-	19,836,638
Accrued expenditures	4,889,472	-	-	2,825,710	746,563	-	-	8,461,745
Accrued legal contingencies	1,245,000	-	-	-	-	1,400,000	-	2,645,000
Amounts held for others	-	-	-	158,068	12,677,750	-	-	12,835,818
Liabilities payable from restricted assets (note 11)	-	-	-	622,009	-	-	-	622,009
Due to:								
Other funds (note 6)	14,934,846	4,421,713	-	1,678,382	109,690	12,112,851	-	33,257,482
Other governments	63,062	-	100,000	-	-	-	-	163,062
Note payable to the General Fund (note 18)	-	-	-	3,648,552	-	-	-	3,648,552
Deferred revenues	22,959,757	4,829,336	729,146	552,191	9,773,579	-	-	38,844,009
Bonds, loans and notes payable (note 8)	-	18,532,995	5,735,000	27,837,850	-	187,347,120	-	239,452,965
Other liabilities	-	1,198,555	50,100	-	-	23,687,000	-	24,935,655
Obligation under capital leases (notes 9)	-	-	-	13,365,283	-	26,247,000	-	39,612,283
	<u>52,112,381</u>	<u>38,196,188</u>	<u>6,675,730</u>	<u>52,838,690</u>	<u>23,698,258</u>	<u>250,793,971</u>	<u>-</u>	<u>424,315,218</u>
Fund Equity:								
Investment in general fixed assets	-	-	-	-	-	-	210,252,889	210,252,889
Contributed capital (note 19)	-	-	-	58,140,667	-	-	-	58,140,667
Retained earnings:								
Reserved	-	-	-	2,578,792	-	-	-	2,578,792
Unreserved	-	-	-	11,655,469	-	-	-	11,655,469
Fund balance (deficit) (note 12):								
Reserved	3,248,552	26,406,671	222,878	-	238,948,656	-	-	268,826,757
Unreserved:								
Undesignated	<u>1,337,365</u>	<u>(16,637,952)</u>	<u>2,120,425</u>	<u>-</u>	<u>8,320,818</u>	<u>-</u>	<u>-</u>	<u>(4,859,344)</u>
Total fund equity and other credits	<u>4,585,917</u>	<u>9,768,719</u>	<u>2,343,303</u>	<u>72,374,928</u>	<u>247,269,474</u>	<u>-</u>	<u>210,252,889</u>	<u>546,595,230</u>
Commitments and contingent liabilities (note 15)								
	\$ <u>56,698,298</u>	<u>47,964,907</u>	<u>9,019,033</u>	<u>125,213,618</u>	<u>270,967,732</u>	<u>250,793,971</u>	<u>210,252,889</u>	<u>970,910,448</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 1995

	Governmental Fund Types			Fiduciary Fund Types	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trusts	
Revenues:					
Taxes (note 3)	\$ 163,804,084	-	-	-	163,804,084
Departmental revenue	5,993,802	-	-	20,286	6,014,088
Federal and state grants and reimburse- ments	20,748,070	118,064,812	1,004,824	-	139,817,706
Sale of real estate	-	232,410	-	988,156	1,220,566
Investment and rental income	3,672,747	7,055,941	666,828	732,301	12,127,817
Fines and forfeitures	2,561,475	-	-	-	2,561,475
Other	<u>14,758,200</u>	<u>5,159,697</u>	<u>2,568,512</u>	<u>1,229,191</u>	<u>23,715,600</u>
Total revenues	<u>211,538,378</u>	<u>130,512,860</u>	<u>4,240,164</u>	<u>2,969,934</u>	<u>349,261,336</u>
Expenditures:					
Executive, legislative, and judicial	4,788,961	-	-	-	4,788,961
Finance	52,929,361	-	-	-	52,929,361
Public safety	61,109,428	-	-	-	61,109,428
Building inspection	2,073,871	-	-	-	2,073,871
Public works	9,148,294	-	-	-	9,148,294
Recreation	1,069,718	-	-	-	1,069,718
Public lands and parks	6,010,658	-	-	-	6,010,658
Education	-	162,305,299	-	-	162,305,299
Other departments	3,571,630	-	-	-	3,571,630
Welfare	291,633	-	-	-	291,633
Grants	3,026,770	-	-	-	3,026,770
Public properties	3,356,316	-	-	-	3,356,316
Other	857,861	17,082,876	86,949	12,795,689	30,823,375
Capital outlays	-	-	7,183,465	-	7,183,465
Program expenditures	-	-	3,039,505	-	3,039,505
Debt service	-	<u>6,019,533</u>	<u>225,750</u>	-	<u>6,245,283</u>
Total expenditures	<u>148,234,501</u>	<u>185,407,708</u>	<u>10,535,669</u>	<u>12,795,689</u>	<u>356,973,567</u>
Excess (deficiency) of revenues over expenditures	63,303,877	(54,894,848)	(6,295,505)	(9,825,755)	(7,712,231)
Other financing sources (uses):					
Operating transfers (to) from other funds (note 21)	(63,175,791)	53,593,307	20,537	9,652,315	90,368
Proceeds of bonds	-	<u>9,462,030</u>	<u>11,941,008</u>	-	<u>21,403,038</u>
	<u>(63,175,791)</u>	<u>63,055,337</u>	<u>11,961,545</u>	<u>9,652,315</u>	<u>21,493,406</u>
Revenues and other financing sources over (under) expenditures and other financing uses	128,086	8,160,489	5,666,040	(173,440)	13,781,175
Fund balance (deficit) at beginning of year	<u>4,457,831</u>	<u>1,608,230</u>	<u>(3,322,737)</u>	<u>9,388,590</u>	<u>12,131,914</u>
Fund balance at end of year	\$ <u>4,585,917</u>	<u>9,768,719</u>	<u>2,343,303</u>	<u>9,215,150</u>	<u>25,913,089</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE RHODE ISLAND

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

Year ended June 30, 1995

	<u>General Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes (note 3)	\$ 163,207,371	163,804,084	596,713
Federal and State revenue	21,986,003	20,748,070	(1,237,933)
Fines and forfeits	3,825,000	2,561,475	(1,263,525)
Investment and rental income	3,407,500	3,672,747	265,247
Departmental	6,361,920	5,993,802	(368,118)
Other revenue	<u>13,969,289</u>	<u>14,758,200</u>	<u>788,911</u>
	<u>212,757,083</u>	<u>211,538,378</u>	<u>(1,218,705)</u>
Other financing sources:			
Operating transfers from other funds	<u>3,675,250</u>	<u>4,927,372</u>	<u>1,252,122</u>
Total revenues and other financing sources	<u>216,432,333</u>	<u>216,465,750</u>	<u>33,417</u>
Expenditures:			
Executive, legislative, and judicial	4,537,435	4,788,961	(251,526)
Finance administration	60,898,389	52,929,361	7,969,028
Public safety	57,238,809	61,109,428	(3,870,619)
Building inspection	2,258,889	2,073,871	185,018
Public works	10,141,762	9,148,294	993,468
Recreation	1,027,679	1,069,718	(42,039)
Public lands and parks	6,162,937	6,010,658	152,279
Other departments	3,758,394	3,571,630	186,764
Welfare	390,200	291,633	98,567
Commissions	3,079,600	3,026,770	52,830
Public properties	3,119,221	3,356,316	(237,095)
Purchasing	336,965	332,217	4,748
Municipal docks	525,961	268,556	257,405
Public celebrations	9,700	4,569	5,131
Other	<u>57,000</u>	<u>252,519</u>	<u>(195,519)</u>
	<u>153,542,941</u>	<u>148,234,501</u>	<u>5,308,440</u>
Other financing uses:			
Transfer to other funds	<u>62,889,392</u>	<u>68,103,163</u>	<u>(5,213,771)</u>
Total expenditures and other financing uses	<u>216,432,333</u>	<u>216,337,664</u>	<u>94,669</u>
Revenues and other financing sources over expenditures and other financing uses	\$ <u>-</u>	<u>128,086</u>	<u>128,086</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School Fund

Year ended June 30, 1995

	<u>School Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Grants in aid:			
Federal government	\$ 50,000	-	(50,000)
State of Rhode Island	86,818,829	84,021,772	(2,797,057)
Tuition	81,000	52,251	(28,749)
Miscellaneous	<u>685,000</u>	<u>113,710</u>	<u>(571,290)</u>
Total revenues	<u>87,634,829</u>	<u>84,187,733</u>	<u>(3,447,096)</u>
Expenditures:			
Personnel services	90,078,311	89,495,486	582,825
Employee benefits	31,191,083	25,041,151	6,149,932
Other supplies	320,970	320,201	769
Equipment	743,868	449,186	294,682
Miscellaneous services	1,195,003	1,132,082	62,921
Other services	1,811,667	1,563,706	247,961
Security	511,760	495,018	16,742
Plant maintenance	271,200	232,321	38,879
Pupil transportation	4,695,619	4,648,685	46,934
Rentals	6,121,860	6,529,192	(407,332)
Repairs	1,825,843	1,253,726	572,117
School activities	300	308	(8)
Office supplies	167,341	107,183	60,158
Education supplies	1,498,191	1,232,160	266,031
Housekeeping supplies	205,670	208,131	(2,461)
Textbooks	1,053,215	896,924	156,291
Tuition payments	6,167,920	4,330,751	1,837,169
Utilities and fuel	<u>4,349,400</u>	<u>3,890,752</u>	<u>458,648</u>
Total expenditures	<u>152,209,221</u>	<u>141,826,963</u>	<u>10,382,258</u>
Revenues over (under) expenditures	<u>(64,574,392)</u>	<u>(57,639,230)</u>	<u>6,935,162</u>
Other financing sources (uses):			
Transfers from General Fund	64,574,392	62,593,370	(1,981,022)
Transfers to Blue Cross self insurance fund	-	(4,954,140)	(4,954,140)
Total other financing sources	<u>64,544,392</u>	<u>57,639,230</u>	<u>(6,935,162)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	\$ <u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds

Year ended June 30, 1995

	Proprietary Fund Types	Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Retirement System	Nonexpendable Trusts	
Operating revenues:				
Employee contributions	\$ -	7,542,640	-	7,542,640
Employer contributions	-	10,975,409	-	10,975,409
Investment income	-	24,445,177	-	24,445,177
Interest on member loans	-	608,024	-	608,024
Arena rent and concession income	2,779,826	-	-	2,779,826
Water sales	21,375,086	-	-	21,375,086
Reimbursements by promoters	708,576	-	-	708,576
Maintenance and other charges	514,897	-	-	514,897
Other	459,040	-	-	459,040
	<u>25,837,425</u>	<u>43,571,250</u>	<u>-</u>	<u>69,408,675</u>
Operating expenses:				
Wages and benefits	2,914,688	36,641,569	-	39,556,257
Operations	4,592,669	-	-	4,592,669
Charges by other City departments (note 11)	680,277	-	-	680,277
Administrative and general	9,012,823	-	-	9,012,823
Bad debts	829,815	-	-	829,815
Property taxes - other local governments	3,587,995	-	-	3,587,995
Depreciation	2,515,266	-	-	2,515,266
Other	458,604	-	-	458,604
	<u>24,592,137</u>	<u>36,641,569</u>	<u>-</u>	<u>61,233,706</u>
Operating income	<u>1,245,288</u>	<u>6,929,681</u>	<u>-</u>	<u>8,174,969</u>
Nonoperating revenues (expenses):				
Payment from Rhode Island Convention Center	200,000	-	-	200,000
Water quality protection charge (note 11)	2,171,210	-	-	2,171,210
Water quality protection expense	(1,544,509)	-	-	(1,544,509)
City surcharge revenue	1,319,047	-	-	1,319,047
Net interest	(857,407)	-	-	(857,407)
Interest income	696,106	-	-	696,106
	<u>1,984,447</u>	<u>-</u>	<u>-</u>	<u>1,984,447</u>
Net (loss) income	3,229,735	6,929,681	-	10,159,416
Add: depreciation on contributed fixed assets	430,708	-	-	430,708
Operating transfer from (to) other funds (note 21)	<u>(390,368)</u>	<u>-</u>	<u>-</u>	<u>(390,368)</u>
Increase (decrease) in retained earnings/fund balance	3,270,075	6,929,681	-	10,199,756
Retained earnings/fund balance at beginning of year	<u>10,964,186</u>	<u>230,828,936</u>	<u>295,708</u>	<u>242,088,830</u>
Retained earnings/fund balance at end of year	\$ <u>14,234,261</u>	<u>237,758,617</u>	<u>295,708</u>	<u>252,288,586</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds

Year ended June 30, 1995

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Total
	<u>Enterprise</u>	<u>Nonexpendable Trusts</u>	(Memorandum) <u>Only</u>
Operating activities:			
Operating income	\$ 1,245,288	-	1,245,288
Adjustments to reconcile operating income to net cash used in operating activities:			
Depreciation and amortization	2,515,266	-	2,515,266
Provision for losses on accounts receivable	829,815	-	829,815
Deferred revenue	(64,098)	-	(64,098)
Increase (decrease) in cash arising from changes in assets and liabilities:			
Accounts receivable	(1,009,285)	-	(1,009,285)
Accounts receivable - unbilled	(2,134,903)	-	(2,134,903)
Inventory	32,601	-	32,601
Other current assets	(851,295)	-	(851,295)
Accrued expenses and accounts payable	337,829	-	337,829
Advance sales receipts and promoter deposits	86,080	-	86,080
Due to Water Resources Board	(1,341,125)	-	(1,341,125)
Net cash (used in) operating activities	<u>(353,827)</u>	<u>-</u>	<u>(353,827)</u>
Noncapital financing activities:			
Net borrowings from City of Providence General Fund	1,425,037	-	1,425,037
Payments to other funds	(115,614)	-	(115,614)
Payment received from Convention Center	200,000	-	200,000
Contributions from the City of Providence	420,616	-	420,616
Net cash provided by noncapital financing activities	<u>1,930,039</u>	<u>-</u>	<u>1,930,039</u>
Capital and related financing activities:			
Capital expenditures	(19,967,360)	-	(19,967,360)
Payment of obligations under capital lease	(806,266)	-	(806,266)
Payment of principal on general obligation and revenue bonds	(782,400)	-	(782,400)
Proceeds from revenue bonds	16,000,000	-	16,000,000
Interest on general obligation and revenue bonds	(1,066,202)	-	(1,066,202)
City surcharge revenue	1,319,047	-	1,319,047
Water quality protection receipts	1,882,747	-	1,882,747
Water quality protection disbursements	(951,808)	-	(951,808)
Interest expense under lease purchase expansion project	(71,503)	-	(71,503)
Net cash used in capital and related financing activities	<u>(4,443,745)</u>	<u>-</u>	<u>(4,443,745)</u>
Investing activities:			
Purchase of investments, net	(38,000)	-	(38,000)
Interest on investments	709,020	-	709,020
Net cash provided by investing activities	<u>671,020</u>	<u>-</u>	<u>671,020</u>
Net decrease in cash and cash equivalents	(2,196,513)	-	(2,196,513)
Cash and cash equivalents at beginning of year	<u>4,279,791</u>	<u>17,546</u>	<u>4,297,337</u>
Cash and cash equivalents at end of year	\$ <u>2,083,278</u>	<u>17,546</u>	<u>2,100,824</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1995

(1) Reporting Entity

In accordance with the requirements of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the accompanying general purpose financial statements present the City of Providence (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Primary Government

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

Individual Component Unit Disclosure

The component units provide services entirely or almost entirely to the City or otherwise exclusively or almost exclusively to benefit the City, even though they do not provide services directly to it. Although legally separate, all component units have been reported as if they were part of the primary government through a method of inclusion known as blending. A description of the component units, criteria for inclusion and their relationship with the City are as follows:

- ***Providence Public Buildings Authority***

The Providence Public Buildings Authority (PPBA) was created by an act of the Rhode Island General Assembly and was empowered by resolution of the Providence City Council on August 13, 1987, and by resolution of the Public Finance Board, created under Section 42-10.11 of the General Laws of Rhode Island, on February 12, 1988.

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

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

- ***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 four-year staggered terms and two City Council members elected by the City Council, who serve during their four-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 Board also sells water to the other local water supply systems on a wholesale basis. The 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 of Rhode Island Public Utilities Commission.

- ***Providence Civic Center Authority***

The Providence Civic Center Authority (the "Authority"), a component unit of the City of Providence, is governed by a seven member Board of Directors. It was created by an Act of the Rhode Island State Legislature in 1969 (the "Act") 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 of Providence. As of February 1, 1992, the Center and all funds and assets of the Authority became the property of the City of Providence. 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. It is the City's intention to continue to operate the Authority as a going concern.

The Authority leases its facility to various promoters and groups, at rental charges usually calculated as a percent 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.

- ***Providence Economic Development Corporation (PEDC)***

On July 1, 1989, the Providence Industrial Development Corporation merged with the Providence Local Development Corporation to form the Providence Economic Development Corporation (PEDC). PEDC is a not-for-profit and was created to foster economic growth in Providence as well as assist and attract new industrial, manufacturing and other commercial enterprises to the City. The activities of PEDC are funded by state and local agencies.

- ***Providence Redevelopment Agency (PRA)***

The PRA is governed by the Mayor, ex-officio and a seven member Board. Its purpose is to provide the planning support for major construction and redevelopment activity in the City.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

Joint Ventures

Providence Cranston Job Training Partnership (the Partnership) is the administrative entity of Providence Cranston Job Training Consortium. Providence Cranston Job Training Consortium was established by the City of Providence and the City of Cranston to operate a comprehensive employment and training service delivery system according to the provisions of the Job Training Partnership Act of 1982.

The Partnership is administered by the City of Providence. The City of Providence is responsible for the proper administration and operation of programs within guidelines established by the Providence Cranston Private Industry Council and provisions of the Job Training Partnership Act of 1982.

The Providence Cranston Private Industry Council is a committee of representatives from the public and private sector. The Council provides policy guidance and exercises oversight of activities within the service delivery area.

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

(2) **Summary of Significant Accounting Policies**

(a) Basis of Presentation

The financial condition and results of operations of the City's funds are presented as of and for the year ended June 30, 1995. The accounting policies of the City conform with generally accepted accounting principles ("GAAP"). 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 total assets, liabilities, fund balance/retained earnings, revenues and expenditures/expenses.

(b) Fund Accounting

The operations of the City are recorded in the following fund types and account groups:

Governmental Fund Types

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

- **General Fund**

This fund is the City's general operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

- ***Special Revenue Funds***

These funds are used to account for the proceeds from 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 made 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***

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Proprietary Fund Types

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

- ***Enterprise Funds***

These funds are used to account for City operations that are financed and operated in a manner similar to private business enterprise. The intent is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. Enterprise funds are also used 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. Additionally, the rates charged to customers by the Providence Water Supply Board are subject to approval by the State of Rhode Island Public Utilities Commission.

Fiduciary Fund Types

These 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 or other funds.

Fiduciary Funds include expendable, nonexpendable, agency and retirement trust funds. Expendable trust funds are accounted for as governmental funds. Nonexpendable and retirement trust funds are accounted for as proprietary funds (i.e. flow of economic resources measurement focus and accrual basis of accounting), since capital maintenance is critical. Agency funds are purely custodial and do not involve the measurement of operating results.

Account Groups: General Long-term Obligations and General Fixed Assets

These account groups are used to account for all general long-term obligations and general fixed assets of the City, except those accounted for in proprietary and similar trust funds.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(c) Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds, expendable trust funds and agency funds. Under this basis of accounting, revenues are recorded when susceptible to accrual (i.e. when they become both measurable and available to pay liabilities of the current period). Revenues not considered available are recorded as deferred revenues.

The City applies the susceptible to accrual criteria to property taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred. In the other, resources are virtually unrestricted and are usually revocable by the grantor 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.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year-end. Motor vehicle and other excise, licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because these amounts are generally not measurable until actually received. Investment earnings are recorded as earned.

Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued judgments and claims, abatement refunds, pension costs and vacation and sick leave, which is recorded in the general long-term obligations account group.

The accrual basis of accounting is used by proprietary funds, nonexpendable trust funds, and pension trust funds. Revenues are recognized when earned and expenses are recognized when goods or services have been received or a liability has been incurred.

(d) Cash Equivalents

For purposes of the cash flow statement, the proprietary and nonexpendable trust funds consider all investments with original maturities of three months or less when purchased to be cash equivalents.

(e) Proprietary Activity Accounting and Financial Reporting

The City has elected to apply to its proprietary, nonexpendable and pension trust funds accounting standards applicable to the private sector issued on or before November 30, 1989 unless those standards conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

(f) 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 governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year end.

(g) 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.

(h) Allowance for Possible Loan Losses

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

(i) Compensated Absences

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

(j) Judgments and Claims

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 account group. Proprietary fund types record these liabilities using the accrual basis of accounting.

(k) Inventory

Proprietary fund inventory is stated at the lower of cost or market using the weighted average method. Inventory consists primarily of materials and supplies. Inventory is not maintained in governmental funds, but are recorded as expenditures at the time of purchase.

(l) Property, Plant and Equipment

Property, plant and equipment are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets acquired by the Providence Water Supply Board through contributions are recorded at contributor's reported cost.

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

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over the estimated useful lives.

Depreciation on Providence Civic Center assets acquired with contributed capital is recognized as an operating expense and then charged against contributed capital.

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

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
Machinery and equipment	3 - 20 years	3 - 40 years

(m) Self Insurance

The City's self insurance costs in governmental funds are accounted for as expenditures when claims are paid. Claims incurred but not paid, including those which have not been reported, are accounted for as accrued judgments and claims in the long-term obligations account group, self-insured judgments and claims of enterprise funds are recorded as expenses when a liability has been incurred.

(n) Total (Memorandum Only)

These totals are the aggregate of the fund types and the account groups. No consolidating or eliminating entries were made in arriving at these totals. As a result, they do not represent consolidated information and are shown only in memorandum form.

(o) Reclassifications

Certain 1994 amounts have been reclassified to conform with the 1995 presentation.

(3) Property Taxes and Other Charges for Services

The City's property tax is levied each year based on the assessed property value, as of the prior December 31, for all real property, tangible property, equipment and motor vehicles located in the City. Assessed values of real property were established by the City Assessor's office at 100% of appraised market value, based on the 1987 valuation less Homestead exemptions for 1 to 6 unit dwellings. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

The 1994 taxable assessments and the fiscal 1995 tax rate and gross levy are as follows (in thousands, except for the tax rate):

	<u>Taxable assessment</u>	<u>Exemptions</u>	<u>Net taxable assessment</u>	<u>Rate per \$1,000</u>	<u>Gross levy</u>
Real property	\$ 5,426,174	1,297,885	4,128,289	28.17	116,294
Tangible property	504,045	9	504,036	67.77	34,159
Motor vehicle	298,861	1,853	297,008	67.77	20,128

Payments on the gross levy are due in equal quarterly installments in July, October, January and April. Property taxes attach as an enforceable lien on property when levied. The City recognizes property and excise tax revenues on the modified accrual basis. Only those property tax and excise tax payments due as of the end of the current fiscal year and collected within the current fiscal year or reasonably thereafter, usually 60 days, are recognized as revenue of the current fiscal year, net of cash abatements paid. All uncollected property taxes as of the fiscal year are recorded as receivables. Those taxes not collected within 60 days subsequent to year end are recorded as deferred revenue, even if the eventual collection appears likely. If collection appears unlikely an allowance for doubtful accounts is established.

(a) Water Fees

Revenues from charges for services of the Providence Water Supply Board are recognized on the accrual basis, net of estimated uncollectibles. Depending upon consumption, metered water sale customers are billed monthly, quarterly or annually for water usage, in arrears, and a year in advance for water service fees. Yearly billing cycles are on a staggered basis throughout the fiscal year. Large commercial customers and other local water suppliers are billed more frequently.

(4) Budgetary Data

The City employs the following procedures in establishing the General Fund budgetary data reflected in the general purpose financial statements:

- At least sixty days prior to July 1, the Mayor submits a proposed operating budget for the upcoming fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing them. The Council may alter the Mayor's proposed expenditures, but may not cause an excess of appropriations over expected revenues.
- The final budget is legally enacted through passage of an ordinance.
- The Mayor is authorized to make minor transfers of budgeted amounts between departments. Significant budget revisions or transfers must be approved by the City Council.

The actual amounts are presented in accordance with generally accepted accounting principles, the method employed in preparation of the budget. The Special Revenue Fund amounts include those of the Unrestricted School Fund and the Area Vocation and Section IV Restricted School Funds. Other Special Revenue Funds do not have legally adopted budgets and are excluded.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

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

(5) Property, Plant and Equipment

The following is a summary of the activity of the City's general fixed assets for the year ended June 30, 1995:

	<u>June 30, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1995</u>
Land	\$ 29,348,294	194,107		29,542,401
Buildings and improvements	150,510,701	7,332,386		157,843,087
Furniture and fixtures	2,937,481	1,069		2,938,550
Machinery and equipment	8,716,341	494,267	47,420	9,163,188
Auto and truck	10,124,888	609,096	216,821	10,517,163
Other	<u>251,500</u>	<u></u>	<u>3,000</u>	<u>248,500</u>
	\$ <u>201,889,205</u>	<u>8,630,925</u>	<u>267,241</u>	<u>210,252,889</u>

The following is a summary of the property, plant and equipment of the City's enterprise funds at June 30, 1995.

	<u>Water Supply Board</u>	<u>Civic Center Authority</u>	<u>Total</u>
Land	\$ 7,876,901	-	7,876,901
Buildings and improvements	77,287,288	16,668,770	93,956,058
Machinery and equipment	6,080,477	2,333,073	8,413,550
Scituate Reservoir project	18,681,695	-	18,681,695
Assets under capital leases	12,406,815	-	12,406,815
Construction in progress	13,959,696	-	13,959,696
Funds restricted for construction of assets under capital lease	<u>2,416,621</u>	<u>-</u>	<u>2,416,621</u>
	138,709,493	19,001,843	157,711,336
Less accumulated depreciation	<u>32,987,814</u>	<u>13,162,750</u>	<u>46,150,564</u>
Net property, plant and equipment	\$ <u>105,721,679</u>	<u>5,839,093</u>	<u>111,560,772</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

Under the City Charter, proceeds from the sale of general fixed assets must be used to reduce debt or to finance capital improvements of the City. Funds available for this purpose amounted to \$175,000 and are included in the Restricted Sales Proceeds Fund (an expendable trust fund) at June 30, 1995.

(6) Interfund Accounts

At June 30, 1995, amounts due to and from funds of the City were as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 3,059,448	14,934,846
Capital Project Funds	30,811	-
Fiduciary Fund Types	24,127,355	109,690
Special Revenue Funds	6,039,868	4,421,713
Enterprise Fund	-	1,678,382
General Long-term Obligations Account Group	-	12,112,851
	<u>\$ 33,257,482</u>	<u>33,257,482</u>

(7) Loans Receivable

(a) Special Revenue Fund - Department of Planning and Development

Included in Special Revenue Funds are loans receivable under Community Development Action Grant (CDAG), Urban Development Action Grants (UDAG) and Housing Development Assistance Grants (HODAG). These loans represent amounts advanced to developers for certain urban, community and economic development projects within the City. As of June 30, 1995, the loans receivable totaled approximately \$10.6 million.

Security for these above loans includes first or second mortgages, property and equipment and other real estate and letters of credit. Future proceeds from the repayment of principal and interest on loans must be expended by the Department of Planning and Development on eligible community development projects.

(b) Special Revenue Fund - Providence Economic Development Corporation

The Corporation is not-for-profit and was created to foster economic growth in Providence, as well as assist and attract industrial, manufacturing and other commercial enterprises to the City. At June 30, 1995, the Corporation had outstanding loans receivable of approximately \$7.5 million. The loan terms and amounts are determined on a case by case basis.

Security for these loans includes first and second mortgages, property and equipment and other real estate.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(8) Long-Term and Short-Term Debt

(a) Long-term Obligations

The following is a summary of the transactions in the City's general long-term debt account group for the year ended June 30, 1995 (in thousands):

	June 30, <u>1994</u>	<u>Additions</u>	<u>Retirements</u>	June 30, <u>1995</u>
City:				
General obligation bonds	\$ 116,290	34,000	11,340	138,950
Judgments and claims	1,800	3,000	400	4,400
Compensated absences	17,971		9,508	8,463
Workers compensation	2,996	3,065	3,031	3,030
Health claims	-	19,932	10,738	9,194
Capital leases	5,780	22,227	1,760	26,247
Due to other funds	2,630	9,773	290	12,113
Bond anticipation notes payable	<u>7,200</u>	<u>-</u>	<u>7,200</u>	<u>-</u>
Subtotal	<u>154,667</u>	<u>91,997</u>	<u>44,267</u>	<u>202,397</u>
PPBA:				
Revenue Bonds	42,305	7,500	1,408	48,397
Arbitrage	<u>33</u>	<u>-</u>	<u>33</u>	<u>-</u>
Subtotal	<u>42,338</u>	<u>7,500</u>	<u>1,441</u>	<u>48,397</u>
Total	\$ <u>197,005</u>	<u>99,497</u>	<u>45,708</u>	<u>250,794</u>

The Providence Water Supply Board (WSB) long-term debt is 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 enterprise funds of the City.

On June 14, 1990, the City of Providence, on behalf of the Water Supply Board, entered into a lease agreement with the Providence Public Building Authority (PPBA). That lease and agreement has been amended by a lease and agreement dated January 3, 1991, as of December 15, 1990. In connection with the lease and agreement (Scituate Reservoir Project), the PPBA issued \$8,695,050 of revenue bonds to acquire land or land rights or physical improvements to acquired land to protect the quality of raw water of the Water Supply System. The bonds are to be repaid by the \$.01 per hundred gallons Water Quality Protection Charge (see Water Quality Protection Charge) in note 11.

On December 1, 1995, the City, on behalf of the Water Supply Board entered into a loan agreement with the Rhode Island Clean Water Finance Agency. In connection with the loan agreement, The Rhode Island Clean Water Finance Agency issued \$12,000,000 of 1995 Series A Safe Drinking Water Revenue Bonds with a maturity date of January 1, 2015 and a 6% interest rate payable with revenues from the Water Supply Board.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

Generally accepted accounting principles require recognition of assets and debt by state and local government lessees which enter into lease arrangements with a public authority which is part of the government unit's entity for financial reporting purposes. Accordingly, the debt and assets related to the Scituate Reservoir Project are included in the Water Supply Board's financial statements.

The annual requirements to amortize general long-term bonds payable as of June 30, 1995, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>General Obligation Principal</u>	<u>Proprietary Fund Principal</u>	<u>Total</u>
1996	\$ 12,630	2,055	14,685
1997	13,743	1,983	15,726
1998	17,421	2,104	19,525
1999	14,538	2,232	16,770
2000	14,973	2,362	17,335
Thereafter	<u>114,042</u>	<u>17,102</u>	<u>131,144</u>
Total	\$ <u>187,347</u>	<u>27,838</u>	<u>215,185</u>

The Narragansett Bay Commission has agreed to assume a portion of the general obligation 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 \$3.2 million of principal and interest on the debt when it becomes due. The City, however, remains ultimately responsible for the timely payment of the issues.

\$7,200,000 million of Series A & B Bond Anticipation Notes bearing interest at 6.3%, issued on June 2, 1995 and maturing on December 15, 1995 were refinanced through the issuance of a Series C \$4,400,000 tax-exempt BAN at a rate of 4.4% and a Series D \$4,800,000 taxable BAN at 7% both maturing on March 15, 1995. On January 1, 1995, the Series C \$4,400,000 tax-exempt BAN was repaid with the proceeds from the issuance of \$13,260,000 tax-exempt Series A Special Obligation Tax Increment Bonds with a rate of 5.7-7.65% maturing on June 1, 2016.

On February 1, 1995, the Series D \$4,800,000 taxable BAN was repaid with the proceeds from the taxable Series B Special Obligation Tax Increment bonds of \$10,435,000 with a rate of 8.95% and maturing on June 1, 2007 together with the taxable Series C Special Obligation Tax Increment Bonds of \$2,805,000 with a rate of 7.5% and maturing on June 1, 2010. The bonds were issued in part for the purpose of financing and refinancing a portion of the Providence Plan Housing Corporation Program. The City had pledged the taxes due from the Narragansett Electric Company Agreement to constitute most of the tax increment Series II.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

The Providence Public Buildings Authority Revenue Anticipation Notes maturing on May 15, 1996 with a rate of 4.5% were paid from the proceeds of the issuance of \$11,000,000 tax exempt Series D Special Obligation Tax Increment Bonds with a rate of 5.5%-6.7% maturing on June 1, 2016. The bonds were issued in part for the purpose of financing and refinancing the Community Facilities Project Program.

(b) Short-Term Debt

At June 30, 1995, the City had several short-term notes outstanding. The City's short-term notes were comprised of the following individual issues:

<u>Description</u>	<u>Issued</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
Department of Planning and Development:				
Section 108 Loans and Notes	Various	Various	Various	\$ 16,065,000
Other Notes	Various	Various	Various	432,995
Providence Economic Development Corp.				
Note payable	11/22/93	January 1, 1999	Various	1,010,000
Providence Public Building Authority:				
RANS - Series II	5/15/93	May 15, 1996	4.5%	<u>6,760,000</u>
Total				\$ <u>24,267,995</u>

(c) Debt Limit

Except as explained below, under Rhode Island law the City may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the City. The current outstanding debt of the City subject to the 3% debt limit is \$67 million and the current 3% debt limit of the City is \$148 million based on taxable property as of December 31, 1993, of \$6.2 billion, leaving a remaining borrowing capacity of \$81 million.

The State of Rhode Island General Assembly (General Assembly) may, by special act permit the City to incur indebtedness outside the 3% debt limit. Bonds issued either within the 3% debt limit or by special legislation adopted by the General Assembly authorizing the City to incur debt are subject to referendum by the electors of the City. On June 30, 1995, the total outstanding debt of the City issued outside the 3% debt limit was \$66,995,282, excluding water bonds and sewer bonds that are deemed self-supporting.

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

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

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 1/2%. This obligation is being paid in annual amounts of \$514,238, including principal and interest. The remaining principal 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.

(9) Lease Commitments

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 installation of certain water facilities located in the City of Providence and the Towns of Smithfield and North Providence, Rhode Island. The Water Supply Board has leased the project for the term which commenced on July 1, 1988, (coincident with the issuance of the Rhode Island Water Resources Board's bond anticipation notes) and expires on September 15, 2010.

Lease payments specified in the lease agreement call for the Water Supply Board to make a semiannual 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 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 capital lease.

To the extent that the construction of assets is complete and in operation, the assets are amortized under the Water Supply Board's normal depreciation policies for similar assets. Funds restricted for construction of assets under capital lease represents unexpended proceeds of bond anticipation notes and revenue bonds obtained specifically for construction of water facilities discussed above.

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 at the Civic Center. The agreement permits annual renewals for the 10 year period ending December 31, 1996, with payments of principal and interest on those renewal dates. Under the agreement, the Civic Center has the right to purchase the assets on each renewal date for amounts specified in the Agreement. The assets become the property of the Civic Center upon completion of its obligation during the initial lease term and all renewal periods.

On June 30, 1994, the City of Providence sold the Municipal Wharf (the Port) to the Public Asset Management Corporation (the Corporation) for \$16.7 million. The Corporation obtained funding for the purchase through the issuance of \$19.7 million of Certificates of Participation (COP), Series 1994 A by the Providence Redevelopment Agency (PRA). Under the terms of the agreement, the Corporation will lease the Port to the PRA for a 30 year period who would in turn sublease the Port back to the Corporation for the same period. At the end of the lease term, the PRA has the option to purchase the Port for \$1. All lease payments to be made by the PRA have been assigned by the Corporation to the Fleet National Bank (the Trustee) to repay the holders of the COP's and are secured by the

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

sublease payments to be made by the Corporation to the PRA. The sublease payments are to be made solely from the revenues generated by the Port. A long-term capital lease obligation has been recorded for the \$19.7 million in the general long-term obligation account group to a fixed asset has been recorded in the general fixed asset account group.

Debt Refundings

Effective December 31, 1994, the City issued \$985,000 in General Obligation Refunding Bonds to advance refund the \$2.4 million lease purchase agreement. The net proceeds of the Refunding Bonds were deposited with an escrow agent to provide for all future debt service payments on the lease purchase agreement.

The City advance refunded the 1986 lease purchase agreement which extended the life of the debt an additional two years.

On October 1, 1992, the City of Providence entered into a lease purchase agreement on behalf of the Providence Civic Center in the amount of \$375,000 with Fleet National Bank and secured with the assets from a renovation project at the Civic Center. The agreement terminates June 30, 1995 but permits five renewal periods ending October 1, 1997, which have been exercised, with payments of principal (\$75,000) and interest (4.40%--6.40%) on October 1 of each year. Under the Agreement, the Civic Center has the right to purchase the assets for specified amounts. The assets become the property of the Civic Center upon completion of its obligation during the initial lease term and all renewal periods. The Agreement requires that a trustee (Fleet National Bank) maintain the unused portion of the funds during renovation to invest these funds as specified in the trustee agreement. The lease has been accounted for as a capital lease.

The City leases certain properties from the PPBA, a related party.

On August 5, 1994, the City received \$1,995,050 for the sale without recourse of its interest in a future stream of lease payments from FCG Associates, the operators of the City's Triggs Golf Course. The lessor, the Board of Park Commissioners, interest in the revenue stream was assigned to a trustee, Fleet Bank, in exchange for a payment equal to the discounted present value of fifteen years of lease payments.

The City is obligated under various capital and operating leases and is obligated through the year 1998 to make the following aggregate annual lease payments (in thousands):

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
1996	\$ 465	4,480	4,945
1997	261	3,754	4,015
1998	42	3,149	3,191
1999	28	2,700	2,728
2000	28	2,178	2,206
Thereafter	<u>28</u>	<u>43,271</u>	<u>43,299</u>
Total minimum lease payments	\$ <u>852</u>	59,532	60,384
Less: Interest		<u>33,285</u>	<u>33,285</u>
Present value of minimum payments		<u>26,247</u>	<u>27,099</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(10) Segment Information for Enterprise Funds

The City maintains two Enterprise Funds, the Providence Civic Center Authority and the Providence Water Supply Board. Segment information for the year ended June 30, 1995 is as follows (amounts in thousands):

	<u>Water Board</u>	<u>Civic Center</u>	<u>Total</u>
Operating revenues	\$ 21,890	3,947	25,837
Depreciation and amortization expense	1,763	752	2,515
Operating income (loss)	2,503	(1,258)	1,245
Net income (loss)	4,346	(1,116)	3,230
Capital contributions	792	421	1,213
Property, plant, and equipment additions	19,570	397	19,967
Net working capital	1,269	(2,404)	(1,135)
Total assets	118,830	6,384	125,214
Bonds and other long-term liabilities	37,239	812	38,051
Total equity	69,752	2,623	72,375

(11) Restricted Assets and Related Liabilities

The State of Rhode Island enacted the Public Drinking Water Protection Act of 1987 (the Act) that empowers suppliers of public drinking water to levy a surcharge (the Water Quality Protection surcharge) of \$.01 per hundred gallons of water for all customers.

A July 1990 amendment to the Act increased the surcharge to \$.02333 per hundred gallons of water. The \$.01333 increase is to be remitted to the State and appropriated to the Water Resources Board, a component of the State of Rhode Island. In July 1992, the Act was further amended to increase the levy to \$.02590 per hundred gallons of water for all customers. The Board retains 40.7% of the surcharge in its water quality protection fund, remits 51.5% to the State Water Resources Board and retains 7.8% for general operations. The surcharge was effective as of January 1, 1989 and the funds collected in the water quality protection fund are to be expended in the following manner: 1) at a minimum, 55% of the funds are to be spent for the acquisition of land or land rights or physical improvements to acquired land to protect the quality of the raw water of the water supply system; 2) 35% may be used to acquire a fee simple interest or a conservation restriction that directly protects the quality and safety of the public drinking water supply; and 3) 10% may be used by the supplier for any purpose relating to its operations.

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

(a) Providence Civic Center Authority

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 retirement of the bonds. Amounts collected and not remitted to the City as of June 30, 1995 totaled \$471,000.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(12) Fund Equity

Reserved fund balances at June 30, 1995, are as follows:

General Fund:

Reserved for note due from Water Supply Board	\$ <u>3,248,552</u>
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Special Revenue Fund:

Reserved for loans	18,877,638
Reserved for encumbrances	250,126
Reserved for other purposes	2,191,440
Reserved for debt service	<u>5,087,467</u>
	<u>26,406,671</u>

Capital Projects Fund:

Reserved for encumbrances	<u>222,878</u>
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Fiduciary Fund types:

Reserved for payment of retirement benefits and endowments	238,054,324
Reserved for encumbrances	<u>894,332</u>
	<u>238,948,656</u>
	\$ <u>268,826,757</u>

The Water Supply Board has reserved retained earnings of \$2,578,792 at June 30, 1995. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue.

(13) Employee Retirement

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

The ERS is a single employer defined benefit pension plan covering most City management 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 presented in the City's general purpose financial statements as a retirement system. The City's payroll for the year ended June 30, 1995, for employees covered by the plan was \$77,369,000; the City's total payroll was \$188,997,000.

At June 30, 1994 (latest data available) the City's ERS membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	2,791
Current employees:	
Vested	1,415
Nonvested	<u>1,568</u>
	<u>5,774</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

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 or at any age after 25 years of service. The total retirement allowance is equal to an annuity, which is the actuarial equivalent of accumulated contributions at the time of retirement, plus a pension which when added together equal 1/40 of final compensation for each year of total service up to 20 years and 1/50 of final compensation for each year of service in excess of 20 years.

Class B members are eligible to retire (with full retirement benefits) at age 55 or at any age after 20 years of service. The total retirement allowance is equal to an annuity, which is the actuarial equivalent of accumulated contributions at the time of retirement, plus a pension which when added together equal 1/40 of final compensation for each year of total service up to 20 years and 1/50 of final compensation for each year of service in excess of 20 years (not to exceed 32 years and 6 months). At retirement, members may elect to receive their benefits under various options allowed in the plan. These benefit provisions and all other requirements are established by City ordinance.

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 plan 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, 1994. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investments of 8 1/2% per year, (b) projected salary increase of 5% per year and (c) cost of living adjustments of 5%.

Total unfunded pension benefit obligation applicable to the City's employees at June 30, 1994 (latest data available), was as follows (in thousands):

Pension benefit obligation:	
Retirees and beneficiaries	\$ 362,054
Active employees:	
Accumulated employee contributions	61,112
Employer-financed vested benefits	57,067
Employer-financed nonvested benefits	36,345
Additional value of accrued benefits due to future salary increases	<u>48,039</u>
Total pension benefit obligation	564,617
Net assets available for benefits, at cost (market value \$286,247)	<u>231,295</u>
Unfunded pension benefit obligation	\$ <u>333,322</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

Contribution Requirement and Contributions Made

The City's ERS funding policy provides for employer contributions (both normal cost and a deficiency contribution) at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The percentage of payroll employer contribution rates is determined using the entry age normal cost actuarial funding method. The ERS is also using the percentage of payroll method to amortize the unfunded liability over a 40-year period. For elected officials, the City funds on a pay-as-you-go basis. This amount is not considered material.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation discussed above.

Class A members are required to contribute 8% of their salary to the Plan. Class B members are required to contribute 9 1/2% of their salary to the Plan. The Mayor and City Council contribute to the Plan at a rate of \$350 per year. The City's required contribution for the year ended June 30, 1995, was approximately \$23,559,000. The required contribution for fiscal 1995 represents approximately \$7,431,000 (30%) for Class A members and \$15,871,000 (70%) for Class B members. Actual contributions consisted of approximately \$10,975,000 from the City and approximately \$7,543,000 from employees; the employer and employee contributions represent covered payroll of 14% and 10%, respectively. The City's required contribution consisted of amounts to cover normal cost and to amortize the unfunded actuarial accrued liability over a 40 year period.

Certain Class A members are contributing an amount less than the required 8% contribution rate. 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.

In July 1994, the Providence City Council approved an amendment to defer \$8.2 million pension payment for five years.

Historical Trend Information

Three-year trend information gives an indication of the progress in accumulating sufficient assets to pay benefits when due.

	<u>Fiscal year end</u>		
	<u>1994</u>	<u>1993</u>	<u>1992</u>
Net assets available for benefits (at cost) as a percentage of pension benefit obligation	40.9%	34.4%	37.5%
Unfunded pension benefit obligation as a percentage of annual covered payroll	396.0%	517.0%	473.0%
Employer contributions as a percentage of annual covered payroll	21.8%	25.7%	20.2%

Ten year historical trend information designed to provide information about the City's ERS progress made in accumulating sufficient assets to pay benefits when due is being developed on a year-by-year basis. Significant trend information for the periods available is included in the accompanying other financial information.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(b) 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 for the year ended June 30, 1995, was approximately \$77,049,709; the Department's total payroll was approximately \$98,521,284.

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 28 years of credited service are entitled to 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. Percentage relating to each year of credited service is as follows:

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

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

Covered employees are required by State statute to contribute 8.5% of their salary to the plan. The School Department contributions are based on a percentage of annual compensation of active members, half of which is payable by the State of Rhode Island for the year ended June 30, 1995. The School Department contributions required for the year ended June 30, 1995 were approximately \$14,082,355. Actual contributions consisted of approximately \$7,533,130 from the School Department and approximately \$6,549,220 from employees; the employer and employee contributions represent covered payroll of 10% and 8.5%, respectively. The School Department contribution represented 23% of total contributions required of all participating entities of approximately \$60,257,000.

Excluding the state employees' portion of the System, the pension benefit obligation at June 30, 1994, determined through an actuarial valuation performed as of that date was \$2.351 billion. The System's net assets excluding the net assets attributable to the state employees' portion of the plan available for benefits on that date (valued at market) were approximately \$1.616 billion, leaving an unfunded pension benefit obligation of approximately \$735 million.

Ten year historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is being developed on a year-by-year basis. Significant trend information for the periods available is included in the State of Rhode Island's comprehensive annual financial report.

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CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(c) Providence Civic Center - Management Employees Pension Plan

The Providence Civic Center Authority established a noncontributory defined contribution plan for all management employees. The contribution for the year ended June 30, 1995 was \$18,700 and was based on a percentage of salaries paid. Total payroll expense for the year ended June 30, 1995, was approximately \$2,580,000 while covered payroll was approximately \$252,000. A management employee may become a participant upon the completion of one year of service, in which at least 1,000 hours of service was performed. A participant becomes fully vested upon completion of seven years of employment.

(d) Other Pension Costs

The City is 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 pay retirement benefits to certain retired police and firemen not covered by the ERS. Pension cost for these purposes amounted to the following for the year ended June 30, 1995:

General Fund	\$ 1,097,534
Providence Water Supply Board	237,139
Unrestricted School Fund	<u>479,000</u>
	\$ <u>1,813,673</u>

The Civic Center Authority makes contributions to three union-sponsored multiple-employer pension plans. Contributions for the year ended June 30, 1995, were approximately \$60,000, as determined in accordance with negotiated labor contracts.

Provisions of the Multi-employer Pension Act of 1980 require participating employers to assume a proportionate share of multi-employer plan's unfunded vested benefit in the event of withdrawal from or termination of such plan. Information concerning the City's and Authority's share of unfunded vested benefits at June 30, 1995, if any, was not available. Provisions of the Act may have the effect of increasing the level of contributions in future years.

(14) Post Retirement Benefits

The City pays health care benefits for certain retired employees and funds these benefits on a cash basis. During the year ended June 30, 1995, the cost of retiree health care benefits recorded by the City amounted to \$5,832,497.

(15) Contingent Liabilities

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

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CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

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

(16) Deposits

Cash, cash equivalents and investments are separately held by several of the City's fund. 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) Cash and Cash Equivalents

The following summary presents the amount of City deposits at June 30, 1995. Category 1 includes deposits which are fully insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 includes those deposits that are not collateralized (in thousands).

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>	<u>Amount</u>
Demand deposits	\$ 1,314	-	4,117	5,431	12,705
Certificates of deposit		-	<u>12,550</u>	<u>12,550</u>	<u>12,550</u>
Total	\$ <u>1,314</u>	<u>-</u>	<u>16,667</u>	<u>17,981</u>	<u>25,255</u>

In accordance with the City's policy of including repurchase agreements as cash equivalents, \$1.5 million of repurchase agreements are included in the June 30, 1995, cash and cash equivalents balance. This balance is uninsured and uncollateralized.

(b) Investments

City management invests primarily in commercial paper, certificates of deposit funds, U.S. government securities and corporate stocks. The City also enters into repurchase agreements and, to a limited extent, the City has invested a derivative products, primarily options and fixtures covenants, as a way to hedge certain risks. Management believes the risk associated with investments in derivative products is not material to the financial statements and the City does not hold any derivative products at year end.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

The City's investments are categorized below indicating the level of risk assumed by the City at year-end. Category 1 includes investments insured or registered in the City's name, or securities held by the City or its agent in the City's name. Category 2 includes investments uninsured and unregistered, with securities held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes investments uninsured and unregistered with securities held by the broker or dealer, or by its trust department or agent, but not in the City's name (in thousands).

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Book Value</u>	<u>Estimated Market Value</u>
US Government and Agencies					
Obligations	\$ 2,814	62,127	-	64,941	68,739
Corporate bonds	-	6,788	6,447	13,235	13,384
Common stock	-	115,785	-	115,785	160,129
Other	2,801	-	232	3,033	3,033
Uncategorized:					
Real estate	-	-	-	13,238	12,710
Pooled funds	-	-	-	12,356	12,356
Money market funds	-	-	-	<u>19,490</u>	<u>19,514</u>
Total	\$ <u>5,615</u>	<u>184,700</u>	<u>6,679</u>	<u>242,078</u>	<u>289,865</u>

(17) Deferred Compensation Plan

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

All deferred compensation under the plan, all property and rights purchased with the amounts, and all income earned on 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 for benefits under the plan), subject only to claims of the City's general creditors, in an amount equal to the fair market value for each participant's deferred account.

The City has not used any of assets of the Plan to satisfy the claims of general creditors and it is unlikely the assets will be used to satisfy general creditor claims in the future.

(18) Related Party Transactions

The City leases certain properties from the PPBA, a related party. The estimated future minimum lease payments required under these agreement coincide with the principal and interest payments on bonds issued by the PPBA. The leases terminate between 2010 and 2012.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

The City in turn subleases a portion of this property to the School Department. At the expiration of the leases, the City, at its option, can purchase the properties for a nominal amount.

The City of Providence performs various services for the Water Supply Board including certain accounting, personnel and cash management services and working capital support. The total billing for City services amounted to \$680,277. This amount is established by the City and approved by the Water Supply Board. The Water Supply Board also provides services to 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.

On June 19, 1991, the Water Supply Board entered into a note agreement with the City of Providence for \$5,020,928. The outstanding principal balance on June 30, 1995 was \$3,248,552. On April 11, 1995, the Water Supply Board and the City of Providence filed a plan with the Rhode Island Public Utilities Commission (PUC) for the repayment of the note over a five-year period. The PUC approved repayment of \$655,710 for the 1996 fiscal year.

On December 8, 1992, the Civic Center Authority borrowed \$303,817 from the City of Providence and borrowed an additional \$96,183 from the City of Providence on May 26, 1995. The entire \$400,000 loan is payable in full on July 2, 1995 and bears interest at the rate of 4.0% per year. As part of the agreement, the Authority has agreed to make \$400,000 of the proceeds due from Sportsservice Corporation available to the City upon their receipt in repayment of this loan.

(19) Contributed Capital

Contributed capital consists of contributions in aid for the Water Supply Board for property and equipment paid for by customers for water installations. The contributed capital for the Civic Center consists of amounts contributed by the City to acquire and maintain the Civic Center. Activity in the contributed capital accounts for June 30, 1995 is as follows:

	<u>Water Board</u>	<u>Civic Center</u>	<u>Total</u>
Balance June 30, 1994	\$ 53,140,849	4,217,997	57,358,846
Contributions in aid	791,913	-	791,913
Depreciation on contributed assets	-	(430,708)	(430,708)
Contribution from the City of Providence	<u>-</u>	<u>420,616</u>	<u>420,616</u>
Balance June 30, 1995	\$ <u>53,932,762</u>	<u>4,207,905</u>	<u>58,140,667</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(20) Joint Venture

The City participates in the Providence Cranston Job Training Partnership (PCJTP). This partnership was established to set up and operate a comprehensive employment and training service delivery system in accordance with the provisions of the Job Training Partnership Act of 1982.

Summary financial statements of the PCJTP as of June 30, 1995 are presented below:

Balance Sheet

Total assets	\$ <u>188,636</u>
Current liabilities	370,685
Fund equity	<u>(182,049)</u>
Total liabilities and fund equity	\$ <u>188,636</u>

Statement of Revenues and Expenses

Total revenues	\$ <u>3,379,359</u>
Total expenses	<u>3,561,408</u>
Excess expenses over revenues	\$ <u>(182,049)</u>

(21) Operating Transfers

<i>Purpose of Transfers</i>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary Fund</u>	<u>Expendable Trust</u>
School operations	\$ (62,593,370)	62,593,370	-	-	-
Revolving fund receipts	-	114,479	-	-	(114,479)
Revolving fund payments	1,260,000	(1,260,000)	-	-	-
Seizure funds	-	-	-	-	-
PPBA funds	-	(20,537)	20,537	-	-
Sale of real estate	1,162,372	-	-	-	(1,162,372)
Other revenue	2,490,000	(2,490,000)	-	-	-
Health Trust	(5,194,662)	(5,344,005)	-	(390,499)	10,929,166
Civic Center operations	(300,000)	-	-	-	-
Water fund	<u>(131)</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>-</u>
	\$ <u>(63,175,791)</u>	<u>53,593,307</u>	<u>20,537</u>	<u>(390,368)</u>	<u>9,652,315</u>

Operating transfers do not balance due to a \$300,000 transfer from the general fund to the Civic Center recorded as an addition to contributed capital.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

(22) Going Concern

The Civic Center Authority has incurred recurring losses from operations and resulting cash flow problems. These factors raise substantial doubt about the Authority's ability to continue as a going concern. The mayor and other members of management of the City of Providence have developed a plan to continue to support the Civic Center operations and are committed to implementing this plan. The significant elements of this plan are presented below:

1. Prior to completing the Providence Civic Center's Annual Operating Budget, the Director of the Providence Civic Center will meet with the Finance Director of the City of Providence to review progress and preliminary projections of the Civic Center's operating budget.
2. The final proposed budget for the Civic Center will be submitted to the Finance Director no later than April 1 in order that a provision for any unavailable projected shortfall be included in the operating budget of the City of Providence which is submitted to the City Council for approval.
3. The Director of the Civic Center will schedule quarterly meetings with the Director of Finance to review budget versus actual results and to discuss any actions necessary to stay within budget.
4. In an attempt to produce operating income, the following steps are being taken by the Board of the Providence Civic Center:
 - a. Continue to bring nationally recognized sporting events to the Providence Civic Center.
 - b. Recognize that the key is to bring in events that are profitable.
 - c. Reexamine current rental arrangement and develop a long range plan for renegotiating rental fees where applicable.
 - d. Keep a prudent watch on controllable labor costs and other variable expenses in traditional down periods in the arena business.

(23) Risk Management

The City is self insured in most areas of risk, subject to certain third-party "stop loss" coinsurance. Self insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims. The City's Counsel defends the City in any lawsuits that arise from the normal course of operations.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

The City's health insurance program, provides coverage to the City's employees and retirees through Healthmate and Blue Cross - Blue Shield of Rhode Island (BC/BS). In 1995, the City first went to a self insured program with BC/BS. BC/BS acts as a third party agent for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of the BC/BS plans are accounted for in a separate health claims expendable trust fund. Costs to the City are paid by all funds based on "working rates" established by Blue Cross.

Effective July 1, 1994, the City and its component units adopted the provisions of Governmental Accounting Standards Board Statement No. 10, which requires that liabilities for self insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. The City has established a liability based on historical trends of previous years, where available, and attorney's estimates of pending matters and lawsuits in which the City is involved. Changes in the self insurance liability for the fiscal year ended June 30, 1995 are as follows (in thousands):

	General Long-Term Obligations Account Group
Beginning of year	\$ 4,796
Incurred claims	25,997
Less: payments of claims attributable to events of both the current and prior fiscal years:	
Health and life	10,738
Workers' compensation	3,031
Court judgments	400
	<u>14,169</u>
End of year	\$ <u>16,624</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years.

(24) Subsequent Events

In July 1995, the Civic Center repaid the City for the note outstanding of \$400,000. As of February 1996, the City transferred \$600,000 in financial assistance to the Civic Center.

In January 1996, Rau Fastener was acquired and the remaining balance of the loan of \$1,965,000 was repaid in full to the Department of Planning and Development.

On April 11, 1996, the City agreed to pay the retroactive cost of living allowances to retirees pension plans. Accordingly, a liability for \$3 million has been recorded in the accompanying general purpose financial statements.

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

On March 1, 1996, the PPBA issued 1996 Series A Refunding Revenue bonds with rates between 3.5-5.4% and maturing on December 15, 2011 to advance refund \$22,295,000 1990 Series A Revenue Bonds and \$13,100,000 1991 Series Revenue Bonds. The net proceeds of the Refunding Bonds were used to invest in United States Government Obligations that were deposited with an escrow agent to provide for all future debt service payments on the Refunded issues. The escrow fund, including interest earnings is pledged solely for the benefit of the holder of those Refunded Bonds. As a result, the 1990 and 1991 Revenue Bonds are considered to be defeased "in substance" and the liability for those bonds will be removed from the general long-term obligations account group. The PPBA advance refunded the 1990 and 1991 bonds to reduce its total debt service payments over the next 15 years.

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet-Special Revenue Funds

June 30, 1995

<u>Assets</u>	<u>School Department</u>	<u>Department Planning and Development</u>	<u>Providence Redevelopment Agency</u>	<u>Economic Development Corporation</u>	<u>Revolving Fund</u>	<u>Providence Public Buildings Authority</u>	<u>Sewer Fund</u>	<u>Miscellaneous</u>	<u>Total</u>
Assets:									
Cash and cash equivalents	\$ 1,677,021	1,555,339	1,124,307	457,286	328,377		94,777	111,602	5,348,709
Investments	-	-	-	-	-	6,161,623	-	-	6,161,623
Accounts receivable	-	6,130	-	125	-	142,116	-	2,514,920	2,663,291
Due from:									
Other funds	5,657,750	157,638	-	82,352	39,426		-	102,702	6,039,868
Other governments	8,979,224	-	-	-	-		-	-	8,979,224
Loans receivable (net of allow- ance for uncollectible amounts)	-	10,596,801	-	7,530,837	-		-	-	18,127,638
Other assets	<u>644,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,554</u>
Total assets	\$ <u>16,958,549</u>	<u>12,315,908</u>	<u>1,124,307</u>	<u>8,070,600</u>	<u>367,803</u>	<u>6,303,739</u>	<u>94,777</u>	<u>2,729,224</u>	<u>47,964,907</u>
<u>Liabilities and Fund Balance (Deficit)</u>									
Liabilities:									
Accounts payable	9,052,017	52,890	-		44,715		-	63,967	9,213,589
Due to:									
Other funds	3,183,272	746,504	-		3,745		-	488,192	4,421,713
Other governments	-	-	-		-		-	-	-
Bonds, loans, and notes payable	-	16,497,995	-	1,010,000	-	1,025,000	-	-	18,532,995
Other liabilities	246,677	-	928,045	-	-	23,833	-	-	1,198,555
Deferred revenue	<u>2,222,392</u>	<u>-</u>	<u>-</u>	<u>79,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,527,558</u>	<u>4,829,336</u>
Total liabilities	<u>14,704,358</u>	<u>17,297,389</u>	<u>928,045</u>	<u>1,089,386</u>	<u>48,460</u>	<u>1,048,833</u>	<u>-</u>	<u>3,079,717</u>	<u>38,196,188</u>
Fund balance (deficit):									
Reserved	2,349,569	10,596,801	750,000	7,530,837	30,495	5,087,467	-	61,502	26,406,671
Unreserved	<u>(95,378)</u>	<u>(15,578,282)</u>	<u>(553,738)</u>	<u>(549,623)</u>	<u>288,848</u>	<u>167,439</u>	<u>94,777</u>	<u>(411,995)</u>	<u>(16,637,952)</u>
Total fund balance (deficit)	<u>2,254,191</u>	<u>(4,981,481)</u>	<u>196,262</u>	<u>6,981,214</u>	<u>319,343</u>	<u>5,254,906</u>	<u>94,777</u>	<u>(350,493)</u>	<u>9,768,719</u>
Total liabilities and fund balance	\$ <u>16,958,549</u>	<u>12,315,908</u>	<u>1,124,307</u>	<u>8,070,600</u>	<u>367,803</u>	<u>6,303,739</u>	<u>94,777</u>	<u>2,729,224</u>	<u>47,964,907</u>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)-Special Revenue Funds

	<u>School Department</u>	<u>Department Planning and Development</u>	<u>Providence Redevelopment Agency</u>	<u>Economic Development Corporation</u>	<u>Revolving Fund</u>	<u>Providence Public Buildings Authority</u>	<u>Sewer Fund</u>	<u>Miscellaneous</u>	<u>Total</u>
Revenues:									
Federal, state and local grants \$	106,340,971	7,516,296	127,501	1,186,567	-	-	-	2,893,477	118,064,812
Charges for services	-	-	-	33,242	-	-	-	-	33,242
Sale of real estate	-	-	232,410	-	-	-	-	-	232,410
Investment and rental income	-	1,330,089	16,020	486,102	-	5,220,666	3,064	-	7,055,941
Other income	<u>743,407</u>	<u>-</u>	<u>5,421</u>	<u>1,027</u>	<u>1,682,560</u>	<u>-</u>	<u>-</u>	<u>2,694,040</u>	<u>5,126,455</u>
Total revenue	<u>107,084,378</u>	<u>8,846,385</u>	<u>381,352</u>	<u>1,706,938</u>	<u>1,682,560</u>	<u>5,220,666</u>	<u>3,064</u>	<u>5,587,517</u>	<u>130,512,860</u>
Expenditures:									
Personnel services	98,212,468	-	-	-	103,106	-	-	1,600,275	99,915,849
Employee benefits	27,503,423	-	-	-	20,618	-	-	240,027	27,764,068
Miscellaneous services	1,528,328	-	-	-	-	-	-	1,437,005	2,965,333
Other supplies	1,137,280	-	-	-	26,119	-	-	71,927	1,235,326
Equipment	1,694,115	-	-	-	82,088	-	-	2,751	1,778,954
Other services	7,886,092	-	-	-	285,377	-	-	281	8,171,750
Securities	495,018	-	-	-	-	-	-	-	495,018
Plant maintenance	237,885	-	-	-	-	-	-	-	237,885
Transportation	4,905,951	-	-	-	-	-	-	6,670	4,912,621
Rentals	6,571,836	-	-	-	-	-	-	20,576	6,592,412
Repairs	1,262,760	-	-	-	11,019	-	-	-	1,273,779
School activities	62,572	-	-	-	-	-	-	-	62,572
Office supplies	147,825	-	-	-	-	-	-	8,841	156,666
Education supplies	1,332,614	-	-	-	-	-	-	-	1,332,614
Housekeeping supplies	208,131	-	-	-	-	-	-	-	208,131
Textbooks	896,924	-	-	-	-	-	-	-	896,924
Tuition payments	4,331,325	-	-	-	-	-	-	-	4,331,325
Utilities and fuel	3,890,752	-	-	-	-	-	-	-	3,890,752
Debt service	-	-	-	-	-	6,019,533	-	-	6,019,533
Other	<u>-</u>	<u>11,774,911</u>	<u>642,211</u>	<u>470,626</u>	<u>69,709</u>	<u>208,739</u>	<u>-</u>	<u>-</u>	<u>13,166,196</u>
Total expenditures	<u>162,305,299</u>	<u>11,774,911</u>	<u>642,211</u>	<u>470,626</u>	<u>598,036</u>	<u>6,228,272</u>	<u>-</u>	<u>3,388,353</u>	<u>185,407,708</u>
Excess (deficiency) of revenue over expenditures	(55,220,921)	(2,928,526)	(260,859)	1,236,312	1,084,524	(1,007,606)	3,064	2,199,164	(54,894,848)

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance (Deficit)-Special Revenue Funds (continued)

	<u>School Department</u>	<u>Department Planning and Development</u>	<u>Providence Redevelopment Agency</u>	<u>Economic Development Corporation</u>	<u>Revolving Fund</u>	<u>Providence Public Building Authority</u>	<u>Sewer Fund</u>	<u>Miscellaneous</u>	<u>Total</u>
Other financing sources (uses):									
Bond proceeds	\$ -	-	7,427,030	-	-	2,035,000	-	-	9,462,030
Transfer from (to) other funds	<u>57,262,941</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>(1,171,406)</u>	<u>(20,537)</u>	<u>-</u>	<u>(2,477,691)</u>	<u>53,593,307</u>
Total other financing sources (uses)	<u>57,262,941</u>	<u>(10,000)</u>	<u>7,427,030</u>	<u>10,000</u>	<u>(1,171,406)</u>	<u>2,014,463</u>	<u>-</u>	<u>(2,477,691)</u>	<u>63,055,337</u>
Revenues over (under) expenditures and other financing sources (uses)	2,042,020	(2,938,526)	7,166,171	1,246,312	(86,882)	1,006,857	3,064	(278,527)	8,160,489
Fund balance (deficit) at beginning of year	<u>212,171</u>	<u>(2,042,955)</u>	<u>(6,969,909)</u>	<u>5,734,902</u>	<u>406,225</u>	<u>4,248,049</u>	<u>91,713</u>	<u>(71,966)</u>	<u>1,608,230</u>
Fund balance (deficit) at end of year	\$ <u>2,254,191</u>	<u>(4,981,481)</u>	<u>196,262</u>	<u>6,981,214</u>	<u>319,343</u>	<u>5,254,906</u>	<u>94,777</u>	<u>(350,493)</u>	<u>9,768,719</u>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet - All Enterprise Funds

June 30, 1995

<u>Asset</u>	<u>Water Supply Board</u>	<u>Civic Center Authority</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 936,154	287,788	1,223,942
Restricted assets	3,200,801	1,267	3,202,068
Accounts receivable	3,036,274	175,094	3,211,368
Unbilled accounts receivable	4,413,556	-	4,413,556
Prepaid expenses	855,809	80,513	936,322
Inventory	665,590	-	665,590
Total current assets	<u>13,108,184</u>	<u>544,662</u>	<u>13,652,846</u>
Property, plant and equipment:			
Land	7,876,901	-	7,876,901
Building and improvements	124,752,115	16,668,770	141,420,885
Furnishings and equipment	6,080,477	2,333,073	8,413,550
	138,709,493	19,001,843	157,711,336
Less accumulated depreciation and amortization	32,987,814	13,162,750	46,150,564
Net property, plant and equipment	<u>105,721,679</u>	<u>5,839,093</u>	<u>111,560,772</u>
Total assets	\$ <u>118,829,863</u>	<u>6,383,755</u>	<u>125,213,618</u>
<u>Liabilities and Fund Equity</u>			
Current liabilities:			
Accounts payable	2,150,645	-	2,150,645
Accrued expenses	1,949,862	875,848	2,825,710
Advance sales receipts and promoter deposits	-	158,068	158,068
Due to City of Providence	1,207,237	471,145	1,678,382
Note payable to City of Providence	3,248,552	400,000	3,648,552
Deferred revenue	78,884	473,307	552,191
Current installment under capitalized lease obligation	777,272	319,810	1,097,082
Current portion of bonds payable	1,804,950	250,000	2,054,950
Liabilities payable from restricted assets	622,009	-	622,009
Total current liabilities	<u>11,839,411</u>	<u>2,948,178</u>	<u>14,787,589</u>
Capitalized lease obligations	11,456,001	812,200	12,268,201
Long-term bonds payable	25,782,900	-	25,782,900
Total liabilities	<u>49,078,312</u>	<u>3,760,378</u>	<u>52,838,690</u>
Fund equity:			
Contributed capital	53,932,762	4,207,905	58,140,667
Reserved retained earnings	2,578,792	-	2,578,792
Unreserved retained earnings (deficit)	13,239,997	(1,584,528)	11,655,469
Total fund equity	<u>69,751,551</u>	<u>2,623,377</u>	<u>72,374,928</u>
Total liabilities and fund equity	\$ <u>118,829,863</u>	<u>6,383,755</u>	<u>125,213,618</u>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) - All Enterprise Funds

Year ended June 30, 1995

	Water Supply Board	Civic Center Authority	Total
Operating revenues:			
Arena rent and concession income	\$ -	2,779,826	2,779,826
Water sales	21,375,086	-	21,375,086
Reimbursements by promoters	-	708,576	708,576
Maintenance and other charges	514,897	-	514,897
Other	-	459,040	459,040
Total revenues	<u>21,889,983</u>	<u>3,947,442</u>	<u>25,837,425</u>
Operating expenses:			
Wages and benefits	-	2,914,688	2,914,688
Operations	4,166,959	425,710	4,592,669
Charges by other City departments	680,277	-	680,277
Administrative and general	8,359,044	653,779	9,012,823
Bad debts - net of recoveries	829,815	-	829,815
Property taxes - other local governments	3,587,995	-	3,587,995
Depreciation	1,762,994	752,272	2,515,266
Other	-	458,604	458,604
Total expenses	<u>19,387,084</u>	<u>5,205,053</u>	<u>24,592,137</u>
Operating income (loss)	<u>2,502,899</u>	<u>(1,257,611)</u>	<u>1,245,288</u>
Nonoperating revenues (expenses):			
Payment received from Rhode Island Convention Center	-	200,000	200,000
Water quality protection charge	2,171,210	-	2,171,210
City surcharge revenue	1,319,047	-	1,319,047
Water quality protection expense	(1,544,509)	-	(1,544,509)
Net interest expense	(798,818)	(58,589)	(857,407)
Interest income	696,106	-	696,106
	<u>1,843,036</u>	<u>141,411</u>	<u>1,984,447</u>
Net income (loss) before transfers and depreciation add back	4,345,935	(1,116,200)	3,229,735
Transfers (to) from other funds	(274,754)	(115,614)	(390,368)
Depreciation on contributed fixed assets	-	430,708	430,708
	<u>(274,754)</u>	<u>315,094</u>	<u>40,340</u>
Increase (decrease) in retained earnings	4,071,181	(801,106)	3,270,075
Retained earnings (deficit) at beginning of year	<u>11,747,608</u>	<u>(783,422)</u>	<u>10,964,186</u>
Retained earnings (deficit) at end of year	\$ <u>15,818,789</u>	<u>(1,584,528)</u>	<u>14,234,261</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Cash Flows - All Enterprise Funds

Year ended June 30, 1995

	Water Supply Board	Civic Center Authority	Total
Operating activities:			
Operating income (loss)	\$ 2,502,899	(1,257,611)	1,245,288
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,762,994	752,272	2,515,266
Provision for losses on accounts receivable	829,815	-	829,815
Deferred credits	(216,051)	151,953	(64,098)
Increase (decrease) in cash arising from:			
Accounts receivable	(1,051,679)	42,394	(1,009,285)
Accounts receivable - unbilled	(2,134,903)	-	(2,134,903)
Inventory	32,601	-	32,601
Other current assets	(855,809)	4,514	(851,295)
Accrued expenses and accounts payable	(52,106)	389,935	337,829
Advance sales receipts and promoter deposits	-	86,080	86,080
Due to Water Resources Board	(1,341,125)	-	(1,341,125)
Net cash (used in) provided by operating activities	<u>(523,364)</u>	<u>169,537</u>	<u>(353,827)</u>
Noncapital financing activities:			
Payments to other funds	-	(115,614)	(115,614)
Payments received from Convention Center	-	200,000	200,000
Net borrowings from City of Providence	1,425,037	-	1,425,037
Contributions from the City of Providence	-	420,616	420,616
Net cash provided by noncapital financing activities	<u>1,425,037</u>	<u>505,002</u>	<u>1,930,039</u>
Capital and related financing activities:			
Capital expenditures	(19,569,916)	(397,444)	(19,967,360)
Payment of obligations under capital lease	(549,561)	(256,705)	(806,266)
Payment of principal on general obligation and revenue bonds	(782,400)	-	(782,400)
Proceeds from revenue bonds	16,000,000	-	16,000,000
Interest on general obligation and revenue bonds and capital leases	(1,066,202)	-	(1,066,202)
Water quality protection receipts	1,882,747	-	1,882,747
Water quality protection disbursements	(951,808)	-	(951,808)
City surcharge revenues	1,319,047	-	1,319,047
Interest expense under lease purchase expansion project	-	(71,503)	(71,503)
Net cash used in capital and related financing activities	<u>(3,718,093)</u>	<u>(725,652)</u>	<u>(4,443,745)</u>
Investing activities:			
Purchase of investments	(38,000)		(38,000)
Interest on investments	696,106	12,914	709,020
Net cash provided by investing activities	<u>658,106</u>	<u>12,914</u>	<u>671,020</u>
Net (decrease) in cash and cash equivalents	(2,158,314)	(38,199)	(2,196,513)
Cash and cash equivalents at beginning of year	<u>3,953,804</u>	<u>325,987</u>	<u>4,279,791</u>
Cash and cash equivalents at end of year	\$ <u>1,795,490</u>	<u>287,788</u>	<u>2,083,278</u>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet - Fiduciary Funds June 30, 1995

<u>Assets</u>	<u>Trust Funds</u>			<u>Agency Funds</u>			<u>Total</u>
	<u>Expendable</u>	<u>Non-Expendable</u>	<u>Retirement System</u>	<u>Probate Court</u>	<u>Deferred Compensation Plans</u>	<u>Other Agency Funds</u>	
Cash (overdrafts) and cash equivalents	\$ 2,447,291	17,546	800,135	307,128	-	(71,029)	3,501,071
Investments	6,447,200	231,459	211,297,316	-	12,355,915	-	230,331,890
Due from:							
Other funds	1,015,187	-	22,769,654	-	-	342,514	24,127,355
Other governments	121,487	-	-	-	-	-	121,487
Loans receivable	-	-	11,471,533	-	-	-	11,471,533
Other assets	<u>38,726</u>	<u>46,702</u>	<u>1,328,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,414,396</u>
Total assets	\$ <u>10,069,891</u>	<u>295,707</u>	<u>247,667,606</u>	<u>307,128</u>	<u>12,355,915</u>	<u>271,485</u>	<u>270,967,732</u>
 <u>Liabilities and Fund Balances</u>							
Accounts payable	57,465	-	135,410	-	-	197,801	390,676
Accrued expenditures	746,563	-	-	-	-	-	746,563
Amounts held for others	14,707	-	-	307,128	12,355,915	-	12,677,750
Due to other funds	36,006	-	-	-	-	73,684	109,690
Deferred revenues	<u>-</u>	<u>-</u>	<u>9,773,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,773,579</u>
Total liabilities	<u>854,741</u>	<u>-</u>	<u>9,908,989</u>	<u>307,128</u>	<u>12,355,915</u>	<u>271,485</u>	<u>23,698,258</u>
Fund balance:							
Reserved	894,332	295,707	237,758,617	-	-	-	238,948,656
Undesignated	<u>8,320,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,320,818</u>
	<u>9,215,150</u>	<u>295,707</u>	<u>237,758,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,269,474</u>
Total liabilities and fund balance	\$ <u>10,069,891</u>	<u>295,707</u>	<u>247,667,606</u>	<u>307,128</u>	<u>12,355,915</u>	<u>271,485</u>	<u>270,967,732</u>

OTHER FINANCIAL INFORMATION

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplemental Information - Historical Trend Information

Year ended June 30, 1995

(dollar amounts in thousands)

	Fiscal Year Ended June 30,			
	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
Net assets available for benefits, at cost	\$ 231,295	212,282	212,275	193,590
Pension benefit obligation	564,617	616,875	566,199	425,616
Net assets available for benefits as a percentage of pension benefit obligation	40.9%	34.4%	37.5%	45.5%
Unfunded pension benefit obligation	333,322	404,593	353,924	232,026
Annual covered payroll	84,176	78,200	74,763	72,817
Unfunded pension benefit obligation as a percentage of annual covered payroll	396%	517%	473%	319%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of statewide progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the System.

CITY OF PROVIDENCE, RHODE ISLAND

Employee Retirement System

Required Supplemental Information - Revenues by Source and Expenses by Type

Year ended June 30, 1995

(amounts in thousands)

<u>Fiscal Year</u>	<u>Revenues by Source</u>			<u>Total</u>
	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Investment Income</u>	
1995	\$ 10,975	7,543	25,053	43,571
1994	18,202	6,131	30,203	54,536
1993	16,836	5,804	12,368	35,008
1992	15,086	5,681	28,425	49,192
1991	12,185	5,875	19,424	37,484
1990	11,890	5,053	15,744	32,687
1989	10,181	4,580	16,101	30,862
1988	10,519	4,300	14,522	29,341
1987	11,494	4,104	13,847	29,445
1986	11,503	4,048	13,489	29,040
1985	11,050	3,944	10,550	25,544
1984	12,196	3,854	10,312	26,362

<u>Fiscal Year</u>	<u>Expenses by Type</u>			<u>Total</u>
	<u>Administrative Benefits</u>	<u>Expenses</u>	<u>Refunds</u>	
1995	\$ 36,642	-	-	36,642
1994	35,989	-	-	35,989
1993	35,001	-	-	35,001
1992	31,003	-	-	31,003
1991	26,108	-	-	26,108
1990	21,845	-	-	21,845
1989	21,647	-	-	21,647
1988	20,067	-	-	20,067
1987	18,567	-	-	18,567
1986	19,930	-	481	20,411
1985	13,687	-	284	13,971
1984	15,472	-	186	15,658

Contributions were made in accordance with actuarially determined contribution requirements.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Expenditures and Transfers - Budget and Actual -- General Fund

Year ended June 30, 1995

<u>Expenditures and Transfers</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:					
Mayor's Office	\$ 852,489	-	852,489	785,204	67,285
City Council	454,970	-	454,970	393,757	61,213
City Clerk	306,929	-	306,929	311,096	(4,167)
City Sergeant	32,685	-	32,685	32,334	351
Law Department	2,022,926	-	2,022,926	2,404,138	(381,212)
Providence Municipal Court	413,888	-	413,888	423,039	(9,151)
Probate Court	195,201	-	195,201	219,793	(24,592)
Contingencies	50,000	-	50,000	33,582	16,418
Housing Court	<u>208,347</u>	<u>-</u>	<u>208,347</u>	<u>186,018</u>	<u>22,329</u>
	<u>4,537,435</u>	<u>-</u>	<u>4,537,435</u>	<u>4,788,961</u>	<u>(251,526)</u>
Finance Administration:					
Finance Director	180,179	-	180,179	175,756	4,423
City Controller	702,797	-	702,797	557,297	145,500
Employees' Retirement Office	533,708	-	533,708	480,445	53,263
Data Processing	1,380,727	-	1,380,727	1,389,873	(9,146)
City Collector	1,409,379	-	1,409,379	1,741,457	(332,078)
City Assessor	877,133	-	877,133	833,088	44,045
Treasury Department	200,497	-	200,497	202,729	(2,232)
Personnel	427,624	-	427,624	393,239	34,385
Heat, light and power	2,650,000	-	2,650,000	2,637,230	12,770
Payment to Employees' Retirement System	8,982,257	-	8,982,257	8,169,534	812,723
Elected officials	108,000	-	108,000	104,225	3,775
Police pensions	86,655	-	86,655	65,993	20,662
Fire pensions	101,228	-	101,228	73,494	27,734
Laborers International legal fee	550,000	-	550,000	398,627	151,373
Payment to Laborers Internat'l Pension Fund	1,175,000	-	1,175,000	1,097,534	77,466
Public employees health services	110,000	-	110,000	154,034	(44,034)
Debt service	15,041,559	-	15,041,559	14,927,919	113,640
Interest on bonded debt	7,668,646	-	7,668,646	7,360,876	307,770
FICA	2,415,000	-	2,415,000	2,514,702	(99,702)
Medical insurance	14,350,000	-	14,350,000	8,128,444	6,221,556
Workers' compensation	1,400,000	-	1,400,000	944,657	455,343
Unemployment compensation	98,000	-	98,000	101,012	(3,012)
Reserve for anticipated tax abatements	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>477,196</u>	<u>(27,196)</u>
	<u>60,898,389</u>	<u>-</u>	<u>60,898,389</u>	<u>52,929,361</u>	<u>7,969,028</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Expenditures and Transfers - Budget and Actual -- General Fund

Year ended June 30, 1995

<u>Expenditures and Transfers</u>	<u>Budget</u>	<u>Transfers Increase (Decrease)</u>	<u>Revised Budget</u>	<u>Actual Expenditures</u>	<u>Actual (Over) Under Budget</u>
Public Safety:					
Commissioner of Public Safety	\$ 258,076	-	258,076	355,972	(97,896)
Police Department	25,579,069	-	25,579,069	27,261,275	(1,682,206)
Fire Department	26,859,392	-	26,859,392	28,757,746	(1,898,354)
Department of Communication	3,739,023	-	3,739,023	3,869,843	(130,820)
Traffic Engineering Department	803,249	-	803,249	864,592	(61,343)
	<u>57,238,809</u>	<u>-</u>	<u>57,238,809</u>	<u>61,109,428</u>	<u>(3,870,619)</u>
Building Inspection Department:					
Building Inspection Administration	811,503	-	811,503	775,964	35,539
Structures and Zoning Division	406,910	-	406,910	364,967	41,943
Plumbing, Drainage and Gas Piping Division	95,335	-	95,335	88,118	7,217
Electrical Installations Division	159,151	-	159,151	131,478	6,405
Mechanical Equip. and Install. Div.	137,883	-	137,883	129,969	7,914
Zoning Board of Review	36,700	-	36,700	33,548	3,152
Building Board of Review	13,000	-	13,000	12,947	53
Housing Board of Review	3,150	-	3,150	2,815	335
Building Inspection Code Enforcement	358,970	-	358,970	310,857	48,113
Building Inspection Prosecution	161,768	-	161,768	162,066	(298)
Utilities and standards	74,519	-	74,519	74,172	347
	<u>2,258,889</u>	<u>-</u>	<u>2,258,889</u>	<u>2,073,871</u>	<u>185,018</u>
Public Works Activities:					
Public Works Administration	484,039	-	484,039	561,268	(77,229)
Engineering and Sanitation	295,721	-	295,721	273,673	22,048
Environment Control	5,853,048	-	5,853,048	5,244,853	608,195
Highway	1,868,207	-	1,868,207	1,764,996	103,211
Bridge Maintenance Section	201,041	-	201,041	186,458	14,583
Snow Removal	650,000	-	650,000	269,349	380,651
Sewer Construction and Maintenance	563,603	-	563,603	653,325	(89,722)
Garage Maintenance and Equipment Repair	226,103	-	226,103	194,372	31,731
	<u>10,141,762</u>	<u>-</u>	<u>10,141,762</u>	<u>9,148,294</u>	<u>993,468</u>
Recreation Activities:					
Recreation Department	637,679	-	637,679	654,117	(16,438)
Recreation - seasonal	390,000	-	390,000	415,601	(25,601)
	<u>1,027,679</u>	<u>-</u>	<u>1,027,679</u>	<u>1,069,718</u>	<u>(42,039)</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Expenditures and Transfers - Budget and Actual -- General Fund

Year ended June 30, 1995

<u>Expenditures and Transfers</u>	<u>Budget</u>	<u>Transfers Increase (Decrease)</u>	<u>Revised Budget</u>	<u>Actual Expenditures</u>	<u>Actual (Over) Under Budget</u>
Public Lands and Parks:					
Grounds maintenance services	\$ 3,044,510	-	3,044,510	2,968,583	75,927
Zoological services	1,294,537	-	1,294,537	1,355,328	(60,791)
Park Environmental Services	482,452	-	482,452	492,397	(9,945)
Park Programming	372,277	-	372,277	330,125	42,152
Superintendent of Parks	657,583	-	657,583	521,205	136,378
North Burial Grounds	<u>311,578</u>	<u>-</u>	<u>311,578</u>	<u>343,020</u>	<u>(31,442)</u>
	<u>6,162,937</u>	<u>-</u>	<u>6,162,937</u>	<u>6,010,658</u>	<u>152,279</u>
Other Departments:					
Recorder of Deeds	343,998	-	343,998	321,417	22,581
Vital Statistics	152,494	-	152,494	143,524	8,970
Board of Canvassers	535,802	-	535,802	543,283	(7,481)
Bureau of Licenses	273,197	-	273,197	241,462	31,735
Human Relations	201,153	-	201,153	188,290	12,863
Civil Defense Preparedness	137,611	-	137,611	139,871	(2,260)
Planning and Urban Development	1,658,592	-	1,658,592	1,616,357	42,235
Administration to City Council	253,588	-	253,588	186,760	66,828
Providence Review Commission	19,650	-	19,650	19,755	(105)
Archives	82,046	-	82,046	74,768	7,278
Department of Human services	<u>100,263</u>	<u>-</u>	<u>100,263</u>	<u>96,143</u>	<u>4,120</u>
	<u>3,758,394</u>	<u>-</u>	<u>3,758,394</u>	<u>3,571,630</u>	<u>186,764</u>
Welfare Activities:					
General Public Assistance	<u>390,200</u>	<u>-</u>	<u>390,200</u>	<u>291,633</u>	<u>98,567</u>
	<u>390,200</u>	<u>-</u>	<u>390,200</u>	<u>291,633</u>	<u>98,567</u>
Commissions:					
Providence Public Library	2,322,000	-	2,322,000	2,321,540	460
Providence Center	270,000	-	270,000	270,000	-
Capital Center	50,000	-	50,000	50,000	0
Rhode Island Historical Society	10,000	-	10,000	10,000	-
Providence Place Comm.	175,000	-	175,000	175,000	0
Gun Court	250,000	-	250,000	200,000	50,000
Other	<u>2,600</u>	<u>-</u>	<u>2,600</u>	<u>230</u>	<u>2,370</u>
	<u>3,079,600</u>	<u>-</u>	<u>3,079,600</u>	<u>3,026,770</u>	<u>52,830</u>

(Continued)

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Expenditures and Transfers - Budget and Actual -- General Fund

Year ended June 30, 1995

<u>Expenditures and Transfers</u>	<u>Budget</u>	<u>Transfers Increase (Decrease)</u>	<u>Revised Budget</u>	<u>Actual Expenditures</u>	<u>Actual (Over) Under Budget</u>
Public properties	\$ 3,119,221	-	3,119,221	3,356,316	(237,095)
Purchasing	336,965	-	336,965	332,217	4,748
Municipal Docks	525,961	-	525,961	268,556	257,405
Public celebrations	9,700	-	9,700	4,569	5,131
Miscellaneous entities:					
Civic Center	-	-	-	200,000	(200,000)
Providence Housing Authority	50,000	-	50,000	46,421	3,579
League of Cities	7,000	-	7,000	6,098	902
	57,000	-	57,000	252,519	(195,519)
Education:					
Transfer to school department	64,574,392	-	64,574,392	62,593,370	1,981,022
Transfer to health trust fund	-	-	-	5,194,662	(5,194,662)
Transfer to Civic Center	300,000	-	300,000	300,000	-
Other transfers, net	15,000	-	15,000	15,131	(1,131)
Attrition credit	(2,000,000)	-	(2,000,000)	-	(2,000,000)
	62,889,392	-	62,889,392	68,103,163	(5,213,771)
Total expenditures	\$ 216,432,333	-	216,432,333	216,337,664	94,669

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Long-Term Bonds Payable

June 30, 1995

<u>Long-term Debt Account Group</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Issued</u>	<u>Outstanding</u>
General Obligation:					
Public Improvement Bonds	4.75-6.00%	5/01/79	7/1/99	\$ 15,000,000	\$ 3,750,000
Refunding Bonds 1991	4.7-6.2%	9/01/91	9/1/99	30,750,000	21,050,000
Refunding Bonds 1992	5.00-5.80%	8/01/92	8/01/06	28,615,000	23,850,000
Old Harbor Tax Increment Bonds	5.50-8.50%	8/15/86	8/15/01	<u>2,100,000</u>	<u>-</u>
				<u>76,465,000</u>	<u>48,650,000</u>
Schools:					
School Bonds 1991	6.2-8.625%	1/15/91	1/15/11	15,850,000	12,674,824
School Bonds 1993	5.25-8.25%	1/15/93	1/15/13	<u>35,150,000</u>	<u>31,630,000</u>
				<u>51,000,000</u>	<u>44,304,824</u>
Preserving Open Space Bonds	6.2-8.625%	1/15/91	1/15/11	<u>15,000,000</u>	<u>11,995,146</u>
Providence Redevelopment Agency:					
Series A	9.2%-9.4%	11/15/94	11/15/01	3,575,000	3,570,000
Series B	9.2%-9.4%	11/15/94	11/15/01	<u>3,930,000</u>	<u>3,930,000</u>
				<u>7,505,000</u>	<u>7,500,000</u>
Special Obligation Tax Increment Bonds:					
Series A	5.7%-7.65%	2/15/95	6/1/16	13,260,000	13,260,000
Series B	8.95%	3/8/95	6/1/07	10,435,000	10,435,000
Series C	7.50%	3/8/95	6/1/10	<u>2,805,000</u>	<u>2,805,000</u>
				<u>26,500,000</u>	<u>26,500,000</u>
Providence Public Buildings Authority:					
General Revenue Bond	5.80-7.25%	12/15/90	12/15/11	13,599,950	12,087,150
General Revenue Bond	5.80-7.25%	12/15/90	12/15/11	14,105,000	12,605,000
General Revenue Bond	7.3-7.75%	12/1/91	12/15/11	13,100,000	12,340,000
General Revenue Bond	5%	12/15/92	12/15/97	4,235,000	3,865,000
General Revenue Bond	7%	6/15/95	12/15/14	<u>7,500,000</u>	<u>7,500,000</u>
				<u>52,539,950</u>	<u>48,397,150</u>
Total long-term debt account group				<u>\$229,009,950</u>	<u>\$ 187,347,120</u>
<u>Proprietary funds</u>					
Water Bonds of 1971	5.09-6.00%	06/01/71	6/01/01	11,000,000	3,860,000
General Revenue Bond - PPBA	5.80-7.25%	12/15/90	12/15/10	8,695,050	7,727,850
General Revenue Bond - PPBA	5.10-7.50%	3/1/95	12/15/99	4,000,000	4,000,000
General Revenue Bond	6.00%	12/1/95	1/1/05	<u>12,000,000</u>	<u>12,000,000</u>
				<u>\$ 35,695,050</u>	<u>\$ 27,587,850</u>
Grand totals				<u>\$264,705,000</u>	<u>\$ 214,934,970</u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Property Taxes Receivable

June 30, 1995

<u>Amount Receivable Year of Assessment</u>	
1994	\$ 16,132,542
1993	8,541,047
1992	6,559,346
1991	6,086,793
1990	4,753,703
1989	3,519,358
1988	2,851,690
1987	2,515,646
1986	2,247,972
1985	2,125,053
1984	2,008,344
1983	1,427,126
1982	65,816
1981	52,046
1980	39,801
1979	37,161
1978	33,313
1977	25,152
1976 and prior	<u>136,523</u>
Total taxes	59,158,432
Less allowance for estimated uncollectible amounts	<u>35,045,043</u>
Net property taxes receivable	\$ <u><u>24,113,389</u></u>