

CITY OF PROVIDENCE, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012



City of Providence

Finance Department

25 Dorrance Street, Providence, RI 02903

CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2012

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CITY OF PROVIDENCE

Angel Taveras, Mayor

Introductory Section

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



CITY OF PROVIDENCE

Angel Taveras, Mayor

December 31, 2012
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 ended June 30, 2012.

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 advisors 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, 2012. 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 compliment 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, TF 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 178,042 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.

Addressing a Fiscal Hurricane – Difficult Decisions and Shared Sacrifice

Upon taking office in January 2011, Mayor Angel Taveras signed an Executive Order creating an independent Municipal Finances Review Panel – including former Auditor General Ernie Almonte, current Auditor General Dennis Hoyle, former Providence Finance Director Alex Prignano and certified public accountant Kenneth Richardson – to conduct a full review of the City’s finances. On March 3, 2011, the Panel delivered a report that laid out the full depth of the fiscal crisis facing the City of Providence: a \$70 million structural deficit in FY11 and a \$110 million structural deficit in FY12.

To address this unprecedented fiscal storm, Mayor Taveras called upon City stakeholders to come together and put Providence back on firm financial footing. He started with his own office, cutting his own pay 10% and cutting 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 FY 2012 and more than \$100 million over the next several years.

Five public schools were closed to address a \$30 million School Department deficit. The approved FY12 budget cut nearly \$60 million in anticipated spending and was reduced by \$28 million compared to FY11. Property tax rates were increased and the motor vehicle exemption was reduced. The City budget also increased fees for parking, mattresses, fire hydrants, master alarm fire boxes and anticipated new revenue from the City’s first Overnight Parking Permit Program.

The FY12 budget called on the City’s major tax-exempt institutions to contribute more to the City. By the close of the fiscal year, the City had secured an additional \$5.9 million (and more than \$44 million over 11 years) from six of the seven largest colleges, universities and hospital systems in Providence. In FY13, we expect a total of \$8.8 million in PILOT payments.

The most recent Valuation of the Employees’ Retirement System of the City of Providence from June 30, 2011 shows that the City’s pension system has an unfunded accrued liability of \$903 million. However, the City has reached a tentative agreement with retirees and current employees to reform the City pension and retiree health care system, reducing the unfunded liability to \$707 million and saving \$18.5 million in FY12. Based on this tentative agreement, the City’s actuarial consultant adjusted the FY12 Annual Required Contribution (ARC) from \$58.9 million to \$53.7 million. In FY12, the City funded 90 percent of the ARC, or \$48.3 million. The City budgeted \$53.3 million in FY13 for the ARC and plans on funding 100 percent of the required contribution.

Details of the tentative settlements follow:

The Agreement – Pensions:

- **COLA SUSPENSION:** All COLAs suspended for 10 years. (Families of city employees killed in the line of duty will continue to receive annual COLA.)
- **ELIMINATION OF HIGH END COLAs:** All 5 and 6 percent compounded COLAs are permanently eliminated.
- **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.
- **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 percent of the employee's final salary.

The Agreement – 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 penalties, as had previously been committed.
- **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.

Because of shared sacrifices and difficult decisions, the Taveras administration, with the partnership of the Providence City Council, eliminated a \$110 million structural deficit in FY12, closed the fiscal year with a \$15 million operating deficit (which can be partially absorbed in FY13) and is positioned to begin rebuilding the City's depleted rainy day fund.

City of Providence Labor Statistics and Information

The City of Providence continues a slow recovery from a national recession compounded by the foreclosure crisis. According to the 2010 Census, 26.3 percent of Providence's population lives in poverty and Rhode Island's unemployment rate remains in double digits at 10.9 percent (Nov. 2012, www.dlt.ri.gov). There were 591 homes that entered foreclosure in the City of Providence in 2012, increased from 488 in 2011.

While manufacturing jobs are projected to continue to leave Rhode Island and many other states, employment is projected to increase by nearly 54,695 jobs or 10.7 percent by 2020, with job gains notably occurring in the fields of Office and Administrative Support (6,080) and Healthcare Practitioners and Technical (5,600) (Rhode Island's Occupational Outlook for 2020, Rhode Island Department of Labor and Training).

FY13 Budget Summary

FY13 revenues and expenses are budgeted at \$642 million, up from \$613 million in FY 2012, largely due to an increase in state and federal support for education spending. Tax revenues are budgeted to increase

\$5.5 million because of a larger tax base and reforms to the City's owner-occupied homestead exemption. The FY13 budget does not include any increased or new taxes. Tax revenues make up \$316 million in the FY13 budget. State aid increases from \$248 million in FY12 to \$270 million in FY13. The FY13 budget includes \$8.8 million in PILOT payments from Colleges and hospitals.

As stated, the City's pension ARC is budgeted at \$53.3 million and will be fully funded in FY13. Debt Service decreased from \$69 million to \$67 million due to expiration of debt contracts. Retiree medical spending is budgeted \$12 million higher as compared to the prior year due to a delay in moving retirees to Medicare as a result of litigation. School Department budget increases from \$308 million in FY12 to \$329 million in FY13 as a result of a scheduled rise in state aid. The City has also budgeted \$5.7 million to replenish the rainy day fund.

Goals for Progress – Administration's Accomplishments to Date

In the FY13 Budget Address (April 2012), Mayor Taveras identified four broad, but ambitious goals to move Providence forward following the fiscal crisis the City was forced to address during his first year in office. Those goals included a goal to nurture an economic climate that supports entrepreneurship, innovation and job growth; a goal to improve public education for every student in every neighborhood; a goal to improve public safety so all residents feel safe and welcome in our city; and a goal to build a more livable and sustainable city for current and future residents.

By setting out to achieve progress toward these goals, the Mayor said, "We can choose to act and position Providence to be the next great American comeback story. We can act and have people look to our skyline and rivers as a model for reform and revitalization, as they did with Chicago in the 1980s, New York in the 1990s, Baltimore in the early 2000s and Pittsburgh today. We can set Providence on a sustainable path that will ensure we leave our children a stronger more vibrant city. And we can spare our neighbors from additional taxes."

In the last two years, the Taveras administration and the City of Providence have secured a number of accomplishments on the road to achieve those goals.

Economic Development

Economic development is a top priority for the Taveras administration, with the chief goals of expanding the City's revenue base, creating well-paying and higher-skilled jobs for our residents, and ensuring a stronger and improved quality of life for our neighborhoods.

Since taking office in 2011 and appointing the City's first Director of Economic Development, the Taveras administration has taken proactive steps to position Providence to compete in the new and innovative global economy. The administration has focused on the three R's of economic development: Retain, Recruit, Reform.

Retain

To compete in the new economy, Providence and others cities need to retain and grow existing businesses. Mayor Taveras has led efforts to support the incumbent business community, equip small businesses with the tools necessary to compete and improve public education. Specifically, the Mayor – in partnership with the City Council and other community leaders – has taken the following steps to retain business and talent to grow Providence's economy:

- **Innovation Investment Fund:** Launched in March 2011, this first-in-the-nation, \$1 million equity investment program supported 23 start up companies and helped create nearly 50 good-

paying, innovative jobs in Providence. The program is supported by the U.S. Department of Housing and Urban Development.

- **SBA Partnership:** In May 2012, the City of Providence and the U.S. Small Business Administration entered into a first-ever partnership to offer a series of free, bi-monthly workshops to small businesses. The workshops target small businesses and women- and minority-owned businesses and touch on an array of topics that will help small businesses survive the economic recovery and thrive in future years.
- **Promoting the Working Waterfront:** The Taveras administration led efforts to expand miles of development along the City's Working Waterfront. In October 2011, Sims Metal Management Limited, the world's largest metals and electronic recycling company, established a New England exporting terminal at Allens Avenue. In December 2012, Mayor Taveras and Governor Lincoln Chafee partnered to announce the arrival of new cranes for the Port of Providence, supported by the award of a federal TIGER grant.
- **Partnering with Tax-Exempt Anchor Institutions:** The City of Providence and its tax exempt institutions are inseparable and invaluable partners in each others' futures. When Providence faced a \$110 million structural deficit, Mayor Taveras worked with partners from every part of the City to reach agreements with six of the seven largest tax-exempts in Providence. These new agreements total more than \$7 million in FY12 and more than \$44 million over the next 11 years. Our colleges, universities and hospitals are a vital part of Providence's expanding knowledge economy, incorporating life science, biotechnology and information technology sectors, primarily clustered in the City's Knowledge District. Specifically, the establishment of the Brown University Warren Alpert Medical School in the heart of this district has increased the likelihood of attracting R&D and similar activity.
- **Support for Public Education:** Facing a \$30 million deficit in the Providence Public School District, Mayor Taveras made the very difficult decision to terminate teachers, close schools and renegotiate contracts with the Providence Teachers Union. Throughout that process and continuing today, the Taveras administration and PPSD – under the leadership of Superintendent Susan Lusi – are committed to improving public education in every part of Providence. In October 2012, the Children's and Youth Cabinet (CYC) released the *Educate Providence: Action for Change* report, which includes 11 specific indicators to measure performance and progress in Providence Schools. Additionally, the administration has earned national recognition for its efforts to improve grade level reading. In July, Providence was named one of 14 All America Cities for Grade Level Reading. In October, Providence was named a finalist in the Bloomberg Philanthropies Mayor's Challenge for the *Providence Talks* initiative, and in November 2012, Mayor Taveras and the CYC launched Providence Reads – a partnership between the City, PPSD, business leaders and community advocates to promote grade level reading.

Recruit

It is not enough that cities retain and grow internally. To compete, cities must build from a strong foundation and bring new investment and new opportunities. Mayor Taveras and the City Council have worked together to make Providence a more attractive city for business, investment and talent.

- **Capitalizing on I-195 Relocation:** The relocation of I-195 offers an unparalleled opportunity to re-imagine Providence's physical landscape and reboot Providence's local economy.
- **Focus on the Green Economy:** Providence is one of 10 U.S. cities to participate in the Emerald Cities Collaborative, a project to identify creative financing to support environmental retro-fits of municipal buildings. Under the leadership of Sustainability Director Sheila Dormody, Providence is poised to begin projects that will provide a spark to the Capital City's emerging sustainability economy. In addition, the City was the first in the nation to partner with HUD, the Centers for Disease Control and the Coalition to End Childhood Lead Poisoning to join the federal Green & Healthy Homes Initiative that set out to provide 500,000 energy upgrades to residences across the

U.S. by 2015. Working with local contractors, the City has retrofitted hundreds of homes in Providence.

Reform

Municipal government must support an environment that is more welcoming to business and growth. By making government more responsive, transparent and efficient, Mayor Taveras has laid a foundation for growth. Since taking office, the Taveras administration has taken a number of steps to reform the way the City does business:

- **Creation of Department of Economic Development:** Shortly after taking office, Mayor Taveras created the Department of Economic Development and appointed Jim Bennett to direct the Department. The Department of Economic Development consolidates a number of City departments and agencies, including Arts, Culture + Tourism, Inspections and Standards, Board of Licenses, Planning and Development and First Source under one umbrella to better align the delivery of economic development services to Providence residents and businesses.
- **Make Development More Predictable:** As the City prepares for the development of the I-195 land, Mayor Taveras and the City Council have taken steps to make permitting and development processes more efficient and predictable. In the summer of 2012, the City Council passed a comprehensive downtown zoning ordinance that protects the historic aesthetics of downtown Providence, preserves the City's noted walkability and meets the demands of business owners looking to create jobs.
- **Open Providence Commission:** In November 2011, the Providence City Council created the Open Providence Commission for Transparency and Accountability. Bringing together City employees, outside experts and everyday citizens, the Commission is seeking to help City residents better engage with their government using technology. The Commission is charged with proposing a mechanism to make public information, hearings and votes accessible by suggesting changes to the way information is organized and presented on the City's website; investigating current technologies and propose the development of a state of the art citizen dashboard and applications to provide new capabilities that government departments can harness to improve services and responsiveness to its constituency at a lower cost; and developing a feasible plan for implementation with consideration of the challenges inherent in the training and cultural change necessary for the adoption of new policies and technologies within City government.
- **Online Vendor Registration:** In November 2012, the City of Providence joined the Rhode Island Municipal Bidder Notification System. The Rhode Island Municipal Bidder Notification System was developed by the City of Newport and is now used by approximately a dozen cities, towns and school districts throughout Rhode Island. This system allows the City to post full bid packages online, leading to increased competition for City contracts from a larger pool of potential vendors. Historically, bid packages for goods and services have been made available only in hard copy at City Hall. With this system, vendors and City contractors can receive email notifications about bids for which they are eligible and receive automatic electronic updates each time a bid is amended. This system will lead to greater competition for City business, greater transparency for City vendors and taxpayers and cost savings in administrative efficiencies.

Public Education

Mayor Taveras has regularly stated that the most important economic investment we can make is an investment in education. Providence, like many cities across the nation, faces challenges to providing every student with a quality education. Since taking office, Mayor Taveras has made it a top priority to improve education and ensure that every student graduates with the skills needed to succeed. While the City has a great deal of work ahead, the Taveras administration has built a strong foundation and – with

help from the Providence Public Schools District and the City Council – has positioned students for the future. Selected highlights of the administration’s educational accomplishments to date follow:

- **Appointed Dr. Susan Lusi:** In May 2012, Mayor Taveras appointed Dr. Susan Lusi Superintendent of Providence Public Schools. The Mayor and Superintendent have worked closely to improve public education for every student.
- **Grade Level Reading:** Education research recognizes that proficiency in reading by the end of third grade enables students to shift from *learning to read* to *reading to learn*, and to master the more complex subject matter they encounter in the fourth grade curriculum. Research shows that children not reading proficiently by end of third grade are four times more likely to leave school without a diploma than proficient readers. Children who were poor for at least a year and not reading proficiently in third grade are up to 13 times more likely not to graduate – “double jeopardy.” Students not reading on grade level by the end of third grade are less likely to graduate from high school, find and maintain employment and acquire job skills. At the beginning of the 2011-2012 school year, only 46 percent of fourth graders were reading on grade level. To address this challenge, Providence was one of 124 community to join the National Campaign for Grade Level Reading. Providence developed a comprehensive strategy to ensure that 70 percent of third graders are reading on grade level by 2015. In July, the City was recognized by the National Civic League as one of 14 All America Cities for Grade Level Reading.
- **Providence Reads Initiative:** In November 2012, Mayor Taveras launched the Providence Reads Initiative to support his goal of improving Grade Level Reading. *Providence Reads* is a comprehensive effort led by the Mayor’s Children and Youth Cabinet with over a dozen organizations – including businesses and nonprofit associations – working to increase grade level reading, promote school readiness, improve school attendance and support summer learning.
- **Evidence2Success:** In July 2012, Mayor Angel Taveras joined with Governor Lincoln Chafee, Superintendent Dr. Susan Lusi, Department of Children, Youth and Families Director Dr. Janice DeFrances and representatives of the Baltimore-based Annie E. Casey Foundation to announce the launch of Evidence2Success, a new approach to investing in evidence-based programs that promote healthy child development. The Casey Foundation chose Providence as the first site for Evidence2Success because of the city’s and state’s commitment to investing in children and youth and their collaborative efforts to improve outcomes of children in low-income neighborhoods.
- **Children’s and Youth Cabinet – Action for Change:** The *Educate Providence: Action for Change* report identifies 11 indicators that will track progress towards meeting those goals, and provides baseline data that will be used to measure progress. These ‘starting point’ indicators include: the percentage of three- and four-year-olds enrolled in a high-quality preschool program (21 percent), the number of Providence district and charter schools meeting and exceeding state accountability standards (45 percent), the percentage of students who are chronically absent from class (32 percent), and the percentage of fourth graders who start the year reading on grade level (46 percent). The action plan is modeled on the Strive Network currently used in three dozen other cities including Cincinnati, Seattle, Boston and Houston. After reviewing all the available research, the CYC selected these indicators as best measurements to gauge the educational and career outcomes that Providence is seeking. Future reports will set measurable goals for each indicator.
- **National Recognition:** Since taking office in January 2011, the Taveras administration and Providence Public Schools have earned recognition from a number of national organizations, including:
 - National Civic League named Providence an All America City for Grade Level Reading;
 - Annie E. Casey Foundation selected Providence as the pilot city for the Evidence2Success initiative;
 - America’s Promise Alliance named Providence one of the nation’s Best Communities for Youth;

- The White House Office of Faith-based and Neighborhood Partnerships honored Providence as one of 31 winners of the Together for Tomorrow School Improvement Challenge;
- Bloomberg Philanthropies Cities of Service initiative awarded Providence a \$25,000 grant to support Leyendo, a year-round English language learning program; and
- *Providence Talks*, a proposed initiative to develop language skills among low-income toddlers, was recently named one of 20 finalists in the \$9 million Bloomberg Philanthropies Mayor's Challenge.

Public Safety

The most important responsibility of any administration is ensuring the public's safety. With collaborative work, community support, public engagement and transparent leadership, the Taveras administration is pushing forward and making Providence a safer city for all of our residents. Crime is flat or down in most categories across Providence this year. Crime rates remain among the lowest they have been in many years. The exception is gun violence and homicides, which are up slightly from last year, with 17 homicides in Providence through the end of November, compared with 10 last year. It's important to note that the increase in homicides this year is not a statistically significant, per capita uptick, and that Providence's homicide rate continues to remain near the lowest it has been in 20 years.

- **Addressing Gun Violence:** In the summer of 2012, there was an increase in the number of shootings in Providence. In response, Mayor Taveras and the Department of Public Safety partnered with Sims Metal Management to establish an Illegal Gun Tip Line. Individuals with information that led to an arrest or a seizure of an illegal gun could be eligible for a reward of up to \$1,000. In addition to the tip line, the Mayor unveiled an aggressive public safety campaign that increased the presence of law enforcement and supported summer and afterschool programming for at-risk youth.
- **Fire Academy:** In the summer of 2012, the City of Providence began accepting applications for the first fire academy in more than six years. Approximately 2,900 individuals sat for the exam, including nearly 500 Providence residents. The top 500 scores advanced to the agility test, including 156 Providence residents. The academy is scheduled to start in early 2013 and will create at least 35 new family-wage jobs in Providence. The public safety overtime expenditures we pay each year are a driving force in the city's annual fiscal challenges. Every vacant firefighter position costs the city \$1,723 in overtime per week. A new firefighter only costs \$1,351 – a 21 percent difference.
- **Standing Up to Nightclub Violence:** Providence is a safe city, but the recent violence at a small number of our nightclubs has given parts of our city an unfair and unfortunate perception. We need to address the violence head on and hold club owners who tolerate illegal and threatening behavior accountable. Last year, the City took initial steps to curb club-related violence. With support from the Department of Public Safety, Mayor Taveras established a 'Soft Closing Pilot Program,' which allowed nightclubs to stay open in the jewelry district until 3am. Participating clubs can stay open late, but are required to close the doors to new patrons at 1am and stop serving alcohol at 2am.
- **Superstorm Sandy:** In October 2012, Superstorm Sandy made its way up the East Coast. While Providence was spared the worst of the storm, the Providence Emergency Management Agency – under the leadership of Director Col. Peter Gaynor – was prepared for the storm.

City Services and Quality of Life

Providence is a strong city with a high quality of life. The Taveras administration is guided by the principle that government should set out to leave the next generation a better city than the previous

generation was left. Since taking office, Mayor Taveras has supported and led a number of efforts to improve the quality of life in Providence, including:

- **2012 Roads Bond:** In November 2012, Providence voters overwhelmingly approved Question 8 – a \$40 million bond to repair more than 60 miles of roadway across Providence. These road repairs will support as many as 750 jobs over three years and make Providence a more livable and more competitive community. The City worked closely with an independent engineering firm to identify the roads in greatest need of repair and roads that would provide taxpayers with the best return on investment. The \$40 million of repairs will remove more than 30 percent of the City's backlog and reduce maintenance costs.
- **Overnight Parking Permit Program:** For more than 80 years, Providence has banned overnight, on-street parking, forcing many homeowners and landlords to pave over green space to create off-street parking options for their vehicles. In the spring of 2012, the City's Parking Administration began the citywide roll out of an overnight parking permit pilot program. Residents can purchase an overnight parking permit for \$100 and a guest pass for \$25.
- **Nuisance Task Force:** City Solicitor Jeffrey Padwa established the Nuisance Task Force to identify problem properties and work toward solutions to rid the City of nuisance and crime-ridden properties. The Task Force worked with the City Council to amend the 2006 Party House Ordinance to address growing concerns about drug houses that have threatened entire neighborhoods. Under the ordinance, the owners of nuisance properties and people living there or causing the problems can be fined \$100 for the first offense and \$500 for each additional offense. A corrections agreement must be signed between the City and the owner if the house is found to be a chronic nuisance – with more than one incident in six months or with a drug-related search warrant more than once in two years. Failure to comply can result in a daily \$500 fine, tenant eviction and civil penalty up to \$25,000.
- **Providence Community Libraries:** In December 2011, Mayor Taveras announced that the City had reached an agreement to protect every neighborhood library in the City. Under the agreement, the Providence Public Library (PPL), which operates the downtown library and owned seven of the city's nine neighborhood library buildings, transferred the seven buildings to the City as a 20 year lease-purchase, at the end of which the City will own the buildings outright. The City made an initial payment of \$250,000 to PPL from funds held in escrow during the dispute over the future of the libraries. Additionally, the City will make 18 annual payments to PPL in the amount of \$264,000, beginning in 2014. The total cost of acquiring the seven neighborhood libraries will be \$5 million. The assessed value of the seven buildings is approximately \$11 million.
- **Office of Sustainability – Recycling:** The more the City recycles, the more money the City saves. In September 2012, the City launched a new recycling campaign, distributed new trash barrels and converted the existing 95 gallon Big Green Cans into a recycling barrel. In the campaign's first six weeks, the City boosted its citywide recycling rate by nearly 42 percent. Before the Big Green Can campaign launched in late September, the City recycling rate stood below 15 percent. Since the program launched and with only two-thirds of the city eligible to participate in the new program, the recycling rate has increased to 20.6 percent - an overall improvement of nearly 40 percent.
- **Office of Healthy Communities:** In August 2012, Mayor Angel Taveras signed an executive order establishing the Healthy Communities Office (HCO). The HCO 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. It assumes the responsibilities of the Mayor's Substance Abuse Prevention Council and be staffed by the existing employees of that office.

Debt Administration

Outstanding governmental and business-type activity bonds at June 30, 2012 totaled \$596,236,000. (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

Cash Management

Cash temporarily available during the year was invested for periods ranging from 30 to 181 days to maturity in accordance with Rhode Island General Laws, Chapter 35-10.1. Trust funds are also authorized to invest in corporate bonds, securities and other commercial paper. Three factors affecting investment income include: (1) interest rates, (2) available cash balances, and (3) cash flow management.

Risk Management

The City of Providence has a comprehensive program for managing all areas of risk, including health and life insurance for active and retired employees, worker’s compensation, heart and hypertension, property and casualty, general liability, professional liability, and other exposures including theft, performance, and surety.

The activities of the risk management program are accounted for in an internal service fund. This fund operates on a full accrual basis with self-retention levels. Each year, total risk management costs are charged as an insurance premium to departments based on formulas applying elements of exposure and loss history.

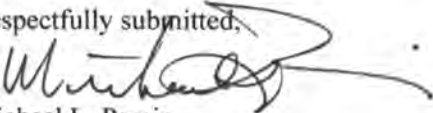
Long-Term Financial Planning

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 interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

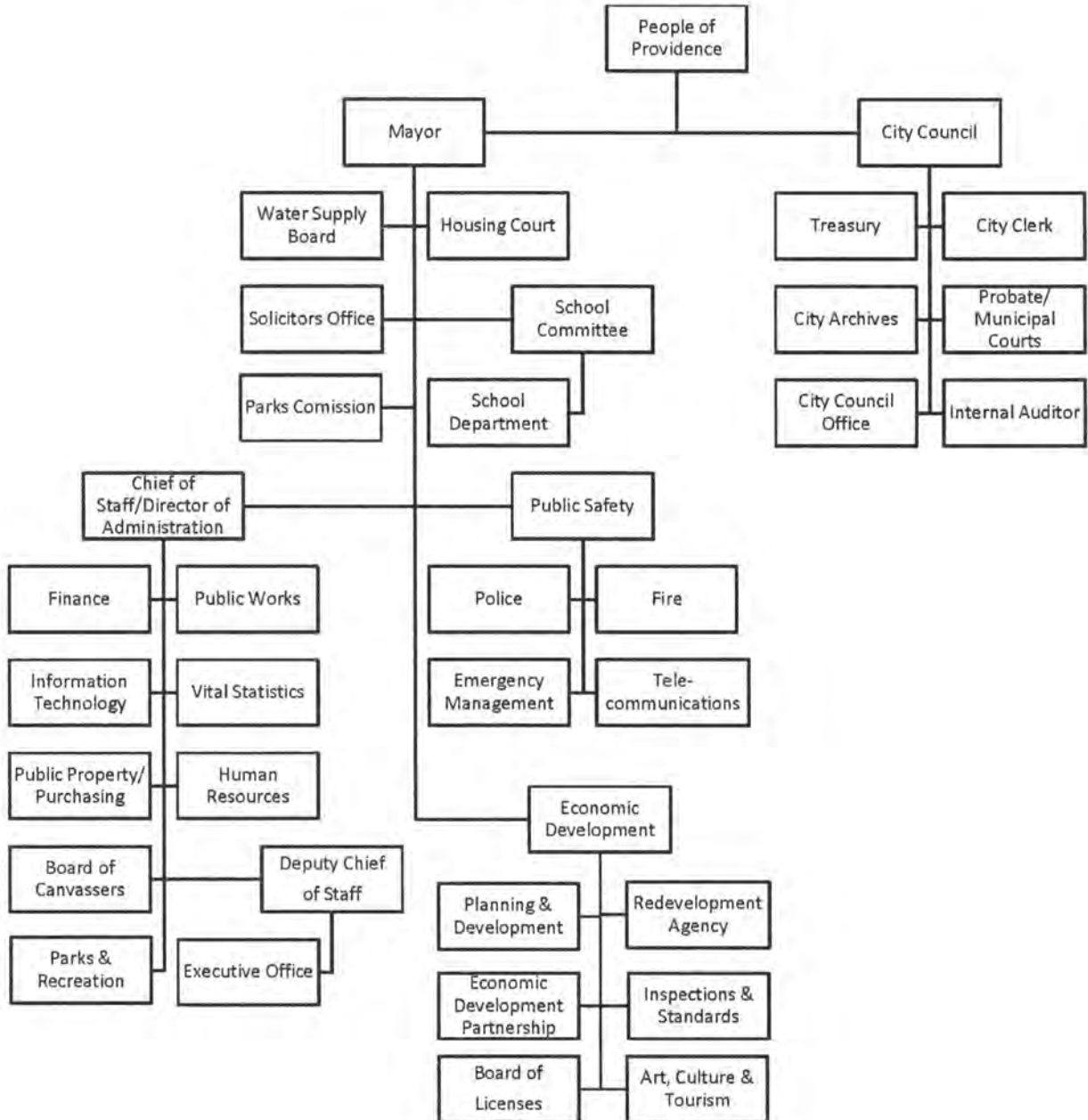
Respectfully submitted,



Michael L. Pearis
Finance Director



City of Providence Organizational Chart



City Officials
As of June 30, 2012

Mayor
Angel Taveras

City Council

Ward 1 – Seth Yurdin	Ward 6 – Michael J. Correia	Ward 11 – Davian Sanchez
Ward 2 – Samuel D. Zurier	Ward 7 – John J. Igliazzi	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'Antuono
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 L. Pearis
Director of Information Technology	James Silveria
Director of Inspections and Standards	Jeff Lykins
Director of Personnel	Sybil Bailey
Director of Planning and Development	Robert Azar, Acting
Director of ProvStat	Pamela Cardillo
Director of Public Property	Alan Sepe
Director of Public Works	William Bombard, Acting
Director of Telecommunications	William Trinqu
Internal Auditor	Matt 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, Acting
Tax Assessor	David L. Quinn
Tax Collector	John Murphy
Traffic Engineer	William Bombard

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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CITY OF PROVIDENCE

FINANCIAL SECTION

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

REPORT OF INDEPENDENT AUDITORS

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Providence's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2012, 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on Pages 3 through 11, and 56 through 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.

Needham

Concord

Taunton

Providence

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.

Brown P.C.

Providence, Rhode Island
December 31, 2012

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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, 2012.

Financial Highlights – Primary Government

Government – Wide Highlights

Net Assets – The liabilities of the City's governmental activities exceeded its assets for the fiscal year ending June 30, 2012 by \$138.5 million (presented as "total net assets"). Of this amount, a negative of \$261.5 million was reported as "unrestricted." The net investment in capital assets was \$123 million. The assets of the City's business-type activities exceed its liabilities by \$245.7 million. Of this amount, \$213.8 million represents the City's net investment in capital assets.

Change in Net Assets – The City's total net assets decreased by \$18.9 million in fiscal year 2012. Net Assets of governmental activities decreased by \$32.8 million, while net assets of business-type activities increased by \$13.9 million.

Fund Highlights

Governmental Funds – Fund Balances – As of June 30, 2012, the City's governmental funds reported a combined ending fund balance of \$52.5 million, a \$16.1 million decrease from the prior year. Of the total fund balance reported, a negative \$11.7 million represents "unassigned fund balance," of which \$0 million pertains to Capital Project Funds, \$.3 million is for non-major funds, \$11.4 million pertains to the general fund, and \$0 million pertains to school grant funds.

Long-Term Obligations

The City's total long-term obligations related to its government activities had a net decrease of \$10.7 million during the current fiscal year.

The total long-term obligations of the City's proprietary activities decreased \$.4 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, 2012

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 Assets* presents all of the government's assets and liabilities, with the difference between the two reported as "net assets." Overtime, increases or decreases in the City's net assets 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 assets changed during the fiscal year. All changes in net assets 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, 2012

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

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

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

2. *Proprietary Fund Financial Statements* – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside 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.

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.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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 2012, 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, 2012

Government-Wide Financial Analysis

Net Assets

As earlier noted, net assets may serve as a useful indicator of the government's financial position over time. The City's combined net assets (government and business-type activities) totaled \$106.9 million at the end of 2012, compared to \$126 million at the end last year.

The largest portion of the City's net assets, \$336.8 million, reflect its investment in capital assets, like land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any outstanding related debt used to acquire that asset. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets can not be used to liquidate these liabilities.

	June 30, 2012			June 30, 2011		
	Governmental Activitites	Business-type Activities	Total	Governmental Activitites	Business-type Activities	Total
Current and other assets	\$ 233,151	\$ 51,053	\$ 284,204	\$ 280,662	\$ 51,745	\$ 332,407
Capital assets	684,133	266,247	950,380	666,671	254,291	920,962
Total Assets	<u>917,284</u>	<u>317,300</u>	<u>1,234,584</u>	<u>947,333</u>	<u>306,036</u>	<u>1,253,369</u>
Current liabilities	205,922	20,151	226,073	211,598	22,389	233,987
Long-term liabilities	849,873	51,462	901,335	841,481	51,896	893,377
Total liabilities	<u>1,055,795</u>	<u>71,613</u>	<u>1,127,408</u>	<u>1,053,079</u>	<u>74,285</u>	<u>1,127,364</u>
Net Assets:						
Invested in capital assets, net of related debt	122,997	213,758	336,755	127,340	201,281	328,621
Restricted		20,943	20,943		18,809	18,809
Unrestricted	(261,508)	10,986	(250,522)	(233,086)	11,661	(221,425)
Total Net assets	<u>\$ (138,511)</u>	<u>\$ 245,687</u>	<u>\$ 107,176</u>	<u>\$ (105,746)</u>	<u>\$ 231,751</u>	<u>\$ 126,005</u>

Restricted net assets of \$20.9 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 assets.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Changes in Net Assets

The City's net assets decreased by \$32.8 million and increased by \$13.9 million for governmental activities and business-type activities, respectively. General fund revenues were negatively impacted due to budget estimates for back taxes and fines and forfeitures coming in less than budget. Moreover, expenditures for healthcare and legal services 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 FY2012. Approximately 48% 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% of total revenues, while other revenues and investment and rental income accounted for 5% 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 2012 exceeded expense by \$13.7 million. The Business-type activities reported an increase in revenue of 2%, while expense increased 7% over the prior year.

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for service	\$ 92,095	\$ 97,270	\$ 189,365	\$ 84,003	\$ 95,551	\$ 179,554
Operating grants and contributions	241,623		241,623	261,486		261,486
Capital grants and contributions		827	827		510	510
General revenues:						
Property taxes	344,052		344,052	310,113		310,113
Grants not restricted for a specific purpose	21,472		21,472	25,619		25,619
Miscellaneous	16,846		16,846	17,473		17,473
Unrestricted investment earnings	100	200	300	153	618	771
Total revenues	716,188	98,297	814,485	698,847	96,679	795,526
Expenses:						
Executive, legislative and judicial	51,677		51,677	40,382		40,382
Finance	57,819		57,819	58,740		58,740
Public safety	157,676		157,676	178,374		178,374
Building inspection	4,126		4,126	4,636		4,636
Public works	25,754		25,754	28,451		28,451
Recreation	1,644		1,644	1,593		1,593
Public lands and parks	19,437		19,437	24,572		24,572
Education	379,768	13,908	393,676	388,612	12,836	401,448
Community development	18,687		18,687	21,467		21,467
Interest on long-term debt	32,365		32,365	26,699		26,699
Economic development		19,992	19,992		18,949	18,949
Water		50,461	50,461		47,483	47,483
Total expenses	748,953	84,361	833,314	773,526	79,268	852,794
Change in net assets	(32,765)	13,936	(18,829)	(74,679)	17,411	(57,268)
Net assets- beginning	(105,746)	231,751	126,005	(31,067)	214,340	183,273
Net assets- ending	\$ (138,511)	\$ 245,687	\$ 107,176	\$ (105,746)	\$ 231,751	\$ 126,005

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Business-Type Activities

The business-type activities increased the City's net assets by \$13.9 million. This resulted primarily from a \$11.7 million increase in net assets of the Water Supply Board, an increase of net assets of \$1.5 million by the Providence Public Building Authority, and \$.7 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.

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, unreserved 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 \$11.4 million. 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 2012 school grants fund balance is reported at \$2.19 million, a \$.02 million decrease from fiscal year 2011. The inclusion of all state aid in fiscal 2012 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 \$320.4 million as compared to \$316.8 million in the prior year. The inclusion of all state aid in fiscal 2012 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 2012 capital projects fund balance is \$.94 million. The \$2.71 million decrease from fiscal year 2011 is attributable to the expenditure and completion of several capital projects during the year.

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 assets increased by \$11.7 million as a result of operations in the individual enterprise funds. This resulted primarily from a \$11.7 million increase in net assets of the Water Supply Board, an increase of net assets of \$1.5 million by the Providence Public Building Authority, and \$.7 million by the school lunch program.

CITY OF PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

General Fund Budgetary Highlights

The general fund incurred an uncombined deficit in FY 2012 of \$15.0 million. This will decrease the cumulative uncombined general fund balance to a negative \$19.73 million. The new GASB 54 requirement for combining funds shows a cumulative general fund balance as a negative \$11.40 million. Total general fund revenues and transfers for the fiscal year were \$443.9 million and total general fund expenditures and transfers for the fiscal year were \$464.9 million.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 57 to 61 of the Comprehensive Annual Financial Report.

Capital Asset and Debt Administration

Capital Assets (Note 5 to the Basic Financial Statements)

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 46,865	\$ 21,917	\$ 68,782	\$ 45,878	\$ 19,305	\$ 65,183
Land Improvements		18,682	18,682		18,682	18,682
Building and Improvements	132,470	148,545	281,015	123,260	150,221	273,481
Machinery and Equipment	15,519	3,082	18,601	11,278	3,131	14,409
Infrastructure	106,159		106,159	108,869		108,869
Leased Assets	350,852	10,225	361,077	323,411	10,409	333,820
Construction in Progress	32,268	63,796	96,064	53,975	52,543	106,518
	\$ 684,133	\$ 266,247	\$ 950,380	\$ 666,671	\$ 254,291	\$ 920,962

The City's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$1,069 million, net of accumulated depreciation of \$384.9 million, leaving a net book value of \$684.1 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, 2012

Debt Administration

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 73,815		\$ 73,815	\$ 80,935		\$ 80,935
Revenue Bonds	68,860	52,489	121,349	73,140	\$ 53,010	126,150
Tax Increment Obligations	12,585		12,585	15,575		15,575
Capital Notes Payable	39,554		39,554	45,433		45,433
Notes Payable	2,776		2,776	585		585
PPBA Debt		388,487	388,487		411,617	411,617
	\$ 197,590	\$ 440,976	\$ 638,566	\$ 215,668	\$ 464,627	\$ 680,295

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

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

The City's total outstanding notes and bonds decreased by \$41.7 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 Baa1 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 PROVIDENCE

Statement of Net Assets
June 30, 2012 (in thousands)

	Governmental Activities	Business-Type Activities	Totals*
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 66,238	\$ 35,125	\$ 101,363
Restricted cash and cash equivalents		16,770	16,770
Investments	27,869	8,698	36,567
Restricted investments		4,474	4,474
Taxes receivable (net of allowance)	21,578		21,578
Intergovernmental receivable	40,295	1,340	41,635
Loan receivable (net of allowance)	27,306		27,306
Restricted receivables		952	952
Other receivable	13,780		13,780
Charges for service receivable (net of allowance)		13,312	13,312
Internal balances	30,734	(30,734)	-
Other assets	2,784	1,116	3,900
Total current assets	230,584	51,053	281,637
Noncurrent assets			
Deferred charges	2,567		2,567
Capital assets, nondepreciable	79,133	104,395	183,528
Capital assets, depreciable, net	605,000	161,852	766,852
Total noncurrent assets	686,700	266,247	952,947
TOTAL ASSETS	917,284	317,300	1,234,584
LIABILITIES:			
Current Liabilities:			
Warrants and accounts payable	32,601	7,936	40,537
Payable to retirement plan	39,603		39,603
Due to other governments	2,799		2,799
Accrued liabilities	29,140		29,140
Other		3,087	3,087
Unearned revenue	14,903	1,979	16,882
Amounts payable with current restricted assets		3,547	3,547
Long term debt due within one year	86,876	3,602	90,478
Total current liabilities	205,922	20,151	226,073
Noncurrent liabilities:			
Due in more than one year	849,873	51,462	901,335
Total noncurrent liabilities	849,873	51,462	901,335
TOTAL LIABILITIES	1,055,795	71,613	1,127,408
Net Assets			
Investment in capital assets, net of related debt	122,997	213,758	336,755
Restricted for Water Quality Protection		18,649	18,649
Restricted for debt service		2,294	2,294
Unrestricted	(261,508)	10,986	(250,522)
TOTAL NET ASSETS	\$ (138,511)	\$ 245,687	\$ 107,176

* After internal receivables and payables have been eliminated

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Activities
For the Year Ended June 30, 2012 (in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Executive, legislative, and judicial	\$ 51,677	\$ 232			\$ (51,445)	\$	\$ (51,445)
Finance	57,819	63,264			5,445		5,445
Public Safety	157,676	11,384	\$ 3,183		(143,109)		(143,109)
Building inspection	4,126	4,112			(14)		(14)
Public Works	25,754	193			(25,561)		(25,561)
Recreation	1,644	206	261		(1,177)		(1,177)
Public land and parks	19,437	136			(19,301)		(19,301)
Education	379,768	12,558	225,660		(141,550)		(141,550)
Community development	18,687	10	12,518		(6,159)		(6,159)
Interest on long-term debt	32,365	-			(32,365)		(32,365)
Total governmental activities	748,953	92,095	241,622	-	(415,236)	-	(415,236)
Business-type activities:							
PPBA	19,992	20,996			\$	\$ 1,004	\$ 1,004
Water Supply Board	50,461	61,726	\$ 200			11,465	11,465
Non-major School lunch program	13,908	14,548				640	640
Total business-type activities	84,361	97,270	200			13,109	13,109
Total primary government	\$ 833,314	\$ 189,365	\$ 241,622	\$ 200	(415,236)	13,109	(402,127)
General revenues							
Taxes:							
Property taxes					320,591		320,591
Payments in lieu of taxes					23,461		23,461
Grants and contributions not restricted to specific programs					21,473		21,473
Investment income					100	827	927
Miscellaneous					16,846		16,846
Total general revenues					<u>382,471</u>	<u>827</u>	<u>383,298</u>
Change in net assets					(32,765)	13,936	(18,829)
Net assets-beginning					(105,746)	231,751	126,005
Net assets-ending					<u>\$ (138,511)</u>	<u>\$ 245,687</u>	<u>\$ 107,176</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLANDBalance Sheet- Governmental Funds
June 30, 2012 (in thousands)

	Major Funds				Other Non- major Governmental Funds	Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects		
ASSETS:						
Cash and cash equivalents	\$ 16,437	\$ 26,078	\$ 2,472	\$ 2,223	\$ 13,939	\$ 61,149
Investments	-	-	-	-	27,869	27,869
Receivables, net:						
Taxes	21,578	-	-	-	-	21,578
Loans	-	-	-	-	27,306	27,306
Intergovernmental	26,269	355	12,294	-	1,377	40,295
Other	7,831	2,075	-	-	26	9,932
Due from other funds	48,583	19,244	4,229	460	19,013	91,529
Other assets	-	-	-	-	516	516
TOTAL ASSETS	\$ 120,698	\$ 47,752	\$ 18,995	\$ 2,683	\$ 90,046	\$ 280,174
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Warrants and accounts payable	\$ 6,927	\$ 18,235	\$ 2,991	\$ 142	\$ 3,072	\$ 31,367
Accrued liabilities	4,391	19,787	7	-	59	24,244
Other payables	39,632	-	-	-	-	39,632
Unearned revenues	4,111	36	1,704	-	8,037	13,888
Deferred revenue	22,142	-	-	-	-	22,142
Due to other funds	53,016	9,694	11,185	1,601	18,072	93,568
Due to other governments	1,878	-	921	-	-	2,799
TOTAL LIABILITIES	132,097	47,752	16,808	1,743	29,240	227,640
FUND BALANCES:						
Nonspendable	-	-	-	-	19,818	19,818
Restricted	-	-	2,187	940	31,975	35,102
Committed	-	-	-	-	9,275	9,275
Unassigned	(11,399)	-	-	-	(262)	(11,661)
TOTAL FUND BALANCES	(11,399)	-	2,187	940	60,806	52,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 120,698	\$ 47,752	\$ 18,995	\$ 2,683	\$ 90,046	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	684,133
Net pension obligations and other post employment benefits	(282,103)
Deferred charges	2,567
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(617,784)
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	22,142
Internal service funds	-

Net assets of governmental activities (A-1)

\$ (138,511)

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
For the Year Ended June 30, 2012 (in thousands)

	Major Funds					Total Governmental Funds
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Non- major Governmental Funds	
REVENUES:						
Taxes	\$ 314,355	\$ -	\$ -	\$ -	\$ -	\$ 314,355
Departmental revenue	83,218	424	-	-	11,694	95,336
Federal and state grants and reimbursements	37,195	181,226	42,997	983	22,718	285,119
Investment and rental income	721	-	-	-	733	1,454
Fines and forfeitures	7,341	-	-	-	-	7,341
State Fiscal Stabilization Funds	-	1,437	-	-	-	1,437
Other	340	11,850	284	-	3,018	15,492
TOTAL REVENUES	443,170	194,937	43,281	983	38,163	720,534
EXPENDITURES:						
Current:						
Executive, legislative, and judicial	13,018	-	-	-	2,346	15,364
Finance	49,661	-	-	-	-	49,661
Public safety	142,355	-	-	-	9,300	151,655
Building inspection	3,901	-	-	-	-	3,901
Public works	26,179	-	-	-	-	26,179
Recreation	671	-	-	-	861	1,532
Public lands and parks	20,245	-	-	-	789	21,034
Other departments	10,185	-	-	-	-	10,185
Grants	4,297	-	-	-	-	4,297
Education	-	320,418	42,231	-	-	362,649
Community development	-	-	-	-	14,390	14,390
Noncurrent:						
Capital outlays	-	-	-	2,587	-	2,587
Debt Service:						
Principal	40,181	-	-	51	2,834	43,066
Interest and other costs	29,427	-	-	(51)	3,051	32,427
TOTAL EXPENDITURES	340,120	320,418	42,231	2,587	33,571	738,927
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	103,050	(125,481)	1,050	(1,604)	4,592	(18,393)
OTHER FINANCING SOURCES (USES)						
Transfers in	6,747	125,968	1,071	-	117	133,903
Transfers out	(124,921)	(487)	(2,142)	(1,110)	(5,243)	(133,903)
Bond proceeds issued by PPBA	-	-	-	-	-	-
Bond proceeds	-	-	-	-	2,366	2,366
Refunding bonds issued	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(118,174)	125,481	(1,071)	(1,110)	(2,760)	2,366
NET CHANGE IN FUND BALANCES	(15,124)	-	(21)	(2,714)	1,832	(16,027)
FUND BALANCES AT BEGINNING OF YEAR,	3,725	-	2,208	3,654	58,974	68,561
FUND BALANCE AT END OF YEAR	\$ (11,399)	\$ -	\$ 2,187	\$ 940	\$ 60,806	\$ 52,534

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, 2012 (in thousands)**

Net Change in Fund Balances - Total Governmental Fund (B-2)	\$ (16,027)
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.	(1,817)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(4,346)
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.	41,208
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	<u>(51,783)</u>
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	<u>\$ (32,765)</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Assets-Proprietary Funds
June 30, 2012 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 3,174	\$ 30,089	\$ 1,862	\$ 35,125	\$ 5,089
Restricted cash	16,770			16,770	
Investments		8,698		8,698	
Restricted investments	4,474			4,474	
Receivables, net	13,267		45	13,312	3,848
Restricted receivables	952			952	
Receivables- other governments			1,340	1,340	
Rentals receivable		511,558		511,558	
Due from other funds			105	105	28,290
Inventories	637			637	
Other assets	479			479	2,268
Total current assets	39,753	550,345	3,352	593,450	39,495
Noncurrent assets:					
Deferred gain on refunding		706		706	
Capital assets:					
Land	21,917			21,917	
Buildings and improvements	74,588			74,588	
Improvements other than buildings	229,861			229,861	
Machinery and equipment	28,002			28,002	
Construction in progress	82,478			82,478	
	436,844			436,844	
Less accumulated depreciation	170,597			170,597	
Net capital assets	266,247			266,247	
Total noncurrent assets	266,247	706		266,953	
Total assets	306,000	551,051	3,352	860,403	39,495
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,799	3,018	2,119	7,936	1,234
Claims payable					11,565
Unearned revenue	1,979			1,979	1,015
Due to other funds	542		133	675	25,681
Other		18,207		18,207	
Amounts payable from restricted assets	3,547			3,547	
Current portion of long-term debt and capital leases, net	3,602	24,953		28,555	
Total current liabilities	12,469	46,178	2,252	60,899	39,495
Noncurrent liabilities:					
Revenue bonds, net	48,887	502,355		551,242	
Net OPEB obligation	2,575			2,575	
Total noncurrent liabilities	51,462	502,355		553,817	
TOTAL LIABILITIES	63,931	548,533	2,252	614,716	39,495
NET ASSETS					
Invested in capital assets, net of related debt	213,758			213,758	
Restricted for Water Quality Protection	18,649			18,649	
Restricted for debt service		2,294		2,294	
Unrestricted	9,662	224	1,100	10,986	
TOTAL NET ASSETS	\$ 242,069	\$ 2,518	\$ 1,100	\$ 245,687	\$ -

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

*Statement of Revenue, Expenses and Changes in
Net Assets-Proprietary Funds
For the Year Ended June 30, 2012 (in thousands)*

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	PPBA	Non-major	Totals	Internal Service Fund
			School Lunch Program		
OPERATING REVENUES:					
Charges for sales and services	\$ 61,726	\$ -	\$ 720	\$ 62,446	\$ 104,362
Lease receipts	-	20,771	-	20,771	-
Other	-	225	13,828	14,053	-
Total operating revenues	61,726	20,996	14,548	97,270	104,362
OPERATING EXPENSES:					
Cost of sales and services	23,850	250	13,908	38,008	-
Health claims	-	-	-	-	104,362
Administration	12,934	251	-	13,185	-
Depreciation	12,191	-	-	12,191	-
Total operating expenses	48,975	501	13,908	63,384	104,362
OPERATING INCOME (LOSS)	12,751	20,495	640	33,886	-
NON-OPERATING REVENUES (EXPENSES):					
Investment income	294	533	-	827	-
Interest expense	(1,486)	(19,491)	-	(20,977)	-
Total non-operating expenses	(1,192)	(18,958)	-	(20,150)	-
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	11,559	1,537	640	13,736	-
Capital grants and contributions	200	-	-	200	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	200	-	-	200	-
Change in net assets	11,759	1,537	640	13,936	-
FUND NET ASSETS, BEGINNING	230,310	981	460	231,751	-
FUND NET ASSETS, ENDING	\$ 242,069	\$ 2,518	\$ 1,100	\$ 245,687	\$ -

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2012 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and other	\$ 61,558	\$ 44,017	\$ 700	\$ 106,275	\$ 103,507
Cash received from intergovernmental sources		225	13,690	13,915	
Cash paid to vendors	(23,089)	(476)	(15,070)	(38,635)	(103,324)
Cash paid to employees	(13,603)	-	(526)	(14,129)	
Net cash provided by (used for) operating activities	24,866	43,766	(1,206)	67,426	183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due from (to) other funds	(255)	-	78	(177)	(1,943)
Net cash (used for) noncapital financing activities	(255)	-	78	(177)	(1,943)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(24,146)	(23,487)		(47,633)	
Interest paid on debt	(1,486)	(19,607)		(21,093)	
Proceeds from bond issuance and net bond premium					
Repayment of long-term debt and capital leases	(521)	(23,129)		(23,650)	
State housing aid receipts					
State housing aid transfer		4,077		4,077	
Payment to primary government	200	(4,077)		(3,877)	
Net cash provided by (used for) capital and related financing activities	(25,953)	(66,223)	-	(92,176)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(171)	-		(171)	
Sale of investment securities					
Investment income	294	533		827	
Net cash provided by (used for) investing activities	123	533	-	656	-
Net (decrease) in cash and cash equivalents	(1,219)	(21,924)	(1,128)	(24,271)	(1,760)
Cash and Cash Equivalents					
Beginning	21,163	52,013	2,990	76,166	6,849
Ending	\$ 19,944	\$ 30,089	\$ 1,862	\$ 51,895	\$ 5,089

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLANDStatement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2012 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities					
Operating income (loss)	\$ 12,751	\$ 20,495	\$ 640	\$ 33,886	\$
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	12,191			12,191	
Administrative expenses funded by bond proceeds		25		25	
Changes in assets and liabilities:					
Receivables	(189)	23,246	(159)	22,898	(855)
Inventories	74			74	
Other assets	8			8	
Due from other funds					
Accounts payable and accrued expenses	18		(1,687)	(1,669)	1,038
Due to other funds					
Unearned revenue	13			13	
Net cash provided by (used in) operating activities	\$ 24,866	\$ 43,766	\$ (1,206)	\$ 67,426	\$ 183

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND*Statement of Fiduciary Net Assets-Fiduciary Funds
June 30, 2012 (in thousands)*

	Employee Retirement Plan	OPEB Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Investments, at fair value:				
U.S. Government securities	\$ 12,755			
Corporate and foreign bonds	27,966			
Corporate equity securities	209,077			
Mutual funds			\$ 1,200	
Total investments	249,798	-	1,200	
Cash and cash equivalents	5,604		13	\$ 6,019
Receivables:				
Loans receivable	25,587			
Other	46,365			42
Total receivables	71,952	-	-	42
Total assets	327,354	-	1,213	6,061
LIABILITIES				
Accounts payable	158			
Due to student groups				4,843
Other payables	657			1,218
Total liabilities	815	-	-	\$ 6,061
NET ASSETS				
Held in Trust for Pension Benefits and other purposes	\$ 326,539		\$ 1,213	

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

*Statement of Changes in Fiduciary Net Assets-Fiduciary Funds
For the Year Ended June 30, 2012 (in thousands)*

	Employee Retirement Plan	OPEB Trust Fund	Private Purpose Trust Fund Funds
ADDITIONS:			
Contributions:			
Employer	\$ 48,583		
Employees	10,291		
Donations			\$ 17
Total contributions	58,874		17
Investment Earnings			
Net appreciation (depreciation) in the fair value of investments	(145)		(15)
Interest	2,183		
Dividends	3,768		
Total investment earnings	5,806		(15)
Total additions	64,680		2
DEDUCTIONS:			
Benefits	99,273	\$ 1,040	21
Administrative expenses	1,472		
Total deductions	100,745	1,040	21
Change in net assets	(36,065)	(1,040)	(19)
Net assets - beginning	362,604	1,040	1,232
Net assets - ending	\$ 326,539	\$ -	\$ 1,213

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (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. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. 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. 39. Under GASB Statement No. 39, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

Test 1 - The primary government appoints the voting majority of the board of the potential component unit and

- * is able to impose its will on the potential component unit and/or
- * is in a relationship of financial benefit or burden with the potential component unit;

Test 2 - The potential component unit is fiscally dependent upon the primary government; or

Test 3 - The financial statements would be misleading if data from the potential component unit were not included.

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, 2012 (in thousands)

I. *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 GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53, effective for the fiscal year ending June 30, 2012. This implementation had no effect on the financial statements.

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

- GASB Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements, effective for the fiscal year ending June 30, 2013.
- GASB Statement No. 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, effective for the fiscal year ending June 30, 2013.
- GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the fiscal year ending June 30, 2013.
- GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the fiscal year ending June 30, 2013.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

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

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

Government-Wide Fund Financial Statements

The Statement of Net Assets 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 interfund 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.

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).

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 assets. 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, liabilities, 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, liabilities, 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, liabilities, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

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

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 *OPEB Trust Fund* is used to account for the activities of the City of Providence Other Post Employment Benefits.
- 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.

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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

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

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 \$61,521 and \$2,786, 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.

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 assets. 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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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

Long-term Obligations (Continued)

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 Assets

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

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets - This category represents the net assets of the City, which are restricted by outside parties or enabling legislation.

Unrestricted Net Assets or Deficits - This category represents the net assets 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. With the implementation of GASB Statement #54 (effective fiscal 2011), 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.
- (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. 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.
- (e) **Unassigned Fund Balance** - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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 assets — governmental activities as reported in the government-wide statement of net assets. 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 \$617,784 difference are as follows:

Bonds and notes payable	\$ (546,523)
Add: premiums and discounts	3,284
Leases payable	(16,496)
Capital notes payable	(23,058)
Accrued interest payable	(4,867)
Compensated absences	(30,592)
Workers' compensation	(3,647)
Unspent PPBA bond proceeds	30,164
Claims and judgments	<u>(26,049)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ (617,784)</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances — total governmental funds and changes in net assets 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 \$1,817 difference is as follows:

Capital outlay - governmental funds	\$ 17,345
 Depreciation expense	 <u>(19,162)</u>
 Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ (1,817)</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 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.” The details of this \$41,208 difference are as follows:

Long-Term Liabilities issued or incurred:	
Loan proceeds	\$ (2,366)
 Principal repayments:	
General obligation bonds	37,520
Capital leases	4,834
Capital notes	1,045
Notes payable	<u>175</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 41,208</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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

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 \$51,783 difference are as follows:

Compensated absences	\$ 1,766
Accrued interest	445
Deferred charges	(383)
Amortization of bond premium	(508)
Claims and judgments	(3,116)
Net pension obligation	(13,363)
Other post employment benefits	<u>(36,624)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (51,783)</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

Investments

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

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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2012 \$37,402 of the city's bank balance of \$141,037 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.

Cash and Cash Equivalents

Deposits with financial institutions	\$ 78,914
PPBA deposits with financial institutions	30,089
Water Supply Board deposits with financial institutions	19,944
School Lunch Program deposits with financial institutions	1,862
Total cash and cash equivalents	<u>130,809</u>

Investments

Non-major Governmental Funds	
Mutual Funds	27,869
Municipal Bonds	-
	<u>27,869</u>
Private Purpose Trust Funds	
Mutual Funds	1,200
	<u>1,200</u>
PPBA Investments	
Guaranteed Investment Contracts	8,698
	<u>8,698</u>
Water Supply Board	
Equity Mutual Funds	4,474
	<u>4,474</u>
Pension Trust Funds	
U.S. Government Securities	12,755
Corporate and Foreign Bonds	27,966
Common and Preferred Stocks	209,077
	<u>249,798</u>
Total investments	<u>292,039</u>
Total cash, cash equivalents and investments	<u>\$ 422,848</u>

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

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Cash and Cash Equivalents

Statement of Net Assets		
Cash and cash equivalents	\$	101,363
Restricted cash and cash equivalents		<u>16,770</u>
		118,133
Fiduciary Funds		
Cash and cash equivalents		<u>12,676</u>
		<u>12,676</u>
Total cash and cash equivalents	\$	<u><u>130,809</u></u>

Investments

Statement of Net Assets		
Investments	\$	36,567
Restricted investments		<u>4,474</u>
		41,041
Fiduciary Funds		
Investments		250,998
Restricted investments		<u>250,998</u>
		<u>250,998</u>
Total investments	\$	<u><u>292,039</u></u>

Interest Rate Risk

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

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	\$ 12,755	\$	\$ 10,895	\$ 1,860	
Corporate and Foreign Bonds	27,966	1,405	9,766	9,247	\$ 7,548
Municipal Bonds					
PPBA-Guaranteed Investment	8,698			3,257	5,441
TOTAL	\$ 49,419	\$ 1,405	\$ 20,661	\$ 14,364	\$ 12,989

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (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:

Average Rating	Corporate and Foreign Bonds	Municipal Bonds	PPBA- Guaranteed Investment Contracts
AAA	\$ 804	\$ -	
AA+	4,420		
AA			\$ 3,258
AA-	69		
A+	1,515		
A	1,580		
A-	4,880		5,440
BBB+	2,364		
BBB	3,006		
BBB-	2,506		
BB+	320		
BB	273		
BB-	166		
B+	347		
B			
B-			
CCC-			
Unrated	5,716		
	\$ 27,966	\$ -	\$ 8,698

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2012, 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	\$ 48,583	\$ 53,016
School Fund	19,244	9,694
School Grants	4,229	11,185
Capital Projects	460	1,601
Non-Major Governmental Funds	19,013	18,072
Water Supply Board		542
School Lunch Program	105	133
Internal Service Fund	28,290	25,681
Total	<u>\$ 119,924</u>	<u>\$ 119,924</u>

Amounts owed among funds result principally from timing of payments to the City's general fund of \$49 million, payments to the City's health insurance and legal claims fund of \$27.3 million, and amounts owed to the school fund for current year expenditures of \$19.2 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, 2012 were as follows (in thousands):

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ 6,747	\$ 124,921
School Fund	125,968	487
School Grants	1,071	2,142
Capital Projects		1,110
Non-Major Governmental Funds	117	5,243
Total	<u>\$ 133,903</u>	<u>\$ 133,903</u>

The most significant transfer in fiscal year 2012 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, 2012 (in thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows: (in thousands):

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 45,878	\$ 987	\$ -	\$ 46,865
Construction in progress-City	14,217	8,950	14,279	8,888
Construction in progress-PPBA	39,758	19,279	35,657	23,380
Total capital assets, not being depreciated	<u>99,853</u>	<u>29,216</u>	<u>49,936</u>	<u>79,133</u>
Capital assets, being depreciated:				
Buildings	183,560	6,446	-	190,006
Improvements other than buildings	18,283	5,311	-	23,594
Machinery and equipment	74,481	9,469	1,029	82,921
Infrastructure	278,297	461	-	278,758
Building - leases-PPBA	379,002	35,657	-	414,659
Total capital assets being depreciated	<u>933,623</u>	<u>57,344</u>	<u>1,029</u>	<u>989,938</u>
Less accumulated depreciation for:				
Buildings	68,885	1,854	-	70,739
Improvements other than buildings	9,698	693	-	10,391
Machinery and equipment	63,203	5,228	1,029	67,402
Infrastructure	169,428	3,171	-	172,599
Building - leases	55,591	8,216	-	63,807
Total accumulated depreciation	<u>366,805</u>	<u>19,162</u>	<u>1,029</u>	<u>384,938</u>
Total capital assets, being depreciated, net	<u>566,818</u>	<u>38,182</u>	<u>-</u>	<u>605,000</u>
Governmental activities capital assets, net	<u>\$ 666,671</u>	<u>\$ 67,398</u>	<u>\$ 49,936</u>	<u>\$ 684,133</u>

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.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

5. **CAPITAL ASSETS (Continued)**

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 19,305	\$ 2,612	\$ -	\$ 21,917
Construction in progress-City	52,543	25,572	14,319	63,796
Other land improvements	18,682		-	18,682
Total capital assets, not being depreciated	<u>90,530</u>	<u>28,184</u>	<u>14,319</u>	<u>104,395</u>
Capital assets, being depreciated:				
Buildings	55,263	5,476	-	60,739
Improvements other than buildings	225,819	4,042	-	229,861
Machinery and equipment	27,239	764	-	28,003
Leased assets	13,846		-	13,846
Total capital assets being depreciated	<u>322,167</u>	<u>10,282</u>	<u>-</u>	<u>332,449</u>
Less accumulated depreciation for:				
Buildings	33,812	6,000	-	39,812
Improvements other than buildings	97,049	5,194	-	102,243
Machinery and equipment	24,108	813	-	24,921
Leased assets	3,437	184	-	3,621
Total accumulated depreciation	<u>158,406</u>	<u>12,191</u>	<u>-</u>	<u>170,597</u>
Total capital assets, being depreciated, net	<u>163,761</u>	<u>(1,909)</u>	<u>-</u>	<u>161,852</u>
Business-type activities capital assets, net	<u>\$ 254,291</u>	<u>\$ 26,275</u>	<u>\$ 14,319</u>	<u>\$ 266,247</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Executive, legislative and judicial	\$ 5
Finance	127
Public safety	1,547
Public works	3,309
Recreation	9
Public lands and parks	1,227
Other departments	1,936
Education	2,786
Building Leases	8,216
Total depreciation expense	<u>\$ 19,162</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

6. DEFERRED REVENUE/UNEARNED REVENUE

Governmental funds report deferred 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 and deferred revenue reported in governmental funds and governmental activities were as follows:

	Unearned Revenue	Deferred Revenue
<i>General Fund:</i>		
Taxes and accrued interest on delinquent property taxes	\$ 4,111	\$ 18,684
Charges for services		3,458
<i>School Fund:</i>		
	36	
<i>School Grants:</i>		
Grant drawdowns prior to meeting all eligibility requirements	1,704	-
<i>Nonmajor Funds</i>		
Deferred revenue	8,037	
	<u>\$ 13,888</u>	<u>\$ 22,142</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements
June 30, 2012 (in thousands)

7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 80,935	\$	\$ 7,120	\$ 73,815	\$ 7,950
Revenue bonds	73,140	-	4,280	68,860	2,475
Special obligation tax increment	15,575		2,990	12,585	3,135
Total bonds payable	169,650		14,390	155,260	13,560
Notes payable	585	2,366	175	2,776	242
Capital leases	21,330		4,834	16,496	3,342
Capital notes	24,103		1,045	23,058	1,085
Total bonds and notes payable	215,668	2,366	20,444	197,590	18,229
Deferred items from refunding	(3,792)		(508)	(3,284)	(508)
Other Long-Term Liabilities:					
Claims and judgments	38,034	3,227		41,261	41,261
Compensated absences	32,358	23,525	25,291	30,592	3,059
Net pension obligation	136,115	13,363		149,478	-
Other post employment liability	96,001	36,624		132,625	-
Total other long-term liabilities	302,508	76,739	25,291	353,956	44,320
Governmental activity long-term liabilities before PPBA reclassification	514,384	79,105	45,227	548,262	62,041
PPBA Debt	411,617		23,130	388,487	24,835
Government activity long-term liabilities	\$ 926,001	\$ 79,105	\$ 68,357	\$ 936,749	\$ 86,876

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, 2012 (in thousands)

7. LONG-TERM OBLIGATIONS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds - water	\$ 53,010	\$ 3,000	\$ 3,521	\$ 52,489	\$ 3,602
PPBA - CITY	411,617		23,130	388,487	24,835
Total bonds	<u>464,627</u>	<u>3,000</u>	<u>26,651</u>	<u>440,976</u>	<u>28,437</u>
PPBA- net bond premium	2,024		118	1,906	118
PPBA - PAP Loans*	136,915			136,915	-
Other post employment liability	2,407	168		2,575	-
Business-type activity long-term liabilities	<u>\$ 605,973</u>	<u>\$ 3,168</u>	<u>\$ 26,769</u>	<u>582,372</u>	<u>28,555</u>
Less PPBA Eliminations				<u>(527,308)</u>	<u>(24,953)</u>
Business-type activity long-term liabilities				<u>\$ 55,064</u>	<u>\$ 3,602</u>

* - Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements. The \$138,821 difference between business type PPBA eliminations and governmental PPBA eliminations consists of \$136,915 of PAP loans between the City and PPBA and \$1,906 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, 2012 (in thousands)

7. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements for bonds and notes payable at June 30, 2012 were as follows:

	Governmental Activities			PPBA			Total Government Entity-Wide		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 13,560	\$ 7,300	\$ 20,860	\$ 24,835	\$ 18,703	\$ 43,538	\$ 38,395	\$ 26,003	\$ 64,398
2014	14,000	6,682	20,682	25,624	17,469	43,093	39,624	24,151	63,775
2015	14,623	6,051	20,674	26,507	16,322	42,829	41,130	22,373	63,503
2016	14,438	5,376	19,814	27,033	15,126	42,159	41,471	20,502	61,973
2017	11,520	4,715	16,235	28,303	13,834	42,137	39,823	18,549	58,372
2018-2022	46,854	15,917	62,771	125,466	50,381	175,847	172,320	66,298	238,618
2023-2027	32,270	6,632	38,902	97,200	24,247	121,447	129,470	30,879	160,349
2028-2032	7,995	552	8,547	33,519	4,033	37,552	41,514	4,585	46,099
2033-2037	-	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-	-
	<u>\$ 155,260</u>	<u>\$ 53,225</u>	<u>\$ 208,485</u>	<u>\$ 388,487</u>	<u>\$ 160,115</u>	<u>\$ 548,602</u>	<u>\$ 543,747</u>	<u>\$ 213,340</u>	<u>\$ 757,087</u>

Business-Type Activities				
ARRA Principal				
	Principal	Forgiveness	Interest	Total
2013	\$ 28,437	\$ (263)	\$ 20,210	\$ 48,384
2014	29,440	(283)	18,946	48,103
2015	30,423	(289)	17,701	47,835
2016	30,113	(295)	16,414	46,232
2017	30,634	(108)	14,598	45,124
2018-2022	137,682	(587)	55,501	192,596
2023-2027	110,420	(684)	27,361	137,097
2028-2032	43,639	(659)	4,784	47,764
2033-2037	188	(24)	3	167
	<u>440,976</u>	<u>(3,192)</u>	<u>175,518</u>	<u>613,302</u>
Less amount representing the PPBA	<u>388,487</u>	<u>-</u>	<u>160,115</u>	<u>548,602</u>
	<u>\$ 52,489</u>	<u>\$ (3,192)</u>	<u>\$ 15,403</u>	<u>\$ 64,700</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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

Bonds Payable

Total interest expense paid on general long-term liabilities for the year ended June 30, 2012 was approximately \$29,000.

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Dec 2001 Series A	12/1/2001	\$ 37,000	3.0-5.5%	1/15/2026	\$ 1,340		\$ 1,340	\$ -
December 2001- Taxable	12/1/2007	\$ 13,000	3.00-6.84%	1/15/2026	10,315		425	9,890
Judgement Bond	8/1/2000	\$ 6,825	4.75-5.375%	8/15/2015	2,980		530	2,450
Refunding Bonds 2001	12/1/2001	\$ 21,620	3.0-5.5%	1/15/2013	3,770		1,880	1,890
Revenue Refunding Bonds 2005 Series A	3/1/2005	\$ 67,315	3.0-5.0%	4/1/2029	55,790		2,365	53,425
GO Refunding Bonds 2004 Series A	9/16/2004	\$ 34,395	2.5-5.5%	7/15/2019	23,510		2,180	21,330
GO Refunding Bonds 2004 Series B	9/16/2004	\$ 12,135	2.37-5.41%	7/15/2019	8,475		765	7,710
Special Obligation Bonds Series E	6/1/2006	\$ 24,465	4-5%	6/1/2016	15,575		2,990	12,585
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	12,600		1,464	11,136
PRA Taxable Lease Revenue Bond 2010 Series 1	6/30/2011	\$ 3,145	4.90%	6/30/2021	3,145		50	3,095
PRA Taxable Lease Revenue Bond 2010 Series 2	6/30/2010	\$ 1,605	3.30%	6/30/2015	1,605		401	1,204
Total governmental activities bonds payable					\$ 169,650	\$ -	\$ 14,390	\$ 155,260

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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

Bonds Payable (continued)

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Revenue Bonds					\$ 53,010	\$ 3,000	\$ 3,521	\$ 52,489
1995 Series B	6/1/1995	\$ 7,500	4.70-7.10%	12/1/2014	2,305		525	1,780
1996 Series B	12/1/1996	\$ 21,225	5.375-6.50%	12/1/2017	8,875		1,285	7,590
1998 Series A	5/1/1998	\$ 28,270	3.85-5.10%	12/1/2018	13,495		1,400	12,095
1999 Series A	7/1/1999	\$ 39,750	4.10-5.5%	12/1/2019	22,785		2,035	20,750
2001 Series A	12/1/2001	\$ 9,995	3.25-5.125%	12/1/2021	6,785		480	6,305
2003 Series A	3/1/2003	\$ 31,000	2.5-5.0%	12/1/2023	22,490		1,350	21,140
2003 Series B	6/1/2003	\$ 31,000	3.0-5.0%	12/1/2023	22,625		1,380	21,245
2006 Series A	9/1/2006	\$ 60,000	4.0-5.0%	5/1/2027	53,040		2,255	50,785
2007 Series A	11/7/2007	\$ 75,000	3.75-5.5%	5/15/2028	69,850		2,740	67,110
2007 Series B	11/7/2007	\$ 16,470	3.75-5.5%	5/15/2021	12,370		1,035	11,335
2007 Series C	12/20/2007	\$ 75,000	3.5-5.0%	5/15/2028	69,635		2,830	66,805
2009 Series A	6/30/2009	\$ 12,000	6.25%	6/30/2021	10,566		585	9,981
2009 Series B	6/30/2009	\$ 1,000	5.01%	6/30/2014	630		149	481
2009 Series A QSCB	12/30/2009	\$ 22,320	1.92%	6/15/2025	20,840		1,480	19,360
2010 Series I	11/15/2010	\$ 19,500	4.25%	12/1/2018	18,381		2,121	16,260
2011 Series A	4/28/2011	\$ 35,000	3.0-5.875%	6/15/2026	35,000		1,480	33,520
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					<u>\$ 464,627</u>	<u>\$ 3,000</u>	<u>\$ 26,651</u>	<u>\$ 440,976</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

7. *LONG-TERM OBLIGATIONS (Continued)*

Capital Notes

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2011	Additions	Retirement	Balance June 30, 2012
4/1/2003	\$ 23,655	1.70 - 4.25%	2013	\$ 17,246		\$ 1,045	\$ 16,201
5/1/2006	\$ 6,857	5.34 - 5.56%	2036	6,857		-	6,857
				<u>\$ 24,103</u>	<u>\$ -</u>	<u>\$ 1,045</u>	<u>\$ 23,058</u>

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

7. LONG-TERM OBLIGATIONS (Continued)

Notes Payable

At June 30, 2012, 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 2012.

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, 2012 are as follows:

	City		Water Supply Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 24,714	\$ 18,667	\$ 120	\$ 36	\$ 24,834	\$ 18,703
2014	25,499	17,439	125	30	25,624	17,469
2015	26,376	16,297	131	25	26,507	16,322
2016	26,896	15,107	137	19	27,033	15,126
2017	28,180	13,813	123	21	28,303	13,834
2018-2022	125,466	50,381	-	-	125,466	50,381
2023-2027	97,200	24,247	-	-	97,200	24,247
2028-2032	33,520	4,033	-	-	33,520	4,033
	<u>\$ 387,851</u>	<u>\$ 159,984</u>	<u>\$ 636</u>	<u>\$ 131</u>	<u>\$ 388,487</u>	<u>\$ 160,115</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 assets.

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 \$4.3 million and the current 3% debt limit of the City is \$273.2 million based on taxable property as of December 31, 2011, of approximately \$11.8 billion, leaving a remaining borrowing capacity of approximately \$268.9 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, 2012, the total outstanding debt of the City issued outside the 3% debt limit was \$73.9 million, excluding water bonds and sewer bonds that are deemed self-supporting.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (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, 2012.

8. LEASE COMMITMENT

Property and equipment carried at approximately \$98,000 with approximately \$92,000 in accumulated depreciation, in the governmental activities is being acquired under capital lease arrangements.

The City is obligated under various capital and operating leases to make the following aggregate annual lease payments (in thousands): Lease expenditures approximated \$2,030 for fiscal year ended June 30, 2012.

	Operating	Capital
2013	\$ 2,030	\$ 3,866
2014	2,030	3,899
2015	2,030	3,135
2016	2,030	2,369
2017	2,030	4,870
	<u>\$ 10,150</u>	<u>18,139</u>
Less: Interest		1,643
Present Value of minimum payments		<u>\$ 16,496</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, 2012 (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 funds' balance.

10. FUND EQUITY

The following non-major funds had deficits as of June 30, 2012:

Governmental:

Federal Funds	\$ 243
Skating Rink	\$ 19

These deficits are expected to be eliminated through transfers from the City's general fund and from other revenue sources.

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

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

At June 30, 2012 Non-Spendable Fund Balance consisted of the following:

Loans receivable	\$ 19,530
Trust agreements	288
	<u>19,818</u>

At June 30, 2012 Restricted Fund Balance consisted of the following:

Public lands and parks	708
Law enforcement and fire prevention	1,168
Education	2,187
Federal programs	16,814
Trust agreements	13,285
Various future capital projects	940
Total Restricted Fund Balance	<u>35,102</u>

At June 30, 2012 Committed Fund Balance consisted of the following:

Committed for various capital projects	8,276
Committed for public lands and parks	999
Total Committed Fund Balance	<u>\$ 9,275</u>

The Water Supply Board has restricted net assets of \$18 million at June 30, 2012. 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, 2012 (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, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits.....	2,998
Active plan members.....	
Vested.....	1,879
Non-vested.....	<u>1,108</u>
	<u>5,985</u>

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2011
Actuarial cost method	Individual entry age method
Amortization cost method	Approximate level percent of payroll-open
Remaining amortization period	21 years (for original unfunded)
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25% (Previously 8.5%)
Inflation rate	3%
Projected salary increases	2012-2013 – 0% (Previously 4.25%) Thereafter – 3.5% (Previously 4.5%)
Cost of living adjustments	3% to 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, 2012, 2011 and 2010 were \$48,454, \$56,333 and \$49,123, respectively.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (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, 2011, which is the most recent report available.

Actuarial value of assets	\$ 421,963
Actuarial accrued liability	\$ 1,325,274
Unfunded (excess) actuarial accrued liability	\$ 903,311
Funded ratio	31.84%
Annual covered payroll	\$ 135,474
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 2012	FY 2011	FY 2010
Annual required contribution	\$ 58,929	\$ 56,380	\$ 51,299
Interest on NPO	11,229	11,200	10,837
Amortization of NPO	(8,341)	(7,899)	(7,733)
Annual pension cost	61,817	59,681	54,403
Contributions made	(48,454)	(56,333)	(49,123)
Increase in net pension obligation	13,363	3,348	5,280
Net pension obligation, beginning of year	136,115	132,767	127,487
Net pension obligation, end of year	\$ 149,478	\$ 136,115	\$ 132,767
Percentage of annual pension cost contributed	78.38%	94.39%	90.29%

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

Plan Description

All full-time teachers including superintendents, principals, school nurses and certain other school officials (classified employees) in the Providence School Department participate in the Employees Retirement System of the State of Rhode Island (System), a cost-sharing multiple-employer public retirement system. The System provides retirement, death and disability benefits, all of which are established by State statute. The plan issues a stand-alone publicly available financial report that includes the financial statements and required supplementary information. A copy of that report can be obtained from the State Employees Retirement Board, 50 Service Avenue, Warwick, Rhode Island, or by accessing their website at www.ersri.org.

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of Chapters 8 to 10, inclusive, or Title 36, and public school teachers under the provisions of Chapters 15 to 17, inclusive, of Title 16 of the Rhode Island General Laws. The plan provides a two tier benefit structure referred to as schedules A and B as follows:

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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

Plan Description (Continued)

Schedule A Benefits: Schedule A benefits are available to members who possess 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years of service; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age 62 and a reduced amount thereafter. The reduced amount is equal to the benefit before age 62, including cost-of-living increases, minus the member's estimated social security benefit payable at age 62. The maximum benefit is 80% of "final average" (FAC) earnings after 35 years of service. Final average earnings are the three highest consecutive years of earned salary excluding overtime, bonuses, or severance pays. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirements; vested benefits after ten years of service; survivor's benefits for service connected death; and certain lump sum death benefits. For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A for services through September 30, 2009 and on Schedule B for services after September 30, 2009. Maximum benefit is 80% of FAC.

Schedule B Benefits: Schedule B benefits are provided to members who have less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.5% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five years. On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost of living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

The ERS plan also provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. The details of the survivor death benefits and other death benefits are provided in the financial section of the Annual Financial Report of the Employees' Retirement System of Rhode Island for the fiscal year ending June 30, 2009 which can be found at www.ersri.org.

In November 2011, the State enacted The Rhode Island Retirement Security Act of 2011 (the Act) as described in S1111A and H6319A. The Act makes significant changes to the Employees Retirement System and becomes effective July 1, 2012. Three of the most significant changes resulting from the act are a change in structure from a defined benefit plan to a hybrid plan that includes a smaller defined benefit plan and a supplemental defined contribution plan; re-amortization of the Unfunded Actuarial Accrued Liability to 25 years from the current 19 year schedule as of June 30, 2010; and teacher personnel not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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

Funding Policy

Rhode Island general laws set the contribution rates for participating plan employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The School Department was required to contribute 13.23% 11.25%, and 11.25%, for all full-time employees for fiscal years 2012, 2011 and 2010, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

- A. Mortality – RP-2000 Combined Mortality Tables
- B. Investment return – 7.5%, compounded annually.
- C. Salary increase – Salaries will increase at a rate of 4.00% – 12.75%, compounded annually (previously 4.00%- 13.25)
- D. Retirement age – 75% of Schedule B members who reach the age of 59 with 29 years of service before age 65 are assumed to retire when first eligible. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. Because of enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.
- E. Cost of living adjustments – 2.0%

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department totaling \$11.8 million for the fiscal year ended June 30, 2012. These amounts are included as revenues and expenditures/expenses in the accompanying financial statements.

The amounts required and contributed to the plan are as follows:

Years Ending June 30,

2012.....	\$17,897
2011.....	\$15,130
2010.....	\$17,900

(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 \$3.4 million for the year ended June 30, 2012.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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 3,631 retired participants and spouses during the fiscal year ended June 30, 2012 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 2012 the City contributed approximately \$33,843 to the health insurance program on behalf of retirees. Plan members contributed approximately \$4,936, or 12.73% of the total contributed. The plan can cover 100% of the costs of the benefit, however, retirees and their spouses are potentially required to fund a portion of the Plan costs depending upon the class an employee has been assigned and their date of hire. Current employee co-share for the retiree health insurance benefit requires a co-share of .01 of final average salary with a maximum limit of \$400.

Annual OPEB Cost and Net OPEB Obligation

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

Annual contribution	\$ 70,354
Interest on net OPEB obligation	3,936
Adjustment to annual required contributions	<u>(3,655)</u>
Annual OPEB cost (expense)	70,635
Contributions made	<u>33,843</u>
Increase in net OPEB obligation	36,792
Net OPEB obligation - beginning of year, as restated	<u>98,408</u>
Net OPEB obligation - end of year	<u><u>\$ 135,200</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
6/30/2012	\$ 70,635	47.91%	\$ 135,200
6/30/2011	\$ 64,437	46.57%	\$ 98,408
6/30/2010	\$ 79,947	36.29%	\$ 63,980

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

12. POSTEMPLOYMENT BENEFITS (Continued)

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)
7/1/2011	\$ -	\$ 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%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011 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 4.5% inflation assumption. The actuarial value of the assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at July 1, 2011, 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 \$5.4 million as of June 30, 2012.

CITY OF PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

June 30, 2012 (in thousands)

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 2013 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, subject to certain third-party "stop loss" coinsurance of \$300 per claim for health insurance. 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 BC/BS and United Health Care. BC/BS and United Health Care act as third-party agents for the City in the payment of the various claim plans used by the City. Costs incurred for the operation of BCBS and United Health Care plans are accounted for in an internal service fund. Costs to the City are paid by all funds based on "working rates" established by a third party medical consultant.

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

Changes in the risk management liability for the fiscal years ended June 30, 2012 and June 30, 2011 are below. Legal claims and incurred but not reported claims for health benefits are recorded in the City's internal service fund. Accrued workers' compensation claims are recorded on the entity-wide statements. This schedule presents the activity for all self-insured risks.

	<u>2012</u>	<u>2011</u>
Beginning of year	\$38,035	\$25,408
Incurred claims	104,362	97,802
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compensation	<u>101,136</u>	<u>85,175</u>
Total	<u>\$ 41,261</u>	<u>\$38,035</u>
Legal claims	\$32,642	\$29,909
Health - IBNR	4,972	4,606
Workers' compensation	<u>3,647</u>	<u>3,520</u>
Total	<u>\$ 41,261</u>	<u>\$38,035</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, 2012 (in thousands)

Revenues and Transfers	Budgeted Amounts			Variance With Final Budget Positive/ (Negative)
	Original	Final	Actual	
Tax revenues:				
Property taxes	\$ 311,393	\$ 311,393	\$ 308,214	\$ (3,179)
Interest on overdue taxes	5,500	5,500	6,141	641
	<u>316,893</u>	<u>316,893</u>	<u>314,355</u>	<u>(2,538)</u>
Payments in lieu of taxes	23,110	23,110	23,455	345
Tax stabilization plans	5,222	5,222	5,222	-
State revenue	35,842	35,842	37,195	1,353
Fines	9,000	9,000	6,341	(2,659)
Rents	20	20	14	(6)
Investment interest	25	25	100	75
Miscellaneous	200	200	226	26
	<u>73,419</u>	<u>73,419</u>	<u>72,553</u>	<u>(866)</u>
Executive, legislative, and judicial:				
Law Department	-	-	2	2
City clerk	14	14	15	1
Probate court	168	168	175	7
Housing court	22	22	40	18
	<u>204</u>	<u>204</u>	<u>232</u>	<u>28</u>
Finance:				
Date processing	-	-	230	230
City collector	800	800	519	(281)
City controller	-	-	7	7
City assessor	2	2	1	(1)
Personnel	-	-	1	1
	<u>802</u>	<u>802</u>	<u>758</u>	<u>(44)</u>
Public safety:				
Commissioner of public safety	50	50	67	17
Police department	1,367	1,367	1,031	(336)
Fire department	450	450	851	401
Traffic engineering	2,500	2,500	1,955	(545)
	<u>4,367</u>	<u>4,367</u>	<u>3,904</u>	<u>(463)</u>
Building inspection department:				
Building inspection administration	4,463	4,463	4,112	(351)
Zoning board of review	80	80	57	(23)
Building board of review	66	66	5	(61)
Structures and zoning	-	-	11	11
	<u>4,609</u>	<u>4,609</u>	<u>4,185</u>	<u>(424)</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, 2012 (in thousands)

Revenues and Transfers	Budgeted Amounts			Variance With Final Budget Positive/ (Negative)
	Original	Final	Actual	
Public works:				
Environmental control	20	20	14	(6)
Highway	316	316	10,282	9,966
Sewer construction and maintenance	-	-	9	9
Administration	-	-	4	4
	<u>336</u>	<u>336</u>	<u>10,309</u>	<u>9,973</u>
Public lands and parks:				
North Burial Ground	-	-	247	247
Other departments:				
Recorder of deeds	2,200	2,200	2,440	240
Vital statistics	355	355	315	(40)
Bureau of licenses	1,450	1,450	1,493	43
Board of Canvassers	-	-	-	-
Emergency Management	140	140	192	52
Superintendent of parks	-	-	669	669
WSB reimbursement	839	839	839	-
WSB medical reimbursement	375	375	-	(375)
JTPA/planning reimbursement	50	50	-	(50)
Room tax	1,350	1,350	1,449	99
Meals and beverage tax	4,100	4,100	4,444	344
Tax stabilization	-	-	5	5
Blue Cross reimbursement	650	650	710	60
Master alarm connection fee	628	628	605	(23)
Planning and urban development	2,750	2,750	2,417	(333)
Arts, Culture, Film & Tourism	-	-	89	89
Providence Place Mall	200	200	300	100
Voluntary payments in lieu of taxes	8,801	8,801	7,881	(920)
D P reimburse school department	230	230	-	(230)
Human Service	30	30	-	(30)
Zoological Service	-	-	-	-
Non-union furlough	-	-	-	-
Grants in aid school fund	-	-	-	-
Tuition revenue	-	-	-	-
	<u>24,148</u>	<u>24,148</u>	<u>23,848</u>	<u>(300)</u>
Public Properties	-	-	144	144
Transfers:				
Transfer from revolving funds	-	-	-	-
Transfer from rescue runs	3,600	3,600	3,485	(115)
Transfer from police/fire detail fund	1,200	1,200	2,112	912
Transfer from medical trust	-	-	1,110	1,110
Transfer from expendable trust	-	-	4,741	4,741
Transfer from School Department	-	-	487	487
Bond proceeds from PPBA	-	-	-	-
Transfers from North Burial Ground	600	600	400	(200)
Transfer from RI Zoological Society	-	-	-	-
	<u>5,400</u>	<u>5,400</u>	<u>12,335</u>	<u>6,935</u>
Parking securitization	-	-	1,000	1,000
Total	\$ 430,178	\$ 430,178	\$ 443,870	\$ 13,692

(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, 2012 (in thousands)

Expenditures and Transfers	Budgeted Amounts			variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
Executive, legislative and judicial:				
Mayor's office	\$ 2,390	\$ 2,390	\$ 2,515	(125)
City Council	1,099	1,099	965	134
City sergeant	58	58	64	(6)
City clerk	807	807	785	22
Law department	3,707	3,707	5,049	(1,342)
Municipal court	2,417	2,417	2,377	40
Probate court	420	420	439	(19)
Housing court	373	373	386	(13)
Contingencies-Mayor	99	99	136	(37)
	<u>11,370</u>	<u>11,370</u>	<u>12,716</u>	<u>(1,346)</u>
Finance:				
Finance director	636	636	569	67
City controller	1,130	1,130	1,205	(75)
Employees retirement office	414	414	465	(51)
Data processing	2,579	2,579	2,368	211
City collector	1,861	1,861	2,163	(302)
City assessor	1,737	1,737	1,796	(59)
Board of tax assessment review	17	17	14	3
Treasury department	472	472	437	35
Personnel	1,450	1,450	1,392	58
Heat, light and power	7,000	7,000	7,211	(211)
Debt service	69,673	69,673	69,608	65
Non-Departmental salaries	-	-	(3)	3
Bank Service Charges	-	-	-	-
Employee Death Benefit	200	200	177	23
Workers compensation	2,081	2,081	2,537	(456)
Unemployment compensation	215	215	627	(412)
Reserve for anticipated tax abatements	600	600	117	483
WSB- City of Providence Pension expense	-	-	-	-
Elected officials pension contribution	102	102	92	10
F.I.C.A.	-	-	-	-
	<u>90,167</u>	<u>90,167</u>	<u>90,775</u>	<u>(608)</u>
Public safety:				
Commissioner of public safety	1,399	1,399	1,356	43
Police department	62,071	62,071	61,565	506
Fire department	61,906	61,906	63,077	(1,171)
Communications department	8,714	8,714	8,892	(178)
Traffic Engineering	1,383	1,383	1,083	300
	<u>135,473</u>	<u>135,473</u>	<u>135,973</u>	<u>(500)</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, 2012 (in thousands)

Expenditures and Transfers	Budgeted Amounts			variance with Final Budget Positive/ (Negative)
	Original	Final	Actual	
Building inspection department:				
Building inspection administration	1,533	1,533	1,379	154
Structures and zoning division	987	987	1,080	(93)
Plumbing, drainage, and gas piping division	268	268	272	(4)
Electrical installations division	313	313	281	32
Mechanical equipment and installation division	188	188	136	52
Zoning board of review	17	17	18	(1)
Building and housing board of review	14	14	14	-
Building inspection code enforcement	537	537	526	11
Building inspection prosecution	168	168	195	(27)
	<u>4,025</u>	<u>4,025</u>	<u>3,901</u>	<u>124</u>
Public works:				
Public works administration	722	722	779	(57)
Engineering and sanitation	875	875	677	198
Environmental control	9,085	9,085	9,485	(400)
Highway	3,810	3,810	12,973	(9,163)
Snow removal	1,939	1,939	704	1,235
Sewer construction and maintenance	750	750	723	27
Garage maintenance and equipment repair	982	982	793	189
	<u>18,163</u>	<u>18,163</u>	<u>26,134</u>	<u>(7,971)</u>
Recreation:				
Recreation seasonal	677	677	671	6
	<u>677</u>	<u>677</u>	<u>671</u>	<u>6</u>
Public lands and parks:				
Grounds maintenance services	4,969	4,969	5,039	(70)
Forestry services	1,187	1,187	1,649	(462)
Zoological services	2,677	2,677	2,650	27
Park environmental services (Greenhouse)	749	749	703	46
Park programming (Roger Williams Park)	1,914	1,914	1,817	97
Superintendent of parks	1,163	1,163	1,143	20
North Burial Grounds	572	572	598	(26)
	<u>13,231</u>	<u>13,231</u>	<u>13,599</u>	<u>(368)</u>
Other departments:				
Recorder of deeds	573	573	527	46
Vital statistics	303	303	333	(30)
Board of canvassers	697	697	560	137
Bureau of licenses	758	758	674	84

(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, 2012 (in thousands)

Expenditures and Transfers	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Other departments, Continued:				
Emergency Management	561	561	483	78
Planning and urban development	5,263	5,263	5,224	39
Administration to City Council	861	861	806	55
Internal auditor	317	317	304	13
Archives	253	253	225	28
Human relations commission	109	109	97	12
Department of human services	226	226	138	88
Office of Arts, Culture, Film & Tourism	475	475	596	(121)
Office of parking administration	303	303	95	208
Providence Housing Authority	45	45	8	37
League of Cities	12	12	-	12
Ceremonies	9	9	3	6
P.E.R.A.	175	175	112	63
	<u>10,940</u>	<u>10,940</u>	<u>10,185</u>	<u>755</u>
Grants:				
Providence Public Library	3,195	3,195	3,550	(355)
Rhode Island Historical Society	-	-	-	-
Capital Center	28	28	-	28
Providence Plan Commission	87	87	-	87
Community centers	378	378	-	378
Crossroads	109	109	-	109
P.A.S.A.	250	250	-	250
Institute of Non-Violence	73	73	-	73
Procap	60	60	-	60
Grants (Transfer to Mary Sha)	22	22	24	(2)
Grant Expenditure	334	334	747	(413)
	<u>4,536</u>	<u>4,536</u>	<u>4,321</u>	<u>215</u>
Public properties	6,251	6,251	6,280	(29)
Transfers:				
Transfers to School Department	124,897	124,897	124,897	-
Transfer to Active Medical			964	(964)
Transfer to Retiree Benefits	10,265	10,265	28,494	(18,229)
Annual Pension Reform Savings	186	186		186
	<u>135,348</u>	<u>135,348</u>	<u>154,355</u>	<u>(19,007)</u>
Total	<u>\$ 430,181</u>	<u>\$ 430,181</u>	<u>\$ 458,910</u>	<u>\$ (28,729)</u>

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
 Schedule of Revenues and Expenditures-Budget and Actual-
 School Fund
 For the Year Ended June 30, 2012 (in thousands)

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal and state revenue	\$ 177,121	\$ 177,121	\$ 177,121	\$ -
State Fiscal Stabilization Fund				-
Other revenue	4,835	4,835	4,529	(306)
Transfers from other funds	126,597	126,597	125,968	(629)
Master lease proceeds				-
Total revenues	<u>308,553</u>	<u>308,553</u>	<u>307,618</u>	<u>(935)</u>
Expenditures:				
Education	308,553	308,553	307,131	1,422
Transfer to other funds			487	(487)
Total expenses	<u>308,553</u>	<u>308,553</u>	<u>307,618</u>	<u>935</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PROVIDENCE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

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	\$ 443,870	\$ 307,618
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		11,850
Appropriation of prior year surplus		
Bond proceeds		
Transfer from medical trust netted with expenditures		
Revenue from various other special revenue funds combined with General Fund per GASB 54 requirements	6,047	1,437
Total revenues and transfers per financial statements	\$ 449,917	\$ 320,905
 Total budgetary expenditures and transfers per schedule	 \$ 458,910	 \$ 307,618
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		11,850
Transfer from medical trust netted with expenditures		
Expenses and transfers of various other special revenue funds combined with General Fund per GASB 54 requirements	6,131	1,437
Refunding of bonds and related expenses		
Total expenditures and transfers per financial statements	\$ 465,041	\$ 320,905

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION – FUNDING PROGRESS
JUNE 30, 2012

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

Pension

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2002	\$ 340,550	\$ 867,457	\$ 526,907	39.26%	\$ 114,265	461.13%
2003	\$ 334,929	\$ 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	\$ 1,210,018	\$ 804,801	33.49%	\$ 135,516	593.88%
2010	\$ 427,891	\$ 1,256,375	\$ 828,484	34.06%	\$ 137,355	603.17%
2011	\$ 421,963	\$ 1,325,274	\$ 903,311	31.84%	\$ 135,474	666.78%

SCHEDULE OF CONTRIBUTIONS FROM THE CITY

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2003	\$ 42,008	80.25%
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%

Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2011	\$ -	\$ 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%
7/1/2008	\$ 1,035	\$ 593,903	\$ 592,868	0.17%	\$ 274,827	215.72%

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

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012 (in thousands)

	Neighborhood Housing	Federal Funds	PEDC	PRA	Other P & D	Other Special Revenue Fund	Skating Rink	WDO	Capital Proceeds Fund	Other Nonmajor Governmental Funds	Totals
ASSETS											
Cash and cash equivalents	\$ 2,209	\$ 768	\$ 1,954	\$ 2,543	\$ 483	\$ 3,904	\$ 84	\$ 511	\$ 274	\$ 1,209	\$ 13,939
Investments				11,629		138			3,225	12,877	27,869
Receivables, net:											
Loans	6,075	7,612	13,619								27,306
Intergovernmental						955		422			1,377
Other								26			26
Due from other funds	304	2,142	1,759	312	103	397		60	13,542	394	19,013
Other assets		516									516
Total assets	\$ 8,588	\$ 11,038	\$ 17,332	\$ 14,484	\$ 586	\$ 5,394	\$ 84	\$ 1,019	\$ 17,041	\$ 14,480	\$ 90,046
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Warrants and accounts payable	\$ 19	\$ 740	\$ 7	\$ 589	\$ 120	\$ 1,077		\$ 327	\$ -	\$ 193	\$ 3,072
Accrued liabilities						10		49			59
Unearned revenue	134	7,612	30			244		9		8	8,037
Deferred revenue											
Due to other funds	412	2,929	2,263	1,086	289	1,188	103	331	8,765	706	18,072
Total liabilities	565	11,281	2,300	1,675	409	2,519	103	716	8,765	907	29,240
FUND BALANCES (DEFICITS)											
Nonspendable	5,941		13,589							288	19,818
Restricted	2,082		1,443	12,809	177	1,876		303		13,285	31,975
Committed						999			8,276		9,275
Unassigned		(243)					(19)				(262)
Total fund balances (deficits)	8,023	(243)	15,032	12,809	177	2,875	(19)	303	8,276	13,573	60,806
Total liabilities and fund balances (deficits)	\$ 8,588	\$ 11,038	\$ 17,332	\$ 14,484	\$ 586	\$ 5,394	\$ 84	\$ 1,019	\$ 17,041	\$ 14,480	\$ 90,046

CITY OF PROVIDENCE, RHODE ISLAND

 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Governmental Funds
 June 30, 2012 (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
Revenues											
Departmental		\$ 10		\$ 9,249		\$ 1,956	\$ 479			\$ -	\$ 11,694
Intergovernmental	\$ 941	9,562	\$ 1,168		\$ 847	3,992		\$ 6,087		121	22,718
Investment and rental income	39		432			407				(145)	733
Other	108	16	313	232	2	442			\$ 1,804	101	3,018
Total Revenues	1,088	9,588	1,913	9,481	849	6,797	479	6,087	1,804	77	38,163
Expenditures											
<i>Current:</i>											
Executive, legislative, and judicial						1,649				897	2,346
Finance											
Public safety						3,818		5,482			9,300
Recreation						402	459				861
Public lands and parks						604				185	789
Community development	1,197	8,428	1,428	2,418	813	106					14,390
<i>Debt service</i>											
Principal		189		2,645							2,834
Interest and other costs		13		3,038							3,051
<i>Capital outlay</i>											
Total expenditures	1,197	8,630	1,428	8,101	813	6,579	459	5,482		882	33,571
Excess (deficiency) of revenue over expenditures	(109)	958	485	1,380	36	218	20	605	1,804	(805)	4,592
Other Financing Sources (Uses)											
Transfers in						24				93	117
Transfers out						(9)			(4,741)	(493)	(5,243)
Loan proceeds			2,366								2,366
Total other financing sources (uses)			2,366			15			(4,741)	(400)	(2,760)
Net change in fund balance (deficit)	(109)	958	2,851	1,380	36	233	20	605	(2,937)	(1,205)	1,832
Fund Balance (deficit), beginning of year	8,132	(1,201)	12,181	11,429	141	2,642	(39)	(302)	11,213	14,778	58,974
Fund Balance (deficit), end of year	\$ 8,023	\$ (243)	\$ 15,032	\$ 12,809	\$ 177	\$ 2,875	\$ (19)	\$ 303	\$ 8,276	\$ 13,573	\$ 60,806

CITY OF PROVIDENCE, RHODE ISLAND

**COMBINING BALANCE SHEET
BY GRANT ACCOUNT
JUNE 30, 2012 (in thousands)**

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
ASSETS							
Cash and investments	\$ 74	\$ 243	\$ 1,067	\$ 1,058	\$ 30		\$ 2,472
Receivables, net:							-
Other governments	12,168			126			12,294
Other							-
Due from other funds	127		1,484	1	2,492	125	4,229
Total assets	\$ 12,369	\$ 243	\$ 2,551	\$ 1,185	\$ 2,522	\$ 125	\$ 18,995
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 1,999		\$ 8	\$ 966		\$ 18	\$ 2,991
Accrued liabilities				7			7
Unearned revenue							-
Deferred revenue	18		1,506	180			1,704
Due to other funds	9,162		127		\$ 1,896		11,185
Due to other governments	921						921
Total liabilities	12,100	-	1,641	1,153	1,896	18	16,808
FUND BALANCES (DEFICITS)							
Restricted:	269	\$ 243	910	32	626	107	2,187
Total fund balances (deficits)	269	243	910	32	626	107	2,187
Total liabilities and fund balance (deficits)	\$ 12,369	\$ 243	\$ 2,551	\$ 1,185	\$ 2,522	\$ 125	\$ 18,995

CITY OF PROVIDENCE, RHODE ISLAND**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES BY GRANT FUND
JUNE 30, 2012 (in thousands)**

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
REVENUES:							
Federal and state governments	\$ 42,842		\$ 155				\$ 42,997
Miscellaneous			-	\$ 193		\$ 91	284
Total revenues	42,842	\$ -	155	193	\$ -	91	43,281
EXPENDITURES:							
Personnel services	19,216		107	106			19,429
Employee benefits	8,178		46	13			8,237
Other supplies							-
Equipment	1,285			37			1,322
Miscellaneous services	9,847		60	19			9,926
Other services	19			17		52	88
Pupil transportation	604		2				606
Repairs	145						145
Office supplies	2,419			1			2,420
Education supplies	9						9
Textbooks	49						49
Total expenditures	41,771	-	215	193	-	52	42,231
OTHER FINANCING SOURCES (USES)							
Transfer to other funds	(1,071)				(1,071)		(2,142)
Transfer from other funds					1,071		1,071
Total other financing sources (uses)	(1,071)	-	-	-	-	-	(1,071)
Net change in fund balances (deficit)	-	-	(60)	-	-	39	(21)
Fund balance, beginning of year	269	243	970	32	626	68	2,208
Fund balance (deficit), end of year	\$ 269	\$ 243	\$ 910	\$ 32	\$ 626	\$ 107	\$ 2,187

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, 2012 (in thousands)**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
AGENCY FUND				
Assets				
Cash and cash equivalents	\$ 1,322	\$ 4,711	\$ 14	\$ 6,019
Other receivables	33	9		42
Total Assets	<u>\$ 1,355</u>	<u>\$ 4,720</u>	<u>\$ 14</u>	<u>\$ 6,061</u>
Liabilities				
Other payable	\$ 779	\$ 453	\$ 14	\$ 1,218
Due to student groups	576	4,267		4,843
Total Liabilities	<u>\$ 1,355</u>	<u>\$ 4,720</u>	<u>\$ 14</u>	<u>\$ 6,061</u>

CITY OF PROVIDENCE

CAPITAL ASSETS



City of Providence

Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2012 (in thousands)

Governmental funds capital assets, net of related
 accumulated depreciation

Land	\$ 46,865
Improvements other than buildings	13,203
Buildings and improvements	119,267
Buildings - leases	350,852
Infrastructure	106,159
Machinery and equipment	15,519
Constuction in progress - City	8,888
Construction in progress - PPBA	23,380
	<u>\$ 684,133</u>

Investments in governmental funds capital assets:
 Assets put into service as of June 30, 2012

\$ 684,133

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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 Assets By Component
 Last Ten Fiscal Years*
 (accrual basis of accounting)
 (in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	\$ 41,960	\$ 52,962	\$ 34,042	\$ 22,435	\$ 51,350	\$ 80,301	\$ 102,250	\$ 122,820	\$ 127,340	\$ 122,997
Unrestricted	(43,153)	(18,473)	(4,820)	11,285	765	(29,054)	(63,215)	(143,890)	(233,086)	(261,508)
Total governmental activities net assets	\$ (1,193)	\$ 34,489	\$ 29,222	\$ 33,720	\$ 52,115	\$ 51,247	\$ 39,035	\$ (21,070)	\$ (105,746)	\$ (138,511)
Business-type activities:										
Invested in capital assets, net of related debt	\$ 130,055	\$ 137,962	\$ 147,543	\$ 157,507	\$ 165,284	\$ 143,479	\$ 159,670	\$ 179,800	\$ 201,281	\$ 213,758
Restricted	22,650	16,411	16,193	17,515	19,470	54,745	44,280	31,037	18,809	20,943
Unrestricted	(1,004)	3,967	(888)	7,431	8,178	8,465	6,622	3,503	11,661	10,986
Total business-type activities net assets	\$ 151,701	\$ 158,340	\$ 162,848	\$ 182,453	\$ 192,932	\$ 206,689	\$ 210,572	\$ 214,340	\$ 231,751	\$ 245,687
Primary government:										
Invested in capital assets, net of related debt	\$ 172,015	\$ 190,924	\$ 181,585	\$ 179,942	\$ 216,634	\$ 223,780	\$ 261,920	\$ 302,620	\$ 328,621	\$ 336,755
Restricted	22,650	16,411	16,193	17,515	19,470	54,745	44,280	31,037	18,809	20,943
Unrestricted	(44,157)	(14,506)	(5,708)	18,716	8,943	(20,589)	(56,593)	(140,387)	(221,425)	(250,522)
Total primary government net assets	\$ 150,508	\$ 192,829	\$ 192,070	\$ 216,173	\$ 245,047	\$ 257,936	\$ 249,607	\$ 193,270	\$ 126,005	\$ 107,176

CITY OF PROVIDENCE, RHODE ISLAND

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
Executive, legislative, and judicial	\$ 15,042	\$ 11,240	\$ 15,514	\$ 15,552	\$ 22,761	\$ 19,352	\$ 32,624	\$ 42,202	\$ 40,382	\$ 51,677
Finance	110,366	96,286	38,517	32,655	106,740	119,373	111,908	59,345	58,740	57,819
Public safety	87,529	87,558	152,354	170,273	110,246	111,183	106,243	182,787	178,374	157,676
Building inspection	2,617	2,537	4,578	5,455	2,495	2,717	2,946	4,806	4,636	4,126
Public works	20,611	24,119	28,223	30,275	21,992	18,384	17,079	23,030	28,451	25,754
Recreation	2,585	2,751	3,341	3,933	2,939	3,089	2,771	3,285	1,593	1,644
Public land and parks	14,378	16,654	22,484	23,992	17,535	17,249	5,523	21,069	24,572	19,437
Education	309,029	351,656	361,220	373,591	380,730	387,624	377,736	381,096	388,612	379,768
Community development	19,218	20,632	16,758	21,175	23,432	20,811	26,110	31,150	21,467	18,687
Interest on long-term debt	23,945	14,531	26,134	21,863	18,639	17,056	27,360	27,389	26,699	32,365
Total governmental activities expenses	605,320	627,964	669,123	698,764	707,509	716,838	710,300	776,159	773,526	748,953
Business-type activities:										
PPBA	9,426	11,496	9,929	9,314	11,790	14,900	17,222	17,696	18,949	19,992
Water Supply Board	37,868	39,184	42,421	43,661	46,105	47,610	50,381	52,303	47,483	50,461
Civic Center	6,691	7,743	9,106	2,241						
Non-major School lunch program							12,044	12,194	12,836	13,908
Total business-type activities expenses	53,985	58,423	61,456	55,216	57,895	62,510	79,647	82,193	79,268	84,361
Total primary government expenses	659,305	686,387	730,579	753,980	765,404	779,348	789,947	858,352	852,794	833,314
Program revenue:										
Governmental activities:										
Charges for services:										
Executive, legislative, and judicial	245	238	224	234	788	265	241	222	203	232
Finance	6,912	19,273	22,216	24,526	34,717	18,779	16,928	42,926	51,412	63,264
Public safety	14,751	16,078	19,412	16,336	14,831	20,867	22,222	19,515	16,252	11,384
Building inspection	2,845	4,381	4,660	4,817	6,379	4,993	4,240	3,599	3,405	4,112
Public works	185	208	258	244	2,259	202	213	219	132	193
Recreation	64	94	91	90	418	361	416	231	226	206
Public land and parks	952	1,133	1,271	1,216	4,004	410	438	311	581	136
Education	1,201	1,942	1,931	2,802	1,526	1,621	8,309	11,691	11,704	12,558
Community development			2,054	125	7,233	8,397	8,982	375	88	10
Operating grants and contributions:										
Executive, legislative, and judicial	5,157	410	136	142	1					
Finance	1,339	1	269	683	61					
Public safety	918	1,733	1,696	3,039	2,702	4,924	7,348	3,084	2,200	3,183
Public works		3,474	3,044	3,171	-					
Recreation	466	504	570	599	703	743	329	349	296	261
Public land and parks	109	32	-	-	4,679	4,714	177			
Education	214,700	242,517	248,927	252,043	248,239	248,949	235,234	238,267	243,134	225,661
Community development	17,959	22,198	17,361	25,502	15,472	13,758	11,943	14,645	15,856	12,518
Capital grants and contributions:										
Finance	11,868	13,609								
Education			13,115	15,199	15,039	13,908	15,872			
Total governmental activities program revenue:	279,671	327,825	337,235	350,768	359,051	342,891	332,892	335,434	345,489	333,718

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program revenue:										
Business-type activities:										
Charges for services:										
PPBA	10,850	7,110	8,197	7,825	10,988	15,712	9,835	16,362	18,548	20,996
Water Supply Board	46,661	49,168	48,807	52,432	52,749	56,032	59,575	54,976	64,017	61,726
Civic Center	4,159	5,306	5,581	1,824	-	-	-	-	-	-
Non-major School lunch program	-	-	-	-	-	-	12,040	12,446	12,986	14,548
Capital grants and contributions:	1,236	1,197	1,464	-	-	-	-	-	-	-
Water Supply Board	707	-	-	1,309	1,613	898	775	773	510	200
Total business-type activities program revenues	63,613	62,781	64,049	63,390	65,350	72,642	82,225	84,557	96,061	97,470
Total primary government program revenues	343,284	390,606	401,284	414,158	424,401	415,533	415,117	419,991	441,550	431,188
Net (expense) revenue:										
Governmental activities	(325,649)	(300,139)	(331,888)	(347,996)	(348,458)	(373,947)	(377,408)	(440,725)	(428,037)	(415,235)
Business-type activities	9,628	4,358	2,593	8,174	7,455	10,132	2,578	2,364	16,793	13,109
Total primary government net expense	(316,021)	(295,781)	(329,295)	(339,822)	(341,003)	(363,815)	(374,830)	(438,361)	(411,244)	(402,126)
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	223,186	257,116	258,213	260,629	257,776	272,366	284,775	289,837	286,998	320,591
Payments in lieu of taxes	17,000	17,078	17,656	26,879	20,124	19,575	19,680	19,103	23,115	23,461
Grants and contributions not restricted to specific programs	36,947	42,869	45,781	49,546	51,967	42,787	38,048	40,070	25,619	21,473
Investment income	8,458	4,191	4,465	8,033	19,779	19,905	1,230	252	153	100
Gain (loss) on disposal	-	-	(31)	3,563	-	409	-	-	-	-
Miscellaneous	14,191	(3,430)	782	696	17,207	18,037	21,525	31,358	17,473	16,846
Transfers	(400)	(600)	(245)	-	-	-	-	-	-	-
Sale of building and land	-	-	-	3,148	-	-	-	-	-	-
Total governmental activities	299,382	317,224	326,621	352,494	366,853	373,079	365,258	380,620	353,358	382,471
Business-type activities:										
Investment earnings	1,179	1,681	1,670	2,227	3,024	3,625	1,243	1,404	618	827
Transfers	400	600	245	-	-	-	-	-	-	-
Special items:										
Sale of building and land	-	-	-	9,204	-	-	-	-	-	-
Total business-type activities	1,579	2,281	1,915	11,431	3,024	3,625	1,243	1,404	618	827
Total primary government	300,961	319,505	328,536	363,925	369,877	376,704	366,501	382,024	353,976	383,298
Changes in net assets:										
Governmental activities	(26,267)	17,085	(5,267)	4,498	18,395	(868)	(12,150)	(60,105)	(74,679)	(32,764)
Business-type activities	11,207	6,639	4,508	19,605	10,479	13,757	3,821	3,768	17,411	13,936
Total primary government	\$ (15,060)	\$ 23,724	\$ (759)	\$ 24,103	\$ 28,874	\$ 12,889	\$ (8,329)	\$ (56,337)	\$ (57,268)	\$ (18,828)

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Designated for future uses	\$ 900	\$ 2,290	\$ 401	\$ 433	\$ 550	\$ -	\$ -	\$ 1,378	\$ -	\$ -
Unreserved/ Unassigned	10,226	12,532	16,706	19,251	21,614	22,361	17,361	2,080	3,725	(11,399)
Total General Fund	\$ 11,126	\$ 14,822	\$ 17,107	\$ 19,684	\$ 22,164	\$ 22,361	\$ 17,361	\$ 3,458	\$ 3,725	\$ (11,399)
All Other Governmental Funds:										
Nonspendable									\$ 16,428	\$ 19,818
Restricted									36,253	35,103
Committed									12,194	9,275
Unassigned									3,686	(262)
Reserved	\$ 51,922	\$ 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	20,702	26,833	57,228	95,918	76,976	57,678	42,400	20,041		
Permanent Trust	18,048	20,673	-	-	18,223	14,932	11,821	12,794		
Total all other government funds	\$ 90,672	\$ 95,747	\$ 105,062	\$ 141,490	\$ 135,895	\$ 109,778	\$ 94,965	\$ 65,109	\$ 68,561	\$ 63,934

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 243,838	\$ 262,873	\$ 270,302	\$ 285,966	\$ 281,422	\$ 273,956	\$ 283,631	\$ 290,358	\$ 290,704	\$ 314,355
Departmental revenue	8,728	31,352	32,911	33,877	67,352	64,136	73,545	65,786	73,025	95,336
Federal and state grants and reimbursements	281,956	326,516	329,141	345,627	338,863	334,533	298,742	302,272	305,814	285,120
Investment and rental income	13,315	17,047	15,628	21,305	19,779	21,201	16,254	19,742	4,829	1,454
Fines and forfeitures	3,805	5,231	5,597	5,486	4,307	7,241	7,464	7,663	8,143	7,341
State Fiscal Stabilization Funds							10,209	13,246	4,406	1,437
Other	26,223	4,075	3,772	4,267	17,207	15,628	15,491	11,867	12,796	15,492
Total revenues	577,365	647,094	657,351	696,528	728,930	716,695	705,336	710,934	699,717	720,535
Expenditures:										
Current:										
Executive, legislative, and judicial	15,417	11,285	11,074	12,995	9,852	10,264	11,100	14,239	12,695	15,364
Finance	94,124	98,836	119,565	124,814	106,674	112,142	103,361	43,447	39,526	49,661
Public safety	85,498	95,137	95,110	108,146	103,111	109,197	103,795	166,254	165,909	151,655
Building inspection	2,592	2,610	2,521	2,600	2,462	2,686	2,838	4,391	4,308	3,901
Public works	12,481	13,426	12,866	13,919	13,423	14,331	15,650	19,064	21,806	26,179
Recreation	2,611	2,766	2,470	2,939	2,909	2,992	2,656	2,902	1,470	1,532
Public lands and parks	13,565	15,411	14,446	16,211	23,718	14,884	14,582	19,138	21,716	21,034
Education	299,911	338,485	345,255	366,910	377,793	385,721	380,577	383,636	378,572	10,185
Community development	19,218	20,185	18,942	21,145	19,101	16,663	22,024	26,621	17,282	4,297
Other departments	-	-	-	-	5,742	5,394	5,947	9,262	9,767	362,649
Grants	-	-	-	-	4,331	4,148	4,086	4,529	4,185	14,390
Noncurrent:										
Capital outlays	16,504	10,979	5,709	6,279	19,627	14,520	7,903	2,856	10,782	2,587
Debt service principal payments	10,605	10,489	11,915	10,000	32,267	35,051	36,929	46,653	41,158	43,066
Debt service interest and other payments	39,777	22,649	19,061	14,128	18,978	14,622	20,591	26,201	28,706	32,427
Total expenditures	612,303	642,258	658,934	700,086	739,988	742,615	732,039	769,193	757,882	738,927
Excess of revenues (under) expenditures	(34,438)	4,836	(1,583)	(3,558)	(11,058)	(25,920)	(26,703)	(58,259)	(58,165)	(18,392)
Other financing sources (uses):										
Capital leases issued	34,851	4,535	7,435	9,145	7,547	-	6,952	14,500	-	-
Capital notes issued	-	-	-	9,081	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	87,284	2,366
Payment to refunding bonds escrow agent	(27,319)	-	(111,980)	(28,244)	(29,514)	-	-	-	(29,425)	-
Premium on bond issued	-	-	3,013	778	-	-	-	-	-	-
Proceeds from sale of real estate	-	-	-	6,440	-	-	-	-	-	-
Transfers in	97,306	118,126	112,305	138,153	139,458	156,231	145,201	165,765	139,461	133,903
Transfers out	(97,706)	(118,726)	(112,550)	(138,270)	(139,458)	(156,231)	(145,201)	(165,765)	(139,461)	(133,903)
Proceeds on refunding bonds issued	-	-	114,960	28,675	29,910	-	-	-	-	-
Total other financing sources (uses)	7,132	3,935	13,183	25,758	7,943	-	6,952	14,500	58,159	2,366
Special Items										
Proceeds from sale	-	-	-	16,805	-	-	-	-	-	-
Net changes in fund balance	\$ (27,306)	\$ 8,771	\$ 11,600	\$ 39,005	\$ (3,115)	\$ (25,920)	\$ (19,751)	\$ (43,759)	\$ (6)	\$ (16,026)
Debt service as a percentage of noncapital expenditures	8.5%	5.2%	4.7%	3.5%	7.1%	6.8%	7.9%	9.5%	9.4%	10.3%

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
2003	181,222	28,834	16,782	226,838
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
Change 2003-2012	32.4%	22.9%	44.7%	32.1%

Source: City records.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 6
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(unaudited)

Fiscal Year	Real Property	Tangible Personal Property	Motor Vehicle	Exemptions	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2003	6,162,597	636,696	232,133	(1,052,670)	5,978,756	-0.32%	38.92	7,033,831	85.00%
2004	6,154,269	672,482	243,658	(1,082,370)	5,988,039	0.16%	41.39	7,044,752	85.00%
2005	9,484,121	638,720	222,344	(3,055,179)	7,290,006	21.74%	34.75	8,570,428	85.06%
2006	9,496,709	636,126	241,061	(3,139,525)	7,234,371	-0.76%	35.36	8,818,102	82.04%
2007	9,651,377	657,840	599,020	(3,593,637)	7,314,600	1.11%	35.17	8,511,287	85.94%
2008	13,721,337	631,015	638,107	(4,781,679)	10,208,780	39.57%	26.62	10,295,260	99.16%
2009	13,664,004	746,260	658,076	(4,838,398)	10,229,942	0.21%	25.53	10,316,601	99.16%
2010	13,657,654	830,243	610,997	(4,838,398)	10,260,496	0.30%	28.87	10,347,414	99.16%
2011	10,358,912	926,252	616,722	(2,858,134)	9,043,752	-11.86%	35.37	9,120,363	99.16%
2012	10,346,045	850,314	644,247	(2,960,325)	8,880,281	-1.81%	36.28	8,955,507	99.16%

Source: City Records

Weighted Average Rate Calculation

Tot. R/E	10,346,045			
Tangible	850,314			
Excise	644,247			
Tot. Assessment	<u>11,840,606</u>			
	<u>% of Assessment</u>	<u>Tax Rate</u>	<u>Tot. Direct Rate</u>	
Tot. Res. R/E	7,565,091	64%	31.89	20.37
Comm. R/E	2,780,954	23%	36.75	8.63
Tangible	850,314	7%	55.80	4.01
Excise	644,247	5%	60.00	3.26
	<u>1.00</u>		<u>36.28</u>	

CITY OF PROVIDENCE, RHODE ISLAND

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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Brown University	\$ 1,064,784,200	1	11.68%	\$ -	-	-
Narragansett Electric Co	284,158,340	2	3.12%	164,156,851	1	3.29%
PRI XVII L P	128,775,810	3	1.41%	-	-	0.00%
Motiva	83,835,750	4	0.92%	-	-	-
Capital Properties Inc	83,298,334	5	0.91%	126,536,803	2	2.54%
One Financial Holdings LLC.	64,827,700	6	0.71%	-	-	0.00%
ONA Providence Office	41,961,500	7	0.46%	-	-	-
Textron Realty Corporation	39,314,200	8	0.43%	37,751,210	8	0.76%
Avalon Properties	33,300,700	9	0.37%	-	-	0.00%
Regency Plaza	32,126,670	10	0.35%	-	-	0.00%
High Rock Westminster	31,334,500	11	0.34%	-	-	0.00%
Gtech	30,287,963	12	0.33%	-	-	0.00%
The Providence Journal Company	28,639,920	13	0.31%	51,876,826	4	1.04%
HFP Hotel Owner LLC	26,065,580	14	0.29%	-	-	0.00%
Laurel Meade Cooperative	25,698,405	15	0.28%	-	-	0.00%
CJUF III MJH Providence LLC	18,331,300	16	0.20%	-	-	0.00%
Cox Communications	17,703,100	17	0.19%	-	-	0.00%
Capital Cove LLC	17,653,497	18	0.19%	-	-	0.80%
700 Smith Street	16,903,100	19	0.19%	-	-	-
National Grid	11,025,570	20	0.12%	-	-	0.00%
Total	<u>\$ 2,080,026,139</u>		<u>22.81%</u>	<u>\$ 380,321,690</u>		<u>7.62%</u>

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
2003	228,040,394	215,494,344	94.50%	10,071,490	225,565,834	98.91%
2004	240,581,574	231,862,834	96.38%	6,613,140	238,475,974	99.12%
2005	251,112,861	240,140,679	95.63%	8,630,227	248,770,906	99.07%
2006	254,005,375	243,165,192	95.73%	9,945,802	253,110,994	99.65%
2007	261,450,407	245,357,642	93.84%	11,396,885	256,754,527	98.20%
2008	275,853,725	255,874,916	92.76%	12,669,646	268,544,562	97.35%
2009	287,281,144	269,559,441	93.83%	10,908,397	280,467,838	97.63%
2010	294,186,862	276,463,184	93.98%	8,466,046	284,929,230	96.85%
2011	307,014,942	277,131,464	90.27%	6,639,486	283,770,950	92.43%
2012	324,460,407	299,707,126	92.37%	-	299,707,126	92.37%

Source: City Tax Collector Records

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 9
Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(unaudited)
(in thousands)

Fiscal Year	Governmental Activities						Business-Type Activities			Total Primary Government	Percentage of Personal Income	Net Debt Per Capita	Net General Obligation Bonds to Estimated Actual Value
	General Obligation Bonds	Revenue Bonds	Special Obligation Tax Increment	PPBA Debt	Capital Notes and Leases	Notes Payable	Line of Credit	Revenue Bonds	Capital Leases				
2003	140,340	65,445	30,700	200,120	50,123	6,904	-	28,856	7,391	529,879	**	808	2.00%
2004	131,875	64,085	29,250	192,768	47,959	5,966	789	22,135	6,105	500,932	**	760	1.87%
2005	127,250	67,315	27,675	182,930	50,987	4,974	1,104	22,437	5,009	489,681	**	719	1.48%
2006	119,215	66,500	28,285	173,474	59,994	4,215	385	18,070	3,865	474,003	**	674	1.35%
2007	112,845	64,525	26,260	222,415	58,453	3,434	300	11,879	2,950	503,061	**	638	1.33%
2008	105,075	62,445	23,755	361,011	49,300	2,546	-	45,043	2,000	651,175	**	1731	0.86%
2009	96,735	60,295	21,150	358,750	47,628	2,336	-	43,573	990	631,457	**	542	0.80%
2010	88,260	58,080	18,435	360,663	52,286	798	-	55,299	-	633,821	**	495	0.73%
2011	80,935	73,140	15,575	411,617	45,433	585	-	53,010	-	680,295	**	4826	0.67%
2012	73,815	68,860	12,585	388,487	39,554	2,776	-	52,489	-	638,566	**	**	0.61%

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, 2012
(unaudited)
(in thousands)

Governmental Unit	Debt Outstanding
General obligation debt:	
General obligation bonds	\$ 73,815
Revenue bonds	68,860
Special obligation tax increment	12,585
Notes payable	2,776
Capital leases	16,496
Capital notes	23,058
PPBA debt-City	388,487
Total direct debt	<u><u>\$ 586,077</u></u>

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

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 11

Legal Debt Margin Information
For the Year Ended June 30, 2012

(unaudited)

(in thousands)

Legal Debt Margin Calculation for Fiscal Year 2012	
Taxable Property	\$ 9,109,300
Debt limit (3% of taxable property)	273,279
Debt applicable to limit:	
General obligation bonds	73,815
Less: debt not subject to 3% limit	<u>68,860</u>
Total net debt applicable to limit	<u>4,955</u>
Legal debt margin	<u><u>\$ 268,324</u></u>

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

(unaudited)

(in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 179,400	\$ 218,700	\$ 206,500	\$ 210,700	\$ 219,400	\$ 294,163	\$ 306,899	\$ 309,438	\$ 266,408	\$ 273,279
Total net debt applicable to limit	29,500	31,600	27,500	23,400	19,400	16,247	13,078	9,914	6,750	7,955
Legal debt margin	149,900	187,100	179,000	187,300	200,000	277,916	293,821	299,524	259,658	265,324
Total net debt applicable to the limit as a percentage of debt limit	<u>20%</u>	<u>17%</u>	<u>15%</u>	<u>12%</u>	<u>10%</u>	<u>6%</u>	<u>4%</u>	<u>3%</u>	<u>3%</u>	<u>3%</u>
Debt outstanding issued outside the 3% debt limit*	<u>\$ 110,900</u>	<u>\$ 102,500</u>	<u>\$ 99,800</u>	<u>\$ 95,700</u>	<u>\$ 93,400</u>	<u>\$ 88,828</u>	<u>\$ 83,657</u>	<u>\$ 78,346</u>	<u>\$ 74,185</u>	<u>\$ 69,475</u>

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

CITY OF PROVIDENCE, RHODE ISLAND

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

Water Supply Board						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	45,177	36,759	8,418	443	179	13.50
2004	49,168	37,614	11,554	464	229	16.70
2005	48,807	40,871	7,936	516	207	11.00
2006	52,432	42,446	9,986	509	183	14.43
2007	52,749	45,181	7,568	537	158	10.89
2008	56,032	46,410	9,622	561	131	13.90
2009	59,575	48,796	10,779	590	102	15.58
2010	54,976	50,845	4,131	618	71	6.00
2011	64,017	46,054	17,963	61	24	211.33
2012	61,726	49,212	12,514	115	41	80.22

Redevelopment Revenue Bonds				
Fiscal Year	Collections	Debt Service		Coverage
		Principal	Interest	
2003	4,360	1,305	-	3.40
2004	6,624	1,360	3,662	1.32
2005	6,858	*	-	-
2006	-	*	-	-
2007	-	*	-	-
2008	-	*	-	-
2009	-	*	-	-
2010	-	*	-	-
2011	-	*	-	-
2012	-	*	-	-

Civic Center Bonds						
Fiscal Year	Charges	Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2003	4,159	6,592	(2,433)	215	99	(7.7)
2004	5,492	7,659	(2,167)	225	68	(7.4)
2005	4,885	8,949	(4,064)	235	151	(10.4)
2006	1,824	2,241	(417)	***	-	-
2007	-	-	-	***	-	-
2008	-	-	-	***	-	-
2009	-	-	-	***	-	-
2010	-	-	-	***	-	-
2011	-	-	-	***	-	-
2012	-	-	-	***	-	-

Providence Public Building Authority Revenue				
Fiscal Year	Collections	Debt Service		Coverage
		Principal	Interest	
2003	10,850	6,630	7,782	0.75
2004	7,110	7,322	6,943	0.50
2005	8,197	9,838	9,189	0.43
2006	7,825	10,516	8,713	0.41
2007	10,988	11,058	9,829	0.53
2008	15,712	27,874	13,124	0.38
2009	9,835	15,261	16,675	0.31
2010	16,362	20,407	16,715	0.44
2011	18,548	25,491	17,429	0.43
2012	20,966	23,130	19,607	0.49

* 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
2003	173,618	(1)	29,787	28.1	27,900	6.4%
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%

(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
2012 and 2003
(unaudited)

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brown University	4,600	1	4.30%	3,100	2	3.02%
Rhode Island Hospital	4,200	2	3.93%	5,190	1	5.22%
Life Span (Mgmt. Svcs. including Miriam Mgmt Svcs.)	1,990	3	1.86%			
Women & Infants Hospital	1,800	4	1.68%	2,010	4	2.02%
Roger Williams Medical Center	1,470	5	1.38%	1,630	7	1.64%
The Miriam Hospital	1,263	6	1.18%	1,650	6	1.66%
Belo Corp/Providence Journal	870	7	0.81%	1,800	5	1.81%
Mars 2000	850	8	0.80%			
Providence College	799	9	0.75%			
AAA Southern New England	700	10	0.66%			
Johnson & Wales University	700	11	0.66%	1,495	8	1.51%
Butler Hospital	699	12	0.65%			
H. Carr & Sons Inc.	500	13	0.47%	-	-	0.00%
National Grid	450	14	0.42%	1,304	10	1.45%
Employment 2000	400	15	0.37%	-	-	0.00%
Verizon Wireless	400	16	0.37%			
Gilbane Building Co.	400	17	0.37%			
Wal-mart Stores	350	18	0.33%			
Jewel Case Corp.	300	19	0.28%			
Nordstrom Inc.	300	20	0.28%			

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	Full-Time Equivalent Employees as of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Executive, Legislative, Judicial and Finance:										
City Council	15	15	15	15	15	15	15	15	15	15
City Council Administration	11	11	11	-	-	-	-	-	-	-
Internal Auditor	2	2	4	-	-	-	-	-	-	-
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	9	11	11	11	11	10	9	9	10	10
Personnel	14	12	12	13	13	12	12	12	10	10
Finance	18	24	24	22	22	30	23	30	33	30
Computer Services	13	5	5	7	7	0	7	0	0	0
Legal	26	25	24	23	23	22	22	22	22	20
Courts	24	24	24	23	23	23	23	23	24	23
Retirement	5	5	5	5	5	5	5	5	5	5
Board Tax Assessment	5	5	5	5	5	5	5	5	5	5
City Treasurer	6	7	6	6	5	5	5	5	5	5
City Collector	15	15	15	13	14	18	16	18	20	19
City Assessor	15	16	15	15	17	16	18	16	20	19
Recreation and Public Land and Parks:										
Neighborhood Parks & Recreation Svcs	60	61	44	44	44	44	47	52	62	64
Recreation	-	-	21	21	20	20	20	20	22	28
Zoo	31	31	31	31	31	31	37	37	36	35
Forestry	15	15	14	14	14	14	14	16	17	17
Parks	49	51	48	48	48	49	45	39	39	49
Greenhouse	10	11	11	11	11	11	11	14	14	12
Public Property	32	30	30	31	31	33	24	25	29	28
Public Safety:										
Police Department	562	594	594	589	581	592	592	563	584	587
Commissioner's Office	9	9	8	8	8	7	7	7	7	7
Firefighters' Department	433	450	467	489	487	487	484	485	508	511
Communication	73	76	76	76	76	78	78	78	84	97
Emergency Mgmt./Homeland Security	6	6	6	-	-	-	-	-	-	-
Public Works:										
Administration	8	8	8	8	7	10	10	10	10	9
Engineering	8	8	8	7	7	7	7	8	7	6
Environmental Control	11	12	12	13	12	12	12	12	12	26
Highway and Bridge Maintenance	52	50	50	50	50	50	48	48	56	42
Sewer Maintenance	10	12	12	12	10	10	9	10	9	9
Miscellaneous	3	1	1	120	117	45	45	44	47	52
Garage	9	9	9	9	9	9	8	9	9	8
Traffic Engineering	8	13	13	13	13	12	12	11	11	0
Building Inspection	55	60	60	49	49	13	12	13	14	15
Miscellaneous:										
Recorded Deeds	7	7	7	-	-	-	-	-	-	-
Planning & Development	50	54	46	-	-	-	-	-	-	-
Arts, Culture & Tourism	4	5	5	-	-	-	-	-	-	-
Human Relations	1	3	3	-	-	-	-	-	-	-
Human Services	3	2	4	-	-	-	-	-	-	-
PERA	2	3	3	-	-	-	-	-	-	-
Board of Canvassers	8	8	8	-	-	-	-	-	-	-
Board of Licenses	13	12	11	-	-	-	-	-	-	-
Vital Statistics	5	5	5	-	-	-	-	-	-	-
City Archivist	3	3	3	-	-	-	-	-	-	-
School Department	3,226	3,236	3,157	3,284	3,300	3,345	3,333	3,342	3,473	3,435
Total	4,945	5,023	4,952	5,086	5,086	5,041	5,016	5,004	5,220	5,199

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Calls for service	118	125	139	145	138	149	190	190	190	190
Fire:										
Total fire calls	44	10	11	14	13	14	13	13	13	13
Total rescue calls *	-	31	31	27	27	26	25	25	25	25
Building safety:										
Total building permits	8	8	10	8	7	3,210	8,250	7,759	7,418	5,914
Total value all permits	162,913	198,251	146,236	234,191	217,629	TBD	251,400	172,700	315,400	166,000
Public service:										
Residential garbage collected (ton)	73	74	77	79	81	TBD	69	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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	23	23	23	28	28	28	28
Public Works:										
Bridges	27	27	27	27	27	27	53	53	53	53
Streets (Miles)	370	370	370	370	370	370	417	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				
Parks & Recreation:										
Acreage	1,300	1,300	1,300	1,300	1,300	1,300				
Parks	124	124	124	124	124	124	141	141	141	141
Golf Course	2	2	2	2	2	2	1	1	1	1
Baseball/Softball Diamonds	40	40	40	40	40	40	1	1	1	1
Greenhouse	6	6	6	6	6	6	1	1	1	1
Soccer/Football Fields	11	11	11	11	11	11	1	1	1	1
Water Parks	9	9	9	9	9	9	3	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	12	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	415	415	415	415

Source: City Records