CITY OF PROVIDENCE, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2010

PROVIDENCE THE CREATIVE CAPITAL

Finance Department | 25 Dorrance Street Providence, RI 02903

CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	Exhibit	Page(s)
INTRODUCTORY SECTION:		
Letter of Transmittal		i – ix
Organization Chart		x
List of City Officials		xi
GFOA Certificate of Achievement		xii
FINANCIAL SECTION:		
Independent Auditors' Report		1 - 2
Basic Financial Statements and Required Supplementary Information:		
Management's Discussion and Analysis		3 - 11
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	12
Statement of Activities	A-2	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (B-2) to the Statement of Activities (A-2)	B-3	16
Proprietary Funds:		
Statement of Net Assets	C-1	17
Statement of Revenues, Expenses and Changes in Net Assets	C-2	18
Statement of Cash Flows	C-3	19 - 20
Fiduciary Funds:		
Statement of Fiduciary Net Assets	D-1	21
Statement of Changes in Fiduciary Net Assets	D-2	22
Notes to Financial Statements		23 - 54
Required Supplementary Information:		
Budgetary Comparison Schedule for the General Fund	E-2	55-59
Budgetary Comparison Schedule for the School General Fund	E-2	60
Notes to Required Supplementary Information	E-3	61
Schedule of Funding Progress	E-4	62
Other Supplementary Information:		
Non-major Governmental Funds:		
Combining Balance Sheet	F-1	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	64

(CONTINUED)

TABLE OF CONTENTS

	Exhibit	Page(s)
School Grant Funds:		
Combining Balance Sheet	G-1	65
Combining Statement of Revenues, Expenses and Changes in Fund Balances	G-2	66
Agency Funds:		
Statement of Changes in Assets and Liabilities	I-1	67
Capital assets schedules:		
Capital Assets Used in the Operation of Governmental Funds	J-1	68

	Schedule	
STATISTICAL SECTION:		
Net Assets by Component	1	69
Changes in Net Assets	2	70-71
Fund Balances, Governmental Funds	3	72
Changes in Fund Balances, Governmental Funds	4	73
Tax Revenue by Source	5	74
Assessed Values and Estimated Actual Values of Taxable Property	6	75
Principal Property Taxpayers	7	76
Property Tax Levies and Collections	8	77
Ratios of General Bonded Debt Outstanding	9	78
Direct Governmental Activities Debt	10	79
Legal Debt Margin Information	11-12	80-81
Pledged Revenue Coverage	13	82
Demographic and Economic Statistics	14	83
Principal Employers	15	84
Full-Time Equivalent Employees by Function	16	85
Operating Indicators by Function	17	86
Capital Assets Statistical by Function	18	87

(CONCLUDED)

CITY OF PROVIDENCE

INTRODUCTORY SECTION

- LETTER OF TRANSMITTAL
- ORGANIZATION CHART
- LIST OF CITY OFFICIALS
- GFOA CERTIFICATE OF ACHIEVEMENT

CITY OF PROVIDENCE
Angel Taveras, Mayor

January 31, 2011

City Council
Providence, 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, 2010.

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.

Braver PC, Accountants and Advisors, has issued an unqualified ("clean") opinion on the City of Providence, Rhode Island's financial statements for the year ended June 30, 2010. A copy of their independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The capital city of Providence was founded in 1636 and incorporated in 1831; it occupies a total land area of 18.1 square miles and an additional 1.9 square miles of water; is located at the head of Narragansett Bay on the Providence River, and is the major population, financial, educational, governmental, industrial center of Rhode Island. Situated on the Boston-Washington Interstate 95 corridor, with proximity to multi-billion 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 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 MBTA.

Ranked first of Rhode Island's cities and towns, with a population of 175,000 residents (US Census 2006), 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. Its responsibilities include providing a full range of services including 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.

FINANCE DEPARTMENT
Providence City Hall | 25 Dorrance Street Providence, Rhode Island 02903
401 421 7740 ph | 401 621 8102 fax
www.providenceri.com

Factors Affecting Financial Condition

According to current and estimated employment data for 2006-2016, provided by the Rhode Island Department of Labor and Training (www.employri.org/analyzer) there were 522,911 workers in 2006. The largest employers were as follows: 76,081 in health care and social assistance; manufacturing industries employed 52,726 workers; 51,714 in retail trade; educational services comprised 46,322 workers; accommodation & food services had 42,560 workers; 26,492 workers in finance and insurance; administrative and support & waste management and remedia comprised 25,388 workers; 22,803 workers were employed in the construction industry; 16,969 in wholesale trade 10,878 in information industry; 9,341 in management of companies & enterprises, and18,818 in other services (not government.)

The US Census has estimated the 2006 population of the City of Providence at 175,255, up from 173,618 (2000 US Census.) The demographic profile of the City is as follows: Caucasians, African Americans, Hispanics, Asians and Native Americans represent approximately 54.5%, 14.5%, 30%, 6% and 1% of the population, respectively.

This year has been a slow recovery for Rhode Island, and Providence in particular, as the nation recovers from the multiple blows of housing foreclosures, stock market uncertainty, increased joblessness and the struggle to keep families, neighborhoods and small businesses afloat. Unemployment reached 13% this year, and in some neighborhoods in excess of 30%. That number has steadily dropped to a current seasonally adjusted unemployment rate of 11.4% (Oct.2010, www.dlt.ri.gov), with 65,300 Rhode Islanders "available for and actively seeking work."

Economic Development & New Initiatives

In recent years, the City of Providence has pursued an economic development strategy designed to foster growth and stability in downtown areas and the 24 surrounding neighborhoods. And despite the deepening recession of recent months and years, Providence has generated in excess of $3 billion in new development.

Generally, the City of Providence pursues economic development strategies to:

1) Support the transformation of the economy from one dependent primarily on manufacturing, to a diversified economic base with major service-oriented and knowledge-based employment
2) Retain viable industry through financial and technical assistance and the development of new industrial sites
3) Revitalize the Port of Providence district's maritime and industrial activities
4) Broaden and enhance the residential tax base by planning and implementing revitalization projects and programs in the City's neighborhoods and
5) Create a coherent development strategy for the downtown core that provides a focus for public investment and private capital.

The City has devoted considerable efforts to attract/ retain knowledge, green and creative businesses, along with those in traditional manufacturing, financial services and marine trade. Initiatives include:

- Applying for and receiving $10 million in additional HUD funding for small business through its Providence Economic Development Partnership (PEDP)
- Providing in excess of $100,000 in funding to the Chamber *Innovation Providence* entrepreneurs
- Securing $3.3 million in federal funds to develop infrastructure within the Knowledge District to align institutional, private R&D and government agencies

- Conducting tours with Congressional leaders (including the chair of the House Appropriations Committee,) and meeting with the United States Congressional and Presidential Administration officers to draw attention to Providence and the region's economic needs and opportunities
- Hosting such conferences as the (White House) Jobs Summit and Manufacturing Summit
- Creating a partnership with the State of Rhode Island and Brown University to attract IBM to the City
- Teaming up with Lifespan Corporation, the University of Rhode Island and Brown University to engage in projects to relocate the Brown University Alpert Medical School, form the Rhode Island Institute for Translational and Personalized Medicine, and develop and commercialize the Rhode Island Center for Life Sciences Research
- Developing a "green corridor" along the Woonasquatucket River Corridor to attract and retain environmental- and energy-related businesses
- Promotion of a new, expanded mass transit effort through its initiative Transit 2020
- Launching a Creative Plan engaging more than 3,000 area residents in promoting job and business development within a $111 million annual creative sector

The City worked closely with leaders of the public and provide sector to address the limits and opportunities we faced.

In 2007, we joined forces in a citywide branding study and after months of in-depth research and analysis, the "P" campaign, for "**Providence I The Creative Capital**," was adopted citywide and translated into universal marketing materials. Agencies involved were the Greater Providence Chamber of Commerce, Providence Warwick Convention & Visitors Bureau, City of Providence, Providence Foundation and Providence Tourism Council.

To better understand what we could do as a city to grow our economy, PEDP contracted in 2009 with Basile Baumann Prost Cole & Associates, Inc. of Baltimore to conduct a study. Funded by a US Department of Commerce EDA grant, it led to a final report with 116-specific recommendations, many of which have or are on their way to implementation.

This agency is also in the final stages of completing Mayor David N. Cicilline's "Operation Opportunity" plan to "stimulate the economy, green the economy, grow jobs, link school and work, create pathways to opportunity and improve customer relations."

Operation Opportunity accomplishments:

- stimulating entrepreneurship by cutting in half the average time of plan review for building permits
- facilitating the development of new biotech incubators with state-of-the-art wet labs in Jewelry District
- launching an economic development dashboard website
- establishing an expediter as a new resource for small businesses
- establishing a B2B mentorship program targeted to small businesses through our www.opportunityprovidence.com website
- and making $5 million in loans available by recapitalizing Providence Economic Development Partnership (PEDP) fund.

They also include Greening the Economy by:

- Create *Providence Green Jobs Training Corps*
- Finalize site plans for wind turbines
- Double citywide recycling rate
- Implement executive order so that all new municipal buildings are LEED or CHPS (school) certified

And because education is inextricably linked to economic development, we have worked to prepare the next generation by:

- Giving every parent an online data dashboard to monitor their child's daily progress
- Implementing 21st-century science & math curriculum and tools
- Establishing middle school summer programs to continue academic progress for academic and experiential learning
- Beginning Phase I of new after-school program for high school students inspired by PASA

To ensure all residents are able to participate fully in economic opportunity, the Mayor created a full-time initiative known as Pathways to Opportunity, which included:

- The launch of *Bank of Providence* – affordable financial services and financial literacy for low-wage workers
- Supporting *Building Futures* to move 30 Providence residents into union apprenticeships in the building trades
- Supporting *Stepping up* to move 50 Providence residents into nursing jobs at local hospitals
- And leveraging federal funds to create 500 summer youth employment opportunities

Finally, under Operation Opportunity we have:

- Invested in a minimum of $10 million to improve roads in Providence
- Made significant new investment in Port infrastructure for additional job growth
- Opened Career & Technical Academy to provide best job training facilities in the state
- And renovated/ rebuilt our fourth school as part of the Building a Legacy program

Industrial parks

Key to our economic commitment is the development of industrial parks and industrial/ commercial areas popular for green and other manufacturing, knowledge-sector businesses and waterfront activity.

Several industrial parks, built as part of major urban renewal projects, are located in Providence. One such area is **ProvPort**, or the Port of Providence, consisting of 105 acres of property and New England's second-deepest port of 41-feet. According to a 2009 Bryant University study of ProvPort, the direct and indirect number of jobs recently created by ProvPort grew by 300-percent, now exceeding 2,400 high-paying jobs and providing $48.8 million in annual economic output to the state and region.

A $10.5 million TIGER grant recently awarded by the US Department of Transportation this fall is allowing for the purchase of two new industrial cranes to expand service at the port. The city is still anticipating a $6.5 million EDA grant for additional improvements to the port including. The EDA grant, would allow for additional berth improvements, increased lay-down area, increased rail capacity and security improvements. In the end, both grants will allow for hiring of hundreds of additional high-skilled, well-paying jobs, with a compounding indirect impact of upwards of 1,000 jobs.

Another area of development is that of the Valley Street or **Promenade** area. The site of American Locomotive Works (ALCO,) Capco Steel, Umicore, Alteris Renewables, United Natural Foods, Inc., Rising Sun Mills and the Plant, and the Steelyard. The area is increasingly known as the **"Green**

Corridor," because of the extraordinary growth of new green-sector businesses, dealing with solar/wind energy, organic foods, green technologies, etc.

There are some 1629 businesses with nearly well in excess of 20,000 employees located here, on the banks of the Woonasquatucket River corridor – the home of America's Industrial Revolution. This year, increased development was announced with the expansion of 200 jobs at UNFI, 100 jobs & a $20 million investment at Umicore, the addition of a small alternative energy company, A-10 Energy, the addition of Eco-Let, JJ Jacobsen, and others.

Because of its proximity to the Woonasquatucket River, the area is prone to flooding – and this year, the epic 500-year spring floods, caused havoc. The City has filed a preliminary multi-project/ multi-million dollar application to the EDA, FEMA, US Army Corps of Engineers and HUD for remedial action – including dredging and construction of detention ponds; permeable surfacing, pilot run-off programs, etc. This earmark funding was approved as part of the President's War Bill in early fall, and the city is awaiting initial response from the RI Economic Development Corporation and RI Department of Administration on how to proceed. Compounding our efforts to create jobs, we have leveraged federal grants to expand job training for hundreds of city residents in this emerging field.

Another major area of development is that of our **Knowledge District**, or the former Jewelry district. Once the world capital of jewelry manufacturing, the area adjacent to the downtown and major hospitals and universities, is rapidly transforming itself with centers of excellence in life science, technology and design. Earlier this summer, the Mayor hosted a tour for the US House Chairman of Appropriations and Rhode Island's congressional delegation, to promote the urgency of funding projects such as Providence's Knowledge District. Subsequent to that, the city worked with the state and Brown University to ensure the location of a new IBM initiative in this city: just weeks ago, that collaboration began to bear fruit. IBM announced it will conduct a first-ever energy assessment of the Knowledge District, which will translate into new jobs, increased resident wealth/ business income, improved infrastructure and a national model of excellence.

As the home to seven world-class colleges and universities and numerous medical and research centers, Providence is well-poised to follow in the footsteps of Boston's Longwood Medical center and Philadelphia's biotechnology industrial center– creating well-paying, higher-skilled job opportunities and career ladders. There is unanimity in the public and private sector and among our medical and academic institutions that we have a rare and untapped confluence of resources, upon which to build a new and stronger economy.

Housing

The City has also succeeded in leveraging nearly $100 million to improve its housing stock through new construction and related programs in recent years. With an emphasis on home ownership and owner occupancy, this program is the first of its kind to incorporate the city's resources with those of the Rhode Island Housing and Mortgage Finance Corporation and the state's leading banks. In collaboration with the State of Rhode Island, the development of the Providence Neighborhood Housing Corporation will become the blueprint for identifying resources to expand and improve employment opportunities, health care, social services, crime prevention, recreation, and neighborhood revitalization programs.

Redevelopment Initiatives

Under contract with the City, Sasaki Associates Inc. completed a redevelopment plan for more than 200 acres of industrial land along the Providence River, also known as Narragansett Landing, in 2003. The plan builds on a previous plan that Sasaki completed in 2000 that envisioned a conversion of the area to a mixed residential and commercial district. Through the *Providence Tomorrow* planning process, the City continues to plan work for this waterfront area (www.waterfronttowork.com).

The City's Planning Department is currently in the process of proposing a new Working Waterfront Protection Zone. This zone would protect jobs and encourage economic growth at the Port of Providence, in conjunction with the City's *Put the Waterfront to Work* plan. The plan also limits all development at the Port to heavy industrial marine-based businesses, prohibits condominiums, residences, restaurants, retail, hotels and all non- marine industrial businesses. The Port of Providence already supports 1,500 jobs and the City is aggressively pursuing its ReNEWable Port plan to create 1,000 additional high-skilled/high-paying jobs for area residents. The *Put the Waterfront to Work* plan also expands the Port area, adding 20 more acres for additional staging area, a new rail loop to increase shipping capacity and enhanced security on its access roads. In addition, the *Put the Waterfront to Work* plan identifies Allens Avenue as a primary area for job development.

Another redevelopment district is Promenade, which encompasses land adjacent to the Woonasquatucket River between downtown and Olneyville; this area has seen a considerable amount of private development over the past three years. A high-end, $57 million, 325 residential apartment complex has been completed by the Texas based JPI company on land west of the Providence Place Mall. Feldco, Inc. has constructed the Eagle Square shopping center, a $20 million project, at the corner of Atwells Avenue and Valley Street. The project was completed in 2004. Farther west, the Armory Revival Company and Streuver Brothers of Baltimore are currently investing $45 million to renovate a historic mill complex on Valley Street into office space and apartments (to be offered at market and affordable rates). The American Locomotive Works, another Streuver Brothers project, a $333 million, multi-phase mixed-use project is currently under construction. Recent expansion also includes the Ecolet, the solar headquarters of Alteris Renewables, United Natural Food, Inc., Mid Ocean Studio, Recycle-A-Bike, and the Woonasquatucket River Watershed Council.

Commercial Expansion

Providence's employment base has experienced long-term shifts to high-grade employment in the service sector that are evidence by the proliferation of newly constructed office and institutional buildings. Prior to 1983, there was approximately 3,760,000 square feet of office space in the City of Providence, in all categories. Currently, office space has increased to approximately 8,000,000 square feet. Substantial increases in Providence's office market are due to the completion of commercial buildings, such as, the Fleet Center, One Providence Washington Plaza, One La Salle Square, Gateway Center (home of the Shareholder Services Division of First Data Corporation), and the Citizens Bank Building. Recent studies indicate an approximate average office vacancy rate of 11%. However, the vacancy rate varies drastically for the categories A-, B-, and C- class space. Vacancy rates for these classes are 5.0%, 10.0%, and 20.0%, respectively. Office development activity in downtown Providence has been reinforced by the completion of GTECH's new 10-story corporate headquarters in 2007. With its close proximity to Boston, Providence expects to benefit from the tighter markets to the north for viable opportunities for growth.

Blue Cross/Blue Shield of RI has completed construction on their new 13-story building containing 325,000 square feet of office space. The $25 million Capital Cove project has been completed and has

constructed 260 apartments, 360 parking spaces, and 18,000 square feet of retail space. The Marriot Residence Hotel, a $77 million project, was completed in 2007. The Waterplace Condominiums, consisting of 193 units, and Westin Hotel and Residences were completed in 2007. A $21 million Hampton Inn project was recently completed, as well as, a $15 million mixed-use project at 333 Atwells Avenue, which enhanced commercial expansion by developing retail space on the ground floor and condominiums on upper floors. And former Red Sox pitcher Curt Shilling has received a $75 million loan guarantee through the RI Economic Development Corporation, to establish his 38 Studios gaming software development business in Empire Plaza. Several banks have also located here recently, including TD Bank and Webster Bank.

We have also benefited by the expansion of the Westin Hotel, completion of the first($25 million) phase of Capital Cove; $333 million+ in redevelopment of ALCO, and $2 million in green development at the former RI Credit Union, for the new international headquarters of Moran Shipping.

Other projects include the Hampton Inn renovation/ new construction; Hotel Sierra; Mercantile Block ($16 million renovation,) and the Renaissance Hotel.

Institutional Expansion

Current and recently completed institutional expansion also represents a considerable investment in Providence. Collectively, since 1990 construction spending by the City's educational and healthcare institutions on completed projects, as well as, projects planned in the near future, exceeds $200 million.

Public Investment

The City has supported private investments in downtown Providence with major public capital investments. This support has resulted in new and rehabilitated office buildings and hotels; arts and entertainment facilities; and new specialty retail centers and restaurants. Major public sector projects presently consist of the Capital Center, the Convention Center, infrastructure improvements in the Promenade and Old Harbor Sectors of the City; and ongoing capital improvements to the City's public infrastructure, schools, public housing, port facilities, and roadways. Additionally, the following significant projects were completed in the past fifteen years:

- Implementation of a citywide bicycle network
- Distributing $250,000 for streetscape and other gateway improvements in eight Neighborhood Markets & leveraging another $45 million
- Awarding $1.34 million with an overall $13.6 million impact, to 18 loan recipients under PEDP
- Begun implementation of Transit 2020 with expanded routes, Express routes, new facilities etc.
- Kennedy Plaza, a Federal and City investment of $7 million to refurbish roadway, public transit, and pedestrian facilities in the core of the Central Business District; it should also be noted that Kennedy Plaza, which serves as a focal point outside of Providence City Hall, was subject of a $17 million renovation and reconfiguration project sponsored by the Federal Transit Authority (FTA) through the Rhode Island Transportation Authority (RIPTA) in 2000.
- The Silver Spring Industrial Park, a $4 million, 30-acre industrial site consisting of 16 development parcels.
- A $6.1 million loan to the Providence Performing Arts Center (PPAC) for expansion of its stage house, which was completed in 1995.

- The Fleet Skating center in the former Francis Street bus loop opened in November 1998; the outdoor skating rink is open to the public on an hourly fee basis; this facility is convertible for outdoor entertainment use during the summer months.
- RIPTA redesigned and improved its transit facilities in the spring of 2002 completing redevelopment of Kennedy Plaza.
- The Rhode Island Department of Transportation (RIDOT) committed $3.2 million to improve traffic circulation in the downtown area; the project's first phase was reconfiguration of Washington street from a one-way to a two-way traffic pattern with state-of-the-are traffic signals and emergency overrides for fire vehicles in 2003; other improvements include the reconfiguration of Empire and Weybosset Streets.
- A $65 million renovation of the Dunkin Donuts Center, completed in 2008
- In 2008, RIDOT is committed to improve traffic improvement with the relocation of Interstate – 195. This $525 million project will make 40 acres of developable land available.
- $5 million was invested in the construction of New Riverside Park during 2008.
- More than $10 million was invested in the Roger Williams Zoo for the Botanical Center and Elephant Exhibit in 2008.
- Despite the economic downturn affecting local governments during 2009, the City has continued its plans for public investment in the economic vitality of the City. The planning and development department currently has several opportunities under review.

Debt Administration

Outstanding governmental and business-type activity bonds at June 30, 2010 totaled $580,737. 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	A1
Standard and Poors	A
Fitch	AA-

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 Department 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 2009 – 2013 fiscal year capital project plan projects needs through fiscal 2013. 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. The estimated cost of the capital improvement plan is $180,000,000.

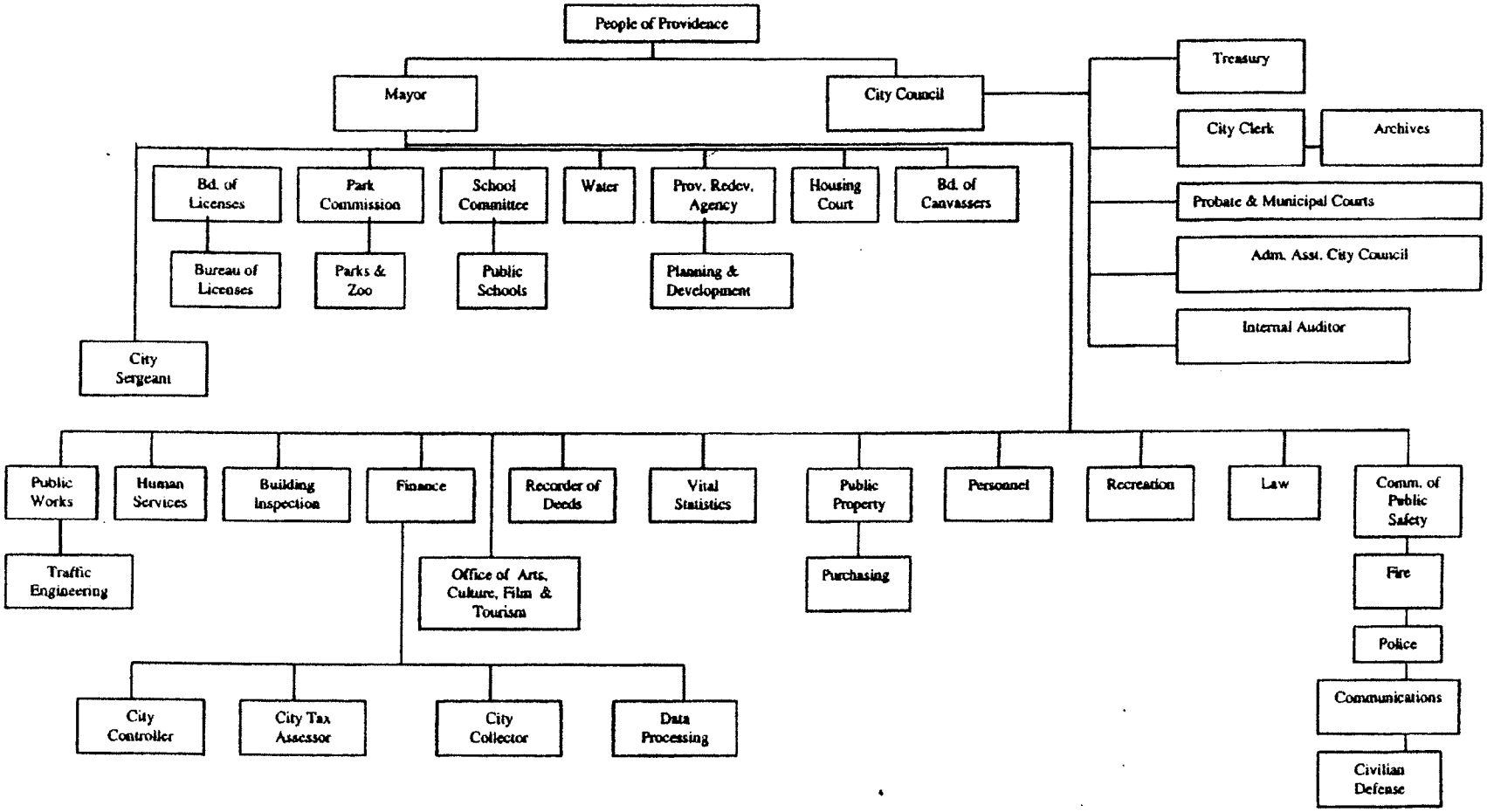
Acknowledgments

The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department 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 the Mayor and the 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,

Richard Kerbel, D.E., P.E.
Interim Director of Finance

ORGANIZATIONAL CHART



City Officials
As of June 30, 2010

Mayor	David N. Cicilline

City Council:

Ward 1	Seth Yurdin
Ward 2	Cliff Wood
Ward 3	Kevin Jackson
Ward 4	Nicholas J. Narducci, Jr.
Ward 5	Michael A. Solomon
Ward 6	Joseph DeLuca
Ward 7	John J. Igliozzi
Ward 8	Leon F. Tejada
Ward 9	Miguel Luna
Ward 10	Luis A. Aponte
Ward 11	Balbina A. Young
Ward 12	Terrence Hassett
Ward 13	John J. Lombardi
Ward 14	Peter S. Mancini
Ward 15	Josephine DiRuzzo

Chief Engineer/GM of Water Supply	Pamela Marchand
Chief of Fire Department	George Farrell
Director of Operations	Alix Ogden
Chief of Police Department	Dean Esserman
Chief of Staff	Deborah Brayton
City Clerk	Anna Stetson
City Controller	John Cimino
City Solicitor	Adrienne G. Southgate
City Treasurer	Stephen T. Napolitano
Deputy Chief of Staff	Rita Murphy
Deputy Director of Public Property	Alan Sepe
Director of Administration	Richard Kerbel
Director of Communications	Karen Watts
Director of Department of Arts, Culture, and Tourism	Lynne McCormack
Director of Emergency Management Agency	Peter Gaynor
Director of Finance	Bruce T. Miller
Director of Information Technology	Brave River Solutions
Director of Inspections and Standards, Acting	Sheila Barrett
Director of Personnel	Sybil Bailey
Director of Planning and Development	Thomas Deller
Director of Policy	Matthew Stark
Director of Prov Stat	Pamela Cardillo
Director of Public Works	Paul Thomas
Director of Telecommunications	William Trinque
Director of Workforce Solutions	Robert L. Ricci
Internal Auditor	James Lombardi
Recorder of Deeds, Acting	John A. Murphy
Registrar of Vital Statistics	Ernesto Figueroa
Superintendent of Parks & Recreation	Robert McMahon
Superintendent of Schools	Thomas Brady
Tax Assessor	John Gelati
Tax Collector	John A. Murphy
Traffic Engineer	Bernard Lebby

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, 2009

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.

President

Executive Director

CITY OF PROVIDENCE

FINANCIAL SECTION

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

Braver PC
Accountants & Advisors

INDEPENDENT AUDITORS' REPORT

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, 2010, 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, Rhode Island'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, 2010, 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.

The Management's Discussion and Analysis, schedule of funding progress, and budgetary comparison information on Pages 3 through 11 and 55 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2011 on our consideration of the City of Providence, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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, budgetary detail, combining and individual nonmajor fund financial statements, capital asset schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund financial statements, capital asset schedules and other schedules been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements and budgetary comparison schedules 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.

Braun, PC

Providence, Rhode Island
January 31, 2011

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, 2010.

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, 2010 by $20 million (presented as "total net assets"). Of this amount, a negative of $145.9 million was reported as "unrestricted.' The net investment in capital assets was $122.8 million. The assets of the City's business-type activities exceed its liabilities by $214.3 million. Of this amount, $179.8 million represents the City's net investment in capital assets.

Change in Net Assets – The City's total net assets decreased by $56.3 million in fiscal year 2010. Net Assets of governmental activities decreased by $60.1 million, while net assets of business-type activities increased by $3.8 million.

Fund Highlights

Governmental Funds – Fund Balances – As of June 30, 2010, the City's governmental funds reported a combined ending fund balance of $68.6 million. A $43.8 million decrease from the prior year. Of the total fund balance reported, $42.0 million represents "undesignated fund balance," of which $7.1 million pertains to Capital Project Funds, $56.0 million is for non-major funds, $3.5 million pertains to the general fund, and $2.0 million pertains to school grant funds.

Long-Term Obligations

The City's total long-term obligations related to its government activities had a net increase of $7.2 million during the current fiscal year.

The total long-term obligations of the City's proprietary activities increased $11.97 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.

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:

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 recourses. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed, short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules for the general and school funds – the only governmental funds for which legal budgets are adopted annually. In fiscal year 2010, there were no significant modifications to the budgets originally adopted for each fund.

Other Supplementary Information

Combining Financial Statements and Schedules

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

Government-Wide Financial Analysis

Net Assets

As earlier noted, net assets may serve as a useful indicator of the government's financial position overtime. The City's combined net assets (government and business-type activities) totaled $223.9 million at the end of 2010, compared to $249.6 million at the end last year.

The largest portion of the City's net assets, $302.6 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, 2010			June 30, 2009		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 250,488	$ 70,308	$ 320,796	$ 286,801	$ 78,114	$ 364,915
Capital assets	651,082	235,100	886,182	637,197	204,233	841,430
Total Assets	901,570	305,408	1,206,978	923,998	282,347	1,206,345
Current liabilities	176,445	37,268	213,713	171,946	28,310	200,256
Long-term liabilities	746,195	53,780	799,995	713,017	43,465	756,482
Total Liabilities	922,640	91,048	1,013,708	884,963	71,775	956,738
Net assets:						
Invested in capital assets, net of related debt	122,820	179,800	302,620	102,250	159,670	261,920
Restricted		31,037	31,037		44,280	44,280
Unrestricted	(143,890)	3,503	(140,387)	(63,215)	6,622	(56,593)
Total Net Assets	$ (21,070)	$ 214,340	$ 193,270	$ 39,035	$ 210,572	$ 249,607

Restricted net assets of $31.0 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.

Changes in Net Assets

The City's net assets decreased by $60.1 million and increased by $3.8 million for governmental activities and business-type activities, respectively. The reason for this decrease is due primarily to a cut in state funding and increase in employee benefits and related costs and a change in assumption for the OPEB. Business-type activities increased due to higher charges for services collected in FY2010. Approximately, 43% of the City's total governmental revenues was generated from taxes and payments in lieu of taxes. 41.3% resulted from

grants and contributions, including Federal Aid. Charges for various goods and services provided 11.0% of total revenues, while other revenues and investment and rental income accounted for 4.7% 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 2010 exceeded expense by $3.8 million. The increase in revenue was due from operating surpluses from the Water Supply Board, which reported an increase in revenue of 2.9%, while expense increased 3.1% over the prior year.

Revenues:						
Program revenues:						
Charges for services	$ 79,089	$ 83,784	$ 162,873	$ 61,989	$ 81,450	$ 143,439
Operating grants and contributions	256,345		256,345	272,674		272,674
Capital grants and contributions	-	773	773	13,908	775	14,683
General revneues			-			-
Property taxes	308,940		308,940	304,455		304,455
Grants not restricted to specific programs	40,070		40,070	22,369		22,369
Miscellaneous	31,358		31,358	21,525		21,525
Unrestricted investment earnings	252	1,404	1,656	1,230	1,243	2,473
Total revenues	716,054	85,961	802,015	698,150	83,468	781,618
Expenses:						
Executive, legislative, and judicial	42,202		42,202	32,624		32,624
Finance	59,345		59,345	111,908		111,908
Public safety	182,787		182,787	109,501		109,501
Building inspection	4,806		4,806	2,946		2,946
Public works	23,030		23,030	19,657		19,657
Recreation	3,285		3,285	2,771		2,771
Public land and parks	21,069		21,069	(313)		(313)
Education	381,096	12,194	393,290	377,736	12,044	389,780
Community development	31,150		31,150	26,110		26,110
Interest on long-term debt	27,389		27,389	27,360		27,360
Economic development		17,696	17,696		17,222	17,222
Water		52,303	52,303		50,381	50,381
Total expenses	776,159	82,193	858,352	710,300	79,647	789,947
Change in net assets	(60,105)	3,768	(56,337)	(12,150)	3,821	(8,329)
Net assets - beginnig	39,035	210,572	249,607	51,185	206,751	257,936
Net assets - ending	$ (21,070)	$ 214,340	$ 193,270	$ 39,035	$ 210,572	$ 249,607

Business-Type Activities

The business-type activities increased the City's net assets by $3.8 million. This resulted primarily from a $4.0 million increase in net assets of the Water Supply Board and a decrease in net assets of $422 thousand by the Providence Public Building Authority. The Water Supply Board increase was primarily due to higher charges for services collected in FY2010.

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, unreserved fund balance of the general fund was $2.1 million. As a measure of the general funds' liquidity, it may be useful to compare both unreserved fund balance and total fund balance of total fund expenditures. Unreserved and general fund balance represents 1.0% of total general fund expenditures.

School Grants-Fund Balance – The school grant funds account for federal and state grants received and expended by the school system. The fiscal year 2010 school grants fund balance is reported at $1.98 million, a $.18 million increase from fiscal year 2009. The increase is related to a decrease in expenditure of grant funds prior to the fiscal year-end. During 2010, the City was awarded Federal funding under the American Recovery and Reinvestment Act resulting in an increase of revenues and expenses.

School Fund – The school fund ended the year with a $0 fund balance in accordance with City charter regulations. The expenditures were $260.0 million as compared to $265.6 million in the prior year. Expenditures decreased approximately 21% due to the City's efforts to cut costs as state funding was significantly reduced in FY2010.

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 2010 capital projects fund balance is $7.1 million. The $2.7 million decrease from fiscal year 2009 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 $3.8 million as a result of operations in the individual enterprise funds. The Water Supply Board showed an increase in net assets of $4.0 million resulting primarily from higher charges for services collected in FY 2010. The Providence Public Building Authority accounted for a $.42 million decrease in net assets and the School Lunch Program accounted for a $58 thousand decrease in net assets.

General Fund Budgetary Highlights

The City sustained an overall budgetary deficit of $12.5 million in fiscal year 2010. This will decrease the cumulative fund balance to $3.5 million. Total general fund revenues and transfers for the fiscal year were $449.0 million and total general fund expenditures and transfers for the fiscal year were $461.5 million. The City's surplus on revenues is a result of transfers from other funds, which were used to offset revenue shortfalls in other areas. Local receipts remained relatively stable in 2010. Because of state revenue reductions, expenditures were offset by cost cutting measures and savings from other funds were transferred into the general fund during fiscal year 2010. The City will continue to review its cost cutting and process improvements to increase efficiency and reduce costs in future periods.

Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 55 to 59 of the Comprehensive Annual Financial Report.

Capital Asset and Debt Administration

Capital Assets (Note 5 to the Basic Financial Statements)

	June 30, 2010			June 30, 2009		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	$ 45,892	$ 13,574	$ 59,466	$ 45,892	$ 12,551	$ 58,443
Land Improvements		18,682	18,682	8,245	18,682	26,927
Building and Improvements	121,630	145,627	267,257	115,054	125,568	240,622
Machinery and Equipment	13,021	4,404	17,425	14,567	4,052	18,619
Infrastructure	111,864		111,864	114,693		114,693
Leased assets	201,606	9,710	211,316	199,551	10,779	210,330
Construction in Progress	157,069	43,103	200,172	139,195	32,601	171,796
Total	$ 651,082	$ 235,100	$ 886,182	$ 637,197	$ 204,233	$ 841,430

The City's investment in capital assets for its governmental activities as of June 30, 2010 amounts to $999.8 million, net of accumulated depreciation of $348.8 million, leaving a net book value of $651.0 million. This investment in capital assets included land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

Debt Administration

	June 30, 2010			June 30, 2009		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 88,260	$	$ 88,260	$ 96,735	$	$ 96,735
Revenue bonds	58,080	55,299	113,379	60,295	43,573	103,868
Tax increment obligations	18,435		18,435	21,150		21,150
Capital leases payable	51,325		51,325	47,628	990	48,618
Notes payable	798		798	2,336		2,336
PPBA Debt	-	360,663	360,663	-	503,289	503,289
Total	$ 216,898	$ 415,962	$ 632,860	$ 228,144	$ 547,852	$ 775,996

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

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

The City's total outstanding notes and bonds increased by $2.4 million during the current fiscal year.

The 2004 State legislative session authorized the City to issue variable rate debt and to participate in interest rate swaps. The City is developing policies that will set guidelines and procedures and define permitted instruments. It will set participant requirements and limitations on exposure, as well as ongoing management and reporting requirements. As of the date of this report, the City has not issued variable rate debt or participated in interest rate swaps.

The City of Providence maintains the following ratings from Wall Street's credit agencies for general obligation debt: an A1 rating from Moody's Investors Service, and an A rating from Standard and Poor and a AA- 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 is currently in union negotiations to increase the employees' contributions of health insurance costs.

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 concerting 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, Room 304, Providence, RI 02903.

CITY OF PROVIDENCE

BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Net Assets
June 30, 2010 (in thousands)

	Governmental Activities	Business-Type Activities	Totals*
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 75,028	$ 50,526	$ 125,554
Restricted cash and cash equivalents		27,844	27,844
Investments	29,811	12,076	41,887
Restricted investments		4,303	4,303
Taxes receivable (net of allowance)	18,493		18,493
Intergovernmental receivable	49,725	986	50,711
Loan receivable (net of allowance)	15,958		15,958
Restricted receivables		1,092	1,092
Other receivable	16,921		16,921
Charges for service receivable (net of allowance)		10,459	10,459
Internal balances	38,352	(38,352)	-
Other assets	2,296	1,374	3,670
Total current assets	246,584	70,308	316,892
Noncurrent assets			
Deferred charges	3,904		3,904
Capital assets, nondepreciable	202,961	75,358	278,319
Capital assets, depreciable, net	448,121	159,742	607,863
Total noncurrent assets	654,986	235,100	890,086
TOTAL ASSETS	901,570	305,408	1,206,978
LIABILITIES:			
Current Liabilities:			
Warrants and accounts payable	30,103	12,968	43,071
Payable to retirement plan	51,536		51,536
Due to other governments	816		816
Accrued liabilities	21,955		21,955
Other		13,911	13,911
Unearned revenue	1,406	1,945	3,351
Amounts payable with current restricted assets		5,595	5,595
Long term debt due within one year	70,629	2,869	73,498
Total current liabilities	176,445	37,288	213,733
Noncurrent liabilities:			
Due in more than one year	746,195	53,780	799,975
Total noncurrent liabilities	746,195	53,780	799,975
TOTAL LIABILITIES	922,640	91,068	1,013,708
Net Assets			
Investment in capital assets, net of related debt	122,820	179,800	302,620
Restricted for Water Quality Protection		30,408	30,408
Restricted for debt service		629	629
Unrestricted	(143,890)	3,503	(140,387)
TOTAL NET ASSETS	$ (21,070)	$ 214,340	$ 193,270

* 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, 2010 (In thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	**Expenses**	**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	$ 42,202	$ 222			$ (41,980)	$	$ (41,980)
Finance	59,345	42,926			(16,419)		(16,419)
Public Safety	182,787	19,515	$ 3,084		(160,188)		(160,188)
Building inspection	4,806	3,599			(1,207)		(1,207)
Public Works	23,030	219			(22,811)		(22,811)
Recreation	3,285	231	349		(2,705)		(2,705)
Public land and parks	21,069	311			(20,758)		(20,758)
Education	381,096	11,691	238,267		(131,138)		(131,138)
Community development	31,150	375	14,645		(16,130)		(16,130)
Interest on long-term debt	27,389	-			(27,389)		(27,389)
Total governmental activities	776,159	79,089	256,345	-	(440,725)	-	(440,725)
Business-type activities:							
PPBA	17,696	16,362				$ (1,334)	$ (1,334)
Water Supply Board	52,303	54,976		$ 773		3,446	3,446
Non-major School lunch program	12,194	12,446				252	252
Total business-type activities	82,193	83,784		773		2,364	2,364
Total primary government	$ 858,352	$ 162,873	$ 256,345	$ 773	(440,725)	2,364	(438,361)
General revenues							
Taxes:							
Property taxes					289,837		289,837
Payments in lieu of taxes					19,103		19,103
Grants and contributions not restricted to specific programs					40,070		40,070
Investment income					252	1,404	1,656
Miscellaneous					31,358		31,358
Total general revenues					380,620	1,404	382,024
Change in net assets					(60,105)	3,768	(56,337)
Net assets-beginning					39,035	210,572	249,607
Net assets-ending					$ (21,070)	$ 214,340	$ 193,270

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Balance Sheet- Governmental Funds
June 30, 2010 (In thousands)

	Major Funds					
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 29,520	$ 8,933	$ 6,393	$ 8,110	$ 18,190	$ 71,146
Investments					29,811	29,811
Receivables, net:						
Taxes	18,493					18,493
Loans					15,958	15,958
Intergovernmental	23,003	1,868	23,726		1,128	49,725
Other	2,959	2,133	57		10,988	16,137
Due from other funds	53,421	47,959	10,539	200	54,793	166,912
Other assets					28	28
TOTAL ASSETS	$ 127,396	$ 60,893	$ 40,715	$ 8,310	$ 130,896	$ 368,210
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Warrants and accounts payable	$ 6,767	$ 13,710	$ 3,046	$ 737	$ 4,334	$ 28,594
Accrued liabilities	6,028	22,549	7			28,584
Other payables	28,954	7,380				36,334
Unearned revenues		15	274		366	655
Deferred revenue	16,560				10,799	27,359
Due to other funds	65,184	17,239	35,037	492	59,349	177,301
Due to other governments	445		371			816
TOTAL LIABILITIES	123,938	60,893	38,735	1,229	74,848	299,643
FUND BALANCES:						
Reserved for:						
Loans					15,882	15,882
Subsequent year expenditures	1,378					1,378
Unreserved:						
Designated for future uses, reported in special revenue funds					9,311	9,311
Undesignated, reported in						
General fund	2,080					2,080
Special revenue funds			1,980		18,061	20,041
Capital project funds				7,081		7,081
Permanent funds					12,794	12,794
TOTAL FUND BALANCES	3,458		1,980	7,081	56,048	68,567
TOTAL LIABILITIES AND FUND BALANCES	$ 127,396	$ 60,893	$ 40,715	$ 8,310	$ 130,896	

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.	651,082
Net pension obligations and other post employment benefits	(185,400)
Deferred charges	3,904
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(589,131)
Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets	27,359
Internal service funds are used by management to charge the costs of self-insurance and legal claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,549
Net assets of governmental activities (A-1)	$ (21,070)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Revenues, Expenditures and Changes In Fund Balances-Governmental Funds
For the Year Ended June 30, 2010 (In thousands)

	Major Funds					
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 290,358	$ -	$ -	$ -	$ -	$ 290,358
Departmental revenue	52,420	567		69	12,730	65,786
Federal and state grants and reimbursements	45,840	100,536	124,485	476	30,935	302,272
Investment and rental income	6,266			3	13,473	19,742
Fines and forfeitures	7,663			-		7,663
State Fiscal Stabilization Funds		13,246				13,246
Other		10,795	329	-	743	11,867
TOTAL REVENUES	402,547	125,144	124,814	548	57,881	710,934
EXPENDITURES:						
Current:						
Executive, legislative, and judicial	12,528				1,711	14,239
Finance	43,447					43,447
Public safety	144,941				21,313	166,254
Building inspection	4,391					4,391
Public works	19,064					19,064
Recreation	2,182				720	2,902
Public lands and parks	18,245				893	19,138
Other departments	9,262					9,262
Grants	4,529					4,529
Education		260,018	123,618		-	383,636
Community development					26,621	26,621
Noncurrent:						
Capital outlays				2,856	-	2,856
Debt Service:						-
Principal	43,339			51	3,263	46,653
Interest and other costs	23,579			367	2,255	26,201
TOTAL EXPENDITURES	325,507	260,018	123,618	3,274	56,776	769,193
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	77,040	(134,874)	1,196	(2,726)	1,105	(58,259)
OTHER FINANCING SOURCES (USES)						
Transfers in	28,581	135,193	1,780	-	211	165,765
Transfers out	(134,024)	(319)	(2,790)	-	(28,632)	(165,765)
Capital leases issued	14,500			-		14,500
TOTAL OTHER FINANCING SOURCES (USES)	(90,943)	134,874	(1,010)	-	(28,421)	14,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(13,903)	-	186	(2,726)	(27,316)	(43,759)
FUND BALANCES AT BEGINNING OF YEAR	17,361	-	1,794	9,807	83,364	112,326
FUND BALANCE AT END OF YEAR	$ 3,458	$ -	$ 1,980	$ 7,081	$ 56,048	$ 68,567

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, 2010 (in thousands)

Net Change in Fund Balances - Total Governmental Fund (B-2)	$ (43,759)
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.	(9,246)
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.	5,119
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.	(1,229)
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.	31,653
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.	(42,643)
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	$ (60,105)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Assets-Proprietary Funds
June 30, 2010 (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	$ 2,811	$ 44,314	$ 3,401	$ 50,526	$ 3,882
Restricted cash	27,844			27,844	
Investments		12,076		12,076	
Restricted investments	4,303			4,303	
Receivables, net	10,427		32	10,459	784
Restricted receivables	1,092			1,092	
Receivables- other govemments			986	986	
Rentals receivable		490,768		490,768	
Due from other funds	1,296		438	1,734	26,016
Inventories	851			851	
Other assets	523			523	2,268
Total current assets	49,147	547,158	4,857	601,162	32,950
Noncurrent assets:					
Deferred gain on refunding		876		876	
Capital assets:					
Land	13,574			13,574	
Buildings and improvements	62,483			62,483	
Improvements other than buildings	217,731			217,731	
Machinery and equipment	26,554			26,554	
Construction in progress	61,784			61,784	
	382,126			382,126	
Less accumulated depreciation	147,026			147,026	
Net capital assets	235,100			235,100	
Total noncurrent assets	235,100	876		235,976	
Total assets	284,247	548,034	4,857	837,138	32,950
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	6,511	2,729	3,728	12,968	1,509
Claims payable					11,914
Unearned revenue	1,945			1,945	751
Due to other funds	315		819	1,134	16,227
Other		36,138		36,138	
Amounts payable from restricted assets	5,595			5,595	
Net bond premium		221		221	
Current portion of long-term debt and capital leases	2,869	23,409		26,278	
Total current liabilities	17,235	62,497	4,547	84,279	30,401
Noncurrent liabilities:					
Revenue bonds	52,430	481,176		533,606	
Net bond premium		3,563		3,563	
Net OPEB obligation	1,350			1,350	
Total noncurrent liabilities	53,780	484,739		538,519	
TOTAL LIABILITIES	71,015	547,236	4,547	622,798	30,401
NET ASSETS					
Invested in capital assets, net of related debt	179,800			179,800	
Restricted for Water Quality Protection	30,408			30,408	
Restricted for debt service		629		629	
Unrestricted	3,024	169	310	3,503	2,549
TOTAL NET ASSETS	$ 213,232	$ 798	$ 310	$ 214,340	$ 2,549

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, 2010 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
OPERATING REVENUES:					
Charges for sales and services	$ 54,976	$ -	$ 11,522	$ 66,498	$ 97,134
Lease receipts	-	16,171		16,171	
Other	-	191	924	1,115	-
Total operating revenues	54,976	16,362	12,446	83,784	97,134
OPERATING EXPENSES:					
Cost of sales and services	26,325	635	12,194	39,154	
Health claims	-	-		-	98,364
Administration	13,122	259		13,381	
Depreciation	11,421	-		11,421	
Total operating expenses	50,868	894	12,194	63,956	98,364
OPERATING INCOME (LOSS)	4,108	15,468	252	19,828	(1,230)
NON-OPERATING REVENUES (EXPENSES):					
Investment income	492	912		1,404	1
Interest expense	(1,435)	(16,802)		(18,237)	
Total non-operating expenses	(943)	(15,890)	-	(16,833)	1
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,165	(422)	252	2,995	(1,229)
Capital grants and contributions	773	-	-	773	
Change in net assets	3,938	(422)	252	3,768	(1,229)
FUND NET ASSETS, BEGINNING	209,294	1,220	58	210,572	3,778
FUND NET ASSETS, ENDING	$ 213,232	$ 798	$ 310	$ 214,340	$ 2,549

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2010 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and other	$ 54,665	$ 37,103	$ 900	$ 92,668	$ 92,866
Cash received from intergovernmental sources		$ 191	11,556	11,747	
Cash paid to vendors	(20,412)	(894)	(10,815)	(32,121)	(93,037)
Cash paid to employees	(13,334)	-	(723)	(14,057)	
Net cash provided by (used for) operating activities	20,919	36,400	918	58,237	(171)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due to other funds	(3,048)	-	(1,411)	(4,459)	
Net cash (used for) noncapital financing activities	(3,048)	-	(1,411)	(4,459)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(42,288)	(35,232)		(77,520)	
Interest paid on debt	(1,435)	(16,983)		(18,418)	
Proceeds from bond issuance and net bond premium	21,364	22,320		43,684	
Repayment of long-term debt and capital leases	(2,513)	(21,025)		(23,538)	
Capital grants	773			773	
Net cash provided by (used for) capital and related financing activities	(24,099)	(50,920)	-	(75,019)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(3,094)	-		(3,094)	
Investment income	492	912		1,404	10
Net cash provided by (used for) investing activities	(2,602)	912	-	(1,690)	10
Net (decrease) in cash and cash equivalents	(8,830)	(13,608)	(493)	(22,931)	(161)
Cash and Cash Equivalents					
Beginning	39,485	57,922	3,894	101,301	3,908
Ending	$ 30,655	$ 44,314	$ 3,401	$ 78,370	$ 3,747

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2010 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	$ 4,108	$ 15,468	$ 252	$ 19,828	$ (1,230)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	11,421			11,421	
Administrative expenses funded by bond proceeds		(112)		(112)	
Changes Is assets and liabilities:					
Receivables	(210)	14,493	10	14,293	(167)
Inventories	(372)			(372)	
Other assets	(143)			(143)	
Due from other funds					(4,915)
Accounts payable and accrued expenses	6,073		656	6,729	(2,526)
Due to other funds					10,259
Unearned revenue	42			42	115
Net cash provided by (used in) operating activities	$ 20,919	$ 29,849	$ 918	$ 51,686	$ 1,536

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Fiduciary Net Assets-Fiduciary Funds
June 30, 2010 (in thousands)

	Employee Retirement Plan	OPEB Trust Fund	Private Purpose Trust Fund Funds	Agency Fund
ASSETS				
Investments, at fair value:				
U.S. Government securities	$ 4,407			
Corporate and foreign bonds	32,303			
Corporate equity securities	214,102			
Mutual funds			$ 946	
Total investments	250,812		946	
Cash and cash equivalents	4,206	$ 1,040	13	$ 1,153
Receivables:				
Loans receivable	24,828			
Other	36,639			27
Total receivables	61,467			27
Total assets	316,485		959	1,180
LIABILITIES				
Accounts payable	156			
Due to student groups				540
Other payables	201			640
Total liabilities	357			$ 1,180
NET ASSETS				
Held in Trust for Pension Benefits and Other Purposes	$ 316,128	$ 1,040	$ 959	

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, 2010 (in thousands)

	Employee Retirement Plan	OPEB Trust Fund	Private Purpose Trust Fund Funds
ADDITIONS:			
Contributions:			
Employer	$ 49,358	$ 1,040	
Employees	11,232		
Donations			$ 18
Total contributions	60,590	1,040	18
Investment Earnings			
Net appreciation in the fair value of investments	29,659		135
Interest	1,958		
Dividends	3,905		
Total investment earnings	35,522		135
Total additions	96,112	1,040	153
DEDUCTIONS:			
Benefits	81,429		32
Administrative expenses	1,562		
Total deductions	82,991		32
Change in net assets	13,121	1,040	121
Net assets - beginning	303,007		838
Net assets - ending	$ 316,128	$ 1,040	$ 959

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

1. *SIGNIFICANT ACCOUNTING POLICIES*

Reporting Entity

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

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

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Individual Component Unit Disclosure (Continued)

Providence Public Buildings Authority (Continued)

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

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

The Providence Redevelopment Agency

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

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

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

Recently Issued Accounting Standards

The City has implemented GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the City's fiscal year ending June 30, 2010. The implementation of this standard had no effect on the City's financial statements.

The City has also implemented GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the City's fiscal year end June 30, 2010. The implementation of this standard had no effect on the City's financial statements.

The City has implemented GASB Statement No. 58 – Accounting and Financial Reporting for Chapter 9 Bankruptcies, effective for the City's fiscal year end June 30, 2010. The implementation of this standard had no effect on the City's financial statements.

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

- GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the City's fiscal year ending June 30, 2011.
- GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, full implementation for the City's fiscal year ending June 30, 2011.

(Continued)

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Recently Issued Accounting Standards (Continued)

- GASB Statement No. 59 – Financial Instruments Omnibus, effective for the City's fiscal year ending June 30, 2011.

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).

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.

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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

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 nonoperating 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.
- The *School Grants Fund* accounts for federal, state, and private grants received and expended by the school system.
- The *Capital Projects Fund* accounts for resources to be used for the acquisition or construction of capital assets for the housing and community improvement activities in the City.

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

- The *Pension Trust Fund* accounts for the activities of the City of Providence Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.
- The *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 indicidual funds.

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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.

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.

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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

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

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

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

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

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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 $43,001 and $3,122 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.

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.

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Fund Equity and Net Assets (Continued)

In the fund financial statements, fund balances of governmental funds are classified in separate categories. The three categories, and their general meanings, are as follows:

Reserved Fund Balance — indicates that portion of fund equity which is not available for appropriation or is legally segregated for specific future use.

Unreserved-Designated Fund Balance — indicates that portion of fund equity for which the City has made tentative plans.

Unreserved and Undesignated Fund Balance and Deficits — indicates that portion of fund equity which is available for appropriation and expenditure in future periods. Deficits require future funding.

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 $589,131 difference are as follows:

Bonds and notes payable	$	(526,236)
Add: premiums and discounts		4,184
Leases payable		(24,256)
Capital notes payable		(27,069)
Accrued interest payable		(4,632)
Compensated absences		(32,639)
Workers' compensation		(3,355)
Claims and judgments		(14,080)
Unspent PPBA bond proceeds		38,952
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	$	(589,131)

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 $9,246 difference is as follows:

Capital outlay - governmental funds	$	7,294
Depreciation expense		(16,540)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	$	(9,246)

(Continued)

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

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 $31,653 difference are as follows:

Capital lease proceeds	$	(14,500)
Principal repayments:		
General obligation bonds		33,812
Capital leases		6,782
Capital notes		4,021
Notes payable		1,538
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$	31,653

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 $(42,643) difference are as follows:

Compensated absences	$	343
Accrued interest		190
Deferred charges		(396)
Amortization of bond premium		(482)
Claims and judgments		3,985
Net pension obligation		(5,280)
Other post employment benefits		(41,003)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	$	(42,643)

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.

(Continued)

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

Investments

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

Interest Rate Risk

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

Concentrations

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

Custodial Credit Risk

Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010 $43,116 of the city's bank balance of $136,932 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.

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

Cash and investments of the City consist of the following at June 30, 2010:

Cash and Cash Equivalents		
Deposits with financial institutions	$ 81,440	
PPBA deposits with financial institutions	44,314	
Water Supply Board deposits with financial institutions	30,655	
School Lunch Program deposits with financial institutions	3,401	
Total cash and cash equivalents	159,810	
Investments		
Non-major Governmental Funds		
Mutual Funds	23,453	
Municipal Bonds	6,358	*
	29,811	
Private Purpose Trust Funds		
Mutual Funds	946	
PPBA Investments		
Guaranteed Investment Contracts	12,076	
	12,076	
Water Supply Board		
Equity Mutual Funds	4,303	
Pension Trust Funds		
U.S. Government Securities	4,407	*
Corporate and Foreign Bonds	32,303	*
Common and Preferred Stocks	214,102	*
	250,812	
Total investments	297,948	
Total cash and investments	$ 457,758	

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

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	$	125,554
Restricted cash and cash equivalents		27,844
		153,398
Fiduciary Funds		
Cash and cash equivalents		6,412
		6,412
Total cash and cash equivalents	$	159,810
Investments		
Statement of Net Assets		
Investments	$	41,887
Restricted investments		4,303
		46,190
Fiduciary Funds		
Investments		251,758
Restricted investments		
		251,758
Total investments	$	297,948

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:

		Investment Maturities (in Years)			
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	$ 4,407	$	$ 2,918	$ 1,062	$ 427
Corporate and Foreign Bonds	32,303		14,189	10,048	8,066
Municipal Bonds	6,358				6,358
PPBA-Guaranteed Investment	12,076	3,378		4,086	4,612
TOTAL	$ 55,144	$ 3,378	$ 17,107	$ 15,196	$ 19,463

(Continued)

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 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	$ 7,525	$ 6,358	
AA+	581		
AA	227		3,258
AA-	404		
A+	1,611		
A	5,066		
A-	2,704		8,818
BBB+	3,967		
BBB	3,744		
BBB-	2,893		
BB+	301		
BB	682		
BB-	250		
B+	587		
B	214		
B-	298		
CCC-	127		
Unrated	1,122		
	$ 32,303	$ 6,358	$ 12,076

4. *INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS*

As of June 30, 2010, interfund receivables and payables that resulted from various interfund transactions were as follows (in thousands):

	Due from Other Funds	Due to Other Funds
General Fund	$ 53,421	$ 65,184
School Fund	47,959	17,239
School Grants	10,539	35,037
Capital Projects	200	492
Non-Major Governmental Funds	54,793	59,349
Water Supply Board	1,296	315
School Lunch Program	438	819
Internal Service Fund	26,016	16,227
Total	$ 194,662	$ 194,662

Amounts owed among funds result principally from timing of payments to the City's general fund of $53.4 million, payments to the City's health insurance and legal claims fund of $26 million, and amounts owed to the school fund for current year expenditures of $47.9 million. All of these amounts were paid subsequent to year-end. All other amounts owed are expected to be paid within one year.

Interfund transfers during the year ended June 30, 2010 were as follows (in thousands):

	Transfers from Other Funds	Transfers to Other Funds
General Fund	$ 28,581	$ 134,024
School Fund	135,193	319
School Grants	1,780	2,790
Non-Major Governmental Funds	211	28,632
Total	$ 165,765	$ 165,765

The most significant transfer in fiscal year 2010 was the appropriated operating subsidy from the City's general fund to the school fund.

5. *CAPITAL ASSETS*

Capital asset activity for the year ended June 30, 2010 was as follows: (in thousands):

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 45,892	$ -	$ -	$ 45,892
Construction in progress-City	8,968	2,290	215	11,043
Construction in progress-PPBA	130,227	23,131	7,332	146,026
Total capital assets, not being depreciated	185,087	25,421	7,547	202,961
Capital assets, being depreciated:				
Buildings	180,089	-	-	180,089
Improvements other than buildings	16,503	900	-	17,403
Machinery and equipment	68,504	3,318	179	71,643
Infrastructure	276,700	1,001	362	277,339
Building - leases-PPBA	243,078	7,332	-	250,410
Total capital assets being depreciated	784,874	12,551	541	796,884
Less accumulated depreciation for:				
Buildings	65,035	1,884	-	66,919
Improvements other than buildings	8,258	685	-	8,943
Machinery and equipment	53,937	5,226	541	58,622
Infrastructure	162,007	3,468	-	165,475
Building - leases	43,527	5,277	-	48,804
Total accumulated depreciation	332,764	16,540	541	348,763
Total capital assets, being depreciated, net	452,110	(3,989)	-	448,121
Governmental activities capital assets, net	$ 637,197	$ 21,432	$ 7,547	$ 651,082

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.

5. *CAPITAL ASSETS (Continued)*

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 12,551	$ 1,023	$ -	$ 13,574
Construction in progress-City	32,601	40,509	30,007	43,103
Other land improvements	18,682		-	18,682
Total capital assets, not being depreciated	63,834	41,532	30,007	75,359
Capital assets, being depreciated:				
Buildings	37,038	11,599	-	48,637
Improvements other than buildings	198,827	18,903	-	217,730
Machinery and equipment	26,293	261	-	26,554
Leased assets	13,846		-	13,846
Total capital assets being depreciated	276,004	30,763	-	306,767
Less accumulated depreciation for:				
Buildings	25,454	3,103	-	28,557
Improvements other than buildings	84,843	7,340	-	92,183
Machinery and equipment	21,357	793	-	22,150
Leased assets	3,951	185	-	4,136
Total accumulated depreciation	135,605	11,421	-	147,026
Total capital assets, being depreciated, net	140,399	19,342	-	159,741
Business-type activities capital assets, net	$ 204,233	$ 60,874	$ 30,007	$ 235,100

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

Executive, legislative and judicial	$ 16
Finance	103
Public safety	1,864
Public works	3,522
Recreation	10
Public lands and parks	1,183
Other departments	2,324
Education	2,241
Building Leases	5,277
Total depreciation expense	$ 16,540

(Continued)

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
General Fund:		
Taxes amd accrued interest on delinquent property taxes	$ -	$ 16,327
Charges for services	-	233
School Fund:		
School Grants:	15	
Grant drawdowns prior to meeting all eligibility requirements	274	-
Nonmajor Funds		
Charges for services	-	10,799
Deferred revenue	366	
Deferred loan fees and loan fees	45	-
	$ 700	$ 27,359

7. *LONG-TERM OBLIGATIONS*

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	$ 96,735		$ 8,475	$ 88,260	$ 8,595
Revenue bonds	60,295		2,215	58,080	2,290
Special obligation tax increment	21,150		2,715	18,435	2,860
Total bonds payable	178,180		13,405	164,775	13,745
Notes payable	2,336		1,538	798	239
Capital leases	16,538	14,500	6,782	24,256	2,239
Capital notes	31,090		4,021	27,069	2,966
Total bonds and notes payable	228,144	14,500	25,746	216,898	19,189
Deferred items from refunding	(4,666)	482		(4,184)	-
Other Long-Term Liabilities:					
Claims and judgments	24,693	715		25,408	25,408
Compensated absences	32,982	24,727	25,070	32,639	3,264
Net pension obligation	127,487	5,280		132,767	-
Other post employment liability	11,630	41,003		52,633	-
Total other long-term liabilities	196,792	71,725	25,070	243,447	28,672
Governmental activity long-term liabilities before PPBA reclassification	420,270	86,707	50,816	456,161	47,861
PPBA Debt	358,750	22,320	20,407	360,663	22,768
Government activity long-term liabilities	$ 779,020	$ 109,027	$ 71,223	$ 816,824	$ 70,629

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.

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds - water	$ 43,573	$ 13,250	$ 1,524	$ 55,299	$ 2,869
PPBA - CITY	358,750	22,320	20,407	360,663	23,409
Total bonds	402,323	35,570	21,931	415,962	26,278
Capital leases	990		990		
PPBA - PAP Loans	142,865			142,865	-
PPBA - Water	1,674		617	1,057	641
Other post employment liability	1,417		67	1,350	-
Business-type activity long-term liabilities	$ 549,269	$ 35,570	$ 23,605	561,234	26,919
Less PPBA Eliminations				(504,585)	(24,050)
Business-type activity long-term liabilities				$ 56,649	$ 2,869

* - Amount represents internal loans between the City and the PPBA and is therefore eliminated on the entity-wide statements.

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.

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

Debt service requirements for bonds and notes payable at June 30, 2010 were as follows:

	Governmental Activities			PPBA			Total Government Entity-Wide		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	$ 13,745	$ 7,698	$ 21,443	$ 22,768	$ 16,229	$ 38,997	$ 36,513	$ 23,927	$ 60,440
2012	12,760	6,943	19,703	21,385	15,288	36,673	35,528	23,172	58,700
2013	13,275	6,335	19,610	20,612	14,068	34,680	34,660	21,623	56,283
2014	11,865	5,738	17,603	21,501	14,017	35,518	32,477	19,806	52,283
2015	12,390	5,202	17,592	22,207	13,124	35,331	33,891	19,219	53,110
2016-2020	50,340	18,207	68,547	116,080	50,596	166,676	72,547	31,331	103,878
2021-2025	31,420	9,051	40,471	93,775	25,527	119,302	147,500	59,647	207,147
2026-2030	18,980	2,016	20,996	42,335	6,385	48,720	112,755	27,543	140,298
2031-2035			-	-	-	-	42,335	6,385	48,720
2036-2040			-	-	-	-	-	-	-
	$ 164,775	$ 61,190	$ 225,965	$ 360,663	$ 155,234	$ 515,897	$ 548,206	$ 232,653	$ 780,859

	Business-Type Activities			
	Principal	ARRA Principal Forgiveness	Interest	Total
2011	$ 25,637	$ -	$ 17,639	$ 43,276
2012	25,207	(260)	16,691	41,638
2013	24,093	(264)	15,505	39,334
2014	25,067	(268)	15,401	40,200
2015	25,866	(273)	14,417	40,010
2016-2020	127,522	(662)	55,993	182,853
2021-2025	105,733	(550)	29,100	134,283
2026-2030	56,214	(652)	7,749	63,311
2031-2035	623	(144)	9	488
	415,962	(3,073)	172,504	585,393
Less amount representing the PPBA	360,663	-	155,234	515,897
	$ 55,299	$ (3,073)	$ 17,270	$ 69,496

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

Bonds Payable

Total interest expense paid on general long-term liabilities for the year ended June 30, 2010 was approximately $27,000.

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Dec 2001 Series A	12/1/2001	37,000	3.0-5.5%	1/15/2026	$ 3,875		$ 1,245	$ 2,630
GO's Refunding Bonds '97	5/15/1997	23,435	4.4-5.5%	1/15/2011	3,130		1,575	1,555
December 2001- Taxable	12/1/2007	13,000	3.00-6.84%	1/15/2026	11,090		375	10,715
Judgement Bond	8/1/2000	6,825	4.75-5.375%	8/15/2015	3,945		470	3,475
Refunding Bonds 2001	12/1/2001	21,620	3.0-5.5%	1/15/2013	7,525		1,885	5,640
Revenue Refunding Bonds 2005 Series A	3/1/2005	67,315	3.0-5.0%	4/1/2029	60,295		2,215	58,080
GO Refunding Bonds 2004 Series A	9/16/2004	34,395	2.5-5.5%	7/15/2019	27,655		2,045	25,610
GO Refunding Bonds 2004 Series B	9/16/2004	12,135	2.37-5.41%	7/15/2019	9,915		705	9,210
Refinancing Neighborhood Bond 2001	8/1/2006	29,910	3.625-3.75%	6/30/2026	29,600		175	29,425
Special Obligation Bonds Series E	6/1/2006	24,465	4-5%	6/1/2016	20,960		2,715	18,245
Special Obligation Bonds Series G	6/1/2006	2,730	4-5%	6/1/2010	190			190
Total governmental activities bonds payable					$ 178,180	$ -	$ 13,405	$ 164,775
Revenue Bonds					$ 43,573	$ 13,250	$ 1,524	$ 55,299
1995 Series B	6/1/1995	7,500	4.70-7.10%	12/1/2014	3,270		470	2,800
1996 Series A	3/1/1996	36,225	3.50-5.40%	12/1/2011	8,140		3,005	5,135
(LESS: PPBA Water Portion)		(7,455)			(1,675)		(618)	(1,057)
1996 Series B	12/1/1996	21,225	5.375-6.50%	12/1/2017	11,245		1,155	10,090
1998 Series A	5/1/1998	28,270	3.85-5.10%	12/1/2018	16,100		1,270	14,830
1999 Series A	7/1/1999	39,750	4.10-5.5%	12/1/2019	26,550		1,835	24,715
2000 Series B	9/1/2000	10,435	5.25-5.75%	12/1/2010	2,475		1,205	1,270
2001 Series A	12/1/2001	9,995	3.25-5.125%	12/1/2021	7,685		440	7,245
2003 Series A	3/1/2003	31,000	2.5-5.0%	12/1/2023	25,075		1,275	23,800
2003 Series B	6/1/2003	31,000	3.0-5.0%	12/1/2023	25,255		1,295	23,960
2006 Series A	9/1/2006	60,000	4.0-5.0%	5/1/2027	57,300		2,085	55,215
2007 Series A	11/7/2007	75,000	3.75-5.5%	5/15/2028	75,000		2,525	72,475
2007 Series B	11/7/2007	16,470	3.75-5.5%	5/15/2021	14,330		960	13,370
2007 Series C	12/20/2007	75,000	3.5-5.0%	5/15/2028	75,000		2,630	72,370
2009 Series A	6/30/2009	12,000	6.25%	6/30/2021	12,000		695	11,305
2009 Series B	6/30/2009	1,000	5.01%	6/30/2014	1,000		180	820
2009 Series A QSCB	12/30/2009	22,320	1.92%	6/15/2025	-	22,320		22,320
Total business-type activities bonds payable					$ 402,323	$ 35,570	$ 21,931	$ 415,962

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

Capital Notes

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2009	Additions	Retirement	Balance June 30, 2010
4/1/2003	$ 23,655	1.70 - 4.25%	2013	$ 19,220		$ 970	$ 18,250
7/1/2005	2,223	5.75%	2010	1,158		1,158	
11/1/2005	9,145	3.61%	2010	3,855		1,893	1,962
5/1/2006	6,857	5.34 - 5.56%	2036	6,857		-	6,857
				$ 31,090	$ -	$ 4,021	$ 27,069

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

Notes Payable

At June 30, 2010, the City had several notes outstanding relating to planning and development activities. These notes included $132 of notes payable through 2011 with an interest rate based on LIBOR (3.10%) plus 2%. The notes are payable in annual installments of approximately $79. These notes also included $890 of Section 108 loans payable through 2013 with interest rates ranging from 3.82% to 7.18%; $130 was paid in 2009. In addition, the City has a note payable of $1,314 outstanding relating to the Fleet Skating Center. The interest rate on the note varies.

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, 2009 are as follows:

	City		Water Supply Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 22,768	$ 16,229	$ 641	$ 39	$ 23,409	$ 16,268
2012	21,385	15,288	416	11	21,801	15,299
2013	20,612	14,389	-	-	20,612	14,389
2014	21,501	13,467	-	-	21,501	13,467
2015	22,207	12,494	-	-	22,207	12,494
2016-2020	116,080	46,510	-	-	116,080	46,510
2021-2025	93,775	21,662	-	-	93,775	21,662
2026-2030	42,335	3,741	-	-	42,335	3,741
	$ 360,663	$ 143,780	$ 1,057	$ 50	$ 361,720	$ 143,830

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 $13.1 million and the current 3% debt limit of the City is $294.7 million based on taxable property as of December 31, 2006, of approximately $10.2 billion, leaving a remaining borrowing capacity of approximately $294 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, 2010, the total outstanding debt of the City issued outside the 3% debt limit was $78.3 million, excluding water bonds and sewer bonds that are deemed self-supporting.

7. *LONG-TERM OBLIGATIONS (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, 2010.

In-Substance Defeasance - Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2010, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, was approximately $39 million.

8. *LEASE COMMITMENT*

Property and equipment carried at approximately $98,000 with approximately $82,000 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, 2010.

	Operating	Capital
2011	$ 2,030	$ 3,556
2012	2,030	4,787
2013	2,030	3,092
2014	2,030	3,110
2015	2,030	3,135
Thereafter	2,030	10,454
	$ 12,180	28,134
Less: Interest		2,917
Present Value of minimum payments		$ 25,217

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.

(Continued)

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, 2010:

Governmental:

Federal Funds	$ 1,286
Skating Rink	$ 47
PRA	$ 1,439

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

Reserved fund balances at June 30, 2010 are as follows (in thousands):

General Fund

Reserved for subsequent year	$1,378

Non-Major Governmental Funds:

Reserved for loans	$15,882

The City has also designated $9,311 in the non-major Governmental Funds.

The Water Supply Board has restricted net assets of $30.4 million at June 30, 2010. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue.

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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,929
Active plan members	
Vested	1,849
Non-vested	1,149
	5,927

(Continued)

11. *EMPLOYEE RETIREMENT SYSTEM (Continued)*

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2010
Actuarial cost method	Individual entry age method
Amortization cost method	Approximate level percent of payroll-open
Remaining amortization period	22 years (for original unfunded)
Asset valuation method	5-year moving average of market values
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	2010-2013 – 4.25% Thereafter – 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, 2010, 2009 and 2008 were $49,123. 48,510 and $54,120 respectively.

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, 2010, which is the most recent report available.

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

Actuarial value of assets	427,891
Actuarial accrued liability	1,256,375
Unfunded (excess) actuarial accrued liability	828,484
Funded ratio	34.06%
Annual covered payroll	137,355
UALL (excess) as a percentage of payroll	603.17%

(Continued)

11. *EMPLOYEE RETIREMENT SYSTEM (Continued)*

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 2010	FY 2009	FY 2008
Annual required contribution	$ 51,299	$ 48,509	$ 54,120
Interest on NPO	10,837	10,571	10,411
Amortization of NPO	(7,733)	(7,543)	(8,538)
Annual pension cost	54,403	51,537	55,993
Contributions made	(49,123)	(48,410)	(54,120)
Increase in net pension obligation	5,280	3,127	1,873
Net pension obligation, beginning of year	127,487	124,360	122,487
Net pension obligation, end of year	$ 132,767	$ 127,487	$ 124,360
Percentage of annual pension cost contributed	90.29%	93.93%	96.65%

(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, 40 Fountain Street, Providence, Rhode Island 02903, 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:

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.

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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.

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 11.25%, 11.89%, and 13.04% for all full-time employees for fiscal years 2010, 2009 and 2008, 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 – 1994 Group Annuity Mortality Table with mortality for disable persons set equal to the age 65 under the 1971 Group Annuity Mortality Table.

B. Investment return – 8.25%, compounded annually.

C. Salary increase – Salaries will increase at a rate of 4.50% – 13.25%, compounded annually.

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 – Schedule A Members: 3% compounded annually. Schedule B Members: 2.5%.

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 $10.8 million for the fiscal year ended June 30, 2010. These amounts are included as revenues and expenditures/expenses in the accompanying financial statements.

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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

Years Ending June 30,

2010	$17,900
2009	$18,200
2008	$20,100

(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 $3.1 million for the year ended June 30, 2010.

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 4,287 retired participants and spouses during the fiscal year ended June 30, 2010 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 2010 the City contributed approximately $39,011 to the health insurance program on behalf of retirees. Plan members contributed approximately $4,550, or 13.42% 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):

12. *POSTEMPLOYMENT BENEFITS*

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual contribution	$ 79,580
Interest on net OPEB obligation	1,109
Adjustment to annual required contributions	(742)
Annual OBEB cost (expense)	79,947
Contributions made	39,011
Increase in net OPEB obligation	40,936
Net OPEB obligation - beginning of year	13,047
Net OPEB obligation - end of year	$ 53,983

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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
6/30/2010	$ 48,968	76.86%	$ 53,983
6/30/2009	$ 43,282	80.91%	$ 13,047
6/30/2008	40,447	88.16%	$ 8,260

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 Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2009	$ 1,040	$ 1,498,491	$ 1,497,451	0.07%	$ 268,871	556.94%
7/1/2008	$ 1,035	$ 593,903	$ 592,868	0.17%	$ 274,827	215.72%
7/1/2007	-	542,413	542,413	0%	256,157	211.75%

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, motility, 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.

(Continued)

12. *POSTEMPLOYMENT BENEFITS (Continued)*

Actuarial Methods and Assumptions (Continued)

In the July 1, 2009, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0%, formerly 8.5% investment 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 a closed basis. The remaining amortization period at July 1, 2009, was 28 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 Rhode Island Department of Education is reviewing the calculation of the City's prior year school housing aid revenue. It is not possible at this time to determine the ultimate liability, if any, that may result from this review. According, not liability has been reflected in the accompanying financial statements.

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

The City is committed under contracts for outstanding project approximating $3.0 million as of June 30, 2010.

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 2011 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 Health mate and Blue Cross - Blue Shield of Rhode Island (BCIBS). 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 BCIBS 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.

(Continued)

15. *RISK MANAGEMENT (Continued)*

Changes in the risk management liability for the fiscal years ended June 30, 2010 and June 30, 2009 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.

	2010	2009
Beginning of year	$24,693	$23,428
Incurred claims	98,364	89,978
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compensation	97,649	88,713
Total	$ 25,408	$24,693
Legal claims	$17,159	$16,706
Health – IBNR	4,894	4,561
Workers' compensation	3,355	3,426
Total	$ 25,408	$24,693

16. *SUBSEQUENT EVENTS*

In November 2010, the PPBA sold $19.5 million Series 1 Revenue and Refunding Bonds. These bonds have an interest rate of 4.25% and mature through December 2018.

In December 2010, the PPBA sold $12,280,000 2010 Series A Qualified School Construction Bonds and $9,665,000 2010 Series B Qualified Zone Academy Bonds through the Rhode Island Health and Educational Building Corporation. These bonds have an interest rate of 8% and mature in May 2029.

In June 2010, the City entered into a sale-leaseback arrangement with the PRA for certain property. In August 2010, the PRA obtained financing, receiving $12.6 million in payments and committing to a future stream of lease payments.

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, 2010 (in thousands)

Revenues and Transfers	Budgeted Amounts: Original	Budgeted Amounts: Final	Actual	Variance With Final Budget Positive/ (Negative)
Tax revenues:				
Property taxes	$ 284,756	$ 284,756	$ 284,510	$ (246)
Interest on overdue taxes	3,900	3,900	5,848	1,948
	288,656	288,656	290,358	1,702
Payments in lieu of taxes	19,651	19,651	19,103	(548)
Tax stabilization plans	7,000	7,000	7,000	-
State revenue	47,473	47,473	45,840	(1,633)
Fines	7,915	7,915	7,663	(252)
Rents	5,029	5,029	6,014	985
Investment interest	2,800	2,800	252	(2,548)
Miscellaneous	151	151	8	(143)
	90,019	90,019	85,880	(4,139)
Executive, legislative, and judicial:				
Law Department	-	-	1	1
City clerk	8	8	21	13
Probate court	200	200	166	(34)
Housing court	15	15	35	20
	223	223	223	-
Finance:				
Data processing	230	230	231	1
City collector	475	475	917	442
City controller	-	-	3	3
City assessor	5	5	3	(2)
Personnel	-	-	39	39
	710	710	1,193	483
Public safety:				
Commissioner of public safety	55	55	44	(11)
Police department	802	802	1,980	1,178
Fire department	550	550	778	228
Traffic engineering	1,200	1,200	1,346	146
	2,607	2,607	4,148	1,541
Building inspection department:				
Building inspection administration	5,000	5,000	3,600	(1,400)
Zoning board of review	85	85	97	12
Building board of review	25	25	5	(20)
Structures and zoning	-	-	14	14
	5,110	5,110	3,716	(1,394)

(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, 2010 (in thousands)

Revenues and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive/ (Negative)
Public works:				
Environmental control	30	30	203	173
Highway	170	170	1,034	864
Engineering			1	1
Sewer construction and maintenance	-	-	7	7
Garage repairs and maintenance			10	10
Administration	-	-	4	4
	200	200	1,259	1,059
Public lands and parks:				
North Burial Ground	-	-	203	203
Other departments:				
Recorder of deeds	2,850	2,850	2,561	(289)
Vital statistics	350	350	325	(25)
Bureau of licenses	1,534	1,534	1,392	(142)
Board of Canvassers	-	-	1	1
Emergency Management	197	197	395	198
WSB reimbursement	839	839	507	(332)
WSB medical reimbursement	375	375	1,085	710
JTPA/planning reimbursement	550	550	377	(173)
Room tax	1,100	1,100	1,229	129
Meals and beverage tax	4,013	4,013	3,962	(51)
Tax stabilization	-	-	56	56
Blue Cross reimbursement	650	650	661	11
Master alarm connection fee	628	628	38	(590)
Planning and urban development	-	-	5	5
Arts, Culture, Film & Tourism	-	-	527	527
Recreation seasonal	-	-	5	5
Providence Place Mall	200	200	200	-
Voluntary payments in lieu of taxes	3,692	3,692	1,930	(1,762)
Non-union furlough	1,080	1,080	-	(1,080)
	18,058	18,058	15,256	(2,802)
Public Properties	-	-	311	311
Transfers:				
Transfer from revolving funds	2,000	2,000	6,311	4,311
Transfer from rescue runs	2,600	2,600	4,040	1,440
Transfer from police/fire detail fund	650	650	3,100	2,450
Transfer from medical trust	-	-	2,000	2,000
Transfer from expendable trust	11,700	11,700	2,000	(9,700)
Transfer from capital proceeds fund	- -	-	12,600	12,600
Transfer from Other Financing	1,400	1,400	1,400	-
Capital lease proceeds			14,500	14,500
Transfers from North Burial Ground	530	530	530	-
	18,880	18,880	46,481	27,601
Parking Securitization	1,250	1,250	-	(1,250)
Total	$ 425,713	$ 425,713	$ 449,028	$ 23,315

(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, 2010 (in thousands)

Expenditures and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive/ (Negative)
Executive, legislative and judicial:				
Mayor's office	$ 2,669	$ 2,669	$ 2,631	38
City Council	1,217	1,217	1,161	56
City sergeant	925	925	816	109
City clerk	58	58	64	(6)
Law department	3,489	3,489	3,867	(378)
Municipal court	973	973	3,109	(2,136)
Probate court	412	412	398	14
Housing court	390	390	379	11
Contingencies-Mayor	110	110	103	7
	10,243	10,243	12,528	(2,285)
Finance:				
Finance director	816	816	798	18
City controller	1,488	1,488	1,416	72
Employees retirement office	478	478	477	1
Data processing	2,654	2,654	2,530	124
City collector	1,941	1,941	2,004	(63)
City assessor	2,597	2,597	2,543	54
Board of tax assessment review	16	16	36	(20)
Treasury department	457	457	374	83
Personnel	1,217	1,217	1,193	24
Heat, light and power	6,148	6,148	7,478	(1,330)
Debt service	57,504	57,504	68,004	(10,500)
Employee Death Benefit	200	200	192	8
Workers compensation	1,842	1,842	1,963	(121)
Unemployment compensation	215	215	320	(105)
Reserve for anticipated tax abatemen	350	350	85	265
	77,923	77,923	89,413	(11,490)
Public safety:				
Commissioner of public safety	1,283	1,283	969	314
Police department	65,559	65,559	68,160	(2,601)
Fire department	56,856	56,856	65,475	(8,619)
Communications department	8,650	8,650	8,668	(18)
Traffic Engineering	1,595	1,595	1,669	(74)
	133,943	133,943	144,941	(10,998)

(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, 2010 (in thousands)

	Budgeted Amounts			
Expenditures and Transfers	**Original**	**Final**	**Actual**	**Variance With Final Budget Positive/ (Negative)**
Building inspection department:				
Building inspection administration	1,607	1,607	1,667	(60)
Structures and zoning division	1,082	1,082	1,062	20
Plumbing, drainage, and gas piping	-	-	-	-
division	265	265	273	(8)
Electrical installations division	310	310	347	(37)
Mechanical equipment and installation	-	-	-	-
division	262	262	233	29
Zoning board of review	16	16	19	(3)
Building and housing board of review	14	14	13	1
Building inspection code enforcement	654	654	597	57
Building inspection prosecution	243	243	180	63
	4,453	4,453	4,391	62
Public works:				
Public works administration	674	674	705	(31)
Engineering and sanitation	634	634	647	(13)
Environmental control	9,953	9,953	9,328	625
Highway	5,896	5,896	5,392	504
Snow removal	1,595	1,595	1,639	(44)
Sewer construction and maintenance	873	873	684	189
Garage maintenance and equipment	-	-	-	-
repair	918	918	829	89
	20,543	20,543	19,224	1,319
Recreation:				
Recreation	1,699	1,699	1,473	226
Recreation seasonal	689	689	709	(20)
	2,388	2,388	2,182	206
Public lands and parks:				
Grounds maintenance services	3,784	3,784	3,835	(51)
Forestry services	1,160	1,160	1,104	56
Zoological services	2,584	2,584	2,581	3
Park environmental services (Greenhouse)	805	805	739	66
Park programming (Roger William Park)	2,132	2,132	2,001	131
Superintendent of parks	1,456	1,456	1,293	163
North Burial Grounds	670	670	636	34
	12,591	12,591	12,189	402
Other departments:				
Recorder of deeds	618	618	531	87
Vital statistics	363	363	351	12
Board of canvassers	509	509	516	(7)
Bureau of licenses	624	624	662	(38)

(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, 2010 (in thousands)

Expenditures and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive/ (Negative)
Other departments, Continued:				
Emergency Management	604	604	541	63
Planning and urban development	2,919	2,919	3,263	(344)
Administration to City Council	992	992	885	107
Internal auditor	482	482	378	104
Archives	280	280	246	34
Human relations commission	247	247	246	1
Department of human services	294	294	227	67
Office of Arts, Culture, Film & Tourism	482	482	1,056	(574)
Office of parking administration	95	95	98	(3)
Providence Housing Authority	50	50	8	42
League of Cities	12	12	12	-
Ceremonies	10	10	4	6
P.E.R.A.	287	287	238	49
	8,868	8,868	9,262	(394)
Grants:				
Providence Public Library	3,300	3,300	3,500	(200)
Rhode Island Historical Society	7	7	7	-
Capital Center	32	32	17	15
Providence Plan Commission	108	108	108	-
Community centers	420	420	420	-
Crossroads	122	122	122	-
P.A.S.A	202	202	253	(51)
Institute of Non-Violence	81	81	41	40
Procap	75	75	37	38
Grants (Transfer to Mary Sha)	24	24	24	-
	4,371 -	4,371 -	4,529	(158)
Public properties	6,290	6,290	6,056	234
Transfers:				
Transfers to School Department	120,275	120,275	133,864	(13,589)
Transfer to Retiree Benefits	23,825	23,825	22,952	873
	144,100 -	144,100	156,816	(12,716)
Total	$ 425,713	$ 425,713	$ 461,531	$ (35,818)

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
Schedule of Revenues and Expenditures-Budget and Actual-
School Fund
For the Year Ended June 30, 2010 (In thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance With Final Budget Positive (Negative)**
Revenues:				
Federal and state revenue	$ 185,901	$ 185,901	$ 178,578	$ (7,323)
State Fiscal Stabilization Fund			10,209	10,209
Other revenue	6,370	6,370	1,053	(5,317)
Transfers from other funds	120,275	120,275	130,593	10,318
Master lease proceeds	1,000	1,000		(1,000)
Total revenues	313,546	313,546	320,433	6,887
Expenditures:				
Education	313,546	313,546	320,433	(6,887)
Excess revenue over expenditures	$ -	$ -	$ -	$ -

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	$ 449,028	$ 320,433
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		10,795
Appropriation of prior year surplus	(1,400)	
Reimbursement of expenditures budgeted as revenue	(2,000)	
State Aid recorded in budgetary revenue and transers		(70,891)
Total revenues and transfers per financial statements	$ 445,628	$ 260,337
Total budgetary expenditures and transfers per schedule	$ 461,531	$ 320,433
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		10,795
Reimbursement of expenditures budgeted as revenue	(2,000)	
State Aid recorded in budgetary expenditures and transers		(70,891)
Total expenditures and transfers per financial statements	$ 459,531	$ 260,337

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)
2001	$ 341,986	$ 821,363	$ 479,377	41.64%	$ 116,493	411.51%
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%

SCHEDULE OF CONTRIBUTIONS FROM THE CITY

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	$ 38,899	60.60%
2002	42,442	64.18%
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	90.29%

Other Post Employment Benefits

Actuarial Valuation Date Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2009	$ 1,040	$ 1,498,491	$ 1,497,451	0.07%	$ 268,871	556.94%
7/1/2008	$ 1,035	$ 593,903	$ 592,868	0.17%	$ 274,827	215.72%
7/1/2007	-	542,413	542,413	0%	256,157	211.75%

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, 2009

	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	$ 2,245	$ 189	$ 2,377	$ 1,747	$ 200	$ 5,214	$ 55	$ 32	$ 4,662	$ 1,469	$ 18,190
Investments				17,878		122				11,811	29,811
Receivables, net:											
Loans	5,346	76	10,536								15,958
Intergovernmental						117		1,011			1,128
Other						10,988					10,988
Due from other funds	195	1,718	342	80		18,206	1		33,900	351	54,793
Other assets				24				4			28
Total assets	$ 7,786	$ 1,983	$ 13,255	$ 19,729	$ 200	$ 34,647	$ 56	$ 1,047	$ 38,562	$ 13,631	$ 130,896
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Warrants and accounts payable	$ 119	$ 1,591	$ 72	$ 433	$ 109	$ 1,040		$ 965		$ 5	$ 4,334
Accrued liabilities											
Unearned revenue			37			321				8	366
Deferred revenue	88	1				10,710					10,799
Due to other funds	253	1,677	922	20,735	46	9,489	$ 103	47	$ 25,541	536	59,349
Due to other governments											
Total liabilities	460	3,269	1,031	21,168	155	21,560	103	1,012	25,541	549	74,848
FUND BALANCES (DEFICITS)											
Reserved for:											
Loans	5,346		10,536								15,882
Unreserved											
Designated for future uses						9,023				288	9,311
Undesignated											
Reported in											
Special revenue funds	1,980	(1,286)	1,688	(1,439)	45	4,064	(47)	35	13,021		18,061
Capital project funds											
Permanent funds										12,794	12,794
Total fund balances (deficits)	7,326	(1,286)	12,224	(1,439)	45	13,087	(47)	35	13,021	13,082	56,048
Total liabilities and fund balances (deficits)	$ 7,786	$ 1,983	$ 13,255	$ 19,729	$ 200	$ 34,647	$ 56	$ 1,047	$ 38,562	$ 13,631	$ 130,896

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2010 (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	$ 2	$ 373		$ 519		$ 11,438	$ 388			$ 10	$ 12,730
Intergovernmental	1,012	13,306	$ 114	10	$ 203	6,431		9,859			30,935
Investment and rental income	4	23	352	10,470		871				1,753	13,473
Other	175		90			463			$ 14	1	743
Total Revenues	1,193	13,702	556	10,999	203	19,203	388	9,859	14	1,764	57,881
Expenditures											
Current:											
Executive, legislative, and judicial						1,475				236	1,711
Finance											
Public safety						11,559		9,754			21,313
Recreation						369	351				720
Public lands and parks						868				25	893
Community development	301	14,433	754	10,843	207	83					26,621
Debt service											
Principal			78	3,185							3,263
Interest and other costs			3	2,252							2,255
Capital outlay											
Total expenditures	301	14,433	835	16,280	207	14,354	351	9,754		261	56,776
Excess (deficiency) of revenue over expenditures	892	(731)	(279)	(5,281)	(4)	4,849	37	105	14	1,503	1,105
Other Financing Sources (Uses)											
Transfers in						160				51	211
Transfers out						(13,451)			(14,600)	(581)	(28,632)
Sale of capital assets to component unit				(12,600)					12,600		
Total other financing sources (uses)				(12,600)		(13,291)			(2,000)	(530)	(28,421)
Net change in fund balance (deficit)	892	(731)	(279)	(17,881)	(4)	(8,442)	37	105	(1,986)	973	(27,316)
Fund Balance (deficit), beginning of year	6,434	(555)	12,503	16,442	49	21,529	(84)	(70)	15,007	12,109	83,364
Fund Balance (deficit), end of year	7,326	(1,286)	12,224	(1,439)	45	13,087	(47)	35	13,021	13,082	56,048

CITY OF PROVIDENCE, RHODE ISLAND

COMBINING BALANCE SHEET
BY GRANT ACCOUNT
JUNE 30, 2010 (in thousands)

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
ASSETS							
Cash and investments	2,392	243	2,683	549	526		$ 6,393
Receivables, net:							-
Other governments	23,235		491				23,726
Other	57						57
Due from other funds	257		8,997		1,254	31	10,539
Total assets	$ 25,941	$ 243	$ 12,171	$ 549	$ 1,780	$ 31	$ 40,715
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	2,645		344	41		16	$ 3,046
Accrued liabilities				7			7
Unearned revenue							0
Deferred revenue	18		24	232			274
Due to other funds	22,652		10,819	237	1,329		35,037
Due to other governments	357		14				371
Total liabilities	25,672	-	11,201	517	1,329	16	38,735
FUND BALANCES (DEFICITS)							
Unreserved:	269	243	970	32	451	15	1,980
Total fund balances (deficits)	269	243	970	32	451	15	1,980
Total liabilities and fund balance (deficits)	$ 25,941	$ 243	$ 12,171	$ 549	$ 1,780	$ 31	$ 40,715

CITY OF PROVIDENCE, RHODE ISLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) BY GRANT FUND
JUNE 30, 2010 (in thousands)

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
REVENUES:							
Federal and state governments	51,379		73,106				$ 124,485
Miscellaneous				279		50	329
Total revenues	51,379	-	73,106	279	-	50	124,814
EXPENDITURES:							
Personnel services	23,080		52,511	27			75,618
Employee benefits	9,935		18,822	1			28,758
Other supplies			26				26
Equipment	1,618		104	185			1,907
Miscellaneous services	10,507		1,228	24			11,759
Other services	36			2		35	73
Pupil transportation	625		10	7			642
Repairs	199						199
Office supplies	3,998		397	48			4,443
Education supplies	28			0			28
Textbooks	163		2				165
Total expenditures	50,189	-	73,100	294	-	35	123,618
OTHER FINANCING SOURCES (USES)							
Transfer to other funds	(1,461)				(1,329)		(2,790)
Transfer from other funds					1,780		1,780
Total other financing sources (uses)	(1,461)	-	-	-	451	-	(1,010)
Net change in fund balances (deficit)	(271)	-	6	(15)	451	15	186
Fund balance, beginning of year	540	243	964	47	0	0	1,794
Fund balance (deficit), end of year	$ 269	$ 243	$ 970	$ 32	$ 451	$ 15	$ 1,980

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, 2010 (in thousands)

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
AGENCY FUND				
Assets				
Cash and cash equivalents	$ 946	$ 1,111	$ 904	$ 1,153
Other receivables	11	$ 16		27
Total Assets	$ 957	$ 1,127	$ 904	$ 1,180
Liabilities				
Accounts payable	$ -			$ -
Other payable	408	1,224	992	640
Due to student groups	549		9	540
Total Liabilities	$ 957	$ 1,224	$ 1,001	$ 1,180

CITY OF PROVIDENCE

CAPITAL ASSETS

City of Providence

Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2010 (in thousands)

Governmental funds capital assets, net of related accumulated depreciation		
Land	$	45,892
Improvements other than buildings		8,460
Buildings and improvements		113,170
Buildings - leases		201,606
Infrastructue		111,864
Machinery and equipment		13,021
Constuction in progress - City		11,043
Construction in progress - PPBA		146,026
	$	651,082
Investments in governmental funds capital assets:		
Assets put into service as of June 30, 2010	$	651,082

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.

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

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
Governmental activities:						
Invested in capital assets, net of related debt	$ 34,042	$ 22,435	$ 51,350	$ 80,301	$ 102,250	$ 122,820
Unrestricted	(4,820)	11,285	765	(29,054)	(63,215)	(143,890)
Total governmental activities net assets	$ 29,222	$ 33,720	$ 52,115	$ 51,247	$ 39,035	$ (21,070)
Business-type activities:						
Invested in capital assets, net of related debt	$ 147,543	$ 157,507	$ 165,284	$ 143,479	$ 159,670	$ 179,800
Restricted	16,193	17,515	19,470	54,745	44,280	31,037
Unrestricted	(888)	7,431	8,178	8,465	6,622	3,503
Total business-type activities net assets	$ 162,848	$ 182,453	$ 192,932	$ 206,689	$ 210,572	$ 214,340
Primary government:						
Invested in capital assets, net of related debt	$ 181,585	$ 179,942	$ 216,634	$ 223,780	$ 261,920	$ 302,620
Restricted	16,193	17,515	19,470	54,745	44,280	31,037
Unrestricted	(5,708)	18,716	8,943	(20,589)	(56,593)	(140,387)
Total primary government net assets	$ 192,070	$ 216,173	$ 245,047	$ 257,936	$ 249,607	$ 193,270

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

	Fiscal year					
	2005	2006	2007	2008	2009	2010
Expenses:						
Governmental activities:						
Executive, legislative, and judicial	$ 15,514	$ 15,552	$ 22,761	$ 19,352	$ 32,624	$ 42,202
Finance	38,517	32,655	106,740	119,373	111,908	59,345
Public safety	152,354	170,273	110,246	111,183	106,243	182,787
Building inspection	4,578	5,455	2,495	2,717	2,946	4,806
Public works	28,223	30,275	21,992	18,384	17,079	23,030
Recreation	3,341	3,933	2,939	3,089	2,771	3,285
Public land and parks	22,484	23,992	17,535	17,249	5,523	21,069
Education	361,220	373,591	380,730	387,624	377,736	381,096
Community development	16,758	21,175	23,432	20,811	26,110	31,150
Interest on long-term debt	26,134	21,863	18,639	17,056	27,360	27,389
Total governmental activities expenses	669,123	698,764	707,509	716,838	710,300	776,159
Business-type activities:						
PPBA	9,929	9,314	11,790	14,900	17,222	17,696
Water Supply Board	42,421	43,661	46,105	47,610	50,381	52,303
Civic Center	9,106	2,241				
Non-major School lunch program					12,044	12,194
Total business-type activities expenses	61,456	55,216	57,895	62,510	79,647	82,193
Total primary government expenses	730,579	753,980	765,404	779,348	789,947	858,352
Program revenue:						
Governmental activities:						
Charges for services:						
Executive, legislative, and judicial	224	234	788	265	241	222
Finance	22,216	24,526	34,717	18,779	16,928	42,926
Public safety	19,412	16,336	14,831	20,867	22,222	19,515
Building inspection	4,660	4,817	6,379	4,993	4,240	3,599
Public works	258	244	2,259	202	213	219
Recreation	91	90	418	361	416	231
Public land and parks	1,271	1,216	4,004	410	438	311
Education	1,931	2,802	1,526	1,621	8,309	11,691
Community development	2,054	125	7,233	8,397	8,982	375
Operating grants and contributions:						
Executive, legislative, and judicial	136	142	1			
Finance	269	683	61			
Public safety	1,696	3,039	2,702	4,924	7,348	3,084
Public works	3,044	3,171	-			
Recreation	570	599	703	743	329	349
Public land and parks	-	-	4,679	4,714	177	
Education	248,927	252,043	248,239	248,949	235,234	238,267
Community development	17,361	25,502	15,472	13,758	11,943	14,645
Capital grants and contributions:						
Education	13,115	15,199	15,039	13,908	15,872	
Total governmental activities	337,235	350,768	359,051	342,891	332,892	335,434
Program revenue:						

(CONTINUED)

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

	Fiscal year					
	2005	2006	2007	2008	2009	2010
Program revenue:						
Business-type activities:						
Charges for services:						
PPBA	8,197	7,825	10,988	15,712	9,835	16,362
Water Supply Board	48,807	52,432	52,749	56,032	59,575	54,976
Civic Center	5,581	1,824	-	-		
Non-major School lunch program					12,040	12,446
Capital grants and contributions:						
Water Supply Board	1,464	1,309	1,613	898	775	773
Total business-type activities program revenues	64,049	63,390	65,350	72,642	82,225	84,557
Total primary government program revenues	401,284	414,158	424,401	415,533	415,117	419,991
Net (expense) revenue:						
Governmental activities	(331,888)	(347,996)	(348,458)	(373,947)	(377,408)	(440,725)
Business-type activities	2,593	8,174	7,455	10,132	2,578	2,364
Total primary government net expense	(329,295)	(339,822)	(341,003)	(363,815)	(374,830)	(438,361)
General revenues and other changes in net assets:						
Governmental activities:						
Property taxes	258,213	260,629	257,776	272,366	284,775	289,837
Payments in lieu of taxes	17,656	26,879	20,124	19,575	19,680	19,103
Grants and contributions not restricted to specific programs	45,781	49,546	51,967	42,787	38,048	40,070
Investment income	4,465	8,033	19,779	19,905	1,230	252
Gain (loss) on disposal	(31)	3,563	-	409		
Miscellaneous	782	696	17,207	18,037	21,525	31,358
Transfers	(245)	-				
Sale of building and land	-	3,148	-			
Total governmental activities	326,621	352,494	366,853	373,079	365,258	380,620
Business-type activities:						
Investment earnings	1,670	2,227	3,024	3,625	1,243	1,404
Transfers	245	-	-			
Special items:						
Sale of building and land	-	9,204	-			
Total business-type activities	1,915	11,431	3,024	3,625	1,243	1,404
Total primary government	328,536	363,925	369,877	376,704	366,501	382,024
Changes in net assets:						
Governmental activities	(5,267)	4,498	18,395	(868)	(12,150)	(60,105)
Business-type activities	4,508	19,605	10,479	13,757	3,821	3,768
Total primary government	$ (759)	$ 24,103	$ 28,874	$ 12,889	$ (8,329)	$ (56,337)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Designated for future uses	$ -	$ 10,200	$ 900	$ 2,290	$ 401	$ 433	$ 550	$ -	$ -	$ 1,378
Unreserved	7,323	8,328	10,226	12,532	16,706	19,251	21,614	22,361	17,361	2,080
Total General Fund	$ 7,323	$ 18,528	$ 11,126	$ 14,822	$ 17,107	$ 19,684	$ 22,164	$ 22,361	$ 17,361	$ 3,458
All Other Governmental Funds:										
Reserved	$ 67,467	$ 71,557	$ 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	21,133	-	-	26,942	24,930	23,541	14,513	7,394	9,807	7,081
Special Revenue	1,923	24,579	20,702	26,833	57,228	95,918	76,976	57,678	42,400	20,041
Permanent Trust	-	14,440	18,048	20,673	-	-	18,223	14,932	11,821	12,794
Total all other government funds	$ 90,523	$ 110,576	$ 90,672	$ 95,747	$ 105,062	$ 141,490	$ 135,895	$ 109,778	$ 94,965	$ 65,109

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes	$ 211,527	$ 216,770	$ 243,838	$ 262,873	$ 270,302	$ 285,966	$ 281,422	$ 273,956	$ 283,631	$ 290,358
Departmental revenue	7,861	23,554	8,728	31,352	32,911	33,877	67,352	64,136	73,545	65,786
Federal and state grants and reimbursements	252,851	288,410	281,956	326,516	329,141	345,627	338,863	334,533	298,742	302,272
Investment and rental income	28,195	10,445	13,315	17,047	15,628	21,305	19,779	21,201	16,254	19,742
Fines and forfeitures	3,898	3,773	3,805	5,231	5,597	5,486	4,307	7,241	7,464	7,663
State Fiscal Stabilization Funds									10,209	13,246
Other	47,778	10,473	26,223	4,075	3,772	4,267	17,207	15,628	15,491	11,867
Total revenues	552,110	553,425	577,865	647,094	657,351	696,528	728,930	716,695	705,336	710,934
Expenditures:										
Current:										
Executive, legislative, and judicial	18,971	9,528	15,417	11,285	11,074	12,995	9,852	10,264	11,100	14,239
Finance	54,715	86,126	94,124	98,836	119,565	124,814	106,674	112,142	103,361	43,447
Public safety	76,399	85,399	85,498	95,137	95,110	108,146	103,111	109,197	103,795	166,254
Building inspection	2,639	2,704	2,592	2,610	2,521	2,600	2,462	2,686	2,838	4,391
Public works	12,240	12,134	12,481	13,426	12,866	13,919	13,423	14,331	15,650	19,064
Recreation	1,731	3,758	2,611	2,766	2,470	2,939	2,909	2,992	2,656	2,902
Public lands and parks	8,337	13,036	13,565	15,411	14,446	16,211	23,718	14,884	14,582	19,138
Education	257,444	282,021	299,911	338,485	345,255	366,910	377,793	385,721	380,577	383,636
Community development	-	22,929	19,218	20,185	18,942	21,145	19,101	16,663	22,024	26,621
Other departments	5,229	-	-	-	-	-	5,742	5,394	5,947	9,262
Grants	4,042	-	-	-	-	-	4,331	4,148	4,086	4,529
Public properties	2,951	-	-	-	-	-	-	-	-	-
Other	31,831	-	-	-	-	-	-	-	-	-
Program expenditures	209	-	-	-	-	-	-	-	-	-
Noncurrent:										
Capital outlays	32,934	31,890	16,504	10,979	5,709	6,279	19,627	14,520	7,903	2,856
Debt service principal payments			10,605	10,489	11,915	10,000	32,267	35,051	36,929	46,653
Debt service interest and other payments	43,635	35,719	39,777	22,649	19,061	14,128	18,978	14,622	20,591	26,201
Total expenditures	553,307	585,244	612,303	642,258	658,934	700,086	739,988	742,615	732,039	769,193
Excess of revenues (under) expenditures	(1,197)	(31,819)	(34,438)	4,836	(1,583)	(3,558)	(11,058)	(25,920)	(26,703)	(58,259)
Other financing sources (uses):										
Capital leases issued	-	79,995	34,851	4,535	7,435	9,145	7,547	-	6,952	14,500
Capital notes issued	-	-	-	-	-	9,081	-	-	-	-
Payment to refunding bonds escrow agent	-	(22,038)	(27,319)	-	(111,980)	(28,244)	(29,514)	-	-	-
Premium on bond issued	17,216	-	-	-	3,013	778	-	-	-	-
Proceeds from sale of real estate	-	-	-	-	-	6,440	-	-	-	-
Transfers in	64,120	103,521	97,306	118,126	112,305	138,153	139,458	156,231	145,201	165,765
Transfers out	(103,220)	(103,951)	(97,706)	(118,726)	(112,550)	(138,270)	(139,458)	(156,231)	(145,201)	(165,765)
Proceeds on refunding bonds issued	-	-	-	-	114,960	28,675	29,910	-	-	-
Total other financing sources (uses)	(21,884)	57,527	7,132	3,935	13,183	25,758	7,943	-	6,952	14,500
Special Items										
Proceeds from sale	-	-	-	-	-	16,805	-	-	-	-
Net changes in fund balance	$ (23,081)	$ 25,708	$ (27,306)	$ 8,771	$ 11,600	$ 39,005	$ (3,115)	$ (25,920)	$ (19,751)	$ (43,759)
Debt service as a percentage of noncapital expenditures	8.4%	6.5%	6.7%	3.6%	2.9%	2.0%	2.6%	2.0%	2.8%	3.4%

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
2001	143,781	47,202	20,544	211,527
2002	167,962	30,512	18,294	216,768
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
Change 2001-2010	63.2%	-27.4%	-24.3%	34.5%

Source: City records.

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 6
1
sdog
(in thousands)
(unaudited)

Fiscal Year	Residential 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
2001	5,375,740	646,851	268,898	(1,261,983)	5,029,506	-0.60%	43.12	5,987,507	84.00%
2002	6,208,931	632,987	258,320	(1,102,234)	5,998,004	19.26%	37.61	7,140,481	84.00%
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	10,358,912	926,252	616,722	(2,858,134)	9,043,752	-11.60%	35.37	9,120,363	99.16%

Source: City Records

CITY OF PROVIDENCE, RHODE ISLAND

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

	2010			2001		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Narragansett Electric Co	$ 255,272,226	1	2.14%	164,156,851	1	3.29%
PRI XVII L P	128,187,050	2	1.08%	-	-	0.00%
Capital Properties Inc	75,163,167	3	0.63%	126,536,803	2	2.54%
One Financial Holdings LLC.	66,765,000	4	0.56%	-	-	0.00%
HFP Hotel Owners	48,715,200	5	0.41%			
ONA Providence Office	47,961,500	6	0.40%	-	-	0.00%
Textron Realty Corporation	40,177,600	7	0.34%	37,751,210	8	0.76%
Avalon Properties	33,300,700	8	0.28%	-	-	0.00%
Regency Plaza	31,652,600	9	0.27%	-	-	0.00%
High Rock Westminster	31,334,500	10	0.26%	-	-	0.00%
Motiva	30,312,200	11	0.25%	-	-	0.00%
Gtech	29,673,591	12	0.25%	-	-	0.00%
Historic Hotel Partners Of Prov Lp	28,379,100	13	0.24%	-	-	0.00%
The Providence Journal Company	28,179,100	14	0.24%	51,876,826	4	1.04%
Laurel Meade Cooperative	27,033,081	15	0.23%	-	-	0.00%
Empire LaSalle	26,437,000	16	0.22%	-	-	0.00%
USBank Corp Equipment	23,350,120	17	0.20%	-	-	0.00%
Blue Cross And Blue Shield Of Rhode Island	17,923,000	18	0.15%	39,800,500	7	0.80%
Cox Com Inc	15,850,000	19	0.13%	-	-	0.00%
National Grid	13,311,000	20	0.11%	-	-	0.00%
Total	$ 998,977,735		8.39%	$ 420,122,190		8.42%

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
2001	214,851,680	199,539,625	92.87%	11,949,547	211,489,172	98.43%
2002	221,121,470	208,194,767	94.15%	12,431,130	220,625,897	99.78%
2003	228,040,394	215,494,344	94.50%	9,976,962	225,471,306	98.87%
2004	240,581,574	231,862,834	96.38%	6,476,517	238,339,351	99.07%
2005	248,700,567	240,140,679	96.56%	8,473,592	248,614,271	99.97%
2006	254,005,375	243,165,192	95.73%	9,832,509	252,997,701	99.60%
2007	261,450,407	245,357,642	93.84%	11,234,352	256,591,994	98.14%
2008	275,853,725	255,874,916	92.76%	12,463,859	268,338,775	97.28%
2009	287,281,144	269,559,441	93.83%	9,065,398	278,624,839	96.99%
2010	294,186,862	276,463,184	93.98%	-	276,463,184	93.98%

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)

	Governmental Activities						Business-Type Activities						
Fiscal Year	General Obligation Bonds	Revenue Bonds	Special Obligation Tax Increment	PPBA Debt	Capital Notes and Leases	Notes Payable	Line of Credit	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Net Debt Per Capita	Net General Obligation Bonds to Estimated Actual Value
2001	102,735	69,430	33,275	141,811	44,602	2,349	-	26,823	9,990	431,015	**	591	1.72%
2002	147,250	66,750	32,040	143,534	48,084	7,764	-	27,129	8,621	481,172	**	851	2.06%
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%

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, 2010
(unaudited)
(in thousands)

Governmental Unit	Debt Outstanding
General obligation debt:	
General obligation bonds	$ 88,260
Revenue bonds	58,080
Special obligation tax increment	18,435
Notes payable	798
Capital leases	25,217
Capital notes	27,069
PPBA debt-City	360,663
Total direct debt	$ 578,522

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
Last Ten Fiscal Years and Current Year Computation
(unaudited)
(in thousands)

Legal Debt Margin Calculation for Fiscal Year 2010		
Taxable Property	$	10,314,593
Debt limit (3% of taxable property)		309,438
Debt applicable to limit:		
General obligaton bonds		88,260
Less: debt not subject to 3% limit		78,346
Total net debt applicable to limit		9,914
Legal debt margin	$	299,524

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years and Current Year Computation

(unaudited)

(in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 179,600	$ 179,600	$ 179,400	$ 218,700	$ 206,500	$ 210,700	$ 219,400	$ 294,163	$ 306,899	$ 309,438
Total net debt applicable to limit	35,300	33,200	29,500	31,600	27,500	23,400	19,400	16,247	13,078	9,914
Legal debt margin	144,300	146,400	149,900	187,100	179,000	187,300	200,000	277,916	293,821	299,524
Total net debt applicable to the limit as a percentage of debt limit	24%	23%	20%	17%	15%	12%	10%	6%	4%	3%
Debt outstanding issued outside the 3% debt limit*	$ 100,900	$ 114,000	$ 110,900	$ 102,500	$ 99,800	$ 95,700	$ 93,400	$ 88,828	$ 83,657	$ 78,346

* 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 Principal	Debt Service Interest	Coverage
2001	42,613	34,530	8,083	-	**	-
2002	41,699	32,925	8,774	425	**	20.60
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			#DIV/0!

Redevelopment Revenue Bonds

Fiscal Year	Collections	Debt Service Principal	Debt Service Interest	Coverage
2001	11,584	-	-	-
2002	4,767	1,250	-	3.80
2003	4,360	1,305	-	3.40
2004	6,624	1,360	3,662	1.32
2005	6,858	*	-	-
2006	-	*	-	-
2007	-	*	-	-
2008	-	*	-	-
2009	-	*	-	-
2010	-	*	-	-

Civic Center Bonds

Fiscal Year	Charges	Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
2001	3,934	6,153	(2,219)	195	99	(7.5)
2002	4,645	6,744	(2,099)	205	109	(6.7)
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	-	-	-	***	-	-

Providence Public Building Authority Revenue

Fiscal Year	Collections	Debt Service Principal	Debt Service Interest	Coverage
2001	-	-	-	-
2002	7,958	6,330	7,666	0.57
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			#DIV/0!

* 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
2001	173,618	(1)	28,318	28.1	27,159	6.1%
2002	173,618	(1)	28,925	28.1	27,580	6.1%
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%

(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
2010 and 2001
(unaudited)

	2010			2001		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brown University	5,158	1	4.83%	3,000	2	3.02%
Rhode Island Hospital	4,200	2	3.93%	5,185	1	5.22%
Roger Williams Medical Center	2,339	3	2.19%	1,626	7	1.64%
Life Span	1,990	4	1.86%			
Women & Infants Hospital	1,800	5	1.69%	2,006	4	2.02%
The Miriam Hospital	1,263	6	1.18%	1,646	9	1.66%
Blue Cross/Blue Shield of Rhode Island	1,143	7	1.07%	1,441	6	1.45%
St. Joseph Health Service of RI	1,000	8	0.94%			
GTECH	954	9	0.89%	-	-	0.00%
Rhode Island School of Design	912	10	0.85%	900	12	0.91%
Belo Corp/Providence Journal	870	11	0.81%	1,800	5	1.81%
Mars 2000	850	12	0.80%			
Rhode Island College	841	13	0.79%			
Providence College	799	14	0.75%			
AAA Southern New England	700	15	0.66%			
Johnson & Wales University	700	16	0.66%	1,500	8	1.51%
Butler Hospital	699	17	0.65%			
H. Carr & Sons Inc.	500	18	0.47%	-	-	0.00%
National Grid	450	19	0.42%	1,441	6	1.45%
Employment 2000	400	20	0.37%	-	-	0.00%

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)

	Full-Time Equivalent Employees as of June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Functions/Program										
Executive, Legislative, Judicial and Finance:										
City Council	15	15	15	15	15	15	15	15	15	15
City Council Administration	11	-	-	-	-	-	-	-	-	-
Internal Auditor	4	-	-	-	-	-	-	-	-	-
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	11	11	11	10	9	9	10	10	10	10
Personnel	12	13	13	12	12	12	10	10	11	9
Finance	24	22	22	30	23	30	33	30	30	22
Computer Services	5	7	7	0	7	0	0	0	0	5
Legal	24	23	23	22	22	22	22	20	21	20
Courts	24	23	23	23	23	23	24	23	24	25
Retirement	5	5	5	5	5	5	5	5	5	4
Board Tax Assessment	5	5	5	5	5	5	5	5	5	5
City Treasurer	6	6	5	5	5	5	5	5	5	5
City Collector	15	13	14	18	16	18	20	19	18	16
City Assessor	15	15	17	16	18	16	20	19	22	20
Recreation and Public Land and Parks:										
Grounds Maintenance	44	44	44	44	47	52	62	64	66	58
Recreation	21	21	20	20	20	20	22	28	28	25
Zoo	31	31	31	31	37	37	36	35	34	34
Forestry	14	14	14	14	14	16	17	17	17	16
Parks	48	48	48	49	45	39	39	49	56	48
Greenhouse	11	11	11	11	11	14	14	12	12	13
Public Property	30	31	31	33	24	25	29	28	29	28
Public Safety:										
Police Department	594	589	581	592	592	563	584	587	590	592
Commissioner's Office	8	8	8	7	7	7	7	7	10	8
Firefighters' Department	467	489	487	487	484	485	508	511	511	510
Communication	76	76	76	78	78	78	84	97	99	94
Emergency Mgmt./Homeland Security	6	-	-	-	-	-	-	-	-	-
Public Works:										
Administration	8	8	7	10	10	10	10	9	10	10
Engineering	8	7	7	7	7	8	7	6	7	7
Environmental Control	12	13	12	12	12	12	12	26	25	24
Highway and Bridge Maintenance	50	50	50	50	48	48	56	42	44	44
Sewer Maintenance	12	12	10	10	9	10	9	9	9	9
Miscellaneous	1	120	117	45	45	44	47	52	55	56
Garage	9	9	9	9	8	9	9	8	9	9
Traffic Engineering	13	13	13	12	12	11	11	0	0	0
Building Inspection	60	49	49	13	12	13	14	15	14	14
Miscellaneous:										
Recorded Deeds	7	-	-	-	-	-	-	-	-	-
Planning & Develoment	46	-	-	-	-	-	-	-	-	-
Arts, Culture & Tourism	5	-	-	-	-	-	-	-	-	-
Human Relations	3	-	-	-	-	-	-	-	-	-
Human Services	4	-	-	-	-	-	-	-	-	-
PERA	3	-	-	-	-	-	-	-	-	-
Board of Canvassers	8	-	-	-	-	-	-	-	-	-
Board of Licenses	11	-	-	-	-	-	-	-	-	-
Vital Statistics	5	-	-	-	-	-	-	-	-	-
City Archivist	3	-	-	-	-	-	-	-	-	-
School Department	3,157	3,284	3,300	3,345	3,333	3,342	3,473	3,435	3,382	3,243
Total	4,952	5,086	5,086	5,041	5,016	5,004	5,220	5,199	5,174	4,999

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police:										
Calls for service	139	145	138	149	190	190	190	190	190	190
Fire:										
Total fire calls	11	14	13	14	13	13	13	13	13	15
Total rescue calls	31	27	27	26	25	25	25	25	26	26
Building safety:										
Total building permits	10	8	7	3,210	8,250	7,759	7,418	5,914	5,165	5,145
Total value all permits	146,236	234,191	217,629	TBD	251,400	172,700	315,400	166,000	140,300	107,800
Public service:										
Residential garbage collected (ton)	77	79	81	TBD	69	69	69	69	60	60

Source: City Records

CITY OF PROVIDENCE, RHODE ISLAND

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

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	23	28	28	28	28	28	28
Public Works:										
Bridges	27	27	27	27	53	53	53	53	53	53
Streets (Miles)	370	370	370	370	417	417	417	417	417	417
Manholes	20	20	20	20	20	20	20	20	20	12
Catch Basins	12	12	12	12	12	12	12	12	12	12
Drain Inlets	4	4	4	4						
Parks & Recreation:										
Acreage	1,300	1,300	1,300	1,300						
Parks	124	124	124	124	141	141	141	141	141	141
Golf Course	2	2	2	2	1	1	1	1	1	1
Baseball/Softball Diamonds	40	40	40	40	1	1	1	1	1	-
Greenhouse	6	6	6	6	1	1	1	1	1	1
Soccer/Football Fields	11	11	11	11	1	1	1	1	1	-
Water Parks	9	9	9	9	3	3	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	12	12	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	415	415	415	415	415	415

Source: City Records