



CITY OF PROVIDENCE, RHODE ISLAND

**General Purpose Financial Statements and
Required Supplementary and Other Financial Information**

Year ended June 30, 1999

(With Independent Auditors' Report Thereon)

Michael R. Clement
CITY COUNCIL
FEB 17 2000
READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
CLERK

CITY OF PROVIDENCE, RHODE ISLAND

Table of Contents

	Page
Independent Auditors' Report	1 - 2
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and School Fund	6
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	7
Statement of Changes in Plan Net Assets - Pension Trust Fund	8
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	9
Notes to General Purpose Financial Statements	10 - 34
Required Supplementary Information:	
Year 2000	35
Employee's Retirement System	36
Combining Fund Financial Statements:	
Special Revenue Funds:	
Combining Balance Sheet	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	38 - 39
Enterprise Funds:	
Combining Balance Sheet	40
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)	41
Combining Statement of Cash Flows	42

CITY OF PROVIDENCE, RHODE ISLAND

Table of Contents (Continued)

	Page
Fiduciary Funds:	
Combining Balance Sheet	43
Other Financial Information:	
Schedule of Expenditures and Transfers - Budget and Actual - General Fund	44 - 46
Schedule of Long-Term Bonds and Notes Payable	47
Schedule of Property Taxes Receivable	48



600 Fleet Center
50 Kennedy Plaza
Providence, RI 02903-9605

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 (the "City"), as of and for the year ended June 30, 1999, 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	19%	4%
Capital Projects	19%	27%
General Fixed Assets	37%	—
General Long-term Obligations	26%	—

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, 1999, 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.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is
a member of KPMG International, a Swiss association.



In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 31, 1999 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

The schedules of funding progress and employer contributions and the year 2000 information on pages 34 and 33, respectively, are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules of funding progress and employer contributions certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules. We were unable to apply certain of these limited procedures to the year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the City is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

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.

During the year ended June 30, 1999, the City adopted Governmental Accounting Standards Board Statements No. 32, *Accounting and Financial Reporting for Internal Revenue Code, Section 457, Deferred Compensation Plans*.

The accompanying financial statements and supplementary financial information have been prepared assuming that the Providence Civic Center Authority will continue as a going concern. As discussed in note 1 to the financial statements, the Authority has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. The financial statements and supplementary financial information did not include any adjustments that might result from the outcome of this uncertainty.

KPMG LLP

December 31, 1999

CITY OF PROVIDENCE, RHODE ISLAND

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1999
(in thousands)

Assets	Governmental fund types			Proprietary fund types		Fiduciary fund types	Account groups		Total (memorandum only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	General	
							Long-term Obligations	Fixed Assets	
Cash and cash equivalents (note 16)	\$ 10,774	23,787	26,116	436	814	7,770	—	—	69,697
Restricted assets (note 11)									
Cash and cash equivalents (note 16)	—	22	—	378	—	—	—	—	400
Other assets	—	—	—	6,882	—	—	—	—	6,882
Investments (note 16)	—	8,229	1	—	—	317,074	—	—	325,304
Receivables:									
Taxes (net of allowances for uncollectible amounts of \$35,045)	57,056	—	—	—	—	—	—	—	57,056
Unbilled water charges	—	—	—	3,802	—	—	—	—	3,802
Other (net of allowance for uncollectible amounts)	903	4,571	—	7,904	—	—	—	—	13,378
Due from:									
Other funds (note 6)	4,966	10,558	729	186	3,381	18,669	—	—	38,489
Other governments	20,300	4,126	—	—	131	—	—	—	24,557
Notes due from Water Supply Board (note 18)	403	—	—	—	—	—	—	—	403
Loans receivable, net (note 7)	—	19,342	—	—	—	16,761	—	—	36,103
Inventory	—	—	—	406	—	—	—	—	406
Property, plant and equipment (net of accumulated depreciation) (note 5)	—	—	—	140,257	—	—	—	313,035	453,292
Amount to be provided for retirement of long-term obligations	—	—	—	—	—	—	360,050	—	360,050
Other assets	1,000	1,116	—	471	1	12,180	—	—	14,768
	\$ 95,402	71,751	26,846	160,722	4,327	372,454	360,050	313,035	1,404,587

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1999
(in thousands)

	Governmental fund types			Proprietary fund types		Fiduciary fund types	Account groups		Total (memorandum only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Long-term Obligations	General Fixed Assets	
Liabilities and Fund Equity									
Liabilities:									
Bank overdraft	\$ —	2,345	—	2,381	—	—	—	—	4,726
Accounts payable	3,702	6,603	909	4,830	695	237	—	—	16,976
Accrued expenditures	7,707	—	705	—	—	4	—	—	8,416
Accrued legal contingencies	467	—	—	—	—	—	—	—	467
Amounts held for others	—	—	—	863	—	459	—	—	1,322
Liabilities payable from restricted assets (note 11)	—	—	—	1,232	—	—	—	—	1,232
Due to:									
Other funds (note 6)	23,479	10,607	2	2,843	—	1,558	—	—	38,489
Other governments	25	259	—	—	—	11	—	—	295
Interfund note payable	—	—	—	403	—	—	—	—	403
Deferred revenues	54,376	8,380	729	1,086	—	7,672	—	—	72,243
Bonds, loans and notes payable (note 8)	—	8,022	—	22,396	—	—	259,182	—	289,600
Unpaid pension contributions	—	—	—	—	—	—	43,794	—	43,794
Other liabilities	—	2,631	—	5,567	6,981	—	29,021	—	44,200
Obligation under capital leases (notes 9)	—	—	—	11,811	—	—	28,053	—	39,864
	<u>89,756</u>	<u>38,847</u>	<u>2,345</u>	<u>53,412</u>	<u>7,676</u>	<u>9,941</u>	<u>360,050</u>	<u>—</u>	<u>562,027</u>
Fund equity:									
Investment in general fixed assets	—	—	—	—	—	—	—	313,035	313,035
Contributed capital (note 19)	—	—	—	62,961	—	—	—	—	62,961
Retained earnings:									
Reserved	—	—	—	3,639	—	—	—	—	3,639
Unreserved	—	—	—	40,710	—	—	—	—	40,710
Fund balance (deficit) (note 12):									
Reserved	403	33,848	—	—	—	345,528	—	—	379,779
Unreserved:									
Undesignated	5,243	(944)	24,501	—	(3,349)	16,985	—	—	42,436
Total fund equity and other credits	<u>5,646</u>	<u>32,904</u>	<u>24,501</u>	<u>107,310</u>	<u>(3,349)</u>	<u>362,513</u>	<u>—</u>	<u>313,035</u>	<u>842,560</u>
Commitments and contingent liabilities (note 13, 15 and 22)									
	<u>\$ 95,402</u>	<u>71,751</u>	<u>26,846</u>	<u>160,722</u>	<u>4,327</u>	<u>372,454</u>	<u>360,050</u>	<u>313,035</u>	<u>1,404,587</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, 1999
(in thousands)

	Governmental fund types			Fiduciary fund types	Total
	General	Special Revenue	Capital Projects	Expendable Trusts	(memorandum only)
Revenues:					
Taxes (note 3)	\$ 192,301	—	—	—	192,301
Departmental revenue	3,629	—	—	27	3,656
Federal and state grants and reimbursements	32,738	168,212	615	—	201,565
Sale of real estate	—	555	—	3,500	4,055
Investment and rental income	5,684	8,845	2,028	1,301	17,858
Fines and forfeitures	2,873	—	—	—	2,873
Other	18,368	14,867	79	1,479	34,793
Total revenues	<u>255,593</u>	<u>192,479</u>	<u>2,722</u>	<u>6,307</u>	<u>457,101</u>
Expenditures:					
Executive, legislative, and judicial	4,630	—	—	—	4,630
Finance	62,437	—	—	—	62,437
Public safety	72,384	—	—	—	72,384
Building inspection	2,390	—	—	—	2,390
Public works	10,148	—	—	—	10,148
Recreation	1,412	—	—	—	1,412
Public lands and parks	7,465	—	—	—	7,465
Education	—	224,414	—	—	224,414
Other departments	4,460	5,785	—	—	10,245
Welfare	528	—	—	—	528
Grants	3,404	—	—	—	3,404
Public properties	2,515	—	—	—	2,515
Other	432	16,779	215	2,916	20,342
Capital outlays	—	3,829	19,709	—	23,538
Program expenditures	—	—	22,394	—	22,394
Debt service	—	13,653	—	—	13,653
Total expenditures	<u>172,205</u>	<u>264,460</u>	<u>42,318</u>	<u>2,916</u>	<u>481,899</u>
Excess (deficiency) of revenues over expenditures	83,388	(71,981)	(39,596)	3,391	(24,798)
Other financing sources (uses):					
Operating transfers (to) from other funds (note 20)	(83,473)	62,364	(1,001)	(3,561)	(25,671)
Transfers (to) from other governments	218	(20)	—	—	198
Donations received (note 21)	—	1,453	—	—	1,453
Proceeds of bonds and leases issued, net	—	7,420	3,004	—	10,424
	<u>(83,255)</u>	<u>71,217</u>	<u>2,003</u>	<u>(3,561)</u>	<u>(13,596)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	133	(764)	(37,593)	(170)	(38,394)
Fund balance, beginning of year	5,513	33,668	62,094	16,859	118,134
Fund balance, end of year	<u>\$ 5,646</u>	<u>32,904</u>	<u>24,501</u>	<u>16,689</u>	<u>79,740</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE RHODE ISLAND

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

Year ended June 30, 1999
(in thousands)

	General fund			School fund		
	Revised budget	Actual	Variance favorable (unfavorable)	Revised budget	Actual	Variance favorable (unfavorable)
Revenues:						
Taxes (note 3)	\$ 193,549	192,301	(1,248)	—	—	—
Federal and state revenue	30,670	32,738	2,068	125,051	123,893	(1,158)
Fines and forfeits	3,625	2,873	(752)	—	—	—
Investment and rental income	4,305	5,684	1,379	—	—	—
Departmental	5,692	3,629	(2,063)	—	—	—
Other revenue	18,213	18,368	155	634	99	(535)
Total revenue	<u>256,054</u>	<u>255,593</u>	<u>(461)</u>	<u>125,685</u>	<u>123,992</u>	<u>(1,693)</u>
Other financing sources:						
Operating transfers from other funds	1,825	9,643	7,818	68,574	76,939	8,365
Operating transfers from other governments	—	218	218	—	—	—
Total revenues and other financing sources	<u>257,879</u>	<u>265,454</u>	<u>7,575</u>	<u>194,259</u>	<u>200,931</u>	<u>6,672</u>
Expenditures:						
Executive, legislative, and judicial	5,130	4,630	500	—	—	—
Finance and administration	83,065	62,437	20,628	—	—	—
Public safety	60,951	72,384	(11,433)	—	—	—
Education	—	—	—	194,259	191,471	2,788
Building inspection	2,584	2,390	194	—	—	—
Public works	10,373	10,148	225	—	—	—
Recreation	1,436	1,412	24	—	—	—
Public lands and parks	7,486	7,465	21	—	—	—
Other departments	4,711	4,460	251	—	—	—
Welfare	432	528	(96)	—	—	—
Commissions	3,404	3,404	—	—	—	—
Public properties	3,146	2,515	631	—	—	—
Purchasing	397	373	24	—	—	—
Public celebrations	10	5	5	—	—	—
Other	58	54	4	—	—	—
Total expenditures	<u>183,183</u>	<u>172,205</u>	<u>10,978</u>	<u>194,259</u>	<u>191,471</u>	<u>2,788</u>
Other financing uses:						
Transfer to other funds	74,696	93,116	(18,420)	—	9,460	(9,460)
Total expenditures and other financing uses	<u>257,879</u>	<u>265,321</u>	<u>(7,442)</u>	<u>194,259</u>	<u>200,931</u>	<u>(6,672)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ —</u>	<u>133</u>	<u>133</u>	<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, 1999
(in thousands)

	Proprietary fund types		Fiduciary fund types	Total
	Enterprise	Internal Service	Nonexpendable Trusts	(memorandum only)
Operating revenues:				
Arena rent and concession income	\$ 4,100	—	—	4,100
Water sales	34,906	—	—	34,906
Maintenance and other charges	803	—	—	803
Employee withholdings	—	3,562	—	3,562
Total operating revenues	<u>39,809</u>	<u>3,562</u>	<u>—</u>	<u>43,371</u>
Operating expenses:				
Wages and benefits	3,212	—	—	3,212
Operations	4,655	—	—	4,655
Charges by other City departments (note 18)	659	—	—	659
Administrative and general	10,554	—	—	10,554
Property taxes - other local governments	4,069	—	—	4,069
Depreciation and amortization	4,761	—	—	4,761
Health claims	—	30,289	—	30,289
Customer accounts	1,025	—	—	1,025
Other	903	—	—	903
Total operating expenses	<u>29,838</u>	<u>30,289</u>	<u>—</u>	<u>60,127</u>
Operating income (loss)	<u>9,971</u>	<u>(26,727)</u>	<u>—</u>	<u>(16,756)</u>
Nonoperating revenues (expenses):				
Water quality protection charge (note 11)	1,940	—	—	1,940
Water quality protection expense	(568)	—	—	(568)
Ticket surcharge revenue (note 11)	704	—	—	704
Interest expense, net	(1,636)	—	—	(1,636)
Interest income	1,133	—	—	1,133
Total nonoperating revenues (expenses)	<u>1,573</u>	<u>—</u>	<u>—</u>	<u>1,573</u>
Net income (loss)	11,544	(26,727)	—	(15,183)
Add: depreciation on contributed fixed assets	431	—	—	431
Operating transfer from (to) other funds (note 20)	(957)	25,371	—	24,414
Transfer from other governments	—	294	—	294
Increase (decrease) in retained earnings/fund balance	<u>11,018</u>	<u>(1,062)</u>	<u>—</u>	<u>9,956</u>
Retained earnings/fund balance (deficit), beginning of year	<u>33,331</u>	<u>(2,287)</u>	<u>296</u>	<u>31,340</u>
Retained earnings/fund balance (deficit), end of year	<u>\$ 44,349</u>	<u>(3,349)</u>	<u>296</u>	<u>41,296</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Changes in Plan Net Assets - Pension Trust Fund

Year ended June 30, 1999
(in thousands)

Additions:

Contributions:

Employer	\$ 20,735
Employee	<u>8,206</u>
Total contributions	<u>28,941</u>

Investment income:

Realized and unrealized gains on investments	9,854
Interest	<u>11,011</u>
Total investment income	<u>20,865</u>

Total additions 49,806

Deductions:

Benefits	<u>48,869</u>
Total deductions	<u>48,869</u>

Net increase 937

Net assets held in trust for pension benefits:

Beginning of year	<u>344,591</u>
End of year	\$ <u><u>345,528</u></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, 1999
(in thousands)

	Proprietary fund types		Fiduciary fund types	Total
	Enterprise	Internal Service	Nonexpendable Trusts	(memorandum only)
Operating activities:				
Operating income (loss)	\$ 9,971	(26,727)	—	(16,756)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,761	—	—	4,761
Increase (decrease) in cash arising from changes in assets and liabilities:				
Accounts receivable	(1,767)	—	—	(1,767)
Accounts receivable - unbilled	(69)	—	—	(69)
Inventory	79	—	—	79
Deferred revenues	347	—	—	347
Other current assets	137	(1)	—	136
Accrued expenses and accounts payable	(207)	694	—	487
Health claims	—	659	—	659
Advance sales receipts and promoter deposits	638	—	—	638
Due to Water Resources Board	137	—	—	137
Due to City of Providence	93	—	—	93
Deferred credits	(40)	—	—	(40)
Net cash provided by (used in) operating activities	<u>14,080</u>	<u>(25,375)</u>	<u>—</u>	<u>(11,295)</u>
Noncapital financing activities:				
Interfund payable	—	961	—	961
Net borrowings from City of Providence General Fund	(4,698)	—	—	(4,698)
Transfers from other funds	—	25,371	—	25,371
Contributions from the City of Providence	1,258	294	—	1,552
Net cash provided by noncapital financing activities	<u>(3,440)</u>	<u>26,626</u>	<u>—</u>	<u>23,186</u>
Capital and related financing activities:				
Capital expenditures	(17,159)	—	—	(17,159)
Payment of loan payable	(168)	—	—	(168)
Payment of obligations under capital lease	(1,498)	—	—	(1,498)
Payment of principal on general obligation and revenue bonds	(2,600)	—	—	(2,600)
Interest on general obligation and revenue bonds	(1,412)	—	—	(1,412)
Ticket surcharge receipts, net of disbursements	704	—	—	704
Water quality protection receipts, net of disbursements	1,425	—	—	1,425
Net cash used in capital and related financing activities	<u>(20,708)</u>	<u>—</u>	<u>—</u>	<u>(20,708)</u>
Investing activities:				
Interest on investments	942	—	—	942
Net cash provided by investing activities	<u>942</u>	<u>—</u>	<u>—</u>	<u>942</u>
Net increase (decrease) in cash and cash equivalents	(9,126)	1,251	—	(7,875)
Cash (overdraft) and cash equivalents at beginning of year	<u>7,559</u>	<u>(437)</u>	<u>18</u>	<u>7,140</u>
Cash (overdraft) and cash equivalents at end of year	<u>\$ (1,567)</u>	<u>814</u>	<u>18</u>	<u>(735)</u>

See accompanying notes to general purpose financial statements.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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.

(a) 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.

(b) 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

- *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 has incurred recurring losses from operations and has relied on the City of Providence to subsidize operations in the amounts of approximately \$ 1.2 million in 1999 and \$1.1 million in 1998. These factors raise substantial doubt about the Authority's ability to continue as a going concern without continued significant support from the City. In order to help address this issue, the City has entered into an agreement with Ogden Entertainment, Inc. ("Ogden") for the future management and operation of the Authority. Ogden will be paid a base fee of \$12,500 per month for the first five years of the agreement for managing and operating the Authority. Ogden is also entitled to incentive payments should certain performance levels be met.

The Authority, through Ogden, 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

- *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.

(c) *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 who 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 operations of the Partnership are immaterial to the City's general purpose financial statements.

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. The operations of the Council are immaterial to the City's general purpose financial statements.

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, 1999. 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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.

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.

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; 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:

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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.

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods and services provided by one department or fund to other fund departments or agencies of the City on a cost reimbursement basis.

The City has one Internal Service Fund - the Blue Cross Fund.

- *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.

(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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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.

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.

(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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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.

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 and equity securities are stated at fair value. Fair values are established by quoted market values.

(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 is recorded as an expenditure at the time of purchase.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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.

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:

	Civic Center Authority	Water Supply Board
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 proprietary funds are recorded as expenses when a liability has been incurred.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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 1998 amounts have been reclassified to conform with the 1999 presentation.

(3) **Property Taxes**

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.

The 1998 taxable assessments and the fiscal 1999 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	\$ 5,436,099	1,289,662	4,146,437	31.99	132,645
Tangible property	584,914	461	584,453	76.78	44,874
Motor vehicle	325,322	1,414	323,908	76.78	24,870

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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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. The non-budgeted funds account for the differences in revenues \$1,693, expenditures \$2,788 and other financing sources \$8,365 on page 6 of this report.

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, 1999 (in thousands):

	<u>June 30, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 1999</u>
Land	\$ 30,264	6,257	3,255	33,266
Buildings and improvements	114,895	16,638	—	131,533
Furniture and fixtures	2,944	4	—	2,948
Machinery and equipment	11,201	2,354	110	13,445
Auto and truck	13,906	2,819	14	16,711
Other	<u>257</u>	<u>2</u>	<u>—</u>	<u>259</u>
Total City	173,467	28,074	3,379	198,162
PPBA	<u>101,253</u>	<u>13,620</u>	<u>—</u>	<u>114,873</u>
	\$ <u>274,720</u>	<u>41,694</u>	<u>3,379</u>	<u>313,035</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

The following is a summary of the property, plant and equipment of the City's enterprise funds at June 30, 1999 (in thousands).

	Water Supply Board	Civic Center Authority	Total
Land	\$ 7,887	—	7,887
Buildings and improvements	105,540	18,474	124,014
Machinery and equipment	13,967	2,597	16,564
Scituate Reservoir project	17,331	—	17,331
Assets under capital leases	18,682	—	18,682
Construction in progress	15,408	359	15,767
Funds restricted for construction of assets under capital lease	<u>1,091</u>	<u>—</u>	<u>1,091</u>
	179,906	21,430	201,336
Less accumulated depreciation	<u>45,086</u>	<u>15,993</u>	<u>61,079</u>
Net property, plant and equipment	\$ <u>134,820</u>	<u>5,437</u>	<u>140,257</u>

(6) Interfund Accounts

At June 30, 1999, amounts due to and from funds of the City were as follows (in thousands):

	Due from other funds	Due to other funds
General Fund	\$ 4,966	23,479
Capital Project Funds	729	2
Fiduciary Fund Types	18,669	1,558
Special Revenue Funds	10,558	10,607
Enterprise Fund	186	2,843
Internal Service Fund	<u>3,381</u>	<u>—</u>
	\$ <u>38,489</u>	<u>38,489</u>

(7) Loans Receivable

(a) 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, 1999, the loans receivable, net of allowance, totaled approximately \$6.5 million.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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) *Providence Economic Development Corporation*

The Corporation is a component unit of the City and was created to foster economic growth and assist and attract industrial, manufacturing and other commercial enterprises to the City. At June 30, 1999, the Corporation had outstanding loans receivable, net of allowance, of approximately \$10.5 million.

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

(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, 1999 (in thousands):

	<u>June 30,</u> <u>1998</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30,</u> <u>1999</u>
City:				
General obligation bonds	\$ 166,655	—	12,990	153,665
Revenue Bonds - PPBA	95,334	—	2,924	92,410
Bond Anticipation Notes	—	5,620	—	5,620
Loans payable	6,176	1,800	489	7,487
Judgments and claims	474	5,977	340	6,111
Compensated absences	16,132	4,386	—	20,518
Workers compensation	2,073	2,711	2,392	2,392
Capital leases	26,889	3,004	1,840	28,053
Unpaid pension contributions	<u>27,084</u>	<u>16,710</u>	<u>—</u>	<u>43,794</u>
	\$ <u>340,817</u>	<u>40,208</u>	<u>20,975</u>	<u>360,050</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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

In 1990, the City, on behalf of the Water Supply Board, entered into a lease agreement with the Providence Public Building Authority (PPBA) relating to the Scituate Reservoir Project. In connection with the lease and agreement, the PPBA issued 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 note 11).

On December 1, 1994, 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.

The annual requirements to amortize general long-term bonds payable as of June 30, 1999 are as follows (in thousands):

Year ending June 30,	General long-term bond principal	Proprietary fund bond principal	Total
2000	\$ 17,527	2,720	20,247
2001	13,998	1,923	15,921
2002	14,475	1,230	15,705
2003	13,432	1,202	14,634
2004	12,866	1,255	14,121
Thereafter	<u>173,777</u>	<u>14,066</u>	<u>187,843</u>
	\$ <u>246,075</u>	<u>22,396</u>	<u>268,471</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.

On January 1, 1995, the City issued Series C 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 City issued \$10,435,000 taxable Series B Special Obligation Tax Increment bonds with a rate of 8.95% and maturing on June 1, 2007 together with \$2,805,000 taxable Series C Special Obligation Tax Increment Bonds 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

On May 1, 1996, the City issued \$11,000,000 tax exempt Series D Special Obligation Tax Increment Bonds with rates 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.

On June 29, 1999, the Providence Redevelopment Agency issued \$5,620,000 Revenue Bond Anticipation Notes 1999 Series 1 maturing on December 8, 1999. The notes were refunded on November 1, 1999 in connection with a \$68,000,000 Revenue Bond issuance on that date. Accordingly, these notes were classified as long-term debt at June 30, 1999.

On June 30, 1999, the City entered into a loan agreement for \$1,800,000 to fund the construction of the Fleet Center Skating Rink. The loan matures on June 30, 2011. Interest on the outstanding principal balance will be at 3, 6, 9 or 12 month LIBOR plus 100 basis points.

(b) *Refunding of Bonds*

Defeased Debt - Prior Year

The following prior year transactions met the requirements of an in-substance defeasance:

- On March 1, 1996, PPBA issued 1996 Series A Refunding Revenue Bonds to advance refund \$22,295,000 1990 Series A Revenue Bonds and \$13,100,000 1991 Series Revenue Bonds.
- On May 15, 1997, the City issued \$23.4 million in General Obligation Refunding Bonds to advance refund \$21.6 million of outstanding 1991 General Obligation Bonds (the "Refunded Bonds") with an original issue amount of \$30,850,000.

The principal amount refunded through in-substance defeasance transactions and still outstanding at June 30, 1999 was \$27.2 million.

(c) *Short-Term Debt*

At June 30, 1999, 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 (000's)</u>
Department of Planning and Development:				
HUD Section 108 Loans and Notes	Various	Various	Various	\$ 7,930
Other - Fleet	1/26/95	June 1, 2002	7.95%	<u>92</u>
				\$ <u>8,022</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(d) *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 \$43 million and the current 3% debt limit of the City is \$180.5 million based on taxable property as of December 31, 1997, of approximately \$6 billion, leaving a remaining borrowing capacity of approximately \$137.2 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, 1999, the total outstanding debt of the City issued outside the 3% debt limit was \$108.2 million, excluding water bonds and sewer bonds that are deemed self-supporting.

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

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 in the long-term obligations group of accounts.

(9) *Lease Commitments*

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

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
2000	\$ 1,070	4,281	5,351
2001	484	3,843	4,327
2002	199	3,825	4,024
2003	—	3,303	3,303
2004	—	3,079	3,079
Thereafter	—	<u>37,782</u>	<u>37,782</u>
		56,113	57,866
Total minimum lease payments	\$ <u>1,753</u>		
Less: Interest		<u>28,060</u>	<u>28,060</u>
Present value of minimum payments		\$ <u>28,053</u>	<u>29,9806</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

Minimum future lease payments under capital leases for the proprietary funds as of June 30, 1999, for each of the next five fiscal years and thereafter are as follows (in thousands):

	<u>Water Board</u>
2000	\$ 1,734
2001	1,470
2002	1,464
2003	1,260
2004	1,276
Thereafter	<u>6,299</u>
Total minimum lease payments	13,503
Less amount representing interest	<u>1,692</u>
Present value of net minimum lease payments	\$ <u>11,811</u>

Defeased Leases

The following prior year transactions met the requirements of an in-substance defeasance:

- On December 31, 1993, the City issued \$985,000 in General Obligation Refunding Bonds to advance refund a \$2.4 million lease purchase agreement for the Providence Civic Center.

(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, 1999 is as follows (in thousands):

	<u>Water Board</u>	<u>Civic Center</u>	<u>Total</u>
Operating revenues	\$ 35,709	4,100	39,809
Depreciation and amortization expense	4,008	753	4,761
Operating income (loss)	11,800	(1,829)	9,971
Net income (loss)	12,703	(1,159)	11,544
Capital contributions	56,848	6,113	62,961
Property, plant, and equipment additions	17,013	146	17,159
Net working capital (deficit)	(62)	(2,775)	(2,837)
Total assets	153,159	7,583	160,722
Bonds and other long-term liabilities	27,975	2,135	30,110
Total equity	106,783	527	107,310

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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.

Effective February 1, 1992, the City Council established a 5% surcharge on all ticket sales at the Civic Center. The surcharge was to be used at the discretion of the Civic Center Authority for capital improvements, emergency or other repairs, or as otherwise deemed necessary by the Authority. On August 25, 1997, the 5% surcharge was replaced by a \$1.50 per ticket restoration charge. The original purpose of the surcharge was to provide funds for capital improvements projects at the Authority. On May 28, 1998, the Authority entered into a pledge agreement whereby surcharge receipts collected after May 28, 1998 would be restricted for debt service and capital improvements.

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

(12) Fund Equity

Reserved fund balances at June 30, 1999, are as follows (in thousands):

General Fund:

Reserved for note due from Water Supply Board	\$ 403
	\$ 403

Special Revenue Fund:

Reserved for loans	\$ 17,017
Reserved for other purposes	3
Reserved for debt service	16,828
	\$ 33,848

Fiduciary Fund types:

Reserved for payment of retirement benefits and endowments	\$ 345,528
--	------------

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

The Water Supply Board has reserved retained earnings of \$2,921 at June 30, 1999. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue. The Civic Center has reserved retained earnings of \$718 at June 30, 1999. This represents the amounts reserved for debt service and capital improvements.

At June 30, 1999, unreserved undesignated deficit of the Internal Service Fund was \$3,349. The Internal Service Fund accounts for transactions pertaining to the administration of the City's health care benefits. The deficit exists primarily because the fund has included a health claims accrual but is budgeted and funded on a claims paid basis.

At June 30, 1999, the Planning and Development Special Revenue fund had a deficit of \$942. This deficit will be eliminated through future loan proceeds.

(13) Employee Retirement Systems

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

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

- *Summary of Significant Accounting Policies*

Basis of Accounting

ERS' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used of Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

- *Plan Description and Contribution Information*

Membership of the ERS plan consisted of the following at June 30, 1999, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,840
Active plan members	<u>3,320</u>
	<u>6,160</u>

Plan Description

ERS is a single-employer defined benefit pension plan that covers most management employees of the City, except school teachers and employees of the Civic Center Authority. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided to retirees and beneficiaries at varying percentages ranging from 0% to 6%.

Contributions

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 employer and employee contributions represent covered payroll of 9% and 4%, respectively.

- *Annual Pension Cost and Net Pension Obligation*

The City's annual pension cost and net pension obligation to ERS for the current year were as follows (in thousands):

Annual required contribution	\$ 37,445
Contributions made	<u>20,735</u>
Increase in net pension obligation	16,710
Net pension obligation, not previously recorded	<u>27,084</u>
Net pension obligation, end of year	\$ <u>43,794</u>

The annual required contribution for the current year was determined as part of the June 30, 1999 actuarial valuation using the aggregate level entry age normal cost actuarial cost method. The actuarial assumptions included (a) 8.5% investment rate of return; (b) no projected salary increases through June 30, 1999 and 5% increases thereafter; and (c) cost of living adjustments ranging from 0% to 6%. The actuarial value of assets was determined using a 5-year moving average of market values. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 1999 was 30 years.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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

- *Plan Description*

All full-time teachers including superintendents, principals, school nurses and certain other school officials ("classified employees") in the Providence School Department participate in the Employees Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public retirement system. The System provides retirement, death and disability benefits, all of which plan members are established by State statute. The System issues a publicly available financial report that includes the financial statements and required supplementary information for the System. That report may be obtained by contracting the State of Rhode Island.

- *Funding Policy*

Plan members are required by State statute to contribute 9.5% 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. The School Department contributions made for the years ended June 30, 1999, 1998 and 1997 were approximately \$6.7 million, \$7.5 million and \$6.9 million and were equal to the required contributions for each year.

(c) *Other City Pension Costs*

The City is required to make contributions to the National Pension Plan of the Laborers' International Union of North America, 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. The pension cost charged to the general fund for these purposes amounted to \$1.1 million for the year ended June 30, 1999.

The Civic Center Authority makes contributions to three union-sponsored multiple-employer pension plans. Contributions for the year ended June 30, 1999, were approximately \$56,664, as determined in accordance with negotiated labor contracts.

(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, 1999, the cost of retiree health care benefits recorded by the City amounted to \$7.6 million.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(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.

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 funds.

(a) Cash and Cash Equivalents

The following summary presents the amount of City deposits at June 30, 1999. 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 balance</u>	<u>Carrying amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Demand deposits	\$ <u>400</u>	<u>—</u>	<u>53,671</u>	<u>54,071</u>	<u>65,371</u>
	\$ <u>400</u>	<u>—</u>	<u>53,671</u>	<u>54,071</u>	<u>65,371</u>

(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 in 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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).

	Category			Total fair value
	1	2	3	
US Government and Agencies				
Obligations	\$ 2,846	6,580	—	9,426
Corporate bonds	—	113,195	—	113,195
Common stock	—	184,908	—	184,908
Other	5,169	990	214	6,373
Uncategorized:				
Pooled funds	—	469	—	469
Money market funds	—	10,933	—	10,933
	<u>\$ 8,015</u>	<u>317,075</u>	<u>214</u>	<u>325,304</u>

(17) Deferred Compensation Plan

During fiscal 1999, the City amended its deferred compensation plan such that the plan's assets are now held in trust for the exclusive benefit of participants and their beneficiaries. In addition, the City is not actively involved in managing the plan's assets. Accordingly, under GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Service Code Section 457 Deferred Compensation Plans*, the City eliminated from its agency fund the plan's assets and related liabilities, which amounted to \$22.3 million as of June 30, 1998.

(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.

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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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 \$659,219. 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. 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. Approval by the PUC was received on February 9, 1996, and the first payment of \$655,710 was made. On June 17, 1997, the PUC conditionally approved the second payment in the amount of \$710,000. The PUC order provided for the Water Supply Board to repay the City \$307,466 immediately, with the remaining \$402,534 payable only to the extent that a related reimbursement is received from the Rhode Island Emergency Management Agency for eligible disaster assistance. On October 27, 1998 and on June 18, 1999 the PUC approved the third and fourth requests for payment, respectively, totaling \$ 2,023,000. The outstanding principal balance on June 30, 1999 was \$402,534.

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.

(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, 1999 is as follows (in thousands):

	<u>Water Board</u>	<u>Civic Center</u>	<u>Total</u>
Balance June 30, 1998	\$ 56,828	5,287	62,115
Contributions in aid	20	—	20
Depreciation on contributed assets	—	(431)	(431)
Contribution from the City of Providence	—	<u>1,257</u>	<u>1,257</u>
Balance June 30, 1999	\$ <u>56,848</u>	<u>6,113</u>	<u>62,961</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

(20) Operating Transfers

At June 30, 1999, amounts transferred to and from funds of the City were as follows (in thousands):

<u>Purpose of transfers</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary Funds</u>	<u>Expendable Trust</u>
School operations	\$ (76,885)	76,885	—	—	—
Revolving fund receipts	(58)	126	—	—	(67)
Revolving fund payments	436	(436)	—	—	—
Capital projects	—	1,001	—	—	—
Other revenue	9,194	(5,705)	(1,001)	—	(3,490)
Health Trust	(14,903)	(9,507)	—	24,414	(4)
Civic Center operations	<u>(1,257)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	\$ <u>(83,473)</u>	<u>62,364</u>	<u>(1,001)</u>	<u>24,414</u>	<u>(3,561)</u>

Operating transfers do not balance due to a \$1,257 transfer from the general fund to the Civic Center recorded as an addition to contributed capital.

(21) Donations Received

In connection with the construction of the Fleet Skating Center, the City received cash donations from various local corporations and foundations to help fund the construction of the ice rink. As of June 30, 1999, the City had received \$ 1,452,500 in related donations.

(22) 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.

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 1997, 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, which is presented as an internal service fund in the accompanying financial statements. Costs to the City are paid by all funds based on "working rates" established by Blue Cross.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to General Purpose Financial Statements

June 30, 1999

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 all funds for the fiscal years ended June 30, 1999 and June 30, 1998 are as follows (in thousands):

	<u>1999</u>	<u>1998</u>
Beginning of year	\$ 8,869	14,864
Incurred claims	37,273	20,029
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	(27,926)	(25,288)
Workers' compensation	(2,392)	(17)
Court judgments and claims	<u>(340)</u>	<u>(719)</u>
	<u>(30,658)</u>	<u>(26,024)</u>
End of year	\$ <u>15,484</u>	<u>8,869</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.

(23) Subsequent Events

On July 1, 1999, the City issued 1999 Series A Revenue Bonds totaling \$39.8 million with interest rates of 4.25% - 5.25%. These bonds mature through December 15, 2019. The proceeds from the bonds were used to provide funds for school and public facility projects.

On November 1, 1999, the City issued 1999 Series A Revenue Bonds totaling \$68 million with interest rates of 4.3% - 5.57%.. These bonds mature through April 1, 2029. The proceeds from the bonds were used to provide funds for public safety and municipal building projects.

In 1987, the City of Providence entered into an agreement with the State of Rhode Island to share the cost of land acquisition from Capital Properties, Inc. with the State for the downtown River Relocation Project. In 1997, the Superior Court issued a judgement against the State for a shortfall in the acquisition price in excess of \$6 million. On December 2, 1999, the Supreme Court upheld the Superior Court judgement. The City is presently in discussions with the State over the method of payment. The City has recorded a \$5.9 million liability in the general long-term debt account group for this amount.

CITY OF PROVIDENCE, RHODE ISLAND

Year 2000

Required Supplementary Information (Unaudited)

The City has addressed Year 2000 data processing compliance issues. The Year 2000 issue is a result of computer programs being written using two digits rather than four to define the applicable year. Any of the City's computer programs that have date-sensitive software may recognize a date using 00 as the year 1900 rather than the Year 2000.

In connection with the work needed to make systems and other date-dependent equipment Year 2000 compliant, the City has measured its status towards Citywide Year 2000 compliance for each of the following stages:

- Awareness – (Establishing a budget and formal project plan) - 100%
- Assessment – (Identifying all the systems and components) - 100%
- Remediation – (Changes are made to systems or equipment) - 100%
- Validation/Testing – (Validate and test the changes made to the systems/equipment during the conversion process) - 100%
- Implementation – (Tested compliant systems are in service) - 100%

In March 1998, Mayor Vincent A. Cianci, Jr. established the Y2K Preparedness Committee to oversee City efforts in preparing City government for the new millennium. To date more than \$3 million has been spent on systems analysis, equipment replacement or upgrades and the installation of new phone and data communications systems, including upgrades to the Police and Fire Departments where new telecommunications, dispatching and records management systems have been installed.

The City is confident that all systems will be Year 2000 compliant and there will be no adverse impact upon City operations as a result.

CITY OF PROVIDENCE, RHODE ISLAND
Employee's Retirement System

Required Supplementary Information
(Unaudited)

(dollar amounts in thousands)

Schedule of Funding Progress

Actuarial valuation date June 30	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
1990	\$ 234,423	\$ 394,490	\$ 160,067	59.42%	\$ 75,456	212.26%
1991	246,159	431,936	185,777	56.99%	74,075	250.79%
1992	266,166	403,404	137,238	65.98%	78,347	175.17%
1993	278,544	465,943	187,399	59.78%	78,200	239.64%
1994	286,956	500,119	213,163	57.38%	84,176	253.23%
1995	293,454	460,567	167,113	63.72%	88,335	189.18%
1996	287,320	699,265	411,945	41.09%	84,178	489.38%
1997	288,800	732,373	443,573	39.43%	88,959	498.63%
1998	315,000	732,775	417,775	42.99%	99,182	421.22%
1999	325,576	746,264	420,688	43.63%	106,717	394.21%

Schedule of Contributions from the City

Year ended June 30	Annual required contribution	Percentage contributed
1990	\$ 11,900	100.00%
1991	12,726	100.00%
1992	15,466	100.36%
1993	17,221	100.13%
1994	18,612	99.90%
1995	21,159	53.81%
1996	16,136	100.00%
1997	21,089	93.58%
1998	35,701	57.52%
1999	37,445	56.15%

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 1999
Actuarial cost method	Aggregate entry age normal
Amortization method	Approximate level percent of payroll-open
Remaining amortization period	29 years (for original unfunded)
Asset valuation method	5-year moving average of market values
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	0% through 1999, 5% thereafter
Cost-of-living adjustments	0% to 6%

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet-Special Revenue Funds

June 30, 1999

(in thousands)

Assets	School Department	Department of Planning and Development	Providence Redevelopment Agency	Economic Development Corporation	Providence Public Buildings Authority	Miscellaneous	Total
Cash and cash equivalents	\$ 7,321	694	5,103	6,841	2,886	942	23,787
Investments	—	—	—	214	8,015	—	8,229
Accounts receivable (net of allowance)	—	—	—	—	250	4,321	4,571
Due from:							
Other funds	9,243	912	—	—	—	403	10,558
Other governments	4,119	—	—	—	—	7	4,126
Loans receivable (net of allowance for uncollectible amounts)	—	6,548	—	10,469	2,325	—	19,342
Restricted cash	—					22	22
Other assets	957	—	—	38	—	121	1,116
Total assets	\$ 21,640	8,154	5,103	17,562	13,476	5,816	71,751
Liabilities and Fund Balance (Deficit)							
Liabilities:							
Bank overdraft	2,345	—	—	—	—	—	2,345
Accounts payable	6,248	112	—	—	—	243	6,603
Due to:							
Other funds	7,172	896	729	855	—	955	10,607
Other governments	259	—	—	—	—	—	259
Bonds, loans, and notes payable	—	8,022	—	—	—	—	8,022
Other liabilities	1,009	66	963	215	378	—	2,631
Deferred revenue	1,251	—	—	150	2,325	4,654	8,380
Total liabilities	18,284	9,096	1,692	1,220	2,703	5,852	38,847
Fund balance (deficit):							
Reserved	3	6,548	6,657	10,469	10,051	120	33,848
Unreserved	3,353	(7,490)	(3,246)	5,873	722	(156)	(944)
Total fund balance (deficit)	3,356	(942)	3,411	16,342	10,773	(36)	32,904
Total liabilities and fund balance	\$ 21,640	8,154	5,103	17,562	13,476	5,816	71,751

CITY OF PROVIDENCE, RHODE ISLAND

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

June 30, 1999
(in thousands)

	School Department	Department of Planning and Development	Providence Redevelopment Agency	Economic Development Corporation	Providence Public Buildings Authority	Miscellaneous	Total
Revenues:							
Federal, state and local grants	\$ 157,171	8,481	—	918	—	1,642	168,212
Charges for services	—	777	—	—	—	—	777
Admissions revenue	—	—	—	—	—	573	573
Sale of real estate	—	—	555	—	—	—	555
Investment and rental income	—	—	175	821	7,848	1	8,845
Other income	—	—	3,897	—	188	9,432	13,517
Total revenue	<u>157,171</u>	<u>9,258</u>	<u>4,627</u>	<u>1,739</u>	<u>8,036</u>	<u>11,648</u>	<u>192,479</u>
Expenditures:							
Personnel services	136,120	—	—	—	—	3,775	139,895
Postage	86	—	—	—	—	—	86
Employee benefits	32,389	—	—	—	—	170	32,559
Miscellaneous services	4,407	—	—	—	—	1,536	5,943
Other supplies	1,169	—	—	—	—	101	1,270
Equipment	4,394	—	—	—	—	33	4,427
Other services	14,318	—	—	—	—	21	14,339
Security	606	—	—	—	—	—	606
Plant maintenance	370	—	—	—	—	—	370
Capital outlay	—	—	—	—	—	3,829	3,829
Transportation	6,811	—	—	—	—	5	6,816
Rentals	7,632	—	—	—	—	25	7,657
Repairs	1,874	—	—	—	—	20	1,894
School activities	53	—	—	—	—	—	53
Office supplies	180	—	—	—	—	4	184
Education supplies	2,331	—	—	—	—	—	2,331
Housekeeping supplies	1	—	—	—	—	—	1
Textbooks	1,216	—	—	—	—	—	1,216
Tuition payments	6,535	—	—	—	—	—	6,535
Utilities and fuel	3,922	—	—	—	—	63	3,985
Debt service	—	—	3,246	830	9,577	—	13,653
Management fees	—	—	—	—	—	32	32
Other	—	9,551	5,493	1,235	263	237	16,779
Total expenditures	<u>224,414</u>	<u>9,551</u>	<u>8,739</u>	<u>2,065</u>	<u>9,840</u>	<u>9,851</u>	<u>264,460</u>
Excess (deficiency) of revenue over expenditures	(67,243)	(293)	(4,112)	(326)	(1,804)	1,797	(71,981)

CITY OF PROVIDENCE, RHODE ISLAND

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

June 30, 1999
(in thousands)

	<u>School Department</u>	<u>Department of Planning and Development</u>	<u>Providence Redevelopment Agency</u>	<u>Economic Development Corporation</u>	<u>Providence Public Buildings Authority</u>	<u>Miscellaneous</u>	<u>Total</u>
Other financing sources (uses):							
Proceeds of debt issued	\$ —	—	5,620	—	—	1,800	7,420
Donations received	—	—	—	—	—	1,453	1,453
Transfer from (to) other funds	67,478	851	—	150	—	(6,115)	62,364
Transfer from (to) other governments	—	—	—	—	—	(20)	(20)
Total other financing sources (uses)	<u>67,478</u>	<u>851</u>	<u>5,620</u>	<u>150</u>	<u>—</u>	<u>(2,882)</u>	<u>71,217</u>
Revenues over (under) expenditures and other financing sources (uses)	235	558	1,508	(176)	(1,804)	(1,085)	(764)
Fund balance (deficit) at beginning of year	<u>3,121</u>	<u>(1,500)</u>	<u>1,903</u>	<u>16,518</u>	<u>12,577</u>	<u>1,049</u>	<u>33,668</u>
Fund balance (deficit) at end of year	<u>\$ 3,356</u>	<u>(942)</u>	<u>3,411</u>	<u>16,342</u>	<u>10,773</u>	<u>(36)</u>	<u>32,904</u>

CITY OF PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - All Enterprise Funds

June 30, 1999
(in thousands)

Assets	Water Supply Board	Civic Center Authority	Total
Current assets:			
Cash (overdraft) and cash equivalents	\$ (374)	810	436
Restricted assets:			—
Cash and cash equivalents	—	378	378
Other assets	6,542	340	6,882
Accounts receivable	7,519	385	7,904
Unbilled accounts receivable	3,802	—	3,802
Prepaid expenses	424	47	471
Due from City of Providence	—	186	186
Inventory	406	—	406
Total current assets	<u>18,319</u>	<u>2,146</u>	<u>20,465</u>
Property, plant and equipment:			
Land	7,877	—	7,877
Building and improvements	142,654	18,474	161,128
Construction in progress	15,408	359	15,767
Furnishings and equipment	13,967	2,597	16,564
	<u>179,906</u>	<u>21,430</u>	<u>201,336</u>
Less accumulated depreciation and amortization	45,086	15,993	61,079
Net property, plant and equipment	<u>134,820</u>	<u>5,437</u>	<u>140,257</u>
Total assets	<u>\$ 153,139</u>	<u>7,583</u>	<u>160,722</u>
Liabilities and Fund Equity			
Current liabilities:			
Restricted cash overdraft	\$ 2,381	—	2,381
Accounts payable and accrued expenses	4,066	764	4,830
Advance sales receipts and promoter deposits	—	863	863
Due to other funds	818	2,025	2,843
Due to restricted funds	5,227	340	5,567
Note payable to City of Providence	403	—	403
Deferred revenue	347	739	1,086
Current installment under capitalized lease obligation	1,377	—	1,377
Current portion of bonds payable	2,530	190	2,720
Liabilities payable from restricted assets	1,232	—	1,232
Total current liabilities	<u>18,381</u>	<u>4,921</u>	<u>23,302</u>
Capitalized lease obligations	10,434	—	10,434
Long-term bonds payable	17,047	—	17,047
Long-term note payable Western Cranston	494	—	494
Note payable - PPBA	—	2,135	2,135
Total liabilities	<u>46,356</u>	<u>7,056</u>	<u>53,412</u>
Fund equity:			
Contributed capital	56,848	6,113	62,961
Reserved retained earnings	2,921	718	3,639
Unreserved retained earnings (deficit)	47,014	(6,304)	40,710
Total fund equity	<u>106,783</u>	<u>527</u>	<u>107,310</u>
Total liabilities and fund equity	<u>\$ 153,139</u>	<u>7,583</u>	<u>160,722</u>

CITY OF PROVIDENCE, RHODE ISLAND

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

Year ended June 30, 1999
(in thousands)

	Water Supply Board	Civic Center Authority	Total
Operating revenues:			
Arena rent and concession income	\$ —	4,100	4,100
Water sales	34,906	—	34,906
Maintenance and other charges	803	—	803
Other	—	—	—
Total operating revenues	<u>35,709</u>	<u>4,100</u>	<u>39,809</u>
Operating expenses:			
Wages and benefits	—	3,212	3,212
Operations	4,655	—	4,655
Charges by other City departments	659	—	659
Administrative and general	9,493	1,061	10,554
Bad debts - net of recoveries	—	—	—
Property taxes - other local governments	4,069	—	4,069
Depreciation and amortization	4,008	753	4,761
Customer accounts	1,025	—	1,025
Other	—	903	903
Total operating expenses	<u>23,909</u>	<u>5,929</u>	<u>29,838</u>
Operating income (loss)	<u>11,800</u>	<u>(1,829)</u>	<u>9,971</u>
Nonoperating revenues (expenses):			
Water quality protection charge	1,940	—	1,940
Water quality protection expense	(568)	—	(568)
Ticket surcharge revenues	—	704	704
Net interest expense	(1,636)	—	(1,636)
Interest income (expense)	1,167	(34)	1,133
Total nonoperating revenues	<u>903</u>	<u>670</u>	<u>1,573</u>
Net income (loss) before transfers and depreciation add back	12,703	(1,159)	11,544
Transfers to other funds	(775)	(182)	(957)
Depreciation on contributed fixed assets	—	431	431
Increase (decrease) in retained earnings	<u>11,928</u>	<u>(910)</u>	<u>11,018</u>
Retained earnings (deficit) at beginning of year	<u>38,007</u>	<u>(4,676)</u>	<u>33,331</u>
Retained earnings (deficit) at end of year	<u>\$ 49,935</u>	<u>(5,586)</u>	<u>44,349</u>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Cash Flows - All Enterprise Funds

Year ended June 30, 1999
(in thousands)

	Water Supply Board	Civic Center Authority	Total
Operating activities:			
Operating income (loss)	\$ 11,800	(1,829)	9,971
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,008	753	4,761
Deferred credits	—	(40)	(40)
Increase (decrease) in cash arising from:			
Accounts receivable	(1,460)	(307)	(1,767)
Accounts receivable - unbilled	(69)	—	(69)
Inventory	79	—	79
Deferred revenues	347	—	347
Other current assets	142	(5)	137
Accrued expenses and accounts payable	(192)	(15)	(207)
Advance sales receipts and promoter deposits	—	638	638
Due to City of Providence	—	137	137
Due to Water Resources Board	93	—	93
Net cash provided by (used in) operating activities	<u>14,748</u>	<u>(668)</u>	<u>14,080</u>
Noncapital financing activities:			
Net borrowings (payments) from City of Providence	(4,516)	(182)	(4,698)
Contributions from the City of Providence	—	1,258	1,258
Net cash provided by (used in) noncapital financing activities	<u>(4,516)</u>	<u>1,076</u>	<u>(3,440)</u>
Capital and related financing activities:			
Capital expenditures	(17,013)	(146)	(17,159)
Payment of obligations under capital lease	(1,303)	(195)	(1,498)
Payment of principal on general obligation and revenue bonds	(2,600)	—	(2,600)
Payment of loan payable	—	(168)	(168)
Interest on general obligation and revenue bonds and capital leases	(1,377)	(35)	(1,412)
Ticket surcharge receipts, net of disbursements	—	704	704
Water quality protection receipts, net of disbursements	1,425	—	1,425
Net cash provided by (used in) capital and related financing activities	<u>(20,868)</u>	<u>160</u>	<u>(20,708)</u>
Investing activities:			
Interest on investments	884	58	942
Net cash provided by investing activities	<u>884</u>	<u>58</u>	<u>942</u>
Net increase (decrease) in cash and cash equivalents	(9,752)	626	(9,126)
Cash and cash equivalents at beginning of year	<u>6,997</u>	<u>562</u>	<u>7,559</u>
Cash and cash equivalents at end of year	<u>\$ (2,755)</u>	<u>1,188</u>	<u>(1,567)</u>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet - Fiduciary Funds

June 30, 1999
(in thousands)

Assets	Trust funds			Agency funds		Total
	Expendable	Nonexpendable	Retirement System	Probate Court	Other Agency funds	
Cash and cash equivalents	\$ 2,110	18	4,181	389	1,072	7,770
Investments	14,683	231	302,160	—	—	317,074
Due from other funds	42	—	18,023	—	604	18,669
Loans receivable	—	—	16,761	—	—	16,761
Other assets	58	47	12,075	—	—	12,180
Total assets	<u>\$ 16,893</u>	<u>296</u>	<u>353,200</u>	<u>389</u>	<u>1,676</u>	<u>372,454</u>
Liabilities and Fund Balances						
Accounts payable	130	—	—	—	107	237
Accrued expenditures	4	—	—	—	—	4
Amounts held for others	16	—	—	389	54	459
Due to:						
Other funds	54	—	—	—	1,504	1,558
Other governments	—	—	—	—	11	11
Deferred revenues	—	—	7,672	—	—	7,672
Total liabilities	<u>204</u>	<u>—</u>	<u>7,672</u>	<u>389</u>	<u>1,676</u>	<u>9,941</u>
Fund balances:						
Reserved	—	—	345,528	—	—	345,528
Undesignated	16,689	296	—	—	—	16,985
	<u>16,689</u>	<u>296</u>	<u>345,528</u>	<u>—</u>	<u>—</u>	<u>362,513</u>
Total liabilities and fund balances	<u>\$ 16,893</u>	<u>296</u>	<u>353,200</u>	<u>389</u>	<u>1,676</u>	<u>372,454</u>

OTHER FINANCIAL INFORMATION

CITY OF PROVIDENCE, RHODE ISLAND

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

Year ended June 30, 1999
(in thousands)

<u>Expenditures and transfers</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Executive, Legislative and Judicial activities:			
Mayor's Office	\$ 985	955	30
City Council	725	535	190
City Clerk	406	366	40
City Sergeant	36	36	—
Law Department	2,050	1,842	208
Providence Municipal Court	422	456	(34)
Probate Court	195	185	10
Contingencies	100	48	52
Housing Court	211	207	4
	<u>5,130</u>	<u>4,630</u>	<u>500</u>
Finance and Administration:			
Finance Director	276	291	(15)
City Controller	764	761	3
Employees' Retirement Office	219	264	(45)
Data Processing	1,318	1,234	84
City Collector	1,673	1,537	136
City Assessor	2,566	2,446	120
Treasury Department	212	218	(6)
Personnel	539	506	33
Heat, light and power	3,550	3,226	324
Payment to Employees' Retirement System	16,898	16,016	882
Elected officials	146	122	24
Laborers International legal fee	430	403	27
Payment to Laborers International Pension Fund	1,100	1,081	19
Public employees health services	245	63	182
Debt service	19,376	18,875	501
Interest on bonded debt	11,798	7,946	3,852
FICA	2,950	3,012	(62)
Medical insurance	17,350	3,632	13,718
Workers' compensation	925	815	110
Unemployment compensation	130	58	72
Reserve for anticipated tax abatements	600	(69)	669
	<u>83,065</u>	<u>62,437</u>	<u>20,628</u>
Public Safety:			
Commissioner of Public Safety	718	716	2
Police Department	28,354	32,414	(4,060)
Fire Department	26,863	34,066	(7,203)
Department of Communication	4,284	4,289	(5)
Traffic Engineering Department	732	899	(167)
	<u>60,951</u>	<u>72,384</u>	<u>(11,433)</u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Expenditures and Transfers - Budget and Actual -- General Fund (Continued)

Year ended June 30, 1999
(in thousands)

<u>Expenditures and transfers</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Building Inspection Department:			
Building Inspection Administration	\$ 1,031	952	79
Structures and Zoning Division	474	464	10
Plumbing, Drainage and Gas Piping Division	110	126	(16)
Electrical Installations Division	158	116	42
Mechanical Equipment and Installation Division	171	170	1
Zoning Board of Review	36	34	2
Building and Housing Board of Review	13	201	(188)
Building Inspection Code Enforcement	318	54	264
Building Inspection Prosecution	185	184	1
Utilities and standards	88	89	(1)
	<u>2,584</u>	<u>2,390</u>	<u>194</u>
Public Works Activities:			
Public Works Administration	488	516	(28)
Engineering and Sanitation	245	243	2
Environment Control	6,253	6,185	68
Highway	1,777	1,423	354
Bridge Maintenance Section	145	150	(5)
Snow Removal	800	826	(26)
Sewer Construction and Maintenance	359	464	(105)
Garage Maintenance and Equipment Repair	306	341	(35)
	<u>10,373</u>	<u>10,148</u>	<u>225</u>
Recreation Activities:			
Recreation Department	933	924	9
Recreation - seasonal	503	488	15
	<u>1,436</u>	<u>1,412</u>	<u>24</u>
Public Lands and Parks:			
Grounds maintenance services	2,756	3,546	(790)
Forestry services	720	—	720
Zoological services	1,520	1,404	116
Park Environmental Services	422	460	(38)
Park Programming	465	453	12
Superintendent of Parks	1,162	1,118	44
North Burial Grounds	441	484	(43)
	<u>7,486</u>	<u>7,465</u>	<u>21</u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Expenditures and Transfers - Budget and Actual -- General Fund (Continued)

Year ended June 30, 1999
(in thousands)

<u>Expenditures and transfers</u>	<u>Revised budget</u>	<u>Actual expenditures</u>	<u>Actual (over) under budget</u>
Other Departments:			
Recorder of Deeds	\$ 372	350	22
Vital Statistics	172	150	22
Board of Canvassers	491	473	18
Bureau of Licenses	280	266	14
Human Relations	249	237	12
Civil Defense Preparedness	170	173	(3)
Planning and Urban Development	2,466	2,347	119
Administration to City Council	238	207	31
Providence Review Commission	20	17	3
Archives	100	91	9
Department of Human Services	153	149	4
	<u>4,711</u>	<u>4,460</u>	<u>251</u>
Welfare Activities:			
General Public Assistance	432	528	(96)
Commissions:			
Providence Public Library	2,600	2,600	—
Providence Center	270	270	—
Capital Center	50	225	(175)
Rhode Island Historical Society	9	9	—
Providence Plan Commission	175	—	175
Community Centers	300	300	—
	<u>3,404</u>	<u>3,404</u>	<u>—</u>
Public properties	3,146	2,515	631
Purchasing	397	373	24
Public celebrations	10	5	5
Miscellaneous entities:			
Providence Housing Authority	50	47	3
League of Cities	8	7	1
	<u>58</u>	<u>54</u>	<u>4</u>
Education:			
Transfer to School Department	73,866	76,885	(3,019)
Other transfers:			
Transfer to Revolving Fund	30	58	(28)
Transfer to Health Trust Fund	—	14,903	(14,903)
Transfer to Civic Center	800	1,257	(457)
Transfer to other	—	13	(13)
	<u>830</u>	<u>16,231</u>	<u>(15,401)</u>
Total expenditures	<u>\$ 257,879</u>	<u>265,321</u>	<u>(7,442)</u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Long-Term Bonds and Notes Payable

June 30, 1999
(in thousands)

Long-term debt account group	Interest rate	Date of issue	Maturity	Issued	Outstanding
General Obligation:					
Public Improvement Bonds	4.75-6.0%	05/01/79	07/01/99	\$ 15,000	750
Refunding Bonds 1991	4.7-6.2%	09/01/91	09/01/99	30,750	4,550
Refunding Bonds 1992	5.00-5.80%	08/01/92	08/01/06	28,615	14,370
Refunding Bonds 1997	3.85%-5.5%	05/15/97	01/15/11	23,435	20,005
May 1997 - Tax Exempt	4.75%-7.5%	05/01/97	07/15/10	38,200	38,200
May 1997 - Taxable	7.5%-8.0%	05/01/97	07/15/07	11,800	11,800
				<u>147,800</u>	<u>89,675</u>
Schools:					
School Bonds 1993	5.25-8.25%	01/15/93	01/15/13	35,150	24,590
Providence Redevelopment Agency:					
Series A	8.9%-9.4%	11/15/94	11/15/01	3,570	1,875
Series B	8.9%-9.4%	11/15/94	11/15/01	3,930	2,060
Series I Revenue Bond Anticipation Notes	5.00%	06/29/99	12/08/99	5,620	5,620
				<u>13,120</u>	<u>9,555</u>
Special Obligation Tax Increment Bonds:					
Series A	5.7%-7.65%	01/01/95	06/01/16	13,260	13,220
Series B	8.95%	02/01/95	06/01/16	10,435	8,445
Series C	7.50%	02/01/95	06/01/16	2,805	2,800
Series D	5.5%-6.65%	04/01/96	06/01/16	11,000	11,000
				<u>37,500</u>	<u>35,465</u>
Fleet Skating Rink:					
Note Payable - Fleet Bank	LIBOR	6/30/99	06/30/11	1,800	1,800
Providence Economic Development Corp.:					
Loans - Fleet Bank		Various	Various	1,770	1,047
Loans - Section 108		02/26/98	08/01/07	5,000	4,640
				<u>6,770</u>	<u>5,687</u>
Providence Public Buildings Authority:					
General Revenue Bond	5.80-7.25%	12/15/90	12/15/11	14,105	10,625
General Revenue Bond	4.7%-7.1%	06/15/95	12/15/14	7,500	6,785
Refunding Revenue Bonds	3.5%-5.4%	03/01/96	12/15/11	28,772	24,940
Revenue Bonds - 1996 School	4.5%-6.5%	12/01/96	12/15/16	21,225	20,015
Revenue Bonds - 1997 Roger Williams	4.3%-6.5%	12/01/97	12/15/07	1,925	1,775
Revenue Bond - 1998 School & Public Facilities	3.85% - 5.25%	05/15/98	12/15/18	28,270	28,270
				<u>101,797</u>	<u>92,410</u>
Total long-term debt account group				<u>\$ 343,937</u>	<u>259,182</u>
Proprietary funds:					
Water Bonds of 1971		06/01/71	06/01/01	\$ 11,000	1,440
General Revenue Bond - PPBA		03/01/95	12/15/99	4,000	900
General Revenue Bond		12/01/95	01/01/05	12,000	10,615
Refunding Revenue Bonds		03/01/96	12/15/11	7,453	6,460
Note Payable - PPBA		05/28/98	12/15/08	2,325	2,325
Note Payable - Cranston		01/01/97	07/01/05	1,010	656
				<u>\$ 37,788</u>	<u>22,396</u>
Grand totals				<u>\$ 381,725</u>	<u>281,578</u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule of Property Taxes Receivable

June 30, 1999

(in thousands)

<u>Year of assessment</u>	<u>Amount receivable</u>
1998	\$ 19,122
1997	11,961
1996	7,917
1995	8,101
1994	6,480
1993	5,973
1992	6,225
1991	6,338
1990	3,921
1989	3,203
1988	2,693
1987	2,388
1986	2,158
1985	2,041
1984	1,940
1983	1,418
1982	50
1981	36
1980	28
1979	25
1978	18
1977 and prior	<u>65</u>
Total taxes	92,101
Less allowance for estimated uncollectible amounts	<u>35,045</u>
Net property taxes receivable	\$ <u><u>57,056</u></u>