

**CITY OF CENTRAL FALLS**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2009  
WITH INDEPENDENT AUDITOR'S REPORT**

# CITY OF CENTRAL FALLS

## **BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED  
JUNE 30, 2009

WITH

INDEPENDENT AUDITOR'S REPORT

**CITY OF CENTRAL FALLS**  
**YEAR ENDED JUNE 30, 2009**

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**CITY OF CENTRAL FALLS**  
**YEAR ENDED JUNE 30, 2009**

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(CONCLUDED)

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members of the City Council  
City of Central Falls  
Central Falls, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents to this report. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedule of Funding Progress for Pension Plan, and Budgetary Comparison Schedule for the General Fund on pages 3 through 10 and 43 through 50 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 our report dated December 31, 2009 on our consideration of the City's internal control over financial reporting and 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 Central Falls, Rhode Island's basic financial statements. The Combining and Individual Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Fund Financial Statements has 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 taken as a whole.

A handwritten signature in black ink that reads "Bruver PC". The letters are cursive and somewhat stylized.

Providence, Rhode Island  
December 31, 2009

December 31, 2009

To the Citizens of the  
City of Central Falls,  
Rhode Island

## **Management's Discussion and Analysis**

### **Fiscal Year Ended June 30, 2009**

This discussion and analysis of the City of Central Falls financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. This is the City's seventh (7<sup>th</sup>) year reporting in accordance with the provisions of GASB Statement No. 34. Please read this document in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

#### **Financial Highlights**

The auditor's report for 2009 expresses an unqualified (i.e. "clean") opinion on the financial statements of the City of Central Falls. The City's basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City.

The Government-Wide Statement of Net Assets indicates that the City's total net assets, a negative \$16,886,819 worsened by \$4,658,507 over the previous year's balance (as restated).

The Government-Wide Statement of Activities indicates that the City's total general revenues of \$16,144,406 combined with additional program revenues of \$3,371,881 less program expenses of \$20,802,913, resulted in a decrease of \$4,658,507 in total net assets from a year ago.

The Governmental Fund Financial Statements indicate that for the City's general fund, the ending fund balance at year end was substantially reduced to \$230,810, a decrease of \$609,619 over the prior year.

#### **The Financial Statements**

The financial statements presented herein include all the activities of the City of Central Falls using the integrated approach as prescribed by GASB Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the City of Central Falls from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the City of Central Falls as well as all liabilities (including long term debt). Additionally, certain eliminations have occurred as prescribed by the statement about interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the two categories of activities - governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are reported in the City's trust and agency funds. Agency funds, unlike the City's pension trust funds, do not have a measurement focus and only require a balance sheet. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

## **Overview of the Financial Statements**

### **Government-Wide Financial Statements**

#### **The Statement of Net Assets and the Statement of Activities**

The Statement of Net Assets and the Statement of Activities report information about the City of Central Falls as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most companies in the private-sector. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are indicators of whether the City's financial health is improving or deteriorating.

GASB Statement No. 34 defines the accounting terms found in the Statement of Net Assets and the Statement of Activities as follows:

#### **Governmental Activities**

This category identifies the costs of City's various functions/programs in providing services to the public (i.e. general government, public safety, public works, etc.). The City's aggregate costs of providing these services are then offset by the state, federal and private grants, which provide additional funds that serve to reduce the City's costs of providing these same services.

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds, not the reporting entity as a whole. Although some funds are established by local ordinance, management often creates other funds to help control and manage certain revenues, grants and other sources of funds. These funds are generally earmarked for specific purposes and management must be able to demonstrate that it is meeting certain legal responsibilities often required by the provider.

#### **Governmental Funds**

Most of the City's services are reported on governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements compared to those in the Government-Wide financial statements are explained in the reconciliation schedule following the Governmental Fund financial statements.

#### **Proprietary Funds**

Business-like activities, such as providing water or sewer services, to the general public are done so through enterprise funds, which are financed primarily by user charges. The City of Central Falls has no enterprise funds. Services of this type have historically been provided to Central Falls residents through regional boards and commissions located outside of the City.

At one time all account transaction activity pertaining to the City's workers compensation claims was recorded in an internal service fund. The City of Central Falls no longer has any internal service funds, since insurance coverage is now purchased annually from a private insurer and the City no longer self-insures.

## Fiduciary Funds

The City of Central Falls is the trustee, or fiduciary, for certain funds held on behalf of the beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-Wide Financial Statements, because the City cannot use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

## Notes to Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the Government-Wide and Governmental Fund financial statements.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as, the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the general fund.

## Government-Wide Financial Analysis

In this, the seventh (7<sup>th</sup>) year of implementation of the provisions of GASB Statement No. 34, the City continues to provide certain disclosures and compare them to prior year financial statements. In the sections that follow, a comparative analysis is provided between current year and prior year information.

As noted earlier, the total net assets for the City of Central Falls have decreased by \$4,658,507 over the prior year's balance. This decrease is first identified in the change in net assets as recorded in the Statement of Activities and then flows through the Statement of Net Assets. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses and total assets are presented in the Statement of Activities and Changes in Net Assets.

Net assets for the City of Central Falls for the fiscal year ended June 30, 2009 were:

	<b>Net Assets</b>	
	<b>Governmental Activities</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b> <b><u>(As restated)</u></b>
Current and other assets	\$6,063,286	\$ 8,534,950
Capital assets	<u>25,341,994</u>	<u>27,160,801</u>
Total Assets	<u>31,405,280</u>	<u>35,695,751</u>
Current liabilities	3,921,598	5,560,958
Long-term liabilities	<u>44,350,501</u>	<u>42,343,105</u>
Total Liabilities	<u>48,272,099</u>	<u>47,904,063</u>
Net Assets:	\$ (16,866,819)	\$ (12,208,312)
Invested in capital assets, net of debt	\$ 9,515,092	\$ 10,263,095
Restricted	2,985,454	3,079,045
Unrestricted	<u>(29,367,365)</u>	<u>(25,550,452)</u>
Total Net Assets	\$ (16,866,819)	\$ (12,208,312)

This year the City of Central Falls continues to report positive balances in two (2) areas of net assets. Invested in capital assets, net of related debt amounts is the amount of \$9,515,092 and restricted net assets amount to \$2,851,032. The negative balance of \$29,367,365 in unrestricted net assets is attributable to the City's net pension obligation of \$24,522,605 in the Police and Fire Private Pension Plan (John Hancock).

As indicated in the Statement of Activities, the total cost of governmental activities for the year ended June 30, 2009 was \$24,174,794. This amount was substantially offset, in that some of the cost (i.e. \$3,371,881) was paid by federal, state and private grants and entitlements.

**Program and General Revenues**

	<u>2009</u>	<u>2008</u>
<b>Charges for services</b>		
General government	\$ 887,885	\$ 850,768
Public safety	1,316,090	345,703
Public works	<u>7,088</u>	<u>10,593</u>
<b>Total</b>	<b><u>\$ 2,211,063</u></b>	<b><u>\$ 1,207,064</u></b>

Total revenue received for charges and services in 2009 was \$2,211,063, an increase of \$1,003,999 compared to the amount received in 2008, which was equal to \$1,207,064.

	<u>2009</u>	<u>2008</u>
<b>Operating Grants and Contributions</b>		
General government	\$ 809,804	\$ 1,070,039
Public safety	217,253	113,661
Public works	45,813	9,533
Public recreation	<u>87,948</u>	<u>122,818</u>
<b>Total</b>	<b><u>\$ 1,160,818</u></b>	<b><u>\$ 1,316,051</u></b>

Total revenue received from Operating Grants and Contributions in 2009 was \$1,160,818, a decrease of \$155,233 compared to the amount received in 2008, which was equal to \$1,316,051.

	<u>2009</u>	<u>2008</u>
<b>Capital Grants and Contributions</b>		
Capital outlays	<u>\$ 0</u>	<u>\$ 6,781</u>
<b>Total</b>	<b><u>\$ 0</u></b>	<b><u>\$ 6,781</u></b>

Total revenue received from Capital Grants and Contributions in 2009 was \$0, a decrease of \$6,781 compared to the amount received in 2008, which was equal to \$6,781.

	<u>2009</u>	<u>2008</u>
<b>Total Program Revenues</b>	<b><u>\$ 3,371,881</u></b>	<b><u>\$ 2,529,896</u></b>
<b>General Revenues</b>		
Property taxes	\$ 10,392,152	\$ 9,898,722
Grants and contributions (unrestricted)	4,544,796	5,348,368
Investment earnings	126,137	90,733
Gain on sale of assets	199,489	378,540
Miscellaneous	<u>881,832</u>	<u>1,142,167</u>
<b>Total General Revenues</b>	<b><u>\$ 16,144,406</u></b>	<b><u>\$ 16,858,530</u></b>

General revenues in 2009 were \$16,144,406 a decrease of \$714,124, compared to the amount received in 2008, which was equal to \$16,858,530.

**Total Government-Wide Revenues**     **\$ 19,516,287**                     **\$ 19,305,526**

Total Government-Wide Revenues in 2009 were \$19,516,287, an increase of \$210,761 compared to the amount received in 2008, which was equal to \$19,305,526.

**Statement of Activities**

	<b><u>Total Cost of Services 2009</u></b>	<b><u>Net Cost of Services 2009</u></b>	<b><u>Total Cost of Services 2008</u></b>	<b><u>Net Cost of Services 2008</u></b>
<b>Program Expenses</b>				
General government	\$ 3,531,210	\$ 1,833,521	\$ 2,817,663	\$ 896,856
Public safety	7,171,004	5,637,661	6,400,991	5,941,627
Public works	1,678,913	1,626,012	1,663,997	1,643,871
Public education	1,450,386	1,450,386	1,396,932	1,396,932
Public recreation	741,716	653,768	647,886	525,068
Contingency	58,917	58,917	405,531	405,531
Employee benefits	3,709,266	3,709,266	5,021,594	5,021,594
Retirement	4,524,220	4,524,220	2,341,344	2,341,344
Capital outlays	207,260	207,260		6,781
Debt service interest	<u>1,101,902</u>	<u>1,101,902</u>	<u>1,012,441</u>	<u>1,012,441</u>
<b>Total Expenses</b>	<b>\$ 24,174,794</b>	<b>\$ 20,802,913</b>	<b>\$ 21,708,379</b>	<b>\$ 19,178,483</b>

The City's total program expenses are \$24,174,794. With additional program revenues of \$3,371,881 in FY 2009, the City's net cost of services is \$20,802,913. When subtracted from the City's total general revenues of \$16,144,406, the City realizes an unfavorable Change in Net Assets of \$4,658,507. Last year in FY 2008 the City realized an unfavorable Change in Net Assets of \$2,271,823.

**Transfers**

Interfund transfers for the year ended June 30, 2009 totaled \$21,274 for the year. A total amount of \$12,931 was transferred between non-major funds. Unexpended appropriations in the general fund at year end designated for certain capital projects, were not "carried over" to establish a new capital projects fund in 2009.

**Financial Analysis of the City's Funds – Governmental Fund Statements**

**Statement of Changes in Fund Balances – Governmental Funds**

	<b><u>Fund Balance June 30, 2009</u></b>	<b><u>Fund Balance June 30, 2008 (As restated)</u></b>	<b><u>Increase (Decrease)</u></b>
General Fund	\$ 230,810	\$ 840,429	\$ (609,619)
\$10 Million Muni Bond	495,757	550,164	(54,407)
Other Governmental	<u>2,489,697</u>	<u>2,571,915</u>	(82,218)
<b>Total</b>	<b>\$3,216,264</b>	<b>\$ 3,962,264</b>	<b>\$ (746,244)</b>

The fund balance for the City of Central Falls general fund is \$230,810, as of June 30, 2009. Deficiency of revenues (and other sources) over expenditures (and other uses) amounted to \$(609,619), a 73% decrease over the prior year fund balance of \$840,429.

**General Fund**

<b>Revenues</b>	<b>2009</b>	<b>2008</b>	<b>Variance</b>	<b>Percentage Change</b>
General property taxes	\$ 10,327,644	\$ 9,946,852	\$ 380,792	3.8
Interest and investment income	82,676	48,674	34,002	69.8
Intergovernmental	4,544,796	5,348,368	(803,572)	(15.1)
Fees / Non-tax income	901,019	769,093	131,926	17.1
Departmental revenue	1,310,044	345,320	964,724	279.3
Other revenues	434,648	675,938	(241,290)	(35.7)
<b>Total</b>	<b>\$ 17,600,827</b>	<b>\$ 17,134,245</b>	<b>\$466,382</b>	<b>2.72</b>

**Analysis**

The total decrease in the amount of \$609,619 in the City's general fund balance under modified accrual was the result of the following:

In spite of total revenues increasing by \$466,382 (+ 2.7%) over the previous year, overall result of operations were in the negative. Revenues from general property taxes increased by \$380,792 (+ 3.8%) over the previous year. Interest and investment income increased (69.8%), due to better management of working capital and despite continuing decline in interest rates. Intergovernmental revenues received from the State of Rhode Island were down by \$603,572 (- 15.1%) over last year, resulting from mid-year state budget cuts. At \$901,019 local fees and non-tax income were higher by \$131,926 (+ 17.1%). Departmental revenues were up considerably at \$964,724 (+ 279.3%) more than last year, due to fees collected in boarding up abandoned properties. This had no impact on the overall financial position because there were payments made to contractors for work performed on these properties. Other revenues indicate a substantial reduction of \$241,290 (- 35.7%) in total, due to a cash flow problems with the Central Falls Prison Authority. Costs for services rendered have not yet been paid for by the facility.

Expenditure totals in the general fund amounted to \$18,210,446 in 2009, a decrease in spending of \$900,025 (- 4.8%) over the previous year. As a matter of policy, the City's target amount of minimum fund balance is 5% of the general fund total operating budget. With a fund balance of \$230,810 and a final 2009 budget of \$17,486,368, this percentage now stands at 1.3%.

The following is a further analysis of "budget to actual" comparisons for both revenues and expenditures of the general fund, reported on a budgetary basis as required by the City Charter.

**General Fund Budgetary Comparison Schedule – June 30, 2009**

<b>Revenue Analysis</b>	<b>Adopted Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance</b>
Tax revenue	\$ 10,346,864	\$ 10,346,864	\$ 10,381,218	\$ 34,354
Fees/Non-tax revenue	872,100	872,100	983,695	111,595
State revenue	5,413,484	5,413,484	4,544,796	(868,688)
Departmental revenue	207,000	207,000	1,310,044	1,103,044
Other Income	646,920	646,920	434,648	(212,272)
<b>Total</b>	<b>\$ 17,486,368</b>	<b>\$ 17,486,368</b>	<b>\$ 17,654,401</b>	<b>\$ (168,033)</b>

<b>Expense Analysis</b>	<b>Adopted Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance</b>
General government	\$ 1,697,983	\$ 1,697,983	\$ 1,780,743	\$ (82,760)
Public safety	5,514,517	5,514,517	6,804,406	(1,289,889)
Public works	1,232,255	1,232,255	1,306,557	(74,302)
Public education	244,856	244,856	238,548	6,308
Public recreation	421,402	421,402	405,850	15,552
Municipal debt service	2,463,015	2,463,015	2,583,035	(120,020)
Contingency	365,767	365,767	91,417	274,350
Employee benefits	4,255,949	4,255,949	3,709,266	546,683
Retirement	1,270,624	1,270,624	1,270,624	-
Major purchases	20,000	20,000	20,000	-
<b>Total</b>	<b>\$ 17,486,368</b>	<b>\$ 17,486,368</b>	<b>\$ 18,210,446</b>	<b>\$ (556,055)</b>

## Other Governmental Funds

Other governmental funds consist of:

Fund Type	Total Net Assets	Note
Special Revenue	\$ 2,008,810	Proceeds from specific revenue sources, restricted in use
Capital Projects	312,223	Resources restricted for certain acquisition and construction
Expendable Trust	<u>134,422</u>	Earnings and principle may be used to achieve fund objectives
Total	\$ 2,455,455	

It should be noted that the Central Falls School District is a component unit of the State of Rhode Island. Separately issued financial statements are prepared and may be obtained from the Rhode Island Department of Education.

## Pension Trust Funds

Pension Fund	Total Net Assets	Note
Police/Fire (1%)	\$ 1,246,103	Established in 1925 for employees hired prior to July 1972
John Hancock	<u>7,488,449</u>	Police and fire employees hired after July 1, 1972
Total	\$ 8,734,552	

Total net assets of the City's pension trust funds amount to \$8,734,522 in 2009, a decrease of \$3,268,508 compared to last year, resulting from a less favorable return on investments. Although the City adopted a definitive funding plan in 2007, annual contributions appropriated by the City are less than the actuary's required contribution (ARC). Thus, the need continues to sell assets in the John Hancock pension fund from time to time in order to meet current obligations and pay pension benefit recipients. In addition the City Implemented GASB Statement 45 Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, the liability for which are included in these financial statements. According to the City's most recent actuarial studies, the combined unfunded actuarial accrued liability (UAAL) for these two funds is now \$69.3 million (\$13.8 million for 1%ers; \$24.9 million for John Hancock and \$30.6 for OPEB) as of July 1, 2008.

## Debt Administration

At year end total long-term debt for the City of Central Falls is \$46.2 million. The breakdown is as follows:

	2009	2008	
City's net pension obligation (NPO)	\$ 24,522,605	\$ 21,838,061	49.8%
Bonded indebtedness (for school purposes)	10,615,000	10,985,000	25.1%
Bonded indebtedness (for municipal purposes)	8,555,000	8,700,000	19.8%
Liability for compensated absences	2,097,545	1,881,045	4.3%
Other municipal debt (including capital leases)	593,499	550,311	1.0%
Other post employment benefits	<u>569,052</u>	<u>0</u>	
Total	\$ <u>46,202,701</u>	\$ <u>43,954,417</u>	100.0%

The City's underlying credit rating was recently reviewed by both Moody's Investors Service in December 2009 and remains investment grade. Moody's affirmed their previous rating of Baa3. Our previous rating with Standard and Poor's of BBB, slightly higher than Moody's equivalent of Baa2 is unchanged.

## **Capital Assets**

The City of Central Falls has \$25,341,994 invested in capital assets, net of depreciation. Only capitalized assets with an original cost of \$5,000 or greater, are included. The straight-line/unrecovered cost method was used to calculate annual depreciation.

Since July 1, 2001 infrastructure assets, such as sidewalks, water mains, drainage systems and road improvements, acquired by the City have been capitalized and reported within the financial statements. All pre-existing infrastructure assets (such as sidewalks, curbs, drainage systems and road improvements) have been added and began appearing in the City's financial statements for the period ending June 30, 2007.

## **Independent Audit**

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of Braver PC provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended June 30, 2009. In addition to meeting the requirements set forth in state statutes, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports related specifically to the single audit are contained in a separate document.

## **Acknowledgements**

The preparation of this report was made possible by the conscientious efforts provided by the entire Finance staff. I appreciate their hard work and dedication throughout this endeavor.

In closing, I would like to express my appreciation to Mayor Moreau and the members of the City Council for their collective support in conducting the financial affairs of the City of Central Falls.

Respectfully submitted,

Azim Mazagonwalla, CPA  
Finance Director

**CITY OF CENTRAL FALLS**

**A - 1**

**Statement of Net Assets  
June 30, 2009**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,111,991
Due from federal and state governments	651,195
Accounts receivable, net	1,137,634
Other receivables, net	88,438
Other assets	74,028
Capital assets (non-depreciable)	814,770
Capital assets (net of depreciation)	24,527,224
<b>TOTAL ASSETS</b>	<u>31,405,280</u>
<b>LIABILITIES</b>	
Accounts payable	553,011
Accrued interest payable	244,575
Accrued expenses	454,865
Unearned revenue	816,947
Current portion of long-term liabilities	1,852,200
Net pension obligation	24,522,605
Net OPEB obligation	569,052
Long-term liabilities (net)	19,258,844
<b>TOTAL LIABILITIES</b>	<u>48,272,099</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	9,515,092
Restricted for other purposes	2,851,032
Restricted for permanent trusts	
Expendable	96,434
Non-expendable	37,988
Unrestricted	(29,367,365)
<b>TOTAL NET ASSETS</b>	<u>\$ (16,866,819)</u>

**CITY OF CENTRAL FALLS**

**Statement of Activities  
For the year ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 3,531,210	\$ 887,885	\$ 809,804	\$ -	\$ (1,833,521)
Public safety	7,171,004	1,316,090	217,253		(5,637,661)
Public works	1,678,913	7,088	45,813		(1,626,012)
Public education	1,450,386				(1,450,386)
Public Recreation	741,716		87,948		(653,768)
Contingency	58,917				(58,917)
Employee benefits	3,709,266				(3,709,266)
Retirement	4,524,220				(4,524,220)
Capital outlays	207,260				(207,260)
Debt service interest	1,101,902				(1,101,902)
<b>Totals</b>	<b>\$ 24,174,794</b>	<b>\$ 2,211,063</b>	<b>\$ 1,160,818</b>	<b>\$ -</b>	<b>(20,802,913)</b>

General revenues:

Property taxes	10,392,152
Grants and contributions not restricted to specific programs	4,544,796
Investment earnings	126,137
Gain (loss) on sale of assets	199,489
Miscellaneous	881,832

Total general revenues 16,144,406

Change in Net Assets (4,658,507)

Net Assets - beginning, as restated (12,208,312)

Net Assets - ending \$ (16,866,819)

**CITY OF CENTRAL FALLS****Balance Sheet  
Governmental Funds  
June 30, 2009**

	General Fund	Channel One	\$10 Million Muni Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 873,780	\$ 1,439	\$ 621,896	\$ 2,614,876	\$ 4,111,991
Due from federal and state governments	242,964	110,903		297,328	651,195
Accounts receivable, net	1,137,634			-	1,137,634
Other receivables, net	88,071	-	367		88,438
Due from other funds	1,654,018	968,908	273	1,116,141	3,739,340
<b>TOTAL ASSETS</b>	<b>\$ 3,996,467</b>	<b>1,081,250</b>	<b>\$ 622,536</b>	<b>\$ 4,028,345</b>	<b>\$ 9,728,598</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 345,661	\$ 43,633	\$ 33,070	\$ 130,647	\$ 553,011
Accrued expenses	454,481		384		454,865
Due to other funds	1,891,815	675,401	93,325	1,078,799	3,739,340
Unearned revenue	1,073,700	327,974		363,444	1,765,118
<b>TOTAL LIABILITIES</b>	<b>3,765,657</b>	<b>1,047,008</b>	<b>126,779</b>	<b>1,572,890</b>	<b>6,512,334</b>
<b>FUND BALANCES:</b>					
Reserved for property taxes to be collected in a subsequent year	189,463				189,463
Unreserved, undesignated, reported in General fund	41,347			-	41,347
Special revenue funds		34,242		2,008,810	2,043,052
Capital project funds			495,757	312,223	807,980
Permanent trust funds				134,422	134,422
<b>TOTAL FUND BALANCES</b>	<b>230,810</b>	<b>34,242</b>	<b>495,757</b>	<b>2,455,455</b>	<b>3,216,264</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,996,467</b>	<b>\$ 1,081,250</b>	<b>\$ 622,536</b>	<b>\$ 4,028,345</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	25,341,994
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(46,202,701)
Unearned revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets	948,171
Deferred bond issuance costs and other debt charges resulting from issuance of bonds. These charges have been included in the statement of net assets.	74,028
Accrued interest on long-term liabilities have been included in the governmental activities in the Statement of Net Assets	(244,575)
<b>Net Assets of governmental activities</b>	<b>\$ (16,866,819)</b>

**CITY OF CENTRAL FALLS**

B - 2

**Statement of Revenues, Other Financing Sources , Expenditures,  
Other Financing Uses and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2009**

	General Fund	Channel One	\$10 Million Muni Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 10,327,644				\$ 10,327,644
Interest and investment income	82,676	\$ 629	\$ 3,330	\$ 39,502	126,137
Intergovernmental	4,544,796	492,831		667,987	5,705,614
Fees/Non-tax income	901,019				901,019
Departmental revenue	1,310,044				1,310,044
Proceeds from sale of land				199,489	199,489
Other revenues	434,648	257,791		189,393	881,832
<b>Total Revenues</b>	<b>17,600,827</b>	<b>751,251</b>	<b>3,330</b>	<b>1,096,371</b>	<b>19,451,779</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	1,780,743	711,698		677,555	3,169,996
Public safety	6,804,406			97,304	6,901,710
Public works	1,306,557				1,306,557
Public education	238,548				238,548
Public recreation	405,850			1,744	407,594
Contingency	91,417				91,417
Employee benefits	3,709,266				3,709,266
Retirement	1,270,624				1,270,624
<b>Debt Service:</b>					
Principal and interest	2,583,035				2,583,035
<b>Capital:</b>					
Capital and special appropriations	20,000	39,553	57,737	603,487	720,777
<b>Total Expenditures</b>	<b>18,210,446</b>	<b>751,251</b>	<b>57,737</b>	<b>1,380,090</b>	<b>20,399,524</b>
<b>Excess of revenues over (under) expenditures before transfers</b>	<b>(609,619)</b>	<b>-</b>	<b>(54,407)</b>	<b>(283,719)</b>	<b>(947,745)</b>
<b>Other financing sources/uses</b>					
Proceeds from capital leases				201,501	201,501
Transfers in	-			21,274	21,274
Transfers out	-			(21,274)	(21,274)
<b>Not other sources/uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,501</b>	<b>201,501</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other financing uses</b>	<b>(609,619)</b>	<b>-</b>	<b>(54,407)</b>	<b>(82,218)</b>	<b>(746,244)</b>
<b>Fund balance - beginning of the year as restated</b>	<b>840,429</b>	<b>34,242</b>	<b>550,164</b>	<b>2,537,673</b>	<b>3,962,508</b>
<b>Fund balance - end of the year</b>	<b>\$ 230,810</b>	<b>\$ 34,242</b>	<b>\$ 495,757</b>	<b>\$ 2,455,455</b>	<b>\$ 3,216,264</b>



**CITY OF CENTRAL FALLS**

D - 1

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,214,255	\$ 32,137
Investments:		
Equity securities	3,430,262	
Group annuity contracts	4,048,018	
Accrued interest receivable	231	
Other receivables	41,786	9,922
<b>TOTAL ASSETS</b>	<u>\$ 8,734,552</u>	<u>\$ 42,059</u>
<b>LIABILITIES</b>	<u>-</u>	<u>\$ 42,059</u>
<b>NET ASSETS</b>		
<i>Held in Trust for pension benefits</i>	<u>\$ 8,734,552</u>	

**CITY OF CENTRAL FALLS**

D - 2

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the year ended June 30, 2009**

	<u>Pension Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions	\$ 1,540,067
Investment income	261,230
<b>DEDUCTIONS:</b>	
Trust expenses	5,069,804
<b>CHANGE IN NET ASSETS</b>	<u>(3,268,507)</u>
<b>Net Assets - beginning</b>	12,003,059
<b>Net Assets - ending</b>	<u><u>\$ 8,734,552</u></u>

**CITY OF CENTRAL FALLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Central Falls was founded in 1895. The City is governed largely under the Home Rule Charter, which was revised on June 19, 2007. In some matters, including the issuance of short and long-term debt, the City is governed by the general laws of the State of Rhode Island. The City operates under a Mayor/City Council form of Government and provides the following services as authorized by its charter: Public Safety (police, fire, traffic safety, inspections, zoning and building) Public Works (recreation, sanitation, highway and streets, engineering and building maintenance) Public Recreation, and General Administrative Services. The Central Falls School District is a component unit of the State of Rhode Island.

The City complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the 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.

As a general rule the effect of Inter-fund activity has been eliminated from the government-wide financial statements.

***Recently Issued Accounting Standards***

The following new accounting pronouncements were implemented in the year ended June 30, 2009

- ✓ 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, 2009. A net Other Post Employment Benefit (OPEB) Liability of \$569,052 has been recorded in the government-wide financial statements.
- ✓ GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations, effective for the City's fiscal year ending June 30, 2009. The implementation of this pronouncement did not have an impact on the City's financial statements.

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

- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the City's fiscal year ending June 30, 2010.
- ✓ GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, 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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**CITY OF CENTRAL FALLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

***Reporting Entity***

In evaluating how to define the City, 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 following entity was considered for classification as a component unit for fiscal year 2009:

- Central Falls Redevelopment Agency

Although this entity meets certain criteria of the tests previously listed, it is deemed not to have separate legal status apart from the City. As a result, the financial data of the above entity has been included as non-major special revenue funds within the City's financial statements.

- Central Falls Housing Authority
- Central Falls School District
- Central Falls Detention Facility Corporation

Since these entities do not meet any one of the above three tests, they have not been included in the financial reporting entity.

***Basis of Presentation***

***Government-wide 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. 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.

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**CITY OF CENTRAL FALLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditure/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 the 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 funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund**

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

**Capital Project Funds**

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

**Permanent Funds**

The Permanent Funds account for assets held by the City pursuant to trust agreements. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

***Proprietary Funds***

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

(CONTINUED)

**CITY OF CENTRAL FALLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

***Fiduciary Funds (Not included in government wide statements)***

**Agency Funds**

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- Unclaimed Estates
- Highway clothing

**Pension Trust Funds**

Pension trust funds are used to account for resources legally held in trust for the payment of pension benefits.

***Major and Non-Major Funds***

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b>	
General:	See above for description
Capital:	\$10 Million Muni Bond
Special Revenue:	Channel One
Proprietary Fund:	See above for description

***Non-Major:***

Special Revenue Funds:	CDBG Revolving, CDBG 2003, CDBG 2004, CDBG 2005, CDBG 2006, CDBG 2007, CDBG 2008, Planning Fund, Home, ED, DEM Large Grant, Grant In Aid, Champlin Grant, RI Foundation, Recreation Summer Lunch Program, Community Policing, Police C.A.R.E., DARE Program, Police Special Accounts, JAG grant, LLBG Grants, Kennedy Grants, Fire Equipment, Fire Prevention, Public Rescue, Capital School Reserve, Emergency Equipment Replacement, Employee Christmas Club, Community Activities, Recycling Account, Zoning Account, Homeland Security, Rural Grants, Animal Control, Police Vehicle Maintenance, Recycling Program, RI Department of Transportation, EDI Higginson Ave.
Capital Project Funds:	Property Development, Capital Reserve, Capital Lease \$600,000, Recreation Capital.
Permanent Funds:	Lysander Flag Memorial Fund, Historic Trust.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus. 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. The City considers property taxes as available if they are collected within 60 days after year end.
- (b) The proprietary fund and pension trust funds utilize "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. Fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds, agency funds, and private purpose trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

***Basis of Accounting (Continued)***

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation.

***Budgets***

Budgets are adopted in accordance with Home Rule Charter requirements. Annual appropriated budgets are adopted for the general fund. Generally annual appropriations lapse at fiscal years end. Project-length financial plans are adopted for all capital projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at years end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent years.

***Assets, Liabilities, and Fund Equity***

**Cash**

Cash and cash equivalents are carried at cost. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. Substantially, all of the City's cash and cash equivalents are held in public deposit institutions, except for \$1,300 in unsecured petty cash.

**Investments**

The City invests in various types of investments, which are stated at fair value. There are no investments reported at amortized cost. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

**Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible property taxes amounted to \$712,100 at June 30, 2009. Major receivable balances for the governmental activities include property taxes (90% of balance) and other receivables (10% of balance).

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**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**Accounts Receivable (Continued)**

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Accounts Payable**

Payable balances consist primarily of payables to vendors.

**Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**Property Taxes**

The City is permitted by State Law to levy property taxes. The City's property taxes are levied on July 1 on assessed value of property as listed on the previous December 31. Taxpayers have an option to pay quarterly installments. Property taxes attach as an enforceable lien on real and personal property as of the date of assessment. Taxes assessed on motor vehicles and trailers represent an excise tax and do not constitute a lien. Uncollected property taxes are stated at the amounts originally assessed and do not include interest or penalties which may be assessed at the time of collection. The tax rate of the city is established by the City Council. Property tax revenues are recorded in accordance with the modified accrual basis of accounting. In May 2002, the City Council passed an ordinance authorizing the levy of a non-utilization penalty tax in accordance with RI General Laws Chapter 44-5.1.

**Deferred Financing costs**

Deferred financing costs incurred in connection with bonds payable are amortized on the straight-line basis over the terms of the related debt.

**Property, Plant and Equipment**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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**CITY OF CENTRAL FALLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Property, Plant and Equipment (Continued)**

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of five years.

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) acquired by the City have been capitalized and reported within the financial statements.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land	Not depreciated
Construction in progress	Not depreciated
Buildings and land improvements	20 years
Motor vehicles	5 years
Equipment	5 years
Infrastructure	20 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Unearned Revenues**

Funds that are received in advance of being due or receivables which will be collected and included in revenues of future fiscal years are deferred. In the general fund, unearned revenues relate to property tax receivables which are assessed on December 31.

**Interfund Transactions**

Interfund activity within and among the funds of the City have been classified and reported as follows:

- Reciprocal interfund activities:
  - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
  - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

***Interfund Transactions (Continued)***

- Non-reciprocal interfund activities:
  - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.
  - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Interfund transfers totaled \$21,274 for the year, representing miscellaneous transfers between non-major funds.

***Equity Classifications***

**Government-Wide Statements**

Equity is classified as net assets and displayed in three components:

- (a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**Compensated Absences**

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination of death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to record this liability if it is expected to be liquidated with expendable available resources.

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**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes reconciliation between *fund balance – 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 are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$46,202,701 difference are as follows:

Bonds payable .....	\$18,420,000
Net pension benefit obligation.....	24,522,605
Net other post-employment benefit obligation .....	569,052
Compensated absences .....	2,097,545
Claims payable.....	260,000
Capital lease payable .....	<u>333,499</u>
Total .....	<u>\$46,202,701</u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities**

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 useful lives and reported as depreciation expense.” The details of this \$1,818,807 difference are as follows:

Capital outlays (net of disposals).....	\$ 513,517
Depreciation expense .....	<u>(2,332,324)</u>
Net adjustment.....	<u>(\$1,818,807)</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$2,248,284 difference are as follows:

Debt increased... ..	\$(3,671,597)
Principal repayments.....	<u>1,423,313</u>
Net adjustment.....	<u>\$(2,248,284)</u>

Another element of that reconciliation states that “Some expenses 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 \$114,481 difference are as follows:

Change in accrued interest costs.....	<u>\$114,481</u>
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**CITY OF CENTRAL FALLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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

**Reconciliation of Government-wide and Fund Financial Statements (Continued)**

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The details of this \$64,508 difference are as follows:

Deferred revenue - beginning .....	\$(883,663)
Deferred revenue – ending .....	<u>948,171</u>
Net difference.....	<u>\$ 64,508</u>

**Restatement**

Net assets reported for "\$10 Million Muni Bond" on the City's Governmental Funds' statements at June 30, 2008 has been restated to reflect a correction of an error in the reporting of accounts payable. As a result, accounts payable at June 30, 2008 has been decreased by \$43,034.

The following comprise the restatement resulting from the correction on an error in the amount reported at June 30, 2008 on the governmental and government-wide statements.

	<u>\$10 Million Muni Bond</u>	<u>Total Governmental Funds</u>	<u>Governmental Activities (Government-Wide)</u>
<b>Net assets (deficit) end of year, as originally reported .</b>	\$ 507,130	\$ 3,919,474	\$ (12,251,346)
Overstatement of accounts payable.....	<u>43,034</u>	<u>43,034</u>	<u>43,034</u>
<b>Net assets end of year, as restated .....</b>	<u>\$ 550,164</u>	<u>\$ 3,962,508</u>	<u>\$ (12,208,312)</u>

**2. BUDGETARY AND LEGAL COMPLIANCE**

**Budgets**

All agencies of the City submit requests for appropriation to the City's finance director. These requests include information on the past years, current year's estimates and requested appropriations for the next fiscal year.

No later than forty-five days prior to the end of the fiscal year, the Mayor submits the proposed budget for public review. The City's Council holds public hearings and may reallocate appropriations but may not add to, subtract from or change the form of the budget.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Open encumbrances are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**2. BUDGETARY AND LEGAL COMPLIANCE (Continued)**

***Excess of Expenditures Over Appropriations***

For the year ended June 30, 2009, expenditures exceeded budget at the department level as follows:

<u>Department</u>	<u>Excess</u>
Mayor	\$ 9,461
Personnel	\$ 1,271
Legal	\$ 5,643
Finance	\$ 41,495
City Property	\$ 54,395
Fire Department	\$ 406,218
Municipal Court	\$ 2,978
Code Enforcement	\$ 988,677
Highway	\$ 68,384
Public Works	\$ 5,918
Debt Service	\$ 120,020

***Bonds and Notes Escrow System***

The Rhode Island, General Assembly, when creating the Central Falls Review Commission, authorized an escrow system to receive and hold revenues to pay bonds, notes and related interest. At June 30, 2009, the fund had a balance of \$1,710 with no further payments required before July 15, 2009. In accordance with state law, the Central Falls Review Commission was inactivated in October 2000, after the City met the statutory requirements of: (1) completing a period of three consecutive fiscal years in which no operating deficit had been incurred; and (2) the City's total debt no longer exceeded one hundred percent (100%) of the City's revenues from its own sources.

***Maximum Aggregate Indebtedness***

The City's legal debt limit as set forth by Rhode Island General Law 45-12-2 is limited to three percent of total assessed property value. As of June 30, 2009, the city was in compliance with this law.

**3. DEPOSITS AND INVESTMENTS**

***Deposits***

Deposits are in various financial institutions and are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$1,300 of petty cash.

At years end, the carrying amount of the City's deposits was \$5,358,383 and the bank balance was \$5,841,655, of which \$1,501,710 was covered by federal depository insurance. The City has entered into collateralization agreements with various financial institutions and as a result, the remaining \$4,339,945 of the uninsured balance at June 30, 2009 was collateralized by securities held by the financial institutions and/or third parties in the name of the City.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**3. DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

At June 30, 2009 the City's investments totaled \$7,478,280 (including those held in Fiduciary Funds) and consisted of the following:

	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Equity securities .....	\$3,430,262	n/a	n/a	n/a
Group annuity contracts .....	4,048,018	n/a	n/a	n/a

**Interest Rate Risk**

As noted above, the City's investments are held primarily in group annuity contracts and equity securities. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions.

**Concentration of Credit Risk**

At June 30, 2009 the City had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although the investments were held in group annuity contracts, equity securities and corporate bonds, these investments were in a wide range of companies and various industries enabling the City to minimize its risk.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of financial institution failure, the City's deposits and/or investments may not be returned. The City does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the City. The City also ensures that all deposits be placed in financial institutions that are FDIC insured up to \$250,000 and rated "well capitalized".

**4. FIXED ASSETS**

Activity for governmental activity capital assets is summarized below:

	<u>Balances 7/1/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 6/30/2009</u>
<b>Governmental activity fixed assets:</b>				
Land (not being depreciated)	\$ 698,540	\$ -	\$ -	\$ 698,540
Buildings and land improvements	37,626,358		-	37,626,358
Motor vehicles	3,186,593	269,947	107,490	3,349,050
Equipment	1,282,355	243,570	39,192	1,486,733
Construction in progress	116,230		-	116,230
Infrastructure	12,202,235		-	12,202,235
<b>Total cost</b>	<b>55,112,311</b>	<b>513,517</b>	<b>146,682</b>	<b>55,479,146</b>
<b>Less: accumulated depreciation</b>				
Buildings and improvements	(14,010,730)	(1,708,627)	-	(15,719,357)
Motor vehicles	(2,576,081)	(268,544)	(71,571)	(2,773,054)
Equipment	(733,384)	(256,411)	(75,111)	(914,684)
Infrastructure	(10,631,315)	(98,742)	-	(10,730,057)
<b>Total accumulated depreciation</b>	<b>(27,951,510)</b>	<b>(2,332,324)</b>	<b>(146,682)</b>	<b>(30,137,152)</b>
<b>Net fixed assets</b>	<b>\$ 27,160,801</b>	<b>\$ (1,818,807)</b>	<b>\$ -</b>	<b>\$ 25,341,994</b>

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) have been capitalized and reported within the financial statements.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**4. FIXED ASSETS (Continued)**

Depreciation expense was charged to the following functions/programs of the City:

Governmental activities:	
General government.....	\$ 144,714
Public safety.....	269,294
Public works.....	372,356
Public education.....	1,211,838
Public recreation.....	334,122
<b>Total.....</b>	<b><u>\$2,332,324</u></b>

**5. UNEARNED REVENUES**

General Fund unearned revenues relate to revenue that is measurable but not available. General Fund unearned revenues are summarized as follows:

Property taxes receivable, net.....	\$1,137,634
Less: current year 60 day accrual.....	<u>(189,463)</u>
<b>Total unearned tax revenue.....</b>	<b><u>\$ 948,171</u></b>

**6. LONG-TERM DEBT**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Schedule of long-term debt by purpose is as follows:

	<u>Amount</u>	<u>Percent</u>
General obligation bonds.....	\$ 7,805,000	17%
General obligation municipal bonds.....	8,555,000	18%
General obligation refunding bonds.....	805,000	2%
RHIBEC revenue bonds.....	1,255,000	3%
Capital Leases.....	333,499	1%
Claims.....	260,000	1%
Net pension obligation.....	24,522,605	53%
Other post employment benefits.....	569,052	1%
Compensated absences.....	2,097,545	4%
<b>Total.....</b>	<b><u>\$46,202,701</u></b>	<b><u>100%</u></b>

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**6. LONG-TERM DEBT (Continued)**

**General Obligation Bonds (Continued)**

Schedule of long-term bond and lease requirements:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010 .....	\$ 1,577,446	\$ 905,890	\$ 2,483,336
2011 .....	1,233,902	850,636	2,084,538
2012 .....	1,003,747	797,458	1,801,205
2013 .....	1,045,685	746,125	1,791,810
2014 .....	1,102,719	691,460	1,794,179
2015-2019 .....	6,135,000	2,506,775	8,641,775
2020-2024 .....	3,820,000	987,561	4,807,561
2025-2028 .....	2,835,000	263,980	3,098,980
Total .....	<u>\$18,753,499</u>	<u>\$7,749,885</u>	<u>\$26,503,384</u>

**Capital Leases**

The government has entered into lease agreements as lessee for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
<b>Asset:</b>	
Vehicles and equipment .....	\$1,135,410
Other assets .....	104,080
Less: accumulated depreciation .....	<u>(1,043,972)</u>
<b>Total</b> .....	<u>\$ 198,518</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

<u>Year Ending June 30:</u>	
2010 .....	\$179,259
2011 .....	46,932
2012 .....	44,855
2013 .....	44,855
2014 .....	<u>44,855</u>
<b>Total minimum lease payments</b> .....	360,756
Less: amount representing interest .....	<u>27,257</u>
Present value of minimum lease payments .....	<u>\$333,499</u>

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**6. LONG-TERM DEBT (Continued)**

General long-term debt consists of the long-term liabilities that are not recorded as fund liabilities. Amounts are as follows:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/2008</u>	<u>Current Portion</u>
General obligation bonds	7/15/1999	5/15/2020	\$ 12,000,000	5.0%-6.25%	\$ 8,335,000		\$ 530,000	\$ 7,805,000	\$ 555,000
General obligation municipal bonds	10/10/2007	7/15/2027	8,700,000	4.0%-5.5%	8,700,000		145,000	8,555,000	280,000
General obligation refunding bonds	8/15/2003	6/30/2011	4,595,000	0.95%-3.40%	1,365,000		560,000	805,000	530,000
RIHEBC revenue bonds	8/1/2007	5/15/2027	1,300,000	4.25%-5.00%	1,285,000		30,000	1,255,000	40,000
Capital leases	4/29/2006	4/29/2011	10,182	8.25%	6,277		2,051	4,226	2,226
Capital leases	10/25/2004	10/25/2009	600,000	3.24%	251,534		123,762	127,772	127,772
Capital leases	4/10/2009	7/5/2013	201,501	5.00%		\$ 201,501		201,501	42,448
<b>Total bonds and leases</b>					<u>19,942,811</u>	<u>201,501</u>	<u>1,390,813</u>	<u>18,753,499</u>	<u>1,577,446</u>
Claims payable					292,500		32,500	260,000	65,000
Accrued compensated absences					1,881,045	216,500		2,097,545	209,754
Net pension obligation					21,838,061	2,684,544		24,522,605	
Other Post-Employment Benefits					-	569,052		569,052	
<b>Total long-term debt</b>					<u>\$ 43,954,417</u>	<u>\$ 3,671,597</u>	<u>\$ 1,423,313</u>	<u>\$ 46,202,701</u>	<u>\$ 1,852,200</u>

Total interest paid on general long-term debt for the year ended June 30, 2009 was approximately \$1,067,000.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**7. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at June 30, 2009 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	\$ 885,292
	Channel One	675,401
	\$10 Million Muni Bond Fund	<u>93,325</u>
		<u>1,654,018</u>
\$10 Million Muni Bond Fund	General Fund	<u>273</u>
Channel One	General Fund	<u>968,908</u>
Non-major Governmental Funds	General Fund	922,933
	Non-major Governmental Funds	<u>193,508</u>
		<u>1,116,141</u>
		<u>\$ 3,739,340</u>

**8. FUND BALANCES**

***Reserves/Designated Fund Balances***

The City of Central Falls records several types of reserves. The reserves indicate that a portion of fund equity is segregated for a specific use.

	<u>General Fund</u>	<u>Trust Funds</u>
<b><i>Reserved:</i></b>		
Reserved for nonexpendable bequests .....		\$ 134,422
Reserved for pension benefits .....		8,734,552
Reserved for property taxes to be appropriated in subsequent years .....	\$ 189,463	
<b><i>Unreserved, undesignated</i></b> .....	<u>41,347</u>	
<b><i>Total</i></b> .....	<u>\$ 230,810</u>	<u>\$8,868,974</u>

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**9. EMPLOYEE RETIREMENT SYSTEMS**

The City participates in the statewide Municipal Employees' Retirement System of Rhode Island, an agent multiple-employer Public Employee Retirement System (PERS), which covers substantially all of the City's employees except police officers and firefighters.

The City also provides retirement benefits for police officers and firefighters through its participation in two single-employer defined pension plans, which are reported as pension trust funds.

***Municipal Employees' Retirement System of Rhode Island***

***Plan Description***

The City's defined benefit pension plan, Municipal Employee's Retirement System of the State of Rhode Island (MERS), provides retirement and disability benefits, annual cost-of-living adjustments, death and disability benefits to plan members and beneficiaries. MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The Municipal Employee's Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903, or by accessing their website a [www.ersri.org](http://www.ersri.org).

***Funding Policy***

MERS members are required to contribute 7.0% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 8.24% of annual covered payroll. The contribution requirements of plan members and the City are established annually and may be amended by State Statute.

***Funded Status of Plan***

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the General Municipal Employee's Pension Plan with a valuation date of June 30, 2008, which is the most recent report available from the State who administers this plan.

Actuarial Value of Assets	\$4,950,358
Actuarial Accrued Liability	\$6,406,664
Unfunded (excess) actuarial accrued Liability	\$1,456,306
Funded Ratio	77%
Annual Covered Payroll	\$2,683,177
UAAL (excess) as percentage of payroll	54%

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

***Municipal Employees' Retirement System of Rhode Island (Continued)***

***Annual Pension Cost***

For 2009, the City's annual pension cost of \$183,695 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included (a) a net investment return of 8.25 percent compounded annually, (b) projected salary increases at an annual service related component plus a 3% inflation component compounded annually, (c) 3 percent per year cost-of-living adjustments, (d) mortality rates based on the 1994 Uninsured Pensioner Mortality Table and (e) a retirement age of 60 or completion of service requirements, if later. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 25 year period.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$217,493	100%	\$0
6/30/08	\$208,771	100%	\$0
6/30/09	\$183,695	100%	\$0

***Police and Fire Private Pension Plan (John Hancock)***

**Plan Description**

All full-time non-civilian police and fire employees are eligible and must participate in the private pension plan administered by John Hancock Financial Services, Inc., if hired after July 1, 1972. All civilian police and fire employees are covered by the MERS, noted above. The pension plan provides pension benefits, as well as disability and death benefits. A member may retire after accumulating 20 years of service with the City. Benefits vest after 5 years of service. Employees with 20 years of service are entitled to pension payments equal to 50% of their final base salary for life. They can accrue an additional 2% per year for up to 5 years and then 1% per year thereafter, not to exceed 65% for 30 years of service. The final salary is the salary of the employee during the final year of full-time employment inclusive of base wages, longevity and holiday pay. After retirement, the benefit increases by the same percentage as the salary of an active participant of the same rank.

As of June 30, 2008, employee membership data related to the pension plans is as follows:

Active membership .....	85
Retirees and beneficiaries .....	69

Pension provisions include disability and death benefits. Upon the death of a retired police officer or firefighter, 67 ½ percent of the benefits being paid will continue to their dependent spouse and/or children under age 18.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**9. EMPLOYEE RETIREMENT PLAN (Continued)**

***Funding Policy***

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Employees of the City are required to contribute 7% of their gross earnings to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 73 percent of annual covered payroll.

***Funded Status of Plan***

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the Police and Fire Private Pension Plan with a valuation date of July 1, 2008, which is the most recent report available from the State who administers this plan.

Actuarial Value of Assets	\$10,791,609
Actuarial Accrued Liability	\$35,701,111
Unfunded (excess) actuarial accrued Liability	\$24,509,502
Funded Ratio	30.2%
Annual Covered Payroll	\$ 3,881,420
UAAL (excess) as percentage of payroll	641.7%

***Annual Pension Cost and Net Pension Obligation***

For 2009, the City's annual required contribution was \$2,573,298 for the Police and Fire Pension Plan and actual employer and net pension obligation contributions were \$0. The annual required contribution includes \$727,181 of normal cost, \$185,086 of interest and \$1,661,031 of amortization of unfunded actuarial accrued liability. The required contribution was determined as part of the July 1, 2008 actuarial valuation using the entry age normal cost method. Significant actuarial assumptions included (a) a net investment return of 7.75 percent compounded annually, (b) projected salary increases of 3 percent compounded annually, (c) 2.5 percent per year cost-of-living adjustments, (d) mortality rates based on the RP-2000 mortality table projected to 2066 using scale AA with 10-year setback for disableds. and (e) retirement after the earlier of age 55 and 10 years of service or age 50 and 20 years of service. Unfunded actuarial accrued liability is being amortized using the weighted average method over a 30 year period assuming a 3 percent per year increase. As of June 30, 2009, there are 23 years remaining.

***Annual Pension Cost and Net Obligation***

The City's annual pension cost and net pension obligation for the year ended June 30, 2009 was as follows:

Annual required contribution.....	\$ 2,573,298
Interest on net pension obligation.....	1,667,542
Adjustment to annual required contribution.....	<u>(1,545,985)</u>
Annual pension cost.....	2,694,855
Contributions made.....	<u>(0)</u>
Increase in net pension obligation.....	2,694,855
Net pension obligation, June 30, 2008.....	<u>21,516,671</u>
Net pension obligation, June 30, 2009.....	<u>\$24,211,526</u>

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**9. EMPLOYEE RETIREMENT PLAN (Continued)**

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$2,308,584	25.12%	\$20,448,539
6/30/08	\$2,298,214	46.48%	\$21,516,671
6/30/09	\$2,573,298	0.00%	\$24,211,526

***City Police and Fire Pension Fund (1%)***

All police officers and firefighters of the City hired prior to 1972 who have not elected to participate in the City's Police and Fire Pension Fund are covered by a private pension plan which is a cost-sharing single employer plan. Certain retired municipal employees and former employees with vested benefits are also covered by the plan.

**Plan Description**

The City Police and Fire Pension Fund was established by the Public Laws of Rhode Island, 1925, and was effective for all police and firefighters hired prior to July, 1972.

As of June 30, 2008, employee membership data related to the pension plan is as follows:

Active membership .....	1
Retirees and beneficiaries .....	58

The pension plan provides pension benefits, as well as disability and death benefits. A member may retire after accumulating 20 years of service with the City. Benefits vest after 5 years of service. Employees with 20 years of service are entitled to pension payments equal to 50% of their final base salary for life. They can accrue an additional 2% per year for the next 5 years and then 1% per year for the next five years thereafter, not to exceed 65% for 30 years of service. The final salary is the salary of the employee during the final year of full-time employment inclusive of base wages, longevity and holiday pay. After retirement, the benefit increases by the same percentage as the salary of an active participant of the same rank.

***Funding Policy***

Periodic employer contributions to the pension plan for fiscal year ended June 30, 2009 were determined on an actuarial basis using the entry age normal cost method. The normal cost is funded on a current basis. The Rhode Island 1925 law established the employee's contribution at 1% of their annual salary. The City is required to contribute at an actuarially determined rate; the current rate is 1.289 percent of annual covered payroll. Total contributions made during fiscal year 2009 amounted to \$1,270,624 of which \$1,270,624 was contributed by the City and \$0 by employees.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**9. EMPLOYEE RETIREMENT PLAN (Continued)**

***Funded Status of Plan***

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the City Police and Fire Pension Fund (1%) with a valuation date of July 1, 2008, which is the most recent report available from the State who administers this plan.

Actuarial Value of Assets	\$ 1,210,773
Actuarial Accrued Liability	\$15,038,189
Unfunded (excess) actuarial accrued Liability	\$13,827,416
Funded Ratio	8.05%
Annual Covered Payroll	\$57,393
UAAL (excess) as percentage of payroll	24,092%

***Annual Pension Cost and Net Pension Obligation***

For 2009, the City's annual pension cost was \$1,260,313 for the City Police and Fire Pension Plan and actual contributions were \$1,270,624. The required contribution was determined as part of the July 1, 2008 actuarial valuation using the entry age normal cost method. Significant actuarial assumptions included (a) a net investment return of 7.5 percent compounded annually (b) projected salary increases of 3.0 percent compounded annually, (c) 2.5 percent per year cost-of-living adjustments, (d) mortality rates based on the mortality rates based on the RP-2000 mortality table projected to 2006 using scale AA with 10-year setback for disableds and (e) a retirement age of 65 for police officers and age of 60 for firefighters. Unfunded actuarial accrued liability is being amortized over a 15 year period assuming 3% per year increase.

The City's annual pension cost and net pension obligation for the year ended June 30, 2009 was as follows:

Annual required contribution.....	\$1,265,866
Interest on net pension obligation.....	24,104
Adjustment to annual required contribution.....	<u>(29,657)</u>
Annual pension cost .....	1,260,313
Contributions made .....	<u>(1,270,624)</u>
Increase (decrease) in net pension obligation.....	(10,311)
Net pension obligation, June 30, 2008 .....	<u>321,390</u>
Net pension obligation, June 30, 2009 .....	<u>\$ 311,079</u>

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$1,273,253	99.67%	\$ 324,495
6/30/08	\$1,273,212	100.02%	\$ 321,390
6/30/09	\$1,260,313	100.81%	\$ 311,079

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**10. POST RETIREMENT BENEFITS**

***Plan Description***

The City's Post-Employment Medical Benefit Plan is a single-employer defined benefit postretirement health insurance program. The City provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Health care benefits were paid to 72 employees during fiscal year June 30, 2009. These benefits are provided through three provider groups which are exclusively for retirees. Any changes to these provisions are subject to the City's approval. The plan does not issue a separate report.

***Funding Policy***

The City's funding policy provides for actuarially determined periodic contributions to the plans at rates that, increase gradually over time so that sufficient assets will be available to pay benefits when due. Municipal retirees are required to contribute 10% of the health care cost between ages 62 to 65, and 100% of the premium prior to age 62. Police retirees are required to make weekly contributions of \$7 and \$16 for single and family coverage, respectively. Officers who retired prior to July 1, 2007 receive free coverage at retirement. Fire retirees are required to contribute 5% of the health care cost at retirement. Firefighters who retired prior to July 1, 2008 receive free coverage at retirement. Coverage reverts to COBRA for 36 months upon death of the member, or until the spouse reaches age 65, whichever occurs first. The annual OPEB cost was determined as part of the July 1, 2008 actuarial valuation using the projected unit credit funding method. The actuarial assumptions included a 4.5% unfunded and 8.0% fully funded discount rate and the RP-2000 Combined Mortality Table projected to 2006 using scale AA.

The City adopted GASB 45 prospectively during fiscal year ended June 30, 2009. The available trend information is presented below.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$1,963,061	71.0%	\$569,052
6/30/2008	N/A	N/A	N/A
6/30/2007	N/A	N/A	N/A

The City's annual OPEB cost and net OPEB obligation for the year ended June 30, 2009 was as follows:

Annual required contribution.....	\$1,963,061
Interest on net OPEB obligation.....	0
Adjustment to annual required contribution.....	0
Annual OPEB cost (expense).....	1,963,061
Contributions made.....	<u>(1,394,009)</u>
Increase in net OPEB obligation.....	569,052
Net OPEB obligation-beginning of year.....	0
Net OPEB obligation-end of year.....	<u>\$ 569,052</u>

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**10. POST RETIREMENT BENEFITS (Continued)**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	Actuarial Value of Assets (AVA) (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2)-(1) (3)	AVA as a Percent of AAL (1)/(2) (4)	Covered Payroll (5)	UAAL as a Percent of Covered Payroll (3)/(5) (6)
07/01/08	N/A	\$30,693,955	\$30,693,955	N/A	N/A	N/A

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The unfunded actuarial liability (UAAL) is amortized over a period of 30 years using the level percentage of pay over thirty years based on an open group. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

**11. COMMITMENTS AND CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City has been named, along with another municipality, in a claim involving a wrongful death. The plaintiff is seeking \$2.2 million. The City has also been named in a suit regarding the application of the tangible tax statute. The plaintiff is seeking \$300,000. The City has also been named in a suit regarding costs incurred due to the delay of issuance of building permits. The plaintiff is seeking \$225,000. However, the outcome of these lawsuits is not presently determinable, and accordingly has not been recorded in the accompanying financial statements. The City is involved in various other pending suits. The outcome of these lawsuits is not presently determinable, although, in the opinion of the City's attorneys, the amount of actual or potential claims is not expected to have a material effect on the City's financial statements.

The City has entered into various agreements with an independent contractor for emergency property preservation services of abandoned and vacant properties within the City. Payment to this contractor is contingent upon the satisfaction of the City's liens against these properties. Should these liens become uncollectible, the services provided by the contractor may constitute a liability of the general fund. However, the City expects the liens to be ultimately collectible, and expects potential claims resulting from these agreements, if any, to be immaterial.

(CONTINUED)

**CITY OF CENTRAL FALLS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**12. RISK MANAGEMENT**

The City of Central Falls is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the City is insured for a maximum of \$2,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the year ended June 30, 2009.

**13. SUBSEQUENT EVENTS**

On July 2, 2009 the City of Central Falls issued \$4,000,000 of tax anticipation notes with interest rate of 2.82%. These notes mature on June 30, 2010.

(CONCLUDED)

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***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF CENTRAL FALLS****Schedule of Funding Progress (Unaudited)****June 30, 2009**

## Schedule of funding progress for the Municipal Employees' Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as percentage Of Covered Payroll ((a-b)/c)
6/30/2006	\$ 3,712,494	\$ 5,549,953	\$ (1,837,459)	67%	\$ 2,963,049	(62.0%)
6/30/2007	\$ 4,375,243	\$ 6,249,573	\$ (1,837,459)	70%	\$ 3,041,044	(60.4%)
6/30/2008	\$ 4,950,358	\$ 6,406,664	\$ (1,456,306)	77%	\$ 2,683,177	(54.3%)

## Schedule of funding progress for the Police and Fire Private Pension Plan (John Hancock)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as percentage Of Covered Payroll ((a-b)/c)
7/1/2004	\$ 10,197,286	\$ 27,444,926	\$ (17,247,640)	37.20%	\$2,579,257	(668.71%)
7/1/2006	\$ 10,909,756	\$ 31,509,376	\$ (20,599,620)	34.62%	\$3,383,361	(608.85%)
7/1/2008	\$ 10,791,609	\$ 35,701,111	\$ (24,909,502)	30.23%	\$3,881,420	(641.76%)

## Schedule of funding progress for the Police and Fire Pension Plan (1%)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as percentage Of Covered Payroll ((a-b)/c)
7/1/2004	\$ 1,101,570	\$ 15,780,309	\$ (14,678,739)	6.98%	\$ 109,959	(13,349.16%)
7/1/2006	\$ 1,146,741	\$ 15,738,443	\$ (14,591,702)	7.29%	\$ 56,506	(25,823.28%)
7/1/2008	\$ 1,210,773	\$ 15,038,189	\$ (13,827,416)	8.05%	\$ 57,393	(24,092.51%)

## Schedule of funding progress for the Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as percentage Of Covered Payroll ((a-b)/c)
7/1/2008	\$ -	\$ 30,693,955	\$ (30,693,955)	0%	N/A	N/A

## CITY OF CENTRAL FALLS

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## GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
<b>Tax revenue</b>				
Tax revenue (current year)	\$ 10,046,864	\$ 10,046,864	\$ 9,815,566	\$ (231,298)
Tax revenue (prior years)	300,000	300,000	565,652	265,652
<b>Total tax revenue</b>	<b>10,346,864</b>	<b>10,346,864</b>	<b>10,381,218</b>	<b>34,354</b>
<b>Fees/ Non-tax revenue</b>				
Interest on taxes	175,000	175,000	259,719	84,719
City clerk fees	-	-	1,468	1,468
VIN check fees	1,500	1,500	1,260	(240)
Probate fees	8,500	8,500	7,749	(751)
Realty Stamps	100,000	100,000	99,888	(112)
Real Estate Recordings	85,000	85,000	89,278	4,278
Licenses	75,000	75,000	76,935	1,935
Marriage Licenses	1,000	1,000	1,064	64
Certificates	12,000	12,000	11,122	(878)
Reports/copying fees	2,500	2,500	2,431	(69)
Constable fees	-	-	-	-
Miscellaneous	14,000	14,000	14,871	871
Fingerprinting	300	300	84	(216)
Fire code inspections	7,300	7,300	5,370	(1,930)
Other fire permits	2,000	2,000	-	(2,000)
Certificates of occupancy	4,000	4,000	5,015	1,015
Hazardous material permits	1,750	1,750	1,200	(550)
Building permits	60,000	60,000	25,186	(34,814)
Plumbing permits	18,000	18,000	15,335	(2,665)
Electrical permits	16,000	16,000	13,597	(2,403)
Traffic fines	200,000	200,000	218,783	18,783
District court	1,500	1,500	1,528	28
Library fines	250	250	265	15
Dog officer fines (Animal Control Fines)	2,500	2,500	4,260	1,760
Investment interest	50,000	50,000	82,676	32,676
RI Traffic Tribune	12,000	12,000	10,050	(1,950)
Municipal Court Fees	2,000	2,000	-	(2,000)
Administrative Fees	5,000	5,000	33,744	28,744
Code Enforcement Fees	15,000	15,000	817	(14,183)
<b>Total Fees/non tax revenue</b>	<b>872,100</b>	<b>872,100</b>	<b>983,695</b>	<b>111,595</b>
<b>State revenue</b>				
Federal Revenue	-	-	6,548	6,548
General Revenue Sharing	1,432,052	1,432,052	649,611	(782,441)
MV Phase out	1,559,044	1,559,044	1,478,058	(80,986)
Distressed Comm. Aid	288,852	288,852	289,275	423
Miscellaneous state aid	-	-	10,004	10,004
Telephone tax	184,256	184,256	184,066	(190)
Hotel/Meal tax	87,512	87,512	82,663	(4,849)
Police/fire incentive	20,057	20,057	-	(20,057)
School Housing aid	1,818,784	1,818,784	1,842,571	23,787
Non Profit Organizations	20,927	20,927	-	(20,927)
Emergency Management	2,000	2,000	2,000	-
<b>Total State revenue</b>	<b>5,413,484</b>	<b>5,413,484</b>	<b>4,544,796</b>	<b>(868,688)</b>
<b>Departmental revenue</b>				
Scrap metal	3,000	3,000	159	(2,841)
Prop preservation revenue	60,000	60,000	1,135,864	1,075,864
Misc. departmental revenue	10,000	10,000	8,732	(1,268)
Public works	9,000	9,000	7,088	(1,912)
Rescue runs	125,000	125,000	158,201	33,201
<b>Total departmental revenue</b>	<b>207,000</b>	<b>207,000</b>	<b>1,310,044</b>	<b>1,103,044</b>
<b>Other income</b>				
Restitution	1,200	1,200	1,198	(2)
Lease/rental income	4,200	4,200	1,250	(2,950)
Athletic fees	-	-	30	30
Local revenue	13,514	13,514	13,514	-
Housing authority	58,974	58,974	56,213	(2,761)
Detention center	525,000	525,000	282,267	(242,733)
Misc. other revenue	45,032	45,032	80,176	35,144
Surplus sales	1,000	1,000	-	(1,000)
Special revenue	-	-	-	-
Federal revenue	-	-	-	-
<b>Total other income</b>	<b>646,920</b>	<b>646,920</b>	<b>434,648</b>	<b>(212,272)</b>
<b>Total revenues</b>	<b>17,486,368</b>	<b>17,486,368</b>	<b>17,654,401</b>	<b>168,033</b>

**CITY OF CENTRAL FALLS**

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**GENERAL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>GENERAL GOVERNMENT</b>				
<b>Mayor</b>				
Salaries	108,976	108,976	114,568	(5,592)
Office Supplies	100	100	-	100
Other Supplies	150	150	-	150
Non capital Equipment	2,000	2,000	1,000	1,000
Education & training	500	500	-	500
Donations	4,000	4,000	3,922	78
Expense account	4,000	4,000	6,782	(2,782)
Grants and other reimbursable expenses	-	-	2,915	(2,915)
<b>Total Mayor</b>	<b>119,726</b>	<b>119,726</b>	<b>129,187</b>	<b>(9,461)</b>
<b>City council</b>				
Salaries	14,250	14,250	14,700	(450)
Camera operator	7,000	7,000	6,860	140
Non-Capital Equipment	-	-	-	-
General (video)	500	500	54	446
Expense account	-	-	-	-
<b>Total city council</b>	<b>21,750</b>	<b>21,750</b>	<b>21,614</b>	<b>136</b>
<b>City clerk</b>				
Salaries	127,578	127,578	126,706	872
Overtime	-	-	-	-
Dues/subscriptions	520	520	100	420
Non-capital equipment	500	500	241	259
Other professional services	36,000	36,000	28,957	7,043
Meetings & conferences	-	-	-	-
Education & training	-	-	-	-
Chrater review committee	-	-	-	-
<b>Total city clerk</b>	<b>164,598</b>	<b>164,598</b>	<b>156,004</b>	<b>8,594</b>
<b>Personnel</b>				
Salaries	74,018	74,018	77,683	(3,665)
Personnel overtime	-	-	698	(698)
Dues/subscriptions	-	-	-	-
Non capital equipment	600	600	-	600
Advertising	-	-	167	(167)
Other professional services	2,500	2,500	2,747	(247)
Meeting & conference fees	-	-	-	-
Education & training	-	-	-	-
Testing	4,000	4,000	1,094	2,906
<b>Total personnel</b>	<b>81,118</b>	<b>81,118</b>	<b>82,389</b>	<b>(1,271)</b>
<b>Legal</b>				
Salaries	123,075	123,075	129,535	(6,460)
Office	-	-	-	-
Dues/subscriptions	-	-	200	(200)
Non capital equipment	-	-	-	-
Meetings & conferences	-	-	-	-
Education & training	1,000	1,000	-	1,000
Expense account	500	500	483	17
<b>Total legal</b>	<b>124,575</b>	<b>124,575</b>	<b>130,218</b>	<b>(5,643)</b>

**CITY OF CENTRAL FALLS**

E-2

**GENERAL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Tax assessor</b>				
Salaries	82,431	82,431	68,356	14,075
Overtime	-	-	1,434	(1,434)
Longevity Pay	1,536	1,536	-	1,536
Dues/subscriptions	2,437	2,437	545	1,892
Non capital equipment	-	-	-	-
Advertising	820	820	-	820
Other professional services	10,356	10,356	10,593	(237)
Meetings & Conferences	150	150	-	150
Revaluation service	-	-	-	-
Education & Training	-	-	-	-
<b>Total tax assessor</b>	<b>97,730</b>	<b>97,730</b>	<b>80,928</b>	<b>16,802</b>
<b>Finance</b>				
Salaries	223,961	223,961	190,855	33,106
Overtime	2,000	2,000	3,899	(1,899)
Longevity pay	-	-	1,599	(1,599)
Postage	22,500	22,500	24,162	(1,662)
Dues/subscriptions	50	50	-	50
Non-capital equipment	1,000	1,000	1,341	(341)
Collection agency	7,500	7,500	5,472	2,028
Accounting/auditing	30,000	30,000	24,300	5,700
Other professional services	40,000	40,000	116,878	(76,878)
Meetings & conferences	-	-	-	-
Contract R & M	-	-	-	-
Education & Training	-	-	-	-
<b>Total finance</b>	<b>327,011</b>	<b>327,011</b>	<b>368,506</b>	<b>(41,495)</b>
<b>Board of canvassers</b>				
Salaries	50,893	50,893	50,152	741
City sergeant	2,186	2,186	1,607	579
Election workers	15,200	15,200	15,150	50
Office supplies	200	200	377	(177)
Advertising	770	770	1,152	(382)
Other professional services	-	-	-	-
Meetings & Conferences	200	200	40	160
<b>Total board of canvassers</b>	<b>69,449</b>	<b>69,449</b>	<b>68,478</b>	<b>971</b>
<b>City property</b>				
Salaries	81,004	81,004	60,300	704
Overtime	-	-	1,056	(1,056)
Longevity	-	-	1,466	(1,466)
Clothing	400	400	500	(100)
Office supplies	20,000	20,000	15,502	4,498
Other supplies	3,000	3,000	2,305	695
Janitorial Supplies	3,000	3,000	1,796	1,204
Heating	10,500	10,500	6,763	3,737
Dues/Subscriptions	8,000	8,000	422	7,578
Non-capital equipment	1,000	1,000	970	30
Telephone (Other)	20,000	20,000	32,686	(12,686)
Telephone (Police)	14,000	14,000	12,585	1,415
Telephone (Fire)	14,000	14,000	8,322	5,678
Telephone (Highway)	14,000	14,000	5,276	8,724
Advertising	11,000	11,000	14,282	(3,282)
Electric-Other	38,000	38,000	55,169	(17,169)
Electric-Police	19,000	19,000	24,347	(5,347)
Electric-Fire	19,000	19,000	24,347	(5,347)
Electric-Highway	19,000	19,000	13,469	5,531
General R & M	5,000	5,000	35,794	(30,794)
Travel cost	1,500	1,500	-	1,500
Water	15,000	15,000	15,637	(837)
Consulting services	15,000	15,000	24,500	(9,500)
Other professional services	-	-	-	-
Contracts, R & M	25,000	25,000	4,223	20,777
General liability insurance	226,531	226,531	240,858	(14,327)
Vehicle Insurance	-	-	-	-
Workers compensation	112,091	112,091	123,300	(11,209)
Misc. city property	5,000	5,000	8,546	(3,546)
<b>Total city property</b>	<b>680,026</b>	<b>680,026</b>	<b>734,421</b>	<b>(54,395)</b>

**CITY OF CENTRAL FALLS**

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**GENERAL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>City boards</b>				
Pension board	675	675	450	225
Personnel board	675	675	731	(56)
Library board	675	675	675	-
Purchasing board	675	675	619	56
Appeals board	900	900	675	225
Recreation board	675	675	675	-
Planning board	1,125	1,125	900	225
Zoning board	1,750	1,750	1,375	375
Canvassers board	2,100	2,100	1,688	412
Housing authority board	2,750	2,750	1,210	1,540
<b>Total city boards</b>	<b>12,000</b>	<b>12,000</b>	<b>8,998</b>	<b>3,002</b>
<b>Total general government</b>	<b>1,697,983</b>	<b>1,697,983</b>	<b>1,780,743</b>	<b>(82,760)</b>
<b>PUBLIC SAFETY</b>				
<b>Police department</b>				
Salaries	2,119,213	2,119,213	2,089,678	29,535
Police trainee wages	-	-	8,280	(8,280)
Parking violations officer	13,069	13,069	14,055	(986)
Overtime	100,000	100,000	203,269	(103,269)
Holiday pay	119,019	119,019	54,446	64,573
Longevity pay	82,804	82,804	-	82,804
Clerk longevity pay	2,457	2,457	2,619	(162)
Dispatchers Longevity	3,200	3,200	2,729	471
Federal grants match	-	-	-	-
Clothing/tool allowances	113,975	113,975	107,658	6,317
Office supplies	5,000	5,000	4,260	740
Other supplies	3,000	3,000	3,100	(100)
Heating fuel	7,600	7,600	7,475	125
Vehicle fuel	120,000	120,000	80,473	39,527
Dues/subscriptions	-	-	675	(675)
Detective supplies	6,000	6,000	5,980	10
Non-capital equipment	4,000	4,000	4,026	(26)
General R & M	18,000	18,000	18,299	(299)
Vehicle R & M	40,000	40,000	50,713	(10,713)
Other professional services	37,000	37,000	37,775	(775)
Meetings & conferences	-	-	-	-
Finger printing	2,500	2,500	2,310	190
Education & training	10,000	10,000	10,058	(58)
College tuitions	30,000	30,000	36,458	(6,458)
State incentive	14,130	14,130	3,500	10,630
Special Investigations	25,000	25,000	26,507	(1,507)
Code Compliance	30,000	30,000	23,977	6,023
<b>Total police department</b>	<b>2,905,967</b>	<b>2,905,967</b>	<b>2,798,330</b>	<b>107,637</b>
<b>Fire department</b>				
Salaries	1,708,019	1,708,019	1,822,486	(114,467)
Fire trainee wages	2,400	2,400	-	2,400
Overtime	100,000	100,000	418,994	(318,994)
Holiday pay	112,672	112,672	122,110	(9,438)
Longevity pay	86,992	86,992	81,244	5,748
Out of rank pay	20,000	20,000	19,513	487
Rescue pay	14,560	14,560	14,168	392
Fire EMT - Cardiac	42,120	42,120	41,364	756
Mechanics pay	7,280	7,280	7,044	236
Clothing/tool allowance	82,950	82,950	75,984	6,966
Other supplies	25,000	25,000	24,577	423
Heating fuel	15,000	15,000	14,866	134
Vehicle fuel	8,000	8,000	-	8,000
Dues/subscriptions	-	-	-	-
Non-capital equipment	15,000	15,000	12,912	2,088
General R & M	7,000	7,000	5,643	1,357
Vehicle R & M	27,000	27,000	25,391	1,609
Other professional services	5,000	5,000	4,881	119
Education & training	3,000	3,000	2,961	39
State incentive	5,927	5,927	-	5,927
Fire fighter equipment	-	-	-	-
<b>Total fire department</b>	<b>2,287,920</b>	<b>2,287,920</b>	<b>2,694,138</b>	<b>(406,218)</b>

**CITY OF CENTRAL FALLS**

E-2

**GENERAL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Probate court</b>				
Salaries	7,309	7,309	7,309	-
Expenses	-	-	-	-
<b>Total probate court</b>	<b>7,309</b>	<b>7,309</b>	<b>7,309</b>	<b>-</b>
<b>Municipal court</b>				
Salaries	59,206	59,206	59,284	(78)
Overtime	-	-	2,817	(2,817)
Longevity Pay	1,494	1,494	1,493	1
Office supplies	1,500	1,500	1,729	(229)
Non-capital Equipment	-	-	-	-
Other Professional Services	4,600	4,600	4,455	145
<b>Total municipal court</b>	<b>66,800</b>	<b>66,800</b>	<b>69,778</b>	<b>(2,978)</b>
<b>PUBLIC SAFETY</b>				
<b>Animal control</b>				
Salaries	13,069	13,069	14,021	(952)
Clothing/tool allowance	350	350	350	-
Non-capital equipment	800	800	191	609
Meeting & conferences	-	-	-	-
Education & training	-	-	-	-
Boarding of animals	6,000	6,000	5,310	690
<b>Total animal control</b>	<b>20,219</b>	<b>20,219</b>	<b>19,872</b>	<b>347</b>
<b>Inspection officers</b>				
Plumbing officer	4,323	4,323	4,323	-
License officer	4,323	4,323	4,323	-
Electrical inspector	4,323	4,323	4,323	-
<b>Total inspection officers</b>	<b>12,969</b>	<b>12,969</b>	<b>12,969</b>	<b>-</b>
<b>Code Enforcement</b>				
Salaries	155,776	155,776	161,675	(5,899)
Overtime	-	-	3,466	(3,466)
Longevity pay	2,457	2,457	3,004	(547)
Clothing	400	400	500	(100)
Other supplies	1,000	1,000	670	330
Dues & subscriptions	200	200	-	200
Non-capital equipment	1,000	1,000	-	1,000
Other Professional Services	1,500	1,500	2,543	(1,043)
Meeting & conferences	-	-	-	-
Education & training	1,000	1,000	210	790
Property protection	50,000	50,000	1,029,942	(979,942)
<b>Total minimum housing</b>	<b>213,333</b>	<b>213,333</b>	<b>1,202,010</b>	<b>(988,677)</b>
<b>Total public safety</b>	<b>5,514,517</b>	<b>5,514,517</b>	<b>6,804,406</b>	<b>(1,289,889)</b>
<b>PUBLIC WORKS</b>				
<b>Highway department</b>				
Salaries	602,843	602,843	618,586	(15,743)
Overtime	25,000	25,000	48,367	(23,367)
Mechanical operators	-	-	2,680	(2,680)
Longevity pay	24,668	24,668	24,744	(76)
Specialty pay	520	520	540	(20)
Clothing/tool allowance	5,350	5,350	3,512	1,838
Other supplies	4,000	4,000	3,660	340
Heating fuel	5,000	5,000	7,454	(2,454)
Vehicle Fuel	45,000	45,000	40,389	4,611
Non-capital equipment	3,600	3,600	3,039	561
Winter road supplies	13,500	13,500	13,635	(135)
General R & M	7,500	7,500	7,912	(412)
Vehicle R & M	52,200	52,200	56,787	(4,587)
Road R & M	15,000	15,000	42,454	(27,454)
Education & training	500	500	240	260
Water Lines R & M	-	-	-	-
Traffic Signal R & M	13,500	13,500	12,978	522
Rentals	-	-	-	-
Misc. Highway	3,000	3,000	2,588	412
<b>Total highway department</b>	<b>821,181</b>	<b>821,181</b>	<b>889,565</b>	<b>(68,384)</b>

**CITY OF CENTRAL FALLS**

E-2

**GENERAL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public works obligations</b>				
Hydrants	126,616	126,616	134,912	(8,296)
Sewer/ NBC	19,458	19,458	9,360	10,098
Solid waste removal/disposal	145,000	145,000	146,369	(1,369)
Street lights	120,000	120,000	126,351	(6,351)
<b>Total public works obligations</b>	<b>411,074</b>	<b>411,074</b>	<b>416,992</b>	<b>(5,918)</b>
<b>Total public works</b>	<b>1,232,255</b>	<b>1,232,255</b>	<b>1,306,557</b>	<b>(74,302)</b>
<b>PUBLIC EDUCATION</b>				
<b>Library</b>				
Salaries	188,395	188,395	177,788	10,607
Overtime	1,000	1,000	4,814	(3,814)
Longevity	5,486	5,486	5,747	(261)
Office supplies	4,600	4,600	4,444	156
Other supplies	1,000	1,000	880	120
Heating fuel	10,500	10,500	7,804	2,696
Dues/subscriptions	2,375	2,375	2,375	-
Non-Capital Equipment	2,500	2,500	2,500	-
Books	12,000	12,000	16,217	(4,217)
Electric	6,000	6,000	7,560	(1,560)
Other professional services	10,000	10,000	7,574	2,426
Education & training	1,000	1,000	845	155
<b>Total public education</b>	<b>244,856</b>	<b>244,856</b>	<b>238,548</b>	<b>6,308</b>
<b>PUBLIC RECREATION</b>				
<b>Recreation</b>				
Salaries	112,976	112,976	106,171	6,805
Other supplies	7,000	7,000	5,996	1,004
Non-capital equipment	-	-	-	-
General R & M	7,000	7,000	6,999	1
YMCA contract	-	-	-	-
Other professional services	9,000	9,000	7,905	1,095
Public events & activities	3,000	3,000	2,435	565
Team subsidy	5,000	5,000	4,753	247
Misc. recreation	2,500	2,500	4,052	(1,552)
<b>Total recreation</b>	<b>146,476</b>	<b>146,476</b>	<b>138,311</b>	<b>8,165</b>
<b>Celebrations</b>				
Decorations	1,000	1,000	992	8
Veterans Council	1,000	1,000	1,000	-
Community activities	10,600	10,600	10,509	91
Sponsorships	200	200	195	5
Special events	-	-	-	-
<b>Total celebrations</b>	<b>12,800</b>	<b>12,800</b>	<b>12,696</b>	<b>104</b>
<b>Planning</b>				
Salaries	44,676	44,676	42,676	2,000
	44,676	44,676	42,676	2,000
<b>CHANNEL ONE</b>				
Salaries	172,450	172,450	167,167	5,283
RJH community center	45,000	45,000	45,000	-
<b>Total Channel One</b>	<b>217,450</b>	<b>217,450</b>	<b>212,167</b>	<b>5,283</b>
<b>Total public recreation</b>	<b>421,402</b>	<b>421,402</b>	<b>405,850</b>	<b>15,552</b>

## CITY OF CENTRAL FALLS

E-2

## GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>MUNICIPAL DEBT SERVICE</b>				
Issuance Costs	-	-	12,576	(12,576)
Bond principal	1,265,000	1,265,000	1,295,000	(30,000)
Bond interest	1,058,612	1,058,612	1,028,503	30,109
Note interest	-	-	113,044	(113,044)
Paying agency fees	5,000	5,000	2,000	3,000
Lease purchase	134,403	134,403	131,912	2,491
<b>Total municipal debt service</b>	<b>2,463,015</b>	<b>2,463,015</b>	<b>2,583,035</b>	<b>(120,020)</b>
<b>CONTINGENCY</b>				
Legal contingencies	50,000	50,000	59,204	(9,204)
Contingent/salaries	265,767	265,767	-	265,767
General contingencies	50,000	50,000	32,213	17,787
Debt escrow fund	-	-	-	-
<b>Total contingency</b>	<b>365,767</b>	<b>365,767</b>	<b>91,417</b>	<b>274,350</b>
<b>EMPLOYEE BENEFITS</b>				
Social security 6.2%	203,234	203,234	173,979	29,255
Medicare 1.45%	110,073	110,073	111,041	(868)
Municipal State pension	208,020	208,020	183,695	22,325
Compensated absences	177,983	177,983	242,933	(64,950)
Unemployment compensation	166,200	166,200	90,372	75,828
Medical insurance	3,000,000	3,000,000	2,785,869	214,131
Dental insurance	137,439	137,439	122,314	15,125
Public safety pension	250,000	250,000	(5,442)	255,442
Injuries/medical	5,000	5,000	4,505	495
<b>Total employee benefits</b>	<b>4,255,949</b>	<b>4,255,949</b>	<b>3,709,266</b>	<b>546,683</b>
<b>RETIREMENT</b>				
Police retirement	643,311	643,311	643,311	-
Fire retirement	627,313	627,313	627,313	-
<b>Total retirement</b>	<b>1,270,624</b>	<b>1,270,624</b>	<b>1,270,624</b>	<b>-</b>
<b>MAJOR PURCHASES</b>				
Improvements (other than bldg.)	-	-	-	-
Machinery & equipment	20,000	20,000	20,000	-
<b>Total major purchases</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
<b>Total expenditures</b>	<b>17,486,368</b>	<b>17,486,368</b>	<b>18,210,446</b>	<b>(724,078)</b>
<b>Other financing sources (use)</b>				
Lease proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	(556,045)	\$ (556,045)
<b>Adjustments required under generally accepted accounting principles:</b>				
Property tax revenue - sixty day rule			189,463	
Prior years property tax revenue - sixty day rule			(243,037)	
			<u>\$ (609,619)</u>	

***NON-MAJOR GOVERNMENTAL FUNDS***

**CITY OF CENTRAL FALLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2008**

	CDBG Revolving	CDBG 2003	CDBG 2004	CDBG 2005	CDBG 2006	CDBG 2007	CDBG 2008	UDAG Revolving Loan Fund	Home	ED	DEM Large Grant
<b>ASSETS</b>											
Cash and cash equivalents	\$ 461,915			\$ 45,000	\$ 20,000	\$ 220,000		\$ 150,441	\$ 60,210	\$ 465,553	
Due from federal and state governments											
Accounts receivable											
Due from other funds	193,506	2	12,584	2	2						
<b>TOTAL ASSETS</b>	<b>655,421</b>	<b>2</b>	<b>12,584</b>	<b>45,002</b>	<b>20,002</b>	<b>220,000</b>	<b>-</b>	<b>150,441</b>	<b>60,210</b>	<b>465,553</b>	<b>-</b>
<b>LIABILITIES</b>											
Accounts payable								109		5,000	
Due to other funds							207,963				
Deferred revenue		2	12,582	45,002	20,002	220,000					
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2</b>	<b>12,582</b>	<b>45,002</b>	<b>20,002</b>	<b>220,000</b>	<b>207,963</b>	<b>109</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>FUND BALANCE</b>											
Capital Projects											
Special Revenue	655,421	-	2	-	-	-	(207,963)	150,332	60,210	460,553	-
Expendable Trust											
<b>TOTAL FUND BALANCE</b>	<b>\$ 655,421</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (207,963)</b>	<b>\$ 150,332</b>	<b>\$ 60,210</b>	<b>\$ 460,553</b>	<b>\$ -</b>

**CITY OF CENTRAL FALLS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2008**

	CDBG Revolving	CDBG 2003	CDBG 2004	CDBG 2005	CDBG 2006	CDBG 2007	UDAG Revolving Loan Fund	Home	ED	DEM Large Grant
<b>Revenues:</b>										
Interest and investment income	\$ 3,400						\$ 908	\$ 335	\$ 2,215	
Licenses, fees, permits and fines										
Intergovernmental			\$ 56,808	\$ -		\$ 62,882	\$ 90,000			
Other	3,479						11,000			
<b>Total revenues</b>	<b>6,879</b>	<b>-</b>	<b>56,808</b>	<b>-</b>	<b>-</b>	<b>62,882</b>	<b>90,000</b>	<b>11,908</b>	<b>335</b>	<b>2,215</b>
<b>Expenditures:</b>										
General government			56,806	-		62,882	297,963	23,428		5,000
Public safety										
Recreation										
Capital outlays	93,018									
<b>Total expenditures &amp; capital outlays</b>	<b>93,018</b>	<b>-</b>	<b>56,806</b>	<b>-</b>	<b>-</b>	<b>62,882</b>	<b>297,963</b>	<b>23,428</b>	<b>-</b>	<b>5,000</b>
<b>Excess of revenue over (under) expenditures before transfers</b>	<b>(86,139)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(207,963)</b>	<b>(11,520)</b>	<b>335</b>	<b>(2,785)</b>
<b>Other financing sources (uses):</b>										
Proceeds from sale of assets										199,489
Proceeds from capital leases										
Transfers in										990
Transfers out	(990)									
<b>Net other financing sources (uses)</b>	<b>(990)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,489</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(87,129)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(207,963)</b>	<b>(11,520)</b>	<b>335</b>	<b>196,704</b>
<b>Fund balance, beginning of the year</b>	<b>742,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,852</b>	<b>59,875</b>	<b>263,849</b>	<b>(990)</b>
<b>Fund balance, end of the year</b>	<b>\$ 655,421</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (207,963)</b>	<b>\$ 150,332</b>	<b>\$ 60,210</b>	<b>\$ 460,553</b>

**CITY OF CENTRAL FALLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2009**

	Grant in Aid	Champlin Grant	RI Foundation	Recreation Summer Lunch Program	Community Policing	Police C.A.R.E.	DARE Program	Police Special Accounts
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,606	\$ 115,635	\$ 104		\$ 1,103	\$ 113,117	\$ 1,164	\$ 174,181
Due from federal and state governments	-	-	-	-	-	6,655	-	1,300
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	201,785	427	6,850	-	-	16,971	3,050	65,152
<b>TOTAL ASSETS</b>	<b>206,391</b>	<b>116,062</b>	<b>6,954</b>	<b>-</b>	<b>1,103</b>	<b>136,743</b>	<b>4,214</b>	<b>240,633</b>
<b>LIABILITIES</b>								
Accounts payable	2,086	1,188	-	-	-	222	-	29,278
Due to other funds	177,073	80,739	1,000	-	711	113,124	2,267	150,236
Deferred revenue	1,936	34,135	5,954	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>181,095</b>	<b>116,062</b>	<b>6,954</b>	<b>-</b>	<b>711</b>	<b>113,346</b>	<b>2,267</b>	<b>179,512</b>
<b>FUND BALANCE</b>								
Capital Projects	-	-	-	-	-	-	-	-
Special Revenue	25,296	-	-	-	392	23,397	1,947	61,121
Expendable Trust	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>\$ 25,296</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 392</b>	<b>\$ 23,397</b>	<b>\$ 1,947</b>	<b>\$ 61,121</b>

**CITY OF CENTRAL FALLS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2009**

	Grant in Aid	Champlin Grant	RI Foundation	Recreation Summer Lunch Program	Community Policing	Police C.A.R.E.	DARE Program	Police Special Accounts
<b>Revenues:</b>								
Interest and investment income	\$ -	\$ -	-	-	\$ 7	\$ 498	\$ 7	\$ 1,340
Licenses, fees, permits and fines	-	-	-	-	-	44,960	-	-
Intergovernmental	91,433	-	-	\$ 87,948	-	21,518	-	13,323
Other	-	31,381	1,000	-	-	-	-	-
<b>Total revenues</b>	<b>91,433</b>	<b>31,381</b>	<b>1,000</b>	<b>87,948</b>	<b>7</b>	<b>66,976</b>	<b>7</b>	<b>14,663</b>
<b>Expenditures:</b>								
General government	67,999	-	-	67,664	-	-	-	-
Public safety	-	-	-	-	-	57,169	-	23,908
Recreation	-	-	1,000	-	-	-	-	-
Capital outlays	-	31,381	-	-	-	-	-	27,379
<b>Total expenditures &amp; capital outlays</b>	<b>67,999</b>	<b>31,381</b>	<b>1,000</b>	<b>67,664</b>	<b>-</b>	<b>57,169</b>	<b>-</b>	<b>51,287</b>
<b>Excess of revenue over (under) expenditures before transfers</b>	<b>23,434</b>	<b>-</b>	<b>-</b>	<b>20,284</b>	<b>7</b>	<b>9,807</b>	<b>7</b>	<b>(36,624)</b>
<b>Other financing sources (uses):</b>								
Proceeds from sale of assets	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(20,284)	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,284)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>23,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>9,807</b>	<b>7</b>	<b>(36,624)</b>
Fund balance, beginning of the year	1,862	-	-	-	385	13,590	1,940	97,745
<b>Fund balance, end of the year</b>	<b>\$ 25,296</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 392</b>	<b>\$ 23,397</b>	<b>\$ 1,947</b>	<b>\$ 61,121</b>

**CITY OF CENTRAL FALLS**  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2009

	JAG Grant	LLBG Grants	Kennedy Grants	Fire Equipment	Fire Prevention	Public Rescue	Capital School Reserve	Emergency Equipment Replacement	Employee Christmas Club	Community Activities
<b>ASSETS</b>										
Cash and cash equivalents				\$ 121,872	\$ 10,117	\$ 1,684	\$ 502,759	\$ 169,414	\$ -	\$ 1,849
Due from federal and state governments	\$ 4,373									
Accounts receivable										
Due from other funds	1,022	\$ 301	253	10,841	-	71,192	24,069	35,398		
<b>TOTAL ASSETS</b>	<b>5,395</b>	<b>301</b>	<b>253</b>	<b>132,713</b>	<b>10,117</b>	<b>72,876</b>	<b>526,828</b>	<b>204,812</b>	<b>-</b>	<b>1,849</b>
<b>LIABILITIES</b>										
Accounts payable										
Due to other funds	5,395			118,611	6,705	12,205		60,824		
Deferred revenue		301	253	1,947						
<b>TOTAL LIABILITIES</b>	<b>5,395</b>	<b>301</b>	<b>253</b>	<b>120,558</b>	<b>6,705</b>	<b>12,205</b>	<b>-</b>	<b>60,824</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>										
Capital Projects										
Special Revenue				12,155	3,412	60,671	526,828	143,988		1,849
Expendable Trust										
<b>TOTAL FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,155</b>	<b>\$ 3,412</b>	<b>\$ 60,671</b>	<b>\$ 526,828</b>	<b>\$ 143,988</b>	<b>\$ -</b>	<b>\$ 1,849</b>

**CITY OF CENTRAL FALLS**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Non-Major Governmental Funds  
 For the year ended June 30, 2009

	JAG Grant	LLBG Grants	Kennedy Grants	Fire Equipment	Fire Prevention	Public Rescue	Capital School Reserve	Emergency Equipment Replacement	Employee Christmas Club	Community Activities
<b>Revenues:</b>										
Interest and investment income				\$ 658	\$ 38	\$ 18	\$ 26,761	\$ 799	\$ -	\$ 12
Licenses, fees, permits and fines										
Intergovernmental	\$ 14,704		\$ 7,311	1,000						
Other				25,663	4,695	15,071				
<b>Total revenues</b>	<b>14,704</b>	<b>-</b>	<b>7,311</b>	<b>27,321</b>	<b>4,733</b>	<b>18,089</b>	<b>26,761</b>	<b>799</b>	<b>-</b>	<b>12</b>
<b>Expenditures:</b>										
General government										
Public safety	14,704				1,384	139				
Recreation									744	
Capital outlays			7,311	17,731				34,650		
<b>Total expenditures &amp; capital outlays</b>	<b>14,704</b>	<b>-</b>	<b>7,311</b>	<b>17,731</b>	<b>1,384</b>	<b>139</b>	<b>-</b>	<b>34,650</b>	<b>744</b>	<b>-</b>
<b>Excess of revenue over (under) expenditures before transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,590</b>	<b>3,349</b>	<b>17,950</b>	<b>26,761</b>	<b>(33,851)</b>	<b>(744)</b>	<b>12</b>
<b>Other financing sources (uses):</b>										
Proceeds from sale of assets										
Proceeds from capital leases										
Transfers in										
Transfers out										
<b>Not other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,590</b>	<b>3,349</b>	<b>17,950</b>	<b>26,761</b>	<b>(33,851)</b>	<b>(744)</b>	<b>12</b>
<b>Fund balance, beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,565</b>	<b>63</b>	<b>42,721</b>	<b>500,067</b>	<b>177,839</b>	<b>744</b>	<b>1,837</b>
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,155</b>	<b>\$ 3,412</b>	<b>\$ 60,671</b>	<b>\$ 526,828</b>	<b>\$ 143,988</b>	<b>\$ -</b>	<b>\$ 1,849</b>

**CITY OF CENTRAL FALLS**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2009**

	Recycling Account	Zoning Account	Homeland Security	Rural Grants	Animal Control	RI Department of Transportation	Recreation Capital	Police Vehicle Maintenance	Property Development	Capital Reserve	Capital Lease	Historic Trust	Lysander Flag Memorial Fund	GRAND TOTALS
<b>ASSETS</b>														
Cash and cash equivalents	\$ 61,094	\$ 42,432		\$ -	\$ 1,700		\$ 9,200		\$ 390		\$ 4,824	\$ 37,993	\$ 101,719	\$ 2,814,876
Due from federal and state governments														297,328
Accounts receivable														
Due from other funds		1,100	90,897		235	15,850		47,658	160,789	2,902	99,478	53,825		1,116,141
<b>TOTAL ASSETS</b>	<b>61,094</b>	<b>43,532</b>	<b>90,897</b>	<b>-</b>	<b>1,935</b>	<b>15,850</b>	<b>9,200</b>	<b>47,658</b>	<b>161,179</b>	<b>2,902</b>	<b>104,102</b>	<b>91,818</b>	<b>101,719</b>	<b>4,028,345</b>
<b>LIABILITIES</b>														
Accounts payable	1,684		90,897					185						130,647
Due to other funds	50,834	7,233				15,850		3,608			7,565	53,830	3,026	1,078,799
Deferred revenue	17,036				575			300			1,160			2,259
<b>TOTAL LIABILITIES</b>	<b>69,554</b>	<b>7,233</b>	<b>90,897</b>	<b>-</b>	<b>575</b>	<b>15,850</b>	<b>4,093</b>	<b>-</b>	<b>1,160</b>	<b>-</b>	<b>7,565</b>	<b>53,830</b>	<b>5,285</b>	<b>1,572,890</b>
<b>FUND BALANCE</b>														
Capital Projects							5,107	47,658	160,019	2,902	96,537			312,223
Special Revenue	(8,460)	36,299			1,360									2,008,810
Expendable Trust												37,988	96,434	134,422
<b>TOTAL FUND BALANCE</b>	<b>(8,460)</b>	<b>36,299</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>-</b>	<b>5,107</b>	<b>47,658</b>	<b>160,019</b>	<b>2,902</b>	<b>96,537</b>	<b>37,988</b>	<b>96,434</b>	<b>2,455,455</b>

**CITY OF CENTRAL FALLS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2008**

	Recycling Account	Zoning Account	Homeland Security	Rural Grants	Animal Control	RI Department of Transportation	Recreation Capital	Police Vehicle Maintenance	Property Development	Capital Reserve	Capital Lease \$600,000	Historic Trust	Lysander Flag Memorial Fund	GRAND TOTALS
<b>Revenues:</b>														
Interest and investment income	\$ 581	\$ 426			\$ -		\$ 92				\$ 18	\$ 8	\$ 1,381	\$ 39,502
Licenses, fees, permits and fines								\$ 35,719						80,679
Intergovernmental	45,813		159,397			15,850								667,987
Other		1,025			10							12,390		108,714
<b>Total revenues</b>	<b>46,394</b>	<b>1,451</b>	<b>159,397</b>	<b>-</b>	<b>10</b>	<b>15,850</b>	<b>92</b>	<b>35,719</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>12,398</b>	<b>1,381</b>	<b>896,882</b>
<b>Expenditures:</b>														
General government	77,683	152										17,978		677,555
Public safety														97,304
Recreation														1,744
Capital outlays			159,397			15,850	15,269				201,501			603,487
<b>Total expenditures &amp; capital outlays</b>	<b>77,683</b>	<b>152</b>	<b>159,397</b>	<b>-</b>	<b>-</b>	<b>15,850</b>	<b>15,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,501</b>	<b>17,978</b>	<b>-</b>	<b>1,380,090</b>
<b>Excess of revenue over (under) expenditures before transfers</b>	<b>(31,289)</b>	<b>1,299</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>(15,177)</b>	<b>35,719</b>	<b>-</b>	<b>-</b>	<b>(201,483)</b>	<b>(5,580)</b>	<b>1,381</b>	<b>(483,208)</b>
<b>Other financing sources (uses):</b>														
Proceeds from sale of assets														199,489
Proceeds from capital leases											201,501			201,501
Transfers in							20,284							21,274
Transfers out														(21,274)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,501</b>	<b>-</b>	<b>-</b>	<b>400,990</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(31,289)</b>	<b>1,299</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>5,107</b>	<b>35,719</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(5,580)</b>	<b>1,381</b>	<b>(82,218)</b>
<b>Fund balance, beginning of the year</b>	<b>22,829</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>1,350</b>	<b>-</b>	<b>-</b>	<b>11,939</b>	<b>160,019</b>	<b>2,902</b>	<b>96,519</b>	<b>43,568</b>	<b>95,053</b>	<b>2,537,673</b>
<b>Fund balance, end of the year</b>	<b>(8,460)</b>	<b>36,299</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>-</b>	<b>5,107</b>	<b>47,658</b>	<b>160,019</b>	<b>2,902</b>	<b>96,537</b>	<b>37,988</b>	<b>96,434</b>	<b>2,455,455</b>

***PENSION TRUST FUNDS***

**CITY OF CENTRAL FALLS**

G - 1

**Combining Statement of Net Assets  
Pension Trusts  
June 30, 2009**

	Fire Pension Fund 1%	Police Pension Fund 1%	Police & Fire Pension Fund (John Hancock)	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 582,318	\$ 631,937		\$ 1,214,255
Investments			\$ 7,478,280	7,478,280
Other receivables	4,835	26,782	10,169	41,786
Accrued interest receivable		231		231
<b>Total Assets</b>	<b>587,153</b>	<b>658,950</b>	<b>7,488,449</b>	<b>8,734,552</b>
<b>LIABILITIES</b>				
	-	-	-	-
<b>NET ASSETS</b>				
<b>Held in Trust for pension benefits</b>	<b>\$ 587,153</b>	<b>\$ 658,950</b>	<b>\$ 7,488,449</b>	<b>\$ 8,734,552</b>

**CITY OF CENTRAL FALLS**

G - 2

**Combining Statement of Changes in Net Assets  
Pension Trusts  
For the year ended June 30, 2009**

	<u>Fire Pension Fund 1%</u>	<u>Police Pension Fund 1%</u>	<u>Police &amp; Fire Pension Fund (John Hancock)</u>	<u>Totals</u>
<b>ADDITIONS:</b>				
Contributions	\$ 627,313	\$ 643,310	\$ 269,444	\$ 1,540,067
Investment income	11,039	6,508	243,683	261,230
<b>DEDUCTIONS:</b>				
Trust expenses	627,313	625,527	3,816,964	5,069,804
<b>CHANGE IN NET ASSETS</b>	<u>11,039</u>	<u>24,291</u>	<u>(3,303,837)</u>	<u>(3,268,507)</u>
<b>Net Assets - beginning</b>	<u>576,114</u>	<u>634,659</u>	<u>10,792,286</u>	<u>12,003,059</u>
<b>Net Assets - ending</b>	<u>\$ 587,153</u>	<u>\$ 658,950</u>	<u>\$ 7,488,449</u>	<u>\$ 8,734,552</u>

## ***AGENCY FUNDS***

**Statement of Changes in Assets and Liabilities  
Agency Funds  
For the year ended June 30, 2009**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>Unclaimed Estates</u></b>				
<b>ASSET</b>				
Cash	\$ 31,958	\$ 199	\$ 20	\$ 32,137
<b>LIABILITY</b>				
Deposits Held in Custody for Others	\$ 31,958	\$ 179	\$ -	\$ 32,137
<b><u>Highway Clothing</u></b>				
<b>ASSET</b>				
Other receivables	9,710	212	-	9,922
	\$ 9,710	\$ 212	\$ -	\$ 9,922
<b>LIABILITIES</b>				
Deposits Held in Custody for Others	9,710	10,227	10,015	9,922
<b>Total Liabilities</b>	\$ 9,710	\$ 10,227	\$ 10,015	\$ 9,922
<b><u>Totals</u></b>				
<b>ASSET</b>				
Cash	\$ 31,958	\$ 199	\$ 20	\$ 32,137
Other receivables	9,710	212	-	9,922
<b>TOTAL ASSETS</b>	\$ 41,668	\$ 411	\$ 20	\$ 42,059
<b>LIABILITIES</b>				
Deposits Held in Custody for Others	41,668	10,406	10,015	42,059
<b>TOTAL LIABILITIES</b>	\$ 41,668	\$ 10,406	\$ 10,015	\$ 42,059

CITY OF CENTRAL FALLS**SCHEDULE OF PROPERTY TAXES RECEIVABLE  
YEAR ENDED JUNE 30, 2009**

<u>Assessment of</u>	<u>Balance Uncollected July 1, 2008</u>	<u>2008 Assessment</u>	<u>Additions &amp; Adjustments</u>	<u>Abatements</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2009</u>
2008		\$ 10,495,379	\$ 10,851	\$ (29,061)	\$ 10,477,169	\$ 10,042,599	\$ 434,570
2007	\$ 475,512			(1,000)	474,512	300,840	173,672
2006	124,559				124,559	24,330	100,229
2005	76,875				76,875	(739)	77,614
2004	73,261				73,261	4,396	68,865
2003	71,819			(941)	70,878	2,997	67,881
2002	72,735				72,735	1,278	71,457
2001	81,639				81,639	1,869	79,770
2000	64,646				64,646	1,071	63,575
1999	85,654				85,654	872	84,782
1998	109,439				109,439	211	109,228
1997	105,477				105,477	220	105,257
1996	115,831				115,831	300	115,531
1995 and prior	298,277				298,277	974	297,303
	1,755,724	<u>\$ 10,495,379</u>	<u>\$ 10,851</u>	<u>\$ (31,002)</u>	<u>\$ 12,230,952</u>	<u>\$ 10,381,218</u>	1,849,734
Less: allowance for uncollectible accounts	(629,024)						(712,100)
	<u>\$ 1,126,700</u>						<u>\$ 1,137,634</u>

**Schedule of property valuation assessed as of December 31, 2007:**

Real estate	\$ 9,443,236
Tangibles	796,234
Motor vehicles	2,095,969
Less: exemptions	(1,840,060)
	<u>\$ 10,495,379</u>