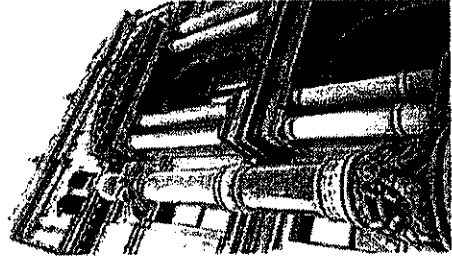


**CITY OF PROVIDENCE, RHODE ISLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2013



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

**CITY OF PROVIDENCE, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page(s)</b>
<b>INTRODUCTORY SECTION:</b>		
Letter of Transmittal.....	i - vii	
Organization Chart.....	viii	
List of City Officials .....	ix	
GFQA Certificate of Achievement .....	x	
<b>FINANCIAL SECTION:</b>		
Report of Independent Auditors .....	1 - 2	
<b>Basic Financial Statements and Required Supplementary Information:</b>		
Management's Discussion and Analysis .....	3 - 11	
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements:		
Statement of Net Position .....	A-1	12
Statement of Activities .....	A-2	13
<b>Fund Financial Statements:</b>		
Governmental Funds:		
Balance Sheet .....	B-1	14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	B-2	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (B-2) to the Statement of Activities (A-2) .....	B-3	16
<b>Proprietary Funds:</b>		
Statement of Net Position .....	C-1	17
Statement of Revenues, Expenses and Changes in Net Position.....	C-2	18
Statement of Cash Flows .....	C-3	19 - 20
<b>Fiduciary Funds:</b>		
Statement of Fiduciary Net Position .....	D-1	21
Statement of Changes in Fiduciary Net Position.....	D-2	22
<b>Notes to Financial Statements .....</b>		
<b>23 - 55</b>		
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule for the General Fund.....	E-1	56-60
Budgetary Comparison Schedule for the School General Fund.....	E-2	61
Notes to Required Supplementary Information .....	E-3	62
Schedule of Funding Progress .....	E-4	63
<b>Other Supplementary Information:</b>		
Non-major Governmental Funds:		
Combining Balance Sheet .....	F-1	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	F-2	65

(CONTINUED)

**CITY OF PROVIDENCE, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page(s)</u>
<b>School Grant Funds:</b>		
Combining Balance Sheet .....	G-1	66
Combining Statement of Revenues, Expenses and Changes in Fund Balances .....	G-2	67
<b>Agency Funds:</b>		
Statement of Changes in Assets and Liabilities .....	A-1	68
<b>Capital assets schedules:</b>		
Capital Assets Used in the Operation of Governmental Funds .....	J-1	69
<b>STATISTICAL SECTION:</b>	<u>Schedule</u>	
Net Position by Component .....	1	70
Changes in Net Position .....	2	71-72
Fund Balances, Governmental Funds .....	3	73
Changes in Fund Balances, Governmental Funds .....	4	74
Tax Revenue by Source .....	5	75
Assessed Values and Estimated Actual Values of Taxable Property .....	6	76
Principal Property Taxpayers .....	7	77
Property Tax Levies and Collections .....	8	78
Ratios of General Bonded Debt Outstanding .....	9	79
Direct Governmental Activities Debt .....	10	80
Legal Debt Margin Information .....	11-12	81-82
Pledged Revenue Coverage .....	13	83
Demographic and Economic Statistics .....	14	84
Principal Employers .....	15	85
Full-Time Equivalent Employees by Function .....	16	86
Operating Indicators by Function .....	17	87
Capital Assets Statistical by Function .....	18	88

(CONCLUDED)



**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, 2013

City Council

Providence, Rhode Island

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 (FY) that ended June 30, 2013.

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

Accountants and advisers from Braver PC have issued an unqualified ("clean") opinion on the City of Providence. Rhode Island's financial statements for the year ended June 30, 2013. A copy of their independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides 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 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. The responsibilities of City government include providing a range of services that include: 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 School Department. 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 on every stakeholder in the city to share in the sacrifices necessary to pull Providence back from the brink. 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 11 years.

In FY2013, the City reached a landmark agreement with retirees and current employees to reform the City pension and retiree health care system. The agreement saved Providence approximately \$18.5 million in FY2013 and reduces 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 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 not 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 on 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 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, with the partnership of the Providence City Council and stakeholders across the City, has all but eliminated the City's \$110 million structural deficit and ended FY2013 with a \$1.57 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 are now being 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.***

The 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, thriving small businesses in local neighborhood economies and a young 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.

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.
2. **Fix the Permitting Process.** The City of Providence has established a new departmental subgroup focused solely on small permit application review so that simple, small-dollar projects proceed more quickly. Providence will also soon allow for online permit application submissions.
3. **Remove Barriers to Redevelopment.** The Providence Redevelopment Agency is aggressively pursuing a range of economic development tools to spur the continued development of key real estate parcels in the city.

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, businesses and residents alike.
6. **Invest in Storefront Improvement.** The Taveras administration is working to begin a program of reimbursing eligible, main-street small businesses for storefront capital improvements.
7. **Provide Targeted Back Office Supports.** Providence will begin providing operational support and technical assistance to small businesses and/or eligible start-ups.
8. **Reform the City's Zoning Ordinance.** Providence is currently undertaking a comprehensive update of the City's existing zoning ordinance to support goals for smart growth, sustainable, cultural, equitable and transit-oriented development.
9. **Invest in Historic Preservation.** Providence worked with the General Assembly, the Office of the Governor and local advocates to win reinstatement of this critical tax credit.
10. **Market Available Real Estate.** Providence will create and maintain a public database of properties available for development. Beyond being available online, Providence's available real estate will be aggressively marketed to site selection consultants nationwide.
11. **Raise Participation in State Incentive Programs.** Using a range of outreach strategies, the City will execute an outreach campaign to increase the rate of participation.
12. **Review Statewide Regulatory Policy.** The City proposes a full review of Rhode Island labor, tax and regulatory policy, in cooperation with both business organizations and labor representatives, with the goal of aligning Rhode Island standards with national norms.
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 expand its portfolio of apprenticeship programs, looking first to Providence's working waterfront and creative economy.
15. **Support Nursing & Health Sciences.** Providence will work to bring a nursing school to the City.
16. **Expand Adult Education.** Workforce Solutions of Providence/Cranston will seek new partnerships between Rhode Island's institutions of public higher education and local community organizations.
17. **Make Streetscars a Reality.** Providence is aggressively pursuing a sustainable funding strategy to bring this transportation option to fruition.
18. **Rehabilitate Foreclosed Properties.** Providence will partner with Community Development Corporations to direct the rehabilitation of abandoned and vacant residential properties.
19. **Market Providence.** In the summer of 2013 Providence conducted a regional marketing and advertising campaign encouraging visitors to "Come to Providence."



20. **Improve the Visitor Experience.** Providence will erect new visitor information kiosks, which will double as a centralized ticketing hub for all arts related events and activities in Providence.

### **Infrastructure Improvements**

The City is working to improve infrastructure in ways that will impact all residents and businesses for years to come.

- **Providence Road Improvement Project:** In spring 2013, the City kicked off the Providence Road Improvement Project, its efforts to rebuild and repair approximately 65 miles of roads, or one out of every six roads, in Providence. 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.

- **Providence Reads** – In fall 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.
- **Providence Talks** – In March 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.
- **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. In October 2012, the CYC released its 'Educate Providence: Action for Change' report, which provides baseline data and 11 indicators to measure the City's progress in educating children from cradle to career.
- **Awards** – Providence's efforts to improve public education were recognized and honored.
  - In July 2012, Providence was named an **All-America City** by the National Civic League for its ambitious plan to ensure that more children are reading at grade level by the end of third grade.
  - In July 2012, the Casey Foundation chose Providence as the first site for **Evidence2Success** because of the City's and the State's commitment to investing in children and youth, and for their collaborative efforts to improve outcomes of children in low-income neighborhoods.
  - In October 2012, the Mayor's 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.

- o In October 2012, Cities of Service announced that it awarded Providence a \$25,000 grant supported by Bloomberg Philanthropies to implement Legendo, a service-based initiative to boost reading levels for Providence students who are not reading on grade level and speak a language other than English at home.

## 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.

- **Cyclovia:** In 2012, the City held its first Cyclovia on Broad Street. The street was closed to traffic for exclusive use of pedestrians, runners, skaters and bicyclists. Cyclovia is an international phenomenon that reportedly began in Bogotá, Colombia and has spread to cities across the globe, including New York City, Chicago, Seattle, San Francisco, Los Angeles, Miami, and Cambridge, Mass. In spring 2013, Mayor Taveras announced that the City will host an expanded schedule of three Cyclovia events over the summer.
- **Tobacco Prevention:** In early 2012, Mayor Taveras and the Providence City Council passed two ordinances banning the sale of tobacco products and store discounts aimed at children. The tobacco industry sued to prevent the laws from taking effect. In December 2012, the City won an important victory in its fight to protect children from the harmful effects of tobacco, when Rhode Island U.S. District Court Chief Judge Mary List ruled against Big Tobacco's attempt to block City officials from enforcing the new anti-tobacco laws.

## Sustainability

The City of Providence is taking vital steps to improve the quality of life for City residents and to ensure that Providence is a sustainable and livable place for residents and visitors.

- **Big Green Can Recycling:** In October 2012, the City launched a new recycling initiative, making it easier for residents to recycle in Providence. Every Providence household received a new, 65-gallon gray trash barrel and began using the large, 95-gallon 'Big Green Can' for recycling. The larger recycling barrel, coupled with the statewide transition to single-stream recycling, aims to increase recycling rates by making it easier for all residents to recycle.
- **Lots of Hope:** In 2012, the City of Providence, in partnership with the Southside Community Land Trust and the Rhode Island Foundation, launched Lots of Hope, a new initiative to convert city-owned vacant lots into productive urban farms.
- **Earth Day City-wide Clean Up:** In April 2013, Mayor Taveras and the City of Providence hosted the first annual city-wide celebration of Earth Day, drawing 1,800 volunteers who cleaned parks, planted trees and worked on neighborhood beautification efforts.

### Debt Administration

Outstanding governmental and business-type activity bonds at June 30, 2013 totaled \$623,051,000. (Note 7 of this report presents 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	BBB

### 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 2012 – 2016 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.

### Acknowledgments

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 of Braver-PC. 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.

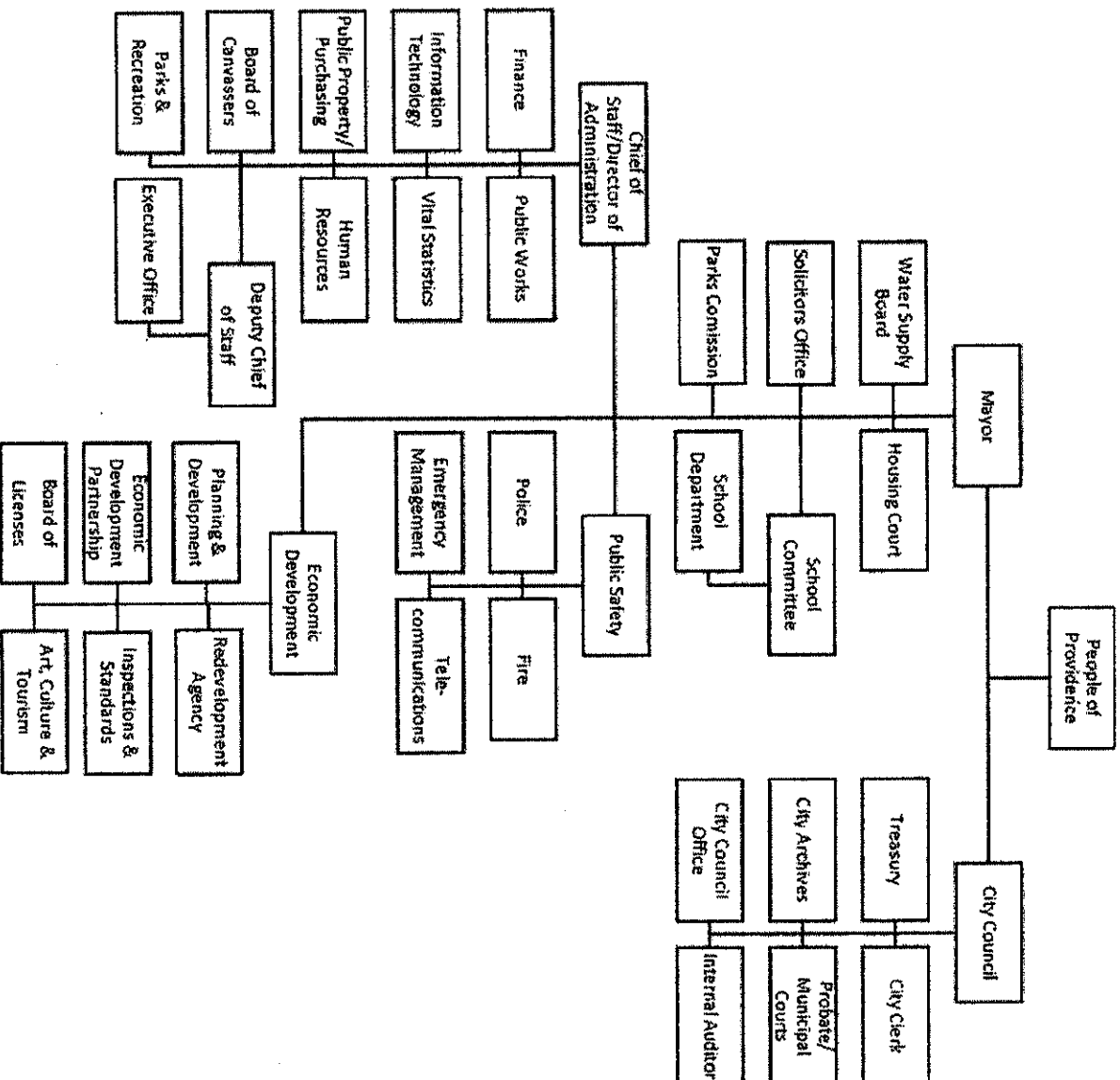
Respectfully submitted,



Lawrence J. Mancini  
Finance Director



# City of Providence Organizational Chart



**City Officials  
As of June 30, 2013**

**Mayor**  
Angel Taveras

**City Council**

Ward 1 – Seth Yurdim	Ward 6 – Michael J. Correia	Ward 11 – Davian Sanchez
Ward 2 – Samuel D. Zurier	Ward 7 – John J. Igliozzi	Ward 12 – Terrence 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**

Chief Engineer/GM of Water Supply	Boyce Spinelli
Chief of Fire Department	Michael Dillon, Acting
Chief of Police Department	Col. Hugh Clements, Jr.
Chief of Staff	Michael D'Amico, Acting
City Clerk	Anna Stetson
City Controller	Michael D'Annunzio
City Solicitor	Jeffrey Padwa, Esq.
City Treasurer	James Lombardi, III
Director of Administration	Michael D'Amico
Director of Arts, Culture, and Tourism	Lynne McCormack
Director of Emergency Management	Col. Peter Gaynor (ret)
Director of Finance	Michael Pearis
Director of Information Technology	James Silveria
Director of Inspections and Standards	Jeff Lykins
Director of Operations	Alan Sepe
Director of Personnel	Sybil Bailey
Director of Planning and Development	Ruben Flores-Marzan
Director of Public Works	William Bombard, Acting
Director of Telecommunications	William Trinque
Internal Auditor	Matthew M. Clarkin, Jr.
Recorder of Deeds	John Murphy
Registrar of Vital Statistics	Serena Conley
Superintendent of Parks and Recreation	Robert McMahon
Superintendent of Schools	Dr. Susan Lusi
Tax Assessor	David L. Quinn
Tax Collector	John Murphy
Traffic Engineer	William Bombard



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

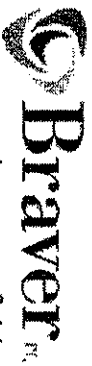
**June 30, 2012**

Executive Director/CEO

# CITY OF PROVIDENCE

## FINANCIAL SECTION

- 
- REPORT OF INDEPENDENT AUDITORS
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- SUPPLEMENTARY INFORMATION



Accountants & Advisors

## 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, 2013, 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, 2013, 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.

mgj.



## ***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, and Schedules of Funding Progress on Pages 3-11, Pages 56-62 and Page 63, 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 31, 2013, 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.

*Shaner PC*

Providence, Rhode Island  
December 31, 2013

# **CITY OF PROVIDENCE, RHODE ISLAND** **MANAGEMENT'S DISCUSSION AND ANALYSIS** **JUNE 30, 2013**

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, 2013.

## **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, 2013 by \$146.3 million (presented as "total net position"). Of this amount, a negative of \$263.7 million was reported as "unrestricted." The net investment in capital assets was \$117.4 million. The assets of the City's business-type activities exceed its liabilities by \$258.7 million. Of this amount, \$217.2 million represents the City's net investment in capital assets.

*Change in Net Position* – The City's total net position decreased by \$5.3 million in fiscal year 2013. Net position of governmental activities decreased by \$7.8 million, while net position of business-type activities increased by \$13.1 million.

### **Fund Highlights**

*Governmental Funds – Fund Balances* – As of June 30, 2013, the City's governmental funds reported a combined ending fund balance of \$91.4 million, a \$38.9 million increase from the prior year. Of the total fund balance reported, a negative \$9.8 million represents "unassigned fund balance."

### **Long-Term Obligations**

The City's total long-term obligations related to its government activities had a net increase of \$42.8 million during the current fiscal year.

The total long-term obligations of the City's proprietary activities increased \$.02 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, 2013**

**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 expense 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, 2013**

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 evaluation 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-side 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 customer, including local governments, which are known as enterprise funds. Proprietary funds provide that 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, 2013**

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 2013, 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, 2013

## 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 \$112.4 million at the end of 2013, compared to \$107.1 million at the end last year.

The largest portion of the City's net position, \$334.7 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; consequently, 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, 2013			June 30, 2012		
	Governmental Activities		Business-type Activities	Governmental Activities		Business-type Activities
			Total			Total
Current and other assets	\$ 275,678	\$ 64,006	\$ 339,684	\$ 233,151	\$ 74,183	\$ 307,334
Capital assets	685,985	295,297	981,282	684,133	266,247	950,380
Total Assets	961,663	359,303	1,320,966	917,284	340,430	1,257,714
Current liabilities	220,182	22,256	242,438	205,922	20,151	226,073
Long-term liabilities	887,794	78,322	966,116	849,873	51,462	901,335
Total liabilities	1,107,976	100,578	1,208,554	1,055,795	71,613	1,127,408
Net Assets:						
Investment in capital asset net of related debt	117,449	217,210	334,659	122,997	213,758	336,755
Restricted		35,112	35,112		20,943	20,943
Unrestricted	(265,762)	6,403	(257,359)	(261,508)	10,749	(250,759)
Total Net assets	\$ (146,313)	\$ 258,725	\$ 112,412	\$ (138,511)	\$ 245,450	\$ 106,939

Restricted net position of \$35.1 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.

### Changes in Net Position

The City's net position decreased by \$7.8 million and increased by \$13.1 million for governmental activities and business-type activities, respectively. General fund revenues increased due to the success of increased tax collections and higher than budgeted departmental 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 FY2013. Approximately 47.5% of the City's total governmental revenues were generated from taxes and payments in lieu of taxes. 34% resulted from grants and contributions, including Federal Aid. Charges for various goods and services provided 13.3% of total revenues, while other revenues and investment and rental income accounted for 5.2% 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 2013 exceeded

# CITY OF PROVIDENCE, RHODE ISLAND MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

expense by \$12.8 million. The Business-type activities reported an increase in revenue of 1%, while expense increased 2% over the prior year.

	June 30, 2013		June 30, 2012	
	Governmental Activities	Business- type Activities	Governmental Activities	Business- type Activities
Revenues:	Total		Total	
Program revenues:				
Charges for service	\$ 98,334	\$ 96,214	\$ 194,548	\$ 97,270
Operating grants and contributions	261,254		261,254	
Capital grants and contributions		852	852	827
General revenues:				
Property taxes	351,605		351,605	
Grants not restricted for a specific purpose	19,296		19,296	
Miscellaneous	18,047	243	18,290	
Unrestricted investment earnings	84	2,100	2,184	200
<b>Total revenues</b>	<b>748,620</b>	<b>99,409</b>	<b>848,029</b>	<b>814,485</b>
Expenses:				
Executive, legislative and judicial	32,662		32,662	
Finance	58,429		58,429	
Public safety	165,773		165,773	
Building inspection	4,264		4,264	
Public works	21,889		21,889	
Recreation	1,903		1,903	
Public lands and parks	20,415		20,415	
Education	395,994	14,422	410,416	13,908
Community development	24,297		24,297	
Interest on long-term debt	30,796		30,796	
Economic development		19,396	19,396	19,992
Water		52,553	52,553	50,461
<b>Total expenses</b>	<b>756,422</b>	<b>86,371</b>	<b>842,793</b>	<b>833,314</b>
<b>Change in net assets</b>	<b>(7,802)</b>	<b>13,038</b>	<b>5,236</b>	<b>(18,829)</b>
Net assets- beginning	(138,511)	245,687	107,176	(105,746)
Net assets- ending	\$ (146,313)	\$ 258,725	\$ 112,412	\$ 245,687
				\$ 107,176

## Business-Type Activities

The business-type activities increased the City's net position by \$13.1 million. This resulted primarily from a \$11 million increase in net position of the Water Supply Board, an increase of net position of \$1 million by the Providence Public Building Authority, and \$1 million 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.

**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2013**

**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 \$9.8 million, an increase of 1.6 million from 11.4 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 2013 school grants fund balance is reported at \$1.99 million, a \$2 million decrease from fiscal year 2012. The inclusion of all state aid in fiscal 2013 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 \$337.9 million as compared to \$320.4 million in the prior year. The inclusion of all state aid in fiscal 2013 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 2013 capital projects fund balance is \$39.6 million. The \$38.63 million increase from fiscal year 2012 is attributable most notably 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 \$13 million as a result of operations in the individual enterprise funds. This resulted primarily from a \$11 million increase in net position of the Water Supply Board, an increase of net position of \$1 million by the Providence Public Building Authority, and \$1 million by the school lunch program.

**General Fund Budgetary Highlights**

The general fund incurred an uncombined surplus in FY 2013 of \$1.9 million. This will increase the cumulative uncombined general fund balance to a negative \$17.9 million. The new GASB 34 requirement for combining funds shows a cumulative general fund balance as a negative \$9.8 million. Total general fund revenues and transfers for the fiscal year were \$449.8 million and total general fund expenditures and transfers for the fiscal year were \$447.9 million.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 56 to 60 of the Comprehensive Annual Financial Report.



**CITY OF PROVIDENCE, RHODE ISLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2013**

**Capital Asset and Debt Administration**

**Capital Assets (Note 5 to the Basic Financial Statements)**

	June 30, 2013			June 30, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,768	\$ 24,529	\$ 71,297	\$ 46,865	\$ 21,917	\$ 68,782
Land Improvements		18,682	18,682		18,682	18,682
Building and Improvements	144,398	146,869	291,267	132,470	148,345	281,015
Machinery and Equipment	16,704	3,033	19,737	15,519	3,082	18,601
Infrastructure	102,817		102,817	106,159		106,159
Leased Assets	347,703	10,041	357,744	350,852	10,225	361,077
Construction in Progress	27,595	75,049	102,644	32,268	63,796	96,064
	<u>\$ 685,985</u>	<u>\$ 278,203</u>	<u>\$ 964,188</u>	<u>\$ 684,133</u>	<u>\$ 266,247</u>	<u>\$ 950,380</u>

The City's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$1,072.6 million, net of accumulated depreciation of \$386.6 million, leaving a net book value of \$686 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, 2013

## Debt Administration

	June 30, 2013			June 30, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 105,661	\$	105,661	\$ 73,815	\$	73,815
Revenue Bonds	65,934	78,087	144,021	68,860	52,489	121,349
Tax Increment Obligations	9,450		9,450	12,585		12,585
Capital Notes Payable	35,127		35,127	39,554		39,554
Notes Payable	2,777		2,777	2,776		2,776
PPBA Debt		363,919	363,919		388,487	388,487
	<u>\$ 218,949</u>	<u>\$ 442,006</u>	<u>\$ 660,955</u>	<u>\$ 197,590</u>	<u>\$ 440,976</u>	<u>\$ 638,566</u>

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

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

The City's total outstanding notes and bonds increased by \$22.4 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: an Aaa rating from Moody's Investors Service, and a BBB rating from Standard and Poor and an BBB rating from Fitch. The City of Providence continues to perform long-term strategic planning in a pro-active attempt to control costs: examples of these costs are health insurance, pension costs, education, salaries and benefits and debt service. The City has negotiated with all of its unions to increase employee contributions for health insurance.

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

## Requests for Information

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

# CITY OF PROVIDENCE

## BASIC FINANCIAL STATEMENTS

---

CITY OF PROVIDENCEStatement of Net Position  
June 30, 2013 (in thousands)

	Governmental Activities	Business-Type Activities	Totals*
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 106,031	\$ 32,088	\$ 138,119
Restricted cash and cash equivalents		26,628	26,628
Investments	27,039	8,698	35,737
Restricted investments		6,261	6,261
Taxes receivable (net of allowance)	24,259		24,259
Intergovernmental receivable	46,831	874	47,705
Loan receivable (net of allowance)	28,041		28,041
Restricted receivables		18	18
Other receivable	13,295		13,295
Charges for service receivable (net of allowance)		13,088	13,088
Internal balances	25,048	(25,048)	-
Other assets	2,482	1,389	3,871
<b>Total current assets</b>	<b>273,026</b>	<b>64,006</b>	<b>337,032</b>
<b>Noncurrent assets</b>			
Deferred charges	2,652		2,652
Capital assets, nondepreciable	74,363	102,326	176,689
Capital assets, depreciable, net	611,622	192,971	804,593
<b>Total noncurrent assets</b>	<b>688,637</b>	<b>295,297</b>	<b>983,934</b>
<b>TOTAL ASSETS</b>	<b>961,663</b>	<b>359,303</b>	<b>1,320,966</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Warrants and accounts payable	30,055	6,985	37,050
Payable to retirement plan	39,603		39,603
Due to other governments	165		165
Line of credit		3,000	3,000
Accrued liabilities	43,466		43,466
Other		5,051	5,051
Unearned revenue	15,145	1,997	17,142
Amounts payable with current restricted assets		1,395	1,395
Long term debt due within one year	91,748	3,818	95,566
<b>Total current liabilities</b>	<b>220,182</b>	<b>22,256</b>	<b>242,438</b>
<b>Noncurrent liabilities:</b>			
Due in more than one year	887,794	78,322	966,116
<b>Total noncurrent liabilities</b>	<b>887,794</b>	<b>78,322</b>	<b>966,116</b>
<b>TOTAL LIABILITIES</b>	<b>1,107,976</b>	<b>100,578</b>	<b>1,208,554</b>
<b>Net Position</b>			
Net investment in capital assets	117,449	217,210	334,659
Restricted for Water Quality Protection		31,512	31,512
Restricted for debt service		3,600	3,600
Unrestricted	(263,762)	6,403	(257,359)
<b>TOTAL NET POSITION</b>	<b>\$ (146,313)</b>	<b>\$ 258,725</b>	<b>\$ 112,412</b>

\* After internal receivables and payables have been eliminated

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

Statement of Activities  
For the Year Ended June 30, 2013 (in thousands)

Net (Expense) Revenue and Changes in Net Position		Total	
Business-type Activities	Governmental Activities	Business-type Activities	Total
<b>Program Revenues</b> Charges for Services for Operating Grants and Capital Grants Contributions and Contributions			
<b>Functions/Programs</b> Primary government: Executive, legislative, and judicial Finance Public Safety Building Inspection Public Works Recreation Public Land and Parks Education Community development Interest on long-term debt Total governmental activities	\$ 35,944 58,482 170,854 68,956 222 11,776 \$ 103 442 211 264 264 12,174 247,624 13,006 - - 98,324 756,222	\$ 35,944 58,482 170,854 68,956 222 11,776 \$ 103 442 211 264 264 12,174 247,624 13,006 - - 98,324 756,222	\$ 35,944 58,482 170,854 68,956 222 11,776 \$ 103 442 211 264 264 12,174 247,624 13,006 - - 98,324 756,222
<b>Business-type activities:</b> PPBA Water Supply Board Non-major school lunch program Total business-type activities	19,396 52,553 14,422 56,214 2,100 2,100	19,396 52,553 14,422 56,214 2,100 2,100	19,396 52,553 14,422 56,214 2,100 2,100
<b>Total primary government</b>	\$ 642,793 194,548 \$ 281,254 \$ 2,100	\$ 642,793 194,548 \$ 281,254 \$ 2,100	\$ 642,793 194,548 \$ 281,254 \$ 2,100
<b>General revenues:</b> Taxes: Property taxes Transfers in lieu of taxes Transfers in (out) Grants and contributions not restricted to specific programs Investment income Loss on disposal of assets Miscellaneous Total general revenues Change in net position Net position—beginning Net	325,960 25,645 19,296 936 18,290 389,032 1,096 390,127 5,236 245,687 (138,511) (146,313) \$ 112,412	325,960 25,645 19,296 936 18,290 389,032 1,096 390,127 5,236 245,687 (138,511) (146,313) \$ 112,412	325,960 25,645 19,296 936 18,290 389,032 1,096 390,127 5,236 245,687 (138,511) (146,313) \$ 112,412

## CITY OF PROVIDENCE, RHODE ISLAND

Balance Sheet- Governmental Funds  
June 30, 2013 (in thousands)

	Major Funds					Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Non-major Governmental Funds	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 17,010	\$ 23,155	\$ 8,197	\$ 40,543	\$ 11,130	\$ 100,035
Investments	-	-	-	-	27,038	27,038
Receivables, net	-	-	-	-	-	-
Taxes	24,258	-	-	-	28,041	24,258
Loans	-	-	-	-	28,041	28,041
Intergovernmental	30,533	1,270	13,881	-	1,147	46,831
Other	8,559	544	101	-	34	9,238
Due from other funds	44,753	24,918	699	200	20,077	80,647
Other assets	-	-	-	-	214	214
<b>TOTAL ASSETS</b>	<b>\$ 125,114</b>	<b>\$ 49,887</b>	<b>\$ 22,878</b>	<b>\$ 40,743</b>	<b>\$ 87,082</b>	<b>\$ 326,504</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Warrants and accounts payable	\$ 3,211	\$ 19,616	\$ 3,167	\$ 1,177	\$ 2,016	\$ 29,189
Accrued liabilities	4,721	22,483	618	-	212	27,815
Other payables	50,531	-	-	-	-	50,531
Unearned revenues	26,840	36	2,342	-	8,777	37,795
Due to other funds	49,749	7,770	14,798	-	16,983	69,288
Due to other governments	89	-	76	-	-	165
<b>TOTAL LIABILITIES</b>	<b>\$ 134,941</b>	<b>\$ 49,887</b>	<b>\$ 20,860</b>	<b>\$ 1,177</b>	<b>\$ 27,988</b>	<b>\$ 224,863</b>
<b>FUND BALANCES:</b>						
Nonspendable	-	-	-	-	19,932	19,932
Restricted	-	-	1,988	39,598	29,512	71,566
Committed	-	-	-	-	10,288	10,288
Unassigned	(9,827)	-	1,988	39,566	(19)	(9,845)
<b>TOTAL FUND BALANCES</b>	<b>\$ (9,827)</b>	<b>\$ -</b>	<b>\$ 1,988</b>	<b>\$ 39,566</b>	<b>\$ 69,894</b>	<b>\$ 91,421</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 125,114</b>	<b>\$ 49,887</b>	<b>\$ 22,878</b>	<b>\$ 40,743</b>	<b>\$ 87,082</b>	

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.

Net pension obligations and other post employment benefits

Deferred charges

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

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

Internal service funds

Net position of governmental activities (A-1)

\$ (148,313)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

## CITY OF PROVIDENCE, RHODE ISLAND

Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds  
For the Year Ended June 30, 2013 (in thousands)

	Major Funds				Other non- major	Total
	General Fund	School Fund	School Grants Fund	Capital Projects	Governmental Funds	Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 324,058	\$ 400	\$ -	\$ -	\$ 8,341	\$ 324,058
Departmental revenue	83,942	203,079	45,545	657	20,153	97,683
Federal and state grants and reimbursements	37,763				2,742	306,195
Investment and rental income	555					3,297
Fines and forfeitures	5,030					5,030
Other	1,426	11,801	173		1,876	15,076
<b>TOTAL REVENUES</b>	<b>453,770</b>	<b>214,880</b>	<b>45,718</b>	<b>657</b>	<b>33,114</b>	<b>747,339</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Executive, legislative, and judicial	10,640				1,009	11,649
Finance	50,716				24	50,743
Public safety	146,497				6,995	153,492
Building inspection	3,931					3,931
Public works	18,953					18,953
Recreation	736				1,014	1,750
Public lands and parks	19,726				732	20,458
Other departments	7,877					7,877
Grants	4,201				4,231	8,432
Education		337,329	44,579			382,618
Community development					20,066	20,066
Noncurrent:						
Capital outlays				3,038	1,600	4,638
Debt Service:						
Principal	41,680				2,863	44,543
Interest and other costs	24,093			483	14	25,170
<b>TOTAL EXPENDITURES</b>	<b>329,693</b>	<b>337,929</b>	<b>44,579</b>	<b>3,501</b>	<b>34,117</b>	<b>749,329</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>124,077</b>	<b>(123,859)</b>	<b>1,039</b>	<b>(2,844)</b>	<b>(1,003)</b>	<b>(2,590)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,414	125,892	994		407	129,707
Transfers out	(124,919)	(2,033)	(2,232)		(766)	(129,950)
Bond proceeds				39,345		39,345
Bond premium				2,125		2,125
Loan proceeds					250	250
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(122,505)</b>	<b>123,859</b>	<b>(1,238)</b>	<b>41,470</b>	<b>(109)</b>	<b>41,477</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,572</b>		<b>(1,099)</b>	<b>39,526</b>	<b>(1,112)</b>	<b>38,887</b>
<b>FUND BALANCES AT BEGINNING OF YEAR,</b>	<b>(11,309)</b>		<b>2,187</b>	<b>940</b>	<b>80,806</b>	<b>52,534</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (9,827)</b>	<b>\$ -</b>	<b>\$ 1,088</b>	<b>\$ 39,566</b>	<b>\$ 59,694</b>	<b>\$ 91,421</b>

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, 2013 (in thousands)*

<b>Net Change in Fund Balances - Total Governmental Fund (B-2)</b>	<b>\$ 38,887</b>
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.	(4,825)
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.	1,523
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
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.	1,547
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.	(44,934)
<b>Change in net position of Governmental Activities in the Statement of Activities (A-2)</b>	<b><u>\$ (7,802)</u></b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS



## CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Position-Proprietary Funds  
June 30, 2013 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
<b>ASSETS:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 4,883	\$ 25,269	\$ 1,936	\$ 32,088	\$ 5,996
Restricted cash	26,628			26,628	
Investments		8,898		8,898	
Restricted investments	5,281			6,251	
Receivables, net	12,936		162	13,098	4,057
Restricted receivables	18			18	
Receivables- other governments			874	874	
Rentals receivable		486,863		486,863	30,183
Due from other funds	645		409	1,054	
Inventories	744			744	2,268
<b>Total current assets</b>	<b>52,115</b>	<b>520,830</b>	<b>3,381</b>	<b>576,326</b>	<b>42,504</b>
<b>Noncurrent assets:</b>					
Deferred gain on refunding		821		821	
<b>Capital assets:</b>					
Land	21,918			21,918	
Buildings and improvements	74,388			74,388	
Improvements other than buildings	270,994			270,994	
Machinery and equipment	30,450			30,450	
Construction in progress	80,408			80,408	
Less accumulated depreciation	478,158			478,158	
	182,861			182,861	
<b>Net capital assets</b>	<b>295,287</b>			<b>295,287</b>	
<b>Total noncurrent assets</b>	<b>295,287</b>	<b>821</b>		<b>296,918</b>	
<b>Total assets</b>	<b>347,412</b>	<b>521,651</b>	<b>3,381</b>	<b>872,244</b>	<b>42,504</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	4,104	1,732	1,159	6,995	885
Claims payable					10,542
Unearned revenue	1,987			1,987	1,015
Due to other funds	1,783		177	1,970	29,981
Line of credit	3,000			3,000	
Other		13,400		13,400	
Amounts payable from restricted assets	1,395			1,395	
Current portion of long-term debt and capital leases, net	3,818	25,663		29,481	
<b>Total current liabilities</b>	<b>18,107</b>	<b>40,785</b>	<b>1,336</b>	<b>58,238</b>	<b>42,504</b>
<b>Noncurrent liabilities:</b>					
Revenue bonds, net	74,269	476,959		551,228	
Net OPES obligation	4,053			4,053	
<b>Total noncurrent liabilities</b>	<b>78,322</b>	<b>476,959</b>		<b>555,281</b>	
<b>TOTAL LIABILITIES</b>	<b>94,429</b>	<b>517,754</b>	<b>1,336</b>	<b>613,519</b>	<b>42,504</b>
<b>NET POSITION</b>					
Net investment in capital assets	217,210			217,210	
Restricted for Water Quality Protection	31,512			31,512	
Restricted for debt service		3,600		3,600	
Unrestricted	4,261	97	2,045	6,403	
<b>TOTAL NET POSITION</b>	<b>\$ 252,983</b>	<b>\$ 3,597</b>	<b>\$ 2,045</b>	<b>\$ 258,725</b>	<b>\$</b>

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, 2013 (in thousands)**

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	
<b>OPERATING REVENUES:</b>					
Charges for sales and services	\$ 61,070	\$ 18,500	\$ 514	\$ 61,584	\$ 97,119
Lease receipts	-	1,520	14,610	16,130	2,323
Other					
<b>Total operating revenues</b>	<b>61,070</b>	<b>20,020</b>	<b>15,124</b>	<b>96,214</b>	<b>99,442</b>
<b>OPERATING EXPENSES:</b>					
Cost of sales and services	27,901	866	14,422	43,189	99,443
Health claims					
Administration	10,759	77		10,836	
Depreciation	12,264			12,264	
<b>Total operating expenses</b>	<b>60,924</b>	<b>943</b>	<b>14,422</b>	<b>66,289</b>	<b>99,443</b>
<b>OPERATING INCOME (LOSS)</b>	<b>10,145</b>	<b>19,077</b>	<b>702</b>	<b>29,925</b>	<b>(1)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Investment income	297	555		852	1
Interest expense	(11,629)	(18,453)		(20,082)	
<b>Total non-operating expenses</b>	<b>(11,332)</b>	<b>(17,898)</b>		<b>(19,230)</b>	<b>1</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>8,814</b>	<b>1,179</b>	<b>702</b>	<b>10,695</b>	
Capital grants and contributions					
Transfers in	2,100		243	2,100	
Transfers out				243	
<b>Change in net position</b>	<b>10,914</b>	<b>1,179</b>	<b>945</b>	<b>13,038</b>	
<b>NET POSITION, BEGINNING</b>	<b>242,068</b>	<b>2,518</b>	<b>1,100</b>	<b>245,687</b>	
<b>NET POSITION, ENDING</b>	<b>\$ 252,983</b>	<b>\$ 3,697</b>	<b>\$ 2,045</b>	<b>\$ 258,725</b>	<b>\$</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF PROVIDENCE****Statement of Cash Flows-Proprietary Funds  
For the Year Ended June 30, 2013 (in thousands)**

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and other	\$ 62,070	\$ 43,194	\$ 367	\$ 105,631	\$ 99,233
Cash received from intergovernmental sources		1,520	15,075	16,595	
Cash paid to vendors	(24,498)	(260)	(14,905)	(39,663)	(100,734)
Cash paid to employees	(13,520)	-	(476)	(13,996)	
Net cash provided by (used for) operating activities	24,051	44,434	91	68,576	(1,501)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers					
Due from (to) other funds	1,251	(602)	243	(358)	2,407
Net cash provided by (used for) noncapital financing activities	1,251	(602)	(17)	632	2,407
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(41,314)	(6,083)		(47,397)	
Interest paid on debt	(1,629)	(18,558)		(20,185)	
Proceeds from line of credit	3,000			3,000	
Repayment of long-term debt and capital leases	(3,602)	(24,568)		(28,170)	
Proceeds from long-term debt	29,200			29,200	
State housing aid receipts					
State housing aid transfer	2,100			2,100	
Capital grants					
Net cash provided by (used for) capital and related financing activities	(12,245)	(49,207)		(61,452)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(2,137)			(2,137)	
Sale of investment securities					
Investment income	297	555		852	1
Net cash provided by (used for) investing activities	(1,840)	555		(1,285)	1
<b>Net increase (decrease) in cash and cash equivalents</b>	11,217	(4,820)	74	6,471	907
<b>Cash and Cash Equivalents</b>					
Beginning	19,944	30,089	1,862	51,895	5,089
Ending	\$ 31,161	\$ 25,269	\$ 1,936	\$ 58,366	\$ 5,996

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

(CONTINUED)

## CITY OF PROVIDENCE, RHODE ISLAND

C-3

**Statement of Cash Flows-Proprietary Funds**  
**For the Year Ended June 30, 2013 (in thousands)**

	Business-Type Activities-Enterprise Funds				Governmental Activities	
	Water Supply Board	PP&A	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)	\$ 10,145	\$ 19,077	\$ 702	\$ 29,925	\$	(1)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	12,264			12,264		
Change in allowance for doubtful accounts	(1,321)	802		(1,321)		
Transfer				802		
Changes in assets and liabilities:						
Receivables	2,586	24,695	345	27,630		(709)
Inventories	(8)			(8)		
Other assets	(265)			(265)		
Due from other funds	631	60	(960)	(269)		(1,391)
Accounts payable and accrued expenses						
Due to other funds	18			18		
Unearned revenue						
Net cash provided by (used in) operating activities	\$ 24,051	\$ 44,434	\$ 91	\$ 68,576	\$	(1,501)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

**Statement of Fiduciary Net Position-Fiduciary Funds**  
**June 30, 2013 (in thousands)**

	Retirement Plan	Purpose Trust Funds	Agency Fund
<b>ASSETS</b>			
Investments, at fair value:			
U.S. Government securities	\$ 14,582		
Corporate and foreign bonds	37,222		
Corporate equity securities	195,537	\$ 1,400	
Mutual funds		1,400	
<b>Total investments</b>	<b>247,341</b>	<b>1,400</b>	
Cash and cash equivalents	3,449	3	1,979
Receivables:			
Loans receivable	26,158		
Other	59,111		58
<b>Total receivables</b>	<b>85,269</b>	<b>-</b>	<b>58</b>
<b>Total assets</b>	<b>336,059</b>	<b>1,403</b>	<b>2,037</b>
<b>LIABILITIES</b>			
Accounts payable	241		100
Due to student groups			1,937
Other payables	33		
<b>Total liabilities</b>	<b>274</b>	<b>-</b>	<b>2,037</b>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits and other purposes	\$ 335,785	\$ 1,403	

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**Statement of Changes in Fiduciary Net Position-Fiduciary Funds**  
**For the Year Ended June 30, 2013 (in thousands)**

	Employee Retirement Plan	Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Contributions	\$ 58,145	
Employer	10,940	
Employees	\$	17
Donations		17
<b>Total contributions</b>	<b>69,085</b>	<b>17</b>
<b>Investment Earnings</b>		
Net appreciation (depreciation) in the fair value of investments	31,707	197
Interest	1,975	
Dividends	3,469	
<b>Total investment earnings</b>	<b>37,151</b>	<b>197</b>
<b>Total additions</b>	<b>106,236</b>	<b>214</b>
<b>DEDUCTIONS:</b>		
Benefits	95,402	24
Administrative expenses	1,588	
<b>Total deductions</b>	<b>96,990</b>	<b>24</b>
<b>Change in net assets</b>	<b>9,246</b>	<b>190</b>
<b>Net position - beginning</b>	<b>326,539</b>	<b>1,213</b>
<b>Net position - ending</b>	<b>\$ 335,785</b>	<b>\$ 1,403</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

## I. 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.

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 criteria 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, 2013 (in thousands)

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

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, 2013:

- GASB Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements.
- GASB Statement No. 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.
- GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

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

- 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.



## CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Issued Accounting Standards (Continued)

- 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. 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. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the fiscal year ending June 30, 2014.
- 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 segment 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, 2013 (in thousands)

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.

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.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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.

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.

## CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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 2003 State mandated statistical updated valuations less Homestead exemptions for up to five residential units. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value, with a State mandated, 10-year phase-out on tangible inventory property and a \$6,000 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.

#### *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.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Capital Assets (Continued)

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 and life 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.

### 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 \$59,530 and \$1,465, respectively. The majority of amounts relates 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.

**CITY OF PROVIDENCE, RHODE ISLAND**  
Notes to Financial Statements  
June 30, 2013 (in thousands)

**I. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***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: nonspendable, restricted, committed, assigned, or unassigned. These categories are defined below.

- (a) **Nonspendable 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.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Equity and Net position (Continued)

### Unrestricted Net position or Deficits (Continued)

- (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.

## 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 \$628,934 difference are as follows:

Bonds and notes payable	\$	(547,741)
Add: premiums and discounts		722
Leases payable		(13,154)
Capital notes payable		(21,973)
Accrued interest payable		(4,623)
Compensated absences		(33,634)
Workers' compensation		(3,875)
Unspent PP&A fund proceeds		23,487
Claims and judgments		(28,143)

Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$	(628,934)
--	----	-----------

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 \$4,825 difference is as follows:

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

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

Capital outlay - governmental funds	\$ 16,559
Depreciation expense	(21,384)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (4,825)</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 \$1,547 difference are as follows:

Long-Term Liabilities issued or incurred:	
Bond and note proceeds	\$ (39,595)
Bond premium	(2,125)
Bond issuance costs	463
Principal repayments:	
General obligation bonds	38,128
Capital leases	3,342
Capital notes	1,085
Notes payable	249
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,547</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 \$44,934 difference are as follows:

Compensated absences	\$ (3,042)
Accrued interest	244
Deferred charges	(378)
Amortization of bond premium	(437)
Claims and judgments	(2,322)
Net pension obligation	(2,406)
Other post employment benefits	(36,593)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (44,934)</u>



## CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

### 3. *CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)*

#### *Deposits*

The City's custodial credit risk policy is in accordance with RI General Laws, Chapter 35-10-1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to 100% of time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators will insure or pledge eligible collateral equal to 100% of deposits, regardless of maturities.

#### *Investments*

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

#### Interest Rate Risk

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

#### Concentrations

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

#### *Custodial Credit Risk*

#### Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2013 \$46,361 of the city's bank balance of \$196,324 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, 2013 (in thousands)

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 111,462
PPBA deposits with financial institutions	25,269
Water Supply Board deposits with financial institutions	31,511
School Lunch Program deposits with financial institutions	1,936
<b>Total cash and cash equivalents</b>	<b>170,178</b>
<b>Investments</b>	
Non-major Governmental Funds	27,039
Mutual Funds	-
Municipal Bonds	27,039
Private Purpose Trust Funds	1,400
Mutual Funds	
PPBA Investments	8,698
Guaranteed Investment Contracts	8,698
Water Supply Board	6,261
Equity Mutual Funds	
Pension Trust Funds	
U.S. Government Securities	14,582
Corporate and Foreign Bonds	37,222
Common and Preferred Stocks	195,537
	247,341
<b>Total investments</b>	<b>290,739</b>
<b>Total cash, cash equivalents and investments</b>	<b>\$ 460,917</b>

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

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

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and Cash Equivalents	
Statement of Net Assets	
Cash and cash equivalents	\$ 138,119
Restricted cash and cash equivalents	26,628
	<u>164,747</u>
Fiduciary Funds	
Cash and cash equivalents	5,431
	<u>5,431</u>
Total cash and cash equivalents	<u>\$ 170,178</u>
Investments	
Statement of Net Assets	
Investments	\$ 35,737
Restricted investments	6,261
	<u>41,998</u>
Fiduciary Funds	
Investments	248,741
Restricted investments	<u>248,741</u>
Total Investments	<u>\$ 290,739</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	\$ 14,582	\$	\$ 14,160	\$ 422
Corporate and Foreign Bonds	37,222	1,763	14,101	12,088 \$ 9,270
PPBA-Guaranteed Investment	8,698		3,257	5,441
TOTAL	\$ 60,502	\$ 1,763	\$ 28,261	\$ 15,767 \$ 14,711

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## 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:

Rating	Corporate		PPBA-	
	Average	and Foreign	Municipal	Guaranteed
	Bonds	Bonds	Bonds	Investment
				Contracts
AAA	\$ 1,670	\$ -		
AA+	6,530			
AA	812			
AA-	1,691			\$ 3,258
A+	1,158			
A	2,451			
A-	4,942			\$ 5,440
BBB+	2,909			
BBB	3,078			
BBB-	2,486			
BB+	570			
BB	216			
BB-	519			
B+	91			
B				
B-				
CCC-				
Unrated	8,099			
	\$ 37,222	\$ -	\$ -	\$ 8,698

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2013, 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	\$ 44,753	\$ 49,749
School Fund	24,918	7,770
School Grants	699	14,786
Capital Projects	260	-
Non-Major Governmental Funds	20,077	16,983
Water Supply Board		1,793
School Lunch Program	409	177
Internal Service Fund	30,183	29,981
Total	\$ 121,239	\$ 121,239

Amounts owed among funds result principally from timing of payments to the City's general fund of \$44 million, payments to the City's health insurance and legal claims fund of \$30.1 million, and amounts owed to the school fund for current year expenditures of \$24.9 million. All of these amounts were paid subsequent to year-end. All other amounts owed are expected to be paid within one year.

Interfund transfers during the year ended June 30, 2013 were as follows (in thousands):

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ 2,414	\$ 124,919
School Fund	125,892	2,033
School Grants	994	2,232
School lunch	243	-
Non-Major Governmental Funds	407	766
Total	\$ 129,950	\$ 129,950

The most significant transfer in fiscal year 2013 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, 2013 (in thousands)

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows: (in thousands):

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 46,865	\$ -	\$ 97	\$ 46,768
Construction in progress-City	8,888	1,808	5,205	5,491
Construction in progress-PPBA	23,380	4,869	6,145	22,104
Total capital assets, not being depreciated	79,133	6,677	11,447	74,363
Capital assets, being depreciated:				
Buildings	190,006	11,314	11,183	190,137
Improvements other than buildings	23,594	9,463	-	33,057
Machinery and equipment	82,921	6,891	14,401	75,411
Infrastructure	278,758	128	-	278,886
Building - leases-PPBA	414,659	6,145	-	420,804
Total capital assets being depreciated	989,938	33,941	25,584	998,295
Less accumulated depreciation for:				
Buildings	70,739	2,106	5,455	67,390
Improvements other than buildings	10,391	1,015	-	11,406
Machinery and equipment	67,402	5,433	14,194	58,641
Infrastructure	172,599	3,470	-	176,069
Building - leases	63,807	9,360	-	73,167
Total accumulated depreciation	384,938	21,384	19,649	386,673
Total capital assets, being depreciated, net	605,000	12,557	5,935	611,622
Governmental activities capital assets, net	\$ 684,133	\$ 19,234	\$ 17,382	\$ 685,985
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,917	\$ 1	\$ -	\$ 21,918
Construction in progress-City	63,796	39,478	41,548	61,726
Other land improvements	18,682	-	-	18,682
Total capital assets, not being depreciated	104,395	39,479	41,548	102,326
Capital assets, being depreciated:				
Buildings and improvements	69,296	5,092	-	74,388
Improvements other than buildings	234,158	36,836	-	270,994
Machinery and equipment	28,995	1,455	-	30,450
Total capital assets being depreciated	332,449	41,383	-	373,832
Less accumulated depreciation for:				
Buildings	39,812	6,363	-	46,175
Improvements other than buildings	102,243	5,019	-	107,262
Machinery and equipment	24,921	882	-	25,803
Leased assets	3,621	-	-	3,621
Total accumulated depreciation	170,597	12,264	-	182,861
Total capital assets, being depreciated, net	161,852	31,119	-	192,971
Business-type activities capital assets, net	\$ 266,247	\$ 70,598	\$ 41,548	\$ 295,297

**Reclassification**

*Certain accounts from 2012 have been reclassified to conform with the 2013 presentation.*

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

## 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		121
Public safety		1,818
Public works		3,608
Recreation		5
Public lands and parks		1,558
Other departments		11,209
Education		3,059
Building Leases		-
<b>Total depreciation expense</b>	<b>\$</b>	<b>21,384</b>

## 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:

	Unearned Revenue
<b>General Fund:</b>	
Taxes and accrued interest on delinquent property taxes	\$ 20,759
Advance collections	2,975
Charges for services	2,006
<b>School Fund:</b>	36
<b>School Grants:</b>	
Grant drawdowns prior to meeting all eligibility requirements	2,342
<b>Nonmajor Funds</b>	
Unearned revenue	8,777
	<b>\$ 37,795</b>

**CITY OF PROVIDENCE, RHODE ISLAND**  
Notes to Financial Statements  
June 30, 2013 (in thousands)

**7. LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$ 73,815	\$ 39,345	\$ 7,499	\$ 105,661	\$ 7,444
Revenue bonds	68,860	-	2,926	65,934	3,021
Special obligation tax increment	12,585	-	3,135	9,450	5,110
Total bonds payable	155,260	39,345	13,560	181,045	15,575
Notes payable	2,776	250	249	2,777	303
Capital leases	16,496	-	3,342	13,154	3,491
Capital notes	23,058	-	1,085	21,973	1,130
Total bonds and notes payable	197,590	39,595	18,236	218,949	20,499
Deferred items from refunding	(3,284)	-	(2,562)	(722)	(437)
<b>Other Long-Term Liabilities:</b>					
Claims and judgments	41,361	1,399	-	42,660	42,660
Compensated absences	30,592	27,016	23,974	33,634	3,363
Net pension obligation	149,478	2,406	-	151,884	-
Other post employment liability	132,625	36,593	-	169,218	-
Total other long-term liabilities	353,956	67,414	23,974	397,396	46,023
<b>Governmental activity long-term liabilities before PPBA reclassification</b>	548,262	107,009	39,648	615,623	66,085
<b>PPBA Debt</b>	388,487	-	24,568	363,919	25,663
<b>(Government activity long-term liabilities)</b>	<u>\$ 936,749</u>	<u>\$ 107,009</u>	<u>\$ 64,216</u>	<u>\$ 979,542</u>	<u>\$ 91,748</u>

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



# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## 7. LONG-TERM OBLIGATIONS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds - water	\$ 52,489	\$ 29,200	\$ 3,602	\$ 78,087	\$ 3,818
PPBA - CITY	388,487		24,568	363,919	25,663
<b>Total bonds</b>	<b>440,976</b>	<b>29,200</b>	<b>28,170</b>	<b>442,006</b>	<b>29,481</b>
PPBA- net bond premium	1,906		118	1,788	118
PPBA - PAP Loans*	136,915			136,915	-
Other post employment liability	2,575	1,478		4,053	-
<b>Business-type activity long-term liabilities</b>	<b>\$ 582,372</b>	<b>\$ 30,678</b>	<b>\$ 28,288</b>	<b>584,762</b>	<b>29,599</b>
Less PPBA Eliminations				(502,622)	(25,781)
<b>Business-type activity long-term liabilities</b>				<b>\$ 82,140</b>	<b>\$ 3,818</b>

\* - Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements. The \$138,703 difference between business type PPBA eliminations and governmental PPBA eliminations consists of \$136,915 of PAP loans between the City and PPBA and \$1,788 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, 2013 (in thousands)

## 7. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements for bonds and notes payable at June 30, 2013 were as follows:

	Governmental Activities			PPBA			Total Government Entity-Wide		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 15,575	\$ 8,015	\$ 23,590	\$ 25,663	\$ 17,486	\$ 43,149	\$ 41,238	\$ 25,501	\$ 66,739
2015	15,968	7,613	23,581	26,493	16,336	42,829	42,461	23,949	66,410
2016	15,822	6,898	22,720	27,017	15,142	42,159	42,839	22,040	64,879
2017	12,950	6,195	19,145	28,287	13,850	42,137	41,237	20,045	61,282
2018	13,510	5,604	19,114	27,786	12,561	40,347	41,296	18,165	59,461
2019-2023	49,955	19,797	69,752	119,548	44,663	164,211	169,503	64,460	233,963
2024-2028	40,200	8,967	49,167	87,180	19,765	106,945	127,380	28,732	156,112
2029-2033	17,065	1,683	18,748	21,945	1,756	23,701	39,010	3,439	42,449
2034-2038	-	-	-	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-	-	-	-
	<u>\$ 181,045</u>	<u>\$ 64,772</u>	<u>\$ 245,817</u>	<u>\$ 363,919</u>	<u>\$ 141,559</u>	<u>\$ 505,478</u>	<u>\$ 544,964</u>	<u>\$ 206,331</u>	<u>\$ 751,295</u>

	Business-Type Activities			
	Principal	ARRA Principal Forgiveness	Interest	Total
2014	\$ 29,481	\$ (284)	\$ 19,125	\$ 48,322
2015	30,588	(307)	18,262	48,543
2016	31,314	(372)	17,109	48,051
2017	31,845	(186)	15,307	46,966
2018	29,026	(78)	13,248	42,196
2019-2023	138,240	(996)	53,059	190,303
2024-2028	107,580	(1,138)	25,685	132,127
2029-2033	40,339	(1,182)	4,557	43,714
2034-2038	3,593	(229)	322	3,686
	<u>442,006</u>	<u>(4,772)</u>	<u>166,674</u>	<u>603,908</u>
	<u>363,919</u>	-	<u>141,559</u>	<u>505,478</u>
Less amount representing the PPBA	<u>\$ 78,087</u>	<u>\$ (4,772)</u>	<u>\$ 25,115</u>	<u>\$ 98,430</u>

CITY OF PROVIDENCE, RHODE ISLAND  
Notes to Financial Statements  
June 30, 2013 (in thousands)

7. LONG-TERM OBLIGATIONS (Continued)

Bonds Payable

Total interest expense paid on general long-term liabilities for the year ended June 30, 2013 was approximately \$27,000.

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
December 2001 - Taxable	12/1/2007 \$ 13,000	3.00-6.84%	1/15/2026	\$ 9,890		\$ 455	\$ 9,435
Judgement Bond	8/1/2000 \$ 6,825	4.75-5.375%	8/15/2015	2,450		560	1,890
Refunding Bonds 2001	12/1/2001 \$ 21,620	3.0-5.5%	1/15/2013	1,890		1,890	
Revenue Refunding Bonds 2005 Series A	3/1/2005 \$ 67,315	3.0-5.0%	4/1/2029	53,425		2,475	50,950
GO Refunding Bonds 2004 Series A	9/16/2004 \$ 34,395	2.5-5.5%	7/15/2019	21,330		2,265	19,065
GO Refunding Bonds 2004 Series B	9/16/2004 \$ 12,135	2.37-5.41%	7/15/2019	7,710		805	6,905
Special Obligation Bonds Series E	6/1/2006 \$ 24,465	4-5%	6/1/2016	12,585		3,135	9,450
Refunding Bonds 2010 Series A	12/21/2010 \$ 30,545	4.625-5%	6/30/2026	30,545			30,545
PRA Taxable Lease Revenue Bonds 2010 Series 1	8/27/2010 \$ 12,600	4.15%	10/15/2018	11,136		1,524	9,612
PRA Taxable Lease Revenue Bond 2010 Series 1	6/30/2011 \$ 3,145	4.90%	6/30/2021	3,095		50	3,045
PRA Taxable Lease Revenue Bond 2010 Series 2	6/30/2010 \$ 1,605	3.30%	6/30/2015	1,204		401	803
GO Road Bond 2013 Series A	1/15/2013 \$ 39,345	5.00%	1/15/2033	\$ 39,345			39,345
Total governmental activities bonds payable				\$ 155,260	\$ 39,345	\$ 13,560	\$ 181,045

**CITY OF PROVIDENCE, RHODE ISLAND**

Notes to Financial Statements

June 30, 2013 (in thousands)

**7. LONG-TERM OBLIGATIONS (Continued)**

**Bonds Payable (continued)**

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Revenue Bonds					\$ 52,489	\$ 29,200	\$ 3,602	\$ 78,087
1995 Series B	6/1/1995	\$ 7,500	4.70-7.10%	12/1/2014	1,780		560	1,220
1996 Series B	12/1/1996	\$ 21,225	5.375-6.50%	12/1/2017	7,590		1,355	6,235
1998 Series A	5/1/1998	\$ 28,270	3.85-5.10%	12/1/2018	12,095		1,475	10,620
1999 Series A	7/1/1999	\$ 39,750	4.10-5.5%	12/1/2019	20,750		2,145	18,605
2001 Series A	12/1/2001	\$ 9,995	3.25-5.125%	12/1/2021	6,305		500	5,805
2003 Series A	3/1/2003	\$ 31,000	2.5-5.0%	12/1/2023	21,140		1,395	19,745
2003 Series B	6/1/2003	\$ 31,000	3.0-5.0%	12/1/2023	21,245		1,425	19,820
2006 Series A	9/1/2006	\$ 60,000	4.0-5.0%	5/1/2027	50,785		2,355	48,430
2007 Series A	11/7/2007	\$ 75,000	3.75-5.5%	5/15/2028	67,110		2,865	64,245
2007 Series B	11/7/2007	\$ 16,470	3.75-5.5%	5/15/2021	11,335		1,080	10,255
2007 Series C	12/20/2007	\$ 75,000	3.5-5.0%	5/15/2028	66,805		2,930	63,875
2009 Series A	6/30/2009	\$ 12,000	6.25%	6/30/2021	9,981		824	9,157
2009 Series B	6/30/2009	\$ 1,000	5.01%	6/30/2014	481		208	273
2009 Series A QSCB	12/30/2009	\$ 22,320	1.92%	6/15/2025	19,360		1,480	17,880
2010 Series I	11/15/2010	\$ 19,500	4.25%	12/1/2018	16,260		2,216	14,044
2011 Series A	4/28/2011	\$ 35,000	3.0-5.875%	6/15/2026	33,520		1,755	31,765
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
Total business-type activities bonds payable					\$ 440,976	\$ 29,200	\$ 28,170	\$ 442,006

CITY OF PROVIDENCE, RHODE ISLAND  
Notes to Financial Statements  
June 30, 2013 (in thousands)

7. LONG-TERM OBLIGATIONS (Continued)

Capital Notes

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2012
4/1/2003 \$	23,655	1.70 - 4.25%	2013	\$ 16,200	\$	1,085 \$	15,115
5/1/2006 \$	6,857	5.34 - 5.56%	2036	6,858	-	-	6,858
				23,058 \$	-	1,085 \$	21,973

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## 7. LONG-TERM OBLIGATIONS (Continued)

### Notes Payable

At June 30, 2013, the City had notes outstanding relating to planning and development activities. These notes included \$2,766 of Section 108 loans payable through 2032 with interest rates ranging from 2% to 7.18%; \$175 was paid in 2013.

### 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
2014	\$ 23,663	\$ 17,486
2015	26,493	16,336
2016	37,017	13,142
2017	36,337	13,850
2018	77,296	12,561
2019-2023	119,548	44,663
2024-2028	85,180	19,265
2029-2032	21,945	1,756
	<u>\$ 364,919</u>	<u>\$ 141,556</u>

The City and the Water Supply Board entered into lease agreements with the PPBA relating to various capital projects. In connection with these lease agreements, the PPBA issued revenue bonds that will be repaid by the Water Board with the \$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 \$41.2 million and the current 3% debt limit of the City is \$321.5 million based on taxable property as of December 31, 2012, of approximately \$10.7 billion, leaving a remaining borrowing capacity of approximately \$280.3 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, 2013, the total outstanding debt of the City issued outside the 3% debt limit was \$65.9 million, excluding water bonds and sewer bonds that are deemed self-supporting.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

## 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, 2013.

## 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 \$2,040 for fiscal year ended June 30, 2013.

	Operating	Capital
2014	\$ 2,030	\$ 3,899
2015	2,040	3,135
2016	2,030	2,369
2017	2,030	4,820
	<u>\$ 8,130</u>	<u>14,273</u>
Less: Interest		1,119
Present Value of minimum payments		<u>\$ 13,154</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, 2013 (in thousands)

## 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 fund's balance.

## 10. FUND EQUITY

The following non-major fund had a deficit as of June 30, 2013:

<b>Governmental:</b>	
Skating Rink .....	\$ 55

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 Committee. 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, 2013 Non-Spendable Fund Balance consisted of the following:

Loans receivable	\$ 19,644
Trust agreements	288
	<u>19,932</u>

At June 30, 2013 Restricted Fund Balance consisted of the following:

Public lands and parks	821
Law enforcement and fire prevention	1,389
Education	1,988
Federal programs	12,688
Trust agreements	14,614
Various future capital projects	39,566
Total Restricted Fund Balance	<u>71,065</u>

At June 30, 2013 Committed Fund Balance consisted of the following:

Committed for various capital projects	9,290
Committed for public lands and parks	978
Total Committed Fund Balance	<u>\$ 10,268</u>

The Water Supply Board has restricted net position of \$18 million at June 30, 2013. 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, 2013 (in thousands)

## 11. EMPLOYEE RETIREMENT SYSTEM

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 June 30, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits.....	3,098
Active plan members .....	
Vested.....	1,805
Non-vested .....	<u>1,328</u>
	<u>6,231</u>

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial cost method	Individual entry age method
Amortization cost method	Approximate level percent of payroll-open
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25%
Inflation rate	3%
Projected salary increases	2012-2013 - 0%
	Thereafter - 3.5%
Cost of living adjustments	No COLA for next 10 years, 3% thereafter (previously 3%-6%)

### 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 6%. Benefits are paid at varying amounts not to exceed 100% of final compensation for Class A (city) employees or 75% of final compensation for Class B (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.

### 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, 2013, 2012 and 2011 were \$58,145, \$48,454, and \$56,333, respectively.

**CITY OF PROVIDENCE, RHODE ISLAND**  
Notes to Financial Statements  
June 30, 2013 (in thousands)

**11. EMPLOYEE RETIREMENT SYSTEM (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	\$	383,881
Actuarial accrued liability	\$	1,142,494
Unfunded (excess) actuarial accrued liability	\$	758,613
Funded ratio		33.60%
Annual covered payroll	\$	131,946
UALL (excess) as a percentage of payroll		666.78%

**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 2013	FY 2012	FY 2011
Annual required contribution	\$ 58,145	\$ 58,929	\$ 56,380
Interest on NPO	12,352	11,239	11,000
Amortization of NPO	(8,926)	(8,341)	(7,899)
Annual pension cost	60,571	61,827	59,681
Contributions made	(28,145)	(48,439)	(56,333)
Increase in net pension obligation	2,406	13,388	3,348
Net pension obligation, beginning of year	149,478	136,115	132,767
Net pension obligation, end of year	\$ 151,884	\$ 149,503	\$ 136,115
Percentage of annual pension cost contributed	96.03%	78.38%	94.39%

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

**Employees' 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, 2013 (in thousands)

### 11. EMPLOYEE RETIREMENT SYSTEM (Continued)

#### (b) Employees Retirement System of the State of Rhode Island (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 2013, the total employer rate was 19.29% (7.88% State share and 11.41% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2013.

The City contributed approximately \$16.2 million, \$17.9 million, and \$15.1 million during the fiscal years 2013, 2012 and 2011, 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, 2013 amounted to approximately \$11.1 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](http://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 \$7.2 million and \$940, respectively, during the fiscal year ended June 30, 2013.

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](http://www.ersri.org)

**CITY OF PROVIDENCE, RHODE ISLAND**  
Notes to Financial Statements  
June 30, 2013 (in thousands)

**11. EMPLOYEE RETIREMENT SYSTEM (Continued)**

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

Although the City is required to contribute 3% 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, 2013 amounted to approximately \$500.

**(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 \$3.7 million for the year ended June 30, 2013.

**12. 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 3,665 retired participants and spouses during the fiscal year ended June 30, 2013 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 2013 the City contributed approximately \$36,175 to the health insurance program on behalf of retirees. Plan members contributed approximately \$3,211 or 8.2% 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):

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

## 12. POSTEMPLOYMENT BENEFITS (Continued)

### Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual contribution	\$ 73,860
Interest on net OPEB obligation	5,408
Adjustment to annual required contributions	(5,022)
Annual OPEB cost (expense)	<u>74,246</u>
Contributions made	<u>36,175</u>
Increase in net OPEB obligation	38,071
Net OPEB obligation - beginning of year	135,200
Net OPEB obligation - end of year	<u>\$ 173,271</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 74,246	48.72%	\$ 173,271
6/30/2012	\$ 70,635	47.91%	\$ 135,200
6/30/2011	\$ 64,437	46.57%	\$ 98,408

### 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)
7/1/2012	\$ -	\$ 1,190,552	\$ 1,190,552	0.10%	\$ 260,546	456.95%
7/1/2011	\$ -	\$ 1,149,115	\$ 1,149,115	0.10%	\$ 266,731	430.81%
7/1/2010	\$ 1,040	\$ 1,212,615	\$ 1,211,575	0.09%	\$ 267,593	452.77%

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.

## CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements  
June 30, 2013 (in thousands)

### 12. *POSTEMPLOYMENT BENEFITS (Continued)*

#### *Actuarial Methods and Assumptions (continued)*

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 UAAI 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.

### 13. *CONTINGENCIES*

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

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

The City is committed under contracts for outstanding projects approximating \$4.1 million as of June 30, 2013.

### 14. *RELATED PARTY TRANSACTIONS*

The City leases certain properties from the PPBA. The estimated future minimum lease payments required under these agreements coincide with the principal and interest payments on bonds issued by the PPBA. The leases terminate between 2014 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).

### 15. *RISK MANAGEMENT*

The City is self-insured in most areas of risk; due to "stop loss" insurance, the city is responsible for a maximum of \$1,000 per claimant per year for health care claims. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health and life 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 Healthmate 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 reasonably estimated. The City has established a liability based on historical trends of previous years, where available, and attorney's estimates of pending matters and lawsuits in which the City is involved.

# CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2013 (in thousands)

## 15. RISK MANAGEMENT (Continued)

Changes in the risk management liability for the fiscal years ended June 30, 2013 and June 30, 2012 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.

	2013	2012
Beginning of year .....	\$41,261	\$38,035
Incurred claims .....	99,443	104,362
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compensation .....	98,044	101,136
Total .....	<u>\$42,660</u>	<u>\$41,261</u>
Legal claims .....		
Health – IBNR .....	\$33,154	\$32,642
Workers' compensation .....	5,631	4,972
Total .....	<u>3,875</u>	<u>3,647</u>
	<u>\$42,660</u>	<u>\$41,261</u>

# CITY OF PROVIDENCE

## REQUIRED SUPPLEMENTARY INFORMATION

---



## CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information  
General Fund Revenues and Expenditures-Budgetary Basis  
Budget and Actual  
For the Year Ended June 30, 2013 (in thousands)

Revenues and Transfers	Budgeted Amounts			Variance With Final Budget Positive/ (Negative)
	Original	Final	Actual	
<b>Tax revenues:</b>				
Property taxes	\$ 316,911	\$ 316,911	\$ 319,047	\$ 2,136
Interest on overdue taxes	5,500	5,500	5,011	(489)
	<u>322,411</u>	<u>322,411</u>	<u>324,058</u>	<u>1,647</u>
<b>Payments in lieu of taxes</b>	23,465	23,465	25,645	2,180
Tax stabilization plans	5,222	5,222	5,222	-
State revenue	37,592	37,592	37,759	167
Fines	8,068	8,068	5,698	(2,370)
Rents	20	20	-	(20)
Investment interest	25	25	84	59
Miscellaneous	200	200	1,401	1,201
	<u>74,592</u>	<u>74,592</u>	<u>75,809</u>	<u>1,217</u>
<b>Executive, legislative, and judicial</b>				
Mayor's Office	-	-	15	15
Law Department	-	-	1	1
City clerk	15	15	20	5
Probate court	161	161	136	(25)
Housing court	23	23	67	44
	<u>199</u>	<u>199</u>	<u>239</u>	<u>40</u>
<b>Finance:</b>				
City collector	725	725	686	(39)
City controller	-	-	79	79
City assessor	481	481	375	(106)
Personnel	-	-	-	-
	<u>1,206</u>	<u>1,206</u>	<u>1,140</u>	<u>(66)</u>
<b>Public safety:</b>				
Commissioner of public safety	60	60	59	(1)
Police department	641	641	2,896	2,255
Fire department	761	761	1,247	486
Communications	637	637	741	104
Traffic engineering	2,501	2,501	2,336	(165)
	<u>4,500</u>	<u>4,500</u>	<u>7,279</u>	<u>2,679</u>
<b>Building inspection department:</b>				
Building inspection administration	3,653	3,653	4,503	850
Zoning board of review	80	80	48	(32)
Building board of review	4	4	7	3
Structures and zoning	18	18	-	(18)
	<u>3,755</u>	<u>3,755</u>	<u>4,558</u>	<u>803</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, 2013 (in thousands)

Revenues and Transfers	Budgeted Amounts		Actual	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Public works:				
Environmental control	37	37	9	(28)
Highway	233	233	3,280	3,047
Sewer construction and maintenance	7	7	11	4
Administration	-	-	1	1
	<u>277</u>	<u>277</u>	<u>3,301</u>	<u>3,024</u>
Public lands and parks:				
North Burial Ground	-	-	244	244
Other departments:				
Recorder of deeds	2,266	2,266	2,595	329
Vital statistics	332	332	319	(13)
Bureau of licenses	1,535	1,535	1,509	(26)
Emergency Management	182	182	158	(24)
WSB reimbursement	839	839	1,193	354
WSB medical reimbursement	375	375	-	(375)
JTPA/planning reimbursement	50	50	-	(50)
Room tax	1,350	1,350	1,522	172
Meals and beverage tax	4,100	4,100	4,556	456
Tax stabilization	-	-	79	79
Blue Cross reimbursement	750	750	68	(682)
Planning and urban development	2,072	2,072	1,832	(240)
Arts, Culture, Film & Tourism	95	95	98	3
Providence Place Mall	300	300	300	-
Voluntary payments in lieu of taxes	8,795	8,795	9,255	460
D P reimburse school department	1,010	1,010	1,010	-
Human Service	212	212	2	(210)
	<u>24,263</u>	<u>24,263</u>	<u>24,496</u>	<u>233</u>
Public Properties	128	128	264	136
Transfers:				
Transfer from rescue runs	3,600	3,600	2,918	(682)
Transfer from police/fire detail fund	1,200	1,200	2,047	847
Transfer from medical trust	-	-	1,955	1,955
Transfer from School Department	1,000	1,000	2,033	1,033
Transfers from North Burial Ground	600	600	350	(250)
Transfer from Other funds	6,400	6,400	577	577
	<u>6,400</u>	<u>6,400</u>	<u>9,880</u>	<u>3,480</u>
<b>Total</b>	<b>\$ 437,831</b>	<b>\$ 437,831</b>	<b>\$ 451,268</b>	<b>\$ 13,437</b>

(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, 2013 (in thousands)

Expenditures and Transfers	Budgeted Amounts			Variance With Final Budget Positive/ (Negative)
	Original	Final	Actual	
Executive, legislative and judicial:				
Mayor's office	\$ 2,367	\$ 2,367	\$ 2,475	\$ (108)
City Council	1,117	1,117	961	156
City sergeant	65	65	67	(2)
City clerk	761	761	594	167
Law department	3,403	3,403	3,261	142
Municipal court	2,335	2,335	2,125	210
Probate court	392	392	398	(6)
Housing court	382	382	398	(16)
Contingencies-Mayor	99	99	123	(24)
	10,921	10,921	10,402	519
Finance:				
Finance director	524	524	580	(56)
City controller	1,133	1,133	1,185	(52)
Employees retirement office	342	342	355	(13)
Data processing	2,635	2,635	2,558	77
City collector	1,914	1,914	2,297	(383)
City assessor	2,070	2,070	1,886	184
Board of tax assessment review	17	17	14	3
Treasury department	466	466	439	27
Personnel	1,349	1,349	1,473	(124)
Heat, light and power	6,000	6,000	7,381	(1,381)
Debt service	67,019	67,019	66,373	646
Employee Death Benefit	200	200	157	43
Workers compensation	1,792	1,792	2,533	(741)
Unemployment compensation	215	215	264	(49)
Reserve for anticipated tax abatements	600	600	59	541
Elected officials pension contribution	125	125	-	125
F I C A	-	-	10	(10)
	86,401	86,401	87,564	(1,163)
Public safety:				
Commissioner of public safety	1,474	1,474	1,408	66
Police department	60,319	60,319	62,002	(1,683)
Fire department	63,444	63,444	67,420	(3,976)
Communications department	8,099	8,099	8,642	(543)
Traffic Engineering	1,188	1,188	1,140	58
	134,534	134,534	140,612	(6,078)

(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, 2013 (in thousands)

	Budgeted Amounts			variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
<b>Expenditures and Transfers</b>				
Building inspection department:				
Building inspection administration	1,421	1,421	1,372	49
Structures and zoning division	992	992	1,089	(97)
Plumbing, drainage, and gas piping division	264	264	290	(26)
Electrical installations division	233	233	245	(12)
Mechanical equipment and installation division	237	237	135	102
Zoning board of review	17	17	18	(1)
Building and housing board of review	14	14	12	2
Building inspection code enforcement	445	445	537	(92)
Building inspection prosecution	168	168	233	(65)
	3,791	3,791	3,931	(140)
<b>Public works:</b>				
Public works administration	672	672	690	(18)
Engineering and sanitation	842	842	598	244
Environmental control	8,869	8,869	8,722	147
Highway	3,978	3,978	5,792	(1,814)
Snow removal	1,866	1,866	1,689	177
Sewer construction and maintenance	669	669	717	(48)
Garage maintenance and equipment repair	853	853	660	193
	17,749	17,749	18,868	(1,119)
<b>Recreation:</b>				
Recreation seasonal	677	677	736	(59)
	677	677	736	(59)
<b>Public lands and parks:</b>				
Grounds maintenance services	4,915	4,915	4,963	(48)
Forestry services	1,093	1,093	823	270
Zoological services	2,638	2,638	2,720	(82)
Park environmental services (Greenhouse)	504	504	460	44
Park programming (Roger Williams Park)	1,941	1,941	2,049	(108)
Superintendent of parks	1,068	1,068	1,076	(8)
North Burial Grounds	663	663	571	92
	12,822	12,822	12,662	160
<b>Other departments:</b>				
Recorder of deeds	510	510	478	32
Vital statistics	291	291	295	(4)
Board of canvassers	923	923	891	32
Bureau of licenses	664	664	616	48

(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, 2013 (in thousands)

Expenditures and Transfers	Budgeted Amounts			variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
Other departments, Continued:				
Emergency Management	496	496	460	36
Planning and urban development	4,895	4,895	4,412	483
Administration to City Council	811	811	712	99
Internal auditor	318	318	277	41
Archives	243	243	215	28
Human relations commission	69	69	81	(12)
Department of human services	467	467	153	314
Office of Arts, Culture, Film & Tourism	585	585	694	(109)
Office of parking administration	360	360	345	15
Providence Housing Authority	45	45	8	37
League of Cities	12	12	-	12
Ceremonies	9	9	4	5
P.E.R.A.	79	79	63	16
	<u>10,777</u>	<u>10,777</u>	<u>9,704</u>	<u>1,073</u>
Grants:				
Providence Public Library	3,345	3,345	3,345	-
Capital Center	28	28	-	28
Providence Plan Commission	88	88	-	88
Community centers	378	378	-	378
Crossroads	109	109	-	109
P.A.S.A	250	250	-	250
Institute of Non-Violence	73	73	192	(119)
Procap	60	60	-	60
Grants (Transfer to Mary Sharpe)	22	22	22	-
Grant Expenditure	-	-	694	(694)
	<u>4,353</u>	<u>4,353</u>	<u>4,253</u>	<u>100</u>
Public properties	6,039	6,039	6,578	(539)
Transfers:				
Transfers to School Department	124,897	124,897	124,897	-
Transfer to Active Medical				-
Transfer to Retiree Benefits	22,502	22,502	29,196	(6,694)
Deficit Reduction	5,668	5,668		5,668
Annual Pension Reform Savings	(3,300)	(3,300)		(3,300)
	<u>149,767</u>	<u>149,767</u>	<u>154,093</u>	<u>(4,326)</u>
Total	\$ 437,831	\$ 437,831	\$ 449,403	\$ (11,572)

(CONCLUDED)

## CITY OF PROVIDENCE, RHODE ISLAND

E-2

Required Supplementary Information  
Schedule of Revenues and Expenditures-Budget and Actual-  
School Fund  
For the Year Ended June 30, 2013 (in thousands)

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal and state revenue	\$ 197,844	\$ 197,844	\$ 202,079	\$ 4,235
Other revenue	6,335	6,335	400	(5,935)
Transfers from other funds	124,897	124,897	125,692	995
Master lease proceeds				
<b>Total revenues</b>	<b>329,076</b>	<b>329,076</b>	<b>328,371</b>	<b>(705)</b>
Expenditures:				
Education	329,076	329,076	326,338	2,738
Transfer to other funds			2,033	(2,033)
<b>Total expenses</b>	<b>329,076</b>	<b>329,076</b>	<b>328,371</b>	<b>705</b>
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF PROVIDENCE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

**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	\$ 451,268	\$ 328,371
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		11,601
Revenues from other departments recorded net for GAAP	(1,827)	
Grants and revenue recorded net for budgetary purposes	356	
Revenue from various other special revenue funds combined with General Fund per GASB 54 requirements	6,387	
Total revenues and transfers per financial statements	\$ 456,184	\$ 339,972
Total budgetary expenditures and transfers per schedule	\$ 449,403	\$ 328,371
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		11,601
Expenditures to other departments recorded net for GAAP	(1,827)	
Grants and expenditures recorded net for budgetary purposes	356	
Expenses and transfers of various other special revenue funds combined with General Fund per GASB 54 requirements	6,680	
Refunding of bonds and related expenses		
Total expenditures and transfers per financial statements	\$ 454,612	\$ 339,972

**CITY OF PROVIDENCE**  
**REQUIRED SUPPLEMENTARY INFORMATION – FUNDING PROGRESS**  
**JUNE 30, 2013**

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	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Date June 30	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
2003	\$ 354,929	\$ 899,336	\$ 564,407	37.24%	\$ 115,015	490.72%
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	\$ 1,310,018	\$ 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	\$ 1,323,274	\$ 903,311	31.84%	\$ 135,474	666.78%
2012	\$ 383,881	\$ 1,142,494	\$ 758,613	33.60%	\$ 131,946	666.78%

**SCHEDULE OF CONTRIBUTIONS FROM THE CITY**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 46,321	85.99%
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%

**Other Post Employment Benefits**

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
Date	(a)	(b)	(b)-(a)	(a)/(b)	(c)	(b)-(a)/(c)
7/1/2012	\$ -	\$ 1,190,552	\$ 1,190,552	0.10%	\$ 260,546	456.95%
7/1/2011	\$ -	\$ 1,149,115	\$ 1,149,115	0.10%	\$ 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%



# CITY OF PROVIDENCE

## OTHER SUPPLEMENTARY INFORMATION

---

# 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 or 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

F.1

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013 (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
<b>ASSETS</b>											
Cash and cash equivalents	\$ 1,857	\$ 561	\$ 1,280	\$ 2,104	\$ 671	\$ 3,287	\$ 48	\$ 233		\$ 1,108	\$ 11,130
Investments				9,100		160			\$ 3,258	14,531	27,039
Receivables, net											
Loans	5,707	8,243	14,081								28,041
Intergovernmental		82				679		396			1,147
Other						34					34
Due from other funds	344	3,164	1,941	322	252	410			13,542	102	20,077
Other assets				214							214
<b>Total assets</b>	<b>\$ 7,908</b>	<b>\$ 12,050</b>	<b>\$ 17,312</b>	<b>\$ 11,740</b>	<b>\$ 923</b>	<b>\$ 4,540</b>	<b>\$ 48</b>	<b>\$ 619</b>	<b>\$ 16,800</b>	<b>\$ 15,742</b>	<b>\$ 87,862</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Warrants and accounts payable	\$ 25	\$ 308	\$ 284	\$ 628	\$ 133	\$ 484		\$ 117	\$ 44	\$ 35	\$ 2,016
Accrued liabilities	54					4		154			212
Unearned revenue	134	8,276	30			156		173		8	8,777
Due to other funds	486	3,421	2,344	1,103	361	728	\$ 103	175	7,486	787	16,983
<b>Total liabilities</b>	<b>699</b>	<b>12,003</b>	<b>2,538</b>	<b>1,731</b>	<b>494</b>	<b>1,352</b>	<b>103</b>	<b>619</b>	<b>7,510</b>	<b>840</b>	<b>27,988</b>
<b>FUND BALANCES (DEFICITS)</b>											
Nonspendable	5,573	10	14,081							288	19,932
Restricted	1,637		513	10,009	429	2,210				14,614	28,512
Committed						978			9,280		10,268
Unassigned		37					(55)				(18)
<b>Total fund balances (deficits)</b>	<b>7,210</b>	<b>47</b>	<b>14,574</b>	<b>10,009</b>	<b>429</b>	<b>3,188</b>	<b>(55)</b>		<b>9,280</b>	<b>14,902</b>	<b>68,684</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 7,908</b>	<b>\$ 12,050</b>	<b>\$ 17,312</b>	<b>\$ 11,740</b>	<b>\$ 923</b>	<b>\$ 4,540</b>	<b>\$ 48</b>	<b>\$ 619</b>	<b>\$ 16,800</b>	<b>\$ 15,742</b>	<b>\$ 87,862</b>

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Major Governmental Funds  
June 30, 2013 (in thousands)

	Neighborhood Housing	Federal	PEEC	PRA	Other	Special Funds	Other	SKATING RINK	WDO	Capital Projects	Major Governmental Funds	Other	Totals
Revenues													
Local/interlocal	290	10,180				828		435					11,443
Investment and other income	2	264				366							632
Other	1	97				188							376
Total Revenues	293	10,441				1,382		435					12,251
Expenditures													
Current:													
Recursive, negative, and other						484							484
Fire						3,730							3,730
Public safety						339							339
Recreational						673							673
Public lands and parks								475					475
Community development													
Debt service													
Interest and other costs													
Capital outlay													
Total expenditures	1,078	9,792				8,385		475					19,730
Excess (deficiency) of revenue over expenditures	121	649				597							1,377
Other Financing Sources (Uses)													
Transfers out						242							242
Loan proceeds						125							125
Total other financing sources (uses)						367							367
Net change in fund balance (deficit)	(113)	249				252							396
Fund Balance (deficit), beginning of year	6,028	(243)				12,809							18,594
Fund Balance (deficit), end of year	5,915	(243)				13,061							18,990

## CITY OF PROVIDENCE, RHODE ISLAND

**COMBINING BALANCE SHEET**  
**BY GRANT ACCOUNT**  
**JUNE 30, 2013 (in thousands)**

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
<b>ASSETS</b>							
Cash and investments	\$ 2,553	\$ 243	\$ 2,639	\$ 1,449	\$ 1,313		\$ 8,197
Receivables net:							
Other governments	13,863		99	119			13,881
Other	5			98			101
Due from other funds	50		170	1	308	169	699
<b>Total assets</b>	<b>\$ 16,271</b>	<b>\$ 243</b>	<b>\$ 2,908</b>	<b>\$ 1,665</b>	<b>\$ 1,622</b>	<b>\$ 169</b>	<b>\$ 22,878</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 1,853		\$ 18	\$ 1,279		\$ 17	\$ 3,167
Accrued liabilities	512			7			519
Unearned revenue	18		1,980	344			2,342
Due to other funds	13,543	243		3	\$ 997		14,786
Due to other governments	76						76
<b>Total liabilities</b>	<b>16,002</b>	<b>243</b>	<b>1,998</b>	<b>1,633</b>	<b>997</b>	<b>17</b>	<b>20,890</b>
<b>FUND BALANCES (DEFICITS)</b>							
Restricted:	269		910	32	625	152	1,988
<b>Total fund balances (deficits)</b>	<b>269</b>		<b>910</b>	<b>32</b>	<b>625</b>	<b>152</b>	<b>1,988</b>
<b>Total liabilities and fund balance (deficits)</b>	<b>\$ 16,271</b>	<b>\$ 243</b>	<b>\$ 2,908</b>	<b>\$ 1,665</b>	<b>\$ 1,622</b>	<b>\$ 169</b>	<b>\$ 22,878</b>

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES BY GRANT FUND  
JUNE 30, 2013 (in thousands)

	Federal	Direct Federal	State	Grants From	Indirect	Sports	Complex	Totals
<b>REVENUES:</b>								
Federal and state government	\$ 45,545		\$ 116	\$ 81	\$ 84	\$		
Miscellaneous			8				84	173
Total revenues	\$ 45,429		124	81			84	45,718
<b>EXPENDITURES:</b>								
Personnel services	17,262		96	0				17,357
Employee benefits	7,145		7	0				7,152
Other supplies	2,194		29					2,223
Miscellaneous services	13,355		4	45				13,404
Other services	1,418		18	5			39	1,462
Pupil transportation	274							292
Repairs	30			2				30
Office supplies	2,698							2,698
Education supplies	6							6
Textbooks	55							55
Total expenditures	44,435		124	81			39	44,679
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer to other funds	(984)		(243)					(2,232)
Transfer from other funds	(994)		(243)					(1,238)
Total other financing sources (uses)								
Net change in fund balances (deficit)								
Fund balance, beginning of year	269	243	910	32	626	107		2,187
Fund balance (deficit), end of year	\$ 269	\$ 243	\$ 910	\$ 32	\$ 626	\$ 107		\$ 1,988

# 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, 2013 (in thousands)*

AGENCY FUND		Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>Assets</b>					
Cash and cash equivalents	\$	6,019	\$ 1,569	\$ 5,609	\$ 1,979
Other receivables		42	16		58
Total Assets	\$	6,061	\$ 1,585	\$ 5,609	\$ 2,037
<b>Liabilities</b>					
Other payables	\$	1,218	\$ 719	\$	\$ 1,937
Due to student groups		4,843	\$ 1,283	\$ 6,026	100
Total Liabilities	\$	6,061	\$ 2,002	\$ 6,026	\$ 2,037

# CITY OF PROVIDENCE

## CAPITAL ASSETS

---

## City of Providence

*Capital Assets Used in the Operation of Governmental Funds  
For the Year Ended June 30, 2013 (in thousands)*

Governmental funds capital assets, net of related accumulated depreciation	\$	46,768
Land		21,651
Improvements other than buildings		122,747
Buildings and improvements		347,703
Buildings - leases		102,817
Infrastructure		16,704
Machinery and equipment		5,491
Constuction in progress - City		22,104
Construction in progress - PPBA	\$	<u>685,985</u>
Investments in governmental funds capital assets:		
Assets put into service as of June 30, 2013	\$	<u>685,985</u>

# 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											
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
<b>Governmental activities:</b>											
Invested in capital assets, net of related debt	\$ 52,962	\$ 34,042	\$ 22,435	\$ 51,350	\$ 80,301	\$ 102,250	\$ 122,820	\$ 127,340	\$ 122,997	\$ 117,449	
Unrestricted	(18,473)	(4,820)	11,285	765	(29,054)	(63,215)	(143,890)	(233,080)	(261,508)	(263,762)	
<b>Total governmental activities</b>	<b>\$ 34,489</b>	<b>\$ 29,222</b>	<b>\$ 33,720</b>	<b>\$ 52,115</b>	<b>\$ 51,247</b>	<b>\$ 39,035</b>	<b>\$ (21,070)</b>	<b>\$ (105,740)</b>	<b>\$ (138,511)</b>	<b>\$ (146,313)</b>	
<b>Business-type activities:</b>											
Invested in capital assets, net of related debt	\$ 137,962	\$ 147,543	\$ 157,507	\$ 165,284	\$ 143,479	\$ 159,670	\$ 179,800	\$ 201,281	\$ 213,758	\$ 217,210	
Restricted	16,411	16,193	17,515	19,470	54,745	44,280	31,037	18,809	20,943	35,112	
Unrestricted	3,967	(888)	7,431	8,178	8,465	6,622	3,503	11,661	10,986	6,403	
<b>Total business-type activities</b>	<b>\$ 158,340</b>	<b>\$ 162,848</b>	<b>\$ 182,453</b>	<b>\$ 192,932</b>	<b>\$ 206,689</b>	<b>\$ 210,572</b>	<b>\$ 214,340</b>	<b>\$ 231,751</b>	<b>\$ 245,687</b>	<b>\$ 258,725</b>	
<b>Primary government:</b>											
Invested in capital assets, net of related debt	\$ 190,924	\$ 181,585	\$ 179,942	\$ 216,634	\$ 223,780	\$ 261,920	\$ 302,620	\$ 328,621	\$ 336,755	\$ 334,659	
Restricted	16,411	16,193	17,515	19,470	54,745	44,280	31,037	18,809	20,943	35,112	
Unrestricted	(14,506)	(5,708)	18,716	8,943	(20,589)	(56,593)	(140,387)	(221,425)	(250,522)	(257,359)	
<b>Total primary government</b>	<b>\$ 192,829</b>	<b>\$ 192,070</b>	<b>\$ 216,173</b>	<b>\$ 245,047</b>	<b>\$ 257,936</b>	<b>\$ 249,607</b>	<b>\$ 193,270</b>	<b>\$ 126,005</b>	<b>\$ 107,176</b>	<b>\$ 112,412</b>	
<b>net position</b>											

**CITY OF PROVIDENCE, RHODE ISLAND**

Schedule 2  
Changes in Net Position  
Last Ten Fiscal Years \*  
(on a basis of accuracy)  
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
Governmental activities:										
Executive, legislative, and judicial	\$ 11,240	\$ 15,514	\$ 15,552	\$ 22,761	\$ 19,352	\$ 32,624	\$ 42,202	\$ 40,382	\$ 51,677	\$ 32,662
Finance	96,286	38,517	32,655	106,740	119,373	111,908	59,345	58,740	57,819	58,429
Public safety	87,538	152,354	170,273	110,246	111,183	106,243	182,787	178,374	157,676	165,773
Building inspection	2,537	4,578	5,455	2,495	2,717	2,946	4,806	4,636	4,126	4,264
Public works	24,119	28,223	30,275	21,992	18,384	17,079	23,030	28,451	25,754	21,859
Recreation	2,751	3,341	3,933	2,939	3,089	2,771	3,285	1,593	1,644	1,903
Public land and parks	16,654	22,484	23,992	17,535	17,249	5,527	21,069	24,572	19,437	20,415
Education	351,656	361,230	373,591	380,730	387,624	377,736	381,096	398,612	379,768	395,994
Community development	20,632	16,758	21,175	23,332	20,811	26,110	31,150	21,467	18,687	24,297
Interest on long-term debt	14,531	26,134	21,863	18,659	17,056	27,390	27,389	26,699	32,365	30,796
Total governmental activities expenses	627,904	609,123	608,764	707,209	716,838	710,300	776,139	773,576	748,953	756,422

Business-type activities:										
PFBA	11,496	9,929	9,314	11,790	14,900	17,222	17,696	18,949	19,992	19,596
Water Supply Board	39,184	42,421	43,661	46,105	47,610	50,381	52,303	47,483	50,461	52,553
Civic Center	7,743	9,106	2,241							
Non-major School lunch program						12,044	12,194	12,876	13,908	14,452
Total business-type activities expenses	58,423	61,456	55,216	57,895	62,510	79,647	82,193	79,268	84,361	86,371
Total primary government expenses	686,387	730,579	753,980	765,104	779,348	789,947	\$58,352	\$52,794	\$53,314	\$42,793

<b>Program revenue:</b>										
Governmental activities:										
Charges for services:										
Finance	238	234	234	788	365	241	222	203	232	222
Public safety	19,273	22,216	24,526	14,717	18,779	16,928	42,926	51,412	63,264	68,953
Building inspection	16,078	19,412	16,336	14,811	20,667	22,222	19,515	16,252	11,384	11,776
Public works	4,381	4,660	4,817	6,379	4,993	4,240	3,599	3,405	4,112	4,503
Recreation	208	258	344	2,259	202	213	219	132	193	229
Public land and parks	94	91	90	418	361	416	231	226	306	211
Education	1,133	1,271	1,216	4,004	410	438	311	581	136	264
Community development	1,942	1,931	2,802	1,526	1,621	8,390	11,691	11,704	12,588	12,174
Operating grants and contributions:		2,054	135	7,213	8,397	8,982	375	88	10	
Executive, legislative, and judicial										
Finance	410	136	142	1						
Public safety	1	269	683	61						
Public works	1,733	1,696	3,030	2,702	4,924	7,348	3,084	2,300	3,183	183
Recreation	3,474	3,044	3,171	-	743	329	349	296	361	442
Public land and parks	504	570	599	703	743	177				
Education	32	-	-	4,679	4,714	177				
Community development	242,517	248,927	252,043	248,239	248,949	233,234	238,267	243,134	235,661	247,624
Capital grants and contributions:										
Finance	22,198	17,361	25,502	15,472	13,758	11,943	14,645	15,856	12,518	13,605
Education	13,609	13,115	15,199	15,030	11,908		15,872			
Total governmental activities program revenue:	327,575	332,235	350,768	359,051	342,891	332,992	335,434	345,489	333,718	339,588

CITY OF PROVIDENCE, RHODE ISLAND

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Program revenues</b>										
Business-type activities										
Charges for services										
PPRA	7,110	8,197	7,825	10,988	15,712	9,845	16,362	18,548	20,996	20,020
Water Supply Board	49,168	48,807	52,432	52,749	50,032	59,575	54,976	64,017	61,236	61,070
Civic Center	5,366	5,581	1,824	-	-	-	-	-	-	15,124
Non-major School lunch program						12,000	12,446	12,986	14,518	
Capital grants and contributions	1,197	1,404	1,409	1,613	892	775	773	510	706	2,100
Water Supply Board										
<b>Total business-type activities</b>	62,781	64,009	63,369	65,350	72,642	82,225	84,557	96,061	97,170	98,314
<b>Program revenues</b>										
<b>Total primary government program revenues</b>	390,606	401,284	414,158	424,401	415,533	415,117	419,991	441,550	431,188	457,992
<b>Not (expense) revenue</b>										
Governmental activities	(306,159)	(331,888)	(147,908)	(348,438)	(373,947)	(377,408)	(440,225)	(428,057)	(415,255)	(396,434)
Business-type activities	4,158	2,593	8,174	7,455	10,132	2,578	2,364	16,793	13,109	11,943
<b>Total primary government net expense</b>	(295,781)	(329,295)	(339,822)	(341,083)	(363,815)	(374,830)	(438,361)	(411,264)	(402,146)	(384,491)
<b>General revenues and other changes in net assets</b>										
Governmental activities										
Property taxes	257,116	258,213	380,620	257,776	272,366	284,775	289,837	280,998	320,891	325,900
Payments in lieu of taxes	17,078	17,656	26,879	20,124	19,575	19,680	19,103	23,115	23,461	25,645
Grants and contributions not restricted to specific programs	42,869	45,781	49,546	51,967	42,787	38,048	40,070	25,619	21,473	19,296
Investment income	4,191	4,465	8,033	19,779	19,805	1,230	252	153	100	84
Gain (loss) on disposal	-	(31)	3,563	-	409	-	-	-	-	-
Miscellaneous	(3,440)	782	696	17,207	18,037	21,525	31,358	17,473	16,846	18,290
Transfers	(600)	(245)	-	-	-	-	-	-	-	(243)
Sale of building and land			3,148	-	-	-	-	-	-	-
<b>Total governmental activities</b>	317,224	326,621	352,494	366,853	373,079	365,258	389,620	353,358	382,371	389,032
<b>Business-type activities</b>										
Investment earnings	1,681	1,670	2,327	3,024	3,625	1,343	1,404	618	827	852
Transfers	606	245	-	-	-	-	-	-	-	243
Special items	-	-	9,204	-	-	-	-	-	-	-
<b>Total business-type activities</b>	2,287	1,915	11,431	3,024	3,625	1,343	1,404	618	827	1,095
<b>Total primary government</b>	319,511	328,536	363,925	369,877	376,704	366,601	391,024	353,976	383,298	390,127
<b>Changes in net assets</b>										
Governmental activities	17,085	(5,267)	4,398	18,305	(868)	(12,150)	(60,105)	(74,679)	(52,764)	(17,802)
Business-type activities	6,836	4,508	19,605	10,479	13,757	3,821	3,768	17,411	13,916	13,018
<b>Total primary government</b>	\$ 23,921	\$ (759)	\$ 24,003	\$ 28,784	\$ 12,869	\$ (8,329)	\$ (56,337)	\$ (57,268)	\$ (38,848)	\$ (5,784)

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 3  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Designated for future uses	\$ 2,290	\$ 401	\$ 433	\$ 550	\$ -	\$ -	\$ 1,378	\$ -	\$ -	\$ -
Unreserved/ Unassigned	12,532	16,706	19,251	21,614	22,361	17,361	2,080	3,725	(11,399)	(9,827)
Total General Fund	\$ 14,822	\$ 17,107	\$ 19,684	\$ 22,164	\$ 22,361	\$ 17,361	\$ 3,458	\$ 3,725	\$ (11,399)	\$ (9,827)
All Other Governmental Funds:										
Nonspendable								\$ 16,428	\$ 19,818	\$ 19,932
Restricted								36,253	35,103	71,066
Committed								12,194	9,275	10,268
Unassigned								3,686	(262)	(18)
Reserved	\$ 10,264	\$ 11,758	\$ 10,885	\$ 10,157	\$ 11,729	\$ 14,183	\$ 15,882			
Unreserved:										
Designated for future uses	11,035	11,146	11,146	16,026	18,045	16,754				
Special Revenue	-	-	-	-	-	-	9,311			
Undesignated:										
Capital Projects	26,942	24,930	23,541	14,513	7,394	9,807	7,081			
Special Revenue	26,833	57,228	95,918	76,976	57,678	42,400	20,041			
Permanent Trust	20,673	-	-	18,223	14,932	11,821	12,794			
Total all other government funds	\$ 95,747	\$ 105,062	\$ 141,490	\$ 135,895	\$ 109,778	\$ 94,965	\$ 65,109	\$ 68,561	\$ 63,934	\$ 101,248

Note: 2011 and 2012 includes combining of former special revenue funds considered to be part of general fund as they are unassigned





# 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)

Fiscal Year	Real Estate	Tangible Taxes	Excise Taxes	Total
2004	193,896	31,121	18,254	243,271
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

Change 2004-2013	28.2%	13.1%	42.1%	27.3%
---------------------	-------	-------	-------	-------

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	Personal Property	Vehicle	Exemptions	Total Taxable Value	Assessed Percent (from)	Total Direct Tax Rate	Estimated Taxable Value	Percentage of Actual Value
-------------	---------------	-------------------	---------	------------	---------------------	-------------------------	-----------------------	-------------------------	----------------------------

2004	6,154,269	677,682	243,658	11,082,370	5,988,050	0.16%	41.39	7,044,752	85.00%
2005	9,484,121	638,720	222,344	12,055,179	7,290,006	21.74%	34.75	8,570,428	85.06%
2006	9,496,709	616,126	241,061	13,139,525	7,254,171	40.70%	35.36	8,818,102	82.04%
2007	9,651,777	657,816	599,020	13,593,623	7,314,600	1.11%	35.17	8,511,287	85.94%
2008	13,721,337	631,015	658,107	14,781,679	10,208,780	39.57%	26.62	10,295,260	99.16%
2009	13,664,004	746,260	658,076	14,838,398	10,229,942	0.21%	25.53	10,316,601	99.16%
2010	13,657,654	830,243	610,497	14,838,398	10,260,496	0.30%	28.87	10,547,414	99.16%
2011	10,358,912	920,252	610,722	12,858,134	9,043,752	-11.86%	35.37	9,120,363	99.16%
2012	10,346,045	830,314	644,247	12,960,323	8,880,281	-1.81%	30.28	8,953,507	99.16%
2013	9,290,516	959,783	701,908	12,45,985	10,718,222	20.70%	34.14	10,809,018	99.16%

Source: City Records

Weighted Average Rate Calculation

Total R/E	10,346,045
Landable	850,314
Exempt	644,247
Total Assessment	11,840,600
% of Assessment	
58%	11.89
20%	16.75
8%	45.83
0%	60.00
Total R/E	18.50
Total Landable Rate	34.14

# CITY OF PROVIDENCE, RHODE ISLAND

## Schedule 7 Principal Property Taxpayers Current Year and Ten Years Ago (unaudited)

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Narragansett Electric Co.	\$60,921,200	1	0.66%	\$ 38,665,811	2	0.63%
Motiva Enterprises, LLC	26,925,300	2	0.29%	8,793,794	13	0.14%
OMNI Rhode Island	72,362,700	3	0.78%	-	-	0.00%
ONA Providence Office I, LLC	60,863,400	4	0.66%	48,473,800	1	0.79%
One Financial Holdings, LLC	57,723,100	5	0.62%	37,827,200	4	0.61%
One Citizens Plaza Holdings, LLC	40,694,800	6	0.44%	32,940,000	5	0.54%
Textron Realty Corp.	41,539,000	7	0.45%	30,000,000	6	0.49%
Brown University	42,072,200	8	0.45%	19,134,598	10	0.31%
Regency Plaza I, LLC	38,162,300	9	0.41%	-	-	0.00%
Avalon Properties	31,984,300	10	0.34%	24,392,793	9	0.40%
HFP Hotel Owner II, LLC	28,797,300	11	0.31%	8,182,895	15	0.13%
CJLF III MJH Providence, LLC	26,665,600	12	0.29%	25,891,001	8	0.42%
10 Memorial Boulevard Owner	54,767,800	13	0.59%	-	-	0.00%
High Rock Westminster Street	29,686,200	14	0.32%	38,182,601	3	0.62%
15 Park Row West Holdings, LLC	17,382,700	15	0.19%	8,773,828	14	0.14%
PR1 LLP	19,590,700	16	0.21%	12,393,400	12	0.20%
The Providence Journal Company	19,063,400	17	0.21%	27,845,272	7	0.45%
One Financial Plaza	18,638,900	18	0.20%	-	-	0.00%
700 Smith Street Providence	17,088,100	19	0.18%	-	-	0.00%
Capital Properties, Inc.	16,018,400	20	0.17%	17,858,272	11	0.29%
<b>Total</b>	<b>\$ 720,947,400</b>		<b>7.76%</b>	<b>\$ 379,355,265</b>		<b>6.16%</b>

Source: City Records

# 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
2004	248,030,527	231,862,834	93.48%	6,650,701	238,513,535	96.16%
2005	256,688,743	240,140,679	93.55%	8,663,370	248,804,049	96.93%
2006	259,979,819	243,165,192	93.53%	9,994,702	253,159,894	97.38%
2007	261,951,088	246,952,069	94.27%	9,852,690	256,804,759	98.04%
2008	275,853,725	255,874,916	92.76%	12,781,392	268,656,308	97.39%
2009	287,281,144	269,559,441	93.83%	11,043,579	280,603,020	97.68%
2010	294,186,862	276,463,184	93.98%	8,694,853	285,158,037	96.93%
2011	307,014,942	277,131,464	90.27%	7,292,101	284,423,565	92.64%
2012	324,460,407	299,707,126	92.37%	8,824,359	308,531,485	95.09%
2013	332,768,119	310,510,342	93.31%	-	310,510,342	93.31%

Source: City Tax Collector Records

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 0  
Ratio of Net General Bonded Debt Outstanding by Type  
Last Ten Fiscal Years  
(unaudited)  
(in thousands)

Fiscal Year	Governmental Activities								Business-Type Activities			Total Primary Government	Percentage of Personal Income	Net Debt Per Capita	Net General Obligation Bonds to Estimated Actual Value
	General Obligation Bonds	Revenue Bonds	Special Obligation Tax Increment	PPBA Debt	Capital Notes and Leases	Notes Payable	Net Bond Premium	Deferred Items from Financing	Line or Credit	Revenue Bonds	Capital Leases				
2004	151,875	64,085	29,250	192,768	47,959	5,966	-	-	789	22,135	6,103	500,932	**	760	1.87%
2005	137,350	67,315	27,675	182,930	50,987	4,974	-	(8,000)	1,404	23,437	5,000	481,582	**	719	1.49%
2006	119,215	66,500	28,285	173,474	59,994	4,213	-	(3,477)	385	18,070	3,865	470,526	**	674	1.35%
2007	112,845	64,525	26,260	222,415	38,453	3,434	-	(4,610)	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)	-	35,299	-	633,821	**	495	0.73%
2011	89,935	73,140	15,575	211,617	45,433	585	-	(3,792)	-	53,010	-	676,503	**	4836	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	65,954	9,450	363,919	35,127	2,777	(788)	(722)	-	78,087	-	902,021	**	**	0.88%

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, 2013 (unaudited) (in thousands)

	Governmental Unit	Debt Outstanding
General obligation debt:		
General obligation bonds	\$	105,661
Revenue bonds		65,934
Special obligation tax increment		9,450
Notes payable		2,777
Capital leases		13,154
Capital notes		21,973
PPBA debt-City		363,919
PPBA net bond premium		1,788
Deferred items from refunding		(722)
<b>Total direct debt</b>	<b>\$</b>	<b>583,934</b>

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, 2013 (unaudited) (in thousands)

Legal Debt Margin Calculation for Fiscal Year 2013	
Taxable Property	\$ 10,718,236
Debt limit (3% of taxable property)	321,547
Debt applicable to limit:	
General obligation bonds	107,185
Less: debt not subject to 3% limit	65,950
Total net debt applicable to limit	41,235
Legal debt margin	\$ 280,312



CITY OF PROVIDENCE, RHODE ISLAND

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

(unaudited)

(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 218,700	\$ 206,500	\$ 210,700	\$ 219,400	\$ 294,163	\$ 306,899	\$ 309,438	\$ 266,408	\$ 273,279	\$ 321,547
Total net debt applicable to limit	31,600	27,500	23,400	19,400	16,247	13,078	9,914	6,750	4,340	41,235
Legal debt margin	187,100	179,000	187,300	200,000	277,916	293,821	299,524	259,658	268,939	280,312
Total net debt applicable to the limit as a percentage of debt limit	17%	15%	12%	10%	6%	4%	3%	3%	2%	15%
Debt outstanding issued outside the 3% debt limit*	\$ 102,500	\$ 99,800	\$ 95,700	\$ 93,400	\$ 88,828	\$ 83,657	\$ 78,346	\$ 74,185	\$ 69,475	\$ 65,950

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

# CITY OF PROVIDENCE, RHODE ISLAND

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

Water Supply Board							Redevelopment Revenue Bonds				
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Fiscal Year	Collections	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2004	49,168	17,614	11,534	464	229	16.70	2004	6,624	1,300	1,662	1.32
2005	48,807	40,871	3,936	516	307	11.00	2005	6,858	*	-	-
2006	52,432	42,446	9,986	369	183	14.43	2006	-	*	-	-
2007	52,749	45,181	7,568	537	158	10.80	2007	-	*	-	-
2008	56,032	46,410	9,622	561	131	13.90	2008	-	*	-	-
2009	59,375	48,796	10,779	590	102	15.58	2009	-	*	-	-
2010	54,976	50,645	4,331	618	71	6.00	2010	-	*	-	-
2011	64,017	46,054	17,963	61	24	211.33	2011	-	*	-	-
2012	61,726	49,212	12,514	115	41	49.22	2012	-	*	-	-
2013	61,070	50,305	10,765	na	na	na	2013	-	*	-	-

Civic Center Bonds							Providence Public Building Authority Revenue				
Fiscal Year	Charges	Operating Expenses	Net Available Revenue	Debt Service		Coverage	Fiscal Year	Collections	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2004	5,492	7,659	(2,167)	225	68	(7.2)	2004	7,110	7,322	6,943	0.50
2005	4,885	8,949	(4,064)	235	151	(10.4)	2005	8,197	9,338	9,189	0.43
2006	1,824	2,241	(417)	**	-	-	2006	7,825	10,516	8,713	0.41
2007	-	-	-	**	-	-	2007	10,988	11,658	9,829	0.53
2008	-	-	-	***	-	-	2008	15,712	27,874	13,124	0.38
2009	-	-	-	***	-	-	2009	9,835	15,261	16,675	0.31
2010	-	-	-	***	-	-	2010	16,362	20,497	16,715	0.44
2011	-	-	-	***	-	-	2011	18,548	25,491	17,429	0.43
2012	-	-	-	***	-	-	2012	20,966	23,130	19,607	0.49
2013	-	-	-	***	-	-	2013	20,020	24,568	18,168	0.47

\* 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
2004	173,618	(1)	30,837	28.1	26,741	6.1%
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%

(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	4,660	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	1,880	4	1.68%	2,800	4	2.40%
Roger Williams Medical Center	1,370	5	1.38%	1,340	6	1.15%
The Miriam Hospital	1,263	6	1.18%	2,461	3	1.85%
Belo Corp/Providence Journal	\$70	7	0.81%	964	11	0.82%
Mars 2080	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%	1,300	8	1.03%
Buster Hospital	699	12	0.65%	800	16	0.68%
HL 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%			
Gibbane 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%			

Sources: 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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Executive, Legislative, Judicial and Finance:										
City Council	15	15	15	15	15	15	15	15	15	15
City Council Administration	11	11	11	11	-	-	-	-	-	-
Internal Auditor	2	2	2	4	-	-	-	-	-	-
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	9	9	11	11	11	11	10	9	9	10
Personnel	14	14	12	12	13	13	12	12	12	10
Finance	23	18	24	24	22	22	30	23	30	33
Computer Services	11	13	5	5	7	7	0	7	0	0
Legal	25	26	25	24	23	23	22	22	22	23
Courts	23	23	24	24	23	23	23	23	23	24
Retirement	4	5	5	5	5	5	5	5	5	5
Board Tax Assessment	5	5	5	5	5	5	5	5	5	5
City Treasurer	5	6	7	6	6	5	5	5	5	5
City Collector	15	15	15	15	13	14	18	16	18	20
City Assessor	18	15	16	15	15	17	16	18	16	20
Recreation and Public Land and Parks										
Neighborhood Parks & Recreation Sys	56	60	61	44	44	44	44	47	52	62
Recreation	-	-	-	21	21	20	20	20	20	22
Zoo	31	31	31	31	31	31	31	37	37	36
Forestry	15	15	15	15	14	14	14	14	16	17
Parks	51	49	51	48	48	48	49	45	39	39
Greenhouse	6	10	11	11	11	11	11	11	14	14
Public Property	31	32	30	30	31	31	33	24	25	29
Public Safety										
Police Department	529	562	594	594	589	581	592	592	563	584
Commissioner's Office	9	9	8	8	8	8	7	7	7	7
Firefighters' Department	438	433	450	467	489	487	487	484	485	508
Communication	69	73	76	76	76	76	78	78	78	84
Emergency Mgmt./Homeland Security	5	6	6	6	-	-	-	-	-	-
Public Works										
Administration	8	8	8	8	8	7	10	10	10	10
Engineering	8	8	8	8	7	7	7	7	8	7
Environmental Control	8	11	12	12	13	12	12	12	12	12
Highway and Bridge Maintenance	50	52	50	50	50	50	50	48	48	56
Sewer Maintenance	9	10	12	12	12	10	10	9	10	9
Miscellaneous	3	3	1	1	120	117	45	45	44	47
Garage	7	9	9	9	9	9	9	8	9	9
Traffic Engineering	9	8	13	13	13	13	12	12	11	11
Building Inspection	42	55	60	60	49	49	13	12	13	14
Miscellaneous										
Recorded Deeds	6	7	7	7	-	-	-	-	-	-
Planning & Development	44	50	54	46	-	-	-	-	-	-
Arts, Culture & Tourism	4	4	5	5	-	-	-	-	-	-
Human Relations	1	1	3	3	-	-	-	-	-	-
Human Services	7	3	2	4	-	-	-	-	-	-
P.F.R.A.	1	2	3	3	-	-	-	-	-	-
Board of Canvassers	8	8	8	8	-	-	-	-	-	-
Board of Licenses	11	13	12	11	-	-	-	-	-	-
Vital Statistics	11	5	5	5	-	-	-	-	-	-
City Archivist	3	3	3	3	-	-	-	-	-	-
School Department	3,224	3,226	3,236	3,157	3,284	3,300	3,345	3,333	3,342	3,473
<b>Total</b>	<b>4,887</b>	<b>4,945</b>	<b>5,023</b>	<b>4,952</b>	<b>5,086</b>	<b>5,086</b>	<b>5,041</b>	<b>5,016</b>	<b>5,014</b>	<b>5,220</b>

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police:</b>										
Calls for service	114	118	125	139	145	138	149	190	190	190
<b>Fire:</b>										
Total fire calls	41	44	10	11	14	13	14	13	13	13
Total rescue calls *	-	-	31	31	27	27	26	25	25	25
<b>Building safety:</b>										
Total building permits	8	8	8	10	8	7	3,210	8,250	7,759	7,418
Total value all permits	215,485	162,913	198,251	146,236	234,191	217,629	TBD	251,400	172,700	315,400
<b>Public service:</b>										
Residential garbage collected (ton)	71	73	74	77	79	81	TBD	69	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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	23	23	23	23	28	28	28
Public Works:										
Bridges	27	27	27	27	27	27	27	53	53	53
Streets (Miles)	370	370	370	370	370	370	370	417	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			
Parks & Recreation:										
Acreage	1,300	1,300	1,300	1,300	1,300	1,300	1,300			
Parks	124	124	124	124	124	124	124	141	141	141
Golf Course	2	2	2	2	2	2	2	1	1	1
Baseball/Softball Diamonds	40	40	40	40	40	40	40	1	1	1
Greenhouse	6	6	6	6	6	6	6	1	1	1
Soccer/Football Fields	11	11	11	11	11	11	11	1	1	1
Water Parks	9	9	9	9	9	9	9	3	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	12	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	415	415	415

Source: City Records

