



CITY OF PROVIDENCE
Jorge O. Elorza, Mayor

Memorandum

TO: Providence City Council Members
FROM: Krystle Lindberg, Acting City Controller
CC: Gina Costa, Internal Auditor
Lawrence J. Mancini, Finance Director
Sara Silveria, Deputy Finance Director & Budget Officer
DATE: January 28, 2019
SUBJECT: Fiscal Year 2018 Comprehensive Annual Financial Report

Enclosed please find 25 copies of the Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2018. The accountants with BlumShpiro have issued an unmodified "clean" opinion on the City of Providence's issued financial statements. Fiscal Year 2018 had the following financial highlights:

- \$9.183M operating surplus. Current General Fund fund balance is \$11.462M
- Medical Surplus of \$1.2M. Cumulative medical reserves of \$4.5M.

If you have any questions on this report, please do not hesitate to contact me at 458-4198. Thank you.

CONTROLLER'S OFFICE

City of Providence | 797 Westminster Street | Providence, Rhode Island 02903
401 456 9100 extension 11530 ph | 401 456 9252 fax



DEPT. OF CITY CLERK
PROVIDENCE, R.I.
2019 JAN 28 A 11: 58

FILED

To the Members of the City Council
City of Providence, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Providence, Rhode Island, for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 25, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Providence, Rhode Island, are described in Note 1 to the financial statements. Management has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Management's estimate of the net pension liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.

Management's estimate of the net other post employment benefit (OPEB) liability is based on an actuarial valuation utilizing various assumptions and estimates approved by management.

Management's estimate of the useful lives of governmental activities and business-type activities capital assets, which are used in computing depreciation in the government-wide and proprietary fund financial statements.

Management's estimate of the allowance for doubtful accounts related to taxes and water billings receivable is based on certain historical data and currently known information.

Management's estimate of the allowance for loss contingencies is based on information provided by legal counsel.

We have evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole

The financial statement disclosures are neutral, consistent and clear. There were no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 31, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

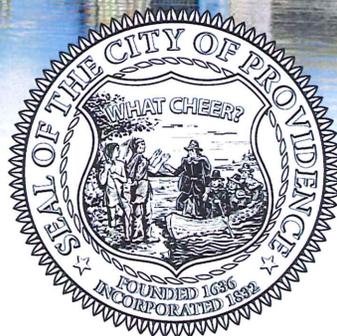
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Members of the City Council and management of the City of Providence, Rhode Island, and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 31, 2018

CITY OF PROVIDENCE, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2018



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



CITY OF PROVIDENCE, RHODE ISLAND
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Introductory Section

**City Officials
As of June 30, 2018**

Mayor
Jorge O. Elorza

City Council

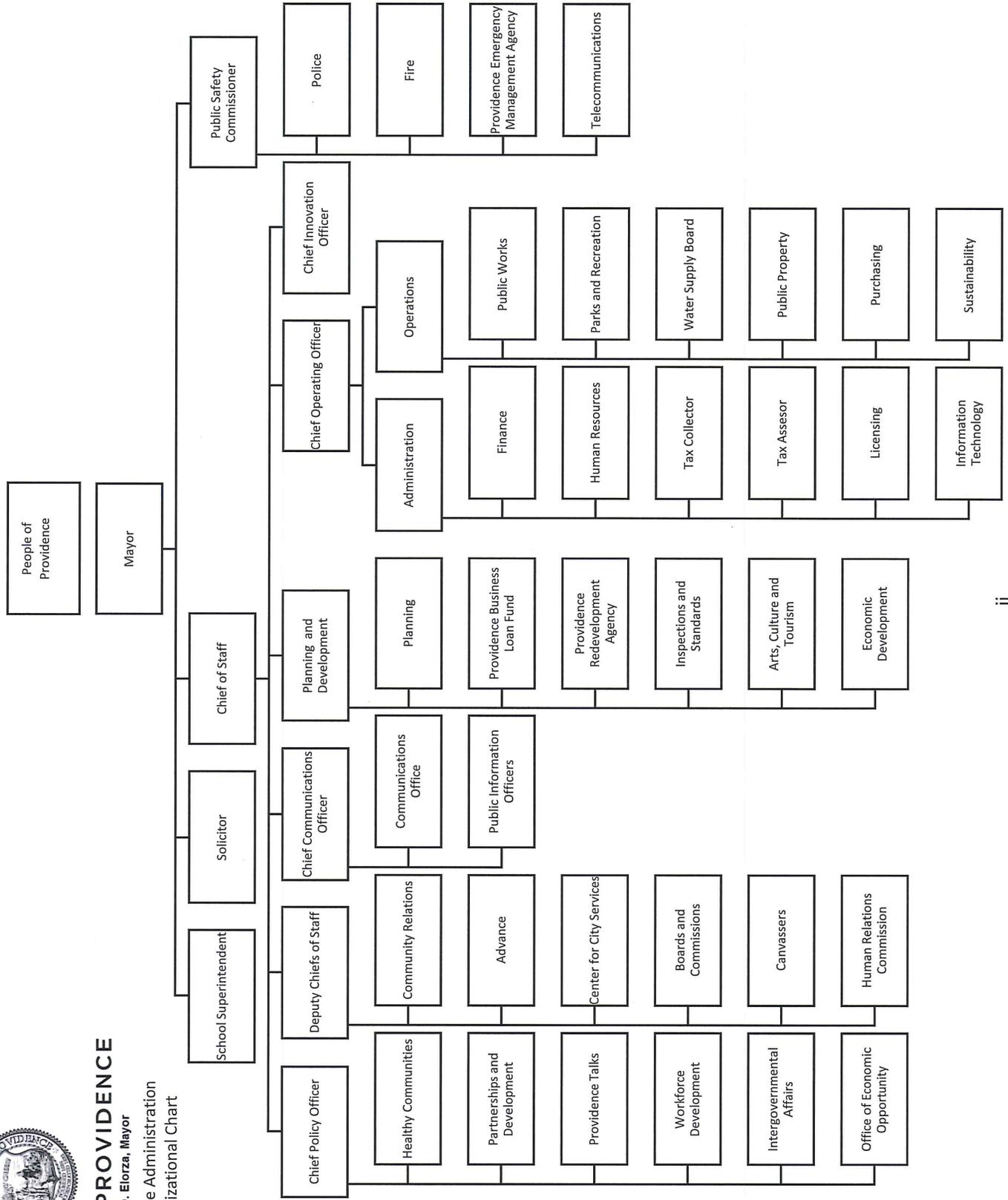
Ward 1 – Seth Yurdin	Ward 6 – Michael J. Correia	Ward 11 – Mary Kay Harris
Ward 2 – Samuel D. Zurier	Ward 7 – John J. Iglizzo	Ward 12 – Terrence M. Hassett
Ward 3 – Nirva LaFortune	Ward 8 – Wilbur W. Jennings, Jr.	Ward 13 – Brian Principe
Ward 4 – Nicholas A. Narducci, Jr.	Ward 9 – Carmen Castillo	Ward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

Department Directors

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



CITY OF PROVIDENCE
 Jorge O. Elorza, Mayor
 Executive Administration
 Organizational Chart





CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

December 31, 2018

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

Honorable Members:

Rhode Island state law requires that all general purpose, local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills that requirement for the fiscal year (FY18) that ended June 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Accountants and advisers from BlumShapiro have issued an unmodified (“clean”) opinion on the City of Providence, Rhode Island's financial statements for the year ending June 30, 2018. A copy of their independent auditor's report is located at the front of the financial section of the report.

Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provide a narrative introduction, overview and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

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



CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

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

FY18 Budget Highlights

On April 26, 2017, Mayor Elorza formally presented the proposed FY18 budget to the City Council. He emphasized the need for municipal and state leaders to advance Collective Impact at both the community and state level to ensure the long term success of the City of Providence. He made bold investments in education, critical infrastructure development, neighborhood programming and advanced system innovation throughout City departments.

Surplus

The City is projected to end FY18 with a surplus of \$9.2 million. This surplus was achieved primarily through realistic budgeting practices, a steady increase in tax collections, a hiring freeze on non-essential employees, better departmental revenue and reduced operational expenses. With the FY18 surplus, the City was able to increase its fund balance to \$11.3 million.

Pension ARC Funding

In FY18 the City made its earliest 100 percent ARC installment in the past twenty-four years, with nearly 50 percent of its annual payments made by June 30, 2018 and full installment paid by July 11, 2018 and. The timing of these payments saved the City nearly \$1.5 million in interest, which remained within the pension fund.

Medical Surplus

The City's efforts to manage its self-insured medical budget to reflect appropriate funding and preventive options for insureds paid dividends. The last three successive years have resulted in surpluses with approximately \$1.4 million for FY18, \$1.9 million in FY17 and \$1.2 million for FY16. Reserves totaling approximately \$4.5 million have been set aside to assist the City should catastrophic claims occur.

Tax Relief

The FY18 budget continued with the motor vehicle excise tax exemption amount of \$2,000 per vehicle. This exemption amount had already been achieved through Mayor Elorza's direct initiative in FY16 and was implemented before the mandatory Motor Vehicle Excise Tax Phase-Out legislation that was enacted by the Rhode Island General Assembly during the 2017 legislative session.



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FY 2018 Budgeted Initiatives

In the FY18 budget, the Mayor emphasized investments in quality educational programs, school and neighborhood infrastructure, targeted economic development tools, new workforce development initiatives and continued investments in innovation to ensure Providence is a city that responds to the needs of residents and businesses.

Youth and Education

The FY18 budget included the first increase in the City's investment in the Providence Public School Department in seven years, continued investments in classroom technology, expanded out-of-school and summer programming, and increased financial support for early childhood learning and infrastructure improvements. In total, the FY18 budget leveraged \$7.1 million in investments directly benefiting Providence youth. These investments included:

- An increase of \$3.6 million in funding to PPSD, raising the total to \$128,546,611 in FY18.
- A \$1 million allocation for the One Providence for Youth: Summer Jobs Program to more than double the number of summer and year-round employment opportunities for youth.
- A second consecutive annual investment of \$1 million in citywide Summer Learning efforts made possible by a new \$580,000 investment by the City, adding to PPSD's historic allocation of \$420,000.
- \$500,000 in support for Providence Talks, the award-winning early intervention program designed to improve the language development of Providence's youngest residents.
- \$500,000 for additional Chromebooks following a major investment in FY17. This investment helped the City achieve a 1:1 student-to-computer ratio that supports increased opportunities for personalized learning experiences.
- \$500,000 for 3-D printers, equipment, and training to support PVD YoungMakers, a program that partners with local libraries and community partners to ensure every child is within walking distance of technology and maker-based programming.
- \$966,000 in total recreation programming funding for new camps made possible through an increase of \$276,000.
- \$750,000 for School Culture Coordinators support staff for all seven of Providence's middle schools.
- Funding for an infrastructure consultant tasked with creating a strategic plan for school investments to rehabilitate facilities and bring them to the 21st century.

Additionally, \$15 million was committed to school infrastructure improvements inclusive of buildings, heating, and safety upgrades.



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Jorge O. Elorza, Mayor

Creating Thriving Communities

The FY18 budget continued direct investments into Providence's thriving and diverse communities with an emphasis on improving the quality of space and quality of life for residents and businesses. These investments included:

- \$250,000 in funding to support expanded transportation options for seniors.
- \$200,000 in support for Amos House's "A Hand Up," an effective program that provides employment opportunities for unemployed and underemployed individuals.
- \$225,000 in additional funding to the Providence Community Libraries for the second consecutive year.
- \$30,000 for a new community garden through the City's urban agriculture initiative, Lots of Hope.
- A new Small Business Coordinator within the City's Office of Economic Opportunity to assist new businesses and help expand existing businesses.
- \$100,000 in new City funding for PVDfest, the City's signature celebration of arts, music, culture, and downtown arts programming.
- \$150,000 for IDPVD, the City's municipal identification card program, which is available to all Providence residents ages 14 and older.
- Funding for an additional police academy of 55 candidates and two fire academies totaling approximately 150 candidates.
- \$200,000 in funding for specialized training and new technology for the Providence Police Department for the implementation of the Providence Community-Police Relations Act (PCPRA).
- \$170,000 towards community police relations, data, and information technology support staff in alignment with the PCPRA.
- \$317,000 in funding for staff and training for the Providence External Review Authority (PERA), an increase of \$200,000 in FY18.

Economic and Workforce Development

In FY18 the City strategically engaged with public, private, and philanthropic partners to advance development in two urban innovation districts and catalyze residential and commercial development through the City. Critical advancements included:

- Four new hotels recently completed or under construction (460 rooms) with four more in the plan review or permitting phase (466 rooms).
- 13 large multifamily projects under construction (770 units) with nine more in the plan review or permitting phase (1,266 units).
- 95,000 sf. greenhouse in Olneyville, being developed by Gotham Greenhouse.



CITY OF PROVIDENCE

Jorge O. Elorza, Mayor

- \$200 million joint facility between University of Rhode Island and Rhode Island College School of Nursing with Brown University administrative offices. The project includes a 650-space parking facility and adjacent 150-bed privately-owned student housing
- \$17 million Providence River Pedestrian Bridge that will connect two waterfront parks in the I-195 District
- \$13.7 million WaterFire Arts Center is a conversion of former U.S. Rubber building into a center for arts and cultural programs and offices for WaterFire Providence.

In creating and funding the new Office of Economic Opportunity, the City took proactive steps to expand opportunities for low-income and underemployed or unemployed residents to gain the skills and credentials needed to succeed in the 21st century economy, reduce income inequality, and break the cycle of intergenerational poverty. The Office leveraged staffing and small direct funding investments made in the FY18 budget to secure state and federal funding for key programs, including:

- A \$27,000 City investment in PVD HealthWorks to leverage \$314,000 of additional outside funding. PVD HealthWorks is a workforce partnership aimed to strengthen Providence's healthcare and social assistance workforce by connecting participants to workforce training, resources and employment opportunities.
- Leveraging \$150,000 of federal funds for the PVD Self Employment program, an entrepreneurship training programing which served 100 unemployed and under-employed Providence residents by providing technical assistance.
- Leveraging \$75,000 of federal funds for the Providence Design Catalyst, a program in partnership with RIDLT and DESIGNxRI that provided qualifying Providence design businesses with \$90,000 in grant funding capital in amounts up to \$15,000, business mentorship and professional development training.

A City that Works

The FY18 budget made strategic investments in personnel as well as technology to ensure implementation of systems that reduce red-tape and ease the process of working with City Departments. It also exemplified responsible and transparent budgeting practices and did not rely on one time fixes to address longstanding fiscal challenges. Highlights included:

- The launch of the City's online licensing system and the migration of the City's Inspections & Standards online permitting system to a more user friendly format.
- Processing of 16,860 constituent cases submitted through the City's PVD 311 system and increasing usage of the system via 2,043 new mobile app downloads for a total of 5,200 at the end of FY18.
- The creation of a \$3.5 million dollar rainy day fund for the City through a 1% allocation of the total budget.



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- Reducing the assumed rate of return a quarter point, from 8.25% to 8%, to remain in line with practical budgeting practices.
- Providing funding to hire an ethics coordinator to assist the work of the Providence Ethics Commission in ensuring accountability and transparency in municipal government.
- Maintaining and expanding the citywide EveryHome Program aimed at addressing vacant and abandoned properties.

Debt Administration

Outstanding government and business-type activity bonds at June 30, 2018 totaled \$521,047,000. The City has the following bond ratings for general obligation debt:

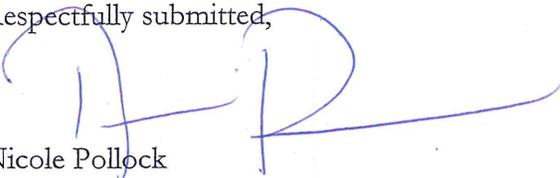
Moody's Investor Services –	Baa1
Standard and Poor's –	BBB
Fitch –	A-

Acknowledgments

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

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

Respectfully submitted,


Nicole Pollock
Chief of Staff



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Providence
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Providence, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Providence, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Providence, Rhode Island, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle and Restatement

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2018, the City of Providence, Rhode Island, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Providence, Rhode Island, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75 and to reclassify the component unit. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the City of Providence, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Providence, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
December 31, 2018

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CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

This Management's Discussion and Analysis of the City of Providence, Rhode Island's Basic Financial Statements provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018.

Financial Highlights – Primary Government

Government – Wide Highlights

Net Position – The liabilities of the City's governmental activities exceeded its assets for the fiscal year ending June 30, 2018 by \$1,985 million (presented as "total net position"). Of this amount, a negative of \$2,242 million was reported as "unrestricted". The net investment in capital assets was \$238 million. The assets of the City's business-type activities exceed its liabilities by \$288 million. Of this amount, \$294 million represents the City's business-type activities net investment in capital assets.

Change in Net Position – The City's total net position increased by \$16.3 million in fiscal year 2018. Net position of governmental activities decreased by \$6.5 million due to increased costs for both public safety and education services. Conversely, net position of business-type activities increased by \$22.8 million due to enhanced Water Supply Board operations. The City's component unit, Providence Redevelopment Agency, was separated from primary government activities in fiscal year 2018 and is not included in the figures above.

Fund Highlights

Governmental Funds – Fund Balances – As of June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$74 million, a \$15.9 million increase from the prior year. Of the total fund balance reported, \$11.4 million represents "unassigned fund balance".

Long-Term Obligations

The City's total long-term obligations related to its government activities had a net increase of \$742 million during the current fiscal year.

The total long-term obligations of the City's proprietary activities increased \$6.3 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Providence's basic financial statements. The City's basic financials statements include three components: 1) government – wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional supplementary information (budget schedules) and other supplementary information (combining financial statements). These components are described in this next section of this analysis.

Basic Financial Statements

The basic financial statements include two types of statements that present different views of the City's financial information. These statements are the **Government-Wide and the Fund Financial statements**. These financial statements are accompanied by **Notes to the financial Statements**, which provide detailed information about financial statement items.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the city's operations in a manner similar to a business operating in the private sector. The statements provide short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. In other words, they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

- The *Statement of Net Position* presents all of the government's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported, as soon as, the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as, uncollected taxes and earned, but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the above financial statements have separate sections for three different types of the City's programs or activities. These activities are defined below:

- *Governmental Activities* – The activities in this section are supported mostly by tax revenues and intergovernmental revenues (federal and state grants). Most services normally associated with City government fall into this category, including the executive, legislative and judicial, financial administration, human resources, public safety, building inspections, public works, recreation, parks, schools, public property, planning, other general government, judgment and claims, retirement costs, debt service, and other employee benefits.
- *Business-Type Activities* – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The City's business-type activities include the operations of the Water Supply Board and The Providence Public Building Authority.
- *Component Unit* – The Providence Redevelopment Agency ("PRA") was founded on December 20, 1946 and has distinct legal existence from the City. PRA is supported primarily by bonds with the intent to foster economic development in substandard and blighted areas. The PRA was formerly grouped with Governmental Activities, but is a discretely presented component unit in fiscal year 2018.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other local Governments, the City uses fund accounting to ensure and demonstrate compliance with finance-regulated legal requirements.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into three categories: (1) governmental, (2) proprietary, and (3) fiduciary. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are described below:

Fund Financial Statements (continued)

1. *Governmental Fund Financial Statements* – Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed, short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has four governmental funds considered to be major funds for financial statement presentation. That is, each major fund is presented in a separate column in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major governmental funds are comprised of the following: (1) the General Fund, (2) the School Fund, (3) the School Grant Fund, and (4) the Capital Projects Fund. All nonmajor governmental funds are presented in single column. The basic governmental fund financial statements can be found immediately following the government-wide statements.

2. *Proprietary Fund Financial Statements* – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, which are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statement, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and proprietary fund financial statements. The City has two major enterprise funds: The Water Supply Board and the Providence Public Buildings Authority. Financial statements for the Providence Public Buildings Authority may be obtained from the City of Providence Finance Department.

The Internal Service Fund is maintained to account for the self-insured health claims and potential legal claims of the City.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Fund Financial Statements (continued)

3. *Fiduciary Fund Financial Statements* – These funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. They use the accrual basis of accounting.

The City's fiduciary funds are comprised of the Employee Retirement Fund, various Private-Purpose Trust Funds, and Agency Funds.

The fiduciary financial statements can be found immediately following the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund basis financial statements. The notes to the financial statements can be found immediately following the fiduciary fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules for the general and school funds – the only governmental funds for which legal budgets are adopted annually. In fiscal year 2018, there were no significant modifications to the budgets originally adopted for each fund.

Other Supplementary Information

Combining Financial Statements and Schedules

Combining financial statements are presented for nonmajor governmental funds and combining schedules are presented by individual grant within the school department. These are presented following the required supplementary information. The total columns of these combining financial statements and schedules are presented in the applicable fund financial statement.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve as a useful indicator of the government's financial position over time. The City's combined net position (government and business-type activities) totaled a deficit of \$1.7 billion at the end of 2018, compared to a deficit of \$882 million at the end of the prior year. The primary cause of the significant decrease in net position is due to the restatement of the City's total post-employment liability as of June 30, 2017 in accordance with GASB Statement No. 75. In addition, a previously blended component unit is now being presented discreetly. Please see Notes to the Financial Statement No. 17 for additional information.

The largest portion of the City's net position, \$532 million, reflect its investment in capital assets, like land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any outstanding

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

related debt used to acquire that asset. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets can not be used to liquidate these liabilities.

	June 30, 2018				June 30, 2017*		
	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 283,366	\$ 74,130	\$ 357,496	\$ 12,060	\$ 256,074	\$ 66,758	\$ 322,832
Capital Assets	671,910	405,390	1,077,300		672,206	390,107	1,062,313
Noncurrent Assets		1,178	\$ 1,178			1,178	1,178
Total Assets	<u>955,276</u>	<u>480,698</u>	<u>1,435,974</u>	<u>12,060</u>	<u>928,280</u>	<u>458,043</u>	<u>1,386,323</u>
Deferred Outflows of Resources	<u>110,280</u>	<u>3,419</u>	<u>113,699</u>		<u>107,283</u>	<u>4,739</u>	<u>112,022</u>
Current liabilities	182,558	16,455	199,013	2,641	200,991	13,035	214,026
Noncurrent liabilities	2,709,966	176,556	2,886,522		1,968,456	170,282	2,138,738
Total Liabilities	<u>2,892,524</u>	<u>193,011</u>	<u>3,085,535</u>	<u>2,641</u>	<u>2,169,447</u>	<u>183,317</u>	<u>2,352,764</u>
Deferred Inflows of Resources	<u>157,788</u>	<u>3,257</u>	<u>161,045</u>		<u>26,875</u>	<u>787</u>	<u>27,662</u>
Net Position:							
Net investment in capital assets	238,126	294,003	532,129		243,237	256,129	499,366
Restricted	18,809	55,216	74,025	9,419	17,543	49,188	66,731
Unrestricted	(2,241,691)	(61,370)	(2,303,061)		(1,421,539)	(26,639)	(1,448,178)
Total Net Position (as, Restated)	<u>\$ (1,984,756)</u>	<u>\$ 287,849</u>	<u>\$ (1,696,907)</u>	<u>\$ 9,419</u>	<u>\$ (1,160,759)</u>	<u>\$ 278,678</u>	<u>\$ (882,081)</u>

Restricted net position of \$74 million primarily represents water restricted funds that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net position.

*The data above reflects the information that was included in the Comprehensive Annual Financial Report for fiscal year ending June 30, 2017. It does not reflect the restatements in Note 17.

Changes in Net Position

The City's net position decreased by \$6.5 million for governmental activities and increased by \$22.8 million for business-type activities for a combined increase in net position of \$16.3 million. General fund revenues increased due to: enhanced tax collections, a rise in state revenue, and higher than expected building inspection revenue. Expenditures for legal claims, utility costs, and police services came in higher than their respective budgeted amounts. The City budgeted for a deficit reduction expense of \$3.6 to serve as mechanism to ensure an operating surplus in fiscal year 2018. Charges for services relating to Business-Type Activities increased by \$2.5 million primarily due to the merger of the East Smithfield Water District which took place in fiscal year 2017. Approximately 47.72% of the City's total governmental revenues were generated from taxes and payments in lieu of taxes, which is comparable to the prior year. 41.57% of revenues resulted from grants and contributions, including Federal Aid, which is slight increase from the prior year. There were slight changes in both, charges for various goods and services, which provided 5.7% of total revenues, while other revenues and investment and rental income accounted for 4.4% of total revenues, respectively. The City's expenses cover a range of services. The largest expenses were for school, public safety, retirement costs, and employee benefits. Revenues from business-type activities in fiscal year 2018 exceeded expenses by \$22.8 million. The Business-type activities reported an increase in revenue of 7.3%, while expenses decreased .73% from the prior year.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

	June 30, 2018				June 30, 2017*		
	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit	Governmental Activities	Business- type Activities	Total
Revenues:							
Program revenues:							
Charges for service	\$ 47,662	\$ 107,092	\$ 154,754	\$ 10,555	\$ 52,255	\$ 104,137	\$ 156,392
Operating grants and contributions	347,226		347,226		331,773		331,773
Capital grants and contributions	5,012	4,229	9,241		8,505	391	8,896
General revenues:							
Property taxes	398,613		398,613		398,364		398,364
Grants not restricted for a specific purpose	22,479		22,479		16,978		16,978
Miscellaneous	12,395	1,465	13,860		13,364	543	13,907
Unrestricted investment earnings	1,926		1,926		2,598		2,598
Total revenues	835,313	112,786	948,099	10,555	823,837	105,071	928,908
Expenses:							
Executive, legislative and judicial	61,615		61,615		66,564		66,564
Finance	31,118		31,118		20,693		20,693
Public safety	221,138		221,138		218,980		218,980
Building inspection	4,149		4,149		4,800		4,800
Public works	13,376		13,376		15,875		15,875
Recreation	4,326		4,326		3,631		3,631
Public lands and parks	29,847		29,847		28,908		28,908
Education	445,724	16,552	462,276		430,468	17,442	447,910
Community development	16,673		16,673		25,924		25,924
Interest on long-term debt	14,860		14,860		20,182		20,182
Economic development		11,950	11,950			11,919	11,919
Water		60,483	60,483			60,274	60,274
Providence Redevelopment Agency				10,928			
Total expenses	842,826	88,985	931,811	10,928	836,025	89,635	925,660
Transfers	1,016	(1,016)	-	-	1,103	(1,103)	
Change in net position	(6,497)	22,785	16,288	(373)	(11,085)	14,333	3,248
Net position- beginning (as, Restated)	(1,978,259)	265,064	(1,713,195)	9,792	(1,149,674)	264,345	(885,329)
Net Position- Ending	\$ (1,984,756)	\$ 287,849	\$ (1,696,907)	\$ 9,419	\$ (1,160,759)	\$ 278,678	\$ (882,081)

*The data above reflects the information that was included in the Comprehensive Annual Financial Report for fiscal year ending June 30, 2017. It does not reflect the restatements in Note 17.

Business-Type Activities

The business-type activities increased the City's net position by \$22.8 million. This resulted primarily from a \$20.3 million increase in net position of the Water Supply Board. Additionally, there was an increase of net position of \$1.8 million by the Providence Public Building Authority, an increase of \$244 thousand from the school lunch program, an increase of \$1.5 million in investment income, and a decrease of \$1 million for transfers out; all of which are contributing to the overall increase.

Financial Analysis of the City's Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11.5 million, an increase of \$9.2 million from positive \$2.3 million the prior year. The increase in fund balance is due to an overall increase in revenues collected of \$11.3 million more than prior fiscal year offset by overall increases in expenditures of \$2.9 million, over the prior fiscal year. Other financing sources amounted to \$2.7 million, an increase of \$1.3 million over the prior fiscal year. Increases in tax collections, fines and forfeitures, and other revenues partially offset the increases in expenditures and other financing sources for the fiscal year ending June 30, 2018. As a measure of the general funds' liquidity, it may be useful to compare both unassigned fund balance and total fund balance.

School Grants-Fund Balance – The school grant funds account for federal and state grants received and expended by the school system. The fiscal year 2018 school grants fund balance is reported at \$4.6 million, with little change from fiscal 2017. All state aid in fiscal 2018 was included in the School's general fund and excluded from the school grants fund.

School Fund – The school fund ended the year with a \$0 fund balance in accordance with City charter regulations. The expenditures were \$395 million as compared to \$379 million in the prior year. All state aid in fiscal 2018 was included in the School's general fund and excluded in the school grants fund.

Capital Projects Fund-Fund Balance – The capital projects fund accounts for resources to be used for the acquisition or construction of capital assets for housing and community improvement activities in the City, other than those financed by proprietary funds. The fiscal year 2018 capital projects fund balance is \$6.2 million. The \$5.1 million increase from fiscal year 2017 is attributable most notably to federal and state grants and reimbursements that will be used to fund future projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities above, the City's proprietary net position increased by \$22.8 million as a result of operations in the individual enterprise funds. This increase is due to a \$20.3 million increase in net position of the Water Supply Board, an increase in net position of \$1.8 million by the Providence Public Building Authority, a \$244 thousand increase in the school lunch program, an increase of \$1.5 million in investment income, and a decrease \$1 million for transfers out for fiscal year 2018. In fiscal year 2018, the Water Supply Board's charges for services increased by \$2.7 million due to the additional revenue generated by the East Smithfield Water District. In addition, the Water Supply Board received \$3.8 million in additional capital grants and contributions as compared to 2017.

General Fund Budgetary Highlights

The general fund incurred an uncombined surplus in FY 2018 of \$9.2 million. This will increase the cumulative uncombined general fund balance to a positive \$2.6 million. The GASB 54 requirement for combining funds shows a cumulative general fund balance as \$11.5 million. Total general fund revenues and transfers for the fiscal year were \$506 million and total general fund expenditures and transfers for the fiscal year were \$497 million.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 66 to 70 of the fiscal year 2017 Comprehensive Annual Financial Report.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Capital Asset and Debt Administration

Capital Assets (Note 6 to the Basic Financial Statements)

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,590	\$ 24,342	\$ 70,932	\$ 46,590	\$ 24,114	\$ 70,704
Land Improvements			-			-
Building and Improvements	203,015	276,294	479,309	198,475	258,612	457,087
Machinery and Equipment	22,648	3,505	26,153	19,595	3,407	23,002
Infrastructure	90,355		90,355	93,557		93,557
Leased Assets	304,729		304,729	312,896		312,896
Construction in Progress	4,573	101,249	105,822	1,363	103,974	105,337
	<u>\$ 671,910</u>	<u>\$ 405,390</u>	<u>\$ 1,077,300</u>	<u>\$ 672,476</u>	<u>\$ 390,107</u>	<u>\$ 1,062,583</u>

The City's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$1,149 million, net of accumulated depreciation of \$477 million, leaving a net book value of \$672 million. This investment in capital assets included land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

Debt Administration

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 67,920		\$ 67,920	\$ 76,106		\$ 76,106
Revenue Bonds	37,558	\$ 111,387	148,945	44,419	\$ 116,740	161,159
Unamortized Bond Premiums	3,825		3,825	4,394		4,394
Tax Increment Obligations			-			-
Capital Notes Payable	39,341		39,341	33,676		33,676
Notes Payable	5,102		5,102	4,808		4,808
PPBA Debt		300,350	300,350		283,476	283,476
	<u>\$ 153,746</u>	<u>\$ 411,737</u>	<u>\$ 565,483</u>	<u>\$ 163,403</u>	<u>\$ 400,216</u>	<u>\$ 563,619</u>

The authority of the City to incur debt is governed by federal and state laws, which restrict the amounts and purposes for which a municipality can incur debt.

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the City Council.

The City's total outstanding notes and bonds increased by \$1.9 million during the current fiscal year.

The 2004 State legislative session authorized the City to issue variable rate debt and to participate in interest rate swaps. The City is developing policies that will set guidelines and procedures and define permitted instruments. It will set participant requirements and limitations on exposure, as well as ongoing management and reporting requirements.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The City of Providence maintains the following ratings from Wall Street's credit agencies for general obligation debt: a Baa1 rating from Moody's Investors Service, a BBB rating from Standard and Poor and a A-rating from Fitch. The City of Providence continues to perform long-term strategic planning in a pro-active attempt to control costs: examples of these costs are health insurance, pension costs, education, salaries and benefits and debt service. The City has negotiated with all of its unions to increase employee contributions for health insurance.

Additional information on the City's long-term debt obligations can be found in Notes 7 and 8 to the Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Providence's finances for all of the City of Providence's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Providence, Finance Department, Providence City Hall, 25 Dorrance Street, Providence, RI 02903.

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Basic Financial Statements

CITY OF PROVIDENCE
STATEMENT OF NET POSITION
JUNE 30, 2018
(In Thousands)

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals*	Unit Providence Redevelopment Agency
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 86,169	\$ 41,125	\$ 127,294	\$ 11,060
Restricted cash and cash equivalents		45,375	45,375	
Investments	18,378	18,103	36,481	
Taxes receivable (net of allowance)	25,232		25,232	
Intergovernmental receivable	48,691	2,923	51,614	5
Loan receivable (net of allowance)	24,058		24,058	284
Restricted receivables		218	218	
Other receivable	21,788		21,788	387
Charges for service receivable (net of allowance)		20,868	20,868	
Internal balances	54,958	(54,958)		
Other assets	4,092	476	4,568	324
Total current assets	283,366	74,130	357,496	12,060
Noncurrent Assets:				
Notes receivable		1,178	1,178	
Capital assets, nondepreciable	51,163	125,591	176,754	
Capital assets, depreciable, net	620,747	279,799	900,546	
Total noncurrent assets	671,910	406,568	1,078,478	
Total assets	955,276	480,698	1,435,974	12,060
Deferred Outflow of Resources:				
Deferred Outflows of Resources related to pension	110,280	3,419	113,699	
Liabilities:				
Current liabilities:				
Warrants and accounts payable	33,823	8,380	42,203	1,489
Payable to retirement plan	34,252		34,252	
Due to other governments	466		466	
Accrued liabilities	28,707		28,707	1,014
Unearned revenue	17,481		17,481	138
Amounts payable with current restricted assets		1,998	1,998	
Long term debt due within one year	67,829	6,077	73,906	
Total current liabilities	182,558	16,455	199,013	2,641
Noncurrent liabilities:				
Due in more than one year	2,709,966	176,556	2,886,522	
Total noncurrent liabilities	2,709,966	176,556	2,886,522	
Total liabilities	2,892,524	193,011	3,085,535	2,641
Deferred Inflow of Resources:				
Deferred Inflows of Resources related to OPEB	117,274	2,355	119,629	
Deferred Inflows of Resources related to pension	40,514	902	41,416	
Total deferred inflow of resources	157,788	3,257	161,045	
Net Position:				
Net investment in capital assets	238,126	294,003	532,129	
Restricted for:				
Various endowments:				
Expendable	18,673		18,673	9,419
Nonexpendable	136		136	
Water Quality Protection		43,261	43,261	
Debt service		11,955	11,955	
Unrestricted	(2,241,691)	(61,370)	(2,303,061)	
Total Net Position	\$ (1,984,756)	\$ 287,849	\$ (1,696,907)	\$ 9,419

* After internal receivables and payables have been eliminated

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Functions/Programs	Net Revenue (Expense) and Changes in Net Position										Component Unit	
	Program Revenues			Primary Government			Business-Type Activities					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total		
Governmental activities:												
Executive, legislative, and judicial	\$ 61,615	\$ 347	\$ 12	\$	\$ (61,256)	\$	\$ (61,256)	\$	\$	\$ (61,256)	\$	\$ (61,256)
Finance	31,118	5,789			(25,319)		(25,319)			(25,319)		(25,319)
Public Safety	221,138	27,696	8,786		(184,656)		(184,656)			(184,656)		(184,656)
Building Inspection	4,149	8,441			4,292		4,292			4,292		4,292
Public Works	13,376	330		4,088	(8,958)		(8,958)			(8,958)		(8,958)
Recreation	4,326	1,324	730		(2,272)		(2,272)			(2,272)		(2,272)
Public land and parks	29,847	2,683		924	(26,240)		(26,240)			(26,240)		(26,240)
Education	445,724	41	323,305		(122,378)		(122,378)			(122,378)		(122,378)
Community development	16,673	1,001	14,393		(1,279)		(1,279)			(1,279)		(1,279)
Interest on long-term debt	14,860				(14,860)		(14,860)			(14,860)		(14,860)
Total governmental activities	842,826	47,662	347,226	5,012	(442,926)		(442,926)			(442,926)		(442,926)
Business-type activities:												
Water Supply Board	60,483	76,512		4,229				20,258		20,258		20,258
PPBA	11,950	13,784						1,834		1,834		1,834
Nonmajor School lunch program	16,552	16,796						244		244		244
Total business-type activities	88,985	107,092		4,229				22,336		22,336		22,336
Component unit:												
Providence Redevelopment Agency	10,928	10,555										(373)
Total	\$ 942,739	\$ 165,309	\$ 347,226	\$ 9,241	\$ (442,926)		\$ (442,926)	\$ 22,336		\$ (420,590)		\$ (373)
General revenues:												
Taxes:												
Property taxes					357,649		357,649			357,649		357,649
Payment in lieu of taxes					40,964		40,964			40,964		40,964
Grants and contributions not restricted to specific programs					22,479		22,479			22,479		22,479
Investment earnings					1,926		1,926			1,926		1,926
Miscellaneous					12,395		12,395		1,465	13,860		13,860
Total general revenues					435,413		435,413		1,465	436,878		436,878
Transfers					1,016		1,016		(1,016)			
Change in Net Position					(6,497)		(6,497)		22,785	16,288		(373)
Net Position at Beginning of Year, as Restated					(1,978,259)		(1,978,259)		265,064	(1,713,195)		9,792
Net Position at End of Year					\$ (1,984,756)		\$ (1,984,756)		287,849	(1,696,907)		9,419

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects		
ASSETS						
Cash and cash equivalents	\$ 20,308	\$ 33,234	\$ 13,200	\$ 1,049	\$ 15,464	\$ 83,255
Investments					18,379	18,379
Receivables, net:						
Taxes	25,232					25,232
Loans					24,093	24,093
Intergovernmental	37,386	967	7,450	27	3,192	49,022
Other	10,083	459		9,228	66	19,836
Due from other funds	46,969	10,775	5,673	81	12,472	75,970
Other assets					608	608
Total Assets	\$ 139,978	\$ 45,435	\$ 26,323	\$ 10,385	\$ 74,274	\$ 296,395
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants and accounts payable	\$ 11,286	\$ 17,906	\$ 2,018	\$ 723	\$ 2,051	\$ 33,984
Accrued liabilities	474	23,107	1		651	24,233
Unearned revenues-other	3,425		3,996		10,060	17,481
Due to employee retirement plan	32,325					32,325
Due to other funds	54,740	4,422	15,656	3,442	9,854	88,114
Due to other governments	458		10			468
Total liabilities	102,708	45,435	21,681	4,165	22,616	196,605
Deferred inflows of resources:						
Unavailable revenue - taxes	22,720					22,720
Unavailable revenue - other receivables	3,088					3,088
Total deferred inflows of resources	25,808	-	-	-	-	25,808
Fund balances:						
Nonspendable					136	136
Restricted			4,358	6,220	42,912	53,490
Committed			284		8,610	8,894
Unassigned	11,462					11,462
Total fund balances	11,462	-	4,642	6,220	51,658	73,982
Total Liabilities and Fund Balances	\$ 139,978	\$ 45,435	\$ 26,323	\$ 10,385	\$ 74,274	\$ 296,395

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 73,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 1,149,195
Less accumulated depreciation	<u>(477,285)</u>
Net capital assets	671,910
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	22,720
Accounts and other receivables	3,088
Deferred outflows related to pension	110,280
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	
	4,543
Long-term liabilities, including bonds payable and deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(126,343)
PPBA debt	(280,038)
Unspent PPBA bond proceeds	55,283
Unamortized bond premium	(3,825)
Interest payable on bonds and notes	(4,295)
Compensated absences	(36,737)
Claims and Judgements	(36,388)
Capital lease	(23,578)
Total OPEB liability	(1,007,294)
Net pension liability	(1,250,276)
Deferred inflows related to OPEB	(117,274)
Deferred inflows related to pension	<u>(40,514)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ (1,984,756)</u>

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects		
Revenues:						
Taxes	\$ 359,547	\$	\$	\$	\$	359,547
Departmental revenue	96,953	250,256			1,570	348,779
Federal and state grants and reimbursements	38,329	15,507	32,321	5,456	23,038	114,651
Investment and rental income	1,179				3,027	4,206
Fines and forfeitures	4,772					4,772
Other	2,441		542		1,430	4,413
Total revenues	<u>503,221</u>	<u>265,763</u>	<u>32,863</u>	<u>5,456</u>	<u>29,065</u>	<u>836,368</u>
Expenditures:						
Current:						
Executive, legislative, and judicial	20,503				369	20,872
Finance	45,685					45,685
Public safety	165,300				15,908	181,208
Building inspection	3,947					3,947
Public works	22,100					22,100
Recreation	3,004				1,192	4,196
Public lands and parks	21,053				1,121	22,174
Other departments	11,530					11,530
Grants	5,880					5,880
Education		395,414	31,742			427,156
Community development					8,150	8,150
Noncurrent:						
Capital outlays				13,459	329	13,788
Debt Service:						
Principal	45,241				106	45,347
Interest and other costs	21,536				37	21,573
Total expenditures	<u>365,779</u>	<u>395,414</u>	<u>31,742</u>	<u>13,459</u>	<u>27,212</u>	<u>833,606</u>
Excess (Deficiency) of Revenues over Expenditures	<u>137,442</u>	<u>(129,651)</u>	<u>1,121</u>	<u>(8,003)</u>	<u>1,853</u>	<u>2,762</u>
Other Financing Sources (Uses):						
Capital lease proceeds				12,111		12,111
Note payable proceeds						
Transfers in	2,724	129,661	1,114	971	1,741	136,211
Transfers out	(130,983)	(10)	(2,228)		(1,974)	(135,195)
Total other financing sources (uses)	<u>(128,259)</u>	<u>129,651</u>	<u>(1,114)</u>	<u>13,082</u>	<u>(233)</u>	<u>13,127</u>
Net Change in Fund Balances	9,183	-	7	5,079	1,620	15,889
Fund Balances at Beginning of Year	<u>2,279</u>	<u>-</u>	<u>4,635</u>	<u>1,141</u>	<u>50,038</u>	<u>58,093</u>
Fund Balance at End of Year	<u>\$ 11,462</u>	<u>\$ -</u>	<u>\$ 4,642</u>	<u>\$ 6,220</u>	<u>\$ 51,658</u>	<u>\$ 73,982</u>

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 15,889
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	25,979
Depreciation expense	(26,228)

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

	(317)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(1,898)
Accounts and other receivables - accrual basis change	474

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of

long-term debt and related items are as follows:

Issuance of notes payable and capital leases	(12,728)
Issuance of PPBA debt	(44,535)
Bond principal payments	15,047
Note payable and capital lease principal payments	6,769
PPBA debt principal payments	30,063
Unspent PPBA bond proceeds	37,458
Amortization of premiums	569

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(539)
Accrued interest	(119)
Change in total OPEB liability	100,523
Change in net pension liability	(17,092)
Claims and judgements	(9,120)
Deferred inflows related to OPEB	(117,274)
Deferred inflows related to pension	(10,642)

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

1,224

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u><u>(6,497)</u></u>
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The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018
(In Thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	Public Building Authority	Nonmajor School Lunch Program	Totals	Internal Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,430	\$ 36,654	\$ 3,041	\$ 41,125	\$ 2,917
Restricted cash	45,375			45,375	
Investments		18,103		18,103	
Receivables, net	10,939	9,732	197	20,868	1,848
Restricted receivables	218			218	
Receivables- other governments			2,923	2,923	
Due from primary government		490,295		490,295	
Due from other funds			236	236	42,345
Inventories	411			411	
Other assets	65			65	2,296
Total current assets	58,438	554,784	6,397	619,619	49,406
Noncurrent assets:					
Notes receivable	1,178			1,178	
Capital assets:					
Land	24,342			24,342	
Buildings and improvements	123,451			123,451	
Improvements other than buildings	361,186			361,186	
Machinery and equipment	33,511			33,511	
Construction in progress	101,249			101,249	
	643,739			643,739	
Less accumulated depreciation	238,349			238,349	
Total noncurrent assets	406,568	-	-	406,568	-
Total assets	465,006	554,784	6,397	1,026,187	49,406
Deferred Outflows of Resources Related to Pension	3,419			3,419	
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	4,366	3,037	2,910	10,313	194
Risk management claims payable					13,316
Due to other funds	657		356	1,013	31,353
Other		44,365		44,365	
Amounts payable from restricted assets	1,998			1,998	
Current portion of long-term debt and capital leases, net	6,077	28,978		35,055	
Total current liabilities	13,098	76,380	3,266	92,744	44,863
Noncurrent liabilities:					
Revenue bonds and PAP Loans, net	105,310	468,758		574,068	
Net pension liability	50,781			50,781	
Total OPEB liability	20,465			20,465	
Total noncurrent liabilities	176,556	468,758	-	645,314	-
Total liabilities	189,654	545,138	3,266	738,058	44,863
Deferred Inflows of Resources:					
Deferred Inflows related to OPEB	2,355			2,355	
Net deferred charges on debt refunding		442		442	
Deferred Inflows related to pensions	902			902	
Total deferred inflows of resources	3,257	442	-	3,699	-
Net Position:					
Net investment in capital assets	294,003			294,003	
Restricted for Water Quality Protection	43,261			43,261	
Restricted for debt service		11,955		11,955	
Unrestricted	(61,750)	(2,751)	3,131	(61,370)	4,543
Total Net Position	\$ 275,514	\$ 9,204	\$ 3,131	\$ 287,849	\$ 4,543

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	Public Building Authority	Non-major School Lunch Program	Totals	Internal Service Fund
Operating Revenues:					
Charges for sales and services	\$ 76,102	\$	\$ 1,602	\$ 77,704	\$ 104,726
Federal and state grants and reimbursements			15,194	15,194	
Lease receipts		12,559		12,559	
Other	410	1,225		1,635	3,753
Total operating revenues	<u>76,512</u>	<u>13,784</u>	<u>16,796</u>	<u>107,092</u>	<u>108,479</u>
Operating Expenses:					
Cost of sales and services	25,286		16,552	41,838	
Health claims					107,255
Administration	22,505	1,169		23,674	
Depreciation and amortization	9,696			9,696	
Other		106		106	
Total operating expenses	<u>57,487</u>	<u>1,275</u>	<u>16,552</u>	<u>75,314</u>	<u>107,255</u>
Operating Income	<u>19,025</u>	<u>12,509</u>	<u>244</u>	<u>31,778</u>	<u>1,224</u>
Nonoperating Revenues (Expenses):					
Investment income	1,045	420		1,465	
Interest expense	(2,996)	(10,645)		(13,641)	
Amortization expense		(30)		(30)	
Total nonoperating expenses	<u>(1,951)</u>	<u>(10,255)</u>	<u>-</u>	<u>(12,206)</u>	<u>-</u>
Net Income Before Capital Grants, Contributions and Transfers	17,074	2,254	244	19,572	1,224
Capital Grants and Contributions	4,229			4,229	
Transfers out		(1,016)		(1,016)	
Change in Net Position	21,303	1,238	244	22,785	1,224
Net Position, Beginning, as Restated	<u>254,211</u>	<u>7,966</u>	<u>2,887</u>	<u>265,064</u>	<u>3,319</u>
Net Position, Ending	<u>\$ 275,514</u>	<u>\$ 9,204</u>	<u>\$ 3,131</u>	<u>\$ 287,849</u>	<u>\$ 4,543</u>

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	Public Building Authority	Non-major School Lunch Program	Totals	Internal Service Fund
Cash Flows from Operating Activities:					
Cash received from customers and other	\$ 73,116	\$ 49,714	\$ 1,495	\$ 124,325	\$ 108,479
Cash received from intergovernmental sources			15,342	15,342	
Cash paid to vendors	(22,451)	(1,443)	(15,921)	(39,815)	(108,918)
Cash paid to employees	(19,447)		469	(18,978)	
Net cash provided by (used in) operating activities	31,217	48,271	1,385	80,873	(439)
Cash Flows from Noncapital Financing Activities:					
Transfer to other funds		(1,016)		(1,016)	
Net cash provided by (used in) noncapital financing activities	-	(1,016)	-	(1,016)	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(24,979)	(9,982)		(34,961)	
Interest paid on debt	(2,996)	(9,945)		(12,941)	
Proceeds from bond issuance		39,153		39,153	
Proceeds from notes receivable	132			132	
Repayment of long-term debt and capital leases	(5,353)	(38,104)		(43,457)	
Capital grants	4,229			4,229	
Net cash provided by (used in) capital and related financing activities	(28,967)	(18,878)	-	(47,845)	-
Cash Flows from Investing Activities:					
Purchase of investment securities		(1,225)		(1,225)	
Investment income	1,045	420		1,465	
Net cash provided by (used in) investing activities	1,045	(805)	-	240	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,295	27,572	1,385	32,252	(439)
Cash and Cash Equivalents, July 1, 2017	43,510	9,082	1,656	54,248	3,356
Cash and Cash Equivalents, Unrestricted, June 30, 2018	1,430	36,654	3,041	41,125	2,917
Cash and Cash Equivalents, Restricted, June 30, 2018	\$ 45,375	\$ -	\$ -	\$ 45,375	\$ -
Reconciliation of Operating Income (Loss) to Net Cash					
Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 19,025	\$ 12,509	\$ 244	\$ 31,778	\$ 1,224
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	9,696	30		9,726	
(Increase) decrease in receivables	(1,366)	(13,650)	41	(14,975)	34
(Increase) decrease in inventories	158			158	
(Increase) decrease in other assets	757			757	(28)
(Increase) decrease in deferred outflows of resources	1,320			1,320	
(Increase) decrease in due from other funds			(236)	(236)	1,659
Increase (decrease) in accounts payable and accrued expenses	545	1,635	1,255	3,435	(1,007)
Increase (decrease) in due to other funds	(86)	47,747	81	47,742	1,774
Increase (decrease) in other payables	2,470			2,470	
Increase (decrease) in net pension liability	478			478	
Increase (decrease) in OPEB liability	(1,780)			(1,780)	
Increase (decrease) in risk management claims payable					(4,095)
Net Cash Provided by (Used in) Operating Activities	\$ 31,217	\$ 48,271	\$ 1,385	\$ 80,873	\$ (439)

The accompanying notes are an integral part of the financial statements

**CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

(In Thousands)

	<u>Employee Retirement Plan</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
Assets:			
Investments, at fair value:			
U.S. Government securities	\$ 4,065	\$	\$
Corporate and foreign bonds	62,365		
Corporate equity securities	131,844		
Mutual funds	65,954	2,119	
Alternative investments	8,911		
Total investments	<u>273,139</u>	<u>2,119</u>	<u>-</u>
Cash and cash equivalents	<u>25,109</u>	<u>28</u>	<u>1,974</u>
Receivables:			
Loans receivable	26,211		
Due from other funds	34,298		14
Other	738		
Total receivables	<u>61,247</u>	<u>-</u>	<u>14</u>
Total assets	<u>359,495</u>	<u>2,147</u>	<u>\$ 1,988</u>
Liabilities:			
Accounts payable	439		\$
Due to other funds	58		
Due to student group			997
Other payables			991
Total liabilities	<u>497</u>	<u>-</u>	<u>\$ 1,988</u>
Net Position Restricted for Pensions and Held in Trust	<u>\$ 358,998</u>	<u>\$ 2,147</u>	

The accompanying notes are an integral part of the financial statements

CITY OF PROVIDENCE, RHODE ISLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Employee Retirement Plan</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 78,123	\$
Employees	12,246	
Donations		20
Total contributions	<u>90,369</u>	<u>20</u>
Investment Earnings:		
Investment income	<u>24,026</u>	<u>226</u>
Total additions	<u>114,395</u>	<u>246</u>
Deductions:		
Benefits	103,818	111
Administrative expenses	<u>223</u>	
Total deductions	<u>104,041</u>	<u>111</u>
Change in Net Position	10,354	135
Net Position Restricted for Pension Benefits and Held in Trust, July 1, 2017	<u>348,644</u>	<u>2,012</u>
Net Position Restricted for Pension Benefits and Held in Trust, July 1, 2018	<u>\$ 358,998</u>	<u>\$ 2,147</u>

The accompanying notes are an integral part of the financial statements

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CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Amounts expressed in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Providence, Rhode Island (the City) was incorporated in 1832. The City covers 18.5 square miles located in southeastern New England, at the head of the Narragansett Bay on the Atlantic sea coast. The City is approximately 45 miles from Boston and approximately 3 1/2 hours from New York by automobile or rail.

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

The City complies with generally accepted accounting principles (GAAP), including all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

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

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

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

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

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Discretely Presented Component Unit

The Providence Redevelopment Agency

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

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

The Powers of the PRA are vested in eight members, including the Mayor of the City ex officio, five members appointed by the Mayor of the City and two members who are also members of the City Council, appointed by the City Council. All appointed members of the PRA must be resident electors of the City.

Blended Component Unit

The component unit provides services entirely or almost entirely to the City or otherwise exclusively or almost exclusively benefits the City, even though they do not provide services directly to it. The component unit has been reported as if it was part of the primary government through a method of inclusion known as blending. A description of the component unit, criteria for inclusion and its relationship with the City is as follows:

Providence Public Buildings Authority

The Providence Public Buildings Authority ("PPBA") was created by an act of the Rhode Island General Assembly and was empowered by resolution of the Providence City Council on August 13, 1987, and by resolution of the Public Finance Board, created under Section 42-10.11 of the General Laws of Rhode Island, on February 12, 1988. Membership is comprised of 5 members appointed by the Mayor and approved by the City Council. The PPBA is presented as a blended enterprise fund.

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

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

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Government-Wide Fund Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The effect of inter-fund activity has not been removed from these statements. The statements distinguish between governmental activities, business-type activities, and a component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the City is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items, primarily permits and fees, are considered to be measurable only when cash is received by the City.

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All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the government's internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds, including both enterprise funds and internal service funds, include the cost of operations, maintenance, sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues from charges for services of the Providence Water Supply Board are recognized on the accrual basis, net of estimated uncollectibles. Depending upon consumption, metered water sale customers are billed monthly, quarterly or annually for water usage. Large commercial customers and other local water suppliers are billed more frequently.

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- d. Total assets and deferred outflow of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of that individual, governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- e. Total assets and deferred outflow of resources, liabilities and deferred inflow of resources, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *School Fund* accounts for operations of the Providence school system. Revenue is derived primarily from State and Federal Aid and transfers from the City.
- The *School Grants Fund* accounts for federal, state, and private grants received and expended by the school system

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- The *Capital Projects Fund* accounts for resources to be used for the acquisition or construction of capital assets for the housing and community improvement activities in the City.

The City reports the following major proprietary funds:

- The *Water Supply Board* accounts for the activities of the Providence Water Supply Board.
- The *Providence Public Buildings Authority* accounts for the activities related to acquisition, construction and leasing of capital assets to the City.

Additionally, the City reports the following fund types:

- The *Internal Service Fund* is used by management to charge the costs of self-insurance and legal claims to individual funds.
- The *Pension Trust Fund* accounts for the activities of the City of Providence Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.
- The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for the benefit of individuals, organizations or other governments.
- The *Agency Fund* accounts for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. These funds account for assets held by the School Department as an agent for student activities and by the City for probate purposes.

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Pension Plan Accounting

Employees' Retirement System of the City of Providence

The Employee Retirement Plan (Pension Trust Fund) is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value, based on value of underlying assets.

Funding Policy

The City makes contributions at the discretion of management.

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Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. For purposes of the cash flow statement, the City considers certificates of deposits and highly liquid short-term investment funds with original maturities of three months or less, when purchased, to be cash equivalents, including amounts reported as restricted.

Investments

Investments and pooled fixed income investments are stated at fair value, based on quoted market prices.

Property Taxes

The City's property tax is levied each year on July 1 based on the assessed property value, as of the prior December 31, for all real property, tangible property, equipment and motor vehicles located in the City. Assessed values of real property were established by the City Assessor's office at 100% of appraised market value based on 2012 State mandated statistical updated valuations less exemptions. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value, and a \$1,000 exemption on motor vehicle assessments. Payments on the gross levy are due in equal quarterly installments in July, October, January, and April. Property taxes attach as an enforceable lien on property when levied.

Allowance for Collection Losses

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

All trade and property tax receivables for governmental and proprietary funds are reported net of an allowance for uncollectibles. The property tax receivable allowance of \$37,666 is equal to 65.2% of outstanding property taxes at June 30, 2018.

Inventories and Prepaid Items

Proprietary fund inventory is stated at the lower of weighted average cost or market using the first-in, first-out method. Inventory consists primarily of materials and supplies. Inventory is not maintained in governmental funds, but is recorded as an expenditure at the time of purchase. Inventory on hand at year-end is not material.

Any material payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

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Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as all computer equipment and assets with an initial, individual cost of more than a range of \$5,000 to \$100,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

<u>Assets</u>	<u>Year</u>
Buildings	45
Building improvements	20
Public domain infrastructure	45
System infrastructure	30
Vehicles	6
Office equipment	7
Computer equipment	5
Machinery and equipment	15

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Property, plant and equipment of the business-type activities and proprietary funds are depreciated using the straight-line method over the following estimated useful lives:

	<u>Water Supply Board</u>
Buildings, source of supply, structures, and improvements	5 - 75 years
Improvements other than buildings	3 - 75 years
Machinery and equipment	3 - 50 years

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

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Self-Insurance

The City is self-insured in most areas of risk, subject to certain third-party "stop loss" coinsurance. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health insurance claims. Claims incurred but not paid, including those which have not been reported, are accrued as long-term obligations in the government-wide and internal service fund financial statements. Obligations are paid out of the General Fund and the Internal Service Funds.

Compensated Absences

Under the terms of various contracts and policies, employees are granted vacation and sick leave based on length of service. The City's policy is to recognize the cost of vacation and sick leave in governmental funds when paid (matured). The liability for vacation and sick leave is recognized when earned in the government-wide and proprietary fund financial statements. For governmental activities the general fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences.

Net Pension Liability

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

Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payments of bond principal are recognized as expenditures as it comes due.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Fund Equity

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

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

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

Unrestricted Net position or Deficits

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

Fund Balance Flow Assumptions

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

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Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards Adopted

Effective for the year ended June 30, 2018, the City adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, expands disclosure and reporting requirements for postemployment benefits and requires that the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) be recorded in addition to any associated deferred outflows/inflows. The expanded disclosure is included in Note 12 and in the required supplemental information schedules. Restatements recorded as a result of the implementation are detailed further at Note 17.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City employs the following procedures in establishing the General Fund budgetary data reflected in the accompanying required supplementary information:

- At least sixty days prior to July 1, the Mayor submits a proposed operating budget for the upcoming fiscal year to the City Council. The operating budget includes proposed expenditures and the means of financing appropriations over expected revenues.
- The final budget is legally enacted through passage of an ordinance.
- The Mayor is authorized to make minor transfers of budgeted amounts between departments. Significant budget revisions or transfers must be approved by the City Council.

The General and School funds are the only governmental funds that have legally adopted annual budgets. The "actual amounts" presented in the accompanying schedules are presented on a budgetary basis.

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

Excess Of Expenditures Over Appropriations

- The executive, legislative and judicial line was overspent by \$5,700
- The finance line was overspent by \$2,259

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- The recreation line was overspent by \$321
- The grants line was overspent by \$2

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

The City's custodial credit risk policy is in accordance with RI General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to 100% of time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators will insure or pledge eligible collateral equal to 100% of deposits, regardless of maturities.

Investments

The City policy for pension investments is under the oversight of the Board of Investment Commissioners. The Board contracts with an investment advisory firm and approves any new investment vehicles presented by the consultant. The Board follows all applicable state statutes and Section 17-189 of the City Ordinance, which states, "The Board of Investment Commissioners is authorized and empowered to execute the disposition and investment of the funds which are within its control in any securities and investments as would be acquired by prudent persons of discretion and intelligence in these matters, who are seeking a reasonable income and the preservation of their capital."

Interest Rate Risk

The City does not have a formal investment policy for its pension funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's policy is to limit its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations

The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial Credit Risk

Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$125,324 of the City's bank balance of \$126,492 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging banks trust department, not in City's name	<u>125,324</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 125,324</u>

Cash Equivalents

At June 30, 2018, the City's cash equivalents amounted to \$85,658. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations). The pools all have maturities of less than one year.

Santander Investment	\$ 256
Webster Bank Investment	35
Bank RI CD	261
Coastway Bank CD	771
Home Loan Investment Bank CD	156
State Street	15,984
BNY Mellon	46,348
US Bank	21,281
Morgan Stanley	293
Wainwright Investment	109
Edward Jones Investments	<u>164</u>
Total	<u>\$ 85,658</u>

Investments

As of June 30, 2018, the City had the following investments:

	Total Value	Fair Value	NAV	Investment Maturities (Years)		
				Less Than 1	1 - 10	More Than 10
Interest-bearing investments at fair value:						
Certificate of Deposit	\$ 94	\$ 94	\$	\$	\$ 94	\$
U.S. Government Securities	4,065	4,065			4,065	
Foreign Bonds	2,299	2,299		999	1,300	
U.S. Government Agencies	10,159	10,159		10,159		
Corporate Bonds	<u>60,143</u>	<u>60,143</u>		<u>1,604</u>	<u>48,191</u>	<u>10,348</u>
Total interest-bearing investments at fair value	76,760	76,760	-	12,762	53,650	10,348
Guaranteed Investment Contracts (NAV)	<u>7,943</u>	-	<u>7,943</u>	-	<u>7,943</u>	-
Total Interest Bearing Investments	84,703	<u>\$ 76,760</u>	<u>\$ 7,943</u>	<u>\$ 12,762</u>	<u>\$ 61,593</u>	<u>\$ 10,348</u>
Common Stock	130,889					
Mutual Funds	86,281					
Preferred Stock	955					
Limited Partnership Units	1,104					
Alternative Investments	<u>7,807</u>					
Total Investments	<u>\$ 311,739</u>					

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

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>Certificate of Deposit</u>	<u>Guaranteed Investment Contract</u>	<u>Foreign Bonds</u>	<u>U.S. Government Agencies</u>
Aaa	\$ 8,241	\$	\$	\$	\$	\$
Aa1	702					
Aa2	1,505					
Aa3	3,331					
A1	2,861			7,943		
A2	5,229					
A3	5,413					
Baa1	6,818					
Baa2	4,794					
Baa3	4,307					
Ba1	681					
Ba2	462					
Ba3	1,056					
B1	491					
B2	363					
Unrated	13,889	4,065	94		2,299	10,159
	<u>\$ 60,143</u>	<u>\$ 4,065</u>	<u>\$ 94</u>	<u>\$ 7,943</u>	<u>\$ 2,299</u>	<u>\$ 10,159</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Securities	\$ 4,065	\$	\$ 4,065	\$
U.S. Government Agencies	10,159		10,159	
Corporate Bonds	60,143		60,143	
Common Stock	130,889	130,889		
Preferred Stock	955	955		
Mutual Funds	86,281	86,281		
Limited Partnership Units	1,104			1,104
Foreign Bonds	2,299	2,299		
Alternative Investments	7,807	7,807		
Total investments by fair value level	<u>303,702</u>	<u>\$ 228,231</u>	<u>\$ 74,367</u>	<u>\$ 1,104</u>
Investments recorded at net asset value:				
Guaranteed Investment Contracts	7,943			
Investments not recorded at fair value:				
Certificates of Deposit	<u>94</u>			
Total Investments	<u>\$ 311,739</u>			

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

JUNE 30, 2018

(Amounts expressed in thousands)

4. RECEIVABLES

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

	<u>General</u>	<u>School Fund</u>	<u>School Grants Fund</u>	<u>Capital Projects</u>	<u>Water Supply Board</u>	<u>Public Building Authority</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 62,899	\$	\$	\$	\$	\$	\$	\$ 62,899
Intergovernmental	37,386	967	7,450	27			6,115	51,945
User charges					12,024	9,732		21,756
Loans							55,045	55,045
Notes					1,178			1,178
Accounts and other	56,906	459		9,228	218		2,849	69,660
Gross receivables	<u>157,191</u>	<u>1,426</u>	<u>7,450</u>	<u>9,255</u>	<u>13,420</u>	<u>9,732</u>	<u>64,009</u>	<u>262,483</u>
Less allowance for uncollectibles:								
Taxes	37,667							37,667
User charges					1,085			1,085
Loans							4,741	4,741
Accounts and other	46,823							46,823
Total allowance	<u>84,490</u>				<u>1,085</u>		<u>4,741</u>	<u>90,316</u>
Net Total Receivables	\$ <u>72,701</u>	\$ <u>1,426</u>	\$ <u>7,450</u>	\$ <u>9,255</u>	\$ <u>12,335</u>	\$ <u>9,732</u>	\$ <u>59,268</u>	\$ <u>172,167</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2018 is presented below:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 46,969	\$ 87,065
School Fund	10,775	4,422
School Grants Fund	5,673	15,656
Capital Projects Fund	81	3,442
Nonmajor Governmental Funds	12,472	9,854
Water Supply Board		657
School Lunch Program	236	356
Agency Fund	14	
Employee Retirement Plan	34,298	58
Internal Service Fund	42,345	31,353
	<u>\$ 152,863</u>	<u>\$ 152,863</u>

CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

(Amounts expressed in thousands)

A summary of interfund transfers is presented below:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
General Fund	\$ 2,724	\$ 130,983
School Fund	129,661	10
School Grants Fund	1,114	2,228
Capital Projects Fund	971	
Nonmajor Governmental Funds	1,741	1,974
Providence Public Building Authority		1,016
	<u>\$ 136,211</u>	<u>\$ 136,211</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 46,590	\$	\$	\$ 46,590
Construction in progress - City	1,363	1,643	609	2,397
Total capital assets not being depreciated	<u>47,953</u>	<u>1,643</u>	<u>609</u>	<u>48,987</u>
Capital assets being depreciated:				
Buildings	185,925			185,925
Improvements other than buildings	110,339	12,443	5	122,777
Machinery and equipment	85,698	10,259	10,891	85,066
Infrastructure	283,254	67		283,321
Building - PPBA leases	420,943			420,943
Total capital assets being depreciated	<u>1,086,159</u>	<u>22,769</u>	<u>10,896</u>	<u>1,098,032</u>
Less accumulated depreciation for:				
Buildings	74,781	3,086		77,867
Improvements other than buildings	23,008	4,817	5	27,820
Machinery and equipment	66,103	6,889	10,574	62,418
Infrastructure	189,697	3,269		192,966
Buildings - leases	108,047	8,167		116,214
Total accumulated depreciation	<u>461,636</u>	<u>26,228</u>	<u>10,579</u>	<u>477,285</u>
Total capital assets being depreciated, net	<u>624,523</u>	<u>(3,459)</u>	<u>317</u>	<u>620,747</u>
Governmental Activities Capital Assets, Net	<u>\$ 672,476</u>	<u>\$ (1,816)</u>	<u>\$ 926</u>	<u>\$ 669,734</u>

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

JUNE 30, 2018

(Amounts expressed in thousands)

Business-type activities:

Capital assets not being depreciated:

Land	\$ 24,114	\$ 228	\$	\$ 24,342
Scituate Reservoir Project	18,682			18,682
Construction in progress	85,292	49,155	51,881	82,566
Total capital assets not being depreciated	<u>128,088</u>	<u>49,383</u>	<u>51,881</u>	<u>125,590</u>

Capital assets being depreciated:

Buildings and improvements	117,974	5,477		123,451
Improvements other than building	339,975	21,211		361,186
Machinery and equipment	32,722	789		33,511
Total capital assets being depreciated	<u>490,671</u>	<u>27,477</u>	<u>-</u>	<u>518,148</u>

Less accumulated depreciation for:

Buildings and improvements	71,951	4,332		76,283
Improvements other than building	127,386	4,674		132,060
Machinery and equipment	29,315	690		30,005
Total accumulated depreciation	<u>228,652</u>	<u>9,696</u>	<u>-</u>	<u>238,348</u>

Total capital assets being depreciated, net	<u>262,019</u>	<u>17,781</u>	<u>-</u>	<u>279,800</u>
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Business-type activities capital assets, net	<u>\$ 390,107</u>	<u>\$ 67,164</u>	<u>\$ 51,881</u>	<u>\$ 405,390</u>
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The leased assets reported in the table above represent assets, principally buildings and related improvements, leased by the City from the Providence Public Building Authority. For the governmental-wide statements, the capital assets and related PPBA debt is presented principally in the governmental activities column and the related transactions are eliminated.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Executive, legislative and judicial	\$ 14
Finance	103
Public Safety	1,865
Public Works	5,774
Recreation	15
Public land and parks	11,869
Education	5,073
Community development	<u>1,515</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 26,228</u>
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Business-type activities:

Water Supply Board	<u>\$ 9,696</u>
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**CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

(Amounts expressed in thousands)

7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 76,105	\$	\$ 8,185	\$ 67,920	\$ 8,540
Revenue bonds	44,420		6,862	37,558	4,117
Add unamortized premiums	4,394		569	3,825	
Total bonds payable	<u>124,919</u>		<u>15,616</u>	<u>109,303</u>	<u>12,657</u>
Notes payable	4,808	617	323	5,102	422
Capital leases	16,553	12,111	5,086	23,578	3,937
Capital notes	17,123		1,360	15,763	1,425
Total bonds, notes, and leases payable	<u>163,403</u>	<u>12,728</u>	<u>22,385</u>	<u>153,746</u>	<u>18,441</u>
Claims and judgements	44,679	5,025		49,704	18,000
Compensated absences	36,198	913	374	36,737	3,674
Net pension liability	1,233,184	17,092		1,250,276	
Net OPEB liability	1,107,817		100,523	1,007,294	
PPBA debt	<u>265,566</u>	<u>44,535</u>	<u>30,063</u>	<u>280,038</u>	<u>27,714</u>
Governmental Activities Long-Term Liabilities	<u>\$ 2,850,847</u>	<u>\$ 80,293</u>	<u>\$ 153,345</u>	<u>\$ 2,777,795</u>	<u>\$ 67,829</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds payable:					
Revenue bonds - water	\$ 116,740	\$	\$ 5,353	\$ 111,387	\$ 6,077
PPBA - City	265,566	44,535	30,063	280,038	27,714
PPBA - Bond premiums	17,910	4,350	1,948	20,312	
Total bonds and notes payable	<u>400,216</u>	<u>48,885</u>	<u>37,364</u>	<u>411,737</u>	<u>33,791</u>
PPBA - PAP notes*	203,479		6,093	197,386	
Net pension liability	50,303	478		50,781	
Net OPEB liability	<u>22,245</u>		<u>1,780</u>	<u>20,465</u>	
Business-Type Activities Long-Term Liabilities	<u>\$ 676,243</u>	<u>\$ 49,363</u>	<u>\$ 45,237</u>	680,369	33,791
Less PPBA Eliminations				<u>(497,736)</u>	<u>(27,714)</u>
Business-Type Activities Long-Term Liabilities				<u>\$ 182,633</u>	<u>\$ 6,077</u>

*Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements. The \$217,698 difference between business type PPBA eliminations and governmental PPBA eliminations consists of \$197,386 of PAP loans between the City and PPBA and \$20,312 of net bond premium.

**CITY OF PROVIDENCE, RHODE ISLAND
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018**

(Amounts expressed in thousands)

The Water Supply Board long-term debt is general obligation debt of the City. However, because it is the intent of the City to have the Board meet the debt service requirements of this debt, such amounts are recorded in the enterprise funds of the City. Similarly, debt of the PPBA that will be met by the Water Supply Board has been recorded as the Water Supply Board's debt.

Debt service requirements for bonds and notes payable at June 30, 2018 were as follows:

Governmental Activities			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 14,504	\$ 5,361	\$ 19,865
2020	13,501	4,722	18,223
2021	9,667	4,201	13,868
2022	10,678	3,730	14,408
2023	11,317	3,234	14,551
2024-2028	45,423	14,472	59,895
2029-2033	19,732	8,425	28,157
2034-2038	1,521	5,821	7,342
Total	<u>\$ 126,343</u>	<u>\$ 49,966</u>	<u>\$ 176,309</u>

PPBA			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 27,714	\$ 12,069	\$ 39,783
2020	26,559	10,641	37,200
2021	25,403	9,583	34,986
2022	23,531	8,547	32,078
2023	23,764	7,561	31,325
2024-2028	99,261	22,815	122,076
2029-2033	37,168	6,138	43,306
2034-2038	16,638	1,874	18,512
Total	<u>\$ 280,038</u>	<u>\$ 79,228</u>	<u>\$ 359,266</u>

**CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

(Amounts expressed in thousands)

Total Government Entity-Wide			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 42,218	\$ 17,430	\$ 59,648
2020	40,060	15,363	55,423
2021	35,070	13,784	48,854
2022	34,209	12,277	46,486
2023	35,081	10,795	45,876
2024-2028	144,684	37,287	181,971
2029-2033	56,900	14,563	71,463
2034-2038	18,159	7,695	25,854
Total	\$ 406,381	\$ 129,194	\$ 535,575

Business-Type Activities					
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>ARRA Principal</u>		<u>Interest</u>	<u>Total</u>
		<u>Foregiveness</u>			
2019	\$ 33,791	\$ (327)		\$ 15,022	\$ 48,486
2020	32,684	(334)		13,471	45,821
2021	31,667	(341)		12,280	43,606
2022	29,938	(348)		11,100	40,690
2023	30,156	(357)		9,960	39,759
2024-2028	133,832	(1,902)		31,586	163,516
2029-2033	68,371	(1,882)		10,371	76,860
2034-2038	30,986	(799)		2,519	32,706
Total	391,425	(6,290)		106,309	491,444
Less amount representing the PPBA	<u>280,038</u>	<u>-</u>		<u>79,228</u>	<u>359,266</u>
Total	\$ 111,387	\$ (6,290)		\$ 27,081	\$ 132,178

CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Amounts expressed in thousands)

Bonds Payable

The following is a schedule of changes in bonds payable for the year ended June 30, 2018:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2017	Issued	Retired	Balance Outstanding June 30, 2018
Governmental Activities:								
December 2001 - Taxable Refunding Bonds 2010 Series A	12/1/2007	1/15/2026	3.0-6.8	\$ 13,000	\$ 7,300	\$	\$ 620	\$ 6,680
PRA Taxable Lease Revenue Bonds 2010 Series 1	8/27/2010	10/15/2018	4.2	12,600	2,841		1,874	967
PRA Taxable Lease Revenue Bonds 2010 Series 2	6/30/2011	6/30/2021	4.9	3,145	1,963		1,963	
GO Road Bond 2013 Series A	1/15/2013	1/15/1933	5.0	39,345	33,610		1,485	32,125
GO Refunding Bonds 2014 Series A	7/8/2014	7/15/2019	2.5	17,480	8,355		2,860	5,495
GO Refunding Bonds 2014 Series B	7/8/2014	7/15/2019	1.0-3.25	6,285	4,020		1,105	2,915
PRA Refunding Bonds 2015 Series A	3/31/2015	4/1/2029	2.0-5.0	44,910	39,616		3,025	36,591
Total governmental activities bonds payable					\$ 120,525	\$ -	\$ 15,047	\$ 105,478
Business-Type Activities:								
Water Revenue Bonds								
1998 Series A	5/1/1998	12/1/2018	3.9-5.1	28,270	530		260	270
1999 Series A	7/1/1999	12/1/2019	4.1-5.5	39,750	745		235	510
2001 Series A	12/1/2001	12/1/2021	3.3-5.1	9,995	810		145	665
2007 Series B	11/7/2007	5/15/2021	3.8-5.5	16,470	5,495		1,310	4,185
2009 Series A	6/30/2009	6/30/2021	6.3	12,000	5,025		1,142	3,883
2009 Series A QSCB	12/30/2009	6/15/2025	1.9	22,320	11,960		1,480	10,480
2010 Series 1	11/15/2010	12/1/2018	4.3	19,500	4,166		4,166	
2011 Series A	4/28/2011	6/15/2026	3.0-5.9	35,000	24,070		2,155	21,915
2010 Series A QSCB	12/7/2010	5/15/2029	2.5	12,280	12,280			12,280
2010 Series B QSCB	12/7/2010	5/15/2029	2.5	9,665	9,665			9,665
2013 Series A	11/19/2013	5/14/2024	3.0-5.0	69,705	38,405		7,680	30,725
2015 Series A	5/1/2015	5/15/2028	3.0-5.0	146,325	142,695		11,070	131,625
2015 Series B	12/1/2015	5/15/2035	2.0-4.0	10,000	9,720		420	9,300
2017 Series A	9/15/2017	9/15/1937	3.0-5.0	34,535		34,535		34,535
2017 Series B	9/15/2017	9/15/1937	3.0-5.0	10,000		10,000		10,000
Total business-type activities bonds payable					\$ 382,306	\$ 44,535	\$ 35,416	\$ 391,425

Capital Notes

The following table below shows the changes in capital notes payable for the year ended June 30, 2018. These capital notes are eligible for principal forgiveness through the American Recovery and Reinvestment Act of 2009 (ARRA) and could total \$6,290.

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2017	Issued	Retired	Balance Outstanding June 30, 2018
Port of Providence 2003 Series A	5/1/2003	9/1/2023	1.7-4.3	\$ 20,820	\$ 10,265	\$	\$ 1,360	\$ 8,905
Port of Providence 2006 Series A	5/1/2006	9/1/2036	5.3-5.6	6,858	6,858			6,858
Total governmental activities capital notes payable					\$ 17,123	\$ -	\$ 1,360	\$ 15,763

Notes Payable

The following are the changes notes payable for the year ended June 30, 2018:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2017	Issued	Retired	Balance Outstanding June 30, 2018
HUD Section 108 Loan	2/1/2010	8/1/1931	0.2-7.2	\$ 10,000	\$ 2,184	\$	\$ 106	\$ 2,078
School Building Authority Capital Fund Loan Bond	6/30/2016	6/1/2026	1.9	1,831	1,648		183	1,465
Efficient Building Fund Loan	7/8/2016	6/30/2026	1.3-2.9	1,252	976	276		1,252
School Building Authority Capital Fund 2017	12/1/2017	12/1/2026	2.35	342		342	35	307
Total governmental activities notes payable					\$ 4,808	\$ 618	\$ 324	\$ 5,102

**CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

(Amounts expressed in thousands)

PPBA Eliminations

The Providence Public Building Authority (PPBA) issues long-term bonds for the acquisition and construction of capital assets. Upon acquisition or completion, these capital assets are leased to the City. Because the PPBA is included as a blended component unit in the accompanying statements, the capital assets and related debt are reported as part of the governmental activities and business-type activities columns in the government-wide statements as presented below. The respective amounts in the PPBA statements have been eliminated in the business-type activities column in order to properly reflect the debt and assets. The annual requirements to amortize the debt payable at June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>City</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 27,714	\$ 12,069
2020	26,559	10,641
2021	25,403	9,583
2022	23,531	8,547
2023	23,764	7,561
2024-2028	99,261	22,815
2029-2033	37,168	6,138
2034-2038	<u>16,638</u>	<u>1,874</u>
Total	<u>\$ 280,038</u>	<u>\$ 79,228</u>

The City and the Water Supply Board entered into lease agreements with the PPBA relating to various capital projects. In connection with these lease agreements, the PPBA issued revenue bonds that will be repaid by the Water Board with the Water Quality Protection Charge. The City repays the PPBA as lease payments from general revenues. The PPBA debt to be repaid by the proprietary funds has been shown as debt in those funds' financial statements. PPBA debt to be repaid by the City is presented as debt of the governmental activities in the government-wide statement of net position.

Debt Limit

Except as explained below, under Rhode Island law, the City may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any 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 \$32.1 million and the current 3% debt limit of the City is \$363.5 million based on taxable property as of December 31, 2017, of approximately \$12.1 billion, leaving a remaining borrowing capacity of approximately \$331.4 million.

CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

(Amounts expressed in thousands)

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, 2018, the total outstanding debt of the City issued outside the 3% debt limit was \$35.8 million, excluding water bonds and sewer bonds which are deemed self-supporting.

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

8. LEASE COMMITMENT

Property and equipment carried at approximately \$43,500 with approximately \$12,100 in accumulated depreciation, in the governmental activities is being acquired under capital lease arrangements.

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

	<u>Year Ending June 30,</u>	
2019	\$	4,540
2020		4,541
2021		3,061
2022		3,060
2023		3,060
2024-2028		<u>7,758</u>
Total payments		26,020
Less interest		<u>(2,442)</u>
Principal Balance	\$	<u><u>23,578</u></u>

Lease expenditures approximated \$6,577 for the fiscal year ended June 30, 2018.

**CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

(Amounts expressed in thousands)

9. RESTRICTED ASSETS AND RELATED LIABILITIES

The State of Rhode Island enacted the Public Drinking Water Protection Act of 1987 (the Act) that empowers suppliers of public drinking water to levy a surcharge (the Water Quality Protection Surcharge) of \$0.01 per hundred gallons of water for all customers. The Act was amended numerous times and effective July 1, 2002, the surcharge increased to \$0.0292 per hundred gallons of water for all customers. In addition to the increase, the Water Supply Board will retain 36.1% of the surcharge in its Water Quality Protection fund, remit 57% to the State Water Resources Board and retain 6.9% for general operations.

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

10. FUND EQUITY

The components of fund balance at June 30, 2018 are as follows:

	<u>General</u>	<u>School Grants Fund</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Trust	\$	\$	\$	\$ 136	\$ 136
Restricted for:					
Trust				18,673	18,673
Education		4,358			4,358
Capital projects			6,220		6,220
Federal programs				21,179	21,179
Public lands and parks				1,571	1,571
Law enforcement and fire prevention				1,187	1,187
Community development				121	121
Committed to:					
Education		284			284
Capital projects				8,207	8,207
Public lands and parks				403	403
Unassigned	11,462				11,462
 Total Fund Balances	<u>\$ 11,462</u>	<u>\$ 4,642</u>	<u>\$ 6,220</u>	<u>\$ 51,477</u>	<u>\$ 73,801</u>

11. DEFINED BENEFIT PENSION PLANS

The City contributes to two defined benefit pension plans - the Employees' Retirement System of the City of Providence (ERS), a single employer plan; and the Employees' Retirement System of the State of Rhode Island (the System), a cost-sharing multiple employer plan. The ERS is presented in the accompanying financial statements as a pension trust fund. A separate financial statement is not issued. The System48 is not included in the basic financial statements.

CITY OF PROVIDENCE, RHODE ISLAND
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JUNE 30, 2018
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A. Employees' Retirement System of the City of Providence (ERS)

Plan Description

ERS is a single-employer defined benefit pension plan that covers most management employees of the City, except school teachers. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided to retirees and beneficiaries at varying percentages ranging from 0% to 3%. Benefits are paid at varying amounts not to exceed 100% of final compensation for Class A (city) employees or 100% of final compensation for Class B at age 60 (police and fire). Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

ERS is governed by an Employee Retirement Board provided by the Providence Home Rule Charter. The ERS consists of elected officials, management and employee representation and provides for establishing rules and regulations and is responsible for the administration and operation of the city employee retirement system. The Board has the discretion and authority to interpret the Plan and to determine the eligibility and benefits of Participants and beneficiaries pursuant to the provisions of the Plan. On all such matters, the decision of a majority of the then members of the Board shall govern and be binding upon the Employer, Participants, and beneficiaries.

Membership of the ERS plan consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	3,097
Inactive employees entitled to but not yet receiving benefits	432
Active employees	<u>3,012</u>
Total	<u><u>6,541</u></u>

Contributions

Class A members and police officers are required to contribute 8% of their salary to the Plan. Class B members, other than police officers, are required to contribute 9.5% of their salary to the Plan. The Mayor and City Council contribute to the Plan at a rate of \$350 per year. Additionally, the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to them. The City contributions are determined actuarially. The current year contribution was determined with the July 1, 2014 actuarial valuation.

Basis of Accounting

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

Method Used to Value Investments

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

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

Investment Policy

The City policy for pension investments is under the oversight of the Board of Investment Commissioners. The Board contracts with an investment advisory firm and approves any new investment vehicles presented by the consultant. The Board follows all applicable state statutes and Section 17-189 of the City Ordinance, which states, "The Board of Investment Commissioners is authorized and empowered to execute the disposition and investment of the funds which are within its control in any securities and investments as would be acquired by prudent persons of discretion and intelligence in these matters, who are seeking a reasonable income and the preservation of their capital." The following is a representation of the Board's adopted asset allocation strategy:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	39.25%	6.15%
International Developed Markets Equity	13.25%	7.11%
International Emerging Markets Equity	1.50%	9.41%
Core Fixed Income	29.00%	1.68%
Hedge fund, GTAA, risk parity	13.00%	3.94%
Private Equity	4.00%	10.28%
Total Portfolio	100.00%	

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

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Retirement System at June 30, 2018 were as follows:

Total pension liability	\$ 1,377,056
Plan fiduciary net position	<u>(358,998)</u>
Net Pension Liability	<u>\$ 1,018,058</u>
Plan fiduciary net position as a percentage of the total pension liability	25.28%

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

Discount Rate

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

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 1,350,005	\$ 348,644	\$ 1,001,361
Changes for the year:			
Service cost	19,667		19,667
Interest on total pension liability	105,421		105,421
Differences between expected and actual experience	5,781		5,781
Changes in assumptions			
Employer contributions		78,123	(78,123)
Member contributions		12,246	(12,246)
Net investment income (loss)		24,026	(24,026)
Benefit payments, including refund to employee contributions	(103,818)	(103,818)	
Administrative expenses		(223)	223
Net changes	27,051	10,354	16,697
Balances as of June 30, 2018	\$ 1,377,056	\$ 358,998	\$ 1,018,058

Sensitivity in the Net Pension Liability

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

	1% Decrease in Discount Rate (7.00%)	Current Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability as of June 30, 2018	\$ 1,170,945	\$ 1,018,058	\$ 890,092

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

For the year ended June 30, 2018, the City recognized pension expense of \$107,476. At June 30, 2018, the City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,880	\$ 1,747
Changes of assumptions	24,293	
Net difference between projected and actual earnings on pension plan investments	8,143	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,023	2,023
Total	\$ 46,339	\$ 3,770

CITY OF PROVIDENCE, RHODE ISLAND
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(Amounts expressed in thousands)

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

<u>Year Ended June 30,</u>	
2019	\$ 21,060
2020	17,360
2021	2,329
2022	<u>1,820</u>
Total	\$ <u>42,569</u>

B. Employees Retirement System of the State of Rhode Island

General Information about the Pension Plan

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

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

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

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

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

CITY OF PROVIDENCE, RHODE ISLAND
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(Amounts expressed in thousands)

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2018, City of Providence teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City of Providence are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by City of Providence; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the state and City of Providence, respectively. The City contributed \$20,980, \$21,329 and \$20,402 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contribution.

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

At June 30, 2018, the City reported a liability of \$282,998 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City of Providence were as follows:

City's proportionate share of the pension liability	\$ 282,998
State's proportionate share of the pension liability associated with the City	<u>213,878</u>
Total Net Pension Liability	<u>\$ 496,876</u>

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2017 the City's proportion was 8.97%

CITY OF PROVIDENCE, RHODE ISLAND
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(Amounts expressed in thousands)

For the year ended June 30, 2018, the City recognized gross pension expense of \$43,298 and revenue of \$15,323 for support provided by the State. At June 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 6,709
Changes of assumptions	24,716	4,460
Net difference between projected and actual earnings on pension plan investments	21,897	14,748
Contributions subsequent to measurement date	20,747	
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>11,729</u>
Total	<u>\$ 67,360</u>	<u>\$ 37,646</u>

\$20,747 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2019	\$ 911
2020	5,623
2021	2,136
2022	(2,839)
2023	915
Thereafter	<u>2,221</u>
Total	<u>\$ 8,967</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.0% to 13.5%
Investment rate of return	7.0%

Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

CITY OF PROVIDENCE, RHODE ISLAND
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The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity:		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Market Equity	3.50%	8.91%
Private Growth:		
Private Equity	11.30%	9.62%
None-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income:		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class:		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection:		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection:		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%
 Total Portfolio	 <u>100.00%</u>	

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

CITY OF PROVIDENCE, RHODE ISLAND
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Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.0% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Net Pension Liability as of June 30, 2018	\$ 355,660	\$ 282,998	\$ 228,875

Pension Plan Fiduciary Net Position

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

C. Teachers Defined Contribution Pension Plan

Plan Description

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

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

The City's School District recognized pension expense of \$1,651 for the fiscal year ended June 30, 2018.

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

**CITY OF PROVIDENCE, RHODE ISLAND
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D. Other City Pension Costs

The City is required to make contributions to the National Pension Plan of the Laborers' International Union of North America, a multi-employer plan. The pension cost incurred by the City for these purposes amounted to \$2,432 for the year ended June 30, 2018.

12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City's Post-Employment Medical Benefit Plan is a single-employer defined benefit postretirement health insurance program administered by the City. The City provides for a portion of the lifetime health care benefits to substantially all retired employees and their spouses. Health care benefits are provided through the City's self-insured health insurance program covering both active and retired employees. The financial activity of these programs is reported as an internal service fund. The Plan does not issue a separate financial report. These benefits are provided for and amended under various provisions of Rhode Island General Law, City Ordinances and the terms of collective bargaining agreements.

OPEB Funding Policy

The contribution requirements of plan members and the City are established and may be amended through provisions of Rhode Island General Law, City Ordinances and through collective bargaining. The required contribution is based on pay as you go financing requirements. The plan can cover 100% of the costs of the benefit, however, retirees and their spouses are potentially required to fund a portion of the Plan costs depending upon the class an employee has been assigned and their date of hire. Current employee co-share for the retiree health insurance benefit requires a co-share of .01 of final average salary with a maximum limit of \$400.

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

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

Total OPEB Liability

The City's total OPEB liability of \$1,027,759 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

CITY OF PROVIDENCE, RHODE ISLAND
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Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.0% to 13.5%
Health care trend rates	Non-Medicare medical: 7.5% decreasing by 0.5% for 6 years to an ultimate level of 4.5% Medicare medical: 6.5% decreasing by 0.5% for 4 years to an ultimate level of 4.5% Prescription drug: 10.0% decreasing by 0.5% for 11 years to an ultimate level of 4.5% Part B: 4.5% Administrative: 3.0%

Mortality rates

Pre-Retirement

Class A Heathy: RP-2014 Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D

Class B Heathy: RP 2014 Blue Collar Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D

Teachers: 50% of the RP-2000 Combined Tables with White Collar Adjustment

Post-Retirement

Class A Heathy: RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB20, set forward one year

Class B Heathy: RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale 8820, set forward one year

Class A and B Disabled Retirees: RP 2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale 8820, set forward three years

Teachers

Healthy Male: RP-2000 Healthy Annuitant with Large Benefit Amount Adjustment Mortality Table for males set back one year and projected generationally with Scale AA

Healthy Female: RP-2000 Heathy Annuitant with Large Benefit Amount Adjustment Mortality Table for females set back three years and projected generationally with Scale AA

Disabled Retiree: 60% of the PBGC Mortality Table VIa for males and Via for females for Disabled Lives Receiving Social Security Benefits

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2016.

CITY OF PROVIDENCE, RHODE ISLAND
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(Amounts expressed in thousands)

Changes in the Total OPEB Liability

	Increase (Decrease)		
	Governmental Activities Liability (a)	Business-Type Activities Liability (b)	Total OPEB Liability (a)+(b)
Balances as of July 1, 2016	\$ 1,107,817	\$ 22,245	\$ 1,130,062
Changes for the year:			
Service cost	34,580	694	35,274
Interest on total OPEB liability	32,186	646	32,832
Employer contributions	(26,303)	(551)	(26,854)
Change of assumptions	(140,729)	(2,826)	(143,555)
Change in proportionate share	(257)	257	
Net changes	<u>(100,523)</u>	<u>(1,780)</u>	<u>(102,303)</u>
Balances as of June 30, 2017	\$ <u>1,007,294</u>	\$ <u>20,465</u>	\$ <u>1,027,759</u>

Changes of assumptions reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.58%) or 1 percentage point higher (4.58%) than the current discount rate:

	Current Discount Rate		
	1% Decrease 2.58%	3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 1,224,444	\$ 1,027,759	\$ 875,053

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 909,327	\$ 1,027,759	\$ 1,185,436

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$44,180. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Change of Assumptions	\$ -	\$ 119,629

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

Year Ending June 30

2019	\$ 23,926
2020	23,926
2021	23,926
2022	23,926
2023	23,925
	<u>119,629</u>
	<u>\$ 119,629</u>

**CITY OF PROVIDENCE, RHODE ISLAND
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(Amounts expressed in thousands)

13. CONTINGENCIES

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

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

The City is committed under contracts for outstanding projects approximating \$5.5 million as of June 30, 2018.

14. RELATED PARTY TRANSACTIONS

The City leases certain properties from the PPBA. The estimated future minimum lease payments required under these agreements coincide with the principal and interest payments on bonds issued by the PPBA. The leases terminate between 2019 and 2038. The City, in turn, subleases a portion of this property to the School Department. At the expiration of the leases, the City, at its option, can purchase the properties for a nominal amount (see Notes 6 and 7).

15. RISK MANAGEMENT

The City is self-insured in most areas of risk; due to "stop loss" insurance, the city is responsible for a maximum of \$1 million per claimant per year for health care claims. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health insurance claims. The City does, however, purchase commercial insurance for all buildings leased from the PPBA. The City's Counsel defends the City in any lawsuits that arise from the normal course of operations. At no time during the past three years have insurance settlements exceeded coverage.

The City's health insurance program provides coverage to the City's employees and retirees through United Healthcare and Blue Cross - Blue Shield of Rhode Island (BCBS). In 1997, the City first went to a self-insured program with BCBS and United Health Care. BCBS and United Health Care act as third-party agents for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of BCBS and United Health Care plans are accounted for in an internal service fund. Costs to the City are paid by all funds based on "working rates" established by a third party medical consultant.

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

JUNE 30, 2018

(Amounts expressed in thousands)

The City is required to record liabilities for self-insured claims if it is probable that a loss has been incurred and the amount can be reasonably estimated. The City has established a liability based on historical trends of previous years, where available, and attorney's estimates of pending matters and lawsuits in which the City is involved.

Changes in the risk management liability for the fiscal years ended June 30, 2018 and June 30, 2017 are below. Legal claims and incurred but not reported claims for health benefits are recorded in the City's internal service fund. Accrued workers' compensation claims are recorded on the entity-wide statements. This schedule presents the activity for all self-insured risks.

	<u>2018</u>	<u>2017</u>
Beginning of the year	\$ 44,679	\$ 40,416
Incurred claims	107,255	105,781
Less: payment of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compenation	<u>102,230</u>	<u>101,518</u>
Total	<u>\$ 49,704</u>	<u>\$ 44,679</u>
Legal Claims	\$ 38,396	\$ 33,703
Health - IBNR	6,623	6,278
Workers' Compensation	<u>4,685</u>	<u>4,698</u>
Total	<u>\$ 49,704</u>	<u>\$ 44,679</u>

**CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

(Amounts expressed in thousands)

16. ABATEMENTS

As of June 30, 2018, the City provides tax abatements through multiple programs:

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

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

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

JUNE 30, 2018

(Amounts expressed in thousands)

Program:	Title 44 Program	Historic Property Stabilization Ordinance	Tax Stabilization for Commercial and Residential Property	Neighborhood Revitalization Act
Criteria to be eligible to receive abatement:	Eligibility is based on taxable properties designated on the landmark list as approved by ordinance in the City of Providence, and shall be eligible if certified by the city building inspector as in need of substantial rehabilitation.	Eligible property must be in need of substantial rehabilitation, at least 50% of the current replacement value of the structure, as determined by the Director of Department of Inspections and Standards, and located in the historic district as determined by the City Council.	Eligible property must be located in the I-195 redevelopment district, located in the Capital Center Special Development District, or include new construction with a construction valuation of at least \$10,000,000, or the rehabilitation of commercial or multi-family residential property with a cost of construction of at least \$10,000,000.	Eligible properties include new construction (excluding land acquisition costs) or the rehabilitation of commercial, mixed-use, or multi-family residential property between \$250,000 and \$3,000,000 located in opportunity neighborhoods, or commercial corridors that abut or are contiguous with opportunity neighborhoods.
How recipients' taxes are reduced:	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value.	Through the fixing of the assessed value prior to the improvement.	Through the fixing of the assessed value prior to the improvement.
How amount of abatement is determined:	The benefit is based on a fixed rate reduction of \$33.44 applied to the tangible property value over a ten-year period.	The benefit is an amount equal to the lesser of \$0.35 per square foot or the tax assessed for the year.	The benefit will be based upon a percentage of the total tax at the annual tax rate.	The benefit will be based upon a percentage of the total tax at the annual tax rate over a six year phase-in period.
Provisions for recapturing abated taxes:	None	None	None	None
Types of commitments made by the City other than to reduce taxes:	None	None	None	None
Gross dollar amount (accrual basis) by which the City's taxes were reduced as a result of the abatement agreement/program:	\$9,125,269	\$2,739,037	\$272,916	\$43,806

**CITY OF PROVIDENCE, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

(Amounts expressed in thousands)

17. RESTATEMENT

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

The Providence Redevelopment Agency

The beginning fund balance of the Providence Redevelopment Agency (the Agency) has been reclassified as a discretely presented component unit. In the prior year the Agency was reported as a blended component unit. This restatement has the same impact on the Governmental Activities.

Other Post Employment Benefits (OPEB)

The beginning fund balance of the governmental activities, business-type activities and water supply board have been restated as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Supply Board</u>	<u>Nonmajor Governmental Funds</u>
Net position as previously reported at June 30, 2017	\$ (1,160,759)	\$ 278,678	\$ 267,825	\$ 59,830
Reclassification of Component Unit	(9,792)			(9,792)
Eliminate Net OPEB Obligation reported per GASB No. 45	300,109	8,631	8,631	
Record Total PEB Liability per GASB No. 75	<u>(1,107,817)</u>	<u>(22,245)</u>	<u>(22,245)</u>	
Net Position as Restated as of July 1, 2017	<u>\$ (1,978,259)</u>	<u>\$ 265,064</u>	<u>\$ 254,211</u>	<u>\$ 50,038</u>

**Required
Supplementary
Information**

CITY OF PROVIDENCE, RHODE ISLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Revenues and Transfers	Budgeted Amounts			Variance Positive/ (Negative)
	Original	Final	Actual	
Tax revenues:				
Property taxes	\$ 351,805	\$ 351,805	\$ 355,091	\$ 3,286
Interest on overdue taxes	5,000	5,000	4,456	(544)
	<u>356,805</u>	<u>356,805</u>	<u>359,547</u>	<u>2,742</u>
Payments in lieu of taxes	33,303	33,303	33,513	210
Tax stabilization plans	7,760	7,760	7,760	-
State revenue	34,837	34,837	38,202	3,365
Fines	5,470	5,470	4,772	(698)
Investment interest			1	1
Miscellaneous			1,830	1,830
	<u>81,370</u>	<u>81,370</u>	<u>86,078</u>	<u>4,708</u>
Executive, legislative, and judicial:				
Mayor's Office				
Law Department	242	242	7	(235)
City clerk	9	9	9	-
Probate court	155	155	182	27
Housing court	25	25	16	(9)
	<u>431</u>	<u>431</u>	<u>214</u>	<u>(217)</u>
Finance:				
City collector	606	606	462	(144)
City controller			14	14
Personnel Department			1	-
	<u>606</u>	<u>606</u>	<u>477</u>	<u>(130)</u>
Public safety:				
Commissioner of public safety	120	120	151	31
Police department	4,622	4,622	4,913	291
Fire department	1,153	1,153	1,099	(54)
Communications	708	708	685	(23)
Parking administration	4,250	4,250	3,992	(258)
Traffic engineering	230	230	282	52
	<u>11,083</u>	<u>11,083</u>	<u>11,122</u>	<u>39</u>
Building inspection department:				
Building inspection administration	6,950	6,950	7,981	1,031
Zoning board of review	41	41	30	(11)
Building board of review	8	8	5	(3)
	<u>6,999</u>	<u>6,999</u>	<u>8,016</u>	<u>1,017</u>

(Continued on next page)

CITY OF PROVIDENCE, RHODE ISLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Revenues and Transfers	Budgeted Amounts			Variance Positive/ (Negative)
	Original	Final	Actual	
Public works:				
Environmental control	\$ 22	\$ 22	\$ 31	\$ 9
Highway	218	218	298	80
Sewer construction and maintenance	9	9	6	(3)
	<u>249</u>	<u>249</u>	<u>335</u>	<u>86</u>
Public lands and parks:				
Recreation			49	49
North Burial Ground	330	330	392	62
	<u>330</u>	<u>330</u>	<u>441</u>	<u>111</u>
Other departments:				
Recorder of deeds	2,837	2,837	3,444	607
Vital statistics	337	337	335	(2)
Bureau of licenses	1,517	1,517	1,434	(83)
Emergency Management	180	180	23	(157)
WSB reimbursement	839	839	839	-
Room tax	2,314	2,314	2,242	(72)
Meals and beverage tax	5,919	5,919	6,247	328
Tax Stabilization	125	125	40	(85)
Planning and urban development			278	278
Arts, Culture, Film & Tourism	105	105	99	(6)
Providence Place Mall	300	300	300	-
Voluntary payments in lieu of taxes	7,507	7,507	7,304	(203)
Port Providence	350	350	332	(18)
	<u>22,330</u>	<u>22,330</u>	<u>22,917</u>	<u>587</u>
Public Properties	151	151	128	(23)
Transfers:				
Transfer from rescue runs	5,000	5,000	4,079	(921)
Transfer from police/fire detail fund	1,745	1,745	2,203	458
Transfer from School Department			10	10
Transfer from Providence Public Building Authority			1,016	1,016
Transfers from North Burial Ground	270	270	208	(62)
Transfer from Other funds			1,416	1,416
	<u>7,015</u>	<u>7,015</u>	<u>8,932</u>	<u>1,917</u>
Total	\$ <u>487,369</u>	\$ <u>487,369</u>	498,207	\$ <u>10,837</u>

Budgetary revenues are different than GAAP revenues because:

Funds consolidated with the General Fund under GASB 54

7,738

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

\$ 505,945

CITY OF PROVIDENCE, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Expenditures and Transfers	Budgeted Amounts			Variance Positive/ (Negative)
	Original	Final	Actual	
Executive, legislative and judicial:				
Mayor's office	\$ 2,945	\$ 2,945	\$ 2,967	\$ (22)
City Council	1,214	1,214	913	301
City sergeant	85	85	93	(8)
City clerk	997	997	948	49
Law department	5,991	5,991	12,037	(6,046)
Municipal court	1,240	1,240	1,248	(8)
Probate court	509	509	508	1
Housing court	492	492	460	32
Contingencies-Mayor	99	99	98	1
	<u>13,572</u>	<u>13,572</u>	<u>19,272</u>	<u>(5,700)</u>
Finance:				
Finance Director	865	865	753	112
City controller	1,393	1,393	1,327	66
Employees retirement office	400	400	437	(37)
Data processing	3,534	3,534	3,332	202
City collector	2,548	2,548	2,422	126
City assessor	2,222	2,222	2,151	71
Board of tax assessment review	17	17	14	3
Treasury department	672	672	689	(17)
Personnel	1,980	1,980	2,035	(55)
Heat, light and power	3,732	3,732	4,494	(762)
Debt service	65,147	65,147	66,777	(1,630)
Employee Death Benefit	200	200	372	(172)
Workers compensation	2,035	2,035	2,221	(186)
Unemployment compensation	240	240	220	20
	<u>84,985</u>	<u>84,985</u>	<u>87,244</u>	<u>(2,259)</u>
Public safety:				
Commissioner of public safety	1,730	1,730	1,675	55
Police department	76,861	76,861	78,186	(1,325)
Fire department	70,679	70,679	69,216	1,463
Communications department	9,352	9,352	9,270	82
Traffic Engineering	1,343	1,343	1,360	(17)
	<u>159,965</u>	<u>159,965</u>	<u>159,707</u>	<u>258</u>

(Continued on next page)

CITY OF PROVIDENCE, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Expenditures and Transfers	Budgeted Amounts			Variance Positive/ (Negative)
	Original	Final	Actual	
Building inspection department:				
Building inspection administration	\$ 2,254	\$ 2,254	\$ 1,774	\$ 480
Structures and zoning division	1,829	1,829	1,497	332
Plumbing, drainage, and gas piping division	418	418	368	50
Electrical installations division	382	382	268	114
Zoning board of review	19	19	20	(1)
Building and housing board of review	14	14	12	2
Building inspection prosecution			8	(8)
	<u>4,916</u>	<u>4,916</u>	<u>3,947</u>	<u>969</u>
Public works:				
Public works administration	868	868	938	(70)
Engineering and sanitation	987	987	852	135
Environmental control	10,108	10,108	9,853	255
Highway	5,031	5,031	4,455	576
Snow removal	1,979	1,979	2,478	(499)
Parking administration	1,677	1,677	1,736	(59)
Sewer construction and maintenance	888	888	760	128
Garage maintenance and equipment repair	914	914	908	6
	<u>22,452</u>	<u>22,452</u>	<u>21,980</u>	<u>472</u>
Recreation:				
Recreation	1,608	1,608	1,752	(144)
Recreation seasonal	1,075	1,075	1,252	(177)
	<u>2,683</u>	<u>2,683</u>	<u>3,004</u>	<u>(321)</u>
Public lands and parks:				
Grounds maintenance services	4,980	4,980	5,012	(32)
Forestry services	1,412	1,412	1,447	(35)
Zoological services	2,952	2,952	2,928	24
Park environmental services (Greenhouse)	628	628	510	118
Park programming (Roger Williams Park)	1,439	1,439	1,365	74
Superintendent of parks	1,000	1,000	1,009	(9)
North Burial Grounds	767	767	769	(2)
	<u>13,178</u>	<u>13,178</u>	<u>13,040</u>	<u>138</u>
Other departments:				
Recorder of deeds	555	555	534	21
Vital statistics	353	353	338	15
Board of canvassers	680	680	616	64
Bureau of licenses	892	892	719	173

(Continued on next page)

CITY OF PROVIDENCE, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

Expenditures and Transfers	Budgeted Amounts		Actual	Variance Positive/ (Negative)
	Original	Final		
Other departments, (Continued):				
Emergency Management	\$ 670	\$ 670	\$ 655	\$ 15
Planning and urban development	3,725	3,725	3,271	454
Office of Economic Opportunity	1,613	1,613	1,545	68
Administration to City Council	1,232	1,232	1,013	219
Internal auditor	406	406	395	11
Archives	298	298	292	6
Human relations commission	78	78	1	77
Department of human services	610	610	470	140
Office of Arts, Culture, Film & Tourism	1,188	1,188	1,217	(29)
Providence Housing Authority	9	9	7	(7)
League of Cities	12	12	24	(12)
Ceremonies	9	9	8	1
P.E.R.A.	302	302		302
Non-Departmental	3,080	3,080	1,537	1,543
	<u>15,703</u>	<u>15,703</u>	<u>12,642</u>	<u>3,061</u>
Grants:				
Providence Public Library	3,995	3,995	3,995	-
Providence plan commission			1,860	(1,860)
Community centers	261	261		261
Crossroads	129	129		129
P.A.S.A	250	250		250
Institute of Non-Violence	188	188		188
Grants (Transfer to Mary Sharpe)	25		25	
Grant Expenditure	1,030	1,030		1,030
	<u>5,878</u>	<u>5,878</u>	<u>5,880</u>	<u>(2)</u>
Public properties	<u>6,782</u>	<u>6,782</u>	<u>6,074</u>	<u>708</u>
Transfers:				
Transfers to School Department	128,547	128,547	128,547	-
Transfer to Retiree Benefits	25,148	25,148	25,218	(70)
Deficit Reduction	3,560	3,560		3,560
Transfer to Other Department			2,436	(2,436)
	<u>157,255</u>	<u>157,255</u>	<u>156,201</u>	<u>3,490</u>
Total	<u>\$ 487,369</u>	<u>\$ 487,369</u>	<u>488,991</u>	<u>\$ 814</u>

Budgetary expenditures are different than GAAP expenditures because:

Funds consolidated with the General Fund under GASB 54

7,771

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

\$ 496,762

**CITY OF PROVIDENCE, RHODE ISLAND
 SCHOOL FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2018
 (In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal and state revenue	\$ 242,989	\$ 246,970	\$ 246,970	\$
Other revenue	6,435	6,435	4,584	(1,851)
Transfers from other funds	128,547	128,547	128,547	
Total revenues	<u>377,971</u>	<u>381,952</u>	<u>380,101</u>	<u>(1,851)</u>
Expenditures:				
Education	377,971	381,952	380,091	1,861
Transfer to other funds			10	(10)
Total expenses	<u>377,971</u>	<u>381,952</u>	<u>380,101</u>	<u>1,851</u>
Excess of Revenue over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

	<u>School Unrestricted</u>	
	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis - June 30, 2018	\$ 380,101	\$ 380,101
State teachers' retirement on-behalf payments	<u>15,323</u>	<u>15,323</u>
Balance, GAAP Basis - June 30, 2018	<u>\$ 395,424</u>	<u>\$ 395,424</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 19,667	\$ 20,248	\$ 18,405	\$ 17,783	\$ 18,844
Interest	105,421	102,963	100,333	98,938	96,007
Differences between expected and actual experience	5,781	11,541	(4,367)	1,650	
Changes of assumptions			60,313	841	
Benefit payments, including refunds of member contributions	<u>(103,818)</u>	<u>(103,088)</u>	<u>(108,193)</u>	<u>(97,651)</u>	<u>(96,570)</u>
Net change in total pension liability	27,051	31,664	66,491	21,561	18,281
Total pension liability - beginning	<u>1,350,005</u>	<u>1,318,341</u>	<u>1,251,850</u>	<u>1,230,289</u>	<u>1,212,008</u>
Total pension liability - ending	<u>1,377,056</u>	<u>1,350,005</u>	<u>1,318,341</u>	<u>1,251,850</u>	<u>1,230,289</u>
Plan fiduciary net position:					
Contributions - employer	78,123	72,396	70,704	66,876	62,140
Contributions - member	12,246	11,419	12,043	11,624	10,873
Net investment income	24,026	34,880	7,849	12,702	47,003
Benefit payments, including refunds of member contributions	<u>(103,818)</u>	<u>(103,088)</u>	<u>(108,193)</u>	<u>(97,651)</u>	<u>(96,570)</u>
Administrative expense	<u>(223)</u>	<u>(250)</u>	<u>(184)</u>	<u>(195)</u>	<u>(1,519)</u>
Net change in plan fiduciary net position	10,354	15,357	(17,781)	(6,644)	21,927
Plan fiduciary net position - beginning	<u>348,644</u>	<u>333,287</u>	<u>351,068</u>	<u>357,712</u>	<u>335,785</u>
Plan fiduciary net position - ending	<u>358,998</u>	<u>348,644</u>	<u>333,287</u>	<u>351,068</u>	<u>357,712</u>
Net Pension Liability - Ending	<u>\$ 1,018,058</u>	<u>\$ 1,001,361</u>	<u>\$ 985,054</u>	<u>\$ 900,782</u>	<u>\$ 872,577</u>
Plan fiduciary net position as a percentage of the total pension liability	26.07%	25.83%	25.28%	28.04%	29.08%
Covered payroll	\$ 145,815	\$ 143,311	\$ 145,874	\$ 142,504	\$ 139,893
Net pension liability as a percentage of covered payroll	698.18%	698.73%	675.28%	632.11%	623.75%

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

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

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 76,444	\$ 72,396	\$ 70,704	\$ 66,876	\$ 61,615
Contributions in relation to the actuarially determined contribution	78,123	72,396	70,704	66,876	62,140
Contribution Deficiency (Excess)	\$ (1,679)	\$ -	\$ -	\$ -	\$ (525)
Covered payroll	\$ 145,815	\$ 143,311	\$ 145,874	\$ 142,504	\$ 139,893
Contributions as a percentage of covered payroll	52.43%	50.52%	48.47%	46.93%	44.42%

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method

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

Remaining amortization period

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

Inflation
 Salary increases
 Investment rate of return

3.5%
 3.5% per year before reflecting increases due to longevity
 8.00%, net of pension plan investment and administrative expenses, including inflation.

Cost of living adjustments:
 Benefit changes:

1 0-year freeze as of January 1, 2013 and 3% thereafter.
 There have been no changes in benefit provisions since GASB 67/68 implementation

Assumption changes:

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.30%	12.20%	2.60%	3.30%	17.50%

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

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

	<u>2018</u>	<u>2017</u>	<u>2015</u>
City's proportion of the net pension liability	0.69%	0.76%	0.76%
City's proportionate share of the net pension liability	\$ 282,998	\$ 282,126	\$ 260,697
State's proportionate share of the net pension liability associated with the City	<u>213,878</u>	<u>193,215</u>	<u>178,100</u>
Total	<u>\$ 496,876</u>	<u>\$ 475,341</u>	<u>\$ 438,797</u>
City's covered payroll	\$ 156,699	\$ 154,962	\$ 148,594
City's proportionate share of the net pension liability as a percentage of its covered payroll	55%	55%	57%
Plan fiduciary net position as a percentage of the total pension liability	54.01%	54.06%	57.60%

Notes:

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 20,747	\$ 20,424	\$ 20,402
Contributions in relation to the actuarially determined contribution	<u>20,747</u>	<u>20,424</u>	<u>20,402</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 156,699	\$ 154,962	\$ 148,594
Contributions as a percentage of its covered payroll	13.2%	13.2%	13.7%

Notes:

- 1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.
- 2.) This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF PROVIDENCE, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR*

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 35,274
Interest on the total OPEB liability	32,832
Changes of benefit terms	
Changes of assumptions	(143,555)
Benefit payments	<u>(26,854)</u>
Net change in total OPEB liability	(102,303)
Total OPEB liability - beginning	<u>1,130,062</u>
Total OPEB liability - ending	\$ <u>1,027,759</u>

**Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

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

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Neighborhood Housing Fund – is used for Administrative and Program Expenses primarily related to Housing Repair Loan Programs and Downpayment/Closing Assistance Programs. Also income related to Tax Stabilization Agreements.

Federal Funds Fund – is used to account for Administrative and Program Expenses and Program Income primarily related to the following federally funded programs: Community Development Block Grant, Emergency Shelter Grant and Housing Opportunities for Persons with Aids.

PEDC Fund - is used to account for Administrative and Program Expenses and Program Income primarily related to loans and grants for business start-ups, expansion, and operating costs (Industrial, Commercial and Operating Accounts).

Other P&D – is used to account for Good Faith Deposits – Deposits to secure vacant lots of the PRA until closing. There is also the Lead Fund which is primarily for expenses and income related to federally funded programs that supply loans to homeowners for remediation work, income from federal grants and City Bond dollars.

Other Special Revenue Funds – is used to account for various smaller special revenue funds used by the City.

Skating Rink – is used to account for the operations of the Skating Rink.

WDO – is used to account for proceeds received from the federal government for workforce development services.

Capital Proceeds Fund – is used to account for various smaller operations. It primarily consists of a Trust Fund that has spending stipulations for various City operations, and proceeds received for public safety and seizure.

Permanent Funds

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

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

CITY OF PROVIDENCE, RHODE ISLAND
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2018
 (In Thousands)

	Neighborhood Housing	Federal Funds	PEDC	Other P & D	Other Special Revenue Fund	Skating Rink	WDO	Capital Proceeds Fund	Other Nonmajor Governmental Funds	Totals
ASSETS										
Cash and cash equivalents	\$ 1,971	\$ 2,687	\$ 2,916	\$ 169	\$ 2,784	\$ 176	\$ 121	\$ 3,332	\$ 1,308	\$ 15,464
Investments					230			171		18,379
Receivables, net:										
Loans	5,513	8,927	9,653	124	802		1,400			24,093
Intergovernmental		866			63			3		3,192
Other					104		1	4,701	64	66
Due from other funds	371	3,926	2,871	434	104					12,472
Other assets	257	22	329							608
Total assets	\$ 8,112	\$ 16,428	\$ 15,769	\$ 727	\$ 3,983	\$ 176	\$ 1,522	\$ 8,207	\$ 19,350	\$ 74,274
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Warrants and accounts payable	\$ 11	\$ 982	\$ 204	\$ 20	\$ 207	\$ 26	\$ 558	\$	\$ 43	\$ 2,051
Accrued liabilities	181				5	1	464			651
Unearned revenue	375	8,927	758							10,060
Due to other funds	390	4,393	3,055	561	634	4	319		498	9,854
Total liabilities	957	14,302	4,017	581	846	31	1,341		541	22,616
FUND BALANCES										
Nonspendable									136	136
Restricted	7,155	2,126	11,752	146	2,734	145	181	8,207	18,673	42,912
Committed					403					8,610
Unassigned										
Total fund balances	7,155	2,126	11,752	146	3,137	145	181	8,207	18,809	51,658
Total Liabilities and Fund Balances	\$ 8,112	\$ 16,428	\$ 15,769	\$ 727	\$ 3,983	\$ 176	\$ 1,522	\$ 8,207	\$ 19,350	\$ 74,274

CITY OF PROVIDENCE, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (In Thousands)

	Neighborhood Housing	Federal Funds	PEDC	Other P&D	Other Special Revenue Fund	Skating Rink	WDO	Capital Proceeds Fund	Other Nonmajor Governmental Funds	Totals
Revenues:										
Departmental Intergovernmental Investment and rental income	\$ 23	6,653	251	504	988	582	5,886			\$ 1,570
Other	81		40		354		469	(1)	1,931	23,038
Total Revenues	104	6,653	291	504	1,202	582	6,355	58	49	3,027
					12,539			57	1,980	1,430
										29,065
Expenditures:										
Current:										
Executive, legislative, and judicial Finance					53				316	369
Public safety Recreation					10,033	558	5,875	(16)		15,908
Public lands and parks					650					1,192
Community development	4	6,491	824	499	1,008				113	1,121
Debt service:					332					8,150
Principal Interest and other costs										106
Capital outlay:					214	111			4	37
Total expenditures	4	6,634	824	499	12,290	669	5,875	(16)	433	27,212
Excess (Deficiency) of Revenue over Expenditures	100	19	(533)	5	249	(87)	480	73	1,547	1,853
Other Financing Sources (Uses):										
Transfers in		1,429			170				142	1,741
Transfers out					(135)			(1,416)	(423)	(1,974)
Total other financing sources (uses)		1,429			35			(1,416)	(281)	(233)
Net Change in Fund Balance	100	1,448	(533)	5	284	(87)	480	(1,343)	1,266	1,620
Fund Balance, Beginning of Year	7,055	678	12,285	141	2,853	232	(299)	9,550	17,543	50,038
Fund Balance, End of Year	\$ 7,155	\$ 2,126	\$ 11,752	\$ 146	\$ 3,137	\$ 145	\$ 181	\$ 8,207	\$ 18,809	\$ 51,658

Agency Funds

AGENCY FUNDS

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

CITY OF PROVIDENCE, RHODE ISLAND
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and cash equivalents	\$ 1,574	\$ 400	\$ -	\$ 1,974
Other receivables	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total Assets	\$ <u>1,588</u>	\$ <u>400</u>	\$ <u>-</u>	\$ <u>1,988</u>
Liabilities:				
Other payables	\$ 865	\$ 126	\$ -	\$ 991
Due to student group	<u>723</u>	<u>274</u>	<u>-</u>	<u>997</u>
Total Liabilities	\$ <u>1,588</u>	\$ <u>400</u>	\$ <u>-</u>	\$ <u>1,988</u>

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Other Schedule

**CITY OF PROVIDENCE, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2018**
 (In Thousands)

Year	Property Taxes Receivable July 1, 2017	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2018
2018	\$	363,332	\$	7,039	356,293	347,772	\$ 8,521
2017	11,555			719	10,836	5,438	5,398
2016	5,786			232	5,554	1,122	4,432
2015	4,977			(7)	4,984	438	4,546
2014	4,390			30	4,360	222	4,138
2013	4,786			49	4,737	234	4,503
2012	3,793			224	3,569	191	3,378
2011	2,592			477	2,115	101	2,014
2010	2,303			223	2,080	29	2,051
2009	2,542			209	2,333	32	2,301
2008 and prior	16,766			206	16,560	102	16,458
Subtotal	59,490	363,332	-	9,401	413,421	355,681	57,740
Less: estimated allowance for uncollectable accounts	37,525						37,667
Net property taxes receivable	\$						\$ 20,073

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2018**
 (In Thousands)

Collections	Year	July - August 2017		September - June 2018		Total FY 2018		July - August 2018	
		Subject to 60-Day FY17 Accrual	Collections	September - June 2018 Collections	July - August 2018 Collections	Subject to 60-Day FY18 Accrual			
	2018	\$	\$	347,772	\$	347,772	\$	2,018	
	2017		1,821	3,617		5,438		223	
	2016		251	871		1,122		82	
	2015		113	325		438		55	
	2014		79	143		222		41	
	2013		80	154		234		32	
	2012		69	122		191		32	
	2011		66	35		101		21	
	2010		8	21		29		9	
	2009		10	22		32		6	
	2008 and prior		14	88		102		11	
	Total	\$	2,511	353,170	\$	355,681	\$	2,530	

(Continued on next page)

**CITY OF PROVIDENCE, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2018**

(In Thousands)

Schedule of Net Assessed Property Value by Category Assessed December 31, 2016			Reconciliation of Current Year Property Tax Revenue	
Description of Property	Valuations	Levy	Current year collections	\$
Real property	\$ 10,503,161	\$ 293,043	Revenue received 60 days subsequent to fiscal year ending June 30, 2018	2,530
Motor vehicle	670,664	40,240	Subtotal	358,211
Tangible property	944,578	52,707		
Total	12,118,403	385,990	Prior year revenue received in current year (2017 60 day rule)	(2,511)
Exemptions and adjustments	554,322	22,658		
Net Assessed Value	\$ 11,564,081	\$ 363,332	Current Year Property Tax Revenue	\$ 355,700

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Annual Supplementary Transparency Report

City of Providence
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXHIBIT D-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 347,461,451	\$ -
Last Year's Levy Tax Collection	5,313,784	-
Prior Years Property Tax Collection	2,316,160	-
Interest & Penalty	4,457,107	-
PILOT & Tax Treaty (excluded from levy) Collection	15,899,306	-
Other Local Property Taxes	-	-
Licenses and Permits	9,860,902	-
Fines and Forfeitures	4,771,852	-
Investment Income	-	-
Departmental	15,599,264	-
Rescue Run Revenue	4,268,058	-
Police & Fire Detail	7,600,157	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	3,286,124
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	14,911,469
CDBG	1,088,888	-
COPS Grants	1,398,751	-
SAFER Grants	6,229,038	-
Other Federal Aid Funds	4,805,654	30,197,960
MV Excise Tax Reimbursement & Phase-out	5,934,870	-
State PILOT Program	33,497,659	-
Distressed Community Relief Fund	5,797,634	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	2,257,319	-
Meals & Beverage Tax / Hotel Tax	8,488,879	-
LEA Aid	-	246,969,871
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	23,986,190	-
State Food Service Revenue	-	282,196
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	1,839,402	2,123,063
Other Revenue	6,317,979	2,327,487
Local Appropriation for Education	-	128,546,611
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 519,190,306</u>	<u>\$ 428,644,780</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	2,858,406	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 2,858,406</u>	<u>\$ -</u>

EXPENDITURES	General		Social	Centralized			Public	Parks and	Police
	Government	Finance	Services	IT	Planning	Libraries	Works	Rec	Department
Compensation- Group A	\$ 11,323,563	\$ 4,952,962	\$ 2,462,800	\$ 1,157,555	\$ 4,198,986	\$ -	\$ 4,895,300	\$ 8,644,541	\$ 31,127,037
Compensation - Group B	-	-	-	-	-	-	-	-	5,783,911
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	120,279	2,592	-	22,878	38,333	-	913,537	367,727	2,712,352
Overtime - Group B	-	-	-	-	-	-	-	-	516,639
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	4,705,648
Active Medical Insurance - Group A	2,146,843	895,480	240,488	221,398	847,217	-	1,228,933	1,751,500	5,291,135
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	996,464
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	169,409	92,624	20,131	18,444	76,995	-	121,018	176,109	426,630
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	80,192
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	761,362	364,199	111,707	87,558	320,756	-	412,252	702,355	902,380
Life Insurance	15,076	1,131	3,267	1,131	2,387	-	1,382	4,649	53,019
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	1,056,168	223,442	111,067	30,467	289,509	-	356,323	489,116	388,446
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	2,781,904	1,454,016	430,773	339,646	1,186,204	-	1,381,307	2,083,258	22,236,005
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	4,129,826
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	271,321	225,817	43,123	33,743	224,166	-	399,352	533,308	347,690
Purchased Services	6,264,018	1,457,789	1,022,990	263,785	601,989	-	5,342,613	776,215	2,743,020
Materials/Supplies	1,718,589	24,515	7,393	216,894	10,754	-	249,040	374,944	1,436,548
Software Licenses	-	-	-	870,077	-	-	-	-	-
Capital Outlays	1,005	-	-	-	-	-	258,455	1,746,891	-
Insurance	52,159	-	-	-	-	-	-	-	-
Maintenance	650,580	5,717	-	15,491	15,913	-	513,140	131,895	331,089
Vehicle Operations	10,035	-	-	-	-	-	138,818	37,763	111,959
Utilities	128,805	23,727	24,381	172,430	71,182	-	525,389	1,522,598	502,051
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	1,105,198	-	-
Revaluation	-	647,369	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	878,146	-	-
Trash Removal & Recycling	-	-	-	-	-	-	6,251,270	-	-
Claims & Settlements	6,998,002	-	-	-	-	-	-	-	-
Community Support	2,000,696	-	-	-	-	-	-	-	-
Other Operation Expenditures	2,338,836	-	2,898,511	-	438,073	3,995,000	119,619	169,834	11,108
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 38,808,650	\$ 10,371,379	\$ 7,376,629	\$ 3,451,497	\$ 8,322,466	\$ 3,995,000	\$ 25,091,093	\$ 19,512,702	\$ 84,833,149

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 26,871,543	\$ 4,530,313	\$ 998,158	\$ -	\$ -	\$ -	\$ 101,162,757	\$ 147,416,175
Compensation - Group B	1,520,523	-	-	-	-	-	7,304,434	27,870,891
Compensation - Group C	-	-	-	-	-	-	-	32,078,601
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	11,453,348	404,329	13,934	-	-	-	16,049,309	21,577
Overtime - Group B	731,065	-	-	-	-	-	1,247,703	6,384
Overtime - Group C	-	-	-	-	-	-	-	671,346
Police & Fire Detail	679,460	-	-	-	-	-	5,385,107	-
Active Medical Insurance - Group A	5,151,460	844,844	142,303	-	-	-	18,761,602	20,063,547
Active Medical Insurance- Group B	301,938	-	-	-	-	-	1,298,402	3,786,020
Active Medical Insurance- Group C	-	-	-	-	-	-	-	10,303,818
Active Dental insurance- Group A	417,011	74,349	14,801	-	-	-	1,607,521	1,455,599
Active Dental Insurance- Group B	24,361	-	-	-	-	-	104,552	300,566
Active Dental Insurance- Group C	-	-	-	-	-	-	-	983,268
Payroll Taxes	761,442	368,995	74,379	-	-	-	4,867,385	15,783,357
Life Insurance	57,290	-	2,261	-	-	-	141,592	117,196
State Defined Contribution- Group A	-	-	-	-	-	-	-	1,422,662
State Defined Contribution - Group B	-	-	-	-	-	-	-	225,189
State Defined Contribution - Group C	-	-	-	-	-	-	-	2,517
Other Benefits- Group A	75,218	246,016	24,394	-	-	-	3,290,167	844,327
Other Benefits- Group B	-	-	-	-	-	-	-	145,192
Other Benefits- Group C	-	-	-	-	-	-	-	7,642,953
Local Defined Benefit Pension- Group A	24,395,316	1,298,767	293,207	-	-	-	57,880,403	638,825
Local Defined Benefit Pension - Group B	1,388,518	-	-	-	-	-	5,518,344	1,281,569
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	8,733,405
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	17,596,792
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	3,108,304
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	42,309
Other Defined Benefit / Contribution	83,306	270,396	24,802	-	-	-	2,457,025	-
Purchased Services	573,467	14,275	79,576	-	-	-	19,139,737	76,418,848
Materials/Supplies	1,660,877	122,333	90,504	-	-	-	5,912,390	4,080,051
Software Licenses	-	-	-	-	-	-	870,077	453,829
Capital Outlays	-	-	-	-	-	-	2,006,351	7,457,945
Insurance	-	-	-	-	-	-	52,159	506,044
Maintenance	24,937	438,961	576,657	-	-	-	2,704,380	20,971,432
Vehicle Operations	11,469	601	173	-	-	-	310,818	223,849
Utilities	332,182	716,729	105,558	-	-	-	4,125,033	6,884,517
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	1,105,198	-
Revaluation	-	-	-	-	-	-	647,369	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	878,146	-
Trash Removal & Recycling	-	-	-	-	-	-	6,251,270	-
Claims & Settlements	-	-	-	-	-	-	6,998,002	874,019
Community Support	-	-	-	-	-	-	2,000,696	-
Other Operation Expenditures	195,670	-	-	-	-	-	10,166,651	1,498,709
Local Appropriation for Education	-	-	-	128,546,611	-	-	128,546,611	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	17,311,743	-	17,311,743	-
Municipal Debt- Interest	-	-	-	-	10,516,319	-	10,516,319	-
School Debt- Principal	-	-	-	-	26,727,282	-	26,727,282	-
School Debt- Interest	-	-	-	-	11,348,798	-	11,348,798	-
Retiree Medical Insurance- Total	-	-	-	-	-	25,218,387	25,218,387	6,470,268
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 76,710,403	\$ 9,330,906	\$ 2,440,708	\$ 128,546,611	\$ 65,904,141	\$ 25,218,387	\$ 509,913,721	\$ 428,381,902

Financing Uses: Transfer to Capital Funds	\$ 971,139	\$ -
Financing Uses: Transfer to Other Funds	1,464,557	9,667
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 2,435,696	\$ 9,667
Net Change in Fund Balance¹	9,699,294	253,212
Fund Balance1- beginning of year	\$2,664,870	\$7,523,265
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	(358,303)	-
Fund Balance¹ - beginning of year adjusted	2,306,567	7,523,265
Rounding	(7,376)	-
Fund Balance¹ - end of year	\$ 11,998,485	\$ 7,776,477

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

EXHIBIT D-2

City of Providence
 Combining Schedule of
 Reportable Government Services with
 Reconciliation to MTP2
 Municipal
 Fiscal Year Ended June 30, 2018

Fund Description	Per Audited Fund Financial Statements										Ending Fund Balance ¹ (Deficit)	
	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)				
Fund Balance¹ - per MTP-2 at June 30, 2017												
<i>Adjustment for reclassification of FY18 RGS Activity</i>												
<i>No funds added to RGS for fiscal 2018</i>												
<i>No misc. adjustments made for fiscal 2018</i>												
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted												
General Fund	\$ 503,221,000	\$ 2,724,000	\$ 365,779,000	\$ 130,983,000	\$ 9,183,000	\$ 2,279,000	\$ -	\$ -	\$ 2,664,870	\$ -	\$ 2,664,870	\$ 11,462,000
Other Nonmajor Governmental Fund (Excluding WDO and previously blended component unit)	22,710,000	1,741,000	21,337,000	1,974,000	1,140,000	60,129,000	-	-	(358,303)	-	(358,303)	51,477,000
WDO	6,355,000	-	5,875,000	-	480,000	(299,000)	-	-	-	-	-	181,000
Totals per audited financial statements	\$ 532,286,000	\$ 4,465,000	\$ 392,991,000	\$ 132,957,000	\$ 10,803,000	\$ 62,109,000	\$ (9,792,000)	\$ -	\$ 2,306,567	\$ (9,792,000)	\$ 2,306,567	\$ 63,120,000
Reconciliation from financial statements to MTP2												
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 128,546,611.00	\$ (128,546,611.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remove Nonmajor Governmental Funds omitted on MTP2	(13,102,430.92)	(1,606,000.00)	(11,623,890.00)	(1,962,847.00)	(1,121,693.92)	(59,444,130.00)	9,792,000.00	\$ -	(49,652,130.00)	9,792,000.00	(49,652,130.00)	(50,773,823.92)
Adjustment for reclassification of FY17 RGS Activity	-	-	-	-	-	(358,303.00)	-	-	(358,303.00)	-	(358,303.00)	(358,303.00)
Rounding to thousands variance in FS	6,736.55	(594.00)	-	(11,846.00)	17,988.55	-	-	-	-	-	-	17,988.55
Rounding	-	-	-	-	(1)	-	-	-	-	-	-	(7,377)
Totals Per MTP2	\$ 519,190,306	\$ 2,858,406	\$ 509,913,721	\$ 2,435,696	\$ 9,699,294	\$ 2,306,567	\$ -	\$ -	\$ 2,306,567	\$ -	\$ 2,306,567	\$ 11,998,485

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

EXHIBIT D-3

City of Providence
Combining Schedule of
 Reportable Government Services with
 Reconciliation to MTP2
 Education Department
 Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 7,523,265	- \$	7,523,265	-
<i>No misc. adjustments made for fiscal 2017</i>						-	-	-	-
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 7,523,265</u>	-	<u>7,523,265</u>	-
School Unrestricted Fund	\$ 265,763,000	\$ 129,661,000	\$ 395,414,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
School Grants Fund	32,863,000	111,400	31,742,000	222,800	7,000	4,635,000	-	4,635,000	4,642,000
Enterprise Fund	16,796,000	-	16,552,000	-	244,000	2,887,000	-	2,887,000	3,131,000
Totals per audited financial statements	\$ 315,422,000	\$ 130,775,000	\$ 443,708,000	\$ 2,238,000	\$ 251,000	\$ 7,522,000	\$ -	\$ 7,522,000	\$ 7,773,000

Reconciliation from financial statements to MTP2

Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2
 State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only
 Eliminate transfers per UCOA Rounding

\$ 128,546,611.00	\$ (128,546,611.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(15,323,041.00)	-	(15,323,041.00)	-	-	-	-	-	-	-
(789.52)	(389.00)	(3,057.47)	(332.58)	2,211.53	1,265.00	1,265.00	-	1,265.00	3,476.53
\$ 428,644,780	\$ -	\$ 428,381,902	\$ 9,667	\$ 253,212	\$ 7,523,265	\$ -	\$ -	\$ 7,523,265	\$ 7,776,477

Totals Per MTP2

Reconciliation from MTP2 to UCOA

No reconciling items between MTP2 and UCOA

Totals per UCOA Validated Totals Report

\$ 428,644,780	\$ -	\$ 428,381,902
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¹ and Net Position If Enterprise Fund activity is included in the transparency portal report.

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

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Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 102,250	\$ 122,820	\$ 127,340	\$ 122,997	\$ 117,449	\$ 199,002	\$ 219,179	\$ 204,262	\$ 243,237	\$ 235,950
Restricted									17,543	18,809
Unrestricted	(63,215)	(143,890)	(233,086)	(261,508)	(263,762)	(341,989)	(1,303,632)	(1,361,585)	(1,421,539)	(2,241,691)
Total governmental activities										
net assets	\$ 39,035	\$ (21,070)	\$ (105,746)	\$ (138,511)	\$ (146,313)	\$ (142,987)	\$ (1,084,453)	\$ (1,157,323)	\$ (1,160,759)	\$ (1,986,932)
Business-type activities:										
Net investment in capital assets	\$ 159,670	\$ 179,800	\$ 201,281	\$ 213,758	\$ 217,210	\$ 225,544	\$ 239,088	\$ 256,129	\$ 256,129	\$ 294,003
Restricted	44,280	31,037	18,809	20,943	35,112	36,627	42,322	51,642	49,188	55,216
Unrestricted	6,622	3,503	11,661	10,986	6,403	6,676	(35,289)	(39,005)	(26,639)	(61,370)
Total business-type activities										
net assets	\$ 210,572	\$ 214,340	\$ 231,751	\$ 245,687	\$ 258,725	\$ 268,847	\$ 246,121	\$ 268,766	\$ 278,678	\$ 287,849
Primary government:										
Net investment in capital assets	\$ 261,920	\$ 302,620	\$ 328,621	\$ 336,755	\$ 334,659	\$ 424,546	\$ 458,267	\$ 460,391	\$ 499,366	\$ 529,953
Restricted	44,280	31,037	18,809	20,943	35,112	36,627	42,322	51,642	66,731	74,025
Unrestricted	(56,593)	(140,387)	(221,425)	(250,522)	(257,359)	(335,313)	(1,338,921)	(1,400,590)	(1,448,178)	(2,303,061)
Total primary government										
net assets	\$ 249,607	\$ 193,270	\$ 126,005	\$ 107,176	\$ 112,412	\$ 125,860	\$ (838,332)	\$ (888,557)	\$ (882,081)	\$ (1,699,083)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
Executive, legislative, and judicial	\$ 32,624	\$ 42,202	\$ 40,382	\$ 51,677	\$ 36,944	\$ 36,036	\$ 36,830	\$ 54,515	\$ 66,564	\$ 61,617
Finance	111,908	59,345	58,740	57,819	58,462	49,261	63,820	27,561	20,693	31,170
Public safety	106,243	182,787	178,374	157,676	170,854	169,742	180,430	219,557	218,980	221,927
Building inspection	2,946	4,806	4,636	4,126	4,264	4,381	4,496	4,960	4,800	4,149
Public works	17,079	23,030	28,451	25,754	15,752	23,965	26,959	12,360	15,875	13,691
Recreation	2,771	3,285	1,593	1,644	1,876	2,131	2,238	3,362	3,631	4,348
Public land and parks	5,523	21,069	24,572	19,437	21,941	20,825	21,290	37,119	28,908	30,843
Education	377,736	381,096	388,612	379,768	395,215	402,539	422,730	430,501	430,468	445,724
Community development	26,110	31,150	21,467	18,687	24,297	18,901	17,981	27,758	25,924	16,673
Interest on long-term debt	27,360	27,389	26,699	32,365	26,817	19,984	19,859	21,908	20,182	14,860
Total governmental activities expenses	710,300	776,159	773,526	748,953	756,422	747,765	796,633	839,601	836,025	845,002
Business-type activities:										
PPBA	17,222	17,696	18,949	19,992	19,396	19,322	17,076	14,574	11,919	11,950
Water Supply Board	50,381	52,303	47,483	50,461	52,553	56,271	56,628	59,635	60,274	60,483
Civic Center										
Non-major School lunch program	12,044	12,194	12,836	13,908	14,422	15,448	15,152	16,010	17,442	16,552
Total business-type activities expenses	79,647	82,193	79,268	84,361	86,371	91,041	88,856	90,219	89,635	88,985
Total primary government expenses	789,947	858,352	852,794	833,314	842,793	838,806	885,489	929,820	925,660	933,987
Program revenue:										
Governmental activities:										
Charges for services:										
Executive, legislative, and judicial	241	222	203	232	222	198	191	355	344	347
Finance	16,928	42,926	51,412	63,264	68,955	67,590	60,636	5,312	5,578	5,799
Public safety	22,222	19,515	16,252	11,384	11,776	12,050	11,908	21,621	26,075	27,696
Building inspection	4,240	3,599	3,405	4,112	4,503	4,036	4,376	7,872	6,871	8,441
Public works	213	219	132	193	229	516	318	295	218	330
Recreation	416	231	226	206	211	196	547	1,350	1,417	1,324
Public land and parks	438	311	581	136	264	321	317	2,109	1,825	2,683
Education	8,309	11,691	11,704	12,558	12,174	12,599	15,151	367	34	41
Community development	8,982	375	88	10				10,310	9,893	1,001
Operating grants and contributions:										
Executive, legislative, and judicial								2	6	12
Finance										
Public safety	7,348	3,084	2,200	3,183	183	51	56	2,378	2,453	8,786
Public works										
Recreation	329	349	296	261	442	395	484	589	575	730
Public land and parks	177									
Education	235,234	238,267	243,134	225,661	247,624	252,226	275,252	297,205	312,170	323,305
Community development	11,943	14,645	15,856	12,518	13,005	8,292	6,791	20,017	16,569	14,133
Capital grants and contributions:										
Finance										
Public Works								2,083	6,656	4,088
Public land and parks								486	1,849	924
Education	15,872									
Total governmental activities program revenue:	332,892	335,434	345,489	333,718	359,588	358,470	376,027	372,351	392,533	399,640

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenue:										
Business-type activities:										
Charges for services:										
PPBA	\$ 9,835	\$ 16,362	\$ 18,548	\$ 20,996	\$ 20,020	\$ 19,652	\$ 18,861	\$ 22,405	\$ 13,815	\$ 13,784
Water Supply Board	59,575	54,976	64,017	61,726	61,070	62,872	69,231	71,011	73,404	76,102
Civic Center										
Non-major School lunch program	12,040	12,446	12,986	14,548	15,124	15,414	15,803	16,759	16,918	16,796
Capital grants and contributions:										
Water Supply Board	775	773	510	200	2,100	3,304	1,098	471	391	4,229
Total business-type activities program revenues	82,225	84,557	96,061	97,470	98,314	101,242	104,993	110,646	104,528	110,911
Total primary government program revenues	415,117	419,991	441,550	431,188	457,902	459,712	481,020	482,997	497,061	510,551
Net (expense) revenue:										
Governmental activities	(377,408)	(440,725)	(428,037)	(415,235)	(396,834)	(389,295)	(420,606)	(467,250)	(443,492)	(445,362)
Business-type activities	2,578	2,364	16,793	13,109	11,943	10,201	16,137	20,427	14,893	21,926
Total primary government net expense	(374,830)	(438,361)	(411,244)	(402,126)	(384,891)	(379,094)	(404,469)	(446,823)	(428,599)	(423,436)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	284,775	289,837	286,998	320,591	325,960	331,133	335,624	344,012	357,666	357,649
Payments in lieu of taxes	19,680	19,103	23,115	23,461	25,645	27,110	28,088	39,139	40,698	40,964
Grants and contributions not restricted to specific programs	38,048	40,070	25,619	21,473	19,296	18,158	16,658	17,586	16,978	22,479
Investment income	1,230	252	153	100	84	1	1	117	2,598	1,926
Gain (loss) on disposal										
Miscellaneous	21,525	31,358	17,473	16,846	18,290	18,871	19,176	13,944	13,364	12,395
Transfers					(243)				1,103	1,276
Sale of building and land										
Total governmental activities	365,258	380,620	353,358	382,471	389,032	395,273	399,547	414,798	432,407	436,689
Business-type activities:										
Investment earnings	1,243	1,404	618	827	852	662	485			
Miscellaneous								2,218	543	1,875
Transfers					243				(1,103)	(1,016)
Special items:										
Sale of building and land										
Total business-type activities	1,243	1,404	618	827	1,095	662	485	2,218	(560)	859
Total primary government	366,501	382,024	353,976	383,298	390,127	395,935	400,032	417,016	431,847	437,548
Changes in net position:										
Governmental activities	(12,150)	(60,105)	(74,679)	(32,764)	(7,802)	5,978	(21,059)	(52,452)	(11,085)	(8,673)
Business-type activities	3,821	3,768	17,411	13,936	13,038	10,863	16,622	22,645	14,333	22,785
Total primary government	\$ (8,329)	\$ (56,337)	\$ (57,268)	\$ (18,828)	\$ 5,236	\$ 16,841	\$ (4,437)	\$ (29,807)	\$ 3,248	\$ 14,112

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 3

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Designated for future uses	\$ -	\$ 1,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved/ Unassigned	17,361	2,080	3,725	(11,399)	(9,827)	(8,672)	(13,445)	(3,158)	2,279	11,462
Total General Fund	\$ 17,361	\$ 3,458	\$ 3,725	\$ (11,399)	\$ (9,827)	\$ (8,672)	\$ (13,445)	\$ (3,158)	\$ 2,279	\$ 11,462
All Other Governmental Funds:										
Nonspendable			\$ 16,428	\$ 19,818	\$ 19,932	\$ 18,770	\$ 19,041	\$ 17,032	\$ 136	\$ 136
Restricted			36,253	35,103	71,066	51,378	39,352	39,117	55,356	53,309
Committed			12,194	9,275	10,268	9,530	10,013	9,877	10,114	8,894
Unassigned			3,686	(262)	(18)					181
Reserved	\$ 14,183	\$ 15,882								
Unreserved:										
Designated for future uses	16,754									
Special Revenue		9,311								
Undesignated:										
Capital Projects	9,807	7,081								
Special Revenue	42,400	20,041								
Permanent Trust	11,821	12,794								
Total all other government funds	\$ 94,965	\$ 65,109	\$ 68,561	\$ 63,934	\$ 101,248	\$ 79,678	\$ 68,406	\$ 66,026	\$ 65,606	\$ 62,520

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	283,631	290,358	290,704	314,355	324,058	330,449	334,103	343,993	356,050	359,547
Departmental revenue	73,545	65,766	73,025	95,336	92,683	88,042	89,769	325,438	340,919	348,519
Federal and state grants and reimbursements	298,742	302,272	305,814	285,120	306,195	306,232	316,291	104,375	111,057	114,651
Investment and rental income	16,254	19,742	4,829	1,454	3,297	4,358	1,173	1,173	3,626	4,206
Fines and forfeitures	7,464	7,663	8,143	7,341	6,030	6,066	4,559	6,294	5,228	4,772
State Fiscal Stabilization Funds	10,209	13,246	4,406	1,437						
Other	15,491	11,987	12,796	15,492	15,076	14,514	17,334	9,966	4,481	4,413
Total revenues	705,336	710,934	699,717	720,535	747,339	749,661	763,899	790,639	821,361	836,108
Expenditures:										
Current:										
Executive, legislative, and judicial	11,100	14,239	12,695	15,364	11,649	11,090	13,354	15,634	24,553	20,872
Finance	103,361	43,447	39,526	49,661	50,743	44,540	47,741	43,199	45,378	46,685
Public safety	103,795	166,254	165,909	151,655	153,492	161,866	163,213	173,208	172,922	181,208
Building inspection	2,838	4,391	4,308	3,901	4,096	4,239	4,454	4,454	4,262	3,947
Public works	15,650	19,064	21,806	26,179	18,963	18,852	20,264	19,180	21,798	22,100
Recreation	2,656	2,902	1,470	1,532	1,750	2,004	2,101	3,206	3,487	4,196
Public lands and parks	14,562	19,138	21,716	21,034	20,458	21,415	19,641	19,641	20,050	22,174
Other departments	5,947	9,262	9,767	10,185	7,877	9,203	10,178	9,942	10,868	11,530
Grants	4,086	4,529	4,185	4,297	4,231	4,233	4,551	4,563	4,963	5,880
Education	380,577	383,636	376,572	362,649	382,618	388,469	403,943	399,087	412,405	427,156
Community development	22,024	25,621	17,282	14,390	20,066	14,668	13,430	21,259	18,274	8,150
Noncurrent:										
Capital outlays	7,903	2,856	10,782	2,587	4,638	23,341	22,881	11,821	15,650	13,788
Debt service principal payments	36,929	46,653	41,158	43,066	42,844	45,161	40,481	42,815	47,050	45,347
Debt service interest and other payments	20,591	26,201	28,706	32,427	26,669	21,118	20,377	22,797	21,975	21,573
Total expenditures	732,039	769,193	757,882	736,927	749,929	770,076	787,313	791,048	823,655	833,606
Excess of revenues (under) expenditures	(26,703)	(58,259)	(58,165)	(16,392)	(2,590)	(20,415)	(23,414)	(409)	(2,274)	2,502
Other financing sources (uses):										
Capital leases issued	6,952	14,500					7,000	6,043	3,846	12,111
Capital notes issued								464	2,342	
Bond proceeds			87,584	2,366	39,345					
Refunding bonds issued			(29,425)					66,675		
Payment to refunding bonds escrow agent								(74,367)		
Premium on bond issued				2,125				6,061		
Loan proceeds				250						
Proceeds from sale of real estate	145,201	165,765	139,461	133,903	129,707	129,617	131,377	127,980	128,787	136,398
Transfers in	(145,201)	(165,765)	(139,461)	(133,903)	(129,950)	(129,617)	(131,377)	(127,980)	(127,884)	(135,122)
Transfers out										
Total other financing sources (uses)	6,952	14,500	58,159	2,366	41,477	-	7,369	6,507	7,291	13,387
Special Items										
Proceeds from sale										
Net changes in fund balance	(19,751)	(43,759)	(6)	(16,026)	38,887	(20,415)	(16,045)	6,098	5,017	15,889
Debt service as a percentage of noncapital expenditures	7.9%	9.5%	9.4%	10.3%	9.3%	8.9%	8.0%	8.4%	8.5%	8.2%

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 5
 Tax Revenues by Source, Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)
(in thousands)

Tax Year	Real Estate	Tangible Taxes	Excise Taxes	Total
2009	\$231,186	\$30,080	\$16,963	\$278,229
2010	\$234,687	\$34,262	\$15,559	\$284,508
2011	\$234,519	\$34,032	\$16,221	\$284,772
2012	\$239,855	\$35,437	\$24,280	\$299,572
2013	\$248,593	\$35,185	\$25,939	\$309,717
2014	\$251,201	\$39,006	\$26,599	\$316,806
2015	\$251,770	\$45,652	\$32,025	\$329,447
2016	\$256,943	\$49,034	\$32,971	\$338,948
2017	\$271,500	\$49,552	\$29,945	\$350,997
2018	\$273,056	\$50,147	\$24,258	\$347,461
Change 2009-2018	18.1%	66.7%	43.0%	24.9%

Source: City records.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(unaudited)

Fiscal Year	Real Property	Tangible Personal Property	Motor Vehicle	Exemptions	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	\$13,664,004	\$746,260	\$658,076	(\$4,838,398)	\$10,229,942	0.21%	25.53	\$10,316,601	99.16%
2010	\$13,657,654	\$830,243	\$610,997	(\$4,838,398)	\$10,260,496	0.30%	28.87	\$10,347,414	99.16%
2011	\$10,358,912	\$926,252	\$616,722	(\$2,858,134)	\$9,043,752	-11.86%	35.37	\$9,120,363	99.16%
2012	\$10,346,045	\$850,314	\$644,247	(\$2,960,325)	\$8,880,281	-1.81%	36.28	\$8,955,507	99.16%
2013	\$10,261,120	\$685,579	\$685,618	(\$2,709,274)	\$8,923,043	0.48%	34.14	\$8,998,632	99.16%
2014	\$9,333,995	\$749,808	\$701,909	(\$243,998)	\$10,541,714	18.14%	34.62	\$10,711,777	98.41%
2015	\$9,308,593	\$879,201	\$702,310	(\$281,241)	\$10,608,863	0.64%	34.83	\$10,820,954	98.04%
2016	\$9,481,855	\$911,150	\$720,527	(\$286,566)	\$10,826,966	2.06%	34.48	\$12,481,618	97.09%
2017	\$10,172,367	\$948,202	\$741,502	(\$345,404)	\$11,516,667	6.37%	35.62	\$12,481,618	97.09%
2018	\$10,503,161	\$944,578	\$670,664	(\$554,322)	\$11,564,081	0.41%	34.48	\$12,699,296	95.43%

Source: City Records

Weighted Average Rate Calculation

Tot. R/E	10,503,161
Tangible	944,578
Excise	670,664
Tot. Assessment	12,118,403

	% of Assessment	Tax Rate	Tot. Direct Rate
Tot. Res. R/E	6,503,796	31.96	17.15
Comm. R/E	3,645,762	36.70	11.04
Tangible	944,578	55.80	4.35
Excise	469,945	50.00	1.94
	95.43%		34.48

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 7

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

Taxpayer	2018				2009				Percentage of Total City Assessed Value	
	Taxable Assessed Value	Rank	Percentage of Total Taxes	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Rank	Value	
Narragansett Electric Co.	438,506,696	1	35.30%	Narragansett Electric Co	336,671,070	1	30.89%	1	336,671,070	
OMNI Rhode Island	81,742,770	2	6.58%	PRI XVII L P	144,234,640	2	13.23%	2	144,234,640	
Prospect Charter Care*	71,704,135	3	5.77%	ONA Providence Office It LLC	61,710,400	3	5.66%	3	61,710,400	
Westminster Partners	59,593,700	4	4.80%	One Financial Holdings LLC.	52,502,700	4	4.82%	4	52,502,700	
1 Financial Holdings	53,050,600	5	4.27%	High Rock Westminster Street	40,245,400	5	3.69%	5	40,245,400	
One Citizens Plaza Holdings	49,210,450	6	3.98%	G Tech Waterplace park	45,966,700	6	4.22%	6	45,966,700	
Regency Plaza I, LLC	48,433,410	7	3.90%	Historic Hotel Partners Of Prov Lp	44,182,600	7	4.05%	7	44,182,600	
Triton (aka Motiva) Enterprises	38,548,900	8	3.10%	The Providence Journal Company	31,745,100	8	2.91%	8	31,745,100	
Athlena Providence Place	51,674,000	9	4.16%	Capital Properties Inc	40,019,500	9	3.67%	9	40,019,500	
Blue Cross & Blue Shield*	54,414,980	10	4.38%	Blue Cross And Blue Shield Of Rhode Island	37,027,100	10	3.40%	10	37,027,100	
Textron Realty Corporation	41,629,290	11	3.35%	Avalon Properties Inc	35,714,286	11	3.28%	11	35,714,286	
CoxCom	26,365,140	12	2.12%	Motiva Enterprises LLC	33,471,400	12	3.07%	12	33,471,400	
CJUF III MJH Providence LLC	34,026,040	13	2.74%	One Financial Center Plaza LLC	31,826,100	13	2.92%	13	31,826,100	
Avalon Properties Inc	34,149,800	14	2.75%	76 Westminster Street LLC	20,800,600	14	1.91%	14	20,800,600	
10 Memorial Boulevard Owner	32,697,548	15	2.63%	Textron Realty Corporation	30,889,400	15	2.83%	15	30,889,400	
Verizon Online LLC	21,503,650	16	1.73%	Edward E Zuker (trstee)	14,075,640	16	1.29%	16	14,075,640	
ARC Hospitality Providence	29,263,500	17	2.36%	Robert Day LLC	23,634,200	17	2.17%	17	23,634,200	
GD Thayer	25,853,960	18	2.08%	Providence Realty Associates LP	23,495,900	18	2.16%	18	23,495,900	
Promenade Building Assoc	27,207,300	19	2.19%	Cox Com Inc	22,310,600	19	2.05%	19	22,310,600	
PRI I LP	22,718,700	20	1.83%	Civic Center Parking Associates LLC	19,545,500	20	1.79%	20	19,545,500	
Total	\$ 1,242,294,569		100.00%		\$ 1,090,068,836		100.00%			

Source: City Records

total levy for 2018 tax roll \$358,895,513
total levy for 2009 tax roll \$307,014,942

CITY OF PROVIDENCE, RHODE ISLAND

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

Fiscal Year Ended June 30:	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$287,281,144	\$269,559,441	93.83%	\$11,434,426	\$280,993,867	97.81%
2010	\$294,186,862	\$276,463,184	93.98%	\$10,082,341	\$286,545,525	97.40%
2011	\$307,014,942	\$277,131,464	90.27%	\$8,160,608	\$285,292,072	92.92%
2012	\$324,460,407	\$299,707,126	92.37%	\$10,590,119	\$310,297,245	95.63%
2013	\$332,768,119	\$310,510,342	93.31%	\$10,326,563	\$320,836,905	96.41%
2014	\$340,814,523	\$317,730,599	93.23%	\$8,508,232	\$326,238,831	95.72%
2015	\$345,156,658	\$321,248,525	93.07%	\$8,711,956	\$329,960,481	95.60%
2016	\$351,854,213	\$330,475,210	93.92%	\$5,954,996	\$336,430,206	95.62%
2017	\$364,264,528	\$344,482,858	94.57%	\$5,257,814	\$349,740,672	96.01%
2018	\$363,331,867	\$348,884,056	96.02%	\$0	\$348,884,056	96.02%

Source: City Tax Collector Records

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 9

Ratios of Net General Bonded Debt Outstanding by Type

Last Ten Fiscal Years

(unaudited)

(in thousands)

Fiscal Year	Governmental Activities										Business-Type Activities				Total Primary Government	Percentage of Personal Income	Net Debt Per Capita	Net General Obligation Bonds to Estimated Actual Value
	General Obligation Bonds	Revenue Bonds	Special Obligation Tax Increment	PPBA Debt	Capital Notes and Leases	Notes Payable	Net Bond Premium	Deferred Items from Financing	Line of Credit	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases					
2009	\$ 96,735	\$ 60,295	\$ 21,150	\$ 358,750	\$ 47,628	\$ 2,336	\$ -	(4,666)	\$ -	\$ 43,573	\$ 990	\$ -	\$ -	\$ 626,791	**	\$ 542	0.80%	
2010	88,260	58,090	18,435	360,663	52,286	798	-	(4,184)	-	55,299	-	-	-	633,821	**	495	0.73%	
2011	80,995	73,140	15,575	411,617	45,433	585	1,906	(3,792)	-	53,010	-	-	-	676,503	**	4826	0.67%	
2012	73,815	68,860	12,585	388,487	39,554	2,776	1,768	(3,284)	-	52,489	-	-	-	637,188	**	**	0.61%	
2013	105,661	65,934	9,450	363,919	35,127	2,777	1,768	(722)	-	78,087	-	-	-	662,021	**	**	0.88%	
2014	99,501	59,799	6,170	333,344	30,506	2,474	6,276	(363)	-	74,269	-	-	-	611,976	**	**	0.83%	
2015	92,261	54,221	2,725	306,682	33,473	2,382	5,532	-	-	78,174	-	-	-	575,450	**	**	0.77%	
2016	83,961	49,644	-	294,314	34,768	2,749	-	-	-	103,545	-	-	-	568,981	**	**	0.70%	
2017	76,105	44,420	-	265,566	33,676	4,808	-	-	-	116,740	-	-	-	541,315	**	**	0.63%	
2018	67,920	37,558	-	280,038	39,341	5,102	-	-	-	111,387	-	-	-	541,346	**	**	0.56%	

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

* Amounts were included in general obligation bonds.

** Information not available.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 10
Direct Governmental Activities Debt
For the Year Ended June 30, 2018
(unaudited)
(in thousands)

Governmental Unit	Debt Outstanding
General obligation debt:	
General obligation bonds	\$ 67,920
Revenue bonds	37,558
Notes payable	5,102
Capital leases	23,578
Capital notes	15,763
PPBA debt-City	280,038
PPBA net bond premium	20,312
Total direct debt	<u><u>\$ 450,271</u></u>

Note: The City of Providence is not subject to the debt of overlapping governments.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 11
Legal Debt Margin Information
For the Year Ended June 30, 2018
(unaudited)
(in thousands)

Legal Debt Margin Calculation for Fiscal Year 2016

Taxable Property	\$	12,118,403
Debt limit (3% of taxable property)		363,552
Debt applicable to limit:		
General obligation bonds		67,920
Less: debt not subject to 3% limit		35,795
Total net debt applicable to limit		<u>32,125</u>
Legal debt margin	\$	<u>331,427</u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

(unaudited)

(in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 306,899	\$ 309,438	\$ 266,408	\$ 273,279	\$ 321,547	\$ 323,251	\$ 331,415	\$ 334,360	\$ 350,081	\$ 363,552
Total net debt applicable to limit	13,078	9,914	6,750	4,340	41,235	39,065	37,090	27,185	33,610	32,125
Legal debt margin	293,821	299,524	259,658	268,939	280,312	284,186	294,325	307,175	316,471	331,427
Total net debt applicable to the limit as a percentage of debt limit	4%	3%	3%	2%	15%	14%	13%	9%	11%	10%
Debt outstanding issued outside the 3% debt limit*	\$ 83,657	\$ 78,346	\$ 74,185	\$ 69,475	\$ 65,950	\$ 60,435	\$ 55,170	\$ 48,921	\$ 42,495	\$ 35,795

* The State of Rhode Island General Assembly has, by Special Act, permitted the City to incur indebtedness outside the 3% debt limit. This amount excludes water and sewer bonds that are deemed self-supporting.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 13
Pledged-Revenue Coverage
Last Ten Fiscal Years
(unaudited)
(in thousands)

Water Supply Board							Redevelopment Revenue Bonds				
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Fiscal Year	Collections	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2009	59,575	48,796	10,779	590	102	15.58	2009	-	*	-	-
2010	54,976	50,845	4,131	618	71	6.00	2010	-	*	-	-
2011	64,017	46,054	17,963	61	24	211.33	2011	-	*	-	-
2012	61,726	49,212	12,514	115	41	80.22	2012	-	*	-	-
2013	61,070	50,305	10,765	na	na	na	2013	-	*	-	-
2014	62,872	54,394	8,478	na	na	na	2014	-	*	-	-
2015	69,501	54,760	14,741	na	na	na	2015	-	*	-	-
2016	71,011	56,953	14,058	na	na	na	2016	-	*	-	-
2017	73,404	57,371	16,033	na	na	na	2017	-	*	-	-
2018	76,102	60,483	15,619	na	na	na	2018	-	*	-	-

Civic Center Bonds							Providence Public Building Authority Revenue				
Fiscal Year	Charges	Operating Expenses	Net Available Revenues	Debt Service		Coverage	Fiscal Year	Collections	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2009	-	-	-	***	-	-	2009	9,835	15,261	16,675	0.31
2010	-	-	-	***	-	-	2010	16,362	20,407	16,715	0.44
2011	-	-	-	***	-	-	2011	18,548	25,491	17,429	0.43
2012	-	-	-	***	-	-	2012	20,966	23,130	19,607	0.49
2013	-	-	-	***	-	-	2013	20,020	24,568	18,368	0.47
2014	-	-	-	***	-	-	2014	19,652	25,663	17,486	0.46
2015	-	-	-	***	-	-	2015	18,861	26,661	12,483	0.48
2016	-	-	-	***	-	-	2016	22,405	22,368	14,009	0.62
2017	-	-	-	***	-	-	2017	13,815	28,748	11,476	0.34
2018	-	-	-	***	-	-	2018	13,784	30,063	10,645	0.34

* Bond was fully refunded in 2005.

** Not available.

*** Note: The Civic Center Authority was sold on December 5, 2005.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 14 Demographic and Economic Statistics Last Ten Fiscal Years (*unaudited*)

Fiscal Year Ended June 30	Population***	Personal Income	Per Capita Income****	Median Age***	School Enrollment**	Unemployment(*) Rate
2009	178,400	(1)	26,867	28.1	23,710	13.1%
2010	178,400	(1)	26,867	28.2	23,710	11.7%
2011	178,400	(1)	26,867	28.2	23,500	10.9%
2012	178,042	(1)	20,735	28.5	23,520	12.9%
2013	178,042	(1)	19,489	28.5	23,872	11.1%
2014	178,432	(1)	21,512	28.7	23,827	9.9%
2015	178,432	(1)	21,512	28.7	23,765	7.1%
2016	179,207	(1)	21,512	28.8	23,867	5.5%
2017	178,710	(1)	25,169	28.8	24,093	4.3%
2018	178,042	(1)	25,169	29	27,548	4.1%

(1) Unavailable

* Source: Rhode Island Department of Labor and Training

** RI Department of Education

*** Source: U.S. Bureau of the Census

**** Source U.S. Bureau of Economic Analysis

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 15
Principal Employers
2013 and 2004
(unaudited)

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

* most recent information available

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

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 16
 Full-Time Equivalent Employees By Functional Program
 Last Ten Fiscal Years
 (unaudited)

Functions/Program	Full-Time Equivalent Employees as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Executive, Legislative, Judicial and Finance:										
City Council	15	15	15	15	15	15	15	15	15	15
City Council Administration	13	13	13	10.5	11	11	11	11	11	-
Internal Auditor	2	2	2	2	2	2	2	2	4	-
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	10	10	11	9.5	9	9	9	11	11	11
Human Resources (Personnel)	17	17	16	16	16	14	14	12	12	13
Finance	23	21	19	18	19	23	18	24	24	22
Computer Services	19	15	16	13	13	13	13	5	5	7
Legal	33	27	26	26	27	25	26	25	24	23
Courts	25	24	23	23	23	23	24	24	24	23
Retirement	4	4	4	4	4	4	5	5	5	5
Board Tax Assessment	5	5	5	4	4	5	5	5	5	5
City Treasurer	5	5	5	5	5	5	6	7	6	6
City Collector	15	15	15	15	15	15	15	15	15	13
City Assessor	17	18	18	18	18	18	15	16	15	15
Recreation and Public Land and Parks:										
Neighborhood Parks & Recreation Svcs	45	44	44	57	57	56	60	61	44	44
Recreation	19	16	13	-	-	-	-	-	21	21
Zoo	31	31	31	31	31	31	31	31	31	31
Forestry	14	13	13	13	13	15	15	15	14	14
Parks	38	39	54	52	49	51	49	51	48	48
Greenhouse	11	9	8	8	8	6	10	11	11	11
Public Property	31	30	30	31	31	31	32	30	30	31
Public Safety:										
Police Department	538	559	526	552	544	529	562	594	594	589
Commissioner's Office	9	8	8	8	9	9	9	9	8	8
Firefighters' Department	439	463	508	509	507	438	433	450	467	489
Communication	67	67	67	67	69	69	73	76	76	76
Emergency Mgmt./Homeland Security	5	5	5	5	5	5	6	6	6	-
Public Works:										
Administration	8	9	8	8	8	8	8	8	8	8
Engineering	10	9	8	7	7	8	8	8	8	7
Environmental Control	8	8	8	8	8	8	11	12	12	13
Highway and Bridge Maintenance	49	49	49	49	50	50	52	50	50	50
Sewer Maintenance	10	9	9	9	9	9	10	12	12	12
Miscellaneous	0	0	0	0	0	3	3	1	1	120
Garage	7	7	7	7	7	7	9	9	9	9
Parking Administration	4	3	3	3	-	-	-	-	-	-
Traffic Engineering	9	9	9	9	9	9	8	13	13	13
Building Inspection	53	54	54	55	57	42	55	60	60	49
Miscellaneous:										
Recorded Deeds	5	5	5	5	5	6	7	7	7	-
Planning & Development	44	46	48	44	47	44	50	54	46	-
Office of Economic Opportunity	5	0	-	-	-	-	-	-	-	-
Arts, Culture & Tourism	6	5	4	4	4	4	4	5	5	-
Human Relations	1	1	1	1	1	1	1	3	3	-
Human Services	10	10	9	8	7	7	3	2	4	-
PERA	3	1	1	1	1	1	2	3	3	-
Board of Canvassers	9	9	9	13	8	8	8	8	8	-
Board of Licenses	11	11	11	11	11	11	13	12	11	-
Vital Statistics	4	4	4	4	5	11	5	5	5	-
City Archivist	4	4	3	3	3	3	3	3	3	-
School Department	3,400	3,316	3,265	3,260	3,241	3,224	3,226	3,236	3,157	3,284
Total	5,111	5,045	5,011	5,022	4,993	4,887	4,945	5,023	4,952	5,086

Source: City Records.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 17

Operating Indicators By Function/Program
Last Ten Fiscal Years
(*unaudited*)
(*in thousands*)

Function/Program	Fiscal year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Calls for service	131	130	124	122	115	114	118	125	139	145
Fire:										
Total fire calls	44	47	46	40	42	41	44	10	11	14
Total rescue calls *	-	-	-	-	-	-	-	31	31	27
Building safety:										
Total building permits	8	9	9	8	7	8	8	8	10	8
Total value all permits	328,428	368,662	397,535	190,735	155,160	215,485	162,913	198,251	146,236	234,191
Public service:										
Residential garbage collected (ton)	64	63	61	70	70	71	73	74	77	79

Source: City Records

* Reported as total fire and rescue

CITY OF PROVIDENCE, RHODE ISLAND

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	23	23	23	23	23	23	23
Public Works:										
Bridges	27	27	27	27	27	27	27	27	27	27
Streets (Miles)	370	370	370	370	370	370	370	370	370	370
Manholes	20	20	20	20	20	20	20	20	20	20
Catch Basins	12	12	12	12	12	12	12	12	12	12
Drain Inlets	4	4	4	4	4	4	4	4	4	4
Parks & Recreation:										
Acreage	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Parks	124	124	124	124	124	124	124	124	124	124
Golf Course	2	2	2	2	2	2	2	2	2	2
Baseball/Softball Diamonds	40	40	40	40	40	40	40	40	40	40
Greenhouse	6	6	6	6	6	6	6	6	6	6
Soccer/Football Fields	11	11	11	11	11	11	11	11	11	11
Water Parks	9	9	9	9	9	9	9	9	9	9
Museum	1	1	1	1	1	1	1	1	1	1
Swimming pools	6	6	6	6	6	6	6	6	6	6
Recreation Centers	10	10	10	10	10	10	10	10	10	10
Zoo	1	1	1	1	1	1	1	1	1	1
Community Centers										
Water:										
Lakes	10	10	10	10	10	10	10	10	10	10
Wastewater:										
Sanitary Sewer Lines (miles)	300	300	300	300	300	300	300	300	300	300

Source: City Records

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