CITY OF PROVIDENCE, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

City of Providence

Finance Department

CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2011

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CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2011

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(CONCLUDED)

CITY OF PROVIDENCE

Angel Taveras, Mayor

Introductory Section

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

Lawrence J. Mancini
Acting Finance Director

Angel Taveras
Mayor

Finance Department

"Building Pride In Providence"

December 29, 2011
City Council
Providence, Rhode Island

Honorable Members,

Rhode Island State law requires that all general-purpose, local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. This report fulfills that requirement for the fiscal year ended June 30, 2011.

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, 2011. A copy of their independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The capital city of Providence was founded in 1636 and incorporated in 1831. It occupies a total land area of 18.1 square miles and 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 International Airport, the Port of Providence and Interstates 95 and 195. Multi-modal transportation has most recently been-expanded with the opening of Interlink, increasing commuter rail service connections with the Massachusetts Bay Transit Authority.

Providence is ranked first of Rhode Island's cities and towns with a population of 178,042 residents (US Census 2010), up 2.5% from 173,618 (2000 Census.) The demographic profile for the City is as follows: Caucasians 37.6%, Hispanics 38.1%, African Americans 16.0%, Asians 6.4% and Native Americans 1.4%.

The City has a Mayor - Council form of government. A Home Rule Charter was adopted in 1980 and became fully effective on January 3, 1983. The responsibilities of city government include providing a range of services that include: general government, community development, administrative services, public safety, sanitation, public works, planning and development, workforce development, recreation, parks and public education. The City adopts an Annual Budget for the General Fund, which includes the School Department. The legal level of control is by Department.

Factors Affecting Financial Condition

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

In addressing this unprecedented fiscal storm, Mayor Taveras called upon City stakeholders to come together and put Providence back on firm financial footing. He started with his own office, cutting his own pay 10% and cutting the Mayor's Office budget by 10%. In key City departments, the City laid off 10% of non-union, management employees. The Mayor renegotiated union contracts with City workers, firefighters, police officers and teachers, saving approximately 10% of the value of those contracts in FY 2012 and over $100 million over the next several years.

Five public schools were closed to address a $30 million School Department deficit. The FY12 budget cut nearly $60 million in anticipated spending and was reduced by $23.3 million compared to the previous year's spending levels. Property tax rates were increased and the motor vehicle exemption was reduced. The City budget also increased fees for parking, mattresses, fire hydrants, master alarm fire boxes and for overnight parking.

The FY12 City Budget also called on the City's seven large tax-exempt institutions to contribute $9 million – or 10% of what they would otherwise pay in taxes on their property ($97 million). This represented a $7.1 million increase from their FY11 voluntary PILOT payment of $1.9 million. To date, these tax-exempt institutions have not contributed additional payments.

In addition, the General Assembly enacted pension reform of the State retirement system, but has not yet extended these reforms to municipal plans. Providence's pension system has an unfunded accrued liability of $903,311,298 (Eighty-Fourth Valuation of the Employees' Retirement System of the City of Providence as of June 30, 2011).

The City of Providence continues a slow recovery from a national recession compounded by the foreclosure crisis. People of all ages in poverty in Providence total 25.6% (2010 Census) and Rhode Island's unemployment rate remains in double digits at 10.5%, with that number doubled in some of Providence's neighborhoods (Nov. 2011, www.dlt.ri.gov). More than 400 homes entered foreclosure in the City of Providence in 2011; a reduction from 574 in 2010.

While manufacturing jobs are projected to continue to leave Rhode Island, employment is projected to increase by nearly 40,000 jobs or 7.8 percent, over the 2008 - 2018 decade with job gains occurring in Health Care & Social Assistance (13,325) and Professional, Scientific & Technical Services (6,332) (Rhode Island's Occupational Outlook for 2018, Rhode Island Department of Labor and Training).

Economic Development & New Initiatives

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

The administration has also been keenly focused on:

- Improving the skills of our public school students to prepare a competitive workforce
- Growing our entrepreneurial base by tapping into and retaining our highly educated college and university student population
- Capitalizing on our prominent assets
- Developing stronger partnerships with our local nonprofit institutions and businesses
- Addressing the common obstacles to development, such as access to capital and regulatory concerns.

Mayor Taveras began his term of office in January 2011 by announcing the creation of a super-cabinet position of Director of Economic Development to tackle some of the outcomes of continuing high unemployment, home foreclosures and the national recession.

Following a national search, the Mayor hired multi-business owner and prominent and respected executive, James S. Bennett, of Narragansett, Rhode Island, in mid-September, 2011. Mr. Bennett concurrently serves as the Chairman of the Rhode Island Convention Center Authority, which has similar interests and concerns.

Mr. Bennett has formed a coalition of departments – Art Culture + Tourism, Inspections and Standards, Planning and Development, Bureau of Licenses and Vital Statistics, Workforce Solutions, and the Providence Economic Development Partnership – to address common issues and craft a comprehensive strategy for creating jobs and business growth within our City.

Some of those steps included:

- Expansion of our rapidly emerging knowledge economy, in life science, biotechnology and information technology sectors, primarily clustered in the City's Knowledge District. The establishment of the Brown University Warren Alpert Medical School in the heart of this district has increased the likelihood of attracting R&D and similar activity.

- Expansion of the miles of development along our Working Waterfront and the many acres of activity within the Port of Providence. In mid-October, Sims Metal Management Limited, the world's largest metals and electronic recycling company, established a New England exporting terminal at Allens Avenue, along the City's waterfront.
- Capitalizing on the increased green-sector jobs in Providence's Olneyville and Valley neighborhoods, where more than 1,600 businesses and 20,000 workers are based. The Department is working with federal agencies (HUD and EDA) to access resources for improved infrastructure, particularly in repurposing vacant, industrial buildings and creating new manufacturing to replace those that left for the Pacific Rim.

Since a strong transit system is central to business growth and attraction, we have committed ourselves fully to a progressive mass transportation effort, including:

- Promoting a strong transit system within the downtown, the so-called 'Eds-to-Meds' corridor linking our universities and hospitals and running through the Knowledge District, and to outlying areas. The City has been actively working with the Rhode Island Public Transit Authority to create a streetcar system, including improvements to the busiest bus routes in Rhode Island that traverse the City.
- This work has been augmented with a 3-Phase Downtown Circulator project to improve traffic flow and reduce congestion in and around the heart of the City. We are currently completing the second of these phases.

Because one in four small businesses in the Providence metropolitan area has fewer than nine workers, this Administration has supported the everyday work of our local merchants and retailers, including:

- Expansion of the City's Buy Providence/Buy Art initiative to promote local sales throughout the year.
- Co-hosting a Latino Business Roundtable with the Federal Reserve Bank of Boston to identify the impediments to growing the City's large, dynamic Latino business community, and to address impediments.

Finally, understanding the critical the relationship between an educated workforce and the strength of our economy, Mayor Taveras and his Senior Education Adviser Angela Romans have made education a high economic development priority by:

- Leveraging resources to strengthen our public schools and improve the skills of our students and future workers, including participation in the successful $50 million Race to the Top grant
- Mayor Taveras' service as Vice Chairman of the US Conference of Mayors Education Subcommittee
- The ongoing establishment of GTECH computer labs in local community centers and libraries across the City and the awarding of 66 Young Explorer computers to Providence students by IBM.
- Establishment of an Education Opportunity Working Group in June, 2011, to meet with educators, community members and other stakeholders to collect data and make recommendations for improving public education in Providence. The recommendations

will be aligned with the Mayor's vision and evidence-based practices, with yearly measurable goals, to make these needed changes.

With particular public-private interest in our rapidly emerging knowledge economy, Mayor Taveras and senior member of his Administration have most recently taken these steps:

- Traveled as part of a statewide executive team, including the Mayor, Governor, Brown University representatives, and legislators to explore best practices in similar districts in Baltimore, Maryland; Pittsburgh, Pennsylvania and Austin, Texas.
- Active involvement in the I-195 Commission, which is managing the development of 22 acres of land uncovered with the relocation of Interstate I-195.
- Participated with IBM Smarter Cities Initiative to identify remedies to regulatory issues and cyber structure improvements needed within the new Knowledge District.
- As a Fellow of the Urban Land Institute, the Mayor has traveled to California, and members of his Administration to London, England to study best practices in urban core development.
- Executed the contract for the $10 million recapitalization of the Providence Economic Development Partnership US Commerce (HUD) revolving loan program. As an outgrowth of that recapitalization, $1 million has been set aside for the first-in-the-nation equity investment program, known as the Innovation Investment Program, and a unique $1 million revolving loan program for new technology and creative arts start-ups.

Industrial Parks

The City has a number of industrial parks and corridors critical to Providence's economy, including the Promenade (known as the Green Corridor), the Working Waterfront and Port of Providence along Allens Avenue, Huntington Park, the ManuCenter, and the Knowledge District (former the Jewelry district.)

These sites remain the centers of industrial activity and manufacturing in Providence, but manufacturing in the districts are no longer dominated by the jewelry manufacturing and heavy industrial activity. With the addition of new manufacturing techniques and products, medical devices, alternative energy, design and information-technology, Providence is retaining its world-class reputation in manufacturing of a new sort.

Economic activity is occurring in each district:

- *The Knowledge District,* which is the area generally defined with the relocation of Interstate 195, and between the busy downtown and our colleges and universities and the medical centers of excellence (RI Hospital, Women and Infants, Warren Alpert Medical School) and numerous research and life-science facilities in addition to biotech firms such as EpiVax, Isis Biopolymer and others.

- *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 Promenade,* which runs along the Woonasquatucket River and includes such businesses as American Locomotive Works (ALCO,) United Natural Foods Inc., Umicore, Alteris Renewables, Eco-Let, Rising Sun Mills, Dussault Systemes, and the Steelyard. More than 1,600 companies and 20,000 employees are based in this district.

- *ManuCenter,* a commercial development on Allens Avenue, proximate to the Knowledge District, consists of multiple brick buildings repurposed from former jewelry production sites to such offices as Lifespan's administrative and public relations offices, professional services and public relations firms, a medical research facility, and the home offices of James Winoker Properties.

Housing

Working in partnership with the City's community development corporations and Rhode Island Housing, the City has leveraged approximately $40 million to improve its housing stock through renovation and new construction.

This past summer, the City closed out its second and third lead-remediation grants, whereby more than 200 units of housing were made lead-safe. The City also began to implement our fourth lead-remediation grant. In partnership with the Rhode Island Office of Energy Resources, the City is using this grant to develop a national model for delivering comprehensive whole home retrofits that combines various funding streams to remediate lead, mold and other health and safety hazards while also implementing energy efficiency upgrades and resident education.

With grant funding from the Healthy Kids Collaborative, the City has also implemented a broad-based initiative to increase enforcement of State lead laws in the City. The grant funds are enabling the City to ensure homes that present clear lead hazards to children are quickly identified. Additionally, the grant is supporting policy and procedure reforms that will prevent instances of poisoning from ever occurring.

The national foreclosure crisis continues to impact Providence. We have been hopeful that new federal programs would be forthcoming to help us address this issue; unfortunately, Congress has not approved the President's Neighborhood Stabilization Program. As a result, we are beginning to examine how we can use limited City housing dollars and existing City and State laws to address the problem of vacant housing and neighborhood revitalization.

Redevelopment Initiatives

The Department of Planning and Development is finalizing an update to the City's Comprehensive Plan, based on the outcomes of the Neighborhood Planning Process. With the completion of this update, the Department will turn to implementing the many initiatives identified through this planning process. Over the last year, the Department received two federal grants that will fund our efforts to revise the City's Zoning Ordinance. With the first grant, the city hired Perkins & Will to evaluate development potential in the Downtown and the Knowledge Distinct, to understand infrastructure limitations and to revise the Zoning Ordinance for the Downtown. Draft zoning language is expected to be forwarded to the City Council in the third quarter of FY12.

Work has begun on the HUD Community Challenge Grant, which will examine the City's five major transit corridors in an effort to understand how to develop zoning regulations that will attract transit-oriented development. Over the 24 months of this project, new zoning regulations will be developed for the rest of the City.

In addition to regulatory change, the plans call for investment in our neighborhoods. The Department is focusing on Olneyville to develop a framework for neighborhood revitalization. Using the success of the Promenade Redevelopment Plan, where the City was able to retain Umicore USA, Inc., grow jobs and ensure the retention of a stable business, the Department is preparing a multifaceted redevelopment plan that is based on job creation and housing redevelopment.

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. The plan 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 city is aggressively pursuing its ReNEWable Port plan to create high-skilled/high-paying jobs for area residents.

Commercial Expansion

Over the past year, the City has seen growth of both large and small commercial enterprises. We are experiencing an evolution of small commercial businesses in the Downtown as businesses change from retail to eating and drinking establishments supporting residents and employees.

Larger commercial development has included:

- **Hasbro** – An 88 year old local toy/gaming company, headquartered in Pawtucket Rhode Island, is expanding its offices to Downtown Providence. Starting in September 2011 with the relocation of approximately 150 employees from Massachusetts to Downtown, this relocation will continue over the coming years with staff growing to approximately 250 by September 2012 and with plans to continued growth over the coming years with new jobs for area residents.

- **38 Studios** – The Rhode Island Economic Development Corporation provided a $75 million loan guarantee for the development of this innovative digital game business. The company, located on Empire Street, in the Downtown, is rapidly growing and preparing for the launch of its product lines in the near future.

- **Mercantile Block** – a $16 million project that converted an aging, vacant downtown building into a thriving space for commercial activity and artists' live-work space opened this summer, with a lively new restaurant – Mexico – funded in part through the PEDP program.

- **UNFI** – the organic food company United Natural Foods Inc. moved its world headquarters in 2009 to a location adjacent to the Rhode Island Economic Development

Corporation, in the Valley section of the City. UNFI continues to grow and has added approximately 100 jobs over the past year.

- **Umicore**- a leading manufacturer of industrial films and touch screen components, negotiated an agreement with the City of Providence that enables the international company to remain in its existing facilities on the Promenade and expand significantly, hiring upwards of 100 new workers.

- **Dassault Systemes** – an international software company with USA operations based in Providence's Olneyville section, is in the process of dramatic expansion with an estimated 100+ new jobs. PEDP and the State Economic Development Corporation jointly funded development of a critically needed parking facility.

- **Achetype FETE**- a $3.5 million project where entrepreneurs Nick Bauta and Anna Shea fully redeveloped an abandoned manufacturing building on Providence's West End, into a lively 3-unit, entertainment venue.

- **The Port of Providence** has continued its success as one of the region's deepest ports (40-foot draft) and is in the process of securing funding for the acquisition of two new cranes, connection of the two Providence & Worcester rail lines, and construction of additional lay-down area to accommodating increasing import/export activity.

Institutional expansion

The opening this year of the Brown University Warren Alpert Medical School on 222 Richmond Street has opened the door for additional institutional investment in the Knowledge District. Rhode Island Hospital continues to renovate the Coro Building as a major research facility as it relocates office facilities to the ManuCenter on Ernest Street.

Public Investment

In addition to making major investments in the City street system, multiple offices have been consolidated into a Municipal Office Building to improve the delivery of City services that have a direct impact on development and quality of life. With the leasing of 444 Westminster Street, the departments of Planning and Development, Inspection and Standards, Law, Art Culture and Tourism, Workforce Development, IT and Economic Development have been co-located to better serve the public at no additional cost to taxpayers. Efforts are underway to integrate the Fire Marshal's Office so that the City's Plan Review Process can be better coordinated.

Major road projects to be started or completed include:

- **Downtown Providence Traffic Circulation Phase 2** - Project work completed included a portion of sidewalk and road improvements on Weybossett Street and portion of traffic signal improvements on Empire Street, Weybossett Street, Broad Street and Dorrance Street. Roughly $700,000 in construction was completed during the fiscal year. Overall project budget: $5,000,000.

- **Westminster Street Olneyville Square Streetscape Improvements** - Project work completed included installation of a portion of the underground conduit for proposed ornamental lighting and traffic signals on Westminster Street. Sidewalk repairs relating to the conduit installation were also performed. Roughly $1,000,000 in construction was completed during the fiscal year. Overall project budget: $3,000,000.

- **Broadway Road and Traffic Signal Improvements** – Project work completed included most of the sidewalk repairs and traffic signal improvements on Broadway. Roughly $300,000 in construction was completed during the fiscal year.

- **Downtown Providence Traffic Circulation Phase 3** – Project is currently at 30% design stage with bid advertisement scheduled for the spring/summer of 2012.

- **Luongo Square** - Project is currently at 90% design stage with bid advertisement scheduled for the spring of 2012.

- **Elmwood Avenue (RIDOT managed project)** - *Phase 2* - Traffic signal improvements from Roger Williams Avenue to Elmwood Avenue. Most of the construction was completed within this period with a total project cost of $2.2 million. *Phase 3* - Road Paving/sidewalk Improvements from Roger Williams Avenue to Elmwood Avenue and traffic signal improvements from Elmwood Avenue to the Service Road. This project is at 90% design stage with bid advertisement scheduled for the summer of 2012.

- **Dean Street/Cahir Street/Stewart Street Landscaping Improvements (RIDOT managed project)** - Street trees and other plantings on Dean Street from West Exchange Street to Point Street. This project is currently being bid/advertised and construction will begin in the spring of 2012.

Debt Administration

Outstanding governmental and business-type activity bonds at June 30, 2011 totaled $634,277,000. Note 7 of this report presents more detailed information about the City's debt position. The City has the following bond ratings:

Moody's Investor Services	A3
Standard and Poors	BBB+
Fitch	A

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

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 2011 – 2015 fiscal year Capital Improvement Plan projects needs through fiscal 2015 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

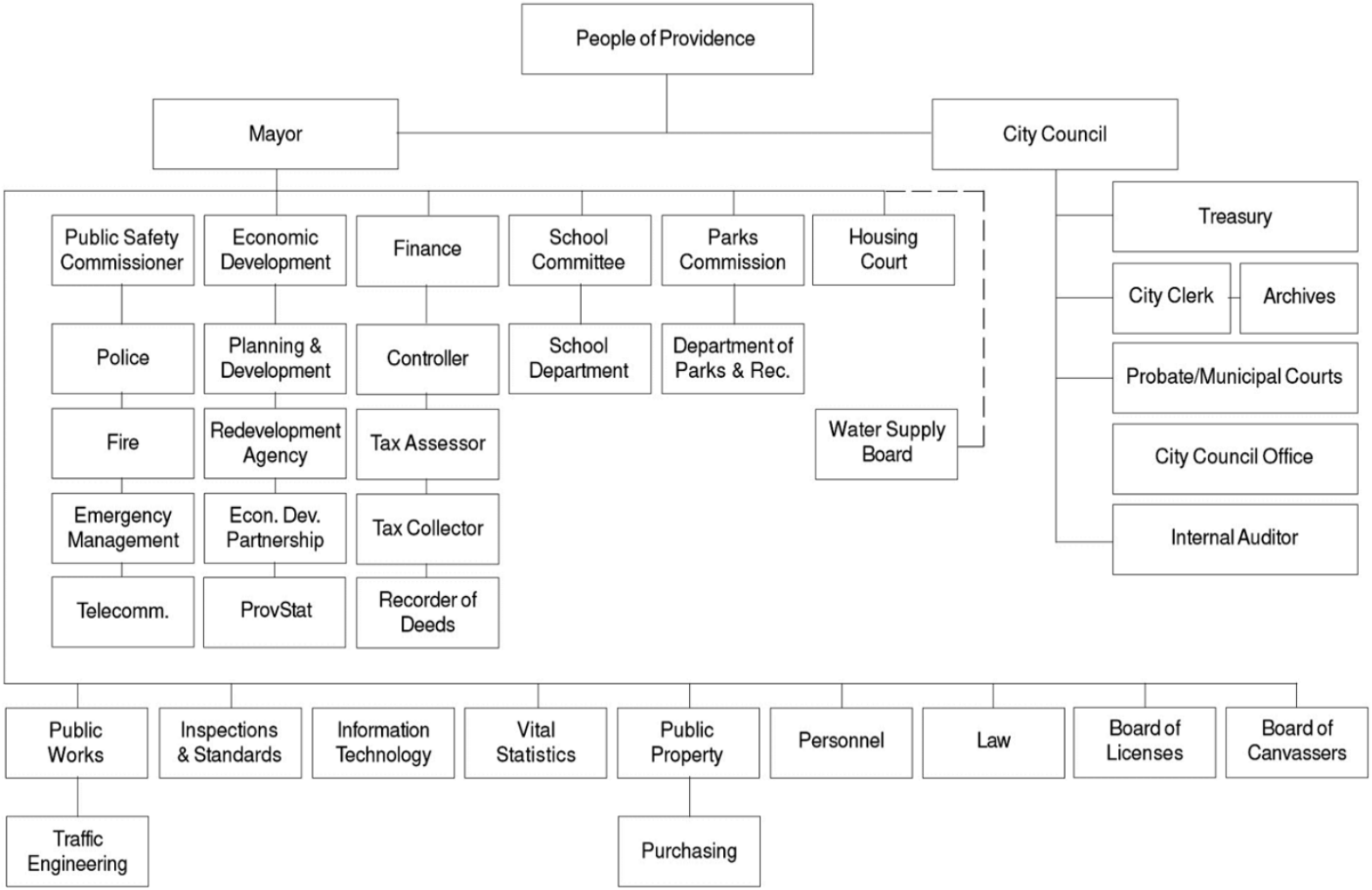
The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance, Planning & Development, Policy, and Communications professionals who work for the City of Providence. I would like to express my appreciation and gratitude to all of the staff members who assisted and contributed to its preparation. I also appreciate the assistance and dedication of the audit team of Braver, PC. Finally, I would like to thank Mayor Angel Taveras and the Providence City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Lawrence J. Mancini

Lawrence J. Mancini
Acting Finance Director

City of Providence
Organizational Chart



City Officials
As of June 30, 2011

Mayor
Angel Taveras

City Council

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

- Deceased August 18, 2011

Department Directors

Chief Engineer/GM of Water Supply	Pamela Marchand
Chief of Fire Department	Michael Dillon, Acting
Chief of Police Department	Hugh Clement, Acting
Chief of Staff	John R. Pagliarini
City Clerk	Anna Stetson
City Controller	Michael D'Antuono
City Solicitor	Jeffrey Padwa, Esq.
City Treasurer	James Lombardi, III
Director of Administration	Michael D'Amico
Director of Arts, Culture, and Tourism	Lynne McCormack
Director of Emergency Management	Col. Peter Gaynor (ret)
Director of Finance	Richard Kerbel, Acting
Director of Information Technology	James Silveria
Director of Inspections and Standards	Jeff Lykins, Acting
Director of Personnel	Sybil Bailey
Director of Planning and Development	Thomas Deller
Director of ProvStat	Pamela Cardillo
Director of Public Property	Alan Sepe
Director of Public Works	Paul Thomas
Director of Telecommunications	William Trinque
Internal Auditor	Matt M. Clarkin, Jr.
Recorder of Deeds	John Murphy
Registrar of Vital Statistics	Ernesto Figueroa
Superintendent of Parks and Recreation	Robert McMahon
Superintendent of Schools	Dr. Susan Lusi, Acting
Tax Assessor	Mary Ann Ferri, Acting
Tax Collector	John Murphy
Traffic Engineer	William Bombard

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Providence
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

Linda C. Davidson

President

Jeffrey P. Ener

Executive Director

CITY OF PROVIDENCE

FINANCIAL SECTION

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

Braver PC
Accountants & Advisors

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Providence, Rhode Island, as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 11, and 57 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Providence, Rhode Island's basic financial statements. The introductory section and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Braun, PC

Providence, Rhode Island
December 29, 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, 2011.

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, 2011 by $105.7 million (presented as "total net assets"). Of this amount, a negative of $233 million was reported as "unrestricted.' The net investment in capital assets was $127.3 million. The assets of the City's business-type activities exceed its liabilities by $231.8 million. Of this amount, $201.3 million represents the City's net investment in capital assets.

Change in Net Assets – The City's total net assets decreased by $57.2 million in fiscal year 2011. Net Assets of governmental activities decreased by $74.6 million, while net assets of business-type activities increased by $17.4 million.

Fund Highlights

Governmental Funds – Fund Balances – As of June 30, 2011, the City's governmental funds reported a combined ending fund balance of $68.6 million, a $.068 million decrease from the prior year. Of the total fund balance reported, $3.7 million represents "undesignated fund balance," of which $0 million pertains to Capital Project Funds, $0 million is for non-major funds, $3.7 million pertains to the general fund, and $0 million pertains to school grant funds.

Long-Term Obligations

The City's total long-term obligations related to its government activities had a net increase of $85.3 million during the current fiscal year.

The total long-term obligations of the City's proprietary activities decreased $1.9 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 2011, 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 over time. The City's combined net assets (government and business-type activities) totaled $126 million at the end of 2011, compared to $193.3 million at the end last year.

The largest portion of the City's net assets, $328.6 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, 2011			June 30, 2010, as restated		
	Governmental Activitites	Business-type Activities	Total	Governmental Activitites	Business-type Activities	Total
Current and other assets	$ 280,662	$ 51,745	$ 332,407	$ 250,488	$ 70,308	$ 320,796
Capital assets	666,671	254,291	920,962	651,082	235,100	886,182
Total Assets	947,333	306,036	1,253,369	901,570	305,408	1,206,978
Current liabilities	211,598	22,389	233,987	176,445	37,268	213,713
Long-term liabilities	841,481	51,896	893,377	756,172	53,780	809,952
Total liabilities	1,053,079	74,285	1,127,364	932,617	91,048	1,023,665
Net Assets:						
Invested in capital assets, net of related debt	127,340	201,281	328,621	122,820	179,800	302,620
Restricted		18,809	18,809		31,037	31,037
Unrestricted	(233,086)	11,661	(221,425)	(153,887)	3,503	(150,384)
Total Net assets	$ (105,746)	$ 231,751	$ 126,005	$ (31,067)	$ 214,340	$ 183,273

Restricted net assets of $18.8 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 $74.7 million and increased by $17.4 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 large commitment to the replacement of infrastructure included in water rates in FY2011. Approximately 42% of the City's total governmental revenues were generated from taxes and payments in lieu of taxes. 44% resulted from grants and contributions, including Federal Aid. Charges for various goods and services provided 10.0% of total revenues, while other revenues and investment and rental income accounted for 4% of total revenues, respectively. The City's expenses cover a range of services. The largest expenses were for school, public safety, retirement costs, and employee benefits. Revenues from business-type activities in 2011 exceeded expense by $17.4 million. The increase in revenue was attributable to an across the board increase in rates that was in place for all of 2011 for the Water Supply Board, which reported an increase in revenue of 11.1%, while expense decreased 3.1% over the prior year, as a result of negotiated adjustments to salaries, the reductions of some benefits, a reduction in property taxes and bad debts.

	June 30, 2011			June 30, 2010, as restated		
	Governmental Activitites	Business-type Activities	Total	Governmental Activitites	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for service	$ 84,003	$ 95,551	$ 179,554	$ 79,089	$ 83,784	$ 162,873
Operating grants and contributions	261,486		261486	256,345		256,345
Capital grants and contributions		510	510		773	773
General revenues:			0			-
Property taxes	310,113		310113	308,940		308,940
Grants not restricted for a specific purpose	25,619		25619	40,070		40,070
Miscellaneous	17,473		17473	31,358		31,358
Unrestricted investment earnings	153	618	771	252	1,404	1,656
Total revenues	698,847	96,679	795,526	716,054	85,961	802,015
Expenses:						
Executive, legislative and judicial	40,382		40,382	42,202		42,202
Finance	58,740		58,740	69,342		69,342
Public safety	178,374		178,374	182,787		182,787
Builiding inspection	4,636		4,636	4,806		4,806
Public works	28,451		28,451	23,030		23,030
Recreation	1,593		1,593	3,285		3,285
Public lands and parks	24,572		24,572	21,069		21,069
Education	388,612	12,836	401,448	381,096	12,194	393,290
Community development	21,467		21,467	31,150		31,150
Interest on long-term debt	26,699		26,699	27,389		27,389
Economic development		18,949	18,949		17,696	17,696
Water		47,483	47,483		52,303	52,303
Total expenses	773,526	79,268	852,794	786,156	82,193	868,349
Change in net assets	(74,679)	17,411	(57,268)	(70,102)	3,768	(66,334)
Net assets- beginning	(31,067)	214,340	183,273	39,035	210,572	249,607
Net assets- ending	$ (105,746)	$ 231,751	$ 126,005	$ (31,067)	$ 214,340	$ 183,273

Business-Type Activities

The business-type activities increased the City's net assets by $17.4 million. This resulted primarily from a $17.1 million increase in net assets of the Water Supply Board, an increase of net assets of $183 thousand by the Providence Public Building Authority, and $150 thousand by the school lunch program .

Financial Analysis of the City's Individual Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 $3.725 million. As a measure of the general funds' liquidity, it may be useful to compare both unassigned fund balance and total fund balance. Unassigned general fund balance represents 1.13% 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 2011 school grants fund balance is reported at $2.21 million, a $.23 million increase from fiscal year 2011. The inclusion of all state aid in fiscal 2011was included in the School's general fund and excluded from the school grants fund.

School Fund – The school fund ended the year with a $0 fund balance in accordance with City charter regulations. The expenditures were $316.8 million as compared to $260 million in the prior year. The inclusion of all state aid in fiscal 2011was included in the School's general fund and excluded in the school grants fund.

Capital Projects Fund-Fund Balance – The capital projects fund accounts for resources to be used for the acquisition or construction of capital assets for housing and community improvement activities in the City, other than those financed by proprietary funds. The fiscal year 2011 capital projects fund balance is $3.65 million. The $3.43 million decrease from fiscal year 2010 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 $17.4 million as a result of operations in the individual enterprise funds. This resulted primarily from a $17.1 million increase in net assets of the Water Supply Board, an increase of net assets of $183 thousand by the Providence Public Building Authority, and $150 thousand by the school lunch program.

General Fund Budgetary Highlights

The general fund incurred an uncombined deficit in FY 2011 of $8.15 million, of which $1.378 million was reserved for future expenditures in FY 2010. In FY 2011 the $1.378 million was appropriated for deficit reduction during the FY 2011 budgetary process. This will decrease the cumulative uncombined general fund balance to a negative $4.692 million. The new GASB 54 requirement for combining funds shows a cumulative general fund surplus of $3.725 million. Total general fund revenues and transfers for the fiscal year were $481.3 million and total general fund expenditures and transfers for the fiscal year were $491.9 million.

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

Capital Asset and Debt Administration

Capital Assets (Note 5 to the Basic Financial Statements)

	June 30, 2011			June 30, 2010		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	$ 45,878	$ 19,305	$ 65,183	$ 45,892	$ 13,574	$ 59,466
Land Improvements		18,682	18,682		18,682	18,682
Building and Improvements	123,260	150,221	273,481	121,630	145,627	267,257
Machinery and Equipment	11,278	3,131	14,409	13,021	4,404	17,425
Infrastructure	108,869		108,869	111,864		111,864
Leased assets	323,411	10,409	333,820	201,606	9,710	211,316
Construction in Progress	53,975	52,543	106,518	157,069	43,103	200,172
Total	$ 666,671	$ 254,291	$ 920,962	$ 651,082	$ 235,100	$ 886,182

The City's investment in capital assets for its governmental activities as of June 30, 2011 amounts to $1,033.4 million, net of accumulated depreciation of $366.8 million, leaving a net book value of $666.6 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, 2011			June 30, 2010		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 80,935	$	$ 80,935	$ 88,260	$	$ 88,260
Revenue bonds	73,140	53,010	126,150	58,080	55,299	113,379
Tax increment obligations	15,575		15,575	18,435		18,435
Capital leases payable	45,433		45,433	51,325		51,325
Notes payable	585		585	798		798
PPBA Debt	-	411,617	411,617	-	360,663	360,663
Total	$ 215,668	$ 464,627	$ 680,295	$ 216,898	$ 415,962	$ 632,860

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 $47.4 million during the current fiscal year.

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

The City of Providence maintains the following ratings from Wall Street's credit agencies for general obligation debt: an A3 rating from Moody's Investors Service, and a BBB+ rating from Standard and Poor and an A rating from Fitch. The City of Providence continues to perform long-term strategic planning in a pro-active attempt to control costs: examples of these costs are health insurance, pension costs, education, salaries and benefits and debt service. The City has negotiated with all of its unions to increase employee contributions for health insurance.

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

Requests for Information

This financial report is designed to provide a general overview of the City of Providence's finances for all of the City of Providence's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions 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, 2011 (in thousands)

	Governmental Activities	Business-Type Activities	Totals*
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 80,268	$ 58,951	$ 139,219
Restricted cash and cash equivalents		17,215	17,215
Investments	32,551	8,698	41,249
Restricted investments		4,304	4,304
Taxes receivable (net of allowance)	14,947		14,947
Intergovernmental receivable	47,601	1,201	48,802
Loan receivable (net of allowance)	23,192		23,192
Restricted receivables		566	566
Other receivable	22,157		22,157
Charges for service receivable (net of allowance)		13,489	13,489
Internal balances	53,877	(53,877)	-
Other assets	3,119	1,198	4,317
Total current assets	277,712	51,745	329,457
Noncurrent assets			
Deferred charges	2,950		2,950
Capital assets, nondepreciable	99,853	90,530	190,383
Capital assets, depreciable, net	566,818	163,761	730,579
Total noncurrent assets	669,621	254,291	923,912
TOTAL ASSETS	947,333	306,036	1,253,369
LIABILITIES:			
Current Liabilities:			
Warrants and accounts payable	30,269	11,991	42,260
Payable to retirement plan	51,536		51,536
Due to other governments	1,682		1,682
Accrued liabilities	32,710		32,710
Other		1,399	1,399
Unearned revenue	10,881	1,966	12,847
Amounts payable with current restricted assets		3,512	3,512
Long term debt due within one year	84,520	3,521	88,041
Total current liabilities	211,598	22,389	233,987
Noncurrent liabilities:			
Due in more than one year	841,481	51,896	893,377
Total noncurrent liabilities	841,481	51,896	893,377
TOTAL LIABILITIES	1,053,079	74,285	1,127,364
Net Assets			
Investment in capital assets, net of related debt	127,340	201,281	328,621
Restricted for Water Quality Protection		18,028	18,028
Restricted for debt service		781	781
Unrestricted	(233,086)	11,661	(221,425)
TOTAL NET ASSETS	$ (105,746)	$ 231,751	$ 126,005

* 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, 2011 (in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Primary government:							
Governmental activities:							
Executive, legislative, and judicial	$ 40,382	$ 203			$ (40,179)	$	$ (40,179)
Finance	58,740	51,412			(7,328)		(7,328)
Public Safety	178,374	16,252	$ 2,200		(159,922)		(159,922)
Building inspection	4,636	3,405			(1,231)		(1,231)
Public Works	28,451	132			(28,319)		(28,319)
Recreation	1,593	226	296		(1,071)		(1,071)
Public land and parks	24,572	581			(23,991)		(23,991)
Education	388,612	11,704	243,134		(133,774)		(133,774)
Community development	21,467	88	15,856		(5,523)		(5,523)
Interest on long-term debt	26,699	-			(26,699)		(26,699)
Total governmental activities	773,526	84,003	261,486	-	(428,037)	-	(428,037)
Business-type activities:							
PPBA	18,949	18,548				$ (401)	$ (401)
Water Supply Board	47,483	64,017		$ 510		17,044	17,044
Non-major School lunch program	12,836	12,986				150	150
Total business-type activities	79,268	95,551		510		16,793	16,793
Total primary government	$ 852,794	$ 179,554	$ 261,486	$ 510	(428,037)	16,793	(411,244)
General revenues							
Taxes:							
Property taxes					286,998		286,998
Payments in lieu of taxes					23,115		23,115
Grants and contributions not restricted to specific programs					25,619		25,619
Investment income					153	618	771
Miscellaneous					17,473		17,473
Total general revenues					353,358	618	353,976
Change in net assets					(74,679)	17,411	(57,268)
Net assets-beginning, as restated					(31,067)	214,340	183,273
Net assets-ending					$ (105,746)	$ 231,751	$ 126,005

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Balance Sheet- Governmental Funds
June 30, 2011 (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	$ 20,489	$ 27,332	$ 4,159	$ 4,010	$ 17,429	$ 73,419
Investments	-				32,551	32,551
Receivables, net:	-					
Taxes	14,947					14,947
Loans	-				23,192	23,192
Intergovernmental	27,951	509	16,283	1,711	1,147	47,601
Other	17,900	1,211	29		24	19,164
Due from other funds	70,087	11,895	1,840	200	10,431	94,453
Other assets	-				851	851
TOTAL ASSETS	$ 151,374	$ 40,947	$ 22,311	$ 5,921	$ 85,625	$ 306,178
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Warrants and accounts payable	$ 5,529	$ 14,968	$ 4,345	$ 1,214	$ 3,906	$ 29,962
Accrued liabilities	5,868	20,667	166		133	26,834
Other payables	48,159					48,159
Unearned revenues	-	36	2,532		7,298	9,866
Deferred revenue	26,488				-	26,488
Due to other funds	59,964	5,276	13,019	1,053	15,314	94,626
Due to other governments	1,641		41			1,682
TOTAL LIABILITIES	147,649	40,947	20,103	2,267	26,651	237,617
FUND BALANCES:						
Nonspendable					16,428	16,428
Restricted			2,208	3,654	30,391	36,253
Committed					12,194	12,194
Unassigned	3,725				(39)	3,686
TOTAL FUND BALANCES	3,725	-	2,208	3,654	58,974	68,561
TOTAL LIABILITIES AND FUND BALANCES	$ 151,374	$ 40,947	$ 22,311	$ 5,921	$ 85,625	

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.	666,671
Net pension obligations and other post employment benefits	(232,116)
Deferred charges	2,950
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(638,300)
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	26,488
Net assets of governmental activities (A-1)	$ (105,746)

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, 2011 (in thousands)

	Major Funds					
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 290,704	$ -	$ -	$ -	$ -	$ 290,704
Departmental revenue	63,906	1,059		-	8,060	73,025
Federal and state grants and reimbursements	35,666	175,829	62,899	4,793	26,627	305,814
Investment and rental income	609			-	4,220	4,829
Fines and forfeitures	8,143			-		8,143
State Fiscal Stabilization Funds	-	4,406				4,406
Other	481	10,439	206	-	1,670	12,796
TOTAL REVENUES	399,509	191,733	63,105	4,793	40,577	699,717
EXPENDITURES:						
Current:						
Executive, legislative, and judicial	12,141				554	12,695
Finance	39,526					39,526
Public safety	154,676				11,233	165,909
Building inspection	4,308					4,308
Public works	21,806					21,806
Recreation	714				756	1,470
Public lands and parks	20,675				1,041	21,716
Other departments	9,767					9,767
Grants	4,185					4,185
Education	-	316,829	61,743		-	378,572
Community development	-				17,282	17,282
Noncurrent:	-					
Capital outlays	-			6,487	4,295	10,782
Debt Service:	-					-
Principal	35,691			51	5,416	41,158
Interest and other costs	26,548			1,682	476	28,706
TOTAL EXPENDITURES	330,037	316,829	61,743	8,220	41,053	757,882
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	69,472	(125,096)	1,362	(3,427)	(476)	(58,165)
OTHER FINANCING SOURCES (USES)						
Transfers in	11,522	126,147	1,425	-	367	139,461
Transfers out	(132,429)	(1,051)	(2,559)	-	(3,422)	(139,461)
Bond proceeds issued by PPBA	39,689					39,689
Bond proceeds					17,350	17,350
Refunding bonds issued	30,545					30,545
Payments to refunded bond escrow agent	(29,425)					(29,425)
TOTAL OTHER FINANCING SOURCES (USES)	(80,098)	125,096	(1,134)	-	14,295	58,159
NET CHANGE IN FUND BALANCES	(10,626)	-	228	(3,427)	13,819	(6)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	14,351	-	1,980	7,081	45,155	68,567
FUND BALANCE AT END OF YEAR	$ 3,725	$ -	$ 2,208	$ 3,654	$ 58,974	$ 68,561

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, 2011 (in thousands)

Net Change in Fund Balances - Total Governmental Fund (B-2)	$	(6)
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.		(6,735)
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.		(871)
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.		(2,549)
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.		(12,968)
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.		(51,550)
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	$	(74,679)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Assets-Proprietary Funds
June 30, 2011 (in thousands)

	Business-Type Activities-Enterprise Funds				Governmental Activities
	Water Supply Board	PPBA	Non-major School Lunch Program	Totals	Internal Service Fund
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 3,948	$ 52,013	$ 2,990	$ 58,951	$ 6,849
Restricted cash	17,215			17,215	
Investments		8,698		8,698	
Restricted investments	4,304			4,304	
Receivables, net	13,464		25	13,489	2,993
Restricted receivables	566			566	
Receivables- other governments			1,201	1,201	
Rentals receivable		534,805		534,805	
Due from other funds			179	179	21,488
Inventories	711			711	
Other assets	487			487	2,268
Total current assets	40,695	595,516	4,395	640,606	33,598
Noncurrent assets:					
Deferred gain on refunding		791		791	
Capital assets:					
Land	19,305			19,305	
Buildings and improvements	69,109			69,109	
Improvements other than buildings	225,819			225,819	
Machinery and equipment	27,239			27,239	
Construction in progress	71,225			71,225	
	412,697			412,697	
Less accumulated depreciation	158,406			158,406	
Net capital assets	254,291			254,291	
Total noncurrent assets	254,291	791		255,082	
Total assets	294,986	596,307	4,395	895,688	33,598
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	3,237	4,947	3,807	11,991	307
Claims payable					11,454
Unearned revenue	1,966			1,966	1,015
Due to other funds	544		128	672	20,822
Other		39,824		39,824	
Amounts payable from restricted assets	3,512			3,512	
Net bond premium		118		118	
Current portion of long-term debt and capital leases	3,521	24,600		28,121	
Total current liabilities	12,780	69,489	3,935	86,204	33,598
Noncurrent liabilities:					
Revenue bonds	49,489	523,931		573,420	
Net bond premium		1,906		1,906	
Net OPEB obligation	2,407			2,407	
Total noncurrent liabilities	51,896	525,837		577,733	
TOTAL LIABILITIES	64,676	595,326	3,935	663,937	33,598
NET ASSETS					
Invested in capital assets, net of related debt	201,281			201,281	
Restricted for Water Quality Protection	18,028			18,028	
Restricted for debt service		781		781	
Unrestricted	11,001	200	460	11,661	-
TOTAL NET ASSETS	$ 230,310	$ 981	$ 460	$ 231,751	$ -

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, 2011 (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	$ 64,017	$ -	$ 10,861	$ 74,878	$ 93,652
Lease receipts	-	18,216		18,216	
Other	-	332	2,125	2,457	1,600
Total operating revenues	64,017	18,548	12,986	95,551	95,252
OPERATING EXPENSES:					
Cost of sales and services	22,594	820	12,836	36,250	
Health claims	-	-		-	97,802
Administration	12,080	576		12,656	
Depreciation	11,380	-		11,380	
Total operating expenses	46,054	1,396	12,836	60,286	97,802
OPERATING INCOME (LOSS)	17,963	17,152	150	35,265	(2,550)
NON-OPERATING REVENUES (EXPENSES):					
Investment income	34	584		618	1
Interest expense	(1,429)	(17,553)		(18,982)	
Total non-operating expenses	(1,395)	(16,969)	-	(18,364)	1
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	16,568	183	150	16,901	(2,549)
Capital grants and contributions	510	-	-	510	
Change in net assets	17,078	183	150	17,411	(2,549)
FUND NET ASSETS, BEGINNING	213,232	798	310	214,340	2,549
FUND NET ASSETS, ENDING	$ 230,310	$ 981	$ 460	$ 231,751	$ -

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2011 (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	$ 61,563	$ 37,519	$ 2,131	$ 101,213	$ 93,307
Cash received from intergovernmental sources		$ 241	10,645	10,886	
Cash paid to vendors	(26,058)	(1,397)	(12,214)	(39,669)	(99,464)
Cash paid to employees	(12,776)	-	(542)	(13,318)	
Net cash provided by (used for) operating activities	22,729	36,363	20	59,112	(6,157)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due from (to) other funds	1,525	-	(431)	1,094	9,123
Net cash (used for) noncapital financing activities	1,525	-	(431)	1,094	9,123
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(30,571)	(34,801)		(65,372)	
Interest paid on debt	(1,429)	(17,518)		(18,947)	
Proceeds from bond issuance and net bond premium	-	74,887		74,887	
Repayment of long-term debt and capital leases	(2,289)	(26,548)		(28,837)	
Payment to primary government	510	(28,645)		(28,135)	
Net cash provided by (used for) capital and related financing activities	(33,779)	(32,625)	-	(66,404)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(1)	-		(1)	
Sale of investment securities	-	3,378		3,378	
Investment income	34	583		617	1
Net cash provided by (used for) investing activities	33	3,961	-	3,994	1
Net (decrease) in cash and cash equivalents	(9,492)	7,699	(411)	(2,204)	2,967
Cash and Cash Equivalents					
Beginning	30,655	44,314	3,401	78,370	3,882
Ending	$ 21,163	$ 52,013	$ 2,990	$ 76,166	$ 6,849

(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, 2011 (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)	$ 17,963	$ 17,152	$ 150	$ 35,265	$ (2,550)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	11,380			11,380	
Administrative expenses funded by bond proceeds		(92)		(92)	
Changes is assets and liabilities:					
Receivables	(2,511)	19,303	(209)	16,583	(2,209)
Inventories	140			140	
Other assets	36			36	
Due from other funds					
Accounts payable and accrued expenses	(4,300)		79	(4,221)	(1,662)
Due to other funds					
Unearned revenue	21			21	264
Net cash provided by (used in) operating activities	$ 22,729	$ 36,363	$ 20	$ 59,112	$ (6,157)

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Fiduciary Net Assets-Fiduciary Funds
June 30, 2011 (in thousands)

	Employee Retirement Plan	OPEB Trust Fund	Private Purpose Trust Fund Funds	Agency Fund
ASSETS				
Investments, at fair value:				
U.S. Government securities	$ 1,710			
Corporate and foreign bonds	3,546			
Corporate equity securities	273,522			
Mutual funds			$ 1,219	
Total investments	278,778		1,219	
Cash and cash equivalents	2,666	$ 1,040	13	$ 1,322
Receivables:				
Loans receivable	26,459			
Other	54,985			33
Total receivables	81,444			33
Total assets	362,888	1,040	1,232	1,355
LIABILITIES				
Accounts payable	46			
Due to student groups				576
Other payables	238			779
Total liabilities	284			$ 1,355
NET ASSETS				
Held in Trust for Pension Benefits and Other Purposes	$ 362,604	$ 1,040	$ 1,232	

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, 2011 (in thousands)

	Employee Retirement Plan	OPEB Trust Fund	Private Purpose Trust Fund Funds
ADDITIONS:			
Contributions:			
Employer	$ 56,654		
Employees	10,708		
Donations			$ 18
Total contributions	67,362		18
Investment Earnings			
Net appreciation in the fair value of investments	62,757		277
Interest	1,939		
Dividends	4,054		
Total investment earnings	68,750		277
Total additions	136,112		295
DEDUCTIONS:			
Benefits	87,867		22
Administrative expenses	1,769		
Total deductions	89,636		22
Change in net assets	46,476		273
Net assets - beginning	316,128	1,040	959
Net assets - ending	$ 362,604	$ 1,040	$ 1,232

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 coincide with the term of the Mayor. Most department heads and other City officials are appointed by the Mayor.

The City complies with generally accepted accounting principles (GAAP), including all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 39. Under GASB Statement No. 39, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

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

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

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

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

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

Individual Component Unit Disclosure

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

Providence Public Buildings Authority

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

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Individual Component Unit Disclosure (Continued)

Providence Public Buildings Authority (Continued)

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

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

The Providence Redevelopment Agency

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

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

The Powers of the PRA are vested in eight members, including the Mayor of the City ex officio, five members appointed by the Mayor of the City and two members who are also members of the City Council, appointed by the City Council. All appointed members of the PRA must be resident electors of the City. The PRA is presented as a blended special revenue fund.

Recently Issued Accounting Standards

The City has implemented GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions. Implementation of this Statement required a restatement of fund balance at the beginning of the year due to consolidation of the General Fund and several funds which were previously reported as non-major governmental funds.

The City has also implemented GASB Statement No. 59 – Financial Instruments Omnibus. Adoption of this Statement did not have a significant impact on the City's fiscal 2011 financial statements.

The City has implemented GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. Adoption of this Statement did not have a significant impact on the City's fiscal 2011 financial statemnts.

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

- GASB Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements, effective for the fiscal year ending June 30, 2013.
- GASB Statement No. 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, effective for the fiscal year ending June 30, 2013.

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Recently Issued Accounting Standards (Continued)

- GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the fiscal year ending June 30, 2013.

- GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the fiscal year ending June 30, 2013.

- GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53, effective for the fiscal year ending June 30, 2012.

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).

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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

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

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

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

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

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

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

a) Total assets, liabilities, revenues, or expenditures/expenses of that individual, governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b) Total assets, liabilities, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *School Fund* accounts for operations of the Providence school system.
- 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.

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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

Additionally, the City reports the following fund types:

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

Interfund Receivables and Payables

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

Pension Plan Accounting

Employee Retirement Plan

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

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

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

Funding Policy

The City makes contributions at the discretion of management.

Accounting Estimates

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

(Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes

The City's property tax is levied each year on July 1 based on the assessed property value, as of the prior December 31, for all real property, tangible property, equipment and motor vehicles located in the City. Assessed values of real property were established by the City Assessor's office at 100% of appraised market value based on 2003 State mandated statistical updated valuations less Homestead exemptions for up to five residential units. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value, with a State mandated, 10-year phase-out on tangible inventory property and a $6,000 exemption on motor vehicle assessments. Payments on the gross levy are due in equal quarterly installments in July, October, January, and April. Property taxes attach as an enforceable lien on property when levied.

Cash equivalents

For purposes of the cash flow statement, the City considers certificates of deposits and highly liquid short-term investment funds with original maturities of three months or less, when purchased, to be cash equivalents, including amounts reported as restricted.

Investments

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

Inventories and prepaid assets

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

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

Capital Assets

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

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

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

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

(Continued)

1. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Capital Assets (Continued)

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

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

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

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

Self-Insurance

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

Allowance for Collection Losses

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

All trade and property tax receivables for governmental and proprietary funds are reported net of an allowance for uncollectibles, totaling $44,225 and $2,378 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.

(Continued)

I. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Equity and Net Assets

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

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets - This category represents the net assets of the City, which are restricted by outside parties or enabling legislation.

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

Governmental fund equity is classified as fund balance. With the implementation of GASB Statement #54 (effective fiscal 2011), fund balance is classified into one of the following five categories: nonspendable, restricted, committed, assigned, or unassigned. These categories are defined below.

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

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

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

(d) Assigned Fund Balance – includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

(e) Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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 $638,300 difference are as follows:

Bonds and notes payable	$	(581,852)
Add: premiums and discounts		3,792
Leases payable		(21,330)
Capital notes payable		(24,103)
Accrued interest payable		(5,312)
Compensated absences		(32,358)
Workers' compensation		(3,520)
Unspent PPBA bond proceeds		49,443
Claims and judgments		(23,060)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	$	(638,300)

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 $6,735 difference is as follows:

Capital outlay - governmental funds	$	11,307
Depreciation expense		(18,042)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	$	(6,735)

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 $12,968 difference are as follows:

Long-Term Liabilities issued or incurred:		
Bond proceeds	$	(47,895)
Bond proceeds- from PPBA		(39,689)
Principal repayments:		
General obligation bonds		68,511
Capital leases		2,926
Capital notes		2,966
Notes payable		213
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$	(12,968)

(Continued)

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $51,550 difference are as follows:

Compensated absences	$	281
Accrued interest		(680)
Deferred charges		(954)
Amortization of bond premium		(392)
Claims and judgments		(13,086)
Net pension obligation		(3,348)
Other post employment benefits		(33,371)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	$	(51,550)

3. *CASH, CASH EQUIVALENTS AND INVESTMENTS*

Deposits

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

Investments

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

Interest Rate Risk

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

Concentrations

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

(Continued)

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

Custodial Credit Risk

Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011 $47,371 of the city's bank balance of $155,530 was uninsured and uncollateralized. (Amounts do not include PPBA, as such amounts cannot be separated.)

Investments

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

Cash and Cash Equivalents			
Deposits with financial institutions	$	85,309	
PPBA deposits with financial institutions		52,013	
Water Supply Board deposits with financial institutions		21,163	
School Lunch Program deposits with financial institutions		2,990	
Total cash and cash equivalents		161,475	
Investments			
Non-major Governmental Funds			
Mutual Funds		25,110	
Municipal Bonds		7,441	*
		32,551	
Private Purpose Trust Funds			
Mutual Funds		1,219	
PPBA Investments			
Guaranteed Investment Contracts		8,698	
		8,698	
Water Supply Board			
Equity Mutual Funds		4,304	
Pension Trust Funds			
U.S. Government Securities		1,710	*
Corporate and Foreign Bonds		3,546	*
Common and Preferred Stocks		273,522	*
		278,778	
Total investments		325,550	
Total cash and investments	$	487,025	

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

(Continued)

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	$	139,219
Restricted cash and cash equivalents		17,215
		156,434
Fiduciary Funds		
Cash and cash equivalents		5,041
		5,041
Total cash and cash equivalents	$	161,475
Investments		
Statement of Net Assets		
Investments	$	41,249
Restricted investments		4,304
		45,553
Fiduciary Funds		
Investments		279,997
Restricted investments		
		279,997
Total investments	$	325,550

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	$ 1,710	$	$ 1,192	$ 443	$ 75
Corporate and Foreign Bonds	3,546	26	1,115	1,416	989
Municipal Bonds	7,441				7,441
PPBA-Guaranteed Investment	8,698			3,258	5,440
TOTAL	$ 21,395	$ 26	$ 2,307	$ 5,117	$ 13,945

(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	$ 187	$ 7,441	
AA+	96		
AA			3,258
AA-	106		
A+	238		
A	423		
A-	606		5,440
BBB+	649		
BBB	336		
BBB-	412		
BB+	58		
BB	144		
BB-	65		
B+	65		
B	15		
B-			
CCC-			
Unrated	146		
	$ 3,546	$ 7,441	$ 8,698

(Continued)

4. *INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS*

As of June 30, 2011, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows (in thousands):

	Due from Other Funds	Due to Other Funds
General Fund	$ 70,087	$ 59,964
School Fund	11,895	5,276
School Grants	1,840	13,019
Capital Projects	200	1,053
Non-Major Governmental Funds	10,431	15,314
Water Supply Board		544
School Lunch Program	179	128
Internal Service Fund	21,488	20,822
Total	$ 116,120	$ 116,120

Amounts owed among funds result principally from timing of payments to the City's general fund of $70 million, payments to the City's health insurance and legal claims fund of $21.1 million, and amounts owed to the school fund for current year expenditures of $11.8 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, 2011 were as follows (in thousands):

	Transfers from Other Funds	Transfers to Other Funds
General Fund	$ 11,522	$ 132,429
School Fund	126,147	1,051
School Grants	1,425	2,559
Non-Major Governmental Funds	367	3,422
Total	$ 139,461	$ 139,461

The most significant transfer in fiscal year 2011 was the appropriated operating subsidy from the City's general fund to the school fund.

(Continued)

5. *CAPITAL ASSETS*

Capital asset activity for the year ended June 30, 2011 was as follows: (in thousands):

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 45,892	$ -	$ 14	$ 45,878
Construction in progress-City	11,043	6,763	3,589	14,217
Construction in progress-PPBA	146,026	22,324	128,592	39,758
Total capital assets, not being depreciated	202,961	29,087	132,195	99,853
Capital assets, being depreciated:				
Buildings	180,089	3,771	300	183,560
Improvements other than buildings	17,403	880	-	18,283
Machinery and equipment	71,643	3,854	1,016	74,481
Infrastructure	277,339	958	-	278,297
Building - leases-PPBA	250,410	128,592	-	379,002
Total capital assets being depreciated	796,884	138,055	1,316	933,623
Less accumulated depreciation for:				
Buildings	66,919	2,087	121	68,885
Improvements other than buildings	8,943	755	-	9,698
Machinery and equipment	58,622	5,316	735	63,203
Infrastructure	165,475	3,953	-	169,428
Building - leases	48,804	6,787	-	55,591
Total accumulated depreciation	348,763	18,898	856	366,805
Total capital assets, being depreciated, net	448,121	119,157	460	566,818
Governmental activities capital assets, net	$ 651,082	$ 148,244	$ 132,655	$ 666,671

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.

(Continued)

5. *CAPITAL ASSETS (Continued)*

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 13,574	$ 5,731	$ -	$ 19,305
Construction in progress-City	43,103	9,440		52,543
Other land improvements	18,682		-	18,682
Total capital assets, not being depreciated	75,359	15,171	-	90,530
Capital assets, being depreciated:				
Buildings	48,637	6,626	-	55,263
Improvements other than buildings	217,730	8,089	-	225,819
Machinery and equipment	26,554	685	-	27,239
Leased assets	13,846		-	13,846
Total capital assets being depreciated	306,767	15,400	-	322,167
Less accumulated depreciation for:				
Buildings	28,557	5,255	-	33,812
Improvements other than buildings	91,880	5,169	-	97,049
Machinery and equipment	23,336	772	-	24,108
Leased assets	3,253	184	-	3,437
Total accumulated depreciation	147,026	11,380	-	158,406
Total capital assets, being depreciated, net	159,741	4,020	-	163,761
Business-type activities capital assets, net	$ 235,100	$ 19,191	$ -	$ 254,291

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

Executive, legislative and judicial	$ 42
Finance	132
Public safety	1,907
Public works	3,702
Recreation	12
Public lands and parks	1,327
Other departments	2,439
Education	2,550
Building Leases	6,787
Total depreciation expense	$ 18,898

(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	$ -	$ 12,355
Charges for services	-	14,133
School Fund:		
School Grants:	36	
Grant drawdowns prior to meeting all eligibility requirements	2,532	-
Nonmajor Funds		
Deferred revenue	7,298	
	$ 9,866	$ 26,488

(Continued)

7. *LONG-TERM OBLIGATIONS*

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	$ 88,260	$ 30,545	$ 37,870	$ 80,935	$ 9,035
Revenue bonds	58,080	17,350	2,290	73,140	2,365
Special obligation tax increment	18,435		2,860	15,575	2,990
Total bonds payable	164,775	47,895	43,020	169,650	14,390
Notes payable	798		213	585	175
Capital leases	24,256		2,926	21,330	3,039
Capital notes	27,069		2,966	24,103	1,045
Total bonds and notes payable	216,898	47,895	49,125	215,668	18,649
Deferred items from refunding	(4,184)	392		(3,792)	-
Other Long-Term Liabilities:					
Claims and judgments	25,408	12,626		38,034	38,034
Compensated absences	32,639	23,637	23,918	32,358	3,236
Net pension obligation	132,767	3,348		136,115	-
Other post employment liability	62,630	33,371		96,001	-
Total other long-term liabilities	253,444	72,982	23,918	302,508	41,270
Governmental activity long-term liabilities before PPBA reclassification	466,158	121,269	73,043	514,384	59,919
PPBA Debt	360,663	76,445	25,491	411,617	24,601
Government activity long-term liabilities	$ 826,821	$ 197,714	$ 98,534	$ 926,001	$ 84,520

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	$ 55,299	$ 1,056	$ 3,345	$ 53,010	$ 3,521
PPBA - CITY	360,663	76,445	25,491	411,617	24,601
Total bonds	415,962	77,501	28,836	464,627	28,122
PPBA - PAP Loans	142,865	15,906	21,856	136,915	-
PPBA - Water	1,057		1,057		
Other post employment liability	1,350	1,057		2,407	-
Business-type activity long-term liabilities	$ 561,234	$ 94,464	$ 51,749	603,949	28,122
Less PPBA Eliminations				(548,532)	(24,601)
Business-type activity long-term liabilities				$ 55,417	$ 3,521

* - 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, 2011 were as follows:

	Governmental Activities			PPBA			Total Government Entity-Wide		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	$ 14,390	$ 8,067	$ 22,457	$ 24,601	$ 19,824	$ 44,425	$ 38,991	$ 27,891	$ 66,882
2013	13,560	7,300	20,860	25,802	18,541	44,343	39,362	25,841	65,203
2014	14,000	6,682	20,682	26,843	17,469	44,312	40,843	24,151	64,994
2015	14,623	6,051	20,674	27,726	16,322	44,048	42,349	22,373	64,722
2016	14,438	5,376	19,814	28,252	15,126	43,378	42,690	20,502	63,192
2017-2021	52,099	18,267	70,366	138,490	56,441	194,931	190,589	74,708	265,297
2022-2026	34,760	8,436	43,196	108,931	29,011	137,942	143,691	37,447	181,138
2027-2031	11,780	1,112	12,892	30,972	7,043	38,015	42,752	8,155	50,907
2032-2036			-	-	-	-	-	-	-
2037-2041			-	-	-	-	-	-	-
	$ 169,650	$ 61,291	$ 230,941	$ 411,617	$ 179,777	$ 591,394	$ 581,267	$ 241,068	$ 822,335

	Business-Type Activities			
		ARRA Principal		
	Principal	Forgiveness	Interest	Total
2012	$ 28,122	(260)	$ 21,234	$ 49,096
2013	29,403	(263)	19,944	49,084
2014	30,534	(268)	18,906	49,172
2015	31,516	(273)	17,706	48,949
2016	31,205	(279)	16,419	47,345
2017-2021	149,818	(486)	61,838	211,170
2022-2026	121,135	(569)	32,584	153,150
2027-2031	42,894	(424)	8,407	50,877
2032-2036			9	9
	464,627	(2,822)	197,047	658,852
Less amount representing the PPBA	411,617	-	179,777	591,394
	$ 53,010	$ (2,822)	$ 17,270	$ 67,458

7. *LONG-TERM OBLIGATIONS (Continued)*

Bonds Payable

Total interest expense paid on general long-term liabilities for the year ended June 30, 2011 was approximately $25,000.

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Dec 2001 Series A	12/1/2001	37,000	3.0-5.5%	1/15/2026	$ 2,630		$ 1,290	$ 1,340
GO's Refunding Bonds '97	5/15/1997	23,435	4.4-5.5%	1/15/2011	1,555		1,555	
December 2001- Taxable	12/1/2007	13,000	3.00-6.84%	1/15/2026	10,715		400	10,315
Judgement Bond	8/1/2000	6,825	4.75-5.375%	8/15/2015	3,475		495	2,980
Refunding Bonds 2001	12/1/2001	21,620	3.0-5.5%	1/15/2013	5,640		1,870	3,770
Revenue Refunding Bonds 2005 Series A	3/1/2005	67,315	3.0-5.0%	4/1/2029	58,080		2,290	55,790
GO Refunding Bonds 2004 Series A	9/16/2004	34,395	2.5-5.5%	7/15/2019	25,610		2,100	23,510
GO Refunding Bonds 2004 Series B	9/16/2004	12,135	2.37-5.41%	7/15/2019	9,210		735	8,475
Refinancing Neighborhood Bond 2001	8/1/2006	29,910	3.625-3.75%	6/30/2026	29,425		29,425	
Special Obligation Bonds Series E	6/1/2006	24,465	4-5%	6/1/2016	18,435		2,860	15,575
Refunding Bonds 2010 Series A	12/21/2010	30,545	4.625-5%	6/30/2026		30,545		30,545
PRA Taxable Lease Revenue Bonds 2010 Series 1	8/27/2010	12,600	4.15%	10/15/2018		12,600		12,600
PRA Taxable Lease Revenue Bond 2010 Series 1	6/30/2011	3,145	4.90%	6/30/2021		3,145		3,145
PRA Taxable Lease Revenue Bond 2010 Series 2	6/30/2010	1,605	3.30%	6/30/2015		1,605		1,605
Total governmental activities bonds payable					$ 164,775	$ 47,895	$ 43,020	$ 169,650

7. LONG-TERM OBLIGATIONS (Continued)

Bonds Payable (continued)

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Revenue Bonds					$ 55,299	$ 1,056	$ 3,345	$ 53,010
1995 Series B	6/1/1995	7,500	4.70-7.10%	12/1/2014	2,800		495	2,305
1996 Series A	3/1/1996	36,225	3.50-5.40%	12/1/2011	5,135		5,135	
(LESS: PPBA Water Portion)		(7,455)			(1,057)		(1,057)	
1996 Series B	12/1/1996	21,225	5.375-6.50%	12/1/2017	10,090		1,215	8,875
1998 Series A	5/1/1998	28,270	3.85-5.10%	12/1/2018	14,830		1,335	13,495
1999 Series A	7/1/1999	39,750	4.10-5.5%	12/1/2019	24,715		1,930	22,785
2000 Series B	9/1/2000	10,435	5.25-5.75%	12/1/2010	1,270		1,270	
2001 Series A	12/1/2001	9,995	3.25-5.125%	12/1/2021	7,245		460	6,785
2003 Series A	3/1/2003	31,000	2.5-5.0%	12/1/2023	23,800		1,310	22,490
2003 Series B	6/1/2003	31,000	3.0-5.0%	12/1/2023	23,960		1,335	22,625
2006 Series A	9/1/2006	60,000	4.0-5.0%	5/1/2027	55,215		2,175	53,040
2007 Series A	11/7/2007	75,000	3.75-5.5%	5/15/2028	72,475		2,625	69,850
2007 Series B	11/7/2007	16,470	3.75-5.5%	5/15/2021	13,370		1,000	12,370
2007 Series C	12/20/2007	75,000	3.5-5.0%	5/15/2028	72,370		2,735	69,635
2009 Series A	6/30/2009	12,000	6.25%	6/30/2021	11,305		739	10,566
2009 Series B	6/30/2009	1,000	5.01%	6/30/2014	820		190	630
2009 Series A QSCB	12/30/2009	22,320	1.92%	6/15/2025	22,320		1,480	20,840
2010 Series 1	11/15/2010	19,500	4.25%	12/1/2018	-	19,500	1,119	18,381
2011 Series A	4/28/2011	35,000	3.0-5.875%	6/15/2026	-	35,000		35,000
2010 Series A QSCB	12/7/2010	12,280	2.51%	5/15/2029		12,280		12,280
2010 Series B QSCB	12/7/2010	9,665	2.51%	5/15/2029		9,665		9,665
Total business-type activities bonds payable					$ 415,962	$ 77,501	$ 28,836	$ 464,627

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

Capital Notes

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2010	Additions	Retirement	Balance June 30, 2011
4/1/2003	$ 23,655	1.70 - 4.25%	2013	$ 18,250		$ 1,004	$ 17,246
11/1/2005	9,145	3.61%	2010	1,962		1,962	
5/1/2006	6,857	5.34 - 5.56%	2036	6,857		-	6,857
				$ 27,069	$ -	$ 2,966	$ 24,103

(Continued)

7. *LONG-TERM OBLIGATIONS (Continued)*

Notes Payable

At June 30, 2011, the City had notes outstanding relating to planning and development activities. These notes included $585 of Section 108 loans payable through 2013 with interest rates ranging from 3.82% to 7.18%; $160 was paid in 2011.

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, 2011 are as follows:

	City		Water Supply Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 24,486	$ 19,783	$ 115	$ 41	$ 24,601	$ 19,824
2013	25,682	18,505	120	36	25,802	18,541
2014	26,718	17,439	125	30	26,843	17,469
2015	27,595	16,297	131	25	27,726	16,322
2016	28,115	15,108	137	19	28,252	15,127
2017-2021	138,367	56,420	123	21	138,490	56,441
2022-2026	108,931	29,011	-	-	108,931	29,011
2027-2031	30,972	7,042	-	-	30,972	7,042
	$ 410,866	$ 179,605	$ 751	$ 172	$ 411,617	$ 179,777

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 $6.8 million and the current 3% debt limit of the City is $266.4 million based on taxable property as of December 31, 2010, of approximately $11.9 billion, leaving a remaining borrowing capacity of approximately $259.6 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, 2011, the total outstanding debt of the City issued outside the 3% debt limit was $74.1 million, excluding water bonds and sewer bonds that are deemed self-supporting.

(Continued)

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, 2011.

8. *LEASE COMMITMENT*

Property and equipment carried at approximately $98,000 with approximately $87,000 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, 2011.

	Operating	Capital
2012	$ 2,030	$ 5,549
2013	2,030	3,866
2014	2,030	3,899
2015	2,030	3,135
2016	2,030	2,369
Thereafter	2,030	4,870
	$ 12,180	23,688
Less: Interest		2,358
Present Value of minimum payments		$ 21,330

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, 2011:

Governmental:

Federal Funds	$ 1,201
Skating Rink	$ 39
Workforce Development	$302

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

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

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

At June 30, 2011 Non-Spendable Fund Balance consisted of the following:		
Loans receivable	$	16,140
Trust agrements		288
		16,428

At June 30, 2011 Restricted Fund Balance consisted of the following:	
Public lands and parks	814
Law enforcement and fire prevention	847
Education	2,208
Federal programs	14,240
Trust agreements	14,490
Various future capital projects	3,654
Total Restricted Fund Balance	36,253

At June 30, 2011 Committed Fund Balance consisted of the following:		
Committed for various capital projects		11,213
Committed for public lands and parks		981
Total Committed Fund Balance	$	12,194

The Water Supply Board has restricted net assets of $18 million at June 30, 2011. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue.

(Continued)

11. *EMPLOYEE RETIREMENT SYSTEM*

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

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

- Plan Description and Contribution Information

Membership of the ERS plan consisted of the following at June 30, 2011, the date of the latest actuarial valuation:

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

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2011
Actuarial cost method	Individual entry age method
Amortization cost method	Approximate level percent of payroll-open
Remaining amortization period	21 years (for original unfunded)
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25% (Previously 8.5%)
Projected salary increases	2012-2013 – 0% (Previously 4.25%)
	Thereafter – 3.5% (Previously 4.5%)
Cost of living adjustments	3% to 6%

Plan Description

ERS is a single-employer defined benefit pension plan that covers most management employees of the City, except school teachers. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided to retirees and beneficiaries at varying percentages ranging from 0% to 6%. Benefits are paid at varying amounts not to exceed 100% of final compensation for Class A (city) employees or 75% of final compensation for Class B (police and fire). Final compensation is the average of the highest three years of base compensation including longevity pay earned by a member during his total service as an employee.

ERS is governed by an Employee Retirement Board provided by the Providence Home Rule Charter. The ERS consists of elected officials, management and employee representation and provides for establishing rules and regulations and is responsible for the administration and operation of the city employee retirement system.

Contributions

Class A members and police officers are required to contribute 8% of their salary to the Plan. Class B members, other than police officers, are required to contribute 9.5% of their salary to the Plan. The Mayor and City Council contribute to the Plan at a rate of $350 per year. Additionally, the City shall contribute from time to time amounts sufficient with the contributions of elected officials to provide the special pensions granted to them. The City's contributions to the ERS for the years ended June 30, 2011, 2010 and 2009 were $56,333, $49,123 and $48,510 respectively.

(Continued)

11. *EMPLOYEE RETIREMENT SYSTEM (Continued)*

Funded Status of Plan

The required supplementary information, which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the ERS with a valuation date of June 30, 2010, which is the most recent report available.

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

Actuarial value of assets	421,963
Actuarial accrued liability	1,325,274
Unfunded (excess) actuarial accrued liability	903,311
Funded ratio	31.84%
Annual covered payroll	135,474
UALL (excess) as a percentage of payroll	666.78%

Annual Pension Cost and Net Pension Obligation (NPO)

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

	FY 2011	FY 2010	FY 2009
Annual required contribution	$ 56,380	$ 51,299	$ 48,509
Interest on NPO	11,200	10,837	10,571
Amortization of NPO	(7,899)	(7,733)	(7,543)
Annual pension cost	59,681	54,403	51,537
Contributions made	(56,333)	(49,123)	(48,410)
Increase in net pension obligation	3,348	5,280	3,127
Net pension obligation, beginning of year	132,767	127,487	124,360
Net pension obligation, end of year	$ 136,115	$ 132,767	$ 127,487
Percentage of annual pension cost contributed	94.39%	90.29%	93.93%

(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:

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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

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

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

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%, 11.25%, and 11.89% for all full-time employees for fiscal years 2011, 2010 and 2009, 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.

B. Investment return – 8.25%, compounded annually.

C. Salary increase – Salaries will increase at a rate of 4.00% – 12.75%, compounded annually. (previously 4.00%- 13.25)

(Continued)

11. *EMPLOYEE RETIREMENT SYSTEM (Continued)*

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: 2.5%. Schedule B Members: 2.35%. (previously 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 $10.4 million for the fiscal year ended June 30, 2011. These amounts are included as revenues and expenditures/expenses in the accompanying financial statements.

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

Years Ending June 30,	
2011	$15,130
2010	$17,900
2009	$18,200

Subsequent to June 30, 2011, the State of Rhode Island passed legislation under the Pension Reform Security Act (Act) of 2011. The legislation made changes to the current pension plan provisions noted above and such changes will be effective July 1, 2012.

(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, 2011.

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, 2011 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.

(Continued)

12. *POSTEMPLOYMENT BENEFITS (Continued)*

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 2011 the City contributed approximately $30,009 to the health insurance program on behalf of retirees. Plan members contributed approximately $4,593, or 13.27% of the total contributed. The plan can cover 100% of the costs of the benefit, however, retirees and their spouses are potentially required to fund a portion of the Plan costs depending upon the class an employee has been assigned and their date of hire. Current employee co-share for the retiree health insurance benefit requires a co-share of .01 of final average salary with a maximum limit of $400.

Annual OPEB Cost and Net OPEB Obligation

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

Annual contribution	$ 63,906
Interest on net OPEB obligation	2,559
Adjustment to annual required contributions	(2,028)
Annual OBEB cost (expense)	64,437
Contributions made	30,009
Increase in net OPEB obligation	34,428
Net OPEB obligation - beginning of year, as restated	63,980
Net OPEB obligation - end of year	$ 98,408

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
6/30/2011	$ 64,437	46.57%	$ 98,408
6/30/2010	$ 79,947	36.29%	$ 63,980
6/30/2009	$ 43,282	80.91%	$ 13,047

(Continued)

12. *POSTEMPLOYMENT BENEFITS (Continued)*

Funding Status and Schedule of Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2010	$ 1,040	$ 1,212,615	$ 1,211,575	0.09%	$ 267,593	452.77%
7/1/2009	$ 1,040	$ 1,498,491	$ 1,497,451	0.07%	$ 268,871	556.94%
7/1/2008	$ 1,035	$ 593,903	$ 592,868	0.17%	$ 274,827	215.72%

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.

In the July 1, 2010, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after five years. Both rates included a 4.5% inflation assumption. The actuarial value of the assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at July 1, 2011, was 30 years.

13. *CONTINGENCIES*

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

(Continued)

13. *CONTINGENCIES (Continued)*

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 $15.8 million as of June 30, 2011.

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.

Changes in the risk management liability for the fiscal years ended June 30, 2011 and June 30, 2010 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.

	2011	2010
Beginning of year	$25,408	$24,693
Incurred claims	97,802	98,364
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compensation	85,175	97,649
Total	$ 38,035	$25,408
Legal claims	$29,909	$17,159
Health – IBNR	4,606	4,894
Workers' compensation	3,520	3,355
Total	$ 38,035	$25,408

(Continued)

16. *RECLASSIFICATIONS*

Governmental Activity

As stated in Note 1, during the fiscal year ended June 30, 2011 the City implemented GASB Statement No. 34. Implementation of this Statement resulted in the consolidation of various funds into the City's General Fund (Fund basis). The funds being consolidated were previously reported with Other Special Revenue Funds. However, these Funds no longer meet the definition of Special Revenue Funds due to the fact that these funds did not have specific revenue sources that were either committed or restricted.

The following represents the reclassification which resulted from the implementation of GASB Statement No. 54.

RESTATED		
Governmental Fund fund balance at June 30, 2010, as originally stated	$	3,458
Other Special Revenue Funds combined with General Fund per GASB 54 requirements		10,893
General Fund fund balances at June 30, 2010, as restated	$	14,351

Government Wide

Government wide net assets at June 30, 2010 have been restated due to a change in other post-employment benefit obligations. The detail of the restatement and impact on net asset is as follows:

Governmental activity net assets at June 30, 2010, as originally stated	$	(21,070)
Understatement of other post-emplyment benefit obligations		(9,997)
Governmental activity net assets at June 30, 2010, as restated	$	(31,067)

(Concluded)

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, 2011 (in thousands)

Revenues and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive/ (Negative)
Tax revenues:				
Property taxes	$ 296,159	$ 296,159	$ 284,761	$ (11,398)
Interest on overdue taxes	3,900	3,900	5,943	2,043
	300,059	300,059	290,704	(9,355)
Payments in lieu of taxes	19,073	19,073	23,110	4,037
Tax stabilization plans	6,500	6,500	6,500	-
State revenue	34,760	34,760	35,666	906
Fines	7,915	7,915	8,143	228
Rents	20	20	-	(20)
Investment interest	2,800	2,800	153	(2,647)
Miscellaneous	151	151	400	249
	71,219	71,219	73,972	2,753
Executive, legislative, and judicial:				
Law Department	-	-	2	2
City clerk	8	8	16	8
Probate court	200	200	159	(41)
Housing court	15	15	27	12
	223	223	204	(19)
Finance:				
City collector	550	550	582	32
City controller	-	-	6	6
City assessor	5	5	1	(4)
Personnel	-	-	1	1
	555	555	590	35
Public safety:				
Commissioner of public safety	55	55	55	-
Police department	802	802	99	(703)
Fire department	550	550	657	107
Traffic engineering	1,200	1,200	1,511	311
	2,607	2,607	2,322	(285)
Building inspection department:				
Building inspection administration	4,655	4,655	3,405	(1,250)
Zoning board of review	85	85	82	(3)
Building board of review	25	25	7	(18)
Structures and zoning	-	-	19	19
	4,765	4,765	3,513	(1,252)

(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, 2011 (in thousands)

Revenues and Transfers	Budgeted Amounts Original	Final	Actual	Variance With Final Budget Positive/ (Negative)
Public works:				
Environmental control	30	30	18	(12)
Highway	300	300	1,242	942
Sewer construction and maintenance	-	-	9	9
Administration	-	-	1	1
	330	330	1,270	940
Public lands and parks:				
North Burial Ground	-	-	217	217
Other departments:				
Recorder of deeds	2,850	2,850	2,140	(710)
Vital statistics	355	355	332	(23)
Bureau of licenses	1,555	1,555	1,389	(166)
Board of Canvassers	-	-	11	11
Emergency Management	197	197	52	(145)
WSB reimbursement	839	839	839	-
WSB medical reimbursement	375	375	420	45
JTPA/planning reimbursement	50	50	-	(50)
Room tax	1,100	1,100	1,354	254
Meals and beverage tax	4,015	4,015	4,100	85
Tax stabilization	-	-	67	67
Blue Cross reimbursement	650	650	914	264
Master alarm connection fee	628	628	275	(353)
Planning and urban development	2,457	2,457	841	(1,616)
Arts, Culture, Film & Tourism	-	-	102	102
Providence Place Mall	200	200	200	-
Voluntary payments in lieu of taxes	3,605	3,605	1,959	(1,646)
Human Service	30	30		(30)
Zoological Service	20	20		(20)
Non-union furlough	1,080	1,080	-	(1,080)
	20,006	20,006	14,995	(5,011)
Public Properties	-	-	581	581
Transfers:				
Transfer from revolving funds	2,173	2,173	2,173	-
Transfer from rescue runs	3,600	3,600	3,543	(57)
Transfer from police/fire detail fund	800	800	1,816	1,016
Transfer from medical trust	-	-	7,581	7,581
Transfer from expendable trust	48,226	48,226	2,000	(46,226)
Transfer from Other Financing	1,378	1,378	1,378	-
Bond proceeds from PPBA	-		39,689	39,689
Transfer from PRA			655	655
Transfer from School Department			935	935
Transfers from North Burial Ground	600	600	400	(200)
Transfer from RI Zoological Society			29	29
	56,777	56,777	60,199	3,422
Total	$ 456,541	$ 456,541	$ 448,567	$ (7,974)

(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, 2011 (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	$ 2,756	$ 2,756	$ 2,726	30
City Council	1,230	1,230	941	289
City sergeant	60	60	116	(56)
City clerk	964	964	787	177
Law department	3,726	3,726	3,773	(47)
Municipal court	1,021	1,021	2,297	(1,276)
Probate court	440	440	429	11
Housing court	411	411	395	16
Contingencies-Mayor	110	110	79	31
	10,718	10,718	11,543	(825)
Finance:				
Finance director	925	925	894	31
City controller	1,745	1,745	1,387	358
Employees retirement office	484	484	472	12
Data processing	3,020	3,020	2,747	273
City collector	2,045	2,045	1,947	98
City assessor	2,179	2,179	1,770	409
Board of tax assessment review	16	16	17	(1)
Treasury department	571	571	401	170
Personnel	1,291	1,291	1,240	51
Heat, light and power	6,148	6,148	7,576	(1,428)
Debt service	63,225	63,225	61,119	2,106
Bank Service Charges			178	(178)
Employee Death Benefit	200	200	159	41
Workers compensation	1,842	1,842	2,491	(649)
Unemployment compensation	215	215	313	(98)
Reserve for anticipated tax abatements	10,627	10,627	254	10,373
WSB- City of Providence Pension expense	-		965	(965)
F.I.C.A.	-	-	6	(6)
	94,533 -	94,533 -	83,936 -	10,597
Public safety:				
Commissioner of public safety	1,604	1,604	1,159	445
Police department	68,897	68,897	67,791	1,106
Fire department	62,863	62,863	69,959	(7,096)
Communications department	9,494	9,494	9,581	(87)
Traffic Engineering	1,733	1,733	1,519	214
	144,591	144,591	150,009	(5,418)

(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, 2011 (in thousands)

Expenditures and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive/ (Negative)
Building inspection department:				
Building inspection administration	1,879	1,879	1,485	394
Structures and zoning division	1,134	1,134	1,119	15
Plumbing, drainage, and gas piping division	272	- 272	273	- (1)
Electrical installations division	335	335	339	(4)
Mechanical equipment and installation division	- 274	- 274	- 237	- 37
Zoning board of review	17	17	17	-
Building and housing board of review	13	13	12	1
Building inspection code enforcement	685	685	625	60
Building inspection prosecution	233	233	201	32
	4,842	4,842	4,308	534
Public works:				
Public works administration	746	746	817	(71)
Engineering and sanitation	688	688	732	(44)
Environmental control	9,298	9,298	9,390	(92)
Highway	5,089	5,089	6,380	(1,291)
Snow removal	1,820	1,820	2,903	(1,083)
Sewer construction and maintenance	901	901	727	174
Garage maintenance and equipment repair	974	974	857	- 117
	19,516	19,516	21,806	(2,290)
Recreation:				
Recreation seasonal	787	787	714	73
	787	787	714	73
Public lands and parks:				
Grounds maintenance services	5,269	5,269	5,376	(107)
Forestry services	1,229	1,229	1,195	34
Zoological services	2,701	2,701	2,696	5
Park environmental services (Greenhouse)	815	815	726	89
Park programming (Roger William Park)	2,261	2,261	2,010	251
Superintendent of parks	1,635	1,635	1,432	203
North Burial Grounds	688	688	660	28
	14,598	14,598	14,095	503
Other departments:				
Recorder of deeds	654	654	582	72
Vital statistics	382	382	369	13
Board of canvassers	916	916	838	78
Bureau of licenses	722	722	687	35

(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, 2011 (in thousands)

Expenditures and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive/ (Negative)
Other departments, Continued:				
Emergency Management	644	644	567	77
Planning and urban development	5,662	5,662	3,755	1,907
Administration to City Council	1,004	1,004	983	21
Internal auditor	412	412	371	41
Archives	295	295	258	37
Human relations commission	259	259	237	22
Department of human services	305	305	141	164
Office of Arts, Culture, Film & Tourism	498	498	685	(187)
Office of parking administration	196	196	65	131
Providence Housing Authority	50	50	9	41
League of Cities	12	12	12	-
Ceremonies	10	10	4	6
P.E.R.A.	297	297	204	93
	12,318	12,318	9,767	2,551
Grants:				
Providence Public Library	3,550	3,550	3,398	152
Rhode Island Historical Society	7	7	7	-
Capital Center	32	32	-	32
Providence Plan Commission	108	108	108	-
Community centers	420	420	218	202
Crossroads	122	122	122	-
P.A.S.A	293	293	146	147
Institute of Non-Violence	81	81	162	(81)
Procap	75	75	-	75
Grants (Transfer to Mary Sha)	24	24	24	-
Grant Expenditure	-	-	-	-
	4,712	4,712	4,185	527
Public properties	6,392	6,392	5,789	603
Transfers:				
Transfers to School Department	124,897	124,897	124,897	-
Transfer to Retiree Benefits	22,235	22,235	24,290	(2,055)
Misc not classified	(3,598)	(3,598)		(3,598)
	143,534	143,534	149,187	(5,653)
Total	$ 456,541	$ 456,541	$ 455,339	$ 1,202

(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, 2011 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Federal and state revenue	$ 176,475	$ 176,475	$ 172,084	$ (4,391)
State Fiscal Stabilization Fund			4,406	4,406
Other revenue	4,835	4,835	4,229	(606)
Transfers from other funds	126,597	126,597	126,147	(450)
Master lease proceeds			575	575
Total revenues	307,907	307,907	307,441	(466)
Expenditures:				
Education	307,907	307,907	306,390	1,517
Transfer to other funds			1,051	(1,051)
Total expenses	307,907	307,907	307,441	466
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	$ 448,567	$ 307,441
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		10,439
Appropriation of prior year surplus	(1,378)	
Bond proceeds	30,545	
Transfer from medical trust netted with expenditures	(7,581)	
Revenue from various other special revenue funds combined with General Fund per GASB 54 requirements	11,112	
Total revenues and transfers per financial statements	$ 481,265	$ 317,880
Total budgetary expenditures and transfers per schedule	$ 455,339	$ 307,441
Reclassification of:		
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		10,439
Transfer from medical trust netted with expenditures	(7,581)	
Expenses and transfers of various other special reveune funds combined with General Fund per GASB 54 requirements	13,588	
Refunding of bonds and related expenses	30,545	
Total expenditures and transfers per financial statements	$ 491,891	$ 317,880

CITY OF PROVIDENCE
REQUIRED SUPPLEMENTARY INFORMATION – FUNDING PROGRESS
JUNE 30, 2011

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

Pension

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2002	340,550	867,457	526,907	39.26%	114,265	461.13%
2003	334,929	899,336	564,407	37.24%	115,015	490.72%
2004	372,128	1,025,345	653,217	36.29%	115,548	565.32%
2005	376,690	993,029	616,339	37.93%	118,600	519.68%
2006	393,768	1,052,805	659,036	37.40%	126,458	521.15%
2007	426,055	1,079,017	652,962	39.49%	132,719	491.99%
2008	449,464	1,165,183	715,719	38.57%	133,008	538.10%
2009	405,217	1,210,018	804,801	33.49%	135,516	593.88%
2010	427,891	1,256,375	828,484	34.06%	137,355	603.17%
2011	421,963	1,325,275	903,312	31.84%	135,474	666.78%

SCHEDULE OF CONTRIBUTIONS FROM THE CITY

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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	97.66%
2011	56,380	100.00%

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)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
7/1/2010	$ 1,040	$ 1,212,615	$ 1,211,575	0.09%	$ 267,593	452.77%
7/1/2009	$ 1,040	$ 1,498,491	$ 1,497,451	0.07%	$ 268,871	556.94%
7/1/2008	$ 1,035	$ 593,903	$ 592,868	0.17%	$ 274,827	215.72%
7/1/2007	$ -	$ 542,413	$ 542,413	0.00%	$ 256,157	211.75%

CITY OF PROVIDENCE

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, 2011

	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	$ 2,499	$ 346	$ 2,274	$ 2,671	$ 330	$ 2,991	$ 66	$ 221	$ 4,759	$ 1,272	$ 17,429
Investments				17,889		139				14,523	32,551
Receivables, net:											
Loans	5,779	6,923	10,490								23,192
Intergovernmental						1,030		117			1,147
Other						24					24
Due from other funds	271	1,577	761	85	31	484	1		6,858	363	10,431
Other assets	119	516		216							851
Total assets	$ 8,668	$ 9,362	$ 13,525	$ 20,861	$ 361	$ 4,668	$ 67	$ 338	$ 11,617	$ 16,158	$ 85,625
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Warrants and accounts payable	$ 142	$ 1,474	$ 100	$ 894	$ 109	$ 449	$	$ 554	$ 20	$ 164	$ 3,906
Accrued liabilities						133					133
Unearned revenue	93	6,923	31			243				8	7,298
Deferred revenue											
Due to other funds	301	2,166	1,213	8,538	111	1,201	$ 106	86	384	1,208	15,314
Due to other governments											
Total liabilities	536	10,563	1,344	9,432	220	2,026	106	640	404	1,380	26,651
FUND BALANCES (DEFICITS)											
Nonspendable	5,686		10,454							288	16,428
Restricted	2,446	(1,201)	1,727	11,429	141	1,661		(302)		14,490	30,391
Committed						981			11,213		12,194
Unassigned							(39)				(39)
Total fund balances (deficits)	8,132	(1,201)	12,181	11,429	141	2,642	(39)	(302)	11,213	14,778	58,974
Total liabilities and fund balances (deficits)	$ 8,668	$ 9,362	$ 13,525	$ 20,861	$ 361	$ 4,668	$ 67	$ 338	$ 11,617	$ 16,158	$ 85,625

CITY OF PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balanc
Nonmajor Governmental Funds
June 30, 2011 (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	$ 81	$ 7		$ 7,047		$ 496	$ 419			$ 10	$ 8,060
Intergovernmental	758	12,647	$ 1,043	1,254	$ 154	3,809		6,962			26,627
Investment and rental income	13		303	254		438				3,212	4,220
Other	278	40	325	290		522			$ 215		1,670
Total Revenues	1,130	12,694	1,671	8,845	154	5,265	419	6,962	215	3,222	40,577
Expenditures											
Current:											
Executive, legislative, and judicial						158			23	373	554
Finance											
Public safety						3,934		7,299			11,233
Recreation						345	411				756
Public lands and parks						545				496	1,041
Community development	324	12,609	1,660	2,539	58	92					17,282
Debt service											
Principal			53	5,363							5,416
Interest and other costs			1	475							476
Capital outlay				4,295							4,295
Total expenditures	324	12,609	1,714	12,672	58	5,074	411	7,299	23	869	41,053
Excess (deficiency) of revenue over expenditures	806	85	(43)	(3,827)	96	191	8	(337)	192	2,353	(476)
Other Financing Sources (Uses)											
Transfers in						257				110	367
Transfers out				(655)					(2,000)	(767)	(3,422)
Bond proceeds				17,350							17,350
Total other financing sources (uses				16,695		257			(2,000)	(657)	14,295
Net change in fund balance (deficit	806	85	(43)	12,868	96	448	8	(337)	(1,808)	1,696	13,819
Fund Balance (deficit), beginning of year, as restatec	7,326	(1,286)	12,224	(1,439)	45	2,194	(47)	35	13,021	13,082	45,155
Fund Balance (deficit), end of year	8,132	(1,201)	12,181	11,429	141	2,642	(39)	(302)	11,213	14,778	58,974

CITY OF PROVIDENCE, RHODE ISLAND

COMBINING BALANCE SHEET
BY GRANT ACCOUNT
JUNE 30, 2011 (in thousands)

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
ASSETS							
Cash and investments	66	243	2,536	858	456		$ 4,159
Receivables, net:							-
Other governments	15,333		950				16,283
Other	29						29
Due from other funds	341		5		1,422	72	1,840
Total assets	$ 15,769	$ 243	$ 3,491	$ 858	$ 1,878	$ 72	$ 22,311
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	3,048		607	686		4	$ 4,345
Accrued liabilities	154		5	7			166
Unearned revenue							0
Deferred revenue	741		1,658	133			2532
Due to other funds	11,516		251		1,252		13,019
Due to other governments	41						41
Total liabilities	15,500	-	2,521	826	1,252	4	20,103
FUND BALANCES (DEFICITS)							
Restricted:	269	243	970	32	626	68	2,208
Total fund balances (deficits)	269	243	970	32	626	68	2,208
Total liabilities and fund balance (deficits)	$ 15,769	$ 243	$ 3,491	$ 858	$ 1,878	$ 72	$ 22,311

CITY OF PROVIDENCE, RHODE ISLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BY GRANT FUND
JUNE 30, 2011 (in thousands)

	Federal Grants	Direct Federal Grants	State Grants	Grants From Other Sources	Indirect Costs	Sports Complex	Totals
REVENUES:							
Federal and state governments	60,256		2,643				$ 62,899
Miscellaneous			7	119		80	206
Total revenues	60,256	-	2,650	119	-	80	63,105
EXPENDITURES:							
Personnel services	26,670		933	1			27,604
Employee benefits	12,057		601				12,658
Other supplies			2				2
Equipment	1,813		159	34			2,006
Miscellaneous services	10,881		416	58			11,355
Other services	17			10		27	54
Pupil transportation	444		9				453
Repairs	182						182
Office supplies	5,449		526	16			5,991
Education supplies	111						111
Textbooks	1,323		4				1,327
Total expenditures	58,947	-	2,650	119	-	27	61,743
OTHER FINANCING SOURCES (USES)							
Transfer to other funds	(1,309)				(1,250)		(2,559)
Transfer from other funds					1,425		1,425
Total other financing sources (uses)	(1,309)	-	-	-	175	-	(1,134)
Net change in fund balances (deficit)	-	-	-	-	175	53	228
Fund balance, beginning of year	269	243	970	32	451	15	1,980
Fund balance (deficit), end of year	$ 269	$ 243	$ 970	$ 32	$ 626	$ 68	$ 2,208

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, 2011 (in thousands)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
AGENCY FUND				
Assets				
Cash and cash equivalents	$ 1,153	$ 1,142	$ 973	$ 1,322
Other receivables	27	6		33
Total Assets	$ 1,180	$ 1,148	$ 973	$ 1,355
Liabilities				
Other payable	$ 640	$ 141	$ 2	$ 779
Due to student groups	540	$ 1,007	971	576
Total Liabilities	$ 1,180	$ 1,148	$ 973	$ 1,355

CITY OF PROVIDENCE

CAPITAL ASSETS

City of Providence

Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2011 (in thousands)

Governmental funds capital assets, net of related accumulated depreciation		
Land	$	45,878
Improvements other than buildings		8,585
Buildings and improvements		114,675
Buildings - leases		323,411
Infrastructue		108,869
Machinery and equipment		11,278
Constuction in progress - City		14,217
Construction in progress - PPBA		39,758
	$	666,671
Investments in governmental funds capital assets:		
Assets put into service as of June 30, 2011	$	666,671

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					
	2006	2007	2008	2009	2010	2011
Governmental activities:						
Invested in capital assets, net of related debt	$ 22,435	$ 51,350	$ 80,301	$ 102,250	$ 122,820	$ 127,340
Unrestricted	11,285	765	(29,054)	(63,215)	(143,890)	(233,086)
Total governmental activities net assets	$ 33,720	$ 52,115	$ 51,247	$ 39,035	$ (21,070)	$ (105,746)
Business-type activities:						
Invested in capital assets, net of related debt	$ 157,507	$ 165,284	$ 143,479	$ 159,670	$ 179,800	$ 201,281
Restricted	17,515	19,470	54,745	44,280	31,037	18,809
Unrestricted	7,431	8,178	8,465	6,622	3,503	11,661
Total business-type activities net assets	$ 182,453	$ 192,932	$ 206,689	$ 210,572	$ 214,340	$ 231,751
Primary government:						
Invested in capital assets, net of related debt	$ 179,942	$ 216,634	$ 223,780	$ 261,920	$ 302,620	$ 328,621
Restricted	17,515	19,470	54,745	44,280	31,037	18,809
Unrestricted	18,716	8,943	(20,589)	(56,593)	(140,387)	(221,425)
Total primary government net assets	$ 216,173	$ 245,047	$ 257,936	$ 249,607	$ 193,270	$ 126,005

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

	2006	2007	2008	2009	2010	2011
Expenses:						
Governmental activities:						
Executive, legislative, and judicial	$ 15,552	$ 22,761	$ 19,352	$ 32,624	$ 42,202	$ 40,382
Finance	32,655	106,740	119,373	111,908	59,345	58,740
Public safety	170,273	110,246	111,183	106,243	182,787	178,374
Building inspection	5,455	2,495	2,717	2,946	4,806	4,636
Public works	30,275	21,992	18,384	17,079	23,030	28,451
Recreation	3,933	2,939	3,089	2,771	3,285	1,593
Public land and parks	23,992	17,535	17,249	5,523	21,069	24,572
Education	373,591	380,730	387,624	377,736	381,096	388,612
Community development	21,175	23,432	20,811	26,110	31,150	21,467
Interest on long-term debt	21,863	18,639	17,056	27,360	27,389	26,699
Total governmental activities expenses	698,764	707,509	716,838	710,300	776,159	773,526
Business-type activities:						
PPBA	9,314	11,790	14,900	17,222	17,696	18,949
Water Supply Board	43,661	46,105	47,610	50,381	52,303	47,483
Civic Center	2,241					
Non-major School lunch program				12,044	12,194	12,836
Total business-type activities expenses	55,216	57,895	62,510	79,647	82,193	79,268
Total primary government expenses	753,980	765,404	779,348	789,947	858,352	852,794
Program revenue:						
Governmental activities:						
Charges for services:						
Executive, legislative, and judicial	234	788	265	241	222	203
Finance	24,526	34,717	18,779	16,928	42,926	51,412
Public safety	16,336	14,831	20,867	22,222	19,515	16,252
Building inspection	4,817	6,379	4,993	4,240	3,599	3,405
Public works	244	2,259	202	213	219	132
Recreation	90	418	361	416	231	226
Public land and parks	1,216	4,004	410	438	311	581
Education	2,802	1,526	1,621	8,309	11,691	11,704
Community development	125	7,233	8,397	8,982	375	88
Operating grants and contributions:						
Executive, legislative, and judicial	142	1				
Finance	683	61				
Public safety	3,039	2,702	4,924	7,348	3,084	2,200
Public works	3,171	-				
Recreation	599	703	743	329	349	296
Public land and parks	-	4,679	4,714	177		
Education	252,043	248,239	248,949	235,234	238,267	243,134
Community development	25,502	15,472	13,758	11,943	14,645	15,856
Capital grants and contributions:						
Education	15,199	15,039	13,908	15,872		
Total governmental activities	350,768	359,051	342,891	332,892	335,434	345,489
Program revenue:						

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

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

	2006	2007	2008	2009	2010	2011
Program revenue:						
Business-type activities:						
Charges for services:						
PPBA	7,825	10,988	15,712	9,835	16,362	18,548
Water Supply Board	52,432	52,749	56,032	59,575	54,976	64,017
Civic Center	1,824	-	-			
Non-major School lunch program				12,040	12,446	12,986
Capital grants and contributions:						
Water Supply Board	1,309	1,613	898	775	773	510
Total business-type activities program revenues	63,390	65,350	72,642	82,225	84,557	96,061
ia						
Total primary government program revenues	414,158	424,401	415,533	415,117	419,991	441,550
Net (expense) revenue:						
Governmental activities	(347,996)	(348,458)	(373,947)	(377,408)	(440,725)	(428,037)
Business-type activities	8,174	7,455	10,132	2,578	2,364	16,793
Total primary government net expense	(339,822)	(341,003)	(363,815)	(374,830)	(438,361)	(411,244)
General revenues and other changes in net assets:						
Governmental activities:						
Property taxes	260,629	257,776	272,366	284,775	289,837	286,998
Payments in lieu of taxes	26,879	20,124	19,575	19,680	19,103	23,115
Grants and contributions not restricted to specific programs	49,546	51,967	42,787	38,048	40,070	25,619
Investment income	8,033	19,779	19,905	1,230	252	153
Gain (loss) on disposal	3,563	-	409			
Miscellaneous	696	17,207	18,037	21,525	31,358	17,473
Transfers	-					
Sale of building and land	3,148	-				
Total governmental activities	352,494	366,853	373,079	365,258	380,620	353,358
Business-type activities:						
Investment earnings	2,227	3,024	3,625	1,243	1,404	618
Transfers	-	-				
Special items:						
Sale of building and land	9,204	-				
Total business-type activities	11,431	3,024	3,625	1,243	1,404	618
Total primary government	363,925	369,877	376,704	366,501	382,024	353,976
Changes in net assets:						
Governmental activities	4,498	18,395	(868)	(12,150)	(60,105)	(74,679)
Business-type activities	19,605	10,479	13,757	3,821	3,768	17,411
Total primary government	$ 24,103	$ 28,874	$ 12,889	$ (8,329)	$ (56,337)	$ (57,268)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Designated for future uses	$ 10,200	$ 900	$ 2,290	$ 401	$ 433	$ 550	$ -	$ -	$ 1,378	$ -
Unreserved/ Unassigned	8,328	10,226	12,532	16,706	19,251	21,614	22,361	17,361	2,080	3,725
Total General Fund	$ 18,528	$ 11,126	$ 14,822	$ 17,107	$ 19,684	$ 22,164	$ 22,361	$ 17,361	$ 3,458	$ 3,725
All Other Governmental Funds:										
Nonspendable										$ 16,428
Restricted										36,253
Committed										12,194
Unassigned										3,686
Reserved	$ 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	-	-	26,942	24,930	23,541	14,513	7,394	9,807	7,081	
Special Revenue	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	$ 110,576	$ 90,672	$ 95,747	$ 105,062	$ 141,490	$ 135,895	$ 109,778	$ 94,965	$ 65,109	$ 68,561

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

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	$ 216,770	$ 243,838	$ 262,873	$ 270,302	$ 285,966	$ 281,422	$ 273,956	$ 283,631	$ 290,358	$ 290,704
Departmental revenue	23,554	8,728	31,352	32,911	33,877	67,352	64,136	73,545	65,786	73,025
Federal and state grants and reimbursements	288,410	281,956	326,516	329,141	345,627	338,863	334,533	298,742	302,272	305,814
Investment and rental income	10,445	13,315	17,047	15,628	21,305	19,779	21,201	16,254	19,742	4,879
Fines and forfeitures	3,773	3,805	5,231	5,597	5,486	4,307	7,241	7,464	7,663	8,143
State Fiscal Stabilization Funds								10,209	13,246	4,406
Other	10,473	26,223	4,075	3,772	4,267	17,207	15,628	15,491	11,867	12,796
Total revenues	553,425	577,865	647,094	657,351	696,528	728,930	716,695	705,336	710,934	699,717
Expenditures:										
Current:										
Executive, legislative, and judicial	9,528	15,417	11,285	11,074	12,995	9,852	10,264	11,100	14,239	12,695
Finance	86,126	94,124	98,836	119,565	124,814	106,674	112,142	103,361	43,447	39,526
Public safety	85,399	85,498	95,137	95,110	108,146	103,111	109,197	103,795	166,254	165,909
Building inspection	2,704	2,592	2,610	2,521	2,600	2,462	2,686	2,838	4,391	4,308
Public works	12,134	12,481	13,426	12,866	13,919	13,423	14,331	15,650	19,064	21,806
Recreation	3,758	2,611	2,766	2,470	2,939	2,909	2,992	2,656	2,902	1,470
Public lands and parks	13,036	13,565	15,411	14,446	16,211	23,718	14,884	14,582	19,138	21,716
Education	282,021	299,911	338,485	345,255	366,910	377,793	385,721	380,577	383,636	378,572
Community development	22,929	19,218	20,185	18,942	21,145	19,101	16,663	22,024	26,621	17,282
Other departments	-	-	-	-	-	5,742	5,394	5,947	9,262	9,767
Grants	-	-	-	-	-	4,331	4,148	4,086	4,529	4,185
Public properties	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Program expenditures	-	-	-	-	-	-	-	-	-	-
Noncurrent:										
Capital outlays	31,890	16,504	10,979	5,709	6,279	19,627	14,520	7,903	2,856	10,782
Debt service principal payments		10,605	10,489	11,915	10,000	32,267	35,051	36,929	46,653	41,158
Debt service interest and other payments	35,719	39,777	22,649	19,061	14,128	18,978	14,622	20,591	26,201	28,706
Total expenditures	585,244	612,303	642,258	658,934	700,086	739,988	742,615	732,039	769,193	757,882
Excess of revenues (under) expenditures	(31,819)	(34,438)	4,836	(1,583)	(3,558)	(11,058)	(25,920)	(26,703)	(58,259)	(58,165)
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	-	-	-	-	87,584
Bond proceeds										(29,425)
Payment to refunding bonds escrow agent	(22,038)	(27,319)	-	(111,980)	(28,244)	(29,514)	-	-	-	-
Premium on bond issued	-	-	-	3,013	778	-	-	-	-	-
Proceeds from sale of real estate	-	-	-	-	6,440	-	-	-	-	-
Transfers in	103,521	97,306	118,126	112,305	138,153	139,458	156,231	145,201	165,765	139,461
Transfers out	(103,951)	(97,706)	(118,726)	(112,550)	(138,270)	(139,458)	(156,231)	(145,201)	(165,765)	(139,461)
Proceeds on refunding bonds issued	-	-	-	114,960	28,675	29,910	-	-	-	-
Total other financing sources (uses)	57,527	7,132	3,935	13,183	25,758	7,943	-	6,952	14,500	58,159
Special Items										
Proceeds from sale	-	-	-	-	16,805	-	-	-	-	-
Net changes in fund balance	$ 25,708	$ (27,306)	$ 8,771	$ 11,600	$ 39,005	$ (3,115)	$ (25,920)	$ (19,751)	$ (43,759)	$ (6)
Debt service as a percentage of noncapital expenditures	6.5%	8.5%	5.2%	4.7%	3.5%	7.1%	6.8%	7.9%	9.5%	9.4%

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
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
2011	234,519	34,032	16,221	284,772
Change 2002-2011	39.6%	11.5%	-11.3%	31.4%

Source: City records.

CITY OF PROVIDENCE, RHODE ISLAND

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

Fiscal Year	Real Property	Tangible Personal Property	Motor Vehicle	Exemptions	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2002	6,208,931	632,987	258,320	(1,102,234)	5,998,004	-	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	13,657,654	830,243	610,997	(4,838,398)	10,260,496	0.30%	28.87	10,347,414	99.16%
2011	10,358,912	926,252	616,722	(2,858,134)	9,043,752	-11.86%	35.37	9,120,363	99.16%

Source: City Records

Weighted Average Rate Calculation

Tot. R/E	10,358,912
Tangible	926,252
Excise	616,722
Tot. Assesment	11,901,886

		% of Assesment	Tax Rate	Tot.Direct Rate
Tot. Res. R/E	7,560,523	64%	30.38	19.30
Comm. R/E	2,798,388	24%	33.70	7.92
Tangible	926,252	8%	53.63	4.17
Excise	616,722	5%	76.78	3.98
		1.00		35.37

CITY OF PROVIDENCE, RHODE ISLAND

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

Taxpayer	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Total City Taxable Assessed Value	2001 Taxable Assessed Value	2001 Rank	2001 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
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%	6,590,930	283,054,114	96.22%
2011	305,128,553	277,131,464	90.82%	-	277,131,464	90.82%

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
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%
2011	80,935	73,140	155,575	411,617	45,433	585	-	53,010	-	820,295	**	4826	0.67%

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, 2011
(unaudited)
(in thousands)

Governmental Unit		Debt Outstanding
General obligation debt:		
General obligation bonds	$	80,935
Revenue bonds		73,140
Special obligation tax increment		15,575
Notes payable		585
Capital leases		21,330
Capital notes		24,103
PPBA debt-City		411,617
Total direct debt	$	627,285

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 2011		
Taxable Property	$	8,880,266
Debt limit (3% of taxable property)		266,408
Debt applicable to limit:		
General obligaton bonds		80,935
Less: debt not subject to 3% limit		74,185
Total net debt applicable to limit		6,750
Legal debt margin	$	259,658

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 12
Legal Debt Margin Information
Last Ten Fiscal Years and Current Year Computation
(unaudited)
(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	$ 179,600	$ 179,400	$ 218,700	$ 206,500	$ 210,700	$ 219,400	$ 294,163	$ 306,899	$ 309,438	$ 266,408
Total net debt applicable to limit	33,200	29,500	31,600	27,500	23,400	19,400	16,247	13,078	9,914	6,750
Legal debt margin	146,400	149,900	187,100	179,000	187,300	200,000	277,916	293,821	299,524	259,658
Total net debt applicable to the limit as a percentage of debt limit	23%	20%	17%	15%	12%	10%	6%	4%	3%	3%
Debt outstanding issued outside the 3% debt limit*	$ 114,000	$ 110,900	$ 102,500	$ 99,800	$ 95,700	$ 93,400	$ 88,828	$ 83,657	$ 78,346	$ 74,185

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

CITY OF PROVIDENCE, RHODE ISLAND

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

Water Supply Board

Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	618	71	6.00
2011	64,017	46,054	17,963	61	24	211.33

Redevelopment Revenue Bonds

Fiscal Year	Collections	Debt Service		Coverage
		Principal	Interest	
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	-	*	-	-
2011	-	*	-	-

Civic Center Bonds

Fiscal Year	Charges	Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
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	-	-	-	***	-	-
2011	-	-	-	***	-	-

Providence Public Building Authority Revenue

Fiscal Year	Collections	Debt Service		Coverage
		Principal	Interest	
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	20,407	16,715	0.44
2011	18,548	25,491	17,429	0.43

* 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
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%
2011	178,400	(1)	26,867	28.2	23,500	10.9%

(1) Unavailable

* Source: Rhode Island Department of Labor and Training

** RI Department of Education

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

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

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 15
Principal Employers
2011 and 2002
(unaudited)

	2011			2002		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brown University	5,162	1	4.83%	3,100	2	3.02%
Rhode Island Hospital	4,200	2	3.93%	5,190	1	5.22%
Roger Williams Medical Center	2,331	3	2.18%	1,630	7	1.64%
Life Span	1,985	4	1.86%			
Women & Infants Hospital	1,800	5	1.69%	2,010	4	2.02%
The Miriam Hospital	1,263	6	1.18%	1,650	6	1.66%
Blue Cross/Blue Shield of Rhode Island	1,140	7	1.07%	1,439	9	1.45%
St. Joseph Health Service of RI	1,000	8	0.94%			
GTECH	950	9	0.89%		-	0.00%
Rhode Island School of Design	911	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	795	14	0.74%			
AAA Southern New England	700	15	0.66%			
Johnson & Wales University	700	16	0.66%	1,495	8	1.51%
Butler Hospital	690	17	0.65%			
H. Carr & Sons Inc.	500	18	0.47%		-	0.00%
National Grid	450	19	0.42%	1,304	10	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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Functions/Program										
Executive, Legislative, Judicial and Finance:										
City Council	15	15	15	15	15	15	15	15	15	15
City Council Administration	11	11	-	-	-	-	-	-	-	-
Internal Auditor	2	4	-	-	-	-	-	-	-	-
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	11	11	11	11	10	9	9	10	10	10
Personnel	12	12	13	13	12	12	12	10	10	11
Finance	24	24	22	22	30	23	30	33	30	30
Computer Services	5	5	7	7	0	7	0	0	0	0
Legal	25	24	23	23	22	22	22	22	20	21
Courts	24	24	23	23	23	23	23	24	23	24
Retirement	5	5	5	5	5	5	5	5	5	5
Board Tax Assessment	5	5	5	5	5	5	5	5	5	5
City Treasurer	7	6	6	5	5	5	5	5	5	5
City Collector	15	15	13	14	18	16	18	20	19	18
City Assessor	16	15	15	17	16	18	16	20	19	22
Recreation and Public Land and Parks:										
Neighborhood Parks & Recreation Svs	61	44	44	44	44	47	52	62	64	66
Recreation	-	21	21	20	20	20	20	22	28	28
Zoo	31	31	31	31	31	37	37	36	35	34
Forestry	15	14	14	14	14	14	16	17	17	17
Parks	51	48	48	48	49	45	39	39	49	56
Greenhouse	11	11	11	11	11	11	14	14	12	12
Public Property	30	30	31	31	33	24	25	29	28	29
Public Safety:										
Police Department	594	594	589	581	592	592	563	584	587	590
Commissioner's Office	9	8	8	8	7	7	7	7	7	10
Firefighters' Department	450	467	489	487	487	484	485	508	511	511
Communication	76	76	76	76	78	78	78	84	97	99
Emergency Mgmt./Homeland Security	6	6	-	-	-	-	-	-	-	-
Public Works:										
Administration	8	8	8	7	10	10	10	10	9	10
Engineering	8	8	7	7	7	7	8	7	6	7
Environmental Control	12	12	13	12	12	12	12	12	26	25
Highway and Bridge Maintenance	50	50	50	50	50	48	48	56	42	44
Sewer Maintenance	12	12	12	10	10	9	10	9	9	9
Miscellaneous	1	1	120	117	45	45	44	47	52	55
Garage	9	9	9	9	9	8	9	9	8	9
Traffic Engineering	13	13	13	13	12	12	11	11	0	0
Building Inspection	60	60	49	49	13	12	13	14	15	14
Miscellaneous:										
Recorded Deeds	7	7	-	-	-	-	-	-	-	-
Planning & Develoment	54	46	-	-	-	-	-	-	-	-
Arts, Culture & Tourism	5	5	-	-	-	-	-	-	-	-
Human Relations	3	3	-	-	-	-	-	-	-	-
Human Services	2	4	-	-	-	-	-	-	-	-
PERA	3	3	-	-	-	-	-	-	-	-
Board of Canvassers	8	8	-	-	-	-	-	-	-	-
Board of Licenses	12	11	-	-	-	-	-	-	-	-
Vital Statistics	5	5	-	-	-	-	-	-	-	-
City Archivist	3	3	-	-	-	-	-	-	-	-
School Department	3,236	3,157	3,284	3,300	3,345	3,333	3,342	3,473	3,435	3,382
Total	5,023	4,952	5,086	5,086	5,041	5,016	5,004	5,220	5,199	5,174

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Calls for service	125	139	145	138	149	190	190	190	190	190
Fire:										
Total fire calls	10	11	14	13	14	13	13	13	13	13
Total rescue calls	31	31	27	27	26	25	25	25	25	26
Building safety:										
Total building permits	8	10	8	7	3,210	8,250	7,759	7,418	5,914	5,165
Total value all permits	198,251	146,236	234,191	217,629	TBD	251,400	172,700	315,400	166,000	140,300
Public service:										
Residential garbage collected (ton)	74	77	79	81	TBD	69	69	69	69	60

Source: City Records

CITY OF PROVIDENCE, RHODE ISLAND

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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	15	15
Fire trucks	23	23	23	23	23	28	28	28	28	28
Public Works:										
Bridges	27	27	27	27	27	53	53	53	53	53
Streets (Miles)	370	370	370	370	370	417	417	417	417	417
Manholes	20	20	20	20	20	20	20	20	20	20
Catch Basins	12	12	12	12	12	12	12	12	12	12
Drain Inlets	4	4	4	4	4					
Parks & Recreation:										
Acreage	1,300	1,300	1,300	1,300	1,300					
Parks	124	124	124	124	124	141	141	141	141	141
Golf Course	2	2	2	2	2	1	1	1	1	1
Baseball/Softball Diamonds	40	40	40	40	40	1	1	1	1	1
Greenhouse	6	6	6	6	6	1	1	1	1	1
Soccer/Football Fields	11	11	11	11	11	1	1	1	1	1
Water Parks	9	9	9	9	9	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	10	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	300	415	415	415	415	415

Source: City Records