BRUCE T. MILLER
DIRECTOR OF FINANCE

DAVID N. CICILLINE
MAYOR

Finance Department
"Building Pride in Providence"

December 27, 2007

City Council
Providence, Rhode Island

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financials. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has 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, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Providence, Rhode Island's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Providence was incorporated in 1832, is located at the head of Narragansett Bay on the Providence River and is the major population, industrial, and commercial center of Rhode Island and the center of State government. Providence occupies a total land area of 18.1 square miles and an additional 1.9 square miles of water. The City is ranked first in population among the thirty-nine cities and towns in Rhode Island.

The City uses a Mayor- Council form of government. A Home Rule Charter was adopted in November 1980 and became fully effective on January 3, 1983. The City provides a full range of services including: General Government, Community Development, Administrative Services, Public Safety, Public Works, Sanitation, Planning and Development, Workforce Development, Recreation, Parks, and Education.

The City adopts an annual budget for the General Fund, including the School department. The legal level of control is by department.

IN CITY COUNCIL
JAN 17 2008
READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
CLERK

BRUCE T. MILLER
DIRECTOR OF FINANCE

DAVID N. CICILLINE
MAYOR

Finance Department
"Building Pride in Providence"

Factors Affecting Financial Condition

According to 2003 data on employment furnished by the Rhode Island Department of Labor and Training, manufacturing industries employed 8.13% of the work force, with the jewelry industry being the largest single employer group. Service employment has continued to exceed manufacturing, now employing 61.49% of the work force. Several industrial parks, built as part of major urban renewal projects, are located in Providence. The Port of Providence has, with its neighboring City of East Providence, over 10 miles of commercial waterfront with 25 wharves and docks for medium and deep draft vessels. The channel has been deepened to 40 feet to accommodate larger vessels. Rail service and transit sheds are accessible to ships docking in the Port. The cargo entering and leaving the Port of Providence includes principally gasoline, fuel and diesel oil, cement and lumber.

The population of the City of Providence increased modestly between 1990 and 2000 from 160,728 to 173,618. The demographic profile of the City has changed considerably. Caucasians represent approximately 54.5% of the population, African Americans represent approximately 14.5%, Hispanics represent approximately 30%, Asians represent 6% and Native Americans represent roughly 1%.

MAJOR INITIATIVES

To provide comprehensive, long-term opportunities for Providence's diverse population, the City has recently embarked on a program to focus the City's assets—its institutions of higher education, its financial and corporate district, its cultural resources, and its nonprofit housing and community institutions, on a unified set of goals.

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

Economic Development

Over the past few years the City of Providence has pursued an economic development strategy designed to foster growth and stability both in the downtown, and its neighborhoods. The objective of this strategy is to: (1) support the transition of the economy from one dependent primarily on manufacturing, to a diversified economic base with major service-oriented

employment; (2) retain viable industry through the development of new industrial sites while promoting the establishment of new companies that have long-term potential for expansion; (3) revitalize the Port of Providence district's maritime and industrial activities; (4) broaden and enhance the residential tax base by planning and implementing revitalization projects and programs in the City's neighborhoods; and (5) create a coherent development strategy for the downtown core which provides a focus for public investment and private capital.

Redevelopment Initiatives

Under contract with the City, Sasaki Associates, Inc. completed a redevelopment plan for over 200 acres of industrial land along the Providence River known as Narragansett Landing in 2003. The plan builds on a previous plan that Sasaki completed in 2000 that envisioned a conversion of the area to a mixed residential and commercial district. The current plan outlines the actions that the City should take to initiate the redevelopment of the area.

Another redevelopment district is Promenade, which encompasses land adjacent to the Woonasquatucket River between downtown and Olneyville,: it has seen a considerable amount of private development over the past three years. A $57 million, 325-unit high-end residential apartment complex has been completed by the Texas-based JPI Company on land west of the Providence Place Mall. Feldco, Inc. has constructed the Eagle Square shopping center, a $20 million project, at the corner of Atwells Avenue and Valley Street. The project was completed in 2004. Farther west, the Armory Revival Company and Struever Brothers of Baltimore are spending $45 million to renovate a historic mill complex on Valley Street into office space and apartments (both market rate and affordable).

Commercial Expansion

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

Two significant mixed-use projects are underway on Atwells Avenue. Both projects will have retail space on the ground floor with condominiums on the upper floors. A total of approximately 120 new units will built in the next year.

Institutional Expansion

Institutional expansion recently completed or currently underway also represents a considerable investment in Providence. Collectively, since 1990 construction spending by the City's educational and health care institutions on completed projects, as well as projects planned for the near future, exceeds $200 million.

Public Investment

The City has supported private investment in downtown Providence with major public capital investments. This support has resulted in new and rehabilitated office buildings and hotels; arts and entertainment facilities; and new specialty retail centers and restaurants. Major public sector projects presently consist of Capital Center, the Convention Center, and infrastructure improvements in the Promenade and Old Harbor Sectors of the City; and ongoing capital improvements to the City's public infrastructure, schools, public housing, port facilities, and roadways. Additionally, significant projects completed within the past fifteen years are Kennedy Plaza, a Federal and City investment of $7 million, to refurbish roadway, public transit and pedestrian facilities in the core of the Central Business District; the Silver Spring Industrial Park, a $4 million, 30-acre industrial site consisting of 16 development parcels; and. The City also facilitated a $6.1 million loan to the Providence Performing Arts Center (PPAC) for expansion of its stage house, which was completed in 1995. Kennedy Plaza, which serves as a focal point outside of Providence City Hall, was the subject of a $17 million renovation and reconfiguration sponsored by the Federal Transit Authority (FTA) through the Rhode Island Public Transportation Authority (RIPTA) in 2000. The Fleet Skating Center, an outdoor ice skating rink open to the public on an hourly fee basis, opened in November, 1998 in the former Francis Street bus loop. This facility is also convertible for other outdoor entertainment uses during the summer months and is currently being used for a Downtown Farmer's Market one day a week. The Rhode Island Public Transit Authority redesigned and improved the transit facilities which completed the redevelopment of Kennedy Plaza which opened in the Spring of 2002. In addition, the State Department of Transportation (RIDOT) has committed $3.2 million to improve traffic circulation in the downtown area. The first phase of the project was to reconfigure Washington Street in 2003 from a one-way to two-way traffic pattern with state-of-the-art traffic signals and emergency overrides for fire vehicles. Other improvements include the reconfiguration of Empire and Weybosset Streets.

BRUCE T. MILLER
DIRECTOR OF FINANCE

DAVID N. CICILLINE
MAYOR

Finance Department
"Building Pride in Providence"

Debt Administration

Outstanding governmental and business-type activities bonds and at June 30, 2007 totaled $438 million. Note 7 of this report presents more detailed information about the debt position of the City. The City's bond rating is as follows:

Moody's Investors Service	A3
Standard and Poors	A
Fitch	A

Cash Management

Cash temporarily available during the year was invested for periods ranging from 30 to 181 days to maturity. RI General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State or in any state or other tax-exempt political subdivision under certain conditions. Trust funds are also authorized to invest in corporate bonds, securities and other commercial paper. Three factors affect investment income: (1) interest rates, (2) fund balances available, and (3) cash flow management.

Risk Management

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

The activities of the risk management program are accounted for in an internal service fund. This fund operates on a full accrual basis within 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 2008-2012 fiscal year capital improvement plan projects needs through fiscal 2012. The plan provides for the needs of the general government and addresses such issues 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.

BRUCE T. MILLER
DIRECTOR OF FINANCE

DAVID N. CICILLINE
MAYOR

Finance Department
"Building Pride in Providence"

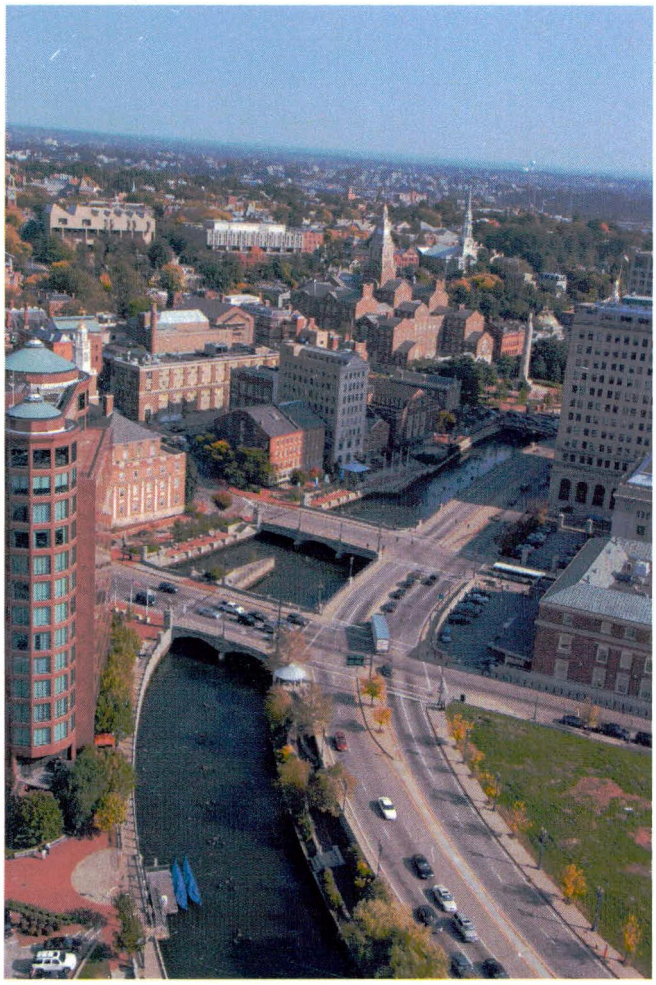
Acknowledgments

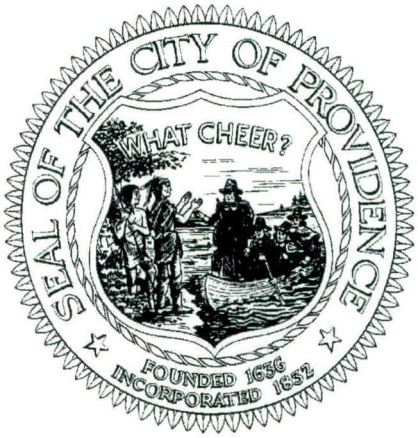
The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department who assisted and contributed to its preparation. I also appreciate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

Respectfully submitted,

Bruce T. Miller
Director of Finance

CITY OF PROVIDENCE, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007





DEPARTMENT OF FINANCE
25 DORRANCE STREET
PROVIDENCE, RI 02903

CITY OF PROVIDENCE

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- ORGANIZATION CHART
- LIST OF TOWN OFFICIALS

CITY OF PROVIDENCE, RHODE ISLAND

YEAR ENDED JUNE 30, 2007

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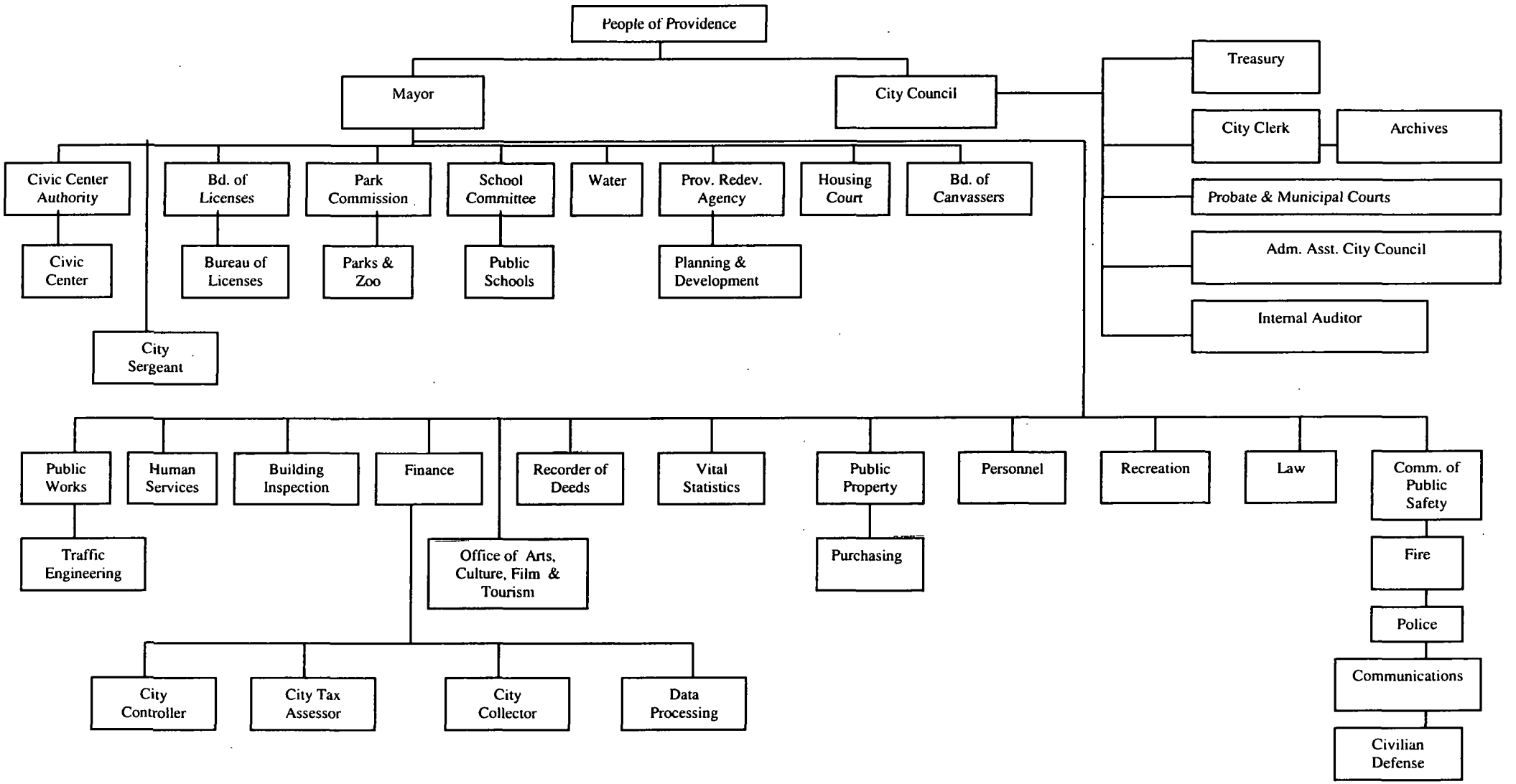
(CONCLUDED)

ORGANIZATIONAL CHART



CITY OFFICIALS
AS OF JULY 1, 2007

MAYOR ..... **DAVID N. CICILLINE**

CITY COUNCIL:

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

Chief of Staff	Deborah Braton
Director of Administration	John Simmons
Senior Advisor	Christopher Bizzacco

City Clerk	Anna Stetson
City Solicitor	Joseph Fernandez
Director of Communications	William Trinque
Director of Finance	Bruce T. Miller
Director of Inspections	Francisco Ramirez
Director of Personnel	Sybil Bailey
Director of Planning	Thomas Deller
Director of Public Property	Alan Sepe (Acting)
Director of Public Works	John Nickelson
Director of Recreation	Frank Santos
Fire Chief	George Farrell
Internal Auditor	James Lombardi
Police Chief	Dean Esserman
Recorder of Deeds	Barbara Troncy
Registrar of Vital Statistics	Ernesto Figueroa
Superintendent of Parks	Alix Ogden
Superintendent of Schools	Dr. Donnie W. Evans

CITY OF PROVIDENCE

FINANCIAL SECTION

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

Braver PC
Accountants & Advisors

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Providence, Rhode Island, as of and for the year ended June 30, 2007, 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, 2007, 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.

Boston
Newton
Providence

MGI WORLDWIDE

Two Charles Street, Providence, RI 02904 T 401.421.2710 F 401.274.5230 www.thebravergroup.com

The Management's Discussion and Analysis, historical pension information, and budgetary comparison information on Pages 3 through 12 and 56 through 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2007 on our consideration of the City of Providence, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Providence, Rhode Island's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund financial statements, capital asset schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund financial statements, capital asset schedules and other schedules been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements and budgetary comparison schedules taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Braver, PC

Braver, PC
Providence, Rhode Island
December 27, 2007

CITY OF PROVIDENCE, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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, 2007.

Financial Highlights – Primary Government

Government-Wide Highlights

Net Assets – The assets of the City's governmental activities exceeded its liabilities at fiscal year ending June 30, 2007 by $52.1 million (presented as "total net assets.") Of this amount, a surplus of $ .8 million was reported as "unrestricted net surplus." The net investment in capital assets was $51.3 million. The assets of the City's business-type activities exceed its liabilities by $192.9 million. Of this amount, $165.3 million represented the net investment in capital assets.

Change in Net Assets – The City's total net assets increased by $28.8 million in fiscal year 2007. Net assets of governmental activities increased by $18.4 million, while net assets of the business-type activities increased by $10.4 million.

Fund Highlights

Governmental Funds-Fund Balances – As of the close of fiscal year 2007, the City's governmental funds reported a combined ending fund balance of $158.1 million, a decrease of $3.1 million over the prior year. Of the total fund balance reported, $158.1 million represents the "unreserved fund balance" of which $14.5 million pertains to Capital Project Funds, $115.5 million is for non-major funds, 22.2 million pertains to the general fund. 5.9 million pertains to the school grants funds.

Long-Term Debt

The City's total long-term debt obligations related to its government activities increased by $36.20 million during the current fiscal year.

The total long-term debt of the City's proprietary activities increased by $53.0 million during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Providence's basic financial statements. The City's basic financial 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) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the City – the ***Government-Wide Financial Statements*** and the ***Fund Financial Statements.*** These financial statements also include the ***Notes to the Financial Statements*** that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The *government-wide financial statements* provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both 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." Over time, 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 expenses 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 City programs or activities. These two types of activities are:

- *Governmental Activities* – The activities in this section are mostly supported by taxes 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. These business-type activities of the City include the operations of the City of Providence's Water Supply Board, and 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. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related 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:

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

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental 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 statements.

  The City has four governmental funds that are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major governmental funds are – the General Fund, the School Fund, the School Grants Fund and the Capital Projects Fund. All nonmajor governmental funds are presented in a single column. The basic governmental funds financial statements can be found immediately following the government-wide statements.

- *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 customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, 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 the proprietary fund financial statements. The City has two major enterprise funds; the Water Supply Board and the Providence Public Building Authority. Financial statements for the Providence Public Building Authority may be obtained from the City of Providence Finance Department.

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

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

- *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 much like that used for proprietary funds. They use the accrual basis of accounting.

  The City's fiduciary funds are the Employee Retirement Fund, the Private Purpose Trusts and the 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 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 the 2007 fiscal year, there were no significant modifications to the budgets for both funds as originally adopted.

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 noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled $245 million at the end of 2007, compared to $216.2 million at the end of the previous year.

The largest portion of the City's net assets, $216.6 million, reflect its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire that asset that is still out standing. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment 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 themselves cannot be used to liquidate these liabilities.

The City of Providence's Net Assets – Primary Government
(In Thousands)

	June 30, 2007			June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 310,457	$ 53,971	$ 364,428	$ 306,013	$ 52,810	$ 358,823
Capital assets	498,539	180,113	678,652	448,428	176,465	624,893
Total Assets	808,996	234,084	1,043,080	754,441	229,275	983,716
Current liabilities	100,405	26,023	126,428	100,460	27,864	128,324
Long-term liabilities	656,476	15,129	671,605	620,261	18,958	639,219
Total Liabilities	756,881	41,152	798,033	720,721	46,822	767,543
Net assets:						
Invested in capital assets, net of related debt	51,350	165,284	216,634	22,435	157,507	179,942
Restricted		19,470	19,470		17,515	17,515
Unrestricted	765	8,178	8,943	11,285	7431	18,716
Total Net Assets	$ 52,115	$ 192,932	$ 245,047	$ 33,720	$ 182,453	$ 216,173

Restricted net assets of $ 19.5 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 increased by $ 18.4 million. Approximately 38.3% of the City's total governmental revenue came from taxes and payments in lieu of taxes, while 46.7 % resulted from grants and contributions (including federal aid). Charges for various goods and services provided 9.9% of the total revenues, while other revenue accounted for 2.4 % of the total, investment and rental income provided 2.7% of the total. The City's expenses cover a range of services. The largest expenses were for schools, public safety, retirement costs, and employee benefits. Revenues from business-type activities in 2007 exceeded expenses by $ 10.5million. The increase in revenue was due to increases in unrestricted investment earnings and charges for services.

The City of Providence's Changes in Net Assets – Primary Government
(In Thousands)

	Year Ended June 30, 2007			Year Ended June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$ 72,155	$ 63,737	$ 135,892	$ 50,390	$ 62,081	$ 112,471
Operating Grants and Contributions	271,857		271,857	285,179		285,179
Capital Grants and Contributions	15,039	1,613	16,652	15,199	1,309	16,508
General Revenues:						
Property Taxes	277,900		277,900	287,508	-	287,508
Grants not restricted to specific Programs	51,967		51,967	49,546	-	49,546
Miscellaneous	17,207		17,207	7,407	9,204	16,611
Unrestricted investment earnings	19,779	3,024	22,803	8,033	2,227	10,260
Total Revenues	725,904	68,374	794,278	703,262	74,821	778,083
Expenses:						
Executive,legislative and judicial	22,761		22,761	15,552		15,552
Finance	106,740		106,740	32,655	-	32,655
Public Safety	110,246		110,246	170,273	-	170,273
Building inspection	2,495		2,495	5,455	-	5,455
Public works	21,992		21,992	30,275	-	30,275
Recreation	2,939		2,939	3933	-	3,933
Public lands and parks	17,535		17,535	23,992	-	23,992
Education	380,730		380,730	373,591	-	373,591
Community development	23,432		23,432	21,175	-	21,175
Interest on long-term debt	18,639		18,639	21,863	-	21,863
Economic development		11,790	11,790	-	9,314	9,314
Water		46,105	46,105	-	43,661	43,661
Other					2,241	2,241
Total Expenses	707,509	57,895	765,404	698,764	55,216	753,980
Change in net assets	18,395	10,479	28,874	4,498	19,605	24,103
Net assets – beginning	33,720	182,453	216,173	29,222	162,848	192,070
Net assets – ending	$ 52,115	$ 192,932	$ 245,047	$ 33,720	$ 182,453	$ 216,173

Business-Type Activities

The business-type activities increased the City's net assets by $10.5 million. This resulted primarily from a $9.2 million increase in net assets of the Water Supply Board and an increase in net assets of $1.3 million by the Providence Public Building Authority. The Water Supply Board increase was primarily due to the large commitment to replacement of infrastructure included in water rates. In addition, there was an increase in user rates during the year.

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 $22.2 million. As a reassure of the general funds' liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and total fund balance represents 5.4% of total general fund expenditures. The City has achieved the goal of maintaining a minimum fund balance of 5.0% of annual general fund budgetary expenditures at the end of the fiscal year.

School Grants-Fund Balance – The school grant funds account for federal and state grants received and expended by the school system. The fiscal year 2007 school grants fund balance is reported at $5.9 million, a $1.2 million decrease from fiscal year 2006.

School Fund – The school fund ended the year with a $0 fund balance in accordance with City charter regulations. The expenditures were $320.1 million as compared to $304.4 million in the prior year.

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 2007 capital projects fund balance is $14.5 million. The $9.0 million decrease from fiscal year 2006 is attributable to the timing of borrowing and spending of the Master Lease Equipment Purchase proceeds and the Neighborhood Improvement Capital Projects.

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 $10.5 million as a result of operations in the individual enterprise funds. The Water Supply Board showed an increase in net assets of $9.2 million resulting from proper rate structure and cost savings. The Providence Public Building Authority accounted for a $ 1.3 million increase in net assets.

General Fund Budgetary Highlights

The budgetary surplus of $2.5 represents the City's twenty-seventh consecutive budget surplus and will increase the cumulative fund balance to $22.2 million. Total general fund revenues and transfer for the fiscal year ended were $413.5 million and total general fund expenditures and transfers for the fiscal year ended were $411 million. Further details of favorable and unfavorable variances of revenue and expense items can be found in the Required Supplementary Information on pages 56 to 61 of the Comprehensive Annual Financial Report.

Below are the changes in undesignated fund balance since June 30, 2001 (in millions):

	2001	2002	2003	2004	2005	2006	2007
Undesignated fund balance, beginning	$ 6.8	$ 7.3	$ 8.3	$ 10.2	$ 12.5	$ 16.7	$ 19.7
Increase	0.5	1.0	1.9	2.3	4.2	2.6	2.5
Reallocation of Designated Fund Balance						0.4	
Undesignated fund balance, ending	$ 7.3	$ 8.3	$ 10.2	$ 12.5	$ 16.7	$ 19.7	$ 22.2

Capital Asset and Debt Administration

Capital Assets (Note 5 to the Basic Financial Statements)

	June 30, 2007			June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	$ 45,707	$ 11,091	$ 56,798	$ 45,709	10,289	55,998
Land Improvements	6,554	18,682	25,236	6,550	18,682	25,232
Buildings and Improvements	115,453	106,637	222,090	111,569	109,179	220,748
Machinery and Equipment	14,055	5,272	19,327	12,383	3,759	16,142
Infrastructure	114,546		114,546	119,093		119,093
Leased assets	134,380	11,149	145,529	130,162	11,406	141,568
Construction in Progress	67,844	27,282	95,126	22,962	23,150	46,112
Total	$ 498,539	$ 180,113	$ 678,652	$ 448,428	$ 176,465	$ 624,893

The City's investment in capital assets for its governmental activities as of June 30, 2007 amounts to $ 801.4 million, net of accumulated depreciation of $ 302.9 million, leaving a net book value of $ 498.5 million. This investment in capital assets includes 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.

	June 30, 2007			June 30, 2006		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 112,845	$	$ 112,845	$ 119,215	$	$ 119,215
Revenue bonds	64,525	11,879	76,404	66,500	14,708	81,208
Tax increment obligations	26,260		26,260	28,285		28,285
Capital leases payable	58,453	2,950	61,403	59,994	3,865	63,859
Notes payable	3,434	300	3,734	4,215	385	4,600
PPBA Debt		315,474	315,474	-	258,639	258,639
Total	$ 265,517	$ 330,603	$ 596,120	$ 278,209	$ 277,597	$ 555,806

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 $ 40.3 million during the current fiscal year.

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

The City of Providence maintains the following ratings from Wall Street's credit agencies for general obligation debt: an A3 rating from Moody's Investors Service, and an A rating from Standard and Poor and 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.

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

Request for Information

This financial report is designed to provide a general overview of the City of Providence's finances for all of the City of Providence's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Providence, Finance Department, Providence City Hall, Room 304, Providence, RI 02903.

CITY OF PROVIDENCE

BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Net Assets
6/30/2007 (In thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals*
ASSETS:			
Current Assets:			
Cash and cash equivalents	$ 169,680	$ 30,832	$ 200,512
Restricted cash and cash equivalents		17,191	17,191
Investments	28,688	12,462	41,150
Restricted investments		1,715	1,715
Taxes receivable (net of allowance)	24,020		24,020
Intergovernmental receivable	36,336		36,336
Loan receivable (net of allowance)			-
Other receivable	10,910		10,910
Charges for service receivable (net of allowance)		12,536	12,536
Internal balances	23,405	(23,405)	-
Other assets	12,563	1,805	14,368
Noncurrent assets			
Deferred charges	4,855		4,855
Restricted receivables		835	835
Capital assets, nondepreciable	71,820	57,055	128,875
Capital assets, depreciable, net	426,719	123,058	549,777
TOTAL ASSETS	808,996	234,084	1,043,080
LIABILITIES:			
Current Liabilities:			
Warrants and accounts payable	15,773	10,897	26,670
Payable to retirement plan	51,113		51,113
Due to other governments	746		746
Accrued liabilities	31,362	11,048	42,410
Unearned revenue	1,411	1,734	3,145
Amounts payable with current restricted assets		2,344	2,344
Noncurrent liabilities:			
Due within one year	49,548	3,086	52,634
Due in more than one year	606,928	12,043	618,971
TOTAL LIABILITIES	756,881	41,152	798,033
Net Assets			
Investment in capital assets, net of related debt	51,350	165,284	216,634
Restricted for Water Quality Protection		17,397	17,397
Restricted for debt service		2,073	2,073
Unrestricted	765	8,178	8,943
TOTAL NET ASSETS	$ 52,115	$ 192,932	$ 245,047

* 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, 2007 (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 — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
Executive, legislative, and judicial	$ 22,761	$ 788	$ 1		$ (21,972)		$ (21,972)
Finance	106,740	34,717	61		(71,962)		(71,962)
Public Safety	110,246	14,831	2,702		(92,713)		(92,713)
Building inspection	2,495	6,379			3,884		3,884
Public Works	21,992	2,259			(19,733)		(19,733)
Recreation	2,939	418	703		(1,818)		(1,818)
Public land and parks	17,535	4,004	4,679		(8,852)		(8,852)
Education	380,730	1,526	248,239	$ 15,039	(115,926)		(115,926)
Community development	23,432	7,233	15,472		(727)		(727)
Interest on long-term debt	18,639				(18,639)		(18,639)
Total governmental activities	707,509	72,155	271,857	15,039	(348,458)	-	(348,458)
Business-type activities:							
PPBA	11,790	10,988		-		$ (802)	(802)
Water Supply Board	46,105	52,749	-	1,613		8,257	8,257
Total business-type activities	57,895	63,737	-	1,613	-	7,455	7,455
Total primary government	$ 765,404	$ 135,892	$ 271,857	$ 16,652	(348,458)	7,455	(341,003)
General revenues							
Taxes:							
Property taxes					257,776		257,776
Payments in lieu of taxes					20,124		20,124
Grants and contributions not restricted to specific programs					51,967		51,967
Investment income					19,779	3,024	22,803
Miscellaneous					17,207		17,207
Total general revenues					366,853	3,024	369,877
Change in net assets					18,395	10,479	28,874
Net assets-beginning					33,720	182,453	216,173
Net assets-ending					$ 52,115	$ 192,932	$ 245,047

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Balance Sheet- Governmental Funds
June 30, 2007 (In thousands)

	Major Funds					
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 57,402	$ 7,366	$ 13,843	$ 17,464	$ 70,483	$ 166,558
Investments					28,688	28,688
Receivables, net:				-		
Taxes	24,020			-	-	24,020
Loans				-	10,157	10,157
Intergovernmental	26,556	277	8,940	-	563	36,336
Other	309	2,289	6	-	2,210	4,814
Due from other funds	12,916	28,907	14,310	-	25,709	81,842
Other assets	-			-	138	138
TOTAL ASSETS	$ 121,203	$ 38,839	$ 37,099	17,464	$ 137,948	$ 352,553
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Warrants and accounts payable	$ 5,507	$ 5,024	$ 2,186	1,275	$ 1,465	$ 15,457
Accrued liabilities	2,855	10,654	386	-	-	13,895
Unearned revenues	-		708	-	219	927
Deferred revenue	17,821		-	-	3,340	21,161
Due to other funds	72,402	23,161	27,670	1,676	17,399	142,308
Due to other governments	454		259	-	33	746
TOTAL LIABILTIES	99,039	38,839	31,209	2,951	22,456	194,494
FUND BALANCES:						
Reserved for:						
Loans				-	10,157	10,157
Unreserved:						
Designated for future uses	550				16,026	16,576
Undesignated, reported in						-
General fund	21,614				-	21,614
Special revenue funds			5,890		71,086	76,976
Capital project funds				14,513	-	14,513
Permanent funds					18,223	18,223
TOTAL FUND BALANCES	22,164	-	5,890	14,513	115,492	158,059
TOTAL LIABILITIES AND FUND BALANCES	$ 121,203	$ 38,839	$ 37,099	$ 17,464	$ 137,948	

Amounts reported for governmental activities in the statement of net assets are different becauses:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	498,539
Net pension obligations	(122,487)
Deferred charges	4,855
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(515,021)
Internal service funds are used by management to charge the costs of self-insurance and legal claims to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	4,222
Unspent PPBA bond proceeds	23,948
Net assets of governmental activities (A-1)	$ 52,115

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, 2007 (in thousands)

	Major Funds					
	General Fund	School Fund	School Grants Fund	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 281,422					$ 281,422
Departmental revenue	33,235	$ 1,526		$ 2,157	$ 30,434	67,352
Federal and state grants and reimbursements	67,006	192,287	$ 55,952	-	23,618	338,863
Investment and rental income	14,231	100		895	4,553	19,779
Fines and forfeitures	4,307			-	-	4,307
Other		11,915	1,803	-	3,489	17,207
TOTAL REVENUES	400,201	205,828	57,755	3,052	62,094	728,930
EXPENDITURES:						
Current:						
Executive, legislative, and judicial	7,585			-	2,267	9,852
Finance	105,990			-	684	106,674
Public safety	94,146			-	8,965	103,111
Building inspection	2,462			-	-	2,462
Public works	13,423			-	-	13,423
Recreation	1,710			-	1,199	2,909
Public lands and parks	14,274			-	9,444	23,718
Other departments	5,742					5,742
Grants	4,331					4,331
Education		320,057	57,736	-	-	377,793
Community development				-	19,101	19,101
Noncurrent:				-		-
Capital outlays				19,627	-	19,627
Debt Service:						-
Principal	29,256				3,011	32,267
Interest and other costs	18,506				76	18,582
Bond issuance costs related to refunding	396			-		396
TOTAL EXPENDITURES	297,821	320,057	57,736	19,627	44,747	739,988
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	102,380	(114,229)	19	(16,575)	17,347	(11,058)
OTHER FINANCING SOURCES (USES)						
Capital leases issued				7,547		7,547
Issuance of refunding bonds	29,910					29,910
Payment to refunded bonds escrow agent	(29,514)					(29,514)
Transfers in	13,281	114,827	1,100	-	10,250	139,458
Transfers out	(113,577)	(598)	(2,350)	-	(22,933)	(139,458)
				-		
TOTAL OTHER FINANCING SOURCES (USES)	(99,900)	114,229	(1,250)	7,547	(12,683)	7,943
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	2,480	-	(1,231)	(9,028)	4,664	(3,115)
				-		
FUND BALANCES AT BEGINNING OF YEAR	19,684		7,121	23,541	110,828	161,174
FUND BALANCE AT END OF YEAR	$ 22,164	$ -	$ 5,890	$ 14,513	$ 115,492	$ 158,059

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 Governmenatl Funds For the Year Ended June 30, 2007 (In thousands)

Net Change in Fund Balances - Total Governmental Fund (B-2)	$	(3,115)
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 depreciation exceeded capital outlays in the current period.		50,111
Net expense of certain activities of internal service funds is reported with governmental activities.		(543)
Revenues recognized in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		15,243
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the princial 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.		(34,324)
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.		(8,977)
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	$	18,395

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Net Assets-Proprietary Funds
June 30, 2007 (in thousands)

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Water Supply Board	PPBA	Totals	Internal Service Fund
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 3,064	$ 27,768	$ 30,832	$ 3,122
Restricted cash	17,191	-	17,191	
Investments		12,462	12,462	
Restricted investments	1,715	-	1,715	
Receivables, net	12,536	-	12,536	797
Restricted receivables	835	-	835	
Rentals receivable	-	299,149	299,149	
Due from other funds	-	-	-	16,135
Inventories	295	-	295	
Other Assets	1,510		1,510	2,238
Total current assets	37,146	339,379	376,525	22,322
Noncurrent assets:				
Capital assets:				
Land	11,091	-	11,091	
Buildings and improvements	60,752	-	60,752	
Improvements other than buildings	169,755	-	169,755	
Machinery and equipment	25,478	-	25,478	
Construction in progress	27,282	-	27,282	
	294,358	-	294,358	-
Less accumulated depreciation	114,245		114,245	
Net capital assets	180,113	-	180,113	-
Total assets	217,259	339,379	556,638	22,322
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,771	7,126	10,897	316
Claims payable		-	-	15,274
Unearned revenue	1,734	-	1,734	484
Due to other funds	4,697	-	4,697	2,026
Other		11,048	11,048	
Amounts payable from restricted assets	2,344	-	2,344	
Line of credit	300	-	300	
Net bond premium		123	123	
Current portion of long-term debt and capital leases	2,786	12,820	15,606	
Total current liabilities	15,632	31,117	46,749	18,100
Noncurrent liabilities:				
Revenue bonds	10,043	302,655	312,698	
Net bond premium		2,259	2,259	
Capital leases	2,000	-	2,000	
Total noncurrent liabilities	12,043	304,914	316,957	-
TOTAL LIABILITIES	27,675	336,031	363,706	18,100
NET ASSETS				
Invested in capital assets, net of related debt	165,284	-	165,284	
Restricted for Water Quality Protection	17,397		17,397	
Restricted for debt service		2,073	2,073	
Unrestricted	6,903	1,275	8,178	4,222
TOTAL NET ASSETS	$ 189,584	$ 3,348	$ 192,932	$ 4,222

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, 2007 (In thousands)

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Water Supply Board	PPBA	Totals	Internal Service Fund
OPERATING REVENUES:				
Charges for sales and services	$ 52,749	$ -	$ 52 749	$ 85,763
Lease receipts	-	10,988	10 988	-
Other	-	-	-	14
Total operating revenues	52,749	10,988	63 737	85,777
OPERATING EXPENSES:				
Cost of sales and services	22,640	1,380	24.020	
Health claims	-	-	-	86,320
Administration	12,406	163	12,569	
Depreciation	10,135	-	10,135	
Total operating expenses	45,181	1,543	46,724	86,320
OPERATING INCOME (LOSS)	7,568	9,445	17,013	(543)
NONOPERATING REVENUES (EXPENSES):				
Investment income	885	2,139	3,024	
Interest expense	(924)	(10,247)	(11,171)	
Total nonoperating expenses	(39)	(8,108)	(8,147)	-
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	7,529	1,337	8,366	(543)
Capital grants and contributions	1,613	-	1,613	
	1,613	-	1,613	
Change in net assets	9,142	1,337	10,479	(543)
FUND NET ASSETS, BEGINNING	180,442	2,011	182,453	4,765
FUND NET ASSETS, ENDING	$ 189,584	$ 3,348	$ 192,932	$ 4,222

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE

Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2007 (in thousands)

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Water Supply Board	PPBA	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and other	$ 49,875	$ 19,106	$ 68,981	$ 82,035
Cash paid to vendors	(24,058)	(1,487)	(25,545)	(85,107)
Cash paid to employees	(13,402)	(25)	(13,427)	
Net cash provided by (used for) operating activities	12,415	17,594	30,009	(3,072)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Custodial assets	-	1	1	
Due to other funds	1,837	-	1,837	
Transfers in	-	-	-	
Net cash (used for) provided by noncapital financing activities	1,837	1	1,838	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(13,783)	(45,662)	(59,445)	
Interest paid on debt	(923)	(9,987)	(10,910)	
Proceeds from bond issuance and net bond premium		62,464	62,464	
Repayment of long-term debt and capital leases	(3,744)	(11,595)	(15,339)	
Repayment of line of credit	(85)		(85)	
Capital grants	1,613		1,613	
Net cash provided by (used for) capital and related financing activities	(16,922)	(4,780)	(21,702)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(239)	-	(239)	
Sale of investment securities	-	5,923	5,923	
Investment income	885	2,143	3,028	
Net cash provided by investing activities	646	8,066	8,712	-
Net increase (decrease) in cash and cash equivalents	(2,024)	20,881	18,857	(3,072)
Cash and Cash Equivalents				
Beginning	22,279	6,887	29,166	6,194
Ending	$ 20,255	$ 27,768	$ 48,023	$ 3,122

(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, 2007 (in thousands)

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Water Supply Board	PPBA	Totals	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 7,568	$ 9,445	$ 17,013	$ (543)
Adjustments to reconcile operating income to net cash provide by (used in) operating activities:				
Depreciation	10,135		10,135	
Administrative expenses funded by bond proceeds	-	(38)	(38)	
Changes is assets and liabilities:			-	
Receivables	(1,456)	8,156	6,700	(797)
Inventories	108		108	
Other assets	(1,510)	-	(1,510)	(2,268)
Due from other funds	-	-	-	1,151
Accounts payable and accrued expenses	(2,523)	31	(2,492)	(1,099)
Unearned revenue	93	-	93	484
Net cash provided by (used in) operating activities	$ 12,415	$ 17,594	$ 30,009	$ (3,072)

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PROVIDENCE, RHODE ISLAND

Statement of Fiduciary Net Assets-Fiduciary Funds
June 30, 2007 (in thousands)

	Employee Retirement Plan	Private Purpose Trust Fund Funds	Agency Fund
ASSETS			
Investments, at fair value:			
U.S. Government securities	$ 11,346		$ -
Corporate and foreign bonds	18,152		-
Corporate equity securities	282,074		-
Mutual funds	12,750	1,156	-
Total Investments	324,322	1,156	-
Cash and cash equivalents	14,617	11	541
Receivables:			
Loans receivable	21,182		
Other	2,558		
Total receivables	23,740	-	-
Due from other funds	51,113		
Total assets	413,792	1,167	541
LIABILITIES			
Accounts payable	2,980	1	215
Other payables			59
Total liabilities	2,980	1	274
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	$ 410,812	$ 1,166	$ 267

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

Statement of Changes in Fiduciary Net Assets-Fiduciary Funds
For the Year Ended June 30, 2007 (in thousands)

	Employee Retirement Plan	Private Purpose Trust Fund Funds
ADDITIONS:		
Contributions:		
Employer	$ 50,686	$ -
Employees	10,676	$ 18
		-
Total contributions	61,362	18
Investment Earnings		
Net appreciation in the fair value of investments	46,919	195
Interest	8,831	-
Dividends	4,312	
Total investment earnings	60,062	195
Less investment expenses		
Net investment earnings	60,062	195
Total additions	121,424	213
DEDUCTIONS:		
Benefits	69,001	24
Refunds of contributions	4,810	-
Administrative expenses	118	-
Total deductions	73,929	24
Change in net assets	47,495	189
Net assets - beginning	363,317	977
Net assets - ending	$ 410,812	$ 1,166

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

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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 of Providence, Rhode Island (the "City") operates under a Mayor-Council form of government. A Home Rule Charter was adopted in November 1980 and became fully effective on January 3, 1983. The Mayor is elected by the voters of the City to a four-year term. City Council members are also elected to four-year terms, which coincides with the term of the Mayor. Most department heads and other City officials are appointed by the Mayor.

The City complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include 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 its 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. 14. Under GASB Statement No. 14, 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 unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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 Building Authority

The Providence Public Building 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.

The purpose of the PPBA is to acquire, construct and renovate 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.

Recently Issued Accounting Standards

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

- ✓ GASB Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions, effective for the City's fiscal year ending June 30, 2008.
- ✓ GASB Statement No. 48 – Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, effective for the City's fiscal year ending June 30, 2008.
- ✓ GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations, effective for the City's fiscal year ending June 30, 2009.
- ✓ GASB Statement No. 50 – Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27, effective for the City's fiscal year ending June 30, 2008.
- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the City's fiscal year ending June 30, 2010.

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

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1. SIGNIFICANT ACCOUNTING POLICIES

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (matured).

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

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

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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.

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Building Authority* accounts for the activities related to acquisition, construction and leasing of capital assets to the City.

Additionally, the City reports the following fund types:

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

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for the benefit of individuals, organizations or other governments.

The *Agency Fund* accounts for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

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.

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

Property taxes

The City's property tax is levied each year on July 1 based on the assessed property value, as of the prior December 31, for all real property, tangible property, equipment and motor vehicles located in the City. Assessed values of real property were established by the City Assessor's office at 100% of appraised market value based on 2003 State mandated statistical updated valuations less Homestead exemptions for up to five residential units. Assessed values of tangible property and equipment and motor vehicles are determined annually at 100% of market value, with a State mandated, 10-year phase-out on tangible inventory property and a State-mandated $4,500 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 $25,000 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.

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

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

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

Self-Insurance

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

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $35,000 and $2,900, 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 arid sick leave is recognized when earned in the government-wide and proprietary fund financial statements.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity and Net Assets

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

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

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

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

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

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity and Net Assets (Continued)

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

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

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

2. RECONCILIATION OF GOVERNMENTAL ACTIVITIES AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between fund balances — total governmental funds and net assets — governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $(515,021) difference are as follows:

Bonds and notes payable	$(429,479)
Add: premiums and discounts	4,610
Leases payable	(20,949)
Capital notes payable	(37,504)
Accrued interest payable	(4,547)
Compensated absences	(30,947)
Deferred revenue, net of related debt	21,161
Workers compensation	(4,446)
Claims and judgments	(12,920)
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	$(515,021)

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 $50,111 difference is as follows:

Capital outlay - governmental funds	$45,105
PPBA capital outlay	23,818
Depreciation expense	(18,812)
Net adjustment to decrease net changes in fund balances -total governmental funds to arrive at changes in net assets of governmental activities	$50,111

(CONTINUED)

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

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(34,324) difference are as follows:

Long-Term Liabilities issued or incurred:	
Issuance of general obligation refunding bonds	$ (89,910)
Issuance of capital leases	(7,547)
Principal repayments:	
General obligation bonds	23,354
Capital leases	6,177
Capital notes	2,911
Notes payable	781
Bond issuance costs	396
Payment to escrow agent for refunding	29,514
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$(34,324)

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 $(8,977) difference are as follows:

Compensated absences	$ (401)
Accrued interest	(279)
Workers compensation	(182)
Net pension obligation	(1,961)
Amortization of refunding items	(734)
Unsettled labor contracts	(5,420)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$(8,977)

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.

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3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

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

Interest Rate Risk

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

Concentrations

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

Custodial Credit Risk

Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2007 $147,293 of the entity's bank balance of $217,578 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.

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3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and investments of the City consist of the following at June 30, 2007:

Cash and Cash Equivalents		
Deposits with financial institutions	$ 205,104	
PPBA deposits with financial institutions	27,768	
	232,872	
Investments		
Non-major Governmental Funds		
Mutual Funds	16,870	
Municipal Bonds	6,690	*
Guaranteed Investment Contracts	5,128	
	28,688	
Private Purpose Trust Funds		
Mutual Funds	1,156	
PPBA Investments		
Guaranteed Investment Contracts	12,076	
U.S. Government Agencies	386	
	12,462	
Water Supply Board		
Equity Mutual Funds	1,715	
Pension Trust Funds		
U.S. Government Securities	11,346	*
Corporate and foreign bonds	18,152	*
Common and Preferred Stocks	282,074	*
Equity Mutual Funds	12,750	
	324,322	
Total Investments	368,343	
Total cash and investments	$ 601,215	

* 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	$	200,512
Restricted cash and cash equivalents		17,191
		217,703
Fiduciary Funds		
Cash and cash equivalents		15,169
Restricted cash and cash equivalents		-
		15,169
Total cash and cash equivalents		232,872
Investments		
Statement of Net Assets		
Investments	$	41,150
Restricted investments		1,715
		42,865
Fiduciary Funds		
Investments		325,478
Restricted investments		-
		325,478
Total Investments		368,343

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)			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government Securities	$ 11,346	$ 1,101	$ 1,904	$ 2,384	$ 5,957
Corporate and Foreign Bonds	18,152	1,494	10,567	1,986	4,105
Municipal Bonds	6,690	-	-	-	6,690
Guaranteed Investments Contracts	5,128				5,128
PPBA-Guaranteed Investment Contracts	12,076	-	3,378	-	8,698
PPBA-U.S. Government Agencies	386	191	195	-	-
	$ 53,778	$ 2,786	$ 16,044	$ 4,370	$ 30,578

(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	Guaranteed Investment Contracts	PPBA-Guaranteed Investment Contracts	PPBA-U.S. Government Agencies
AAA	$ 4,829	$ 6,690	$ 5,128	$ 3,258	
AA	936			5,440	
AA-	1,260				
A+	1,185				
A	770				
A-	2,040			3,378	
BBB+	1,227				
BBB	2,283				
BBB-	1,205				
BB+	34				
BB	145				
BB-					
B+	234				
B	251				
Unrated	1,788				386
	$ 18,187	$ 6,690	$ 5,128	$ 12,076	$ 386

(CONTINUED)

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2007, interfund receivables and payables that resulted from various interfund transactions were as follows (in thousands):

	Due from Other Funds	Due to Other Funds
General Fund	$ 12,916	$ 72,402
School Fund	28,907	23,161
School Grants	14,310	27,670
Capital Projects	-	1,676
Fiduciary Funds	51,113	59
Non-Major Governmental Funds	25,709	17,399
Water Board	-	4,697
Internal Service Fund Totals	16,135	2,026
Total	$149,090	$149,090

Amounts owed among funds result principally from timing of payments to the City's retirement system of $51.1 million, payments to the City's health insurance and legal claims fund of $16.1 million, and amounts owed to the school fund for current year expenditures of $29 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, 2007 were as follows (in thousands):

	Transfers from Other Funds	Transfers to Other Funds
General Fund	$ 13,281	$113,577
School Fund	114,827	598
School Grants	1,100	2,350
Capital Projects	-	-
Non-Major Governmental Funds	10,250	22,933
Internal Service Funds	-	-
Totals	$139,458	$139,458

The most significant transfer in fiscal 2007 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, 2007 was as follows: (in thousands):

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 45,709	$ -	$ (2)	$ 45,707
Construction in progress-City	735	8,104	(735)	8,104
Construction in progress-PPBA	22,227	37,513	-	59,740
Total capital assets, not being depreciated	68,671	45,617	(737)	113,551
Capital assets, being depreciated:				
Buildings	166,800	7,161	-	173,961
Improvements other than buildings	12,903	687	-	13,590
Machinery and equipment	57,078	5,059	(627)	61,510
Infrastructure	266,643	3,542	-	270,185
Building - leases	161,055	7,601	-	168,656
Total capital assets being depreciated	664,479	24,050	(627)	687,902
Less accumulated depreciation for:				
Buildings	55,231	3,277	-	58,508
Improvements other than buildings	6,353	683	-	7,036
Machinery and equipment	44,695	3,380	(620)	47,455
Infrastructure	147,550	8,089	-	155,639
Building - leases	30,893	3,383	-	34,276
Total accumulated depreciation	284,722	18,812	(620)	302,914
Total capital assets, being depreciated, net	379,757	5,238	(7)	384,988
Governmental activities capital assets, net	$ 448,428	$ 50,855	$ (744)	$ 498,539

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	$ 10,289	$ 802	$ -	$ 11,091
Construction in progress-City	23,150	11,315	(7,183)	$ 27,282
Other land improvements	18,682		-	$ 18,682
Total capital assets, not being depreciated	52,121	12,117	(7,183)	57,055
Capital assets, being depreciated:				
Buildings	25,598	2,624	-	28,222
Improvements other than buildings	163,976	5,779	-	169,755
Machinery and equipment	24,150	446	-	24,596
Leased assets	14,730		-	14,730
Total capital assets being depreciated	228,454	8,849	-	237,303
Less accumulated depreciation for:				
Buildings	18,814	1,937	-	20,751
Improvements other than buildings	64,017	6,572	-	70,589
Machinery and equipment	17,956	1,368	-	19,324
Leased assets	3,323	258	-	3,581
Total accumulated depreciation	104,110	10,135	-	114,245
Total capital assets, being depreciated, net	124,344	(1,286)	-	123,058
Business-type activities capital assets, net	$ 176,465	$ 10,831	$ (7,183)	$ 180,113

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

Executive, legislative, and judicial	$ 36
Finance	18
Public safety	1,514
Public works	8,528
Recreation	16
Public lands & parks	1,335
Other departments	1,199
Education	2,783
Building Leases	3,383
Total depreciation expense	$ 18,812

(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 and accrued interest on delinquent property taxes	$ -	$ 17,592
Charges for services		229
School Grants:		
Grant drawdowns prior to meeting all eligibility requirements	708	
Nonmajor Funds:		
Charges for services		3,340
Drawdowns prior to meeting all eligibility requirements	8	
Deferred loan fees and loan fees	211	
	$ 927	$ 21,161

7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	$ 119,215	$ 29,910	$ 36,280	$ 112,845	$ 7,770
Revenue bonds	66,500	-	1,975	64,525	2,080
Special obligation tax increment	28,285	-	2,025	26,260	2,505
Total bonds payable	214,000	29,910	40,280	203,630	12,355
Notes payable	4,215	-	781	3,434	780
Capital leases	19,579	7,547	6,177	20,949	5,866
Capital notes	40,415	-	2,911	37,504	3,288
Total bonds and notes payable	278,209	37,457	50,149	265,517	22,289
Deferred items from refunding	(3,447)	366	1,529	(4,610)	
Other Long-Term Liabilities:					
Claims and judgments	20,953	86,320	87,553	19,720	-
Compensated absences	30,546	14,190	13,789	30,947	15,000
Net pension obligation	120,526	52,647	50,686	122,487	-
Total other long-term liabilities	172,025	153,157	152,028	173,154	15,000
Governmental activity long-term liabilities before PPBA reclassification	446,787	190,980	203,706	434,061	37,289
PPBA Debt	173,474	60,000	11,059	222,415	12,259
Government activity long term liabilities	$ 620,261	$ 250,980	$ 214,765	$ 656,476	$ 49,548

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	$ 14,708	$ -	$ 2,829	$ 11,879	$ 1,836
PPBA - CITY	173,474	60,000	11,059	222,415	* 12,259
Total bonds-PPBA and City	188,182	60,000	13,888	234,294	14,095
Capital leases	3,865	-	915	2,950	950
Line of credit	385	-	85	300	300
Claims and judgments	-	-	-	-	
PPBA - PAP Loans	81,803	8,431	-	90,234	* -
PPBA - Water	3,362	-	537	2,825	561
Business-type activity long-term liabilities	$ 277,597	$ 68,431	$ 15,425	330,603	15,906
Less PPBA Eliminations				(315,474)	(12,820)
Business-type activity long-term liabilities				$ 15,129	$ 3,086

* - 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.

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7. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements for bonds and notes payable at June 30, 2007 were as follows:

	Governmental Activities			PPBA			Total Government Entity-Wide		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	$ 17,792	10,702	$ 28,494	$ 12,259	$ 10,422	$ 22,681	$ 30,051	$ 21,124	$ 51,175
2009	16,410	10,052	26,462	15,106	9,844	24,950	31,516	19,896	51,412
2010	16,852	9,390	26,242	14,232	9,199	23,431	31,084	18,589	49,673
2011	17,325	8,685	26,010	14,864	8,528	23,392	32,189	17,213	49,402
2012	14,450	7,774	22,224	13,224	7,875	21,099	27,674	15,649	43,323
2013-2017	64,825	29,193	94,018	65,875	30,059	95,934	130,700	59,252	189,952
2018-2022	48,636	15,679	64,315	57,045	14,055	71,100	105,681	29,734	135,415
2023-2027	35,724	10,184	45,908	29,810	3,673	33,483	65,534	13,857	79,391
2028-2032	10,598	7,124	17,722			-	10,598	7,124	17,722
2033-2037	1,956	7,220	9,176			-	1,956	7,220	9,176
2038-2042			-			-	-	-	-
	$ 244,568	$ 116,003	$ 360,571	$ 222,415	$ 93,655	$ 316,070	$ 466,983	$ 209,658	$ 676,641

	Business-Type Activities		
	Principal	Interest	Total
2008	$ 14,095	$ 10,804	$ 24,899
2009	16,577	10,170	26,747
2010	15,756	9,470	25,226
2011	16,434	8,741	25,175
2012	14,596	8,033	22,629
2013-2017	69,198	30,381	99,579
2018-2022	57,828	14,125	71,953
2023-2027	29,810	3,673	33,483
	234,294	95,397	329,691
Less amount representing the PPBA	222,415	93,655	316,070
	$ 11,879	$ 1,742	$ 13,621

(CONTINUED)

7. LONG-TERM OBLIGATIONS (Continued)

Bonds Payable

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
Dec 2001 Series A	12/1/2001	37,000,000	3.0-5.5%	1/15/2026	$ 33,820	$ -	$ 27,985	$ 5,835
GO's Refunding Bonds '97	5/15/1997	23,435,000	4.4-5.5%	1/15/2011	7,965		1,630	6,335
December 2001- Taxable	12/1/2007	13,000,000	3.00-6.84%	1/15/2026	12,110		325	11,785
Judgement Bond	8/1/2000	6,825,000	4.75-5.375%	8/15/2015	5,195		395	4,800
Refunding Bonds 2001	12/1/2001	21,620,000	3.0-5.5%	1/15/2013	13,285		1,940	11,345
Refunding Bonds 2002	7/1/2002	7,820,000	1.75-3.00%	5/1/2006	1,475		1,475	-
Revenue Refunding Bonds 2005 Series A	3/1/2005	67,315,000	3.0-5.0%	4/1/2029	66,500		1,975	64,525
GO Refunding Bonds 2004 Series A	9/16/2004	34,395,000	2.5-5.5%	7/15/2019	33,480		1,895	31,585
GO Refunding Bonds 2004 Series B	9/16/2004	12,135,000	2.37-5.41%	7/15/2019	11,885		635	11,250
Refinancing Neighborhood Bond 2001	8/1/2006	29,910,000	3.625-3.75%	6/30/2026	-	29,910	-	29,910
Special Obligation Bonds Series E	6/1/2006	24,465,000	4-5%	6/1/2016	24,425		1,035	23,390
Special Obligation Bonds Series F	6/1/2006	1,480,000	5.07%	6/1/2009	1,130		475	655
Special Obligation Bonds Series G	6/1/2006	2,730,000	4-5%	6/1/2010	2,730		515	2,215
Total governmental activities bonds payable					$ 214,000	29,910	40,280	203,630
Revenue Bonds					14,708		2,829	11,879
1995 Series B	6/1/1995	7,500,000	4.70-7.10%	12/1/2014	4,535		400	4,135
1996 Series A	3/119/96	36,225,000	3.50-5.40%	12/1/2011	16,340		2,610	13,730
(LESS: PPBA Water Portion)		(7,455,105)			(3,362)		(537)	(2,825)
1996 Series B	12/1/1996	21,225,000	5.375-6.50%	12/1/2017	14,370		990	13,380
1997 Series A	12/1/1997	1,925,000	4.30-6.50%	12/1/2007	460		225	235
1998 Series A	5/1/1998	28,270,000	3.85-5.10%	12/1/2018	20,370		1,355	19,015
1999 Series A	7/1/1999	39,750,000	4.10-5.5%	12/1/2019	31,555		1,590	29,965
2000 Series A	5/1/2000	18,770,000	5.5-5.8%	12/1/2020	15,830		695	15,135
2000 Series B	9/1/2000	10,435,000	5.25-5.75%	12/1/2010	5,685		1,000	4,685
2001 Series A	12/1/2001	9,995,000	3.25-5.125%	12/1/2021	8,900		390	8,510
2002 Series A	12/1/2002	1,216,000		12/1/2008	1,216		-	1,216
2003 Series A	3/1/2003	31,000,000	2.5-5.0%	12/1/2023	28,720		1,185	27,535
2003 Series B	6/1/2003	31,000,000	3.0-5.0%	12/1/2023	28,855		1,155	27,700
2006 Series A	9/1/2006	60,000,000	4.0-5.0%	5/1/2027	-	60,000	-	60,000
Total business-type activities bonds payable					$ 188,182	$ 60,000	$ 13,887	$ 234,295

Total interest expense paid on general long-term liabilities for the year ended June 30, 2007 was approximately $18,500.

(CONTINUED)

7. LONG-TERM OBLIGATIONS (Continued)

Capital Notes

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance June 30, 2006	Additions	Retirement	Balance June 30, 2007
4/1/2003	$ 23,655	1.70 - 4.25%	2013	$ 22,190	$ -	$ 865	$ 21,325
7/1/2005	2,223	5.75%	2100	2,223	-	345	1,878
11/1/2005	9,145	3.61%	2010	9,145		1,701	7,444
5/1/2006	6,857	5.34 - 5.56%	2036	6,857		-	6,857
				$ 40,415	$ -	$ 2,911	$ 37,504

(CONTINUED)

7. LONG-TERM OBLIGATIONS (Continued)

Notes Payable

At June 30, 2007, the City had several notes outstanding relating to planning and development activities. These notes included $320 of notes payable through 2011 with an interest rate of 7.35%. The notes are payable in annual installments of approximately $79,000. These notes also included $1,800 of Section 108 loans payable through 2013 with interest rates ranging from 3.82% to 7.18%; $730 was paid in 2007. In addition, the City has a note payable of $1,314 outstanding relating to the Fleet Skating Center. The interest rate on the note varies.

PPBA Eliminations

The Providence Public Building Authority (PPBA) issues long-term bonds for the acquisition and construction of capital assets. Upon acquisition or completion, these capital assets are leased to the City. Because the PPBA is included as a blended component unit in the accompanying statements, the capital assets and related debt are reported as part of the governmental activities and business-type activities columns in the government-wide statements as presented below. The respective amounts in the PPBA statements have been eliminated in the business-type activities column in order to properly reflect the debt and assets. The annual requirements to amortize the debt payable at June 30, 2007 are as follows:

	City		Water Supply Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ 12,259	$ 10,422	$ 560	$ 131	$ 12,819	$ 10,553
2009	15,106	9,844	589	102	15,695	9,946
2010	14,232	9,199	618	71	14,850	9,270
2011	14,864	8,528	612	39	15,476	8,567
2012	13,224	7,875	416	11	13,640	7,886
2013-2017	65,875	30,058	-	-	65,875	30,058
2018-2022	57,045	14,055	-	-	57,045	14,055
2023-2027	29,810	3,673	-	-	29,810	3,673
	$ 222,415	$ 93,654	$ 2,795	$ 354	$ 225,210	$ 94,008

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.

(CONTINUED)

7. LONG-TERM OBLIGATIONS (Continued)

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 $19.3 million and the current 3% debt limit of the City is $294.2 million based on taxable property as of December 31, 2005, of approximately $9.9 billion, leaving a remaining borrowing capacity of approximately $274.9 million.

The State of Rhode Island General Assembly (General Assembly) may, by special act permit the City to incur indebtedness outside the 3% debt limit. Bonds issued either within the 3% debt limit or by special legislation adopted by the General Assembly authorizing the City to incur debt are subject to referendum by the electors of the City. On June 30, 2007, the total outstanding debt of the City issued outside the 3% debt limit was $93.4 million, excluding water bonds and sewer bonds that are deemed self-supporting.

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 note transactions during the fiscal year ended June 30, 2007.

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7. LONG-TERM OBLIGATIONS (Continued)

In-Substance Defeasance - Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2007, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, was approximately $125 million.

2006 General Obligation Refunding Bond

During January 2007, the City issued $29,910 of general obligation refunding bonds with interest rates ranging from 3.625% to 3.750%, which was used to refund portions of the City's outstanding $37,000 General Obligation Bonds, 2001 Series A dated December 1, 2001 and to provide for all or a portion of the Costs of Issuance of the 2006 Series A Bonds. Net proceeds of $29,514 (after payment of underwriters fees and other costs) was placed into a irrevocable trust fund under a Refunding Trust Agreement dated August 1, 2006 with the Trustee to be applied immediately to purchase non-callable direct obligations of the United States of America- State and Local Government Series ("Government Obligations") and to fund, if needed, a cash deposit in such amount. The maturing interest and principle of the Government Obligations will be applied solely to the payment of the principle of the redemption premium, and interest on the Refunded Bonds.

The City advance refunded the above bonds to reduce total debt service payments over the next 10 years by approximately $1,827 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,798.

The balance in escrow was approximately $28,000 at June 30, 2007. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

8. LEASE COMMITMENTS

Property and equipment carried at approximately $98,000, with approximately $46,000 in accumulated depreciation, in the governmental activities is being acquired until 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, 2007.

	Operating	Capital
2008	$ 2,030	$ 6,669
2009	2,030	6,089
2010	2,030	4,581
2011	2,030	3,066
2012	2,030	2,042
Thereafter	6,090	664
Total minimum lease payments	$ 16,240	23,111
Less: interest		2,162
Present value of minimum payments		$ 20,949

(CONTINUED)

8. LEASE COMMITMENTS (CONTINUED)

Minimum future lease payments under capital leases for the proprietary funds as of June 30, 2007 are as follows (in thousands):

Years	Water Supply Board
2008	$1,070
2009	1,083
2010	1,014
Total minimum lease payments	3,167
Less: interest	217
Present value of minimum payments	$2,950

Sale-Leaseback

During fiscal 2000 and 2002, the City entered into sale-leaseback transactions involving certain street lights within the City. The transactions resulted in the City receiving $7.9 million in payments and committing to a future stream of lease payments. In addition, the City is also committed to a future series of payments for the maintenance of the street lights. The future commitment for maintenance is as follows:

2008	$1,070
2009	1,034
2010	990
Total minimum lease payments	$3,094

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.

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.

(CONTINUED)

10. FUND EQUITY

The following non-major funds had deficits as of June 30, 2007:

Governmental:	
WDO	$ 9
Skating Rink	572
	$581

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

Reserved fund balances at June 30, 2007 are as follows (in thousands):

Non-Major Governmental Funds:
Reserved for loans $10,157

The City has also designated $550 in the general fund, which will be appropriated in the fiscal 2008 budget and $16,026 in the non-major Governmental Funds.

The Water Supply Board has restricted net assets of $17.3 million at June 30, 2007. This represents the excess of restricted assets over liabilities payable from restricted assets unexpended water quality protection revenue.

11. EMPLOYEE RETIREMENT SYSTEM

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

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

- Plan Description and Contribution Information

Membership of the ERS plan consisted of the following at June 30, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,833
Active plan members	
Vested	1,797
Non-vested	1,286
	5,916

(CONTINUED)

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2007
Actuarial cost method	Individual entry age method
Amortization cost method	Approximate level percent of payroll-open
Remaining amortization period	23 years (for original unfunded)
Asset valuation method	5-year moving average of market values
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	2007-2011 – 4.5%
	2012-2016 – 4.75%
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 and employees of the Civic Center Authority. 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%.

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 1/2% 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, 2007, 2006 and 2005 were $50,686, $49,510 and $45,455, respectively.

Annual Pension Cost and Net Pension Obligation (NPO)

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

Annual required contribution	$ 50,584
Interest on NPO	10,244
Amortization of NPO	(8,181)
Annual pension cost	52,647
Contributions made	(50,686)
Increase in net pension obligation	1,961
Net pension obligation, beginning of year	120,526
Net pension obligation, end of year	$122,487

(CONTINUED)

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

(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 financial statements and required supplementary information. A copy of the 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.

Classified employees who retire at or after age 60 with 10 years of credited service or at any age with 28 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credit service with a maximum benefit of 80% of "final average" salary. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses, or severance pays. The System also provides death and disability benefits. Benefits are established by State statute. The percent of earnings relating to each year of credited service is as follows:

Years of Credited Service	Percent/Year
1 - 10	1.7%
11 - 20	1.9%
21 - 34	3.0%
35	2.0%

Funding Policy

System members are required by State statute to contribute 9.5% of their salary to the System. The School Department contributions are based on a percentage of annual compensation of active members, half of which is payable by the State of Rhode Island. The School Department contributions made for the years ended June 30, 2007, 2006, and 2005 were approximately $15.9, $12.8 million and $11.1 million, respectively, and were equal to the required contributions for each year. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1989 over 27 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. Both employers and employees contribute 1% of the first $9,600 of salary for survivor benefits. In addition, the School Department is required to contribute .7% for post-retirement health benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

A. Mortality - 1994 Group Annuity Mortality Table with mortality for disabled persons set equal to the age 65 under the 1971 Group Annuity Mortality Table.

B. Investment return - .8.25 percent, compounded annually.

C. Salary increase – Salaries will increase at a rate of 4.50 – 8.50 percent, compounded annually.

D. Retirement age - Teachers are assumed to retire at the later of age 61 or completion of the service requirements.

E. Cost of living adjustments – 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.

(CONTINUED)

11. EMPLOYEE RETIREMENT SYSTEM (Continued)

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

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department totaling $11.9 million for fiscal year ended June 30, 2007.

(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 for these purposes amounted to $3.4 million for the year ended June 30, 2007.

12. POSTEMPLOYMENT BENEFITS

Under various union contracts, the City pays health care benefits for certain retired employees and funds these benefits on a cash (pay-as-you-go) basis. Currently, approximately 3,000 retirees receive these benefits. During the year ended June 30, 2007, the cost of retiree health care benefits recorded by the City amounted to $33.9 million.

13. CONTINGENCIES

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

The Rhode Island Department of Education is reviewing the calculation of the City's prior year school housing aid revenue. It is not possible at this time to determine the ultimate liability, if any, that may result from this review. According, no liability has been reflected in the accompanying financial statements.

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

The City is committed under contracts for outstanding projects approximating $8 million as of June 30, 2007.

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 2010 and 2027. 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).

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15. RISK MANAGEMENT

The City is self-insured in most areas of risk, subject to certain third-party "stop loss" coinsurance of $225 per claim for health insurance. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims. The City does, however, purchase commercial insurance for all buildings leased from the PPBA. The City's Counsel defends the City in any lawsuits that arise from the normal course of operations. At no time during the past three years have insurance settlements exceeded coverage.

The City's health insurance program provides coverage to the City's employees and retirees through Healthmate and Blue Cross - Blue Shield of Rhode Island (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 a 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, 2007 and June 30, 2006 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.

	2007	2006
Beginning of year	$20,953	$15,897
Incurred claims	86,320	88,804
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health, legal and workers' compensation	87,553	83,748
Total	$19,720	$20,953
Legal claims	$8,823	$9,460
Health – IBNR	6,451	7,229
Workers' compensation	4,446	4,264
Total	$19,720	$20,953

16. SUBSEQUENT EVENT

In October 2007, the PPBA issued $75,000,000 of 2007 Series A Revenue Bonds through the Rhode Island Health and Educational Building Corporation. These bonds have interest rates ranging from 3.75% to 5.50% and mature through May 2028.

In October 2007, the PPBA issued $16,470,000 of 2007 Series B Refunding Revenue Bonds through the Rhode Island Health and Educational Building Corporation. These bonds have interest rates ranging from 3.75% to 4.25% and mature through May 2021.

(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, 2007 (In thousands)

Revenues and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive (Negative)
Tax revenues:				
Property taxes	$ 208,628	$ 208,628	$ 211,732	3,104
Tangible tax	26,959	26,959	28,440	1,481
Excise tax	13,469	13,469	15,685	2,216
Interest on overdue taxes	5,200	5,200	5,441	241
	254,256	254,256	261,298	7,042
Payments in lieu of taxes	20,165	20,165	20,124	(41)
Tax stabilization plans	6,600	6,600	6,600	-
State revenue	66,039	66,039	67,006	967
Fines	6,600	6,600	4,307	(2,293)
Rents	8,949	8,949	8,952	3
Investment interest	3,500	3,500	5,279	1,779
Miscellaneous	80	80	133	53
Executive, legislative, and judicial:				
City clerk	8	8	12	4
Probate court	200	200	190	(10)
Housing court	15	15	13	(2)
	223	223	215	(8)
Finance:				
Data processing	230	230	230	-
City collector	475	475	457	(18)
City controller	-	-	1	1
City assessor	653	653	2	(651)
Personnel	-	-	1	1
	1,358	1,358	691	(667)
Public safety:				
Commissioner of public safety	55	55	49	(6)
Police department	2,135	2,135	90	(2,045)
Fire department	650	650	879	229
Communications department	845	845	6	(839)
Traffic engineering	750	750	1,165	415
	4,435	4,435	2,189	(2,246)
Building inspection department:				
Building inspection administration	4,550	4,550	6,284	1,734
Zoning board of review	85	85	78	(7)
Building board of review	25	25	8	(17)
Structures and zoning	-	-	9	9
	4,660	4,660	6,379	1,719

(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, 2007 (In thousands)

Revenues and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive (Negative)
Public works:				
Environmental control	5	5	-	(5)
Highway	125	125	202	77
Snow removal	-	-	-	-
Sewer construction and maintenance	35	35	43	8
	165	165	245	80
Public lands and parks:				
North Burial Ground	-	-	162	162
Other departments:				
Recorder of deeds	4,100	4,100	5,151	1,051
Vital statistics	350	350	318	(32)
Board of canvassers	-	-	1	1
Bureau of licenses	1,306	1,306	1,428	122
Civil defenese preparedness	197	197	144	(53)
WSB reimbursement	660	660	579	(81)
JTPA/planning reimbursement	535	535	440	(95)
Room tax	825	825	1,357	532
Tax stabilization	-	-	50	50
School department master lease	1,751	1,751	1,751	-
Planning and urban development	-	-	8	8
Providence Place Mall	200	200	200	-
PNHC	1,000	1,000	-	(1,000)
Voluntary payments in lieu of taxes	3,927	3,927	3,933	6
Restituition payments	-	-	9	9
	14,851	14,851	15,369	518
Public Properties	1,270	1,270	1,252	(18)
Transfers:				
Transfer from School Department			598	598
Transfer from Planning Department	500	500	-	(500)
Transfers from Hurricane Barrier	50	50	-	(50)
Transfer from revolving funds	500	500	1,500	1,000
Transfer from parking tickets	1,800	1,800	1,735	(65)
Transfer from rescue runs	1,900	1,900	1,820	(80)
Transfer from police detail fund	550	550	650	100
Transfer from expendable trust	14,000	14,000	6,858	(7,142)
Transfers from North Burial Ground	225	225	120	(105)
	19,525	19,525	13,281	(6,244)
Total	$ 412,676	$ 412,676	$ 413,482	$ 806

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
General Fund Revenues and Expenditures-Budgetary Basis-
Budget and Actual
For the Year Ended June 30, 2007 (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	$ 1,992	$ 1,992	$ 2,031	$ (39)
City Council	818	818	874	(56)
City sergeant	34	34	32	2
City clerk	641	641	559	82
Law department	2,714	2,714	2,600	114
Municipal court	604	604	821	(217)
Probate court	250	250	261	(11)
Housing court	245	245	252	(7)
Contingencies-Mayor	110	110	118	(8)
Contingencies-City Council	111	111	37	74
	7,519	7,519	7,585	(66)
Finance:				
Finance director	431	431	474	(43)
City controller	974	974	981	(7)
Employees retirement office	379	379	371	8
Data processing	2,331	2,331	2,190	141
City collector	1,869	1,869	1,327	542
City assessor	2,018	2,018	1,345	673
Board of tax assesment review	16	16	13	3
Treasury deparment	278	278	235	43
Personnel	931	931	915	16
Heat, light and power	5,680	5,680	5,531	149
Employees Retirement System contributions	41,745	41,745	41,745	-
Elected officials	125	125		125
Laborers legal fees	166	166	143	23
Local 1033 benefits-Public Employees Health Services	2,215	2,215	2,462	(247)
Laborers International Pension contributions	1,325	1,325	1,425	(100)
Debt service	29,776	29,776	29,256	520
Interest on bonded debt	17,618	17,618	18,506	(888)
FICA	4,150	4,150	4,079	71
Medical insurance	41,557	41,557	40,448	1,109
Workers compensation	1,692	1,692	1,817	(125)
Unemployment compensation	160	160	133	27
Reserve for anticipated tax abatements	400	400	78	322
	155,836	155,836	153,474	2,362
Public safety:				
Commissioner of public safety	389	389	365	24
Police department	43,859	43,859	43,709	150
Fire department	41,333	41,333	43,059	(1,726)
Communications department	6,160	6,160	5,896	264
Traffic Engineering	1,196	1,196	1,117	79
	92,937	92,937	94,146	(1,209)

(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, 2007 (In thousands)

Expenditures and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive (Negative)
Building inspection department:				
Building inspection administration	1,120	1,120	1,052	68
Structures and zoning division	681	681	573	108
Plumbing, drainage, and gas piping division	118	118	135	(17)
Electrical installations division	198	198	168	30
Mechanical equipment and installation division	164	164	151	13
Zoning board of review	31	31	37	(6)
Building and housing board of review	13	13	13	-
Building inspection code enforcement	414	414	234	180
Building inspection prosecution	144	144	99	45
	2,883	2,883	2,462	421
Public works:				
Public works administration	551	551	524	27
Engineering and sanitation	398	398	297	101
Environmental control	8,695	8,695	7,960	735
Highway	2,426	2,426	2,802	(376)
Snow removal	800	800	890	(90)
Sewer construction and maintenance	455	455	386	69
Garage maintenance and equipment repair	584	584	564	20
	13,909	13,909	13,423	486
Recreation:				
Recreation	1,086	1,086	1,014	72
Recreation seasonal	731	731	696	35
	1,817	1,817	1,710	107
Public lands and parks:				
Grounds maintenance services	2,613	2,613	2,445	168
Forestry services	756	756	756	-
Zoological services	1,843	1,843	1,952	(109)
Park environmental services	458	458	451	7
Park programming	1,364	1,364	1,388	(24)
Superintendent of parks	1,086	1,086	1,023	63
North Burial Grounds	469	469	605	(136)
	8,589	8,589	8,620	(31)
Other departments:				
Recorder of deeds	452	452	503	(51)
Vital statistics	222	222	196	26
Board of canvassers	657	657	698	(41)
Bureau of licenses	434	434	497	(63)

(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, 2007 (in thousands)

Expenditures and Transfers	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget Positive (Negative)
Other departments, Continued:				
Civil defense preparedness	364	364	353	11
Planning and urban development	1,915	1,915	1,591	324
Administration to City Council	700	700	577	123
Internal auditor	278	278	220	58
Archives	150	150	158	(8)
Department of human services	258	258	248	10
Providence Housing Authority	50	50	53	(3)
League of Cities	12	12	14	(2)
Public celebrations	10	10	10	-
Office of Arts, Culture, Film & Tourism	356	356	410	(54)
P.E.R.A.	260	260	214	46
	6,118	6,118	5,742	376
Grants:				
Providence Public Library	3,000	3,000	3,000	-
Rhode Island Historical Society	9	9	9	-
Capital Center	50	50	50	-
Providence Plan Commission	150	150	150	-
Providence Center	200	200	200	-
Mary E. Sharpe Tree Fund	30	30	30	-
Community centers	350	350	350	-
Crossroads	150	150	150	-
Institute of Non-Violence	100	100	100	-
Procap	92	92	92	-
First source	200	200	200	-
	4,331	4,331	4,331	-
Public properties	4,869	4,869	5,654	(785)
Purchasing	291	291	278	13
Transfers:				
Transfers to School Department	113,577	113,577	113,577	-
	113,577	113,577	113,577	-
Total	$ 412,676	$ 412,676	$ 411,002	$ 1,674

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

Required Supplementary Information
Schedule of Revenues and Expenditures-Budget and Actual-
School Fund
For the Year Ended June 30, 2007 (In thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance With Final Budget Positive (Negative)**
Revenues:				
Federal and state revenue	$ 193,743	$ 193,743	$ 192,287	$ (1,456)
Other revenue	1,147	1,147	1,214	67
Transfers from other funds	114,827	114,827	114,827	-
Master lease proceeds	1,500	1,500	412	(1,088)
Total revenues	311,217	311,217	308,740	(2,477)
Expenditures:				
Education	311,217	311,217	308,740	2,477
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	$ 413,482	$ 308,740
Reclassification of:		
Refunding bond proceeds and premium income	29,910	
On-behalf payments paid directly by the State of Rhode Island Teachers' Retiremnet System		11,915
Total revenues and transfers per financial statements	$ 443,392	$ 320,655
Total budgetary expenditures and transfers per schedule	$ 411,002	$ 308,740
Reclassification of:		
Refunding bond costs and payment escrow	29,910	
On-behalf payments paid directly by the State of Rhode Island Teachers' Retirement System		11,915
Total expenditures and transfers per financial statements	$ 440,912	$ 320,655

REQUIRED SUPPLEMENTARY INFORMATION – PENSION SCHEDULES
JUNE 30, 2007

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:

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2007
Actuarial cost method	Individual entry age method
Amortization method	
Remaining amortization period	23 years (for original unfunded)
Asset valuation method	5 – year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	2008-2009 – 4%
	2010-2013 – 4.25%
	Thereafter – 4.5%
Cost-of-living adjustments	3% to 6%

SCHEDULE OF FUNDING PROGRESS
(Dollar Amounts in Thousands)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2001	$ 341,986	$ 821,363	$ 479,377	41.64%	$ 116,493	411.51%
2002	340,550	867,457	526,907	39.26%	114,265	461.13%
2003	334,929	899,336	564,407	37.24%	115,015	490.72%
2004	372,128	1,025,345	653,217	36.29%	115,548	565.32%
2005	376,690	993,029	616,339	37.93%	118,600	519.68%
2006	393,768	1,052,805	659,036	37.40%	126,458	521.15%
2007	426,055	1,079,017	652,962	39.49%	132,719	491.99%

SCHEDULE OF CONTRIBUTIONS FORM THE CITY

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	$ 38,899	60.60%
2002	42,442	64.18%
2003	42,008	80.25%
2004	46,321	85.99%
2005	49,329	92.15%
2006	51,454	96.22%
2007	50,584	100.20%

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 is used to account for permanent trust funds.

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
30-Jun-07

	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	$ 2,818	$ 1,219	$ 6,853	$ 13,224	$ 160	$ 16,098	$ 21		$ 28,666	$ 1,424	$ 70,483
Investments				11,818		159				16,711	28,688
Receivables, net:											
Loans	3,144	-	7,013	-	-	-			-	-	10,157
Intergovernmental				-		268		$ 295			563
Other	-	-	-	-	-	2,210			-	-	2,210
Due from other funds	28	1,472	303	-	-	13,312			10,292	302	25,709
Other assets	-	-	-	100	-			38	-	-	138
Total assets	$ 5,990	$ 2,691	$ 14,169	$ 25,142	$ 160	$ 32,047	$ 21	$ 333	$ 38,958	$ 18,437	137,948
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Warrants and accounts payable		$ -		$ 350	$ 110	664	$ 9	$ 293	$ -	$ 30	$ 1,465
Accrued liabilities	-	-		-	-	-			-	-	-
Unearned revenue	-	1	$ 210	-	-	-			-	8	219
Deferred revenue	-			-		3,340			-	-	3,340
Due to other funds	83	829	1,173	7,459	1	396	584	16	6,858	-	17,399
Due to other governments	-	-	-	-	-	-		33	-	-	33
Total liabilities	83	830	1,383	7,809	111	4,400	593	342	6,858	47	22,456
FUND BALANCES (DEFICITS)											
Reserved for:											
Loans	3,144	-	7,013	-	-	-			-	-	10,157
Unreserved											
Designated for future uses	-	-	-	-	-	15,859			-	167	16,026
Undesignated											-
Reported in											-
Special revenue funds	2,763	1,861	5,773	17,333	49	11,788	(572)	(9)	32,100		71,086
Capital project funds											-
Permanent funds										18,223	18,223
Total fund balances (deficits)	5,907	1,861	12,786	17,333	49	27,647	(572)	(9)	32,100	18,390	115,492
Total liabilities and fund balances (deficits)	$ 5,990	$ 2,691	$ 14,169	$ 25,142	$ 160	$ 32,047	$ 21	$ 333	$ 38,958	$ 18,437	$ 137,948

CITY OF PROVIDENCE, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007 (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	$ 427	$ 261	$ -	$ 6,545	$ -	$ 22,833	$ 350			$ 18	$ 30,434
Intergovernmental	-	12,274	647	-	-	8,146		$ 2,551		-	23,618
Investment and rental income	14	-	669	630	-	258				2,982	4,553
Other		353	3	499	-	427			$ 2,207	-	3,489
Total Revenues	441	12,888	1,319	7,674	-	31,664	350	2,551	2,207	3,000	62,094
Expenditures											
Current:											
Executive, legislative, and judicial	-	-	-	-	-	2,267			-	-	2,267
Finance	-	-	-	-	-	-			-	684	684
Public safety	-	-	-	-	-	6,446		2,519	-	-	8,965
Recreation	-	-	-	-	-	828	371		-	-	1,199
Public lands and parks	-	-	-	-	-	8,460			948	36	9,444
Debt service	-				-	-			-	-	-
Principal		730	107	2,174							3,011
Interest and other costs		76									76
Community development	1,321	12,118	397	5,182	-	83			-	-	19,101
Total expenditures	1,321	12,924	504	7,356	-	18,084	371	2,519	948	720	44,747
Excess (deficiency)	(880)	(36)	815	318	-	13,580	(21)	32	1,259	2,280	17,347
Other Financing Sources (Uses)											
Transfers in	-			-	-	1,452			8,792	6	10,250
Transfers out	-	-		(8,792)	-	(5,977)			(6,858)	(1,306)	(22,933)
Total other financing sources (uses)	-	-	-	(8,792)	-	(4,525)	-	-	1,934	(1,300)	(12,683)
Net change in fund balance (deficit)	(880)	(36)	815	(8,474)	-	9,055	(21)	32	3,193	980	4,664
Fund Balance (deficit), beginning of year	6,787	1,897	11,971	25,807	49	18,592	(551)	(41)	28,907	17,410	110,828
Fund Balance (deficit), end of year	$ 5,907	$ 1,861	$ 12,786	$ 17,333	$ 49	$ 27,647	$ (572)	$ (9)	$ 32,100	$ 18,390	$ 115,492

CITY OF PROVIDENCE, RHODE ISLAND

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES (DEFICITS)
BY GRANT ACCOUNT
JUNE 30, 2007 (in thousands)

	Title I	Title IV	Miscellaneous Programs	Special Education	Bilingual	State Reimbursable	Indirect Costs	School Lunch	Totals
ASSETS									
Cash and investments	$ 60		$ 4,828	$ 304		$ 6,976	$ 1,675		$ 13,843
Receivables, net:			-						
Other governments	3,087	$ 73	1,664	1,782	$ 336			$ 1,998	8,940
Other			-					6	6
Due from other funds	6,391		5,791	1,192	440	16	460	20	14,310
Total assets	$ 9,538	$ 73	$ 12,283	$ 3,278	$ 776	$ 6,992	$ 2,135	$ 2,024	$ 37,099
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ 73	$ 73	$ 476	$ 128	$ 148	$ 45		$ 1,243	$ 2,186
Accrued liabilities	234		152						386
Unearned revenue			708						708
Deferred revenue			-						-
Due to other funds	9,231		9,333	2,941	582	3,573	$ 1,301	709	27,670
Due to other governments			57	200	2				259
Total liabilities	9,538	73	10,726	3,269	732	3,618	1,301	1,952	31,209
FUND BALANCES (DEFICIT)									
Unreserved:			1,557	9	44	3,374	834	72	5,890
Total fund balances (deficit)	-	-	1,557	9	44	3,374	834	72	5,890
Total liabilities and fund balance (deficit)	$ 9,538	$ 73	$ 12,283	$ 3,278	$ 776	$ 6,992	$ 2,135	$ 2,024	$ 37,099

CITY OF PROVIDENCE, RHODE ISLAND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) BY GRANT FUND
JUNE 30, 2007 (in thousands)

	Title I	Title IV	Miscellaneous Programs	Special Education	Bilingual	State Reimbursable	Indirect Costs	School Lunch	Totals
REVENUES:									
Federal and state governments	$ 22,726	$ 196	$ 11,480	$ 6,187	$ 1,257	$ 3,337		$ 10,769	$ 55,952
Miscellaneous			821					982	1,803
Total revenues	22,726	196	12,301	6,187	1,257	3,337	-	11,751	57,755
EXPENDITURES:									
Personnel services	10,669		7,126	3,468	642	2,365		632	24,902
Employee benefits	5,446		1,794	1,731	177	900		52	10,100
Other supplies	7		34					40	81
Equipment	115		334					13	462
Miscellaneous services	5,325	172	-					10,942	16,439
Other services			1,921	765	345	947			3,978
Pupil transportation	158		3	7	18				186
Repairs			55						55
Office supplies	17		54			33			104
Education supplies		19	15	27	3	116			180
Textbooks	308		894		47				1,249
Total expenditures	22,045	191	12,230	5,998	1,232	4,301	-	11,679	57,736
OTHER FINANCING SOURCES (USES)									
Transfer to other funds	(641)	(2)	(239)	(187)	(31)		(1,250)		(2,350)
Transfer from other funds							1,100		1,100
Total other financing sources (uses)	(641)	(2)	(239)	(187)	(31)	-	(150)	-	(1,250)
Net change in fund balances (deficit)	40	3	(168)	2	(6)	(1,024)	(150)	72	(1,231)
Fund balance (deficit), beginning of year	(40)	(3)	1,725	7	50	4,398	984	-	7,121
Fund balance (deficit), end of year	$ -	$ -	$ 1,557	$ 9	$ 44	$ 3,374	$ 834	$ 72	$ 5,890

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, 2007 (In thousands)

		Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
AGENCY FUND					
	Assets	$ 878	$ 346,665	$ 347,002	$ 541
	Liabilities	$ 878	351,348	351,685	$ 541

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CITY OF PROVIDENCE

CAPITAL ASSETS

City of Providence

Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2007 (In thousands)

Governmental funds capital assets, net of related accumulated depreciation		
Land	$	45,707
Improvements other than buildings		6,554
Buildings and improvements		115,453
Buildings - leases		134,380
Infrastructue		114,546
Machinery and equipment		14,055
Constuction in progress - City		8,104
Construction in progress - PPBA		59,740
	$	498,539
Investments in governmental funds capital assets:		
Assets put into service as of June 30, 2007	$	498,539

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CITY OF PROVIDENCE

STATISTICAL SECTION

This part of the City of Providence, Rhode Island's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
Invested in capital assets, net of related debt	$ 53,605	$ 41,960	$ 52,962	$ 34,042	$ 22,435	$ 51,350
Unrestricted	(28,531)	(43,153)	(18,473)	(4,820)	11,285	765
Total governmental activities net assets	$ 25,074	$ (1,193)	$ 34,489	$ 29,222	$ 33,720	$ 52,115
Business-type activities:						
Invested in capital assets, net of related debt	$ 122,073	$ 130,055	$ 137,962	$ 147,543	$ 157,507	$ 165,284
Restricted	11,532	22,650	16,411	16,193	17,515	19,470
Unrestricted	6,888	(1,004)	3,967	(888)	7,431	8,178
Total business-type activities net assets	$ 140,493	$ 151,701	$ 158,340	$ 162,848	$ 182,453	$ 192,932
Primary government:						
Invested in capital assets, net of related debt	$ 175,678	$ 172,015	$ 190,924	$ 181,585	$ 179,942	$ 216,634
Restricted	11,532	22,650	16,411	16,193	17,515	19,470
Unrestricted	(21,643)	(44,157)	(14,506)	(5,708)	18,716	8,943
Total primary government net assets	$ 165,567	$ 150,508	$ 192,829	$ 192,070	$ 216,173	$ 245,047

* GASB Statement No. 34 Implemented in Fiscal Year 2002

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses:						
Governmental activities:						
Executive, legislative, and judicial	9,993	15,042	$ 11,240	$ 15,514	$ 15,552	$ 22,761
Finance	101,795	110,366	96,286	38,517	32,655	106,740
Public safety	99,231	87,529	87,558	152,354	170,273	110,246
Building inspection	2,884	2,617	2,537	4,578	5,455	2,495
Public works	20,438	20,611	24,119	28,223	30,275	21,992
Recreation	3,933	2,585	2,751	3,341	3,933	2,939
Public land and parks	14,444	14,378	16,654	22,484	23,992	17,535
Education	289,534	309,029	351,656	361,220	373,591	380,730
Community development	22,929	19,218	20,632	16,758	21,175	23,432
Interest on long-term debt	14,246	23,945	14,531	26,134	21,863	18,639
Other	1,679	-	-	-	-	-
Total governmental activities expense	581,106	605,320	627,964	669,123	698,764	707,509
Business-type activities:						
PPBA	8,561	9,426	11,496	9,929	9,314	11,790
Water Supply Board	34,154	37,868	39,184	42,421	43,661	46,105
Civic Center	6,853	6,691	7,743	9,106	2,241	-
Total business-type activities expenses	49,568	53,985	58,423	61,456	55,216	57,895
Total primary government expenses	630,674	659,305	686,387	730,579	753,980	765,404
Program revenue:						
Governmental activities:						
Charges for services:						
Executive, legislative, and judicial	261	245	238	224	234	788
Finance	9,130	6,912	19,273	22,216	24,526	34,717
Public safety	16,413	14,751	16,078	19,412	16,336	14,831
Building inspection	2,367	2,845	4,381	4,660	4,817	6,379
Public works	103	185	208	258	244	2,259
Recreation	-	64	94	91	90	418
Public land and parks	1,278	952	1,133	1,271	1,216	4,004
Education	987	1,201	1,942	1,931	2,802	1,526
Community development	-	-	-	2,054	125	7,233
Interest on long-term debt	-	-	-	-	-	-
Operating grants and contributions:						
Executive, legislative, and judicial	6,153	5,157	410	136	142	1
Finance	652	1,339	1	269	683	61
Public safety	876	918	1,733	1,696	3,039	2,702
Building inspection	-	-	-	-	-	-
Public works	-	-	3,474	3,044	3,171	-
Recreation	595	466	504	570	599	703
Public land and parks	-	109	32	-	-	4,679
Education	209,042	214,700	242,517	248,927	252,043	248,239
Community development	15,612	17,959	22,198	17,361	25,502	15,472
Interest on long-term debt	-	-	-	-	-	-
Capital grants and contributions:						
Finance	11,599	11,868	13,609	-	-	-
Education	-	-	-	13,115	15,199	15,039
Total governmental activities program revenue	275,068	279,671	327,825	337,235	350,768	359,051

* GASB Statement No. 34 implemented in fiscal year 2002.

(CONTINUED)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Program revenue:						
Business-type activities:						
Charges for services:						
PPBA	7,958	10,850	7,110	8,197	7,825	10,988
Water Supply Board	43,264	46,661	49,168	48,807	52,432	52,749
Civic Center	4,220	4,159	5,306	5,581	1,824	-
Capital grants and contributions:						
Water Supply Board	1,824	1,236	1,197	1,464	1,309	1,613
Civic Center	533	707	-	-	-	-
Total business-type activities program revenues	57,799	63,613	62,781	64,049	63,390	65,350
Total primary government program revenues		343,284	390,606	401,284	414,158	424,401
Net (expense) revenue:						
Governmental activities	(306,038)	(325,649)	(300,139)	(331,888)	(347,996)	(348,458)
Business-type activities	8,231	9,628	4,358	2,593	8,174	7,455
Total primary government net expens	(297,807)	(316,021)	(295,781)	(329,295)	(339,822)	(341,003)
General revenues and other changes in net assets:						
Governmental activities:						
Property taxes	211,566	223,186	257,116	258,213	260,629	257,776
Payments in lieu of taxes	22,485	17,000	17,078	17,656	26,879	20,124
Grants and contributions not restricted to specific programs	37,957	36,947	42,869	45,781	49,546	51,967
Investment income	5,556	8,458	4,191	4,465	8,033	19,779
Gain (loss) on disposal	-	-	-	(31)	3,563	-
Miscellaneous	-	14,191	(3,430)	782	696	17,207
Transfers	(430)	(400)	(600)	(245)	-	
Sale of building and land	-	-	-	-	3,148	-
Total governmental activities	277,134	299,382	317,224	326,621	352,494	366,853
Business-type activities:						
Investment earnings	1,504	1,179	1,681	1,670	2,227	3,024
Miscellaneous	425	-	-	-	-	-
Transfers	430	400	600	245	-	-
Special items:						
Sale of building and land	-	-	-	-	9,204	-
Total business-type activities	2,359	1,579	2,281	1,915	11,431	3,024
Total primary government	279,493	300,961	319,505	328,536	363,925	369,877
Changes in net assets:						
Governmental activities	(28,904)	(26,267)	17,085	(5,267)	4,498	18,395
Business-type activities	10,590	11,207	6,639	4,508	19,605	10,479
Total primary government	$ (18,314)	$ (15,060)	$ 23,724	$ (759)	$ 24,103	$ 28,874

* GASB Statement No. 34 implemented in fiscal year 2002.

(CONCLUDED)

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund:										
Designated for future uses	$ 2,285	$ 403	$ 403	$ -	$ 10,200	$ 900	$ 2,290	$ 401	$ 433	$ 550
Unreserved	3,228	5,243	6,462	7,323	8,328	10,226	12,532	16,706	19,251	21,614
Total General Fund	$ 5,513	$ 5,646	$ 6,865	$ 7,323	$ 18,528	$ 11,126	$ 14,822	$ 17,107	$ 19,684	$ 22,164
All Other Governmental Funds:										
Reserved	$ 32,478	$ 33,848	$ 74,409	$ 67,467	$ 71,557	$ 51,922	$ 10,264	$ 11,758	$ 10,885	$ 10,157
Unreserved:										
Designated for future uses	-	-	-	-	-	-	11,035	11,146	11,146	16,026
Undesignated:										
Capital Projects	63,876	24,501	26,367	21,133	-	-	26,942	24,930	23,541	14,513
Special Revenue	(4,788)	(944)	11,761	1,923	24,579	20,702	26,833	57,228	95,918	76,976
Permanent Trust	-	-	-	-	14,440	18,048	20,673	-	-	18,223
Total all other governmental funds	$ 91,566	$ 57,405	$ 112,537	$ 90,523	$ 110,576	$ 90,672	$ 95,747	$ 105,062	$ 141,490	$ 135,895

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Taxes	$ 189,126	$ 192,301	$ 203,242	$ 211,527	$ 216,770	$ 243,838	$ 262,873	$ 270,302	$ 285,966	$ 281,422
Departmental revenue	3,524	3,656	4,948	7,861	23,554	8,728	31,352	32,911	33,877	67,352
Federal and state grants and reimbursements	165,337	201,565	222,524	252,851	288,410	281,956	326,516	329,141	345,627	338,863
Investment and rental income	22,511	17,858	25,413	28,195	10,445	13,315	17,047	15,628	21,305	19,779
Fines and forfeitures	1,841	2,873	3,721	3,898	3,773	3,805	5,231	5,597	5,486	4,307
Other	44,244	38,848	39,565	47,778	10,473	26,223	4,075	3,772	4,267	17,207
Total revenues	426,583	457,101	499,413	552,110	553,425	577,865	647,094	657,351	696,528	728,930
Expenditures:										
Current:										
Executive, legislative, and judicial	4,790	4,630	6,455	18,971	9,528	15,417	11,285	11,074	12,995	9,852
Finance	59,996	62,437	47,952	54,715	86,126	94,124	98,836	119,565	124,814	106,674
Public safety	62,288	72,384	69,559	76,399	85,399	85,498	95,137	95,110	108,146	103,111
Building inspection	2,249	2,390	2,637	2,639	2,704	2,592	2,610	2,521	2,600	2,462
Public works	9,080	10,148	10,275	12,240	12,134	12,481	13,426	12,866	13,919	13,423
Recreation	1,296	1,412	1,576	1,731	3,758	2,611	2,766	2,470	2,939	2,909
Public lands and parks	6,950	7,465	7,675	8,337	13,036	13,565	15,411	14,446	16,211	23,718
Education	201,253	224,414	240,914	257,444	282,021	299,911	338,485	345,255	366,910	377,793
Community development	-	-	-	-	22,929	19,218	20,185	18,942	21,145	19,101
Other departments	20,453	10,245	4,792	5,229	-	-	-	-	-	5,742
Grants	3,279	3,401	3,504	4,042	-	-	-	-	-	4,331
Public properties	15,249	2,515	3,198	2,951	-	-	-	-	-	
Other	7,505	20,870	31,291	31,831	-	-	-	-	-	
Program expenditures	11,736	22,394	110	209	-	-	-	-	-	
Noncurrent:										
Capital outlays	10,969	23,538	61,841	32,934	31,890	16,504	10,979	5,709	6,279	19,627
Debt service principal payments	-	-	-	-	-	10,605	10,489	11,915	10,000	32,267
Debt service interest and other payments	918	13,653	35,558	43,635	35,719	39,777	22,649	19,061	14,128	18,978
Total expenditures	418,011	481,899	527,337	553,307	585,244	612,303	642,258	658,934	700,086	739,988
Excess of revenues (under) expenditures	8,572	(24,798)	(27,924)	(1,197)	(31,819)	(34,438)	4,836	(1,583)	(3,558)	(11,058)
Other financing sources (uses):										
Capital leases issued	-	-	-	-	79,995	34,851	4,535	7,435	9,145	7,547
Capital notes issued	-	-	-	-	-	-	-	-	9,081	
Payment to refunding bonds escrow agent	-	-		-	(22,038)	(27,319)	-	(111,980)	(28,244)	(29,514)
Premium on bond issued	32,447	10,424	128,287	17,216	-	-	-	3,013	778	-
Proceeds from sale of real estate	-	-	-	-	-	-	-	-	6,440	-
Transfers in	235	218	182	64,120	103,521	97,306	118,126	112,305	138,153	139,458
Transfers out	(386)	(20)	-	(103,220)	(103,951)	(97,706)	(118,726)	(112,550)	(138,270)	(139,458)
Proceeds on refunding bonds issued	-	-	-	-	-	-	-	114,960	28,675	29,910
Total other financing sources (uses)	32,296	10,622	128,469	(21,884)	57,527	7,132	3,935	13,183	25,758	7,943
Special Items										
Proceeds from sale	-	-	-	-	-	-	-	-	16,805	-
Net changes in fund balance	$ 40,868	$ (14,176)	$ 100,545	$ (23,081)	$ 25,708	$ (27,306)	$ 8,771	$ 11,600	$ 39,005	$ (3,115)
Debt service as a percentage of noncapital expenditures	0.2%	3.0%	7.6%	8.4%	6.5%	6.7%	3.6%	2.9%	2.0%	2.6%

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
1998	123,496	39,087	18,827	181,410
1999	123,120	40,671	19,476	183,267
2000	131,962	44,777	17,880	194,619
2001	143,781	47,202	20,544	211,527
2002	167,962	30,512	18,294	216,768
2003	181,222	28,834	16,782	226,838
2004	193,896	31,121	18,254	243,271
2005	203,258	28,378	17,131	248,767
2006	209,251	28,154	17,768	255,173
2007	211,732	28,440	15,685	255,857
Change 1998-2007	71.4%	-27.2%	-16.7%	41.0%

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	Residential Property	Tangible Personal Property (1)	Motor Vehicle	Exemptions	Total Taxable Assessed Value	Percent Growth	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1998	5,469,679	566,684	310,633	(1,282,655)	5,064,341	1 48%	6,028,978	84.00%
1999	5,436,099	584,914	325,322	(1,291,537)	5,054,798	-0.19%	6,017,616	84.00%
2000	5,437,478	622,022	296,593	(1,296,243)	5,059,850	0.10%	6,023,651	84.00%
2001	5,375,740	646,851	268,898	(1,261,983)	5,029,506	-0.50%	5,987,508	84.00%
2002	6,208,931	632,987	258,320	(1,102,234)	5,998,004	18.54%	7,140,480	84.00%
2003	6,162,597	636,696	232,133	(1,052,670)	5,978,756	-0.32%	7,033,831	85.00%
2004	6,154,269	672,482	243,658	(1,082,370)	5,988,039	0.16%	7,044,753	85.00%
2005	9,484,121	638,720	222,344	(3,055,179)	7,290,006	21.74%	8,570,000	85.06%
2006	9,496,709	636,126	241,061	(3,139,525)	7,234,371	-0.76%	8,817,812	82.04%
2007	9,651,377	657,840	599,020	(3,593,637)	7,314,600	1.11%	8,511,027	85.94%

Source: City Records

CITY OF PROVIDENCE, RHODE ISLAND

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

	2007			1998		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Narragansett Electric Co.	$ 179,765,078	1	2.46%	$ 164,156,851	1	3.29%
Fleet Center Associates	96,514,144	2	1.32%	49,239,400	5	0.99%
Capital Properties, Inc.	69,612,969	3	0.95%	126,536,803	2	2.54%
RI Hospital Trust National Bank	39,989,985	5	0.55%	54,439,738	3	1.09%
Blue Cross and Blue Shield of Rhode Island	35,379,664	6	0.48%	39,800,500	7	0.80%
Textron Realty Corporation	34,276,371	7	0.47%	37,751,210	8	0.76%
Providence Gas Company	33,535,939	8	0.46%	47,884,188	6	0.96%
The Providence Journal Company	44,438,599	4	0.61%	51,876,826	4	1.04%
Laurelmead Cooperative	31,273,237	9	0.43%	-	-	0.00%
Providence Realty Associates LP	30,613,183	10	0.42%	-	-	0.00%
Avalon Properties Inc.	27,208,393	11	0.37%	-	-	0.00%
Edward E. Zucker (trustee)	26,341,817	12	0.36%	-	-	0.00%
One Twenty One South Main Street, LLC	21,945,671	13	0.30%	-	-	0.00%
Alpine Realty Providence LLC	20,773,953	14	0.28%	-	-	0.00%
Home Depot USA, Inc.	19,173,114	15	0.26%	-	-	0.00%
One Financial Center Plaza LLC	18,484,616	16	0.25%	-	-	0.00%
Historic Hotel Partners of Providence, LP	18,436,330	17	0.25%	-	-	0.00%
Jefferson At Providence Place Apartments, L	18,403,259	18	0.25%	-	-	0.00%
Foundry Parcel Fifteen Associates, LLC	18,253,832	19	0.25%	-	-	0.00%
Elizabeth T. Corson Westminster Trust	17,165,725	20	0.23%	-	-	0.00%
Total	$ 801,585,879		11.00%	$ 571,685,516		11.46%

Source: City Records

Schedule 8
Property Tax Levies And Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30:	Net 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
1998	196,309,904	179,290,303	91.33%	12,051,284	191,341,587	97.47%
1999	198,276,055	180,839,604	91.21%	11,903,302	192,742,906	97.21%
2000	206,444,935	191,437,915	92.73%	10,209,612	201,647,527	97.68%
2001	214,851,680	199,539,625	92.87%	10,741,936	210,281,561	97.87%
2002	221,121,470	208,194,767	94.15%	11,500,233	219,695,000	99.35%
2003	228,040,394	215,494,344	94.50%	8,775,461	224,269,805	98.35%
2004	240,581,574	231,862,834	96.38%	4,605,251	236,468,085	98.29%
2005	248,700,567	240,140,679	96.56%	5,403,778	245,544,457	98.73%
2006	254,005,375	243,165,192	95.73%	10,498,841	253,664,033	99.87%
2007	261,450,407	245,357,642	93.84%	-	245,357,642	93.84%

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	General Obligation Net Debt Per Capita
1998	166,655	-	*	95,334	26,889	6,176	-	22,671	12,582	330,307	**	780
1999	153,665	-	*	92,410	28,053	2,847	-	22,396	11,811	311,182	**	710
2000	140,215	68,000	*	146,853	38,615	2,659	-	24,677	11,316	432,335	**	594
2001	102,735	69,430	33,275	141,811	44,602	2,349	-	26,823	9,990	431,015	**	591
2002	147,250	66,750	32,040	143,534	48,084	7,764	-	27,129	8,621	481,172	**	851
2003	140,340	65,445	30,700	200,120	50,123	6,904	-	28,856	7,391	529,879	**	808
2004	131,875	64,085	29,250	192,768	47,959	5,966	789	22,135	6,105	500,932	**	760
2005	127,250	67,315	27,675	182,930	50,987	4,974	1,104	22,437	5,009	489,681	**	719
2006	119,215	66,500	28,285	173,474	59,994	4,215	385	18,070	3,865	474,003	**	674
2007	112,845	64,525	26,260	222,415	58,453	3,434	300	11,879	2,950	503,061	**	638

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, 2007
(unaudited)
(in thousands)

Governmental Unit	Debt Outstanding
General obligation debt:	
General obligation bonds	$ 112,845
Revenue bonds	64,525
Special obligation tax increment	26,260
Notes payable	3,434
Capital leases	20,949
Capital notes	37,504
PPBA debt-City	222,415
Total direct debt	$ 487,932

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 2007	
Taxable Property	$ 7,314,600
Debt limit (3% of taxable property)	219,400
Debt applicable to limit:	
General obligaton bonds	112,800
Less: debt not subject to 3% limit*	93,400
Total net debt applicable to limit	19,400
Legal debt margin	$ 200,000

CITY OF PROVIDENCE, RHODE ISLAND

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	$180,900	$180,500	$180,700	$179,600	$179,600	$179,400	$218,700	$206,500	$210,700	219,400
Total net debt applicable to limit	47,400	43,000	39,000	35,300	33,200	29,500	31,600	27,500	23,400	19,400
Legal debt margin	133,500	137,500	141,700	144,300	146,400	149,900	187,100	179,000	187,300	200,000
Total net debt applicable to the limit as a percentage of debt limit	36%	31%	28%	24%	23%	20%	17%	15%	12%	10%
Debt outstanding issued outside the 3% debt limit*	$116,900	$108,200	$ 99,200	$100,900	$114,000	$110,900	$102,500	$ 99,800	$ 95,700	$ 93,400

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

CITY OF PROVIDENCE, RHODE ISLAND

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

Water Supply Board

Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1998	31,916	23,311	8,605	-	**	-
1999	39,809	29,838	9,971	-	**	-
2000	41,558	32,961	8,597	-	**	-
2001	42,613	34,530	8,083	-	**	-
2002	41,699	32,925	8,774	425	**	20.60
2003	45,177	36,759	8,418	443	179	13.50
2004	49,168	37,614	11,554	464	229	16.70
2005	48,807	40,871	7,936	516	207	11.00
2006	52,432	42,446	9,986	509	183	14.43
2007	52,749	45,181	7,568	537	158	10.89

Redevelopment Revenue Bonds

Fiscal Year	Collections	Debt Service Principal	Debt Service Interest	Coverage
1998	-	-	-	-
1999	-	-	-	-
2000	5,394	-	-	-
2001	11,584	-	-	-
2002	4,767	1,250	-	3.80
2003	4,360	1,305	-	3.40
2004	6,624	1,360	3,662	1.32
2005	6,858	*	-	-
2006	-	*	-	-
2007	-	*	-	-

Civic Center Bonds

Fiscal Year	Charges	Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
1998	3,180	4,246	(1,066)	-	-	-
1999	4,100	5,929	(1,829)	-	-	-
2000	4,569	6,394	(1,825)	190	109	(6.1)
2001	3,934	6,153	(2,219)	195	99	(7.5)
2002	4,645	6,744	(2,099)	205	109	(6.7)
2003	4,159	6,592	(2,433)	215	99	(7.7)
2004	5,492	7,659	(2,167)	225	68	(7.4)
2005	4,885	8,949	(4,064)	235	151	(10.4)
2006	1,824	2,241	(417)	****	-	-
2007	-	-	-	****	-	-

Providence Public Building Authority Revenue

Fiscal Year	Collections	Debt Service Principal	Debt Service Interest	Coverage
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	7,958	6,330	7,666	0.57
2003	10,850	6,630	7,782	0.75
2004	7,110	7,322	6,943	0.50
2005	8,197	9,838	9,189	0.43
2006	7,825	10,516	8,713	0.41
2007	10,988	11,058	9,829	0.53

* Bond was fully refunded in 2005.

** Not available.

*** Bonds were refunded.

**** 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
1998	160,728	(1)	24,369	(1)	26,147	6.2%
1999	160,728	(1)	25,017	(1)	26,427	5.4%
2000	173,618	(1)	26,617	28.1	26,937	5.0%
2001	173,618	(1)	28,318	28.1	27,159	6.1%
2002	173,618	(1)	28,925	28.1	27,580	6.1%
2003	173,618	(1)	29,787	28.1	27,900	6.4%
2004	173,618	(1)	30,837	28.1	26,741	6.1%
2005	176,862	(1)	21,978	30.4	25,615	6.3%
2006	176,862	(1)	(1)	30.4	25,190	6.9%
2007	176,862	(1)	(1)	30.4	24,494	6.1%

(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
2007 and 1998
(unaudited)

	2007			1998		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rhode Island Hospital	6,063	1	5.39%	5,185	1	5.22%
Brown University	3,251	2	2.89%	3,000	2	3.02%
Bank of America/Fleet National Bank	3,040	5	2.70%	1,168	10	1.18%
Women and Infants Hospital	2,800	3	2.49%	2,006	4	2.02%
The Miriam Hospital	2,161	4	1.92%	1,646	9	1.66%
Roger Williams Medical Center	1,340	7	1.19%	1,626	7	1.64%
Citizens Bank	1,289	8	1.15%	2,200	3	2.22%
Johnson & Wales University	1,200	9	1.07%	1,500	8	1.51%
Verizon	1,115	6	0.99%	-	-	0.00%
Blue Cross/Blue Shield of Rhode Island	1,066	10	0.95%	1,441	6	1.45%
Providence Journal	964	11	0.86%	1,800	5	1.81%
Veteran's Administration Medical Center	946	12	0.84%	-	-	0.00%
Rhode Island School of Design	900	14	0.80%	900	12	0.91%
Rhode Island College	856	15	0.76%	-	-	0.00%
Gilbane Building Company	856	16	0.76%	-	-	0.00%
Butler Hospital	800	21	0.71%	-	-	0.00%
Manpower Inc.	750	17	0.67%	-	-	0.00%
St. Joseph Hospital for Specialty Care	750	18	0.67%	1,000	11	1.01%
Pinkerton Northeast	700	20	0.62%	-	-	0.00%
Lifespan Corporate Services	652	19	0.58%	-	-	0.00%

Sources: Rhode Island Department of Labor and Training

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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Functions/Program										
Executive, Legislative, Judicial and Finance:										
City Council	15	15	15	15	15	15	15	15	15	15
City Sergeant	1	1	1	1	1	1	1	1	1	1
City Clerk	10	9	9	10	10	10	10	9	9	9
Personnel	12	12	12	10	10	11	9	7	9	9
Finance	30	23	30	33	30	30	22	23	23	23
Computer Services	-	7	-	-	-	-	5	2	3	2
Legal	22	22	22	22	20	21	20	21	23	22
Courts	23	23	23	24	23	24	25	18	21	20
Retirement	5	5	5	5	5	5	4	5	5	5
Board Tax Assessment	5	5	5	5	5	5	5	5	5	5
City Treasurer	5	5	5	5	5	5	5	4	5	4
City Collector	18	16	18	20	19	18	16	15	18	18
City Assessor	16	18	16	20	19	22	20	21	23	23
Recreation and Public Land and Parks:										
Grounds Maintenance	44	47	52	62	64	66	58	66	62	61
Recreation	20	20	20	22	28	28	25	22	24	25
Zoo	31	37	37	36	35	34	34	29	33	31
Forestry	14	14	16	17	17	17	16	16	18	20
Parks	49	45	39	39	49	56	48	39	47	44
Greenhouse	11	11	14	14	12	12	13	11	11	11
Public Property	33	24	25	29	28	29	28	27	30	29
Public Safety:										
Police department	592	592	563	584	587	590	592	532	550	519
Commissioner's Office	7	7	7	7	7	10	8	11	12	23
Firefighters' Department	487	484	485	508	511	511	510	490	500	500
Communication	78	78	78	84	97	99	94	83	88	88
Public Works:										
Administration	10	10	10	10	9	10	10	9	10	9
Engineering	7	7	8	7	6	7	7	5	6	6
Environmental Control	12	12	12	12	26	25	24	18	19	17
Highway and Bridge Maintenance	50	48	48	56	42	44	44	32	35	35
Sewer Maintenance	10	9	10	9	9	9	9	11	7	11
Miscellaneous	45	45	44	47	52	55	56	51	50	50
Garage	9	8	9	9	8	9	9	6	8	7
Traffic Engineering	12	12	11	11	-	-	-	-	-	-
Building Inspection	13	12	13	14	15	14	14	15	15	15
School Department	3,345	3,333	3,342	3,473	3,435	3,382	3,243	N/A	N/A	N/A
Total	5,041	5,016	5,004	5,220	5,199	5,174	4,999	1,619	1,685	1,657

Source: City Records

CITY OF PROVIDENCE, RHODE ISLAND

Schedule 17
Operating Indicators By Function/Program
Last Ten Fiscal Years
(unaudited)
(In thousands)

Function/Program	Calendar Year 2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police:										
Calls for service	149	190	190	190	190	190	190	150	170	170
Fire:										
Total fire calls	14	13	13	13	13	13	15	15	12	12
Total rescue calls	26	25	25	25	25	26	26	26	23	23
Building safety:										
Total building permits	3,210	8,250	7,759	7,418	5,914	5,165	5,145	5,821	5,608	5,289
Total value all permits	TBD	251,400	172,700	315,400	166,000	140,300	107,800	106,600	144,800	86,600
Public service:										
Residential garbage collected (ton)	TBD	69	69	69	69	60	60	60	70	70

Source: City Records

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

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Public Safety:										
Fire, Fire Stations	15	15	15	15	15	15	15	15	16	16
Fire trucks	23	28	28	28	28	28	28	28	28	28
Public Works:										
Traffic signals										
Collection Trucks										
Bridges	27	53	53	53	53	53	53	53	53	53
Streets (Miles)	370	417	417	417	417	417	417	417	417	417
Manholes	20	20	20	20	20	20	12	12	-	-
Catch Basins	12	12	12	12	12	12	12	12	12	12
Drain inlets	4									
Parks & Recreation:										
Acreage	1,300									
Parks	124	141	141	141	141	141	141	110	110	110
Golf Course	2	1	1	1	1	1	1	1	-	-
Baseball/Softball Diamonds	40	1	1	1	1	1	-	-	-	-
Greenhouse	6	1	1	1	1	1	1	1	1	4
Soccer/Football Fields	11	1	1	1	1	1	-	-	-	-
Water Parks	9	3	3	3	3	3	3	3	2	2
Museum	1	1	1	1	1	1	1	1	-	-
Swimming pools	6	6	6	6	6	6	6	6	-	-
Recreation Centers	10	12	12	12	12	12	12	12	-	-
Zoo	1	1	1	1	1	1	1	1	1	1
Community Centers										
Water:										
Lakes	10	10	10	10	10	10	10	10	10	10
Wastewater:										
Sanitary/Combination Sewer (miles)	300	415	415	415	415	415	415	415	415	315

Source: City Records

* - Indicator not available.

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