

Providence

Bond Ratings (as of February 2003)

Moody's: Baa1

Fitch: A-

Standard & Poor's: -

In order to assess a community's financial condition, credit rating agencies focus on measuring a community's available resources to meet existing and projected obligations. The following indicators were developed to gauge these factors in order to provide an overview of a community's relative fiscal health. Taxpayers should not focus on any singular measure. Rather, they should evaluate their community's overall fiscal health using a range of the indicators discussed below.

The **General Fund balance as a percentage of the General Fund operating revenues** grew from 2.3% by the beginning of FY 2001 to 2.4% by the end of the year. One should note that some municipalities include school revenues and expenditures in a Special Revenue Fund and not in the General Fund. Therefore, this indicator doesn't include these revenues and expenditures for those communities. Hence, this indicator should not be used as a comparison among communities.

Providence contributes to the Employees' Retirement System (ERS) of the City of Providence. The ERS covers most management employees of the City except school teachers and employees of the Civic Center Authority. The **unfunded pension liability** amounts to \$456,475,000 in 2000. In addition, the City is required to make contributions to the National Pension Plan of the Laborers' International Union of North America, the Rhode Island Legal Service trust and certain benefits to retired public safety personnel not covered by the ERS. This annual contribution is approximately \$1.3 million. Also, the city is required to make an annual contribution of \$1.5 million to amortize a deferred contribution from June 30, 1996.

The **estimated effective tax rate**, which is a tool to compare the overall property tax burden in each community is \$35.13 as of December 31, 1999, not taking into account the homestead provision. The state median is \$22.27. The tax levy as a percentage of the estimated full value is 3.4%. The state median is 2.2%.

The **outstanding long-term debt** per capita is \$4,001 and \$258 per \$1,000 of Personal Income. The statewide average is \$1,912 per capita and \$88 per \$1,000 of Personal Income. The outstanding debt as a percentage of estimated full value is 11.3%, while the statewide average is 3.3%.

Providence's bond rating of Baa1 by Moody's is considered as medium grade obligations and the rating of A- by Fitch is considered upper medium grade. The overall property tax burden, as measured by the estimated effective tax rate, is the highest in the state, not taking into account the homestead provision. The outstanding long-term debt per capita is 109.3% above the statewide average, ranking the city second in the state. The unfunded pension liability amounts to \$456,475,000 in FY 2000. The General Fund balance as a percentage of the General Fund operating revenues grew during FY 2001.

All municipal audits are required to be completed no later than six months after the close of the fiscal year. The Office of the Auditor General has discretion to grant extensions of up to three months after the legal deadline. Providence's audit reports for FY 2000 and FY 2001 were submitted within the extension period.

General Information

Form of Government	Mayor-Council
Population 2000	173,618
Personal Income Per Capita CY 2000	\$15,525

Property Tax Data FY 2001 (Assessment as of 12/31/1999)

Estimated Full Value	\$6,174,522,776
Property tax collection rate	97.5%
Tax Rates by Class:	
Residential RE Tax Rate	\$34.94
Homestead Provision	35.0%
Commercial RE Tax Rate	\$34.94
Inventory Tax Rate	61.42
Motor Vehicle Tax Rate	76.78
Personal Property Tax Rate	83.86
Estimated Effective Tax Rate	35.13
State Median	22.27
Tax Levy as Percentage of Full Value	3.4%
State Median	2.2%

