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City of Providence, Rhode Island Office of the Internal Auditor

January 14, 2015

Council President Luis A. Aponte
City of Providence
25 Dorrance Street
Providence, RI 02903

Dear Council President Aponte:

I am writing to formally submit the city's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014 to the City Council. 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 was completed in accordance with Government Auditing Standards and in a timely fashion by the city's external audit firm, Marcum Accountants & Advisors.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew M. Clarkin, Jr.", is written over a horizontal line.

Matthew M. Clarkin, Jr.
Internal Auditor

IN CITY COUNCIL
FEB 05 2015

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
A handwritten signature in black ink, appearing to read "Luis A. Aponte", is written over a horizontal line.
CLERK

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2015 JUN 14 A 11:09

DEPT. OF CITY CLERK
PROVIDENCE, RI

**CITY OF PROVIDENCE, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2014



City of Providence
Finance Department
25 Dorrance Street, Providence, RI 02903

CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

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CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

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CITY OF PROVIDENCE

Angel Taveras, Mayor

Introductory Section

- Letter of Transmittal
- Organizational Chart
- List of City Officials
- GFOA Certificate of Achievement



CITY OF PROVIDENCE

Angel Taveras, Mayor

December 31, 2014
City Council
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 (FY14) that ended June 30, 2014.

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.

Marcum LLP (formerly Braver P.C.) has issued an unmodified ("clean") opinion on the City of Providence, Rhode Island's financial statements for the year ending June 30, 2014. 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. Multi-modal transportation has most recently been expanded with the opening of Interlink, increasing commuter rail service connections with the Massachusetts Bay Transit Authority.

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.

The City has a Mayor-Council form of government; a Home Rule Charter was adopted in 1980 and became fully effective on 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, which includes the Providence Public School District. The legal level of control is by Department.

Providence is Recovering

Upon taking office in January 2011, Mayor Angel Taveras signed an Executive Order creating an independent Municipal Finances Review Panel to conduct a full review of the City's finances. On March 3, 2011, the panel delivered a report that identified a \$110 million structural deficit in FY2012.

Mayor Taveras took swift and decisive action to address this "Category 5 Fiscal Hurricane." He called upon every stakeholder in the city to share in the sacrifices necessary to pull Providence back from the brink of bankruptcy. He cut his own pay by 10 percent and reduced the Mayor's Office budget by 10 percent. The Mayor renegotiated union contracts with city workers, firefighters, police officers and teachers, saving approximately 10 percent of the value of those contracts in FY2012 and more than \$100 million over the next several years.

Mayor Taveras secured contributions from Brown University and the six other major, tax-exempt universities, colleges and hospitals in Providence, totaling nearly \$48 million in additional revenue over an 11-year period.

In FY2013, the City reached a landmark agreement with retirees and current employees to reform the city pension and retiree health care system. That agreement saved Providence some \$18.5 million in FY2013 and reduced the City's unfunded pension liability by approximately \$170 million.

Details of the agreements:

Pension

- **PENSIONS CAPPED:** In FY2023, COLAs will be reinstated only for retirees with pensions less than 150 percent of the state median income OR less than the salary of an incumbent employee of the same rank as the retiree at the time of retirement (police and fire-retirees only,) whichever is lower.

- **COLA SUSPENSION:** All COLAs suspended for 10 years. (Families of city employees killed in the line of duty will continue to receive annual COLA.) After 10 years, COLAs will only be reinstated for retirees who are under the pension cap and COLAs will end when the cap is reached.
- **ELIMINATION OF HIGH-END COLAS:** All 5- and 6-percent compounded COLAs are permanently eliminated.
- **FUTURE COLAS LIMITED:** Retirees whose COLAs are reinstated in FY2023 will receive annual raises of 3 percent compounded, or what is called for in their contract, whichever is less.
- **ONE-TIME STIPEND IN FY2017:** In FY2017 (Year 5 of the agreement), retirees collecting pensions of less than \$100,000 will receive a stipend of \$1,500. This one-time payment will change their future pension calculations.
- **CONTINGENT STIPEND IN FY2020:** In FY2020 (Year 8 of the agreement), retirees collecting pensions of less than \$100,000 may receive a separate one-time stipend of up to \$1,500 if the city achieves savings through the creation of a self-insured dental plan. The potential payment would not change future pension calculations.
- **SUSTAINABLE REFORMS TO PENSION CALCULATIONS:** Future pensions will be calculated based on the four highest years of service. The current system calculates pensions based upon the highest three years.
- **CONTINUED PENSION CONTRIBUTIONS:** Employees will be required to contribute to the pension system for as long as they earn credit toward a pension.
- **ACCIDENTAL DISABILITY:** Accidental disability pension calculations will be based on 66 2/3 of the employee's final salary.

Healthcare (*pertains only to police, fire and retiree association*)

- **MEDICARE SETTLEMENT:** Retirees 65 years of age and older will move onto Medicare.
- **PART B SUPPLEMENT AND MEDICARE PENALTY:** The City will provide funding to cover Medicare's Part B supplement and any penalties retirees will be required to pay.
- **PART D PRESCRIPTION DRUG COVERAGE:** The City will also provide funding to cover Medicare Part D prescription drug coverage.
- **UNDER 65 HEALTH COVERAGE UNCHANGED;** Health care for retirees under the age of 65 will not be changed.

These reforms saved the City \$4 million of the \$18.5 million noted above in FY2013 and are projected to save the City more than \$40 million over the next 10 years. Through collaborative efforts and shared sacrifice, the Taveras administration, in partnership with the Providence City Council and stakeholders across the city, has all but eliminated the City's \$110 million structural deficit and ended FY2014 with a \$1 million surplus in the general fund.

Creating Jobs and Growing Providence's Economy

Just as bold actions were necessary to weather Providence's "Category 5 Fiscal Hurricane" and put the city on the path to long-term financial sustainability, equally bold actions have been taken to lay the groundwork for a sustained recovery.

In April 2013, Mayor Angel Taveras announced a 20-point economic development action plan, *Putting Providence Back to Work*.

That plan builds on Providence's competitive advantages: a knowledge economy anchored by best-in-class hospitals and universities, vibrant arts and cultural centers, a strong maritime industry and active Port, thriving small businesses in local neighborhoods, and a young and educated workforce. The City is also making long-term investments in basic municipal operations: strong schools, safe neighborhoods, reliable public infrastructure and the timely provision of city services.

In terms of the successful fulfillment of that plan, the City has achieved much progress in realizing its 20-step objectives:

1. **Freeze Commercial Tax Rates.** In its FY2014 budget, the Taveras administration successfully worked with the City Council to freeze Providence's commercial tax rate. This was the third calendar year for such a freeze.
2. **Fixing the Permitting Process.** The City of Providence established a new departmental subgroup focused solely on small permit application review, so simple small-dollar projects could proceed more quickly and not be held up by larger developments. We expedited smaller projects, created an on-line portal for developers and residents to follow; increased the number of personnel, and co-located Fire Inspectors with Building Inspectors for greater efficiency. The Department of Inspection & Standards now has free-standing kiosks, where developers and property owners can start/ track their projects and timelines.
3. **Remove Barriers to Redevelopment.** The Providence Redevelopment Agency is aggressively pursuing a range of economic development tools to spur the development of key real estate parcels in the city, and we have had much success to date. The former Sportsman Inn has been transformed into The Dean Hotel - a popular, award-winning boutique hotel with restaurants and an authentic German beer garden. The George C. Arnold Building has been purchased by the Providence Revolving Fund and private owners to transform that site into a prosperous mixed use development, which we expect to open by winter 2014.

4. **Develop Surface Lots Citywide.** The Taveras administration is preparing a new citywide tax stabilization ordinance designed to incentivize new development on Providence's surface parking lots.
5. **Reinvent Kennedy Plaza.** In partnership with a range of stakeholders, Providence is undertaking a fundamental infrastructure reformation of its downtown hub, Kennedy Plaza. The project is designed to make the downtown more attractive for visitors, bus travelers, businesses and residents alike. Work began in summer 2014 and will conclude by winter 2014.
6. **Invest in Storefront Improvement.** The Taveras administration has leveraged HUD CDBG funds to start a new \$125,000 matching grant program for eligible, main-street small businesses for low-cost/ high -impact storefront capital improvements. The first such project was funded in late October 2014, and others are lined up to take part in the months ahead.
7. **Provide Targeted Back Office Supports.** Providence currently provides financial and technical assistance to small businesses and/or eligible start-ups through its PEDP (Providence Economic Development Partnership) and CDBG (Community Development Block Grant) programs. Technical assistance is also provided in partnership with the U.S. Small Business Administration, the Center for Women & Enterprise and other public agencies. Through joint job fairs between the Cities of Providence and Cranston and Workforce Solutions of Providence/ Cranston, we have hosted 18 separate free industry-specific job fairs and assisted 3000 unemployed area residents and 500+ companies seeking skilled workers. Our 14 monthly workshops to date, with the U.S. SBA, have provided free technical aid to businesses for everything from social media promotion, to becoming federally / state/ locally certified as W/MBEs.
8. **Reform the City's Zoning Ordinance.** Providence has completed a comprehensive update of the City's existing zoning ordinance, aligning it with the City's Comprehensive Plan, and providing goals for smart growth, sustainable, cultural, equitable and transit-oriented development. Its second passage is due in late November 2014 with signing by the Mayor shortly thereafter.
9. **Invest in Historic Preservation.** Established in 1642, Providence is rich with history. We have worked with the General Assembly, the Office of the Governor and local advocates to promote reinstatement of this critical tax credit. The City will continue to explore passage of this credit in the future.

- 10. Market Available Real Estate.** Providence has created and maintains a public database of properties available for development, which is accessible on the City's homepage www.providenceri.com (Open Portal.). Beyond being available online, Providence's available real estate is aggressively marketed to site selection consultants nationwide.
- 11. Raise Participation in State Incentive Programs.** Using a range of outreach strategies, the City has conducted active outreach to small businesses, merchants associations and business groups to educate them about available state (local and federal resources.) Our city's economic development website also conveys that same information. www.providenceri.com/economic-development. Additionally, more than 2700 letters were mailed to businesses located within the city's two Enterprise Zones, to encourage all eligible (C-Corporations) to take part in the job-creation incentive program.
- 12. Review Statewide Regulatory Policy.** The City proposed a full review of Rhode Island labor, tax and regulatory policy, in cooperation with both business organizations and labor representatives; the goal was to align Rhode Island standards with national norms. At the same time, the Rhode Island Office of Regulatory Reform and Governor's office conducted their own review and published results on-line.
- 13. Raise Student Achievement.** Providence is implementing two new, award winning programs *Providence Talks* and *Providence Reads* - to help ensure Providence children enter kindergarten ready to learn and reach grade level reading proficiency by third grade.
- 14. Expand Apprenticeship Programs.** Providence will continue to work on expanding its portfolio of apprenticeship programs, looking first to Providence's working waterfront and creative economy.
- 15. Support-Nursing & Health Sciences.** Providence joined the institutions within the state of Rhode Island in celebrating the agreement between the University of Rhode Island and Rhode Island College to establish the state's first joint nursing school at the abandoned South Street Station, on the edge of the Knowledge District, in partnership with Brown University. The Providence Redevelopment Agency played a key role in articulating that agreement. The end result will be more trained nursing personnel to meet the growing demands of aging populations, creation of well-paying jobs for local and locally-educated youth, and augmentation of a continuum of education in the health sciences (Brown's Warren Alpert Medical School, JWU's newly-opened Physician Assistant School, and now, this nursing school). It will also mean the revitalization of a key property in/near the city's knowledge district (the LINK).

- 16. Expand Adult Education.** Workforce Solutions of Providence/Cranston is continuing to seek new partnerships between Rhode Island's institutions of public higher education and local community organizations. Encouraging skills for workers will improve employability and career growth.
- 17. Make Streetcars a Reality.** Providence is aggressively pursuing a sustainable- funding strategy to bring this transportation option to fruition, and in late summer, members of the Rhode Island Congressional Delegation announced an award of \$19 million for development of the proposal.
- 18. Rehabilitate Foreclosed Properties.** Providence has reinvigorated its Providence Redevelopment Agency to take abandoned properties and restore them to the tax rolls. The PRA is also in the early stages of conversations with Community Development Corporations to direct the rehabilitation of abandoned and vacant residential properties in our neighborhoods.
- 19. Market Providence.** In the summer of 2013 Providence conducted a regional marketing and advertising campaign encouraging visitors to "Come to Providence." Since then, efforts are being made to promote our capital city: we have produced a four-color, multi-page brochure (in final edits) that will be posted to our city's homepage and Economic Development page, be widely disseminated to developers, contractors and site selectors. The PWCVB (Providence Warwick Visitors Convention Bureau) is also partnering with the Department of Art Culture + Tourism to promote this "Come to Providence" campaign, and Economic Development Director James Bennett has traveled to 30 locations to promote our city, including the widely attended P3 conference in Dallas (2014.)
- 20. Improve the Visitor Experience.** The Department of Art Culture + Tourism has partnered with Rhode Island Monthly and other community partners to launch a new on-line interactive arts calendar to enhance the visitor's experience to Providence.

Development in Providence

The fruits of labor are evident with the expansion of jobs and industry in our capital city. Examples include the \$10 million restoration of the historic Arcade building – America's oldest indoor mall – with 17 small businesses and 40-plus micro-lofts; the recent \$20 million, four-building Providence G project; the \$14.2 million upgrade of the Regency Plaza; the location of 350 employees with Hasbro in our downtown; the opening of the first-ever Alex and Ani University, one of Inc. Magazine's 500-fastest growing companies; creation of a new downtown circulator in its final stages, and the renovation of PPAC Square with the renowned Performing Arts Center and its Broadway productions.

We have helped with the purchase and \$13 million restoration of the landmark Biltmore Hotel; restored a decrepit structure into an internationally-famous The Dean Hotel; completed a \$20 million Johnson & Wales University 746-space parking garage with lower-level retail, and an adjacent multi-million dollar Johnson & Wales University Center for Physician Assistant Studies.

Add to this the vibrancy of our Rhode Island Convention Center and Dunkin Donuts Center, attracting more than 370 first-rate events, including America's Got Talent, professional and college sports, and major concerts – with more than half-a-million attendees in 2011-2013 alone, contributing to some of the biggest increases in daily room rates in years.

A privately-funded health care facility was also built close to the Miriam Hospital, “Highlands on East Side” with a value of \$9 million; an abandoned C.J Fox mill along the busy Rt. 10 state highway underwent a \$6.5 million transformation into office space; and a long-empty Foundry Building has undergone substantial improvements, including a \$40 million construction project known as “The Promenade.”

The abandoned South Street Station is being transformed into the state's first joint nursing school by the University of Rhode Island and Rhode Island College – providing essential workforce opportunities for Rhode Island's students and a pipeline of trained professionals to add to the area's emerging health care prowess. Providence College has invested more than \$90 million in on campus projects; Brown more than \$40 million in off-campus projects; and a major University is expected to be moving a law school to our downtown.

Providence boasts the 2nd deepest port (41-foot depth, 100-foot turning radius) making it an obvious location for growth, and with the Mayor's unwavering support of the working waterfront, zoning has been preserved to protect that working waterfront and confidence expansion can take place – leading to more well-paying, blue collar jobs and expansion of industry. Sims Metal Management has also moved its world headquarters to Providence's busy working waterfront and continued expansion at our port of Providence (ProvPort) with the purchase of two new cranes and new barge and lay-down area, is opening opportunities for post Panama-Canal development and shipping.

Understanding that there is great interest in this city – with its strategic location along the busy Boston-Washington corridor, its immediate accessibility to all major forms of transportation and proximity to multi-billion dollar markets, and its enviable world-class universities and institutions – Providence is poised for growth. In the last year, a first-ever Rhode Island EB-5 Center was established in Providence, closely supervised by the U.S. Office of Homeland Security, it opens opportunities for new development while satisfying the burgeoning demand for visas.

From July 1, 2011 through July 31, 2014, some \$640,261,825 in construction occurred with an accompanying \$12,116,982 in permit fees, according to the Department of Inspections and Standards.

And in the November 2014 issue of Travel + Leisure Magazine, we were named the first-ever and number one “America’s Favorite City” among 38 cities nationwide (which had been whittled down from an original 1200) and in the top five listings for categories such as bakeries, diners, notable restaurants, Gay-friendly vacations, food trucks, pizza, sandwiches, being hip/cool, art scene, galleries, cocktail bars, brunch, coffee, intelligence, quirkiness, wine and theatre, architecture and more. Other publications have singled us out for achievement, too: Architectural Digest “America’s Best Small City,” London Telegraph for “New England’s Coolest City,” Sherman’s Travel, “Top Under-rated Cities,” and dozens more by Huff Post, Livability.com, and again, Travel and Leisure.

Infrastructure Improvements

By the end of the year, the Providence Road Improvement Project will have rebuilt and repaired more than 60 miles of city-owned roads, more than in the past decade combined. The road improvement work is funded by a \$40 million bond that was overwhelmingly approved by city voters in November 2012.

Improving Public Education

Plans to grow the City’s economy can never be divorced from efforts to improve our schools. The City is working to provide every child in Providence with a first-class education. In total, Providence has received more than \$11 million in private, philanthropic awards, and has received multiple awards for its leadership in educational reform.

- Providence Reads – In the fall of 2012, the City launched Providence Reads - an initiative in partnership with more than a dozen businesses and organizations - to increase grade-level reading, promote school readiness, improve school attendance and support summer learning in Providence. Mayor Taveras secured financial and volunteer support for Providence’s schools from such private partners as GTECH.
- Children and Youth Cabinet – The City is working closely with the Providence Children and Youth Cabinet (CYC), a diverse team of more than 100 community leaders helping to guide the future of education in Providence. Every fall since 2012, the CYC releases its ‘Educate Providence’ annual report to measure the City’s progress in educating children from cradle to career.
- Evidence2Success Pilot Site – In July 2012, the Casey Foundation chose Providence as the first site for Evidence2Success because of the City and State’s commitment to investing in children and youth, and for their collaborative efforts to improve the outcomes of children in low-income neighborhoods.

- **Leyendo! bilingual tutoring program** – In October 2012, Cities of Service awarded Providence a \$25,000 grant supported by Bloomberg Philanthropies to implement Leyendo!, a service-based initiative to increase the grade level reading proficiency of English Language Learners in Providence Public Schools. Leyendo! achieved all of its impact goals, with 94% of students seeing significant improvement in literacy.
- **Together for Tomorrow School Improvement Grant (U.S. Dep. of Education)** – In October 2012, the Providence Children and Youth Cabinet was among the national winners of the Together for Tomorrow School Improvement Grant. Providence received the national recognition for its efforts to turn around low-performing schools and raise student achievement in every public school.
- **2012 All America City, National League of Cities** – the City’s plan to dramatically raise the percentage of children who are reading on grade level by the end of third grade earned recognition from the National League of Cities as a 2012 All America City.
- **“Pacesetter” Community** – In January of 2014, Providence was named a “Pacesetter” Community by the Campaign for Grade Level Reading.
- **Providence Talks** – In March of 2013, the City became the \$5 million grand prize winner of Bloomberg Philanthropies’ Mayors Challenge for its innovative proposal to set low-income children on a path toward lifelong achievement by increasing the number of words they hear in their earliest years.
- **U.S. Dep. of Education Investing in Innovation Fund (i3)** – In February of 2014, the Providence Schools and Read to Learn Providence received a \$3 million from the U.S. Department of Education to strengthen family engagement and create opportunities for families and school professionals to learn together.
- **Providence PROMISE** – In the summer of 2014, Mayor Taveras partnered with Brown University, Providence College, Johnson & Wales, and RISD to expand the portfolio of no-cost, high-quality summer learning experiences available to youth in Providence. The initiative was designed to stem summer learning loss and expose Providence high school students to a university environment.
- **Carnegie’s Opportunity by Design Challenge** – In July of 2014, the Carnegie Corporation of New York awarded the Providence Schools a \$3 million grant to support the development of two small, innovative high schools.

Healthy Communities

In August 2012, Mayor Taveras signed an executive order establishing the Healthy Communities Office. The office is charged with improving the health and wellness of Providence residents by improving nutrition and increasing access to healthy foods, promoting physical activity and recreation, and preventing substance abuse among young people, among other efforts.

The Healthy Communities Office, along with other City departments, has worked to make Providence a healthier community for all.

- **Healthy Eating:** the HCO has worked in partnership with the Providence Schools and the Parks and Recreation department to expand participation in federally funded meals programs, with a special emphasis in underutilized programs like Afterschool Meals and Snacks, as well as Summer Meals. The HCO has also spearheaded the city's Lots of Hope urban agriculture project, with three urban farms in place or in process on city land and two more being planned.
- **Active Living:** the HCO led three Cycloviva events in FY14, and a total of six events in the summers of 2013 and 2014 that spanned between Fiscal Years 2013, 2014 and 2015. These events shut down roads in four different city neighborhoods to make way for bicycling, pedestrian and other exercise. The office has also organized a series of free Zumba classes in city parks and community centers.
- **Healthy Schools:** The HCO helped lead the rewriting of the Providence Schools' wellness policy, which was approved by the School Board in the fall of 2013. Since then the office has coordinated an effort to develop a toolkit for teachers and administrators to assist them in bringing the policy to life every day in city schools and classrooms. The office also organized a series of substance abuse presentations for students and some for parents at a range of schools.
- **Substance Abuse Prevention:** The HCO organized two prescription drug take back days in FY14. We worked to conduct a range of educational programs to reduce youth use of alcohol, tobacco and other drugs. We developed a policy approved by the Board of Park Commissioners in May 2014 to make city parks tobacco-free, as well as developing other policy proposals for the city and state level aimed to reduce and prevent youth substance use.

Sustainability

- **Providence Composts:** With a generous grant from the Rhode Island Foundation and the Local Sustainability Matching Fund, the City of Providence launched Providence Composts! in partnership with the Southside Community Land Trust (SCLT). With the goals of providing residents a simple, affordable, and sustainable way to divert solid waste, building healthy soils in Providence, and extending the life of the landfill, the City and SCLT worked with neighborhood organizations and farms to establish three neighborhood composting locations. The 2013 pilot diverted over two tons of food scraps from the landfill. Building on the initial success, the pilot has continued in 2014 and expanded to three locations serving more than 100 families.

- **Big Green Can for Business:** In June 2013, the Department of Public Works, the Office of Sustainability and the Hope Street Merchants Association launched the 'Big Green Can for Business' recycling pilot program, an effort to expand the City's residential recycling initiative to the small business community. Groups of small businesses located on residential routes and with similar recyclable materials to a resident are eligible to participate. Each businesses receives a recycling bin and City-sponsored weekly collection service for a one-time fee of \$50. The City is now looking to partner with other business districts to expand the Big Green Can for Business and to develop strategies to support small business recycling by encouraging the use of shared recycling dumpsters.
- **Earth Day Spring Cleaning:** In April 2014, Mayor Taveras has hosted an annual event: a citywide celebration of Earth Day, dedicated to cleaning up green spaces and neighborhoods. This event brought 2,200 volunteers to nearly 40 events in Providences parks in collaboration with neighborhood organizations and community groups across the city. Volunteers spend the morning cleaning up a park, planting trees, or beautifying a neighborhood. There are also educational activities for children and families at several parks.
- **Textile Recycling Collection Program:** The Department of Public Works and the Office of Sustainability have partnered with Goodwill Industries to collect used textiles for recycling and reuse at ten locations around the city. The donation collection bins help those who receive the clothing as well as divert clothing and other textiles from the city's trash and recycling collection program. Goodwill pays the City \$100 per ton of textiles collected. The City also may count the tonnage toward our state waste diversion goal. The proceeds fund recreation programs in Providence parks.
- **Lots of Hope:** Lots of Hope is the City of Providence's urban agriculture initiative, which transforms unused city property into productive urban farms for use by limited resource and socially disadvantaged urban farmers. Lots of Hope seeks to improve access to locally grown produce in Providence markets, expand the City's portfolio of green space, and contribute to improvements in air quality, public health, and local property values. To date, the city has three farms in operation through the program.

- **Bike Providence:** In November 2013, Mayor Taveras and the Providence Bicycle and Pedestrian Advisory Commission unveiled the *Bike Providence* master plan, a blueprint for identifying, prioritizing and introducing bicycle facilities throughout the city. Building off of the partial infrastructure built as a result of the Providence Bicycle Network plan, *Bike Providence* calls for the establishment of a comprehensive network of bicycle lanes and parking facilities. In addition to engineering solutions, the plan also highlights the importance of the rest of the Five Es: Education, encouragement, enforcement, and evaluation. The plan is intended to be a living document that is open to public comment and can be modified from time to time.
- **Mashapaug Pond Green Infrastructure Project:** The City of Providence received a \$75,000 value technical assistance grant from the U.S. Environmental Protection Agency to construct a green infrastructure project at J.T. Owen's Park near Mashapaug Pond. The system uses vegetation and soil to clean the polluted rainwater before it flows into the pond. The project will capture over 2 million gallons of polluted stormwater run-off each year and prevent over six pounds of phosphorous from being released into the pond system.
- **Renewable Energy Feasibility Study:** With a grant from Commerce RI, the City is conducting a feasibility study to set priorities for investments in renewable energy development, while also creating initiatives that will help develop and maintain funding streams to expand the City's long term sustainability initiatives. The first phase of the study currently underway is assessing twenty city-owned properties for both the technical and financial viability for deploying solar photovoltaic panels.

Energy Efficiency in Public Properties: Since 2010, the City has completed lighting retrofits, gas conversions and other energy efficiency and conservation measures at 24 of the 41 school buildings, and 30 additional City-owned and operated buildings. In FY 2012, Providence's total energy use (electric, oil and gas) was down 15% from the previous three-year average use. The investments in 19 lighting retrofits in school buildings have saved an average of \$231,000 per year, and reduced carbon pollution the equivalent of planting more than 33,000 trees. Significant opportunities for energy efficiency projects still remain on City-owned properties, in buildings as well as streetlights.

Debt Administration

Outstanding government- and business-type activity bonds at June 30, 2014 totaled \$531,794,000. (Note 7 of this report represents more detailed information about the City's debt position.) The City has the following bond ratings:

| | |
|-----------------------------|------|
| Moody's Investor Services — | Baa1 |
| Standard and Poors — | BBB |
| Fitch — | BB |

Long-Term Financial Planning

As part of the annual budget process, the Finance and Planning Departments present a five-year Capital Improvement Plan. This plan identifies costs and financing methods for those capital projects the City expects to fund over the next five years.

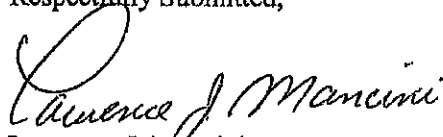
The 2013-2017 Fiscal Year Capital Improvement Plan projects needs through FY2016. The plan provides for the needs of the general government and addresses issues such as infrastructure, major equipment replacement, school facilities, public safety, recreation, and public lands and parks.

Acknowledgment

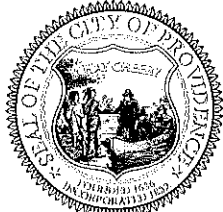
The preparation of this report could not have been accomplished without the dedication and hard work of the Finance, Planning & Development, Policy and Communications professionals who work for the City of Providence. I would like to express my appreciation and gratitude to all of the staff members who assisted and contributed to its preparation. I also appreciate the assistance and dedication of the audit team at Marcum LLP.

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

Respectfully Submitted,

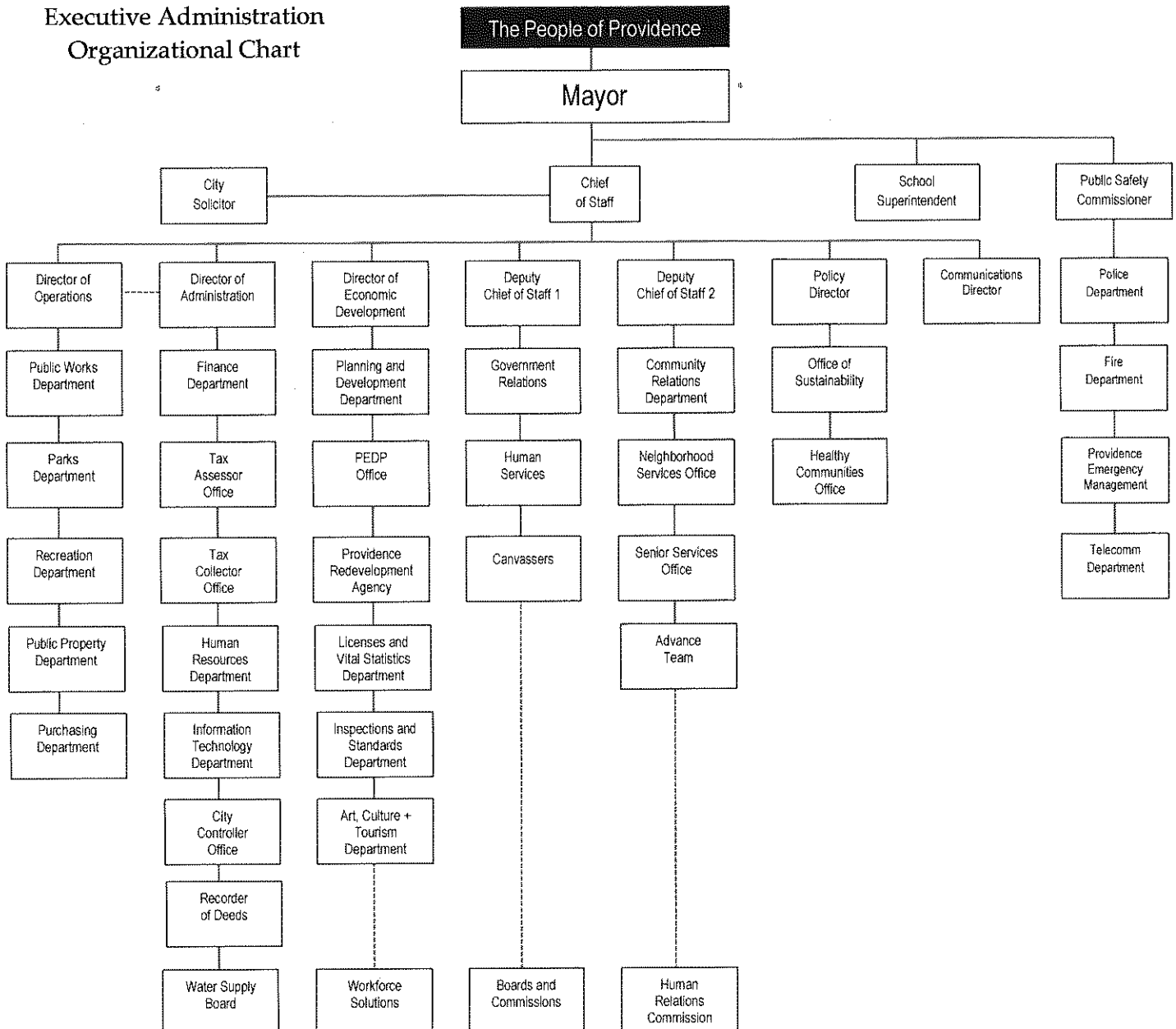


Lawrence J. Mancini,
Acting Director of Administration/Finance Director



City of Providence
Mayor Angel Taveras

Executive Administration
Organizational Chart



**City Officials
As of June 30, 2014**

Mayor
Angel Taveras

City Council

| | | |
|-------------------------------|----------------------------------|-------------------------------|
| Ward 1 – Seth Yurdin | Ward 6 – Michael J. Correia | Ward 11 – Davian Sanchez |
| Ward 2 – Samuel D. Zurier | Ward 7 – John J. Igliozi | Ward 12 – Terrence M. Hassett |
| Ward 3 – Kevin Jackson | Ward 8 – Wilbur W. Jennings, Jr. | Ward 13 – Brian Principe |
| Ward 4 – Nicholas A. Narducci | Ward 9 – Carmen Castillo | Ward 14 – David A. Salvatore |
| Ward 5 – Michael A. Solomon | Ward 10 – Luis A. Aponte | Ward 15 – Sabina Matos |

Department Directors

| | |
|--|------------------------------------|
| General Manager of Water Supply | Richard A. Caruolo |
| Chief of Fire Department | Clarence A. Cunha |
| Chief of Police Department | Col. Hugh T. Clements, Jr |
| Chief of Staff | Gonzalo A. Cuervo |
| City Clerk | Lori L. Hagen, Second Deputy Clerk |
| City Controller | J. Michael D'Antuono, CPA |
| City Solicitor | Jeffrey M. Padwa, Esq |
| City Treasurer | James J. Lombardi, III |
| Director of Administration | Lawrence J. Mancini, Acting |
| Director of Arts, Culture, and Tourism | Lynne A. McCormack |
| Director of Emergency Management | Col. Peter T. Gaynor (ret) |
| 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 | Alan R. Sepe |
| Director of Personnel | Sybil F. Bailey |
| Director of Planning and Development | Ruben Flores-Marzan |
| Director of Public Works | William C. Bombard, P.E., Acting |
| Director of Telecommunications | William B. Trinkle |
| Internal Auditor | Matthew M. Clarkin, Jr |
| Recorder of Deeds | John A. Murphy, Acting |
| Registrar of Vital Statistics | Serena A. Conley |
| Superintendent of Parks and Recreation | Robert F. McMahon |
| Superintendent of Schools | Dr. Susan F. Lusi |
| Tax Assessor | David L. Quinn |
| Tax Collector | John A. Murphy |
| Traffic Engineer | William C. Bombard, P.E. |



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, 2013

Executive Director/CEO

CITY OF PROVIDENCE

Financial Section

- Report of Independent Auditors
 - Management's Discussion and Analysis
 - Basic Financial Statements
 - Supplementary Information
-



REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements which collectively comprise the City'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 auditor considers 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, each major fund, and the aggregate remaining fund information of the City of Providence, Rhode Island, as of June 30, 2014, 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.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedules of Funding Progress, Funding Status, Changes in Net Pension Liability and Related Ratios, Contributions and Investment Returns on Pages 3-11 and pages 58-69, respectively, 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, who 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 and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

Marcum LLP

Providence, Rhode Island
December 30, 2014

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014.

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, 2014 by \$142.9 million (presented as "total net position"). Of this amount, a negative of \$341.9 million was reported as "unrestricted". The net investment in capital assets was \$199 million. The assets of the City's business-type activities exceed its liabilities by \$268.8 million. Of this amount, \$225.5 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 \$16.8 million in fiscal year 2014. Net position of governmental activities increased by \$6 million, while net position of business-type activities increased by \$10.8 million.

Fund Highlights

Governmental Funds – Fund Balances – As of June 30, 2014, the City's governmental funds reported a combined ending fund balance of \$71.0 million, a \$20.4 million decrease from the prior year. Of the total fund balance reported, a negative \$8.7 million represents "unassigned fund balance".

Long-Term Obligations

The City's total long-term obligations related to its government activities had a net decrease of \$17.2 million during the current fiscal year.

The total long-term obligations of the City's proprietary activities decreased \$0.5 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, 2014

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. This basically means 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 two 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. The City does not have any discretely presented component units.

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.

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. 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:

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014

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 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 2014, 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.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Government-Wide Financial Analysis

Net Position

As earlier noted, 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 \$125.9 million at the end of 2014, compared to \$112.4 million at the end last year.

The largest portion of the City's net position, \$424.5 million, reflect its investment in capital assets, like land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any outstanding 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, 2014 | | | June 30, 2013 | | |
|--|----------------------------|-----------------------------|------------|----------------------------|-----------------------------|------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 258,026 | \$ 60,725 | \$ 318,751 | \$ 275,678 | \$ 64,006 | \$ 339,684 |
| Capital assets | 700,262 | 299,811 | 1,000,073 | 685,985 | 295,297 | 981,282 |
| Total Assets | 958,288 | 360,536 | 1,318,824 | 961,663 | 359,303 | 1,320,966 |
| Deferred Outflows of Resources | 363 | - | 363 | - | - | - |
| Current liabilities | 225,188 | 13,421 | 238,609 | 220,182 | 22,256 | 242,438 |
| Long-term liabilities | 876,450 | 75,559 | 952,009 | 887,794 | 78,322 | 966,116 |
| Total Liabilities | 1,101,638 | 88,980 | 1,190,618 | 1,107,976 | 100,578 | 1,208,554 |
| Deferred Inflows of Resources | - | 2,709 | 2,709 | - | - | - |
| Net Position: | | | | | | |
| Invested in capital assets, net of related debt | 199,002 | 225,544 | 424,546 | 117,449 | 217,210 | 334,659 |
| Restricted | | 36,627 | 36,627 | | 35,112 | 35,112 |
| Unrestricted | (341,989) | 6,676 | (335,313) | (263,762) | 6,403 | (257,359) |
| Total Net position | \$ (142,987) | \$ 268,847 | \$ 125,860 | \$ (146,313) | \$ 258,725 | \$ 112,412 |

Restricted net position of \$36.6 million primarily represent 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.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Changes in Net Position

The City's net position increased by \$6 million for governmental activities and increased by \$10.8 million for business-type activities. General fund revenues increased due to the success of increased tax collections and higher than budgeted departmental revenues, while expenditures for healthcare and pension costs came in higher than the budgeted amounts. Business-type activities increased due to large commitment to the replacement of infrastructure included in water rates in FY2014. Approximately 47.5% of the City's total governmental revenues were generated from taxes and payments in lieu of taxes. 34.6% resulted from grants and contributions, including Federal Aid. Charges for various goods and services provided 12.9% of total revenues, while other revenues and investment and rental income accounted for 4.9% 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 2014 exceeded expenses by \$11.4 million. The Business-type activities reported an increase in revenue of 3.1%, while expense increased 5.5% over the prior year.

| | June 30, 2014 | | | June 30, 2013 | | |
|--|----------------------------|---------------------------------|-------------------|----------------------------|---------------------------------|-------------------|
| | Governmental Activities | Business- type Activities | Total | Governmental Activities | Business- type Activities | Total |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for service | \$ 97,506 | \$ 97,938 | \$ 195,444 | \$ 98,334 | \$ 96,214 | \$ 194,548 |
| Operating grants and contributions | 260,964 | | 260,964 | 261,254 | | 261,254 |
| Capital grants and contributions | | 662 | 662 | | 852 | 852 |
| General revenues: | | | | | | |
| Property taxes | 358,243 | | 358,243 | 351,605 | | 351,605 |
| Grants not restricted for a specific purpose | 18,158 | | 18,158 | 19,296 | | 19,296 |
| Miscellaneous | 18,871 | - | 18,871 | 18,047 | 243 | 18,290 |
| Unrestricted investment earnings | 1 | 3,304 | 3,305 | 84 | 2,100 | 2,184 |
| Total revenues | 753,743 | 101,904 | 855,647 | 748,620 | 99,409 | 848,029 |
| Expenses: | | | | | | |
| Executive, legislative and judicial | 36,036 | | 36,036 | 32,662 | | 32,662 |
| Finance | 49,261 | | 49,261 | 58,429 | | 58,429 |
| Public safety | 169,742 | | 169,742 | 165,773 | | 165,773 |
| Building inspection | 4,381 | | 4,381 | 4,264 | | 4,264 |
| Public works | 23,965 | | 23,965 | 21,889 | | 21,889 |
| Recreation | 2,131 | | 2,131 | 1,903 | | 1,903 |
| Public lands and parks | 20,825 | | 20,825 | 20,415 | | 20,415 |
| Education | 402,539 | 15,448 | 417,987 | 395,994 | 14,422 | 410,416 |
| Community development | 18,901 | | 18,901 | 24,297 | | 24,297 |
| Interest on long-term debt | 19,984 | | 19,984 | 30,796 | | 30,796 |
| Economic development | | 19,322 | 19,322 | | 19,396 | 19,396 |
| Water | | 56,271 | 56,271 | | 52,553 | 52,553 |
| Total expenses | 747,765 | 91,041 | 838,806 | 756,422 | 86,371 | 842,793 |
| Change in net position | 5,978 | 10,863 | 16,841 | (7,802) | 13,038 | 5,236 |
| Net position- beginning | (148,965) | 257,984 | 109,019 | (138,511) | 245,687 | 107,176 |
| Net position- ending | \$ (142,987) | \$ 268,847 | \$ 125,860 | \$ (146,313) | \$ 258,725 | \$ 112,412 |

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Business-Type Activities

The business-type activities increased the City's net position by \$10.8 million. This resulted primarily from a \$10 million increase in net position of the Water Supply Board, an increase of net position of \$1.0 million by the Providence Public Building Authority, and a decrease of \$340 thousand by the school lunch program.

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.

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 a negative \$8.7 million, an increase of 1.1 million from \$9.8 million the prior year. The increase in fund balance is due to increased tax collections and higher than budgeted departmental revenues. 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 2014 school grants fund balance is reported at \$2.4 million, a \$.38 million decrease from fiscal year 2013. The inclusion of all state aid in fiscal 2014 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 \$336.8 million as compared to \$337.9 million in the prior year. The inclusion of all state aid in fiscal 2014 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 2014 capital projects fund balance is \$15.6 million. The \$23.9 million decrease from fiscal year 2013 is attributable most notably to capital outlays related to the \$40 Million Road Bond Paving Initiative.

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 \$10.8 million as a result of operations in the individual enterprise funds. This resulted primarily from a \$10 million increase in net position of the Water Supply Board, an increase of net position of \$1.0 million by the Providence Public Building Authority, and a \$340 thousand decrease in the school lunch program.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

General Fund Budgetary Highlights

The general fund incurred an uncombined surplus in FY 2014 of \$1.0 million. This will increase the cumulative uncombined general fund balance to a negative \$16.9 million. The GASB 54 requirement for combining funds shows a cumulative general fund balance as a negative \$8.6 million. Total general fund revenues and transfers for the fiscal year were \$452.5 million and total general fund expenditures and transfers for the fiscal year were \$451.4 million.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 58 to 64 of the Comprehensive Annual Financial Report.

Capital Asset and Debt Administration

Capital Assets (Note 5 to the Basic Financial Statements)

| | June 30, 2014 | | | June 30, 2013 | | |
|------------------------------|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Land | \$ 46,767 | \$ 21,958 | \$ 68,725 | \$ 46,768 | \$ 21,918 | \$ 68,686 |
| Land Improvements | | 18,682 | 18,682 | | 18,682 | 18,682 |
| Building and Improvements | 168,433 | 201,186 | 369,619 | 144,398 | 181,904 | 326,302 |
| Machinery and Equipment | 20,106 | 335 | 20,441 | 16,704 | 1,026 | 17,730 |
| Infrastructure | 103,693 | | 103,693 | 102,817 | | 102,817 |
| Leased Assets | 338,734 | 10,041 | 348,775 | 347,703 | 10,041 | 357,744 |
| Construction in Progress | 22,529 | 47,609 | 70,138 | 27,595 | 61,726 | 89,321 |
| | <u>\$ 700,262</u> | <u>\$ 299,811</u> | <u>\$ 1,000,073</u> | <u>\$ 685,985</u> | <u>\$ 295,297</u> | <u>\$ 981,282</u> |

The City's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$1,104 million, net of accumulated depreciation of \$403 million, leaving a net book value of \$700 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.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Debt Administration

| | June 30, 2014 | | | June 30, 2013 | | |
|---------------------------|----------------------------|-----------------------------|-------------------|----------------------------|---------------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business- type Activities | Total |
| General Obligation Bonds | \$ 99,501 | | \$ 99,501 | \$ 105,661 | | \$ 105,661 |
| Revenue Bonds | 59,799 | 74,269 | 134,068 | 65,934 | 78,087 | 144,021 |
| Tax Increment Obligations | 6,170 | | 6,170 | 9,450 | | 9,450 |
| Capital Notes Payable | 30,506 | | 30,506 | 35,127 | | 35,127 |
| Notes Payable | 2,474 | | 2,474 | 2,777 | | 2,777 |
| PPBA Debt | | 333,343 | 333,343 | | 363,919 | 363,919 |
| | <u>\$ 198,450</u> | <u>\$ 407,612</u> | <u>\$ 606,062</u> | <u>\$ 218,949</u> | <u>\$ 442,006</u> | <u>\$ 660,955</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 decreased by \$54.9 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.

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 BBB rating from Fitch. The City of Providence continues to perform long-term strategic planning in a proactive 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, Providence, RI 02903.

CITY OF PROVIDENCE

BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE**Statement of Net Position
June 30, 2014 (in thousands)**

| | Governmental Activities | Business-Type Activities | Totals* |
|---|------------------------------------|-------------------------------------|-------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 96,429 | \$ 27,137 | \$ 123,566 |
| Restricted cash and cash equivalents | | 27,147 | 27,147 |
| Investments | 29,581 | 7,943 | 37,524 |
| Restricted investments | | 6,981 | 6,981 |
| Taxes receivable (net of allowance) | 24,326 | | 24,326 |
| Intergovernmental receivable | 39,669 | 1,037 | 40,706 |
| Loan receivable (net of allowance) | 26,789 | | 26,789 |
| Restricted receivables | | 12 | 12 |
| Other receivable | 18,055 | | 18,055 |
| Charges for service receivable (net of allowance) | | 9,981 | 9,981 |
| Internal balances | 20,405 | (20,405) | - |
| Other assets | 2,772 | 912 | 3,684 |
| Total current assets | 258,026 | 60,725 | 318,751 |
| Noncurrent assets | | | |
| Capital assets, nondepreciable | 69,296 | 88,249 | 157,545 |
| Capital assets, depreciable, net | 630,966 | 211,562 | 842,528 |
| Total noncurrent assets | 700,262 | 299,811 | 1,000,073 |
| TOTAL ASSETS | 958,288 | 360,536 | 1,318,824 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charges on refunding | 363 | | 363 |
| Total deferred outflows of resources | 363 | - | 363 |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Warrants and accounts payable | 30,587 | 7,575 | 38,162 |
| Payable to retirement plan | 53,907 | | 53,907 |
| Due to other governments | 494 | | 494 |
| Accrued liabilities | 34,876 | | 34,876 |
| Other | | 42 | 42 |
| Unearned revenue | 16,576 | | 16,576 |
| Amounts payable with current restricted assets | | 1,709 | 1,709 |
| Long term debt due within one year | 89,111 | 4,095 | 93,206 |
| Total current liabilities | 225,551 | 13,421 | 238,972 |
| Noncurrent liabilities: | | | |
| Due in more than one year | 876,087 | 75,559 | 951,646 |
| Total noncurrent liabilities | 876,087 | 75,559 | 951,646 |
| TOTAL LIABILITIES | 1,101,638 | 88,980 | 1,190,618 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue from impact fees | | 2,709 | 2,709 |
| Net Position | | | |
| Net investment in capital assets | 199,002 | 225,544 | 424,546 |
| Restricted for Water Quality Protection | | 32,410 | 32,410 |
| Restricted for debt service | | 4,217 | 4,217 |
| Unrestricted | (341,989) | 6,676 | (335,313) |
| TOTAL NET POSITION | \$ (142,987) | \$ 268,847 | \$ 125,860 |

* After internal receivables and payables have been eliminated

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Activities
For the Year Ended June 30, 2014 (in thousands)

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Functions/Programs | | | | | | | |
| Primary governmental activities: | | | | | | | |
| Governmental activities: | | | | | | | |
| Executive, legislative, and judicial | | | | | | | |
| Finance | \$ 36,036 | \$ 198 | | | \$ (35,838) | \$ | (35,838) |
| Public Safety | 49,261 | 67,590 | | 51 | 18,329 | | 18,329 |
| Building Inspection | 169,742 | 12,050 | | | (157,641) | | (157,641) |
| Public Works | 4,381 | 4,036 | | | (345) | | (345) |
| Recreation | 23,965 | 516 | | 395 | (23,449) | | (23,449) |
| Public land and parks | 2,131 | 196 | | | (1,940) | | (1,940) |
| Education | 20,825 | 321 | | | (20,504) | | (20,504) |
| Community development | 402,539 | 12,599 | 252,226 | | (137,714) | | (137,714) |
| Interest on long-term debt | 18,901 | - | 8,292 | | (10,609) | | (10,609) |
| | 19,984 | - | | | (19,984) | | (19,984) |
| Total governmental activities | 747,765 | 97,506 | 260,964 | | (389,295) | | (389,295) |
| Business-type activities: | | | | | | | |
| PPBA | 19,322 | 19,652 | | | 330 | | 330 |
| Water Supply Board | 56,271 | 62,872 | | \$ 3,304 | 9,905 | | 9,905 |
| Non-major School lunch program | 15,448 | 15,414 | | | (34) | | (34) |
| Total business-type activities | 91,041 | 97,938 | | 3,304 | 10,201 | | 10,201 |
| Total primary government | \$ 838,806 | \$ 195,444 | \$ 260,964 | \$ 3,304 | (389,295) | 10,201 | (379,094) |
| General revenues | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 331,133 | | 331,133 |
| Payments in lieu of taxes | | | | | 27,110 | | 27,110 |
| Grants and contributions not restricted to specific programs | | | | | 18,158 | | 18,158 |
| Investment income | | | | | 1 | 662 | 663 |
| Miscellaneous | | | | | 18,871 | | 18,871 |
| Total general revenues | | | | | 395,273 | 662 | 395,935 |
| Change in net position | | | | | 5,978 | 10,863 | 16,841 |
| Net position-beginning | | | | | (148,955) | 237,984 | 109,029 |
| Net position-ending | | | | | \$ (142,987) | \$ 268,847 | \$ 125,860 |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Balance Sheet- Governmental Funds
June 30, 2014 (in thousands)

| | Major Funds | | | | | Total Governmental Funds |
|--|-------------------|------------------|-----------------------|---------------------|--|--------------------------------|
| | General Fund | School Fund | School Grants Fund | Capital Projects | Other Non-major Governmental Funds | |
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 19,670 | \$ 32,701 | \$ 8,076 | \$ 19,421 | \$ 11,924 | \$ 91,792 |
| Investments | - | - | - | - | 29,581 | 29,581 |
| Receivables, net: | | | | | | |
| Taxes | 24,326 | - | - | - | - | 24,326 |
| Loans | - | - | - | - | 28,789 | 28,789 |
| Intergovernmental | 31,888 | 712 | 4,649 | 75 | 2,345 | 39,669 |
| Other | 14,031 | 404 | - | - | 81 | 14,516 |
| Due from other funds | 42,633 | 15,785 | 725 | 2 | 21,465 | 80,610 |
| Other assets | - | - | - | - | 504 | 504 |
| TOTAL ASSETS | \$ 132,548 | \$ 49,602 | \$ 13,450 | \$ 19,498 | \$ 92,889 | \$ 307,787 |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| LIABILITIES: | | | | | | |
| Warrants and accounts payable | \$ 3,800 | \$ 15,909 | \$ 2,868 | \$ 3,471 | \$ 3,620 | \$ 29,668 |
| Accrued liabilities | 4,490 | 25,391 | 7 | - | 260 | 30,148 |
| Other payables | 53,901 | 7 | - | - | - | 53,908 |
| Unearned revenues-other | 9,103 | - | 2,583 | - | 8,311 | 19,997 |
| Due to other funds | 45,119 | 8,295 | 5,607 | 383 | 18,838 | 78,240 |
| Due to other governments | 481 | - | 13 | - | - | 494 |
| TOTAL LIABILITIES | 116,894 | 49,602 | 11,078 | 3,854 | 31,027 | 212,455 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - taxes | 24,326 | - | - | - | - | 24,326 |
| inflows of resources | 24,326 | - | - | - | - | 24,326 |
| FUND BALANCES: | | | | | | |
| Nonspendable | - | - | - | - | 18,770 | 18,770 |
| Restricted | - | - | 2,372 | 15,644 | 33,382 | 51,378 |
| Committed | - | - | - | - | 9,530 | 9,530 |
| Unassigned | (8,672) | - | - | - | - | (8,672) |
| TOTAL FUND BALANCES | (8,672) | - | 2,372 | 15,644 | 61,662 | 71,006 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 132,548 | \$ 49,602 | \$ 13,450 | \$ 19,498 | \$ 92,889 | |

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

700,262

Net pension obligations and other post employment benefits

(358,495)

Deferred charges

363

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

(583,870)

Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets

27,747

Net position of governmental activities (A-1)

\$ (142,987)

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
For the Year Ended June 30, 2014 (in thousands)

| | Major Funds | | | | | Total Governmental Funds |
|--|-------------------|------------------|-----------------------|---------------------|--|--------------------------------|
| | General Fund | School Fund | School Grants Fund | Capital Projects | Other Non-major Governmental Funds | |
| REVENUES: | | | | | | |
| Taxes | \$ 330,449 | \$ - | \$ - | \$ - | \$ - | \$ 330,449 |
| Departmental revenue | 78,593 | 177 | - | - | 9,272 | 88,042 |
| Federal and state grants and reimbursements | 35,110 | 211,556 | 40,670 | 758 | 18,138 | 308,232 |
| Investment and rental income | 563 | - | - | - | 3,795 | 4,358 |
| Fines and forfeitures | 8,066 | - | - | - | - | 8,066 |
| Other | 96 | 12,038 | 394 | 3 | 1,993 | 14,514 |
| TOTAL REVENUES | 450,877 | 223,771 | 41,054 | 761 | 33,198 | 749,661 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Executive, legislative, and judicial | 10,009 | - | - | - | 1,081 | 11,090 |
| Finance | 44,514 | - | - | - | 26 | 44,540 |
| Public safety | 151,999 | - | - | - | 9,867 | 161,866 |
| Building inspection | 4,096 | - | - | - | - | 4,096 |
| Public works | 18,852 | - | - | - | - | 18,852 |
| Recreation | 710 | - | - | 282 | 1,012 | 2,004 |
| Public lands and parks | 20,411 | - | - | - | 1,004 | 21,415 |
| Other departments | 9,203 | - | - | - | - | 9,203 |
| Grants | 4,233 | - | - | - | - | 4,233 |
| Education | - | 348,919 | 39,570 | - | - | 388,489 |
| Community development | - | - | - | - | 14,668 | 14,668 |
| Noncurrent: | | | | | | |
| Capital outlays | - | - | - | 23,341 | - | 23,341 |
| Debt Service: | | | | | | |
| Principal | 42,363 | - | - | - | 2,798 | 45,161 |
| Interest and other costs | 20,110 | - | - | 1,000 | 8 | 21,118 |
| TOTAL EXPENDITURES | 326,500 | 348,919 | 39,570 | 24,623 | 30,484 | 770,076 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 124,377 | (125,148) | 1,484 | (23,862) | 2,734 | (20,415) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,675 | 125,997 | 1,449 | - | 496 | 129,617 |
| Transfers out | (124,897) | (849) | (2,549) | (60) | (1,262) | (129,617) |
| TOTAL OTHER FINANCING SOURCES (USES) | (123,222) | 125,148 | (1,100) | (60) | (766) | - |
| NET CHANGE IN FUND BALANCES | 1,155 | - | 384 | (23,922) | 1,968 | (20,415) |
| FUND BALANCES AT BEGINNING OF YEAR, | (9,827) | - | 1,988 | 39,566 | 69,694 | 91,421 |
| FUND BALANCE AT END OF YEAR | \$ (8,672) | \$ - | \$ 2,372 | \$ 15,644 | \$ 81,662 | \$ 71,006 |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND***Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
For the Year Ended June 30, 2014 (in thousands)***

| | |
|---|------------------------|
| Net Change in Fund Balances - Total Governmental Fund (B-2) | \$ (20,415) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 14,277 |
| Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. | 4,082 |
| 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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 46,758 |
| 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. | <u>(38,724)</u> |
| Change in net position of Governmental Activities in the Statement of Activities (A-2) | <u>\$ 5,978</u> |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Position-Proprietary Funds
June 30, 2014 (in thousands)

| | Business-Type Activities-Enterprise Funds | | | | Governmental Activities |
|---|---|-----------------|--------------------------------|-------------------|-------------------------|
| | Water Supply Board | PPBA | Non-major School Lunch Program | Totals | Internal Service Fund |
| ASSETS: | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 5,935 | \$ 17,673 | \$ 3,529 | \$ 27,137 | \$ 4,837 |
| Restricted cash | 27,147 | | | 27,147 | |
| Investments | | 7,943 | | 7,943 | |
| Restricted Investments | 6,961 | | | 6,961 | |
| Receivables, net | 9,879 | | 102 | 9,981 | 3,539 |
| Restricted receivables | 12 | | | 12 | |
| Receivables- other governments | | | 1,037 | 1,037 | |
| Due from primary government | | 446,756 | | 446,756 | |
| Due from other funds | | | 351 | 351 | 26,865 |
| Inventories | 880 | | | 880 | |
| Other assets | 32 | | | 32 | 2,268 |
| Total current assets | 50,846 | 472,372 | 5,019 | 528,237 | 37,309 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land | 21,958 | | | 21,958 | |
| Buildings and Improvements | 79,135 | | | 79,135 | |
| Improvements other than buildings | 297,055 | | | 297,055 | |
| Machinery and equipment | 30,877 | | | 30,877 | |
| Construction in progress | 66,291 | | | 66,291 | |
| | 495,316 | | | 495,316 | - |
| Less accumulated depreciation | 195,505 | | | 195,505 | |
| Total noncurrent assets | 299,811 | | | 299,811 | - |
| Total assets | 350,657 | 472,372 | 5,019 | 828,048 | 37,309 |
| Deferred Outflows of Resources | | | | | |
| Deferred gain on refunding | | 536 | | 536 | |
| Total Deferred Outflows of Resources | - | 536 | - | 536 | - |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 2,746 | 2,028 | 2,801 | 7,575 | 919 |
| Claims payable | | | | | 6,389 |
| Due to other funds | 1,378 | | 207 | 1,585 | 28,001 |
| Other | | 9,083 | | 9,083 | |
| Amounts payable from restricted assets | 1,709 | | | 1,709 | |
| Current portion of long-term debt and capital leases, net | 4,095 | 25,852 | | 29,947 | |
| Total current liabilities | 9,928 | 36,963 | 3,008 | 49,899 | 37,309 |
| Noncurrent liabilities: | | | | | |
| Revenue bonds, net | 70,174 | 431,570 | | 501,744 | |
| Net OPEB obligation | 5,385 | | | 5,385 | |
| Total noncurrent liabilities | 75,559 | 431,570 | | 507,129 | |
| TOTAL LIABILITIES | 85,487 | 468,533 | 3,008 | 557,028 | 37,309 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue from impact fees | 2,709 | | | 2,709 | |
| NET POSITION | | | | | |
| Net investment in capital assets | 225,544 | | | 225,544 | |
| Restricted for Water Quality Protection | 32,410 | | | 32,410 | |
| Restricted for debt service | | 4,217 | | 4,217 | |
| Unrestricted | 4,507 | 158 | 2,011 | 6,676 | - |
| TOTAL NET POSITION | \$ 262,461 | \$ 4,375 | \$ 2,011 | \$ 268,847 | \$ - |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

*Statement of Revenue, Expenses and Changes in
Net Position-Proprietary Funds
For the Year Ended June 30, 2014 (in thousands)*

| | Business-Type Activities-Enterprise Funds | | | | Governmental Activities |
|---|---|-----------------|--------------------------------|-------------------|-------------------------|
| | Water Supply Board | PPBA | Non-major School Lunch Program | Totals | Internal Service Fund |
| OPERATING REVENUES: | | | | | |
| Charges for sales and services | \$ 62,872 | \$ - | \$ 1,086 | \$ 63,958 | \$ 98,309 |
| Lease receipts | - | 17,923 | | 17,923 | |
| Other | - | 1,729 | 14,328 | 16,057 | 2,591 |
| Total operating revenues | 62,872 | 19,652 | 15,414 | 97,938 | 100,900 |
| OPERATING EXPENSES: | | | | | |
| Cost of sales and services | 28,269 | 1,827 | 15,448 | 45,544 | |
| Health claims | | - | | - | 100,900 |
| Administration | 13,481 | 292 | | 13,773 | |
| Depreciation | 12,644 | - | | 12,644 | |
| Total operating expenses | 54,394 | 2,119 | 15,448 | 71,961 | 100,900 |
| OPERATING INCOME (LOSS) | 8,478 | 17,533 | (34) | 25,977 | - |
| NON-OPERATING REVENUES (EXPENSES): | | | | | |
| Investment income | 314 | 348 | | 662 | - |
| Interest expense | (1,877) | (17,203) | | (19,080) | - |
| Total non-operating expenses | (1,563) | (16,855) | - | (18,418) | - |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS | 6,915 | 678 | (34) | 7,559 | - |
| Capital grants and contributions | 3,304 | - | | 3,304 | - |
| Change in net position | 10,219 | 678 | (34) | 10,863 | - |
| NET POSITION, BEGINNING | 252,242 | 3,697 | 2,045 | 257,984 | - |
| NET POSITION, ENDING | \$ 262,461 | \$ 4,375 | \$ 2,011 | \$ 268,847 | \$ - |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2014 (in thousands)

| | Business-Type Activities-Enterprise Funds | | | | Governmental Activities |
|--|---|------------------|--------------------------------|------------------|-------------------------|
| | Water Supply Board | PPBA | Non-major School Lunch Program | Totals | Internal Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers and other | \$ 65,904 | \$ 39,033 | \$ 1,146 | \$ 106,083 | \$ 100,403 |
| Cash received from intergovernmental sources | | 1,812 | 14,165 | 15,777 | |
| Cash paid to vendors | (40,966) | (1,045) | (13,330) | (55,341) | (103,100) |
| Cash paid to employees | (14) | - | (476) | (490) | |
| Net cash provided by (used for) operating activities | 24,924 | 39,800 | 1,505 | 66,029 | (2,697) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers | | (1,118) | 59 | (1,059) | |
| Due from (to) other funds | (418) | - | 29 | (389) | 1,338 |
| Net cash provided by (used for) noncapital financing activities | (418) | (1,118) | 88 | (1,448) | 1,338 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | (17,158) | (4,115) | | (21,273) | |
| Interest paid on debt | (1,877) | (17,382) | | (19,259) | |
| Proceeds from bond issuance | | 74,597 | | 74,597 | |
| Repayment of long-term debt and capital leases | (6,818) | (100,281) | | (107,099) | |
| Capital grants | 3,304 | | | 3,304 | |
| Net cash (used for) capital and related financing activities | (22,549) | (47,181) | - | (69,730) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investment securities | (350) | (7,482) | | (7,832) | |
| Sale of investment securities | - | 8,237 | | 8,237 | |
| Investment income | 315 | 348 | | 663 | |
| Net cash provided by (used for) investing activities | (35) | 1,103 | - | 1,068 | - |
| Net increase (decrease) in cash and cash equivalents | 1,922 | (7,596) | 1,593 | (4,081) | (1,359) |
| Cash and Cash Equivalents | | | | | |
| Beginning | 31,160 | 25,269 | 1,936 | 58,365 | 5,998 |
| Ending | \$ 33,082 | \$ 17,673 | \$ 3,529 | \$ 54,284 | \$ 4,637 |
| Cash and Cash Equivalents | | | | | |
| Unrestricted | \$ 5,935 | \$ 17,673 | \$ 3,529 | \$ 27,137 | |
| Restricted | 27,147 | | | 27,147 | |
| Total | \$ 33,082 | \$ 17,673 | \$ 3,529 | \$ 54,284 | |

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLANDStatement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2014 (in thousands)

| | Business-Type Activities-Enterprise Funds | | | | Governmental Activities |
|---|---|------------------|--------------------------------|------------------|-------------------------|
| | Water Supply Board | PPBA | Non-major School Lunch Program | Totals | Internal Service Fund |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | |
| Operating income (loss) | \$ 8,478 | \$ 17,533 | \$ (34) | \$ 25,977 | \$ - |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 12,644 | | | 12,644 | |
| Change in allowance for doubtful accounts | 52 | | | 52 | |
| Transfer | | 1,118 | | 1,118 | |
| Changes in assets and liabilities: | | | | | |
| Receivables | 3,012 | 20,994 | (103) | 23,903 | 518 |
| Inventories | (234) | | | (234) | |
| Other assets | (32) | | | (32) | |
| Due from other funds | | | | | |
| Accounts payable and accrued expenses | 292 | (45) | 1,642 | 1,889 | (2,200) |
| Due to other funds | | | | | |
| Unearned revenue | 712 | | | 712 | (1,015) |
| Net cash provided by (used in) operating activities | \$ 24,924 | \$ 39,600 | \$ 1,505 | \$ 66,029 | \$ (2,697) |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND**Statement of Fiduciary Net Position-Fiduciary Funds**
June 30, 2014 (in thousands)

| | Employee Retirement Plan | Private Purpose Trust Funds | Agency Fund |
|--|--------------------------------|-----------------------------------|-----------------|
| ASSETS | | | |
| Investments, at fair value: | | | |
| U.S. Government securities | \$ 7,195 | | |
| Corporate and foreign bonds | 40,191 | | |
| Corporate equity securities | 218,347 | | |
| Mutual funds | | \$ 1,682 | |
| Total investments | 265,733 | 1,682 | |
| Cash and cash equivalents | 2,450 | 4 | \$ 1,281 |
| Receivables: | | | |
| Loans receivable | 26,528 | | |
| Other | 63,058 | | 14 |
| Total receivables | 89,586 | - | 14 |
| Total assets | 357,769 | 1,686 | 1,295 |
| LIABILITIES | | | |
| Accounts payable | 56 | | |
| Due to student groups | | | 645 |
| Other payables | 1 | | 650 |
| Total liabilities | 57 | - | \$ 1,295 |
| NET ASSETS | | | |
| Held in Trust for Pension Benefits and other purposes | \$ 357,712 | \$ 1,686 | |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Changes in Fiduciary Net Position-Fiduciary Funds
For the Year Ended June 30, 2014 (in thousands)

| | Employee Retirement Plan | Private Purpose Trust Funds |
|--|---|--|
| ADDITIONS: | | |
| Contributions: | | |
| Employer | \$ 62,140 | |
| Employees | 10,873 | |
| Donations | | \$ 19 |
| Total contributions | 73,013 | 19 |
| Investment Earnings | | |
| Net appreciation (depreciation) in the fair value of investments | 41,549 | 289 |
| Interest | 2,233 | |
| Dividends | 3,221 | |
| Total investment earnings | 47,003 | 289 |
| Total additions | 120,016 | 308 |
| DEDUCTIONS: | | |
| Benefits | 96,570 | 25 |
| Administrative expenses | 1,523 | |
| Total deductions | 98,093 | 25 |
| Change in net assets | 21,923 | 283 |
| Net position - beginning | 335,789 | 1,403 |
| Net position - ending | \$ 357,712 | \$ 1,686 |

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

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.

Individual Component Unit Disclosure

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Individual Component Unit Disclosure (Continued)

Providence Public Buildings Authority (Continued)

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.

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 was created to eliminate and prevent blighted and substandard areas and replace such areas through redevelopment of well-planned, integrated stable, safe and healthful neighborhoods.

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. The PRA is presented as a blended special revenue fund.

Recently Issued Accounting Standards

The City has implemented the following governmental accounting standards during fiscal year ended June 30, 2014:

- GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, effective for the Corporation's fiscal year ending June 30, 2014.
- GASB Statement No. 66 – Technical Corrections – an amendment of GASB Statements No. 10 and No. 62, effective for the Corporation's fiscal year ending June 30, 2014.
- GASB Statement No. 67 – Financial Reporting of Pension Plans – and amendment of GASB Statement No. 25, effective for the Corporation's fiscal year ending June 30, 2014.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the fiscal year ending June 30, 2014.

The City will adopt the following new accounting pronouncements in future years:

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

- GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, effective for the Corporation's fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the fiscal year ending June 30, 2015.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, effective for the fiscal year ending June 30, 2015.

The impact of these pronouncements on the City's financial statements has not been determined.

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. For the most part, the effect of inter-fund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. 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.

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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:

- a) 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
- b) 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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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
- 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 *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.
- The *Internal Service Fund* is used by management to charge the costs of self-insurance and legal claims to individual funds.

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

Employee Retirement Plan

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The net pension obligation, the cumulative difference between annual pension cost and the City's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension obligation is recorded as a non-current liability in the government-wide financial statements.

Funding Policy

The City makes contributions at the discretion of management.

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.

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.

Cash equivalents

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.

Inventories and prepaid assets

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 estimated fair value at the date of donation.

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:

| Assets | Year |
|-----------------------------------|------|
| 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:

| | Water Supply Board |
|--|-----------------------|
| 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.

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 totaling \$63,477 and \$1,517 respectively. The majority of amounts relate to property taxes and water usage. Amounts determined to be uncollectible are based on the type and age of the related receivable and the ability of the debtor to pay.

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.

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 and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2014 the City of Providence, Rhode Island had one item qualifying as a deferred outflow of resources; deferred charge on debt refunding reported in the government-wide statement of net position. The deferred charge on the refunding of \$363 represents the unamortized balance of the difference between the carrying value of the refunded debt and its reacquisition price.

In addition to liabilities, the statement of net position and/or balance sheet can report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position that applies to a future period and which will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2014 the City of Providence, Rhode Island had one item qualifying as a deferred inflow of resources in the governmental funds balance sheet. Unavailable tax revenue represents taxes receivables which are assessed on December 31, 2012 and prior and is not collected within 60 days of June 30, 2014. Net unavailable tax revenue included in the fund financial statements was \$24,326 at June 30, 2014. This amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity and Net position

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.

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.

- (a) Non-spendable Fund Balance - 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.
- (b) Restricted Fund Balance - 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.
- (c) Committed Fund Balance - 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.
- (d) Assigned Fund Balance - 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.
- (e) Unassigned Fund Balance - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

2. RECONCILIATION OF GOVERNMENTAL ACTIVITIES AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between fund balances — total governmental funds and net position — governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$583,870 difference are as follows:

| | |
|--|----------------------------|
| Bonds and notes payable | \$ (501,288) |
| Leases payable | (9,663) |
| Capital notes payable | (20,843) |
| Accrued interest payable | (4,727) |
| Compensated absences | (35,270) |
| Workers' compensation | (4,297) |
| Unspent PPBA bond proceeds | 19,171 |
| Claims and judgments | <u>(26,953)</u> |
| Net adjustment to reduce fund balance - total governmental funds | |
| to arrive at net assets - governmental activities | <u><u>\$ (583,870)</u></u> |

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances — total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$14,277 difference is as follows:

| | |
|---|-------------------------|
| Capital outlay - governmental funds | \$ 36,121 |
| Depreciation expense | <u>(21,844)</u> |
| Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities | <u><u>\$ 14,277</u></u> |

Another element of that reconciliation states that “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, however, 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 deferred and amortized in the statement of activities.” The details of this \$46,758 difference are as follows:

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

2. RECONCILIATION OF GOVERNMENTAL ACTIVITIES AND GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued)

| | |
|--|------------------|
| Bond and note proceeds | \$ (69,705) |
| Principal repayments: | |
| General obligation bonds | 111,539 |
| Capital leases | 3,491 |
| Capital notes | 1,130 |
| Notes payable | <u>303</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 46,758</u> |

Another element of that reconciliation states that "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 governmental funds." The details of this \$38,724 difference are as follows:

| | |
|---|--------------------|
| Compensated absences | \$ (1,636) |
| Accrued interest | (104) |
| Amortization of bond premium | (359) |
| Claims and judgments | 768 |
| Net pension obligation | (2,515) |
| Other post employment benefits | <u>(34,878)</u> |
| Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (38,724)</u> |

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."

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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. As of June 30, 2014 \$39,657 of the city's bank balance of \$180,239 was uninsured and uncollateralized. (Amounts do not include PPBA, as such amounts cannot be separated.)

Investments

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a custodial credit risk policy.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and investments of the City consist of the following at June 30, 2014:

| | |
|---|-------------------|
| Cash and Cash Equivalents | |
| Deposits with financial institutions | \$ 100,164 |
| PPBA deposits with financial institutions | 17,673 |
| Water Supply Board deposits with financial institutions | 33,082 |
| School Lunch Program deposits with financial institutions | 3,529 |
| Total cash and cash equivalents | <u>154,448</u> |
| Investments | |
| Non-major Governmental Funds | |
| Mutual Funds | <u>29,581</u> |
| | <u>29,581</u> |
| Private Purpose Trust Funds | |
| Mutual Funds | <u>1,682</u> |
| PPBA Investments | |
| Guaranteed Investment Contracts | <u>7,943</u> |
| | <u>7,943</u> |
| Water Supply Board | |
| Equity Mutual Funds | <u>6,961</u> |
| Pension Trust Funds | |
| U.S. Government Securities | 7,195 * |
| Corporate and Foreign Bonds | 40,191 * |
| Common and Preferred Stocks | <u>218,347 *</u> |
| | <u>265,733</u> |
| Total investments | <u>311,900</u> |
| Total cash, cash equivalents and investments | <u>\$ 466,348</u> |

* These investments are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, in the City's name.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash, cash equivalents, and investments are classified in the accompanying financial statement as follows:

Cash and Cash Equivalents

| | |
|--|--------------------------|
| Statement of Net Position | |
| Cash and cash equivalents | \$ 123,566 |
| Restricted cash and cash equivalents | 27,147 |
| | <u>150,713</u> |
| Fiduciary Funds | |
| Cash and cash equivalents | 3,735 |
| | <u>3,735</u> |
| Total cash and cash equivalents | <u><u>\$ 154,448</u></u> |

Investments

| | |
|---------------------------|--------------------------|
| Statement of Net Position | |
| Investments | \$ 37,524 |
| Restricted investments | 6,961 |
| | <u>44,485</u> |
| Fiduciary Funds | |
| Investments | 267,415 |
| | <u>267,415</u> |
| Total investments | <u><u>\$ 311,900</u></u> |

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

| Type of Investment | Fair Value | Investment Maturities (in Years) | | | |
|-----------------------------|-------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|
| | | Less Than 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
| U.S. Government Securities | \$ 7,195 | \$ - | \$ 5,839 | \$ 1,356 | |
| Corporate and Foreign Bonds | 40,191 | - | 20,015 | 10,164 | \$ 10,012 |
| PPBA-Guaranteed Investment | 7,943 | | | 7,754 | 189 |
| TOTAL | <u><u>\$ 55,329</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 25,854</u></u> | <u><u>\$ 19,274</u></u> | <u><u>\$ 10,201</u></u> |

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating of a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment:

| Average Rating | Corporate and Foreign Bonds | PPBA- Guaranteed Investment Contracts |
|-------------------|-----------------------------------|--|
| AAA | \$ 3,523 | |
| AA+ | 1,962 | |
| AA | 915 | |
| AA- | 1,589 | \$ 272 |
| A3 | | 7,482 |
| A+ | 1,300 | |
| A | 4,332 | |
| A- | 3,436 | 189 |
| BBB+ | 3,314 | |
| BBB | 3,119 | |
| BBB- | 3,073 | |
| BB+ | 645 | |
| BB | 321 | |
| BB- | 875 | |
| B+ | 261 | |
| B | 41 | |
| B- | | |
| CCC- | | |
| Unrated | 11,485 | |
| | <u>\$ 40,191</u> | <u>\$ 7,943</u> |

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2014, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows (in thousands):

| | Due from Other Funds | Due to Other Funds |
|------------------------------|-------------------------|-----------------------|
| General Fund | \$ 42,633 | \$ 45,119 |
| School Fund | 15,785 | 8,295 |
| School Grants | 725 | 5,607 |
| Capital Projects | 2 | 383 |
| Non-Major Governmental Funds | 21,465 | 18,836 |
| Water Supply Board | | 1,378 |
| School Lunch Program | 351 | 207 |
| Internal Service Fund | 26,865 | 28,001 |
| Total | \$ 107,826 | \$ 107,826 |

Amounts owed among funds result principally from timing of payments to the City's general fund of \$42.6 million, payments to the City's health insurance and legal claims fund of \$26.9 million, and amounts owed to the school fund for current year expenditures of \$15.8 million. All of these amounts were paid subsequent to year-end. All other amounts owed are expected to be paid within one year.

Inter-fund transfers during the year ended June 30, 2014 were as follows (in thousands):

| | Transfers from Other Funds | Transfers to Other Funds |
|------------------------------|-------------------------------|-----------------------------|
| General Fund | \$ 1,675 | \$ 124,897 |
| School Fund | 125,997 | 849 |
| School Grants | 1,449 | 2,549 |
| Capital projects | - | 60 |
| Non-Major Governmental Funds | 496 | 1,262 |
| Total | \$ 129,617 | \$ 129,617 |

The most significant transfer in fiscal year 2014 was the appropriated operating subsidy from the City's general fund to the school fund.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

5.

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows: (in thousands):

| | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
|--|----------------------|-----------|-------------------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 46,768 | \$ - | \$ 1 | \$ 46,767 |
| Construction in progress-City | 5,491 | 425 | 5,491 | 425 |
| Construction in progress-PPBA | 22,104 | - | - | 22,104 |
| Total capital assets, not being depreciated | 74,363 | 425 | 5,492 | 69,296 |
| Capital assets, being depreciated: | | | | |
| Buildings | 190,137 | 3,842 | 167 | 193,812 |
| Improvements other than buildings | 33,057 | 25,536 | 328 | 58,265 |
| Machinery and equipment | 75,411 | 8,562 | 5,755 | 78,218 |
| Infrastructure | 278,886 | 4,445 | 77 | 283,254 |
| Building - leases-PPBA | 420,804 | 2,368 | 2,368 | 420,804 |
| Total capital assets being depreciated | 998,295 | 44,753 | 8,695 | 1,034,353 |
| Less accumulated depreciation for: | | | | |
| Buildings | 67,390 | 3,415 | - | 70,805 |
| Improvements other than buildings | 11,406 | 1,433 | - | 12,839 |
| Machinery and equipment | 58,641 | 4,601 | 5,130 | 58,112 |
| Infrastructure | 176,069 | 3,492 | - | 179,561 |
| Building - leases | 73,167 | 8,903 | - | 82,070 |
| Total accumulated depreciation | 386,673 | 21,844 | 5,130 | 403,387 |
| Total capital assets, being depreciated, net | 611,622 | 22,909 | 3,565 | 630,966 |
| Governmental activities capital assets, net | \$ 685,985 | \$ 23,334 | \$ 9,057 | \$ 700,262 |
| | | | | |
| | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 21,918 | \$ 40 | \$ - | \$ 21,958 |
| Construction in progress-City | 61,726 | 26,792 | 40,909 | 47,609 |
| Other land improvements | 18,682 | - | - | 18,682 |
| Total capital assets, not being depreciated | 102,326 | 26,832 | 40,909 | 88,249 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 74,388 | 4,820 | 73 | 79,135 |
| Improvements other than buildings | 270,994 | 26,061 | - | 297,055 |
| Machinery and equipment | 30,450 | 427 | - | 30,877 |
| Total capital assets being depreciated | 375,832 | 31,308 | 73 | 407,067 |
| Less accumulated depreciation for: | | | | |
| Buildings | 48,421 | 6,847 | - | 55,268 |
| Improvements other than buildings | 108,385 | 4,679 | - | 113,064 |
| Machinery and equipment | 26,055 | 1,118 | - | 27,173 |
| Total accumulated depreciation | 182,861 | 12,644 | - | 195,505 |
| Total capital assets, being depreciated, net | 192,971 | 18,664 | 73 | 211,562 |
| Business-type activities capital assets, net | \$ 295,297 | \$ 45,496 | \$ 40,982 | \$ 299,811 |

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

5. CAPITAL ASSETS (Continued)

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 government-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 of the primary government as follows:

| | |
|-------------------------------------|-------------------------|
| Executive, legislative and judicial | \$ 6 |
| Finance | 83 |
| Public safety | 1,597 |
| Public works | 4,023 |
| Recreation | 5 |
| Public lands and parks | 1,548 |
| Other departments | 10,784 |
| Education | 3,798 |
| Total depreciation expense | <u>\$ 21,844</u> |

6. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not available to liquidate liabilities of the current period. Governmental funds and governmental activities report unearned revenue in connection with resources that have been received, but not yet earned. At year-end, the various components of unearned revenue reported in governmental funds and governmental activities were as follows:

| | <u>Unearned Revenue</u> |
|---|-----------------------------|
| General Fund: | |
| Advance collections | 2,735 |
| Charges for services | 6,368 |
| | <u>\$ 9,103</u> |
| School Grants Fund | <u>\$ 2,583</u> |
| Other Non-Major Governmental Funds | <u>\$ 8,311</u> |

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2014 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|-------------------|-------------------|------------------------|
| Governmental activities | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 105,661 | \$ - | \$ 6,160 | \$ 99,501 | \$ 7,745 |
| Revenue bonds | 65,934 | | 6,135 | 59,799 | 4,778 |
| Special obligation tax increment | 9,450 | | 3,280 | 6,170 | 3,445 |
| Total bonds payable | 181,045 | | 15,575 | 165,470 | 15,968 |
| Notes payable | 2,777 | | 303 | 2,474 | 92 |
| Capital leases | 13,154 | | 3,491 | 9,663 | 2,848 |
| Capital notes | 21,973 | | 1,130 | 20,843 | 1,185 |
| Total bonds and notes payable | 218,949 | | 20,499 | 198,450 | 20,093 |
| Other Long-Term Liabilities: | | | | | |
| Claims and judgments | 42,660 | | 3,021 | 39,639 | 39,639 |
| Compensated absences | 33,634 | 4,560 | 2,924 | 35,270 | 3,527 |
| Net pension obligation | 151,884 | 2,515 | | 154,399 | - |
| Other post employment liability | 169,218 | 34,878 | | 204,096 | - |
| Total other long-term liabilities | 397,396 | 41,953 | 5,945 | 433,404 | 43,166 |
| Governmental activity long-term liabilities before PPBA reclassification | 616,345 | 41,953 | 26,444 | 631,854 | 63,259 |
| PPBA Debt | 363,919 | 69,705 | 100,280 | 333,344 | 25,852 |
| Government activity long-term liabilities | \$ 980,264 | \$ 111,658 | \$ 126,724 | \$ 965,198 | \$ 89,111 |

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

7. LONG-TERM OBLIGATIONS (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|----------------------|------------------|-------------------|-------------------|------------------------|
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds - water | \$ 78,087 | | \$ 3,818 | \$ 74,269 | \$ 4,095 |
| PPBA - CITY | 363,919 | \$ 69,705 | 100,280 | 333,344 | 25,852 |
| Total bonds | <u>442,006</u> | <u>69,705</u> | <u>104,098</u> | <u>407,613</u> | <u>29,947</u> |
| PPBA- net bond premium | 1,788 | 4,892 | 404 | 6,276 | 607 |
| PPBA - PAP Loans* | 136,915 | | 19,113 | 117,802 | - |
| Other post employment liability | 4,053 | 1,332 | | 5,385 | - |
| Business-type activity long-term liabilities | <u>\$ 584,762</u> | <u>\$ 75,929</u> | <u>\$ 123,615</u> | <u>537,076</u> | <u>30,554</u> |
| Less PPBA Eliminations | | | | (457,422) | (26,459) |
| Business-type activity long-term liabilities | | | | <u>\$ 79,654</u> | <u>\$ 4,095</u> |

* - Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements. The \$124,078 difference between business type PPBA eliminations and governmental PPBA eliminations consists of \$117,802 of PAP loans between the City and PPBA and \$6,276 of net bond premium.

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

7. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements for bonds and notes payable at June 30, 2014 were as follows:

| | Governmental Activities | | | PPBA | | | Total Government Entity-Wide | | |
|-----------|-------------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2015 | \$ 15,969 | \$ 7,613 | \$ 23,582 | \$ 25,852 | \$ 16,098 | \$ 41,950 | \$ 41,821 | \$ 23,711 | \$ 65,532 |
| 2016 | 15,822 | 6,898 | 22,720 | 26,343 | 15,085 | 41,428 | 42,165 | 21,983 | 64,148 |
| 2017 | 12,950 | 6,195 | 19,145 | 27,448 | 13,903 | 41,351 | 40,398 | 20,098 | 60,496 |
| 2018 | 13,509 | 5,604 | 19,113 | 27,134 | 12,697 | 39,831 | 40,643 | 18,301 | 58,944 |
| 2019 | 13,128 | 4,983 | 18,111 | 27,629 | 11,387 | 39,016 | 40,757 | 16,370 | 57,127 |
| 2020-2024 | 45,697 | 17,497 | 63,194 | 112,378 | 39,640 | 152,018 | 158,075 | 57,137 | 215,212 |
| 2025-2029 | 37,775 | 6,954 | 44,729 | 86,560 | 15,763 | 102,323 | 124,335 | 22,717 | 147,052 |
| 2030-2034 | 10,620 | 1,013 | 11,633 | - | - | - | 10,620 | 1,013 | 11,633 |
| 2035-2039 | - | - | - | - | - | - | - | - | - |
| 2040-2044 | - | - | - | - | - | - | - | - | - |
| | <u>\$ 165,470</u> | <u>\$ 56,757</u> | <u>\$ 222,227</u> | <u>\$ 333,344</u> | <u>\$ 124,573</u> | <u>\$ 457,917</u> | <u>\$ 498,814</u> | <u>\$ 181,330</u> | <u>\$ 680,144</u> |

| | Business-Type Activities | | | |
|-----------------------------------|--------------------------|-------------------|------------------|------------------|
| | Principal | Forgiveness | Interest | Total |
| 2015 | \$ 29,947 | \$ (307) | \$ 18,105 | \$ 47,745 |
| 2016 | 30,640 | (372) | 17,162 | 47,430 |
| 2017 | 31,006 | (186) | 15,922 | 46,742 |
| 2018 | 30,775 | (189) | 14,635 | 45,221 |
| 2019 | 31,203 | (193) | 13,237 | 44,247 |
| 2020-2024 | 131,479 | (1,002) | 47,473 | 177,950 |
| 2025-2029 | 108,111 | (1,061) | 20,721 | 127,771 |
| 2030-2034 | 12,857 | (915) | 2,117 | 14,059 |
| 2035-2039 | 1,595 | (91) | 24 | 1,528 |
| 2040-2044 | - | - | - | - |
| | <u>407,613</u> | <u>(4,316)</u> | <u>149,396</u> | <u>552,693</u> |
| Less amount representing the PPBA | <u>333,344</u> | <u>-</u> | <u>124,573</u> | <u>457,917</u> |
| | <u>\$ 74,269</u> | <u>\$ (4,316)</u> | <u>\$ 24,823</u> | <u>\$ 94,776</u> |

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

7. LONG-TERM OBLIGATIONS (Continued)

Bonds Payable

Total interest expense paid on general long-term liabilities for the year ended June 30, 2014 was approximately \$20,000.

| | Date of Issue | Amount Issued | Interest Rate | Maturity Date | Balance June 30, 2013 | Additions | Retirements | Balance June 30, 2014 |
|--|------------------|------------------|------------------|------------------|--------------------------|-------------|------------------|--------------------------|
| December 2001- Taxable | 12/1/2007 | \$ 13,000 | 3.00-6.84% | 1/15/2026 | \$ 9,435 | | \$ 485 | \$ 8,950 |
| Judgement Bond | 8/1/2000 | \$ 6,825 | 4.75-5.375% | 8/15/2015 | 1,890 | | 595 | 1,295 |
| Revenue Refunding Bonds 2005 Series A | 3/1/2005 | \$ 67,315 | 3.0-5.0% | 4/1/2029 | 50,950 | | 2,570 | 48,380 |
| GO Refunding Bonds 2004 Series A | 9/16/2004 | \$ 34,395 | 2.5-5.5% | 7/15/2019 | 19,065 | | 2,360 | 16,705 |
| GO Refunding Bonds 2004 Series B | 9/16/2004 | \$ 12,135 | 2.37-5.41% | 7/15/2019 | 6,905 | | 840 | 6,065 |
| Special Obligation Bonds Series E | 6/1/2006 | \$ 24,465 | 4-5% | 6/1/2016 | 9,450 | | 3,280 | 6,170 |
| Refunding Bonds 2010 Series A | 12/21/2010 | \$ 30,545 | 4.625-5% | 6/30/2026 | 30,545 | | 1,830 | 28,715 |
| PRA Taxable Lease Revenue Bonds 2010 Series 1 | 8/27/2010 | \$ 12,600 | 4.15% | 10/15/2018 | 9,612 | | 1,589 | 8,023 |
| PRA Taxable Lease Revenue Bond 2010 Series 1 | 6/30/2011 | \$ 3,145 | 4.90% | 6/30/2021 | 3,045 | | 50 | 2,995 |
| PRA Taxable Lease Revenue Bond 2010 Series 2 | 6/30/2010 | \$ 1,605 | 3.30% | 6/30/2015 | 803 | | 401 | 402 |
| GO Road Bond 2013 Series A | 1/15/2013 | \$ 39,345 | 5.00% | 1/15/2033 | 39,345 | | 1,575 | 37,770 |
| Total governmental activities bonds payable | | | | | \$ 181,045 | \$ - | \$ 15,575 | \$ 165,470 |

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

7. LONG-TERM OBLIGATIONS (Continued)

Bonds Payable (continued)

| | Date of Issue | Amount Issued | Interest Rate | Maturity Date | Balance June 30, 2013 | Additions | Retirements | Balance June 30, 2014 |
|---|---------------|---------------|---------------|---------------|-----------------------|------------------|-------------------|-----------------------|
| Revenue Bonds | | | | | \$ 78,087 | | \$ 3,818 | \$ 74,269 |
| 1995 Series B | 6/1/1995 | \$ 7,500 | 4.70-7.10% | 12/1/2014 | 1,220 | | 1,220 | |
| 1996 Series B | 12/1/1996 | \$ 21,225 | 5.375-6.50% | 12/1/2017 | 6,235 | | 6,235 | |
| 1998 Series A | 5/1/1998 | \$ 28,270 | 3.85-5.10% | 12/1/2018 | 10,620 | | 9,390 | 1,230 |
| 1999 Series A | 7/1/1999 | \$ 39,750 | 4.10-5.5% | 12/1/2019 | 18,605 | | 17,220 | 1,385 |
| 2001 Series A | 12/1/2001 | \$ 9,995 | 3.25-5.125% | 12/1/2021 | 5,805 | | 4,595 | 1,210 |
| 2003 Series A | 3/1/2003 | \$ 31,000 | 2.5-5.0% | 12/1/2023 | 19,745 | | 19,745 | |
| 2003 Series B | 6/1/2003 | \$ 31,000 | 3.0-5.0% | 12/1/2023 | 19,820 | | 19,820 | |
| 2006 Series A | 9/1/2006 | \$ 60,000 | 4.0-5.0% | 5/1/2027 | 48,430 | | 2,475 | 45,955 |
| 2007 Series A | 11/7/2007 | \$ 75,000 | 3.75-5.5% | 5/15/2028 | 64,245 | | 3,000 | 61,245 |
| 2007 Series B | 11/7/2007 | \$ 16,470 | 3.75-5.5% | 5/15/2021 | 10,255 | | 1,120 | 9,135 |
| 2007 Series C | 12/20/2007 | \$ 75,000 | 3.5-5.0% | 5/15/2028 | 63,875 | | 3,030 | 60,845 |
| 2009 Series A | 6/30/2009 | \$ 12,000 | 6.25% | 6/30/2021 | 9,157 | | 1,105 | 8,052 |
| 2009 Series B | 6/30/2009 | \$ 1,000 | 5.01% | 6/30/2014 | 273 | | 273 | |
| 2009 Series A QSCB | 12/30/2009 | \$ 22,320 | 1.92% | 6/15/2025 | 17,880 | | 1,480 | 16,400 |
| 2010 Series 1 | 11/15/2010 | \$ 19,500 | 4.25% | 12/1/2018 | 14,044 | | 2,312 | 11,732 |
| 2011 Series A | 4/28/2011 | \$ 35,000 | 3.0-5.875% | 6/15/2026 | 31,765 | | 1,810 | 29,955 |
| 2010 Series A QSCB | 12/7/2010 | \$ 12,280 | 2.51% | 5/15/2029 | 12,280 | | | 12,280 |
| 2010 Series B QSCB | 12/7/2010 | \$ 9,665 | 2.51% | 5/15/2029 | 9,665 | | | 9,665 |
| 2013 Series A | 11/19/2013 | \$ 69,705 | 3.0-5.0% | 5/15/2024 | | 69,705 | 5,450 | 64,255 |
| Total business-type activities bonds payable | | | | | \$ 442,006 | \$ 69,705 | \$ 104,098 | \$ 407,613 |

Capital Notes

| | Date of Issue | Amount Issued | Interest Rate | Maturity Date | Balance June 30, 2013 | Additions | Retirement | Balance June 30, 2014 |
|--|---------------|---------------|---------------|---------------|-----------------------|-----------|------------|-----------------------|
| | 5/1/2003 | \$ 20,820 | 1.70 - 4.25% | 2024 | \$ 15,115 | \$ 1,130 | \$ 13,985 | |
| | 5/1/2006 | \$ 6,858 | 5.34 - 5.56% | 2036 | 6,858 | - | 6,858 | |
| | | | | | \$ 21,973 | \$ - | \$ 1,130 | \$ 20,843 |

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

7. LONG-TERM OBLIGATIONS (Continued)

Notes Payable

At June 30, 2014, the City had notes outstanding relating to planning and development activities. These notes included \$2,474 of Section 108 loans payable through 2032 with interest rates ranging from .2% to 7.18%; \$303 was paid in 2014.

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, 2013 are as follows:

| | City | |
|-----------|------------|------------|
| | Principal | Interest |
| 2015 | \$ 25,852 | \$ 16,098 |
| 2016 | 26,343 | 15,085 |
| 2017 | 27,448 | 13,903 |
| 2018 | 27,134 | 12,697 |
| 2019 | 27,629 | 11,387 |
| 2020-2024 | 112,378 | 39,640 |
| 2025-2029 | 86,560 | 15,763 |
| | <hr/> | |
| | \$ 333,344 | \$ 124,573 |

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 \$0.01 per hundred gallons 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 \$39.1 million and the current 3% debt limit of the City is \$323.2 million based on taxable property as of December 31, 2013, of approximately \$10.8 billion, leaving a remaining borrowing capacity of approximately \$284.1 million.

The State of Rhode Island General Assembly (General Assembly) may, by special act permit the City to incur indebtedness outside the 3% debt limit. Bonds issued either within the 3% debt limit or by special legislation adopted by the General Assembly authorizing the City to incur debt are subject to referendum by the electors of the City. On June 30, 2014, the total outstanding debt of the City issued outside the 3% debt limit was \$60.4 million, excluding water bonds and sewer bonds which are deemed self-supporting.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

7. LONG-TERM OBLIGATIONS (Continued)

Debt Limit (Continued)

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.

Bond Anticipation Notes

The City had no bond anticipation transactions for the fiscal year ended June 30, 2014.

8. LEASE COMMITMENT

Property and equipment carried at approximately \$98,000 with approximately \$97,000 in accumulated depreciation, in the governmental activities is being acquired under capital lease arrangements.

The City is obligated under various capital and operating leases to make the following aggregate annual lease payments (in thousands): Lease expenditures approximated \$2,030 for fiscal year ended June 30, 2014.

| | <u>Operating</u> | <u>Capital</u> |
|-----------------------------------|------------------|-----------------|
| 2015 | \$ 2,030 | \$ 3,136 |
| 2016 | 2,030 | 2,369 |
| 2017 | 2,030 | 2,412 |
| 2018 | | 2,458 |
| | <u>\$ 6,090</u> | <u>10,375</u> |
| Less: Interest | | 696 |
| Present Value of minimum payments | | <u>\$ 9,679</u> |

Sale-Leaseback

During fiscal year 2010, the City entered into a sale-leaseback transaction involving certain streetlights within the City. The transaction resulted in the City receiving \$14.5 million in payments and committing to a future stream of lease payments.

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.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

9. RESTRICTED ASSETS AND RELATED LIABILITIES (Continued)

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 following non-major fund had a deficit as of June 30, 2014:

Governmental:

Federal funds \$ 49

This deficit is expected to be eliminated through transfers from the City's general fund and from other revenue sources.

As stated in Note 1, Fund Balance may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned. Committed Fund Balance represents that amount of fund balance which can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. The City's Council is considered to be the highest level of decision making authority. In accordance with the City Charter, the Council votes on the annual budget and on any resolutions proposed by the Committees. The passage of the Council's annual budget and proposed resolutions may result in the commitment of fund balance.

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.

At June 30, 2014 Non-Spendable Fund Balance consisted of the following:

| | |
|------------------|------------------|
| Loans receivable | \$ 18,482 |
| Trust agreements | 288 |
| | <u>\$ 18,770</u> |

At June 30, 2014 Restricted Fund Balance consisted of the following:

| | |
|-------------------------------------|------------------|
| Public lands and parks | 1,423 |
| Law enforcement and fire prevention | 908 |
| Education | 2,372 |
| Federal programs | 14,512 |
| Trust agreements | 16,519 |
| Various future capital projects | 15,644 |
| Total Restricted Fund Balance | <u>\$ 51,378</u> |

At June 30, 2014 Committed Fund Balance consisted of the following:

| | |
|--|-----------------|
| Committed for various capital projects | \$ 9,080 |
| Committed for public lands and parks | 450 |
| Total Committed Fund Balance | <u>\$ 9,530</u> |

The Water Supply Board has restricted net position of \$18 million at June 30, 2014. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

11. *GASB – 67 FINANCIAL REPORTING FOR PENSION PLANS*

The City has adopted GASB Statement No. 67, Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25. The Statement enhances the City's footnote disclosures and expands the Required Supplemental Information (RSI) data with new schedules. It was issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statement No. 67 that is not discussed as part of the information disclosed in Note 12.

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 System is not included in the basic financial statements.

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

• Plan Description and Contribution Information

Membership of the ERS plan consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

| | |
|---|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 3,094 |
| Inactive employees entitled to but not yet receiving benefits | 407 |
| Active employees | <u>2,998</u> |
| Total | <u>6,499</u> |

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.

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's contributions to the ERS for the years ended June 30, 2014, 2013 and 2012 were \$62,140, \$58,145, and \$48,454, respectively.

CITY OF PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

11. GASB – 67 FINANCIAL REPORTING FOR PENSION PLANS (Continued)

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

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."

| Asset Class | Target Allocation |
|---------------------------|-------------------|
| Equities | 79% |
| Fixed Income | 18% |
| Cash and Cash Equivalents | 3% |
| Total | 100% |

Net Pension Liability

The components of the net pension liability of the Retirement System at June 30, 2014 were as follows:

| | | |
|--|----|--------|
| Total fiduciary net position | \$ | 1,230 |
| Plan fiduciary net position | \$ | 358 |
| City's net position liability | \$ | 873 |
| Plan fiduciary net position as a percentage of the total pension liability | | 29.08% |

Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|---|
| Valuation Date | 1-Jul-13 |
| Actuarial cost method | Individual entry age method |
| Amortization cost method | Approximate level percent of payroll-open |
| Remaining amortization period | 27 years |
| Asset valuation method | 5-year smoothed market value |
| | Actuarial assumptions: |
| Investment rate of return | 8.25% |
| Inflation rate | 3.5% (formerly 3%) |
| Projected salary increases | 3.50% |
| Cost of living adjustments | No COLA for next 9 years, 3% thereafter |

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

11. GASB – 67 FINANCIAL REPORTING FOR PENSION PLANS (Continued)

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

Mortality rates for healthy retirees were based on RP-2000 Combined Healthy Mortality Table projected 21 years with Scale AA from 2000 for Class A employees and RP-2000 Combined Healthy Blue Collar Mortality Table projected 21 years with Scale AA from 2000 for Class B employees. Disabled retiree mortality rates were based on RP-2000 Combined Healthy Mortality Table set forward 3 years.

The long-term expected rate of return on pension plan investments was determined using a building-block system in which best—estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|--------------------------------------|---|
| Domestic equity | 6.6% |
| Core fixed income | 2.2% |
| High yield fixed income | 4.7% |
| Short-term governmental money market | 1.8% |

Discount Rate: The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the City of Providence's contributions will be made at the actuarially determined contribution rates. 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 of the Retirement System, calculated using the discount rate of 8.25%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

| | 1% Decrease (7.25%) | Current Discount (8.25%) | 1% Increase (9.25%) |
|-----------------------|------------------------|--------------------------------|------------------------|
| Net pension liability | \$ 1,001,927 | \$ 872,577 | \$ 763,951 |

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

11. *GASB – 67 FINANCIAL REPORTING FOR PENSION PLANS (Continued)*

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

Funded Status of Plan

The required supplementary information, which follows the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the ERS with a valuation date of June 30, 2012, which is the most recent report available.

| | | |
|---|----|-----------|
| Actuarial value of assets | \$ | 380,484 |
| Actuarial accrued liability | \$ | 1,212,008 |
| Unfunded (excess) actuarial accrued liability | \$ | 831,524 |
| Funded ratio | | 31.39% |
| Annual covered payroll | \$ | 139,893 |
| UAAL (excess) as a percentage of payroll | | 594.40% |

Annual Pension Cost and Net Pension Obligation (NPO)

The City's annual pension cost and net pension obligation to ERS for the current and two preceding years were as follows:

| | FY 2014 | FY 2013 | FY 2012 |
|---|------------|------------|------------|
| Annual required contribution | \$ 61,615 | \$ 58,145 | \$ 58,929 |
| Interest on NPO | 12,530 | 12,332 | 11,229 |
| Amortization of NPO | (9,490) | (9,926) | (8,341) |
| Annual pension cost | 64,655 | 60,551 | 61,817 |
| Contributions made | (62,140) | (58,145) | (48,454) |
| Increase in net pension obligation | 2,515 | 2,406 | 13,363 |
| Net pension obligation, beginning of year | 151,884 | 149,478 | 136,115 |
| Net pension obligation, end of year | \$ 154,399 | \$ 151,884 | \$ 149,478 |
| Percentage of annual pension cost contributed | 96.11% | 96.03% | 78.38% |

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

12. *EMPLOYEE RETIREMENT SYSTEM (ERS) – DEFINED BENEFIT PLAN*

Effective July 1, 2012, the State administered retirement system which covers local teachers and certain municipal employees was modified to include both defined benefit and defined contribution plan components.

Plan Description

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the City's school system must participate in ERS, a cost-sharing multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the "System"). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

12. **EMPLOYEE RETIREMENT SYSTEM (ERS) – DEFINED BENEFIT PLAN (Continued)**

Funding Policy

The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The City and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the City with the exception of teachers who work in federally funded programs where 100% is paid by the City and reimbursed by the federal government. For fiscal 2014, the total employer rate was 20.68% (8.42% State share and 12.26% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .24% for fiscal 2014.

(b) Employees Retirement System of the State of Rhode Island (Continued)

The City contributed approximately \$17.4 million, \$16.2 million, and \$17.9 million during the fiscal years 2014, 2013 and 2012, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of contributions are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined benefit plan for the fiscal year ended June 30, 2014 amounted to approximately \$12 million.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org

Teachers Defined Contribution Pension Plan

Plan Description

Employees participating in the defined benefit plan(s), as described above, also participate in a defined contribution plan of the Employees' Retirement System as 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 and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. 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.

Plan Funding Policy

The funding policy is outlined in RIGL chapter 36-1.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 5% of his or her compensation and the City is required to contribute 1%. The plan members and the City contributed approximately \$7.5 million and \$1,507, respectively, during the fiscal year ended June 30, 2014.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org

Although the City is required to contribute 1% towards the plan for certified teachers, the City receives reimbursement from the State of Rhode Island for 0.4% of 1% of the required contributions. For financial reporting purposes, the State's share of the contribution is reflected as on-behalf payments and is included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined contribution plan for the fiscal year ended June 30, 2014 amounted to approximately \$600.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

12. EMPLOYEE RETIREMENT SYSTEM (Continued)

(c) Other City Pension Costs

The City is required to make contributions to the National Pension Plan of the Laborers' International Union of North America, a multi-employer plan. The pension cost charged to the general fund for these purposes amounted to \$4 million for the year ended June 30, 2014.

13. POSTEMPLOYMENT BENEFITS

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 were paid to approximately 4,139 retired participants and spouses during the fiscal year ended June 30, 2014 and are paid substantially on a pay as you go basis. 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.

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. For fiscal year 2014 the City contributed approximately \$29,620 to the health insurance program on behalf of retirees. Plan members contributed approximately \$2,745 or 9.3% of the total contributed. 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.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the provisions of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (amounts in thousands):

| | |
|---|------------|
| Annual contribution | \$ 65,210 |
| Interest on net OPEB obligation | 6,931 |
| Adjustment to annual required contributions | (6,311) |
| Annual OPEB cost (expense) | 65,830 |
| Contributions made | 29,620 |
| Increase in net OPEB obligation | 36,210 |
| Net OPEB obligation - beginning of year | 173,271 |
| Net OPEB obligation - end of year | \$ 209,481 |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows (dollar amounts in thousands):

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

13. POSTEMPLOYMENT BENEFITS (Continued)

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 6/30/2014 | \$ 65,830 | 45% | \$ 209,481 |
| 6/30/2013 | \$ 74,246 | 48.72% | \$ 173,271 |
| 6/30/2012 | \$ 70,635 | 47.91% | \$ 135,200 |

Funding Status and Schedule of Funding Progress

The unfunded actuarial accrued liability was determined using the level dollar thirty year open amortization basis.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c) |
|--------------------------|-------------------------------|---------------------------------------|-----------------------------|----------------------|---------------------|---|
| 7/1/2013 | \$ - | \$ 1,032,887 | \$ 1,032,887 | 0.00% | \$ 267,341 | 386.36% |
| 7/1/2012 | \$ - | \$ 1,190,552 | \$ 1,190,552 | 0.00% | \$ 260,546 | 456.95% |
| 7/1/2011 | \$ - | \$ 1,149,115 | \$ 1,149,115 | 0.00% | \$ 266,731 | 430.81% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of the benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after five years. Both rates included a 3.5% inflation assumption (formerly 4.5%). The actuarial value of the assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at July 1, 2012, was 30 years.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

14. 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 \$18 million as of June 30, 2014.

15. 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 2015 and 2028. 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 5 and 7).

16. 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 \$1million 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.

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 reasonable 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, 2014 and June 30, 2013 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.

| | 2014 | 2013 |
|---|------------------|-----------------|
| Beginning of year | \$42,660 | \$41,261 |
| Incurred claims | 100,900 | 99,443 |
| Less: payments of claims attributable to events of both the current and prior fiscal years: | | |
| Health, legal and workers' compensation..... | <u>103,921</u> | <u>98,044</u> |
| Total | <u>\$ 39,639</u> | <u>\$42,660</u> |
| Legal claims | \$29,188 | \$33,154 |
| Health - IBNR..... | 6,154 | 5,631 |
| Workers' compensation..... | <u>4,297</u> | <u>3,875</u> |
| Total..... | <u>\$ 39,639</u> | <u>\$42,660</u> |

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

17. RESTATEMENT

The net position of the Governmental Activities has been restated as of June 30, 2013 to reflect the implementation of GASB Statement #65 – *Items Previously Reported as Assets and Liabilities*. Implementation of this new Standard resulted in the removal of bond issuance costs as an asset from the Statement of Net Position (formerly the Statement of Net Assets). Under GASB Statement #65 bond issuance costs, are to be recorded as an expense in the year the costs are incurred rather than amortizing those costs over the life of the bond obligation. As a result, the unamortized bond issuance costs as of June 30, 2013, have been retroactively removed from the opening net position balance. The following reflects the effect of implementation of GASB Statement #65:

| | |
|--|---------------------|
| Governmental activities | |
| Net Position, June 30, 2013 as originally stated | \$ (146,313) |
| Less write off of bond issuance costs, net | (2,652) |
| Net Position, June 30, 2013 as restated | <u>\$ (148,965)</u> |
| Business-type activities | |
| Net Position, June 30, 2013 as originally stated | \$ 258,725 |
| Less write-off of bond issuance costs, net | (741) |
| Net Position, June 30, 2013 as restated | <u>\$ 257,984</u> |

18. SUBSEQUENT EVENT

Subsequent to fiscal year 2014, the City of Providence completed a \$23,765 General Obligation Refunding transaction:

\$17,480 General Obligation Refunding Bonds Series 2014A (Tax Exempt)
\$ 6,285 General Obligation Refunding Bonds Series 2014B (Federally Taxable)

Series 2014A refunded Series 2000 bonds in the amount of \$1,295 and refunded Series 2004A bonds in the amount of \$16,705. As of the date of closing, the series 2000 and Series 2004A bonds were escrowed in the redemption dated July 15, 2014. As of July 15, 2014, there are no series 2000 or Series 2004A bonds outstanding.

Series 2014B (Federally Taxable) refunded Series 2004B (Federally Taxable) bonds in the amount of \$6,065. As of the date of closing, the Series 2004B bonds were escrowed to the redemption date of July 15, 2014. As of July 15, 2014, there are no Series 2004B bonds outstanding.

In total, the \$23,765 Series 2014A and Series 2014B (Federally Taxable) refunding bonds refunded Series 2000, 2004A, and 2004B in the amount of \$24,065.

CITY OF PROVIDENCE

REQUIRED SUPPLEMENTARY INFORMATION

4

4

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 General Fund Revenues and Expenditures-Budgetary Basis
 Budget and Actual
 For the Year Ended June 30, 2014 (In thousands)

| Revenues and Transfers | Budgeted Amounts | | Actual | Variance With Final Budget Positive/ (Negative) |
|---------------------------------------|------------------|----------------|----------------|--|
| | Original | Final | | |
| Tax revenues: | | | | |
| Property taxes | \$ 326,058 | \$ 326,058 | \$ 325,803 | \$ (255) |
| Interest on overdue taxes | 5,500 | 5,500 | 4,646 | (854) |
| | <u>331,558</u> | <u>331,558</u> | <u>330,449</u> | <u>(1,109)</u> |
| Payments in lieu of taxes | 22,846 | 22,846 | 27,110 | 4,264 |
| Tax stabilization plans | 5,222 | 5,222 | 5,222 | - |
| State revenue | 38,737 | 38,737 | 35,110 | (3,627) |
| Fines | 7,300 | 7,300 | 6,066 | (1,234) |
| Rents | 20 | 20 | - | (20) |
| Investment interest | 25 | 25 | 1 | (24) |
| Miscellaneous | 200 | 200 | 30 | (170) |
| | <u>74,350</u> | <u>74,350</u> | <u>73,539</u> | <u>(811)</u> |
| Executive, legislative, and judicial: | | | | |
| Law Department | - | - | 11 | 11 |
| City clerk | - | - | 12 | 12 |
| Probate court | 169 | 169 | 144 | (25) |
| Housing court | 25 | 25 | 34 | 9 |
| | <u>194</u> | <u>194</u> | <u>201</u> | <u>7</u> |
| Finance: | | | | |
| City collector | 650 | 650 | 576 | (74) |
| City controller | - | - | 8 | 8 |
| City assessor | - | - | 1 | 1 |
| Personnel | - | - | 1 | 1 |
| | <u>650</u> | <u>650</u> | <u>586</u> | <u>(64)</u> |
| Public safety: | | | | |
| Commissioner of public safety | 58 | 58 | 82 | 24 |
| Police department | 1,060 | 1,060 | 469 | (591) |
| Fire department | 780 | 780 | 694 | (86) |
| Communications | 694 | 694 | 627 | (67) |
| Traffic engineering | 2,813 | 2,813 | 2,716 | (97) |
| | <u>5,405</u> | <u>5,405</u> | <u>4,588</u> | <u>(817)</u> |
| Building inspection department: | | | | |
| Building inspection administration | 4,579 | 4,579 | 4,036 | (543) |
| Zoning board of review | 56 | 56 | 53 | (3) |
| Building board of review | 6 | 6 | 7 | 1 |
| | <u>4,641</u> | <u>4,641</u> | <u>4,096</u> | <u>(545)</u> |

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 General Fund Revenues and Expenditures-Budgetary Basis
 Budget and Actual, Continued
 For the Year Ended June 30, 2014 (In thousands)

| Revenues and Transfers | Budgeted Amounts | | Actual | Variance With Final Budget Positive/ (Negative) |
|---------------------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | | |
| Public works: | | | | |
| Environmental control | 2 | 2 | 7 | 5 |
| Highway | 186 | 186 | 1,302 | 1,116 |
| Sewer construction and maintenance | 9 | 9 | 7 | (2) |
| | <u>197</u> | <u>197</u> | <u>1,316</u> | <u>1,119</u> |
| Public lands and parks: | | | | |
| Recreation | - | - | 40 | 40 |
| North Burial Ground | - | - | 247 | 247 |
| | <u>-</u> | <u>-</u> | <u>287</u> | <u>287</u> |
| Other departments: | | | | |
| Recorder of deeds | 2,479 | 2,479 | 2,460 | (19) |
| Vital statistics | 313 | 313 | 338 | 25 |
| Bureau of licenses | 1,563 | 1,563 | 1,453 | (110) |
| Emergency Management | 150 | 150 | 207 | 57 |
| WSB reimbursement | 889 | 889 | 839 | (50) |
| WSB medical reimbursement | 398 | 398 | - | (398) |
| JTPA/planning reimbursement | 100 | 100 | - | (100) |
| Room tax | 1,818 | 1,818 | 1,615 | (203) |
| Meals and beverage tax | 4,702 | 4,702 | 4,744 | 42 |
| Tax stabilization | - | - | 234 | 234 |
| Blue Cross reimbursement | 750 | 750 | 2 | (748) |
| Planning and urban development | 2,198 | 2,198 | 3 | (2,195) |
| Arts, Culture, Film & Tourism | 99 | 99 | 127 | 28 |
| Providence Place Mall | 300 | 300 | 300 | - |
| Voluntary payments in lieu of taxes | 8,273 | 8,273 | 9,230 | 957 |
| D P reimburse school department | 1,010 | 1,010 | 1,010 | - |
| Human Service | 336 | 336 | - | (336) |
| | <u>25,378</u> | <u>25,378</u> | <u>22,562</u> | <u>(2,816)</u> |
| Public Properties | <u>128</u> | <u>128</u> | <u>321</u> | <u>193</u> |
| Transfers: | | | | |
| Transfer from rescue runs | 4,455 | 4,455 | 3,524 | (931) |
| Transfer from police/fire detail fund | 1,700 | 1,700 | 2,015 | 315 |
| Transfer from Road Bond Fund | 250 | 250 | 60 | (190) |
| Transfer from School Department | - | - | 849 | 849 |
| Transfers from North Burial Ground | 600 | 600 | 350 | (250) |
| Transfer from Other funds | - | - | 588 | 588 |
| | <u>7,005</u> | <u>7,005</u> | <u>7,386</u> | <u>381</u> |
| Total | \$ 449,506 | \$ 449,506 | \$ 445,331 | \$ (4,175) |

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 General Fund Revenues and Expenditures-Budgetary Basis
 Budget and Actual, Continued
 For the Year Ended June 30, 2014 (in thousands)

| Expenditures and Transfers | Budgeted Amounts | | Actual | variance with Final Budget Positive/ (Negative) |
|--|------------------|----------------|----------------|--|
| | Original | Final | | |
| Executive, legislative and judicial: | | | | |
| Mayor's office | \$ 2,487 | \$ 2,487 | \$ 2,342 | \$ 145 |
| City Council | 1,075 | 1,075 | 925 | 150 |
| City sergeant | 71 | 71 | 71 | - |
| City clerk | 823 | 823 | 659 | 164 |
| Law department | 3,973 | 3,973 | 2,937 | 1,036 |
| Municipal court | 1,998 | 1,998 | 1,970 | 28 |
| Probate court | 402 | 402 | 405 | (3) |
| Housing court | 407 | 407 | 391 | 16 |
| Contingencies-Mayor | 99 | 99 | 116 | (17) |
| | <u>11,335</u> | <u>11,335</u> | <u>9,816</u> | <u>1,519</u> |
| Finance: | | | | |
| Finance Director | 576 | 576 | 492 | 84 |
| City controller | 1,225 | 1,225 | 1,128 | 97 |
| Employees retirement office | 371 | 371 | 436 | (65) |
| Data processing | 2,580 | 2,580 | 2,386 | 194 |
| City collector | 2,124 | 2,124 | 2,401 | (277) |
| City assessor | 1,602 | 1,602 | 1,677 | (75) |
| Board of tax assessment review | 14 | 14 | 15 | (1) |
| Treasury department | 488 | 488 | 470 | 18 |
| Personnel | 1,587 | 1,587 | 1,628 | (41) |
| Heat, light and power | 6,200 | 6,200 | 6,967 | (767) |
| Debt service | 66,446 | 66,446 | 62,473 | 3,973 |
| Employee Death Benefit | 200 | 200 | 212 | (12) |
| Workers compensation | 1,792 | 1,792 | 1,925 | (133) |
| Unemployment compensation | 215 | 215 | 166 | 49 |
| Reserve for anticipated tax abatements | - | - | 54 | (54) |
| Elected officials pension contribution | 125 | 125 | - | 125 |
| | <u>85,545</u> | <u>85,545</u> | <u>82,430</u> | <u>3,115</u> |
| Public safety: | | | | |
| Commissioner of public safety | 1,658 | 1,658 | 1,574 | 84 |
| Police department | 65,471 | 65,471 | 64,763 | 708 |
| Fire department | 67,775 | 67,775 | 69,490 | (1,715) |
| Communications department | 8,759 | 8,759 | 8,638 | 121 |
| Traffic Engineering | 1,083 | 1,083 | 1,198 | (115) |
| | <u>144,746</u> | <u>144,746</u> | <u>145,663</u> | <u>(917)</u> |

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 General Fund Revenues and Expenditures-Budgetary Basis
 Budget and Actual, Continued
 For the Year Ended June 30, 2014 (In thousands)

| Expenditures and Transfers | Budgeted Amounts | | Actual | Variance with Final Budget Positive/ (Negative) |
|---|------------------|---------------|---------------|--|
| | Original | Final | | |
| Building inspection department: | | | | |
| Building inspection administration | 1,525 | 1,525 | 1,447 | 78 |
| Structures and zoning division | 1,406 | 1,406 | 1,186 | 220 |
| Plumbing, drainage, and gas piping division | 226 | 226 | 306 | (80) |
| Electrical installations division | 243 | 243 | 272 | (29) |
| Mechanical equipment and installation division | 304 | 304 | 88 | 216 |
| Zoning board of review | 17 | 17 | 20 | (3) |
| Building and housing board of review | 14 | 14 | 12 | 2 |
| Building inspection code enforcement | 395 | 395 | 544 | (149) |
| Building inspection prosecution | 187 | 187 | 221 | (34) |
| | <u>4,317</u> | <u>4,317</u> | <u>4,096</u> | <u>221</u> |
| Public works: | | | | |
| Public works administration | 711 | 711 | 737 | (26) |
| Engineering and sanitation | 714 | 714 | 546 | 168 |
| Environmental control | 8,663 | 8,663 | 9,543 | (880) |
| Highway | 4,035 | 4,035 | 4,964 | (929) |
| Snow removal | 1,816 | 1,816 | 1,451 | 365 |
| Sewer construction and maintenance | 743 | 743 | 796 | (53) |
| Garage maintenance and equipment repair | 861 | 861 | 767 | 94 |
| | <u>17,543</u> | <u>17,543</u> | <u>18,804</u> | <u>(1,261)</u> |
| Recreation: | | | | |
| Recreation seasonal | 703 | 703 | 710 | (7) |
| | <u>703</u> | <u>703</u> | <u>710</u> | <u>(7)</u> |
| Public lands and parks: | | | | |
| Grounds maintenance services | 5,265 | 5,265 | 5,267 | (2) |
| Forestry services | 1,081 | 1,081 | 962 | 119 |
| Zoological services | 2,797 | 2,797 | 2,845 | (48) |
| Park environmental services (Greenhouse) | 533 | 533 | 557 | (24) |
| Park programming (Roger Williams Park) | 1,871 | 1,871 | 1,825 | 46 |
| Superintendent of parks | 1,044 | 1,044 | 1,137 | (93) |
| North Burial Grounds | 717 | 717 | 642 | 75 |
| | <u>13,308</u> | <u>13,308</u> | <u>13,235</u> | <u>73</u> |
| Other departments: | | | | |
| Recorder of deeds | 501 | 501 | 486 | 15 |
| Vital statistics | 323 | 323 | 306 | 17 |
| Board of canvassers | 528 | 528 | 542 | (14) |
| Bureau of licenses | 698 | 698 | 696 | 2 |

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 General Fund Revenues and Expenditures-Budgetary Basis
 Budget and Actual, Continued
 For the Year Ended June 30, 2014 (in thousands)

| Expenditures and Transfers | Budgeted Amounts | | Actual | variance with Final Budget Positive/ (Negative) |
|---|------------------|------------|------------|--|
| | Original | Final | | |
| Other departments, Continued: | | | | |
| Emergency Management | 877 | 877 | 855 | 22 |
| Planning and urban development | 5,387 | 5,387 | 3,513 | 1,874 |
| Administration to City Council | 880 | 880 | 798 | 82 |
| Internal auditor | 330 | 330 | 305 | 25 |
| Archives | 253 | 253 | 235 | 18 |
| Human relations commission | 71 | 71 | 64 | 7 |
| Department of human services | 504 | 504 | 260 | 244 |
| Office of Arts, Culture, Film & Tourism | 624 | 624 | 661 | (37) |
| Office of parking administration | 339 | 339 | 396 | (57) |
| Providence Housing Authority | 10 | 10 | 8 | 2 |
| League of Cities | 12 | 12 | 12 | - |
| Ceremonies | 9 | 9 | 4 | 5 |
| P.E.R.A. | 74 | 74 | 62 | 12 |
| | 11,420 | 11,420 | 9,203 | 2,217 |
| Grants: | | | | |
| Providence Public Library | 3,624 | 3,624 | 3,624 | - |
| Community centers | 243 | 243 | 228 | 15 |
| Crossroads | 109 | 109 | 109 | - |
| P.A.S.A | 250 | 250 | 250 | - |
| Institute of Non-Violence | 73 | 73 | - | 73 |
| Grants (Transfer to Mary Sharpe) | 22 | 22 | 22 | - |
| Grant Expenditure | - | - | - | - |
| | 4,321 | 4,321 | 4,233 | 88 |
| Public properties | 6,395 | 6,395 | 6,649 | (254) |
| Transfers: | | | | |
| Transfers to School Department | 124,897 | 124,897 | 124,897 | - |
| Transfer to Active Medical | - | - | 1,509 | (1,509) |
| Transfer to Retiree Benefits | 21,093 | 21,093 | 23,048 | (1,955) |
| Deficit Reduction | 3,883 | 3,883 | - | 3,883 |
| | 149,873 | 149,873 | 149,454 | 419 |
| Total | \$ 449,506 | \$ 449,506 | \$ 444,293 | \$ 5,213 |

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues and Expenditures-Budget and Actual-
 School Fund
 For the Year Ended June 30, 2014 (In thousands)

| | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|---|------------------|----------------|----------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Federal and state revenue | \$ 210,538 | \$ 210,538 | \$ 211,556 | \$ 1,018 |
| Other revenue | 1,985 | 1,985 | 1,277 | (708) |
| Transfers from other funds | 124,897 | 124,897 | 124,897 | - |
| Master lease proceeds | | | | - |
| Total revenues | 337,420 | 337,420 | 337,730 | 310 |
| Expenditures: | | | | |
| Education | 337,420 | 337,420 | 336,881 | 539 |
| Transfer to other funds | | | 849 | (849) |
| Total expenses | 337,420 | 337,420 | 337,730 | (310) |
| Excess revenue over expenditures | \$ - | \$ - | \$ - | \$ - |

CITY OF PROVIDENCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Schedules of Revenues and Expenditures - Budget and Actual – General and School Funds

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.

The difference between the amounts shown in the accompanying schedules and those shown in the basic financial statements relate solely to reclassifications made between revenues and expenditures as presented below (in thousands):

| | General Fund | School Fund |
|--|-------------------|-------------------|
| Total budgetary revenues and transfers per schedule | \$ 445,331 | \$ 337,730 |
| Reclassification of: | | |
| On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System | | 12,038 |
| Revenue from various other special revenue funds combined with General Fund per GASB 54 requirements | 7,221 | |
| Total revenues and transfers per financial statements | <u>\$ 452,552</u> | <u>\$ 349,768</u> |
| Total budgetary expenditures and transfers per schedule | \$ 444,293 | \$ 337,730 |
| Reclassification of: | | |
| On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System | | 12,038 |
| Expenses and transfers of various other special revenue funds combined with General Fund per GASB 54 requirements | 7,104 | |
| Total expenditures and transfers per financial statements | <u>\$ 451,397</u> | <u>\$ 349,768</u> |

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION – FUNDING PROGRESS
JUNE 30, 2014

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest valuation follows:

Pension

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

| Actuarial Valuation Date June 30 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--|--|--|------------------------------------|--------------------------|---------------------------|---|
| 2004 | \$ 372,128 | \$ 1,025,345 | \$ 653,217 | 36.29% | \$ 115,548 | 565.32% |
| 2005 | \$ 376,690 | \$ 993,029 | \$ 616,339 | 37.93% | \$ 118,600 | 519.68% |
| 2006 | \$ 393,768 | \$ 1,052,805 | \$ 659,036 | 37.40% | \$ 126,458 | 521.15% |
| 2007 | \$ 426,055 | \$ 1,079,017 | \$ 652,962 | 39.49% | \$ 132,719 | 491.99% |
| 2008 | \$ 449,464 | \$ 1,165,183 | \$ 715,719 | 38.57% | \$ 133,008 | 538.10% |
| 2009 | \$ 405,217 | \$ 1,210,018 | \$ 804,801 | 33.49% | \$ 135,516 | 593.88% |
| 2010 | \$ 427,891 | \$ 1,256,375 | \$ 828,484 | 34.06% | \$ 137,355 | 603.17% |
| 2011 | \$ 421,963 | \$ 1,325,274 | \$ 903,311 | 31.84% | \$ 135,474 | 666.78% |
| 2012 | \$ 383,881 | \$ 1,142,494 | \$ 758,613 | 33.60% | \$ 131,946 | 574.94% |
| 2013 | \$ 380,484 | \$ 1,212,008 | \$ 831,524 | 31.39% | \$ 139,893 | 594.40% |

SCHEDULE OF CONTRIBUTIONS FROM THE CITY

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|--------------------------|------------------------------------|---------------------------|
| 2005 | \$ 49,329 | 92.15% |
| 2006 | \$ 51,454 | 96.22% |
| 2007 | \$ 50,584 | 100.20% |
| 2008 | \$ 54,200 | 100.00% |
| 2009 | \$ 48,509 | 99.80% |
| 2010 | \$ 51,299 | 97.66% |
| 2011 | \$ 56,380 | 100.00% |
| 2012 | \$ 58,924 | 82.23% |
| 2013 | \$ 58,145 | 100.00% |
| 2014 | \$ 62,140 | 100.85% |

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION – FUNDING STATUS
JUNE 30, 2014

Other Post-Employment Benefits

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c) |
|--------------------------------|--|---|--------------------------------------|----------------------------|---------------------------|---|
| 7/1/2013 | \$ - | \$ 1,032,887 | \$ 1,032,887 | 0.00% | \$ 267,341 | 386.36% |
| 7/1/2012 | \$ - | \$ 1,190,552 | \$ 1,190,552 | 0.00% | \$ 260,546 | 456.95% |
| 7/1/2011 | \$ - | \$ 1,149,115 | \$ 1,149,115 | 0.00% | \$ 266,731 | 430.81% |
| 7/1/2010 | \$ 1,040 | \$ 1,212,615 | \$ 1,211,575 | 0.09% | \$ 267,593 | 452.77% |
| 7/1/2009 | \$ 1,040 | \$ 1,498,491 | \$ 1,497,451 | 0.07% | \$ 268,871 | 556.94% |
| 7/1/2008 | \$ 1,035 | \$ 593,903 | \$ 592,868 | 0.17% | \$ 274,827 | 215.72% |
| 7/1/2007 | \$ - | \$ 542,413 | \$ 542,413 | 0.00% | \$ 256,157 | 211.75% |

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2014

| | 2014 |
|---|---------------------|
| Total Pension Liability | |
| Service cost | \$ 18,844 |
| Interest | 96,007 |
| Changes of benefit plans | -- |
| Differences between expected and actual experience | -- |
| Changes of assumptions | -- |
| Benefit payments, including refunds of member contributions | (96,570) |
| Net Change in Total Pension Liability | 18,281 |
| Total Pension Liability - Beginning | 1,212,008 |
| Total Pension Liability - Ending (a) | <u>\$ 1,230,289</u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | \$ 62,140 |
| Contributions - member | 10,873 |
| Net Investment income | 47,003 |
| Benefit payments, including refunds of member contributions | (96,570) |
| Administrative expense | (1,519) |
| Net Change in Plan Fiduciary Net Position | 21,927 |
| Plan Fiduciary Net Position - Beginning | 335,785 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 357,712</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 872,577</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 29.08% |
| Covered Employee Payroll | \$ 139,893 |
| Net Pension Liability as a Percentage of Covered-Employee Payroll | 623.75% |

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2014

| | |
|---|---------------|
| | 2014 |
| Actuarially determined contribution | \$ 61,615 |
| Contributions in relation to the actuarially determined contribution | <u>62,140</u> |
| Contribution deficiency (excess)* | \$ (525) |
| Covered-employee payroll | \$ 139,893 |
| Contributions as a percentage of covered-employee payroll | 44.42% |

Notes to Schedule:**Valuation date:**

Actuarially determined contribution rates are calculated as of July 1, 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: | Entry age |
| Amortization method: | 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: | 3.5% |
| Salary increases: | 3.5% per year before reflecting increases due to longevity compensation. |
| Investment rate of return: | 8.25%, net of pension plan investment and administrative expenses, including inflation. |
| Cost of living adjustments: | 10-year freeze as of January 1, 2013 and 3% thereafter. |
| Benefit changes: | 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. |

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
June 30, 2014

| | |
|--|-------------|
| | <u>2014</u> |
| Annual money-weighted rate of return, net of investment expense | 17.50% |

CITY OF PROVIDENCE

OTHER SUPPLEMENTARY INFORMATION

8

8

CITY OF PROVIDENCE

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).

PRA Fund – Is used to account for Administrative and Program Expenses and Program Income primarily related to the sale, rent and upkeep of Providence Redevelopment Agency controlled land and buildings. Expenses related to implementation of redevelopment projects.

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.

CITY OF PROVIDENCE

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT TRUST FUNDS

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

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014 (in thousands)

| | Neighborhood Housing | Federal Funds | PEDC | PRA | Other P & D | Other Special Revenue Fund | Skating Rink | WDO | Capital Proceeds Fund | Other Nonmajor Governmental Funds | Totals |
|---|-------------------------|------------------|------------------|------------------|---------------|-------------------------------|---------------|-----------------|--------------------------|--|------------------|
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,808 | \$ 873 | \$ 2,359 | \$ 2,227 | \$ 302 | \$ 2,383 | \$ 164 | \$ 534 | \$ 3,301 | \$ 1,274 | \$ 11,924 |
| Investments | | | | 9,776 | | 167 | | | | 16,337 | 28,581 |
| Receivables, net: | | | | | | | | | | | |
| Loans | 5,798 | 8,160 | 12,831 | 16 | | 779 | | 666 | | | 28,789 |
| Intergovernmental | | 884 | | | | 16 | | | | | 2,345 |
| Other | | | | | | | | | 65 | | 81 |
| Due from other funds | 343 | 3,875 | 2,565 | 322 | 494 | 55 | | | 13,542 | 259 | 21,465 |
| Other assets | | | | 504 | | | | | | | 504 |
| Total assets | \$ 7,949 | \$ 13,792 | \$ 17,755 | \$ 12,845 | \$ 796 | \$ 3,400 | \$ 164 | \$ 1,200 | \$ 16,908 | \$ 17,880 | \$ 92,689 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | |
| Warrants and accounts payable | \$ 10 | \$ 1,283 | \$ 205 | \$ 709 | \$ 18 | \$ 469 | \$ 614 | \$ 37 | \$ 275 | \$ 3,620 | |
| Accrued liabilities | 181 | | | | | 2 | 77 | | | | 260 |
| Unearned revenue | 135 | 8,117 | 12 | | | 47 | | | | | 8,311 |
| Due to other funds | 467 | 4,441 | 2,954 | 1,204 | 656 | 162 | 103 | 280 | 7,791 | 798 | 18,636 |
| Total liabilities | 793 | 13,841 | 3,171 | 1,913 | 674 | 680 | 103 | 951 | 7,828 | 1,073 | 31,027 |
| FUND BALANCES (DEFICITS) | | | | | | | | | | | |
| Nonspendable | 5,653 | | 12,819 | | | | | | | 288 | 18,770 |
| Restricted | 1,493 | (49) | 1,765 | 10,932 | 122 | 2,270 | 61 | 249 | 9,080 | 16,519 | 33,362 |
| Committed | | | | | | 430 | | | | | 9,530 |
| Unassigned | | | | | | | | | | | |
| Total fund balances (deficits) | 7,156 | (49) | 14,584 | 10,932 | 122 | 2,720 | 61 | 249 | 9,080 | 16,807 | 61,662 |
| Total liabilities and fund balances (deficits) | \$ 7,949 | \$ 13,792 | \$ 17,755 | \$ 12,845 | \$ 796 | \$ 3,400 | \$ 164 | \$ 1,200 | \$ 16,908 | \$ 17,880 | \$ 92,689 |

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2014 (in thousands)

| | Neighborhood Housing | Federal Funds | PEDC | PRA | Other F&D | Special Revenue Fund | Staffing Fund | WDO | Capital Projects Fund | Other Nonmajor Governmental Funds | Totals |
|---|-------------------------|------------------|-----------|-----------|--------------|----------------------------|------------------|----------|-----------------------------|--|-----------|
| Revenues | | | | | | | | | | | |
| Departmental | \$ 27 | \$ 7,588 | \$ 13 | \$ 8,201 | \$ 684 | \$ 503 | \$ 568 | \$ 4,916 | \$ - | \$ - | \$ 9,272 |
| Intergovernmental | 1 | | 272 | 1 | | 4,831 | | | | 96 | 16,138 |
| Investment and rental income | | | | | | 320 | | | | 3,132 | 3,785 |
| Other | | 55 | 36 | 895 | 97 | 825 | 72 | | | 13 | 1,993 |
| Total Revenues | 28 | 7,623 | 321 | 9,097 | 781 | 6,479 | 568 | 4,916 | 141 | 3,244 | 33,198 |
| Expenditures | | | | | | | | | | | |
| Current | | | | | | | | | | | |
| Executive, legislative, and judicial | | | | | | 154 | | | | 887 | 1,081 |
| Finance | | | | | | | | | | 26 | 26 |
| Public safety | | | | | | 5,200 | | 4,867 | | | 9,867 |
| Recreation | | | | | | 560 | 452 | | | | 1,012 |
| Public lands and parks | | | | | | 902 | | | | 102 | 1,004 |
| Community development | 82 | 7,400 | 411 | 5,687 | 1,085 | | | | | | 14,668 |
| Debt service | | | | | | | | | | | |
| Principal | | 311 | | 2,487 | | | | | | | 2,798 |
| Interest and other costs | | 8 | | | | | | | | | 8 |
| Capital outlay | 82 | 7,719 | 411 | 8,174 | 1,088 | 6,856 | 452 | 4,657 | 26 | 389 | 30,464 |
| Total expenditures | (54) | (96) | (90) | 923 | (307) | (877) | 116 | 249 | 115 | 2,255 | 2,794 |
| Excess (deficiency) of revenue over expenditures | | | | | | | | | | | |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Transfers in | | | | | | 380 | | | | 136 | 486 |
| Transfers out | | | | | | (451) | | | (325) | (486) | (1,262) |
| Loan proceeds | | | | | | | | | | | |
| Total other financing sources (uses) | | | | | | (91) | | | (325) | (350) | (766) |
| Net change in fund balance (deficit) | (54) | (96) | (90) | 923 | (307) | (488) | 116 | 249 | (210) | 1,905 | 1,968 |
| Fund Balance (deficit), beginning of year | 7,210 | 47 | 14,574 | 10,009 | 429 | 3,188 | (55) | | 9,290 | 14,902 | 59,594 |
| Fund Balance (deficit), end of year | \$ 7,156 | \$ (49) | \$ 14,584 | \$ 10,932 | \$ 122 | \$ 2,720 | \$ 61 | \$ 249 | \$ 9,080 | \$ 16,807 | \$ 61,662 |

CITY OF PROVIDENCE, RHODE ISLAND

**COMBINING BALANCE SHEET
BY GRANT ACCOUNT
JUNE 30, 2014 (in thousands)**

| | Federal Grants | Direct Federal Grants | State Grants | Grants From Other Sources | Indirect Costs | Sports Complex | Totals |
|--|-------------------|--------------------------|-----------------|------------------------------|-------------------|-------------------|------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 711 | \$ 243 | \$ 2,971 | \$ 2,229 | \$ 1,922 | \$ | \$ 8,076 |
| Receivables, net: | | | | | | | |
| Other governments | 4,841 | | 8 | | | | 4,849 |
| Other | 104 | | 143 | 131 | 152 | 195 | 725 |
| Due from other funds | | | | | | | |
| Total assets | \$ 5,456 | \$ 243 | \$ 3,122 | \$ 2,360 | \$ 2,074 | \$ 195 | \$ 13,450 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 1,034 | \$ | 20 | \$ 1,814 | | \$ | \$ 2,868 |
| Accrued liabilities | | | | 7 | | | 7 |
| Unearned revenue | 18 | | 2,071 | 494 | | | 2,583 |
| Due to other funds | 4,122 | \$ 243 | 128 | 14 | \$ 1,100 | | 5,607 |
| Due to other governments | 13 | | | | | | 13 |
| Total liabilities | \$ 5,187 | \$ 243 | \$ 2,219 | \$ 2,329 | \$ 1,100 | \$ - | \$ 11,078 |
| FUND BALANCES (DEFICITS) | | | | | | | |
| Restricted: | 269 | | 903 | 31 | 974 | 195 | 2,372 |
| Total fund balances (deficits) | \$ 269 | \$ - | \$ 903 | \$ 31 | \$ 974 | \$ 195 | \$ 2,372 |
| Total liabilities and fund balance (deficits) | \$ 5,456 | \$ 243 | \$ 3,122 | \$ 2,360 | \$ 2,074 | \$ 195 | \$ 13,450 |

CITY OF PROVIDENCE, RHODE ISLAND

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES BY GRANT FUND
JUNE 30, 2014 (in thousands)**

| | Federal Grants | Direct Federal Grants | State Grants | Grants From Other Sources | Indirect Costs | Sports Complex | Totals |
|--|-------------------|--------------------------|-----------------|------------------------------|-------------------|-------------------|-----------------|
| REVENUES: | | | | | | | |
| Federal and state governments | \$ 40,263 | \$ | 407 | \$ 293 | | \$ 91 | \$ 40,870 |
| Miscellaneous | | | | | | | 384 |
| Total revenues | 40,263 | \$ - | 407 | 293 | \$ - | 91 | 41,054 |
| EXPENDITURES: | | | | | | | |
| Personnel services | 16,601 | | (92) | 8 | | | 16,517 |
| Employee benefits | 7,470 | | (7) | 0 | | | 7,463 |
| Other supplies | 1,260 | | 281 | 47 | | | 1,588 |
| Equipment | 10,378 | | 133 | 32 | | | 10,543 |
| Miscellaneous services | 678 | | | 171 | | 48 | 897 |
| Other services | 222 | | 50 | 2 | | | 274 |
| Pupil transportation | 2 | | | | | | 2 |
| Repairs | 2,176 | | 23 | 34 | | | 2,233 |
| Office supplies | 3 | | 26 | | | | 29 |
| Education supplies | 24 | | | | | | 24 |
| Total expenditures | 38,814 | - | 414 | 294 | - | 48 | 39,570 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfer to other funds | (1,449) | | | | (1,100) | | (2,549) |
| Transfer from other funds | | | | | 1,449 | | 1,449 |
| Total other financing sources (uses) | (1,449) | - | - | - | 349 | - | (1,100) |
| Net change in fund balances (deficit) | - | - | (7) | (1) | 349 | 43 | 384 |
| Fund balance, beginning of year | 269 | | 910 | 32 | 625 | 152 | 1,988 |
| Fund balance (deficit), end of year | \$ 269 | \$ - | \$ 903 | \$ 31 | \$ 974 | \$ 195 | \$ 2,372 |

CITY OF PROVIDENCE

AGENCY FUNDS

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

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2014 (in thousands)

| | Balance June 30, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---------------------------|-----------------------------|-----------------|-----------------|-----------------------------|
| AGENCY FUND | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,979 | \$ 1,317 | \$ 2,015 | \$ 1,281 |
| Other receivables | 58 | | 44 | 14 |
| Total Assets | <u>\$ 2,037</u> | <u>\$ 1,317</u> | <u>\$ 2,059</u> | <u>\$ 1,295</u> |
| Liabilities | | | | |
| Other payables | \$ 1,937 | | \$ 1,287 | \$ 650 |
| Due to student group | 100 | \$ 545 | | 645 |
| Total Liabilities | <u>\$ 2,037</u> | <u>\$ 545</u> | <u>\$ 1,287</u> | <u>\$ 1,295</u> |

CITY OF PROVIDENCE

CAPITAL ASSETS

City of Providence**Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2014 (in thousands)**

Governmental funds capital assets, net of related
accumulated depreciation

| | | |
|-----------------------------------|----|----------------|
| Land | \$ | 46,767 |
| Improvements other than buildings | | 45,426 |
| Buildings and improvements | | 123,007 |
| Buildings - leases | | 338,734 |
| Infrastructure | | 103,693 |
| Machinery and equipment | | 20,106 |
| Construction in progress - City | | 425 |
| Construction in progress - PPBA | | 22,104 |
| | \$ | <u>700,262</u> |

Investments in governmental funds capital assets:
Assets put into service as of June 30, 2014

\$ 700,262

CITY OF PROVIDENCE

STATISTICAL SECTION

This part of the City of Providence, Rhode Island's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF PROVIDENCE, RHODE ISLAND

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|-------------|--------------|--------------|--------------|--------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 34,042 | \$ 22,435 | \$ 51,350 | \$ 80,301 | \$ 102,250 | \$ 122,820 | \$ 127,340 | \$ 122,997 | \$ 117,449 | \$ 199,002 |
| Unrestricted | (4,820) | 11,285 | 765 | (29,054) | (63,215) | (143,890) | (233,086) | (261,508) | (263,762) | (341,989) |
| Total governmental activities | | | | | | | | | | |
| net assets | \$ 29,222 | \$ 33,720 | \$ 52,115 | \$ 51,247 | \$ 39,035 | \$ (21,070) | \$ (105,746) | \$ (138,511) | \$ (146,313) | \$ (142,987) |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 147,543 | \$ 157,507 | \$ 165,284 | \$ 143,479 | \$ 159,670 | \$ 179,800 | \$ 201,281 | \$ 213,758 | \$ 217,210 | \$ 225,544 |
| Restricted | 16,193 | 17,515 | 19,470 | 54,745 | 44,280 | 31,037 | 18,809 | 20,943 | 35,112 | 36,627 |
| Unrestricted | (888) | 7,431 | 8,178 | 8,465 | 6,622 | 3,503 | 11,661 | 10,986 | 6,403 | 6,676 |
| Total business-type activities | | | | | | | | | | |
| net assets | \$ 162,848 | \$ 182,453 | \$ 192,932 | \$ 206,689 | \$ 210,572 | \$ 214,340 | \$ 231,751 | \$ 245,687 | \$ 258,725 | \$ 268,847 |
| Primary government: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 181,585 | \$ 179,942 | \$ 216,634 | \$ 223,780 | \$ 261,920 | \$ 302,620 | \$ 328,621 | \$ 336,755 | \$ 334,659 | \$ 424,546 |
| Restricted | 16,193 | 17,515 | 19,470 | 54,745 | 44,280 | 31,037 | 18,809 | 20,943 | 35,112 | 36,627 |
| Unrestricted | (5,708) | 18,716 | 8,943 | (20,589) | (56,593) | (140,387) | (221,425) | (250,522) | (257,359) | (335,313) |
| Total primary government | | | | | | | | | | |
| net assets | \$ 192,070 | \$ 216,173 | \$ 245,047 | \$ 257,936 | \$ 249,607 | \$ 193,270 | \$ 126,005 | \$ 107,176 | \$ 112,412 | \$ 125,860 |

CITY OF PROVIDENCE, RHODE ISLAND

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Executive, legislative, and judicial | \$ 15,514 | \$ 15,552 | \$ 22,761 | \$ 19,352 | \$ 32,624 | \$ 42,202 | \$ 40,382 | \$ 51,677 | \$ 36,944 | \$ 36,036 |
| Finance | 38,517 | 32,655 | 106,740 | 119,373 | 111,908 | 59,345 | 58,740 | 57,819 | 58,462 | 49,261 |
| Public safety | 152,354 | 170,273 | 110,246 | 111,183 | 106,243 | 182,787 | 178,374 | 157,676 | 170,854 | 169,742 |
| Building inspection | 4,578 | 5,455 | 2,495 | 2,717 | 2,946 | 4,806 | 4,636 | 4,126 | 4,264 | 4,381 |
| Public works | 28,223 | 30,275 | 21,992 | 18,384 | 17,079 | 23,030 | 28,451 | 25,754 | 15,752 | 23,965 |
| Recreation | 3,341 | 3,933 | 2,939 | 3,089 | 2,771 | 3,285 | 1,593 | 1,644 | 1,876 | 2,131 |
| Public land and parks | 22,484 | 23,992 | 17,535 | 17,249 | 5,523 | 21,069 | 24,572 | 19,437 | 21,941 | 20,825 |
| Education | 361,220 | 373,591 | 380,730 | 387,624 | 377,736 | 381,096 | 388,612 | 379,768 | 395,215 | 402,539 |
| Community development | 16,758 | 21,175 | 23,432 | 20,811 | 26,110 | 31,150 | 21,467 | 18,687 | 24,297 | 18,901 |
| Interest on long-term debt | 26,134 | 21,863 | 18,639 | 17,056 | 27,360 | 27,389 | 26,699 | 32,365 | 26,817 | 19,984 |
| Total governmental activities expenses | 669,123 | 698,764 | 707,509 | 716,838 | 710,300 | 776,159 | 773,526 | 748,953 | 756,422 | 747,765 |
| Business-type activities: | | | | | | | | | | |
| PPBA | 9,929 | 9,314 | 11,790 | 14,900 | 17,222 | 17,696 | 18,949 | 19,992 | 19,396 | 19,322 |
| Water Supply Board | 42,421 | 43,661 | 46,105 | 47,610 | 50,381 | 52,303 | 47,483 | 50,461 | 52,553 | 56,271 |
| Civic Center | 9,106 | 2,241 | | | | | | | | |
| Non-major School lunch program | | | | | 12,044 | 12,194 | 12,836 | 13,908 | 14,422 | 15,448 |
| Total business-type activities expenses | 61,456 | 55,216 | 57,895 | 62,510 | 79,647 | 82,193 | 79,268 | 84,361 | 86,371 | 91,041 |
| Total primary government expenses | 730,579 | 753,980 | 765,404 | 779,348 | 789,947 | 858,352 | 852,794 | 833,314 | 842,793 | 838,806 |
| Program revenue: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Executive, legislative, and judicial | 224 | 234 | 788 | 265 | 241 | 222 | 203 | 232 | 222 | 198 |
| Finance | 22,216 | 24,526 | 34,717 | 18,779 | 16,928 | 42,926 | 51,412 | 63,264 | 68,955 | 67,590 |
| Public safety | 19,412 | 16,336 | 14,831 | 20,867 | 22,222 | 19,515 | 16,252 | 11,384 | 11,776 | 12,050 |
| Building inspection | 4,660 | 4,817 | 6,379 | 4,993 | 4,240 | 3,599 | 3,405 | 4,112 | 4,503 | 4,036 |
| Public works | 258 | 244 | 2,259 | 202 | 213 | 219 | 132 | 193 | 229 | 516 |
| Recreation | 91 | 90 | 418 | 361 | 416 | 231 | 226 | 206 | 211 | 196 |
| Public land and parks | 1,271 | 1,216 | 4,004 | 410 | 438 | 311 | 581 | 136 | 264 | 321 |
| Education | 1,931 | 2,802 | 1,526 | 1,621 | 8,309 | 11,691 | 11,704 | 12,558 | 12,174 | 12,599 |
| Community development | 2,054 | 125 | 7,233 | 8,397 | 8,982 | 375 | 88 | 10 | - | - |
| Operating grants and contributions: | | | | | | | | | | |
| Executive, legislative, and judicial | 136 | 142 | 1 | | | | | | | |
| Finance | 269 | 683 | 61 | | | | | | | |
| Public safety | 1,696 | 3,039 | 2,702 | 4,924 | 7,348 | 3,084 | 2,200 | 3,183 | 183 | 51 |
| Public works | 3,044 | 3,171 | - | | | | | | | |
| Recreation | 570 | 599 | 703 | 743 | 329 | 349 | 296 | 261 | 442 | 395 |
| Public land and parks | - | - | 4,679 | 4,714 | 177 | | | | | |
| Education | 248,927 | 252,043 | 248,239 | 248,949 | 235,234 | 238,267 | 243,134 | 225,661 | 247,624 | 252,226 |
| Community development | 17,361 | 25,502 | 15,472 | 13,758 | 11,943 | 14,645 | 15,856 | 12,518 | 13,005 | 8,292 |
| Capital grants and contributions: | | | | | | | | | | |
| Finance | | | | | | | | | | |
| Education | 13,115 | 15,199 | 15,039 | 13,908 | 15,872 | | | | | |
| Total governmental activities program revenue: | 337,235 | 350,768 | 359,051 | 342,891 | 332,892 | 335,434 | 345,489 | 333,718 | 359,588 | 358,470 |

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------------|------------------|------------------|------------------|-------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Program revenue: | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| PPBA | 8,197 | 7,825 | 10,988 | 15,712 | 9,835 | 16,362 | 18,548 | 20,996 | 20,020 | 19,652 |
| Water Supply Board | 48,807 | 52,432 | 52,749 | 56,032 | 59,575 | 54,976 | 64,017 | 61,726 | 61,070 | 62,872 |
| Civic Center | 5,581 | 1,824 | - | - | - | - | - | - | - | - |
| Non-major School lunch program | | | | | 12,040 | 12,446 | 12,986 | 14,548 | 15,124 | 15,414 |
| Capital grants and contributions: | 1,464 | | | | | | | | | |
| Water Supply Board | | 1,309 | 1,613 | 898 | 775 | 773 | 510 | 200 | 2,100 | 3,304 |
| Total business-type activities | | | | | | | | | | |
| program revenues | 64,049 | 63,390 | 65,350 | 72,642 | 82,225 | 84,557 | 96,061 | 97,470 | 98,314 | 101,242 |
| Total primary government program revenues | 401,284 | 414,158 | 424,401 | 415,533 | 415,117 | 419,991 | 441,550 | 431,188 | 457,902 | 459,712 |
| Net (expense) revenue: | | | | | | | | | | |
| Governmental activities | (331,888) | (347,996) | (348,458) | (373,947) | (377,408) | (440,725) | (428,037) | (415,235) | (396,834) | (389,295) |
| Business-type activities | 2,593 | 8,174 | 7,455 | 10,132 | 2,578 | 2,364 | 16,793 | 13,109 | 11,943 | 10,201 |
| Total primary government net expense | (329,295) | (339,822) | (341,003) | (363,815) | (374,830) | (438,361) | (411,244) | (402,126) | (384,891) | (379,094) |
| General revenues and other changes in net assets: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 258,213 | 260,629 | 257,776 | 272,366 | 284,775 | 289,837 | 286,998 | 320,591 | 325,960 | 331,133 |
| Payments in lieu of taxes | 17,656 | 26,879 | 20,124 | 19,575 | 19,680 | 19,103 | 23,115 | 23,461 | 25,645 | 27,110 |
| Grants and contributions not restricted to specific programs | 45,781 | 49,546 | 51,967 | 42,787 | 38,048 | 40,070 | 25,619 | 21,473 | 19,296 | 18,158 |
| Investment income | 4,465 | 8,033 | 19,779 | 19,905 | 1,230 | 252 | 153 | 100 | 84 | 1 |
| Gain (loss) on disposal | (31) | 3,563 | - | 409 | | | | | | |
| Miscellaneous | 782 | 696 | 17,207 | 18,037 | 21,525 | 31,358 | 17,473 | 16,846 | 18,290 | 18,871 |
| Transfers | (245) | - | | | | | | | (243) | - |
| Sale of building and land | | 3,148 | - | | | | | | | |
| Total governmental activities | 326,621 | 352,494 | 366,853 | 373,079 | 365,258 | 380,620 | 353,358 | 382,471 | 389,032 | 395,273 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 1,670 | 2,227 | 3,024 | 3,625 | 1,243 | 1,404 | 618 | 827 | 852 | 662 |
| Transfers | 245 | - | - | | | | | | 243 | - |
| Special items: | | | | | | | | | | |
| Sale of building and land | - | 9,204 | - | | | | | | | |
| Total business-type activities | 1,915 | 11,431 | 3,024 | 3,625 | 1,243 | 1,404 | 618 | -827 | 1,095 | 662 |
| Total primary government | 328,536 | 363,925 | 369,877 | 376,704 | 366,501 | 382,024 | 353,976 | 383,298 | 390,127 | 395,935 |
| Changes in net assets: | | | | | | | | | | |
| Governmental activities | (5,267) | 4,498 | 18,395 | (868) | (12,150) | (60,105) | (74,679) | (32,764) | (7,802) | 5,978 |
| Business-type activities | 4,508 | 19,605 | 10,479 | 13,757 | 3,821 | 3,768 | 17,411 | 13,936 | 13,038 | 10,863 |
| Total primary government | \$ (759) | \$ 24,103 | \$ 28,874 | \$ 12,889 | \$ (8,329) | \$ (56,337) | \$ (57,268) | \$ (18,828) | \$ 5,236 | \$ 16,841 |

(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 | | | | | | | | | | |
|----------------------------------|-------------|------------|------------|------------|-----------|-----------|-----------|-------------|------------|------------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| General Fund: | | | | | | | | | | | |
| Designated for future uses | \$ 401 | \$ 433 | \$ 550 | \$ - | \$ - | \$ 1,378 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved/ Unassigned | 16,706 | 19,251 | 21,614 | 22,361 | 17,361 | 2,080 | 3,725 | (11,399) | (9,827) | (8,672) | |
| Total General Fund | \$ 17,107 | \$ 19,684 | \$ 22,164 | \$ 22,361 | \$ 17,361 | \$ 3,458 | \$ 3,725 | \$ (11,399) | \$ (9,827) | \$ (8,672) | |
| All Other Governmental Funds: | | | | | | | | | | | |
| Nonspendable | | | | | | | \$ 16,428 | \$ 19,818 | \$ 19,932 | \$ 18,770 | |
| Restricted | | | | | | | 36,253 | 35,103 | 71,066 | 51,378 | |
| Committed | | | | | | | 12,194 | 9,275 | 10,268 | 9,530 | |
| Unassigned | | | | | | | 3,686 | (262) | (18) | - | |
| Reserved | \$ 11,758 | \$ 10,885 | \$ 10,157 | \$ 11,729 | \$ 14,183 | \$ 15,882 | | | | | |
| Unreserved: | | | | | | | | | | | |
| Designated for future uses | 11,146 | 11,146 | 16,026 | 18,045 | 16,754 | | | | | | |
| Special Revenue | | | | | | 9,311 | | | | | |
| Undesignated: | | | | | | | | | | | |
| Capital Projects | 24,930 | 23,541 | 14,513 | 7,394 | 9,807 | 7,081 | | | | | |
| Special Revenue | 57,228 | 95,918 | 76,976 | 57,678 | 42,400 | 20,041 | | | | | |
| Permanent Trust | - | - | 18,223 | 14,932 | 11,821 | 12,794 | | | | | |
| Total all other government funds | \$ 105,062 | \$ 141,490 | \$ 135,895 | \$ 109,778 | \$ 94,965 | \$ 65,109 | \$ 68,561 | \$ 63,934 | \$ 101,248 | \$ 79,678 | |

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 | | | | | | | | | |
|---|-------------|------------|------------|-------------|-------------|-------------|------------|-------------|------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 270,302 | \$ 285,566 | \$ 281,422 | \$ 273,546 | \$ 285,631 | \$ 290,338 | \$ 290,704 | \$ 314,335 | \$ 324,038 | \$ 330,419 |
| Departmental revenues | 34,911 | 33,877 | 67,352 | 64,136 | 73,345 | 65,786 | 73,025 | 93,336 | 92,683 | 88,042 |
| Federal and state grants and reimbursements | 229,141 | 345,627 | 338,863 | 334,533 | 296,342 | 302,772 | 305,814 | 288,120 | 306,195 | 306,232 |
| Investment and rental income | 15,628 | 21,305 | 19,779 | 21,201 | 18,254 | 19,742 | 4,829 | 1,454 | 3,297 | 4,338 |
| Fine and forfeitures | 5,597 | 5,486 | 4,307 | 7,241 | 7,464 | 7,663 | 8,143 | 7,941 | 6,030 | 6,066 |
| State Fiscal Stabilization Funds | 3,772 | 4,357 | 17,207 | 15,628 | 15,491 | 13,246 | 4,406 | 1,457 | - | - |
| Other | 657,351 | 696,528 | 728,930 | 716,695 | 703,336 | 710,534 | 695,717 | 720,535 | 747,339 | 749,661 |
| Total revenues | | | | | | | | | | |
| | 11,074 | 12,995 | 9,852 | 10,764 | 11,100 | 14,209 | 12,695 | 15,364 | 11,649 | 11,090 |
| | 119,566 | 124,814 | 106,674 | 112,142 | 103,261 | 43,447 | 39,526 | 49,661 | 50,743 | 44,560 |
| | 95,110 | 108,146 | 103,111 | 105,197 | 103,795 | 166,254 | 163,909 | 151,655 | 152,492 | 161,866 |
| | 2,321 | 2,600 | 2,462 | 2,686 | 2,658 | 4,391 | 4,306 | 3,901 | 3,591 | 4,096 |
| | 12,866 | 13,919 | 13,413 | 14,331 | 15,650 | 19,094 | 21,806 | 26,179 | 18,983 | 18,852 |
| | 2,470 | 2,959 | 2,909 | 2,992 | 2,656 | 2,902 | 1,470 | 1,532 | 1,750 | 2,004 |
| | 14,446 | 16,211 | 23,718 | 14,884 | 14,382 | 19,138 | 21,716 | 21,054 | 20,458 | 21,415 |
| | - | - | 5,742 | 5,394 | 5,947 | 9,362 | 9,767 | 10,185 | 7,877 | 9,215 |
| | - | - | 4,331 | 4,148 | 4,086 | 4,259 | 4,185 | 4,297 | 4,231 | 4,233 |
| | 345,255 | 365,910 | 377,793 | 385,721 | 380,571 | 383,636 | 378,572 | 362,649 | 382,618 | 388,489 |
| | 18,942 | 21,145 | 19,101 | 16,683 | 22,024 | 26,021 | 17,282 | 14,390 | 20,066 | 14,668 |
| | 5,709 | 6,279 | 19,627 | 14,520 | 7,903 | 2,866 | 10,782 | 2,387 | 4,638 | 23,341 |
| | 11,915 | 10,000 | 32,267 | 35,051 | 36,929 | 46,653 | 41,158 | 43,066 | 42,844 | 45,161 |
| | 19,061 | 14,128 | 18,978 | 14,622 | 20,391 | 26,201 | 28,706 | 52,427 | 25,669 | 21,118 |
| Total expenditures | 658,934 | 700,086 | 739,988 | 742,615 | 752,039 | 769,193 | 757,882 | 738,927 | 749,529 | 770,076 |
| Excess of revenues (under) expenditures | (1,583) | (3,558) | (11,058) | (25,920) | (26,703) | (58,259) | (58,165) | (18,392) | (2,590) | (20,415) |
| Other financing sources (uses): | | | | | | | | | | |
| Capital leases issued | 7,435 | 9,145 | 7,547 | - | 6,552 | 14,500 | - | - | - | - |
| Capital notes issued | - | 9,081 | - | - | - | - | - | - | - | - |
| Bond proceeds | - | - | - | - | - | - | 87,584 | 2,966 | 39,345 | - |
| Payment to refunding bonds (savings agent) | (111,580) | (28,244) | (29,514) | - | - | - | (29,425) | - | - | - |
| Premium on bond issued | 3,013 | 778 | - | - | - | - | - | 2,125 | - | - |
| Loan proceeds | - | 6,440 | - | - | - | - | - | 250 | - | - |
| Proceeds from sale of real estate | - | - | - | - | - | - | - | - | - | - |
| Transfers in | 112,505 | 138,159 | 139,458 | 156,231 | 145,201 | 165,765 | 139,461 | 133,908 | 128,707 | 129,617 |
| Transfers out | (112,500) | (138,270) | (139,458) | (156,231) | (145,201) | (165,765) | (139,461) | (133,908) | (128,707) | (129,617) |
| Proceeds on refunding bonds issued | 114,960 | 28,675 | 29,910 | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 13,183 | 25,758 | 7,943 | - | 6,552 | 14,500 | 58,159 | 2,566 | 41,477 | - |
| Special Items | | | | | | | | | | |
| Proceeds from sale | - | 16,805 | - | - | - | - | - | - | - | - |
| Net changes in fund balances | \$ 11,600 | \$ 39,005 | \$ (3,115) | \$ (25,920) | \$ (19,751) | \$ (43,759) | \$ (6) | \$ (16,025) | \$ 38,887 | \$ (20,415) |
| Debt service as a percentage of municipal expenditures | 4.7% | 3.9% | 7.1% | 6.8% | 7.9% | 9.9% | 9.4% | 10.3% | 9.3% | 8.9% |

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 |
|---------------------|--------------------|---------------------------|-------------------------|--------------|
| 2005 | 203,258 | 28,378 | 17,131 | 248,767 |
| 2006 | 209,251 | 28,154 | 17,768 | 255,173 |
| 2007 | 211,732 | 28,440 | 15,685 | 255,857 |
| 2008 | 226,176 | 26,087 | 16,564 | 268,827 |
| 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 |
| Change 2005-2014 | 23.6% | 37.5% | 55.3% | 27.4% |

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 |
|-------------|---------------|----------------------------|---------------|----------------|------------------------------|----------------|-----------------------|--------------------------------|--|
| 2005 | \$ 9,484,121 | \$ 638,720 | \$ 222,344 | \$ (3,055,179) | \$ 7,290,006 | 21.74% | \$ 34.75 | \$ 8,570,428 | 85.06% |
| 2006 | \$ 9,496,709 | \$ 636,126 | \$ 241,061 | \$ (3,139,525) | \$ 7,234,371 | -0.76% | \$ 35.36 | \$ 8,818,102 | 82.04% |
| 2007 | \$ 9,651,377 | \$ 657,840 | \$ 599,020 | \$ (3,593,637) | \$ 7,314,600 | 1.11% | \$ 35.17 | \$ 8,511,287 | 85.94% |
| 2008 | \$ 13,721,337 | \$ 631,015 | \$ 638,107 | \$ (4,781,679) | \$ 10,208,780 | 39.57% | \$ 26.62 | \$ 10,295,260 | 99.16% |
| 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 | \$ 9,290,516 | \$ 969,783 | \$ 701,908 | \$ (243,985) | \$ 10,718,222 | 20.70% | \$ 34.14 | \$ 10,809,018 | 99.16% |
| 2014 | \$ 9,309,946 | \$ 1,054,906 | \$ 702,310 | \$ 295,059 | \$ 10,775,044 | 0.53% | \$ 34.62 | \$ 10,891,457 | 98.41% |

Source: City Records

Weighted Average Rate Calculation

| | |
|-----------------------|----------------------|
| Tot R/E | \$ 9,309,946 |
| Tangible | 1,054,906 |
| Excise | 702,310 |
| Tot Assessment | \$ 11,067,162 |

| | % of Assessment | Tax Rate | Tot Direct Rate |
|-------------|-----------------|----------|-----------------|
| Tot Res R/E | 62% | \$ 31.89 | \$ 19.72 |
| Comm. R/E | 22% | \$ 36.75 | \$ 8.18 |
| Tangible | 10% | \$ 55.80 | \$ 5.32 |
| Excise | 6% | \$ 60.00 | \$ 3.81 |
| | 1.00 | | \$ 37.04 |

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 7

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

| Taxpayer | 2014 | | | | 2005 | | | |
|---------------------------------|------------------------|--|------|---------------------------|------------------------|--|------|---|
| | Taxable Assessed Value | | Rank | Percentage of Total Taxes | Taxable Assessed Value | | Rank | Percentage of Total City Taxable Assessed Value |
| Narragansett Electric Company | \$ 57,432,800 | | 1 | 4.79596% | \$ 163,834,024 | | 1 | 1.54% |
| Westminster Partners LLC | 58,470,700 | | 2 | 0.97705% | 87,946,400 | | 2 | 0.82% |
| OMNI Rhode Island LLC | 72,362,700 | | 3 | 0.89095% | 63,433,308 | | 3 | 0.59% |
| Capital Properties Inc | 65,179,336 | | 4 | 0.76140% | 36,440,000 | | 4 | 0.34% |
| One Financial Holdings LLC | 50,693,500 | | 5 | 0.72578% | 32,238,937 | | 5 | 0.30% |
| One Citizens Plaza Holdings LLC | 40,694,800 | | 6 | 0.53117% | 31,233,600 | | 6 | 0.29% |
| Textron Realty Corporation | 41,539,000 | | 7 | 0.47316% | 30,558,889 | | 7 | 0.29% |
| Athena Providence Place | 45,339,800 | | 8 | 0.44168% | 40,493,693 | | 8 | 0.38% |
| Motiva Enterprises LLC | 27,056,800 | | 9 | 0.43338% | 28,497,051 | | 9 | 0.27% |
| Regency Plaza | 39,376,800 | | 10 | 0.42147% | 27,895,600 | | 10 | 0.26% |
| High Rock Westminster Street | 28,686,200 | | 11 | 0.41434% | 24,793,041 | | 11 | 0.23% |
| 10 Memorial Boulevard Owner LLC | 29,931,973 | | 12 | 0.34711% | 24,003,398 | | 12 | 0.23% |
| Avalon Properties Inc | 31,984,300 | | 13 | 0.34677% | 19,997,501 | | 13 | 0.19% |
| Laurelmead Cooperative | 32,092,310 | | 14 | 0.33918% | 18,929,800 | | 14 | 0.18% |
| CJUFIII MJH Providence LLC | 25,666,600 | | 15 | 0.32181% | 17,471,085 | | 15 | 0.16% |
| ARC Hospitality Providence LLC | 24,653,000 | | 16 | 0.29240% | 16,843,706 | | 16 | 0.16% |
| AG-FINCOV Baltimore Owner LLC | 21,905,100 | | 17 | 0.28935% | 16,799,701 | | 17 | 0.16% |
| 261, LLC | 26,356,626 | | 18 | 0.27956% | 16,769,568 | | 18 | 0.16% |
| 380 Westminster Street LLC | 18,872,400 | | 19 | 0.20057% | 16,633,400 | | 19 | 0.16% |
| One Financial Center Plaza LLC | 18,660,500 | | 20 | 0.19872% | 15,841,892 | | 20 | 0.15% |
| Total | \$ 757,954,245 | | | 13.48% | \$ 730,454,592 | | | 6.85% |

Source: City Records

total levy for 2014 tax roll \$346,472,563.72
total levy for 2004 tax roll \$256,688,743.04

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 |
| 2005 | \$ 256,688,743 | \$ 240,140,679 | 93.55% | \$ 8,669,275 | \$ 248,809,954 | 96.93% |
| 2006 | \$ 259,979,819 | \$ 243,165,192 | 93.53% | \$ 10,031,655 | \$ 253,196,847 | 97.39% |
| 2007 | \$ 261,951,088 | \$ 246,952,069 | 94.27% | \$ 9,822,963 | \$ 256,775,032 | 98.02% |
| 2008 | \$ 275,853,725 | \$ 255,874,916 | 92.76% | \$ 13,124,276 | \$ 268,999,192 | 97.52% |
| 2009 | \$ 287,281,144 | \$ 269,559,441 | 93.83% | \$ 11,230,416 | \$ 280,789,857 | 97.74% |
| 2010 | \$ 294,186,862 | \$ 276,463,184 | 93.98% | \$ 9,986,307 | \$ 286,449,491 | 97.37% |
| 2011 | \$ 307,014,942 | \$ 277,131,464 | 90.27% | \$ 7,621,693 | \$ 284,753,157 | 92.75% |
| 2012 | \$ 324,460,407 | \$ 299,707,126 | 92.37% | \$ 9,431,294 | \$ 309,138,420 | 95.28% |
| 2013 | \$ 332,768,119 | \$ 310,510,342 | 93.31% | \$ 14,879,354 | \$ 325,389,696 | 97.78% |
| 2014 | \$ 340,814,523 | \$ 317,730,599 | 93.23% | \$ - | \$ 317,730,599 | 93.23% |

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 | | | | | Net General | | | | |
|-------------|--------------------------|---------------|----------------------------------|-----------|--------------------------|--------------------------|------------------|-------------------------------|----------------|---------------|----------------|--------------------------|-------------------------------|---------------------|--|
| | 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 | Total Primary Government | Percentage of Personal Income | Net Debt Per Capita | Obligation Bonds to Estimated Actual Value |
| 2005 | 127,250 | 67,315 | 27,675 | 182,930 | 50,987 | 4,974 | - | (8,099) | 1,104 | 22,437 | 5,009 | 481,582 | ** | 719 | 1.48% |
| 2006 | 119,215 | 66,500 | 28,285 | 173,474 | 59,994 | 4,215 | - | (3,477) | 385 | 18,070 | 3,865 | 470,526 | ** | 674 | 1.35% |
| 2007 | 112,845 | 64,525 | 26,260 | 222,415 | 58,453 | 3,434 | - | (4,510) | 300 | 11,879 | 2,950 | 498,451 | ** | 638 | 1.33% |
| 2008 | 105,075 | 62,445 | 23,755 | 361,011 | 49,300 | 2,546 | - | (5,184) | - | 45,043 | 2,000 | 645,991 | ** | 1731 | 0.86% |
| 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 | 58,080 | 18,435 | 360,663 | 52,286 | 798 | - | (4,184) | - | 55,299 | - | 633,821 | ** | 495 | 0.73% |
| 2011 | 80,955 | 73,140 | 15,575 | 411,617 | 45,453 | 585 | - | (3,792) | - | 53,010 | - | 676,503 | ** | 4826 | 0.67% |
| 2012 | 73,815 | 68,860 | 12,585 | 388,487 | 39,554 | 2,776 | 1,906 | (3,284) | - | 52,489 | - | 637,188 | ** | ** | 0.61% |
| 2013 | 105,661 | 65,934 | 9,450 | 365,919 | 35,127 | 2,777 | 1,788 | (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% |

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, 2014 (unaudited) (in thousands)

| Governmental Unit | Debt Outstanding |
|----------------------------------|---------------------|
| General obligation debt: | |
| General obligation bonds | \$ 99,501 |
| Revenue bonds | 59,799 |
| Special obligation tax increment | 6,170 |
| Notes payable | 2,474 |
| Capital leases | 9,663 |
| Capital notes | 20,843 |
| PPBA debt-City | 333,343 |
| PPBA net bond premium | 6,276 |
| Deferred items from refunding | (363) |
| Total direct debt | \$ 537,706 |

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, 2014
(unaudited)
(in thousands)

Legal Debt Margin Calculation for Fiscal Year 2014

| | | |
|-------------------------------------|----|----------------|
| Taxable Property | \$ | 10,785,712 |
| Debt limit (3% of taxable property) | | 323,251 |
| Debt applicable to limit: | | |
| General obligation bonds | | 99,500 |
| Less: debt not subject to 3% limit | | 60,435 |
| Total net debt applicable to limit | | <u>39,065</u> |
| Legal debt margin | \$ | <u>284,186</u> |

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

(unaudited)

(in thousands)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Debt limit | \$ 206,500 | \$ 210,700 | \$ 219,400 | \$ 294,163 | \$ 306,899 | \$ 309,438 | \$ 266,408 | \$ 273,279 | \$ 321,547 | \$ 323,251 |
| Total net debt applicable to limit | 27,500 | 23,400 | 19,400 | 16,247 | 13,078 | 9,914 | 6,750 | 4,340 | 41,235 | 39,065 |
| Legal debt margin | 179,000 | 187,300 | 200,000 | 277,916 | 293,821 | 299,524 | 259,658 | 268,939 | 280,312 | 284,186 |
| Total net debt applicable to the limit as a percentage of debt limit | 15% | 12% | 10% | 6% | 4% | 3% | 3% | 2% | 15% | 14% |
| Debt outstanding issued outside the 3% debt limit* | \$ 99,800 | \$ 95,700 | \$ 93,400 | \$ 88,828 | \$ 83,657 | \$ 78,346 | \$ 74,185 | \$ 69,475 | \$ 65,950 | \$ 60,435 |

* 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 | | | | | | |
|--------------------|-------------------------|-------------------------|-----------------------|--------------|----------|----------|
| Fiscal Year | Utility Service Charges | Less Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2005 | 48,807 | 40,871 | 7,936 | 516 | 207 | 11.00 |
| 2006 | 52,432 | 42,446 | 9,986 | 509 | 183 | 14.43 |
| 2007 | 52,749 | 45,181 | 7,568 | 537 | 158 | 10.89 |
| 2008 | 56,032 | 46,410 | 9,622 | 561 | 131 | 13.90 |
| 2009 | 59,575 | 48,796 | 10,779 | 590 | 102 | 15.58 |
| 2010 | 54,976 | 50,845 | 4,131 | 618 | 71 | 6.00 |
| 2011 | 64,017 | 46,054 | 17,963 | 61 | 24 | 211.33 |
| 2012 | 61,726 | 49,212 | 12,514 | 115 | 41 | 80.22 |
| 2013 | 61,070 | 50,305 | 10,765 | na | na | na |
| 2014 | 62,872 | 54,394 | 8,478 | na | na | na |

| Redevelopment Revenue Bonds | | | | |
|-----------------------------|-------------|--------------|----------|----------|
| Fiscal Year | Collections | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2005 | 6,858 | * | - | - |
| 2006 | - | * | - | - |
| 2007 | - | * | - | - |
| 2008 | - | * | - | - |
| 2009 | - | * | - | - |
| 2010 | - | * | - | - |
| 2011 | - | * | - | - |
| 2012 | - | * | - | - |
| 2013 | - | * | - | - |
| 2014 | - | * | - | - |

| Civic Center Bonds | | | | | | |
|--------------------|---------|--------------------|------------------------|--------------|----------|----------|
| Fiscal Year | Charges | Operating Expenses | Net Available Revenues | Debt Service | | Coverage |
| | | | | Principal | Interest | |
| 2005 | 4,885 | 8,949 | (4,064) | 235 | 151 | (10.4) |
| 2006 | 1,824 | 2,241 | (417) | *** | - | - |
| 2007 | - | - | - | *** | - | - |
| 2008 | - | - | - | *** | - | - |
| 2009 | - | - | - | *** | - | - |
| 2010 | - | - | - | *** | - | - |
| 2011 | - | - | - | *** | - | - |
| 2012 | - | - | - | *** | - | - |
| 2013 | - | - | - | *** | - | - |
| 2014 | - | - | - | *** | - | - |

| Providence Public Building Authority Revenue | | | | |
|--|-------------|--------------|----------|----------|
| Fiscal Year | Collections | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2005 | 8,197 | 9,838 | 9,189 | 0.43 |
| 2006 | 7,825 | 10,516 | 8,713 | 0.41 |
| 2007 | 10,988 | 11,058 | 9,829 | 0.53 |
| 2008 | 15,712 | 27,874 | 13,124 | 0.38 |
| 2009 | 9,835 | 15,261 | 16,675 | 0.31 |
| 2010 | 16,362 | 20,407 | 16,715 | 0.44 |
| 2011 | 18,548 | 25,491 | 17,429 | 0.43 |
| 2012 | 20,966 | 23,130 | 19,607 | 0.49 |
| 2013 | 20,020 | 24,568 | 18,368 | 0.47 |
| 2014 | 19,652 | 25,663 | 17,486 | 0.46 |

* 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 |
|------------------------------------|---------------|--------------------|--------------------------|------------------|------------------------|-------------------------|
| 2005 | 176,862 | (1) | \$ 21,978 | 30.4 | 25,615 | 6.3% |
| 2006 | 176,862 | (1) | (1) | 30.4 | 25,190 | 6.9% |
| 2007 | 176,862 | (1) | (1) | 30.4 | 24,494 | 6.1% |
| 2008 | 178,400 | (1) | \$ 26,867 | 28.1 | 24,494 | 10.5% |
| 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% |

(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 | | | | | | | | | |
|--|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Executive, Legislative, Judicial and Finance: | | | | | | | | | | |
| City Council | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| City Council Administration | 11 | 11 | 11 | 11 | 11 | - | - | - | - | - |
| Internal Auditor | 2 | 2 | 2 | 2 | 4 | - | - | - | - | - |
| City Sergeant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| City Clerk | 9 | 9 | 9 | 11 | 11 | 11 | 11 | 10 | 9 | 9 |
| Personnel | 16 | 14 | 14 | 12 | 12 | 13 | 13 | 12 | 12 | 12 |
| Finance | 19 | 23 | 18 | 24 | 24 | 22 | 22 | 30 | 23 | 30 |
| Computer Services | 13 | 13 | 13 | 5 | 5 | 7 | 7 | 0 | 7 | 0 |
| Legal | 27 | 25 | 26 | 25 | 24 | 23 | 23 | 22 | 22 | 22 |
| Courts | 23 | 23 | 24 | 24 | 24 | 23 | 23 | 23 | 23 | 23 |
| Retirement | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Board Tax Assessment | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| City Treasurer | 5 | 5 | 6 | 7 | 6 | 6 | 5 | 5 | 5 | 5 |
| City Collector | 15 | 15 | 15 | 15 | 15 | 13 | 14 | 18 | 16 | 18 |
| City Assessor | 18 | 18 | 15 | 16 | 15 | 15 | 17 | 16 | 18 | 16 |
| Recreation and Public Land and Parks: | | | | | | | | | | |
| Neighborhood Parks & Recreation Svs | 57 | 56 | 60 | 61 | 44 | 44 | 44 | 44 | 47 | 52 |
| Recreation | - | - | - | - | 21 | 21 | 20 | 20 | 20 | 20 |
| Zoo | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 37 | 37 |
| Forestry | 13 | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 16 |
| Parks | 49 | 51 | 49 | 51 | 48 | 48 | 48 | 49 | 45 | 39 |
| Greenhouse | 8 | 6 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 14 |
| Public Property | 31 | 31 | 32 | 30 | 30 | 31 | 31 | 33 | 24 | 25 |
| Public Safety: | | | | | | | | | | |
| Police Department | 544 | 529 | 562 | 594 | 594 | 589 | 581 | 592 | 592 | 563 |
| Commissioner's Office | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 7 | 7 | 7 |
| Firefighters' Department | 507 | 438 | 433 | 450 | 467 | 489 | 487 | 487 | 484 | 485 |
| Communication | 69 | 69 | 73 | 76 | 76 | 76 | 76 | 78 | 78 | 78 |
| Emergency Mgmt./Homeland Security | 5 | 5 | 6 | 6 | 6 | - | - | - | - | - |
| Public Works: | | | | | | | | | | |
| Administration | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 10 | 10 | 10 |
| Engineering | 7 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 8 |
| Environmental Control | 8 | 8 | 11 | 12 | 12 | 13 | 12 | 12 | 12 | 12 |
| Highway and Bridge Maintenance | 50 | 50 | 52 | 50 | 50 | 50 | 50 | 50 | 48 | 48 |
| Sewer Maintenance | 9 | 9 | 10 | 12 | 12 | 12 | 10 | 10 | 9 | 10 |
| Miscellaneous | 0 | 3 | 3 | 1 | 1 | 120 | 117 | 45 | 45 | 44 |
| Garage | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 9 |
| Traffic Engineering | 9 | 9 | 8 | 13 | 13 | 13 | 13 | 12 | 12 | 11 |
| Building Inspection | 57 | 42 | 55 | 60 | 60 | 49 | 49 | 13 | 12 | 13 |
| Miscellaneous: | | | | | | | | | | |
| Recorded Deeds | 5 | 6 | 7 | 7 | 7 | - | - | - | - | - |
| Planning & Development | 47 | 44 | 50 | 54 | 46 | - | - | - | - | - |
| Arts, Culture & Tourism | 4 | 4 | 4 | 5 | 5 | - | - | - | - | - |
| Human Relations | 1 | 1 | 1 | 3 | 3 | - | - | - | - | - |
| Human Services | 7 | 7 | 3 | 2 | 4 | - | - | - | - | - |
| PERA | 1 | 1 | 2 | 3 | 3 | - | - | - | - | - |
| Board of Canvassers | 8 | 8 | 8 | 8 | 8 | - | - | - | - | - |
| Board of Licenses | 11 | 11 | 13 | 12 | 11 | - | - | - | - | - |
| Vital Statistics | 5 | 11 | 5 | 5 | 5 | - | - | - | - | - |
| City Archivist | 3 | 3 | 3 | 3 | 3 | - | - | - | - | - |
| School Department | 3,241 | 3,224 | 3,226 | 3,236 | 3,157 | 3,284 | 3,300 | 3,345 | 3,333 | 3,342 |
| Total | 4,993 | 4,887 | 4,945 | 5,023 | 4,952 | 5,086 | 5,086 | 5,041 | 5,016 | 5,004 |

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 | | | | | | | | | |
|-------------------------------------|-------------|------------|------------|------------|------------|------------|------------|-------|------------|------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Police: | | | | | | | | | | |
| Calls for service | 115 | 114 | 118 | 125 | 139 | 145 | 138 | 149 | 190 | 190 |
| Fire: | | | | | | | | | | |
| Total fire calls | 42 | 41 | 44 | 10 | 11 | 14 | 13 | 14 | 13 | 13 |
| Total rescue calls * | - | - | - | 31 | 31 | 27 | 27 | 26 | 25 | 25 |
| Building safety: | | | | | | | | | | |
| Total building permits | 7 | 8 | 8 | 8 | 10 | 8 | 7 | 3,210 | 8,250 | 7,759 |
| Total value all permits | \$ 155,160 | \$ 215,485 | \$ 162,913 | \$ 198,251 | \$ 146,236 | \$ 234,191 | \$ 217,629 | TBD | \$ 251,400 | \$ 172,700 |
| Public service: | | | | | | | | | | |
| Residential garbage collected (ton) | 70 | 71 | 73 | 74 | 77 | 79 | 81 | TBD | 69 | 69 |

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 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
| 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 | 28 | 28 |
| Public Works: | | | | | | | | | | |
| Bridges | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 53 | 53 |
| Streets (Miles) | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 417 | 417 |
| 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 | | |
| Parks & Recreation: | | | | | | | | | | |
| Acreage | 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 | 141 | 141 |
| Golf Course | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Baseball/Softball Diamonds | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 1 | 1 |
| Greenhouse | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 1 | 1 |
| Soccer/Football Fields | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 1 | 1 |
| Water Parks | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 3 | 3 |
| 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 | 12 | 12 |
| 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 | 415 | 415 |

Source: City Records

