

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
CITY OF CRANSTON,
RHODE ISLAND



AS OF AND FOR THE
FISCAL YEAR ENDED

JUNE 30, 2015

PREPARED BY:
DEPARTMENT OF FINANCE
ROBERT F. STROM, DIRECTOR OF FINANCE

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ROBERT F. STROM, FINANCE DIRECTOR

CITY OF CRANSTON, RHODE ISLAND

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**Introductory
Section**

Allan W. Fung
MAYOR



Robert F. Strom
FINANCE DIRECTOR

Department of Finance

869 Park Avenue
Cranston, RI 02910-2738
(401) 461-1000

January 29, 2016

Honorable Mayor Allan W. Fung
and Members of the Cranston City Council
Cranston, Rhode Island

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Cranston, Rhode Island for the year ended June 30, 2015. The report includes the independent auditors' report as required by Rhode Island Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Marcum LLC, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Rhode Island, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cranston, Rhode Island for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cranston's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A complement this letter of transmittal and should be read in conjunction with it. MD&A immediately follows the independent auditors report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued document.

PROFILE OF THE CITY OF CRANSTON

The City was established as a City in 1754 and incorporated as a City in 1910. With a population of 81,479 as determined by the Rhode Island Economic Development Corporation, the City is the third most populous municipality in the State of Rhode Island (the "State"). Primarily a residential community, the City contains many fine developments.

The City operates under a home rule charter adopted in 1962 (the "Charter"), providing for a mayor/council form of government with a nine-member City Council headed by a Council President. The Charter vests all legislative powers of the City in the City Council, including the ordering of any tax, the making of appropriations and the transacting of any other business pertaining to the financial affairs of the City.

Cranston is located immediately south of Rhode Island's Capitol. The City covers an area of almost 30 square miles, stretching from Narragansett Bay in the east to the Town of Scituate in the west. It is bordered on the north by Providence and Johnston and on the south by Warwick, West Warwick and Coventry.

The two main arteries that pass through the City are Routes 1-95 and 1-295. These interstate multi-lane highways run north-south through the City. They provide direct access to Providence and other major cities such as Boston (45 minutes north) and New York (3.5 hours south). Most of Rhode Island's hundreds of miles of scenic coastline are within a half-hour's drive. The City is also just minutes away from the State's T.F. Green Airport located in the City of Warwick.

Howard Industrial Park, located at the interchange of Interstate Route 95 and State Route 37, was the City's major economic development success story of the 1970s and 1980s. This location is home to 38 companies with a workforce of more than 3,000. Premiere national and international companies like Ross Simons and Swarovski help to identify this area as one of the premier industrial parks in the State.

Cranston has one of the best educational systems in the state. It has well-maintained housing, modern recreational facilities and active civic organizations. Its reputation as a comfortable, prosperous city makes it one of the most attractive areas in New England for both commercial and residential settlement.

LOCAL ECONOMY

Population

Ranked third in population among the 39 cities and towns in the State in 2010, the City experienced a 1.4% increase in population from 2000 to 2010.

LONG-TERM FINANCIAL PLANNING

The City of Cranston places a high priority on economic development initiatives in order to solicit and secure new business as well as give continual support to the improvement of the City's present business community, improving the City's tax base and the employment opportunities for Cranston residents. The City has successfully implemented aggressive business recruitment and expansion programs and has reinvested in its urban business corridors. Through a variety of forward thinking legislative initiatives, the city offers investment incentives to increase the financial viability of the City's new and existing development areas. In 2015 the City has passed two new industrial tax incentives for industrial properties. A business expanding or buying a new building spending \$12,000,000.00 to \$20,000,000.00 will be eligible for a phase in 15 year tax incentive on their improvements. In addition, a business expanding or buying a new building spending over \$20,000,000.00 will be eligible for a phase in 20 year tax incentive on their improvements.

The City has a commitment to the economic development of all of its available areas and strives to achieve a balance between appropriate land use and bringing higher quality jobs and living standards to its residents. With the assistance of the Department of Economic Development, the City has been a leader in bringing industrial and commercial development to its numerous sites over the past decade. Convenient highway access, ample water and sewer services, and a tradition of excellent municipal services combine to provide the type of environment that the business community seeks when considering expansion or relocation.

Industrial Park

The Western Cranston Industrial Area – Currently, this is not only Cranston's but one of the State of Rhode Island's fastest developing industrial parks, located centrally in the State at the interchange of Interstate 295 and Route 14. This area continues to develop as one of the most important parts of the City's industrial tax base. National recognized companies like Penske, Cadence Science (which recently completed 43,000 SF expansion with a cost of \$3.8 million and is estimated to add over 100 new jobs), Honeywell, Conway Trucking, Electro Standards, MPC Corp, Design Fabricators, Jewelry Concepts, GoGo Cast, TASCAs Automotive Parts Warehouse and Bay State Florist are just a few of the industrial tenants that have been attracted to this ever growing industrial area.

Garden City Center

Garden City Center, Rhode Island's premiere outdoor shopping venue has been a shopping destination of choice for five generations. The Center opened in 1948 and was the first suburban shopping center in the state with 500,000 square feet of retail and office space. Its well-manicured landscapes and enhanced gardens frame the architecturally unique shops and restaurants. The Center has national retailers such as Pottery Barn, Crate & Barrel (opening spring 2016), J Crew, LA Fitness, New Balance, Banana Republic, William Sonoma, Ann Taylor Co, Chico's, Jos A Banks, Talbots, The Container Store, GAP, Anthropologie, Destination Maternity, Soma-Intimates, The Loft, Mel and Me, Clarkes Shoes, L'Occitane, Sephora and White House/Black Market. The Center also has regional and local retailers and restaurants such as Providence Diamond Company, Applebee's, Barrington Books, Edible Arrangements, The Corner Bakery, Bistro 22, Starbucks, B. Goode, Pinkberry, and Whole Foods Market. In addition Garden City has announced that Ethan Allan will be opening a design center in 2016 and the Center will be building two new buildings consisting of 37,000 square feet of total space at the site of Ameriprise.

Chapel View Shopping Center

Located directly across from Garden City, a new upscale mixed use shopping group, coupled with the many high quality stores of its next door neighbor, will establish this area of Cranston as one of the leading shopping centers of not only the State but of the Southeastern New England Region. Located on the former site of the State's Youth Training and Reform School, the developers have used a number of former historic structures, all over one hundred years old, to develop a European Village atmosphere that encompasses upscale condominiums, office space and retail components. Current tenants include Alex & Ani (Retail and Corporate Headquarters) one of the World's fastest growing companies, The Grille at Chapel View, First Comp a division of Markel Insurance Company, Residential Mortgage Services, Champlain Foundation, Bonefish Grille, Staples, Panera Bread, Massage Envy, Bling Eyewear, Qdoba Mexican Grill, Shaw's Supermarket, Recreational Equipment Inc. (REI), Ted's Montana Grille, Omaha Steaks and Johnny Rockets.

Recent Development Initiatives

Cranston Parkade – The redevelopment of the 77-acre former Narragansett Brewery property has over 400,000 Square Feet of retail shopping area including such well-known retailers and restaurants as Lowes, Kmart, TJ Max, Super Stop & Shop, Texas Roadhouse, Wendy's and several smaller stores. In 2015, Alliance Security moved their corporate headquarters and over 600 employees into a newly renovated 60,000 square foot facility that was the former home of Sanford Brown. A state of the art Police Headquarters and Municipal Court for the City of Cranston opened its doors in June of 2007. This substantial and visible economic redevelopment effort along Route 10 is proving to be a catalyst for the redevelopment of other nearby former industrial sites.

Western Cranston Office / Retail Development – Taking advantage of a vacant 100-acre parcel at the interchange of Interstate Route 295 and State Route 14, the City revised its zoning of the site to approve the construction of a 200,000 square foot retail complex and a 300,000 square foot office park. The construction of the retail component of this development is completed, and is anchored by a Wal-Mart Super Store, Dollar Tree Store and AJinsen Asian Cuisine. The office park will offer corporate office clients and landscaped business environment in a campus like setting. Two new banks have recently been added to this development and 108 units of apartment housing have been completed, bringing together all of the latest components of mixed use development.

Tasca Ford Lincoln Mercury – Nationwide the largest Ford Dealership, has expanded its Regional headquarters in Cranston. The project resulted in the redevelopment of State property as well as a vacant industrial buildings to create a state of the art Ford Lincoln Mercury, Volvo and Mazda Dealership and Service Center that is a model for Ford dealerships across the United States. Tasca is currently in the process of expanding its retail show room space by 3,000 square feet to showcase their Lincoln brand. They have recently purchased a new building in the Howard Industrial Park to hold their corporate offices and body repair operations.

Taco Manufacturing Expansion - As a leading developer, innovator and manufacturer of HVAC equipment and systems for 90 years. Taco has recently undergone an expansion to increase the size of its facility from 40,000 square feet to over 200,000, creating an Innovation & Development Center. This new Innovation & Development Center will utilize, display and provide a hands-on learning environment for the best equipment and systems that the HVAC industry offers for comfort, efficiency and sustainability. HVAC products and systems will be visible throughout the entire facility forming "Living Laboratories" that allow for close-up viewing hands-on learning and teaching. This expansion is a further example of the revitalization of the Cranston Street area.

Yushin America which was founded in 1988 and is headquartered in Cranston is known worldwide for their expertise in robotics for the plastics industry. Yushin completed a 24,000 square foot expansion in the Howard Industrial Plaza.

DiFruscia Industries purchased the section of the Cranston Print Works that formerly held Speidel Manufacturing bringing 50 new jobs into the city. DiFruscia serves over 350 customers throughout the United States, providing environmentally sound and cost-effective coating solutions to a wide variety of industries including: Marine, Electronics, Electrical Enclosure, Computer Hardware, Semi-conductor Equipment, Electrical Components, Furniture, Industrial Equipment, Recreational, and Consumer Markets.

There has been a host of other new small business development and re-development in the City in 2015. RI Credit Union redeveloped the former Bickford's site on Reservoir Avenue opening a new headquarters and branch. CarMax has redeveloped the former Building 19 property, opening its first retail site in Rhode Island. Hope Nursing has purchased the Knights of Columbus Building on Park Ave for Adult Day Care and offices. RI Bar Foundation has purchased the building at 41 Sharpe Drive for their headquarters and continuing education classes. Freeway Laundromat opened on Narragansett Blvd. Panera Bread has moved from New London Avenue to Sockanosset Crossroads. The new site allows them a drive thru, easier access and additional parking.

Revolving Loan Fund

The Revolving Loan Fund is a fixed asset loan program that was established with Federal and matching City Funds approximately 25 years ago. The City's RLF program offers low interest loans to new as well as expanding businesses located in the City of Cranston.

In addition, the RFL fund provides gap financing for companies seeking to purchase equipment, finance renovations, job training and working capital.

The fund has distributed over \$4 million to companies that have located or expanded. The loans have leveraged over \$26 million in additional investments.

- Over 18,000 jobs have been created or retained as a result of the program
- The loan portfolio has an average loan amount of \$110,000.
- Seventy percent of the loans have been made to companies with 25 or fewer employees.
- There are 13 current loans in the portfolio.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cranston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014; In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

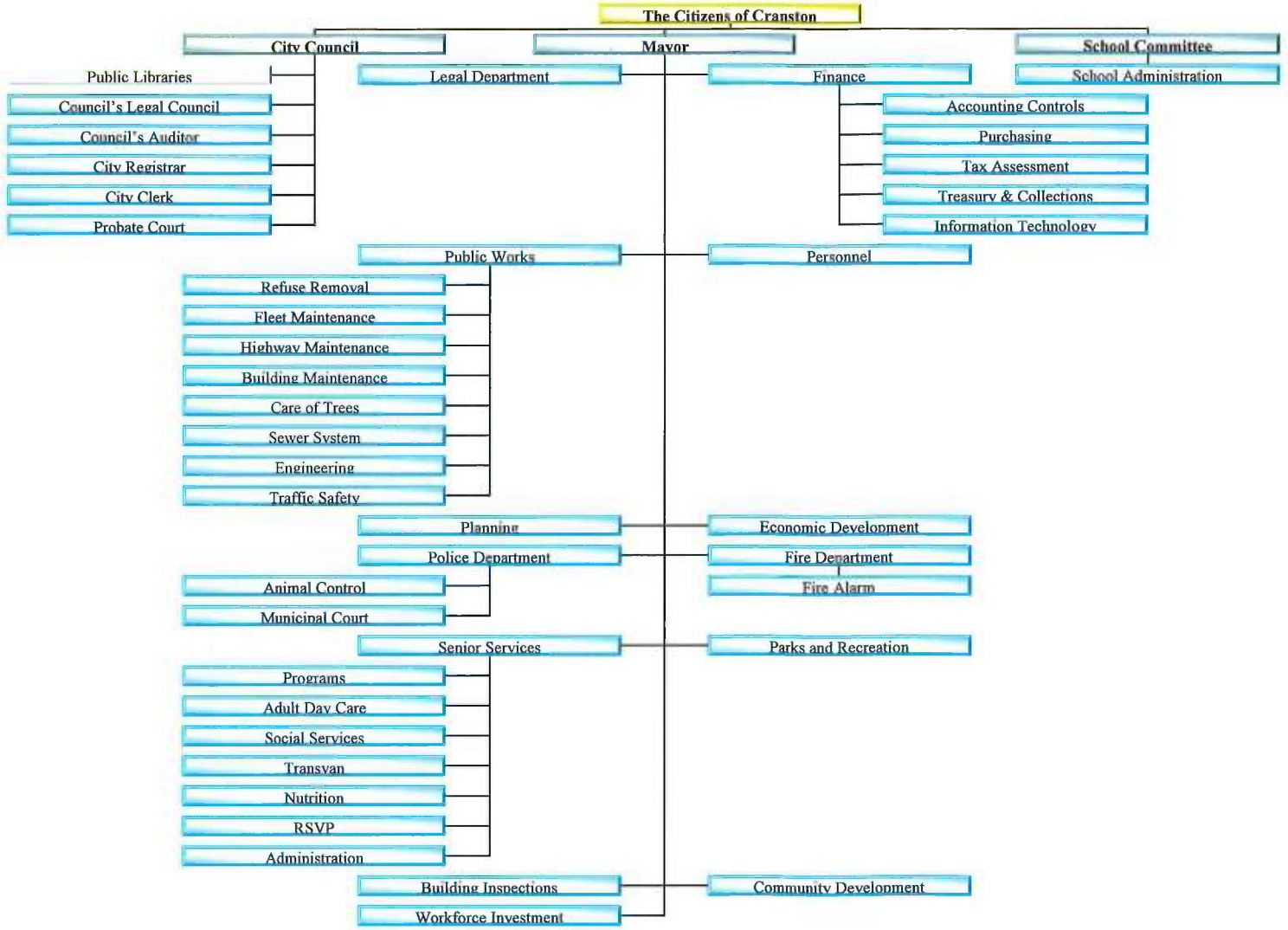
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase, Assessment and Management Information Systems for their diligence and cooperation on a daily basis in carrying out the duties and responsibilities of this department, The success that the Finance Department has enjoyed is due to their efforts.

I want to extend the grateful appreciation of all Finance Department employees and to you, Mayor and members of the City Council, for the confidence you have shown in us.

Sincerely,

Robert F. Strom

Robert F. Strom,
Finance Director



- Council Appointments:**
1. Tax Review Board
 2. Board of Contract and Purchasing
 3. Building Appeals Board
 4. Personnel Appeals Board
 5. Harbor Master
 6. Sealer of Weights/Measures
 7. Juvenile Hearing Board
 8. Library Board
 9. Municipal Court Judge
 10. Probate Judge
 11. Audit Committee
 12. Harbor Management Plan Commission
 13. Architects and Engineers
 14. Industrial Performance

- Joint Appointments:**
1. Board of Canvassers
 2. Conservation Commission
 3. Housing Board
 4. Claims Committee
 5. Charter Review Commission
 6. Historical Cemeteries Committee
 7. Housing Authority
 8. Zoning Board of Review
 9. School Building Committee

- Mayoral Appointments:**
1. Parks & Rec. Adv. Brd.
 2. Redevelopment Agency
 3. Historic District Comm.
 4. Industrial Dev. Comm.
 5. Investment Committee
 6. Pawtuxet River Authority
 7. Planning Commission
 8. Senior Services Advisory Board

CITY OF CRANSTON, RHODE ISLAND

**PRINCIPAL OFFICIALS
JUNE 30, 2015**

MAYOR

Allan Fung

FINANCE DEPARTMENT

Robert F. Strom, Finance Director
Michael Igoe, CPA - City Controller
Salvatore Saccoccio - Tax Assessor
David Capuano - City Treasurer
Mark Marchesi - Purchasing Agent
William Aguiar - Information Technology Manager

CITY COUNCIL

John Lanni - Council President
Richard D. Santamaria, Jr. - Council Vice President
Christopher G. Paplauskas
Donald Botts
Michael W. Favicchio
Paul H. Archetto
Steven A. Stycos
Mario Aceto
Michael Farina



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cranston
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**Financial
Section**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor Allan W. Fung
and Members of the Cranston City Council
Cranston, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I to the financial statements, the City of Cranston, Rhode Island implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB No. 68*. As discussed in Note IV, K to the financial statements, Management analyzed the requirements of GASB No. 68 and 71, and determined that the beginning net position should be restated. The net position has been reduced by \$348,472,219 to reflect the net pension liability as of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, schedule of funding progress - other post-employment benefits plan, schedule of employer contributions-other post-employment benefits plan, schedules of changes in net pension liability-all retirement plans and schedules of employer contributions-all retirement plans on pages 13 through 28 and pages 115 through 134, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cranston, Rhode Island’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor budgetary funds schedule of revenues and expenditures, capital asset schedules by function and activity and changes by function and activity, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, nonmajor budgetary funds schedule of revenues and expenditures, capital asset schedules by function and activity and changes by function and activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and nonmajor budgetary funds schedule of revenues and expenditures, capital asset schedules by function and activity and changes by function and activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, on our consideration of the City of Cranston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cranston, Rhode Island's internal control over financial reporting and compliance.

Marcum LLP

Providence, Rhode Island
January 29, 2016

Allan W. Fung
MAYOR



Robert F. Strom
FINANCE DIRECTOR

Department of Finance
869 Park Avenue
Cranston, RI 02910-2738
(401) 461-1000

***MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015***

As management of the City of Cranston, Rhode Island, we offer readers of the City of Cranston's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

It is designed to assist the reader in focusing on significant financial issues that the City has encountered.

Financial Highlights

- The liabilities and deferred inflows of resources of the City of Cranston exceeded its assets and deferred outflows of resources at the close of the fiscal year ended June 30, 2015 by \$227.3 million (*net position*).
- The net position of the City increased by \$24.7 million (or 10.8%). The governmental net position increased by \$22.0 million (or 7.3%) and the business-type net position increased by \$2.7 million (or 5.5%).
- The governmental activities revenue increased \$33.1 million (or 11.6%) and the net results from activities increased from prior year by \$2.1 million. In 2015, the results of activities produced an increase in net position of \$22.0 million and in 2014 the results of activities produced an increase in net position of \$19.9 million.
- The business-type activities revenue increased by \$1.5 million (or 5.6%), and the net results from activities increased by \$0.3 million (or 12.5%) from the prior year. In 2015, the results of activities produced an increase in business-type net position of \$2.7 million, while in 2014 the results of activities also produced an increase of \$2.4 million in business-type net position.
- The General Fund (the primary operating fund) reflected on a current financial resource basis reports a decrease in fund balance of \$1.7 million (or 6.9%), compared to \$0.6 million increase in the prior year.
- The City's total debt decreased by \$39.4 million. The decrease is due primarily to the repayment of \$7.0 million of outstanding bond obligations and \$32.5 million of outstanding pension obligations.

Overview of the Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government Wide Financial Statements

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. 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 position and changes to net position. You can think of the City's net position as the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base, to assess the overall health of the City.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cranston that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities present the functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, public safety, public works, public libraries, parks and recreation, education, senior services, community development, and interest expense. The business-type activities of the City of Cranston include sewer utilities, the Public Facilities Management Foundation, and the School Lunch Fund.

The government-wide financial statements can be found on Exhibits A and B of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

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

The City maintains 50 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and seven other funds considered part of the General Fund for reporting purposes and the School Department, both of which are considered to be major funds. Data from the other 42 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other 42 governmental funds, which are consolidated into 13 funds for reporting purposes, is provided in the form of combining statements elsewhere in this report.

Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the installation of new science labs into various schools) or to show that it is meeting legal responsibility for using certain taxes, grants and other money (like grants received from the U.S. Department of Housing and Urban Development).

The City adopts an annual budget for its General Fund and School Department. A budgetary comparison statement has been provided for each of them as required supplementary information to demonstrate compliance with this budget.

Proprietary funds. The City of Cranston maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Cranston uses enterprise funds to account for its sewer operations, Public Facilities Management Foundation, and its school non-major programs. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Cranston and School Department uses an internal service fund to account for certain self-insured risks. Because this fund predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer utilities fund and the Public Facilities Management Foundation, which are considered to be major funds of the City of Cranston. The school lunch program fund is the sole non-major enterprise fund and is presented separately in the proprietary fund financial statements. The internal service fund is also presented separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on Exhibits F, G, and H of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits I, and J of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on Exhibit K of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary compliance schedules for the General Fund and the Special Revenue Fund-School Unrestricted, as well as the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found following the notes.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Reporting the City's Most Significant Funds (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

Included below is a condensed Statement of Net Assets for the City of Cranston. The condensed format allows the reader to view the overall financial position of the City.

Condensed Statement of Net Position

**As of June 30
 (In Millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>(As Restated) 2014</u>	<u>2015</u>	<u>(As Restated) 2014</u>	<u>2015</u>	<u>(As Restated) 2014</u>
Assets:						
Current and other assets	\$ 272.0	\$ 246.8	\$ 27.2	\$ 31.6	\$ 299.2	\$ 278.4
Capital assets.....	99.4	98.1	67.5	61.2	166.9	159.3
Deferred Outflow of Resources.	38.1	1.9	0.1	0.2	38.2	2.1
Total Assets	409.5	346.8	94.8	93.0	504.3	439.8
Liabilities:						
Long-term liabilities						
Outstanding	454.1	440.2	23.2	24.7	477.3	464.9
Other liabilities	28.7	22.5	5.6	3.3	34.3	25.8
Deferred Inflows of Resources..	205.8	185.2	14.2	15.9	220.0	201.1
Total Liabilities	688.6	647.9	43.0	43.9	731.6	691.8
Net Position:						
Net investment in capital assets	28.0	19.3	66.2	38.0	94.2	57.3
Restricted-Debt Service	-	-	8.6	-	8.6	-
Unrestricted.....	(307.1)	(320.4)	(23.0)	11.1	(330.1)	(309.3)
Total Net Position	\$ (279.1)	\$ (301.1)	\$ 51.8	\$ 49.1	\$ (227.3)	\$ (252.0)

The composition of net position and the changes in net position over a period of time serves as a useful indicator of the City's financial position. The City's total liabilities at June 30, 2015, exceed assets by \$227.3 million and were comprised of \$(279.1) million from governmental activities and \$51.8 million from business-type activities. For the fiscal year ending June 30, 2015 \$(330.1) million of the total \$(227.3) million in net position is unrestricted.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Condensed Statement of Net Assets (Continued)

Net investment in capital assets comprises \$94.2 and \$57.3 million of net assets at June 30, 2015 and 2014 (as restated), respectively. This category reflects the total invested in capital assets (vehicles, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The second category of net assets, restricted net assets, represents net assets that are subject to external restriction on how they may be used. Restricted net assets as of June 30, 2015 totaled \$8.6 million for debt service.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Net Position summary presentation:

Net Results of Activities - which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital - which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation - which will reduce capital assets and net investment in capital assets.

Governmental Activities-Condensed Statements of Net Position

The category of "Current and Other Assets" was \$272.0 million at June 30, 2015. This category consisted primarily of "Receivables-Property Taxes" of \$189.9 million, "Net pension asset" of \$26.9 million. The "Cash" balance as of June 30, 2015 was \$36.6 million attributable to a strong tax collection trend. "Receivables-Intergovernmental" was \$8.3 million, "Advanced deposits-hospitalization" was \$5.2 million and other receivables accounted for \$5.1 million.

"Deferred Outflow of Resources" was \$38.1 million at June 30, 2015 and was comprised of \$36.5 million in "Pension liability" and \$1.6 million from the deferred charge on refunding and pension liability.

The long-term liabilities outstanding at fiscal year-end were \$454.1 million, composed primarily of \$66.9 million in general obligation bonds and leases payable (used to fund various capital projects such as school construction and playground construction and improvements), \$367.5 million in outstanding pension obligations, \$11.3 million in compensated absences and \$8.3 million in post-retirement benefit obligations.

"Deferred Inflow of Resources" of \$205.8 million was comprised of \$171.2 million in property tax levied in advance and \$34.6 million in pension liabilities.

Total net position at June 30, 2015 was \$(279.1) million and was comprised of unrestricted of \$(307.1) and "Net Investment in Capital Assets" of \$28.0 million.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities-Condensed Statements of Net Assets (Continued)

For business-type activities, such as the Sewer Enterprise Fund, “Current and Other Assets” of \$27.2 million consisted primarily of \$12.2 million in cash which was available to support the current operations of the Enterprise Funds, “Cash held in escrow” of \$8.6 million, receivables of \$4.8 million and other assets of \$0.8 million.

Long-term liabilities of \$23.2 million were comprised primarily of \$21.5 million of “Long-term liabilities due in more than one year” which represents the non-current portion of long-term liabilities, primarily general obligation bonds used to finance the capital operations of the Sewer Plant as well as SRF (state revolving fund) loan from Rhode Island Infrastructure Bank and \$1.5 million of “Net pension liability”.

Other liabilities of \$5.6 million consisted primarily of \$3.2 million of “Accounts payable”, and \$1.6 million for the “Current portion of long-term bonds payable”, “Retainage payable” of \$0.4 million and “Accrued interest payable” of \$0.2 million.

“Deferred Inflows of Resources” of \$14.2 million represents \$13.9 million for the “Deferred sewer lease arrangement” and \$0.3 million of “Net pension liability”.

The total net position for the Business-type Activities as of June 30, 2015 was \$51.8 million. Net investment in capital assets was the major component of net position for business-type activities and amounted to \$66.2 million at June 30, 2015. As stated above, in the government-wide analysis of the Statement of Net Position \$8.6 million was restricted for debt service and \$(23.0) million was designated “Unrestricted”.

Statement of Activities

A condensed Statement of Activities for the City of Cranston is presented below listing the major categories of revenues and expenses for the fiscal years ended June 30, 2015 and 2014.

Condensed Statement of Activities
 Year Ended June 30 (In Millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(As Restated)		(As Restated)		(As Restated)	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 38.9	\$ 16.9	\$25.5	\$23.9	\$64.4	\$ 40.8
Operating grants and contributions	79.8	76.7	2.4	2.4	82.2	79.1
Capital grants and contributions.....	0.2	0.2			0.2	0.2
General Revenues:						
Property taxes.....	192.1	189.4			192.1	189.4
Gain on sale of property.....						
State special funding for pensions.....	5.2				5.2	
Investment income	0.5	0.2	0.3	0.4	0.8	0.6
Transfers	-	(1.7)			-	(1.7)
Other	3.0	4.9			3.0	4.9
Total revenues	319.7	286.6	28.2	26.7	347.9	313.3

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities (Continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(As Restated)		(As Restated)		(As Restated)	
	2015	2014	2015	2014	2015	2014
Program Expenses:						
General government	\$ 15.8	\$ 13.4			\$ 15.8	\$ 13.4
Public safety	76.4	76.0			76.4	76.0
Public works	15.5	15.7			15.5	15.7
Education	175.8	148.5	\$5.7	\$5.6	181.5	154.1
Parks and recreation	3.1	2.5			3.1	2.5
Libraries	3.3	3.1			3.3	3.1
Senior services	3.2	3.1			3.2	3.1
Other			0.0	0.1	0.0	0.1
Community development	1.4	0.7			1.4	0.7
Sewer			19.8	18.6	19.8	18.6
Interest and other costs	3.2	3.7			3.2	3.7
Total expenses	297.7	266.7	25.5	24.3	323.2	291.0
Change in net position	22.0	19.9	2.7	2.4	24.7	22.3
Net assets – July 1	(301.1)	(36.4)	49.1	48.2	(252.0)	11.8
Prior Period Adjustment	-	(284.6)	-	(1.5)	-	(286.1)
Net assets – June 30	\$(279.1)	\$(301.1)	\$ 51.8	\$ 49.1	\$(227.3)	\$(252.0)

The Condensed Statement of Net Activities presents revenues, expenses and changes in net position separately for governmental activities and business-type activities. The condensed format allows for presentation of program revenues (charges for services, operating grants and contributions, and capital grants and contributions) followed by a listing of general revenues to support the City’s overall government or business-type activities. Expenses are presented on a functional basis, with depreciation on capital assets directly allocated to the related expense.

Governmental Activities-Condensed Statement of Activities

General revenues include all revenues not required to be reported as “program revenue”. The total of other “general revenues” for the fiscal years ending June 30, 2015 and 2014 were \$200.8 million and \$192.8 million, respectively. Included in these totals were \$192.1 and \$189.4 million in property taxes for the years ended June 30, 2015 and 2014.

“Program expenses” are presented in the Condensed Statement of Activities by function and total \$297.7 and \$266.7 million (including interest on long-term debt) for the fiscal years June 30, 2015 and 2014, respectively.

“Changes in net position” increased \$2.1 million to \$22.0 million from \$19.9 million for the years ended June 30, 2015 and 2014, respectively. The change resulted primarily from an increase in property taxes and other income.

Business-Type Activities – Condensed Statement of Activities

Business-Type Activities provided by the City of Cranston consists primarily of the operation of the wastewater facility commonly known as the Sewer Enterprise Fund. The majority of revenues for this fund consist of charges for services. In fiscal years 2015 and 2014, the City generated \$25.5 and \$23.9 million, respectively, in charges for services for all of its business-type activities.

The total amount of expenses for business-type activities were \$25.5 and \$24.3 million, for the fiscal years ended June 30, 2015 and 2014, respectively.

The “Change in Net Position” increased \$0.3 million to \$2.7 million from \$2.4 million for the fiscal years ended June 30, 2015 and 2014, respectively. This activity increased the “Business-Type Net Assets” for the fiscal year ended June 30, 2015 to \$51.8 million as compared to \$49.1 million as restated for the fiscal year ended June 30, 2014.

Financial Analysis of City’s Funds

Governmental Funds

The City of Cranston’s governmental funds consists of two major funds. The major funds are the City’s General Fund and the School Department. Presented below is a condensed Balance Sheet for the two major funds of the Governmental funds.

Combined fund balances for all the Governmental Funds was \$28.2 million. Fund balance was comprised of \$4.1 million “Non-spendable” fund balances, \$0.9 million “Restricted” fund balances and \$2.7 million “Committed” fund balances and \$20.5 million of “Unassigned” fund balances. Under the modified-accrual basis for Fund Financial Statements, the emphasis is on accounting for current financial resources of the City.

Assets of \$229.7 million include primarily \$25.7 million in “Cash”, \$188.1 million in “Taxes Receivable”, \$6.8 million in “Intergovernmental Receivables”, “Other Receivables” of \$1.2 million, “Advance deposits-hospitalization” of \$0.2 million, “Due from Other Funds” of \$7.7 million.

Liabilities of \$201.5 million consisted of \$3.3 million of “Accounts Payable”, \$2.7 million in “Due to Other Funds”, \$191.2 million in “Unearned Revenue”, \$0.5 million of “Claims Payable”, \$2.7 million of “Accrued Payroll” and \$1.1 million of other miscellaneous liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2015

Condensed Balance Sheet

As of June 30
 (In Millions)

	General Fund		School Department		Total Major Funds	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets:						
Current and other assets	\$222.0	\$220.4	\$7.7	\$7.6	\$229.7	\$228.0
Total assets	<u>222.0</u>	<u>220.4</u>	<u>7.7</u>	<u>7.6</u>	<u>229.7</u>	<u>228.0</u>
Liabilities:						
Other liabilities.....	198.9	195.6	2.6	6.1	201.5	201.7
Total liabilities	<u>198.9</u>	<u>195.6</u>	<u>2.6</u>	<u>6.1</u>	<u>201.5</u>	<u>201.7</u>
Fund Balance:						
Non-spendable	0.2	1.7	3.9	4.5	4.1	6.2
Restricted	0.3	0.3	0.6		0.9	0.3
Committed.....	2.1	1.9	0.6	0.3	2.7	2.2
Assigned.....						
Unassigned.....	20.5	20.9		(3.3)	20.5	17.6
Total fund balance	<u>\$23.1</u>	<u>\$24.8</u>	<u>\$5.1</u>	<u>\$1.5</u>	<u>\$28.2</u>	<u>\$26.3</u>

General Fund - Condensed Balance Sheet

The General Fund’s total assets of \$220.0 million consists primarily of \$25.7 million in “Cash”, \$188.1 million of “Taxes Receivable” \$6.8 million of “Intergovernmental Receivables”, “Due from Other Funds” of \$1.0 million, “Other Receivables” of \$0.2 million and “Advanced Deposits-hospitalization” of \$0.2million.

Total liabilities for the General Fund were \$198.9 million. “Accounts payable” amounted to \$1.6 million, \$191.2 million represented “Unearned Revenue”, \$0.5 million in “Due to Other Funds”, \$1.9 million in “Claims Payable” and \$3.7 million of accrued liabilities.

As of June 30, 2015 the City’s fund balance was \$23.1 million of which \$0.2 million was “Non-spendable”, \$0.3 million was “Restricted”, \$2.1 million was “Committed” and \$20.5 million was “Unassigned”.

School Department - Condensed Balance Sheet

The School Department’s total assets were \$7.7 million. The majority of that consisted primarily of \$6.7 of “Due from Other Funds” and “Other” assets of \$1.0 million.

Liabilities for the School Department totaled \$2.6 million. The majority of that consisted of \$1.7 million of “Accounts Payable” and \$0.9 million “Due to Other Funds”.

For the fiscal year ending June 30, 2015, the School Department had a fund balance of \$5.1 million. This was comprised of \$3.9 million “Non-spendable”, \$0.6 million “Restricted and \$0.6 million of “Committed” fund balance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Condensed Statement of Revenues, Expenditures and Changes in Fund Balances

A condensed Statement of Revenues, Expenditures and Changes in Fund Balances for the City of Cranston is presented below listing the major categories of revenues and expenditures for the fiscal years ended June 30, 2015 and 2014. The major funds for the City of Cranston are the “General Fund” and the “School Department.”

The fund reporting format, also presented on a functional basis, presented in “Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds” presents all revenue types followed by the expenditures of the City. The fund financial statements report current year capital expenditures and do not report depreciation on capital assets. Likewise, principal payments on long-term liabilities are reported as current year expenditures and are not offset against the related long-term liability as within the Government-Wide Financial Statements. The major source of revenues for the City comes from “General Property Taxes”. For the years ending June 30, 2015, and 2014, the City collected \$181.5, and \$180.4 million of property taxes, respectively. Total revenues for all major governmental funds for the years ended June 30, 2015 and 2014, were \$268.7, and \$266.7 million, respectively. For the major governmental funds, the total expenditures for the years ending June 30, 2015, and 2014, were \$266.8, and \$260.5 million, respectively. For the year ended June 30, 2015, General Fund revenues exceeded expenditures by \$91.3 million before other financing sources (uses) as compared to \$94.2 million for the period ending June 30, 2014.

Condensed Statement of Revenues, Expenditures and Changes in Fund Balances

	Year Ended June 30 (In Millions)				Total Major Governmental	
	<u>General Fund</u>		<u>School Department</u>			
	2015	2014	2015	2014	2015	2014
Revenues:						
General Revenues:						
Property taxes.....	\$181.5	\$180.4			\$181.5	\$180.4
Intergovernmental	15.9	18.5	\$48.1	\$43.0	64.0	61.5
Charges for services	12.9	11.9	1.1	2.6	14.0	14.5
State fiscal stabilization funds.....						
State on behalf pension contributions			6.7	6.1	6.7	6.1
Investment income	0.1	0.1			0.1	0.1
Other	1.5	3.1	0.9	1.0	2.4	4.1
Total revenues	211.9	214.0	56.8	52.7	268.7	266.7
Expenditures:						
Current:						
General government.....	9.0	9.2			9.0	9.2
Public safety	76.4	76.1			76.4	76.1
Public works.....	15.3	15.5			15.3	15.5
Education			146.2	140.7	146.2	140.7
Parks and recreation.....	3.0	2.3			3.0	2.3
Public libraries	3.0	3.3			3.0	3.3
Senior services	3.0	3.0			3.0	3.0
Other	0.2	0.1			0.2	0.1
Debt Service:						
Principal	7.4	6.8			7.4	6.8
Interest and other costs.....	3.3	3.5			3.3	3.5
Total expenditures	120.6	119.8	146.2	140.7	266.8	260.5

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Condensed Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

	<u>General Fund</u>		<u>School Department</u>		<u>Total Major Governmental</u>	
	2015	2014	2015	2014	2015	2014
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	91.3	94.2	(89.4)	(88.0)	1.9	6.2
<i>Other Financing Sources (Uses):</i>						
Issuance of Debt.....						
Transfers in	0.7		93.0	91.8	93.7	91.8
Transfers out	(93.7)	(93.6)			(93.7)	(93.6)
<i>Net other financing sources (uses)</i>	(93.0)	(93.6)	93.0	91.8	-	(1.8)
Net change in fund balances	(1.7)	0.6	3.6	3.8	1.9	4.4
<i>Fund balance July 1</i>	24.8	24.2	1.5	(2.3)	26.3	21.9
<i>Fund balance June 30</i>	\$ 23.1	\$ 24.8	\$ 5.1	\$ 1.5	\$ 28.2	\$ 26.3

Review of Governmental Major Funds-Statement of Revenues, Expenditures and Changes in Fund Balances-General Fund

The City's General Fund had revenues of \$211.9 million for the fiscal year ended June 30, 2015. This was comprised of \$181.5 million in "General Property Taxes", \$15.9 million of "Intergovernmental" revenues, \$12.9 million in "Charges for Services", \$0.1 million in "Investment Income", and \$1.5 million in "Other" revenue.

Expenditures for the General Fund for fiscal year ended June 30, 2015 were \$120.6 million. These expenditures consisted of \$9.0 million in "General Government" expenditures, \$76.4 million of "Public Safety" expenditures, \$15.3 million of "Public Works" expenditures, \$3.0 million of "Parks and Recreation" expenditures, \$3.0 million of "Public Libraries" expenditures, \$3.0 million of "Senior Services" expenditures, \$0.2 million of "Other" expenditures, \$7.4 million of "Debt Service Principal" expenditures, and \$3.3 million of "Interest and Other Costs".

In addition to general operating expenses, the General Fund also had "Net Other Financing Uses" of \$ 93.0 million. This was composed of a \$(93.7) million of "Transfers Out", of which \$93.0 million was transferred to the "School Department" and \$0.7 million was transferred to other funds. "Transfers in" of \$0.7 million were received from other governmental funds.

The net change in fund balances was \$(1.7) million for the fiscal year ended June 30, 2015. This was primarily due to the agreed upon transfers to the school department resulting from the forgiveness of the final payment of a five-year deficit reduction arrangement.

Review of Governmental Major Funds-Statement of Revenues, Expenditures and Changes in Fund Balances-School Department

The "School Department" had revenues for the year ended June 30, 2015 of \$56.8 million. This was derived from \$48.1 million of "Intergovernmental" revenues, \$1.1 million of "Charges for Services", \$6.7 million of "State on Behalf Pension Contribution" and \$0.9 million of "Other Income".

Expenditures for the School Department totaled \$146.2 million. This entire amount represents expenditures related to "Education".

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Review of Governmental Major Funds-Statement of Revenues, Expenditures and Changes in Fund Balances-School Department

In addition to general operating revenues, the School Department received \$93.0 million of “Other Financing Sources”. This amount was comprised of “Transfers In” from the “General Fund” of \$91.4 million for operations and \$1.6 million for other agreements between the City and School Department.

The net change in fund balance was \$3.6 million for the fiscal year ended June 30, 2015. This was due primarily to loan payment forgiveness by the City in the fifth year of a court ordered deficit reduction plan in the amount of \$1.6 million and saving achieved from the employee’s benefit programs.

Proprietary Funds

The Proprietary Funds consist of the Sewer Fund, the Non-Major Programs and the Internal Service Funds. The major source of revenues consists of “Charges for Usage and Service” of \$44.7 million. Total operating revenues were \$50.6 million. Total operating expenses for the year ending June 30, 2015, for the Proprietary Funds were \$49.1 million. The “Health Care Management” of the school department of \$23.1 million, the “Contract Payments” of \$15.8 million for sewer privatization, “Operation” expense of \$5.3 million. “Personnel” cost of \$1.9 million and \$2.4 million of “Depreciation” comprise the majority of the expenses. Net Non-Operating Expenses for the year ending June 30, 2015 were \$0.3 million. The Proprietary Funds ended fiscal year 2015 with \$1.2 million more in revenues than expenses. Total Net Position was \$51.9 million at June 30, 2015, of that “Net Investment in Capital Assets” was \$66.2 million, Restricted for Debt Service of \$8.6 million and \$(22.9) million was “Unrestricted”. Total Net Position as of June 30, 2015 increased \$1.2 million from \$50.7 million, as restated, to \$51.9 million or 2.2%.

Analysis of Significant Budget Variations in the General Fund

For the year ended June 30, 2015, the General Fund Revenues were under budget projections by \$2.4 million or 0.9%. General Fund expenditures were under budget by \$0.4 million or 0.2%. This resulted in a \$2.0 million deficit for the General Fund for the year ending June 30, 2015.

Significant revenue variances include:

- Property taxes – Favorable variance of \$1.1 million due to an aggressive collection policy.
- Intergovernmental – Unfavorable variance of \$3.5 million from decrease in the amount budgeted by various departments for grants versus the amount actually received by departments for grants.

All of the departments within the City had minimal surpluses with regard to their expense budgets. These favorable variance were sufficient to offset the agreed upon transfers of \$2.3 million to the School Department.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

The City of Cranston’s investment in capital assets for its governmental and business-type activities as of June 30, 2015 and 2014 as restated amounted to \$166.9 and \$159.4 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, motor vehicles, machinery and equipment and office furniture and equipment, and infrastructure.

The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities and business-type activities. Infrastructure assets, assets that are long-lived and can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature such as streets, sidewalks and curbing are subject to different rules under the standards established by GASB 34. All infrastructure assets are included in the City’s capital assets.

Capital Assets at Year End
(In Millions)

	Governmental Activities (As Restated)		Business-Type Activities (As Restated)		Total (As Restated)	
	2015	2014	2015	2014	2015	2014
Land	\$ 14.4	\$ 14.3	\$ 0.3	\$ 0.3	\$ 14.7	\$ 14.6
Construction in progress	3.7	1.8	10.2	5.0	13.9	6.8
Land improvements.....	23.5	22.0	0.3	0.3	23.8	22.3
Buildings	95.4	94.6			95.4	94.6
Motor vehicles.....	18.1	17.0			18.1	17.0
Equipment	13.1	13.0	0.6	0.6	13.7	13.6
Infrastructure.....	83.9	83.9			83.9	83.9
Leasehold improvements			0.2	0.2	0.2	0.2
Sewer lines			50.3	49.6	50.3	49.6
Treatment and pumping plant			83.8	81.0	83.8	81.0
Total assets	252.1	246.6	145.7	137.0	397.8	383.6
Less: accumulated depreciation	(152.7)	(148.4)	(78.2)	(75.8)	(230.9)	(224.2)
Net capital assets	\$ 99.4	\$ 98.2	\$ 67.5	\$ 61.2	\$ 166.9	\$ 159.4

CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Capital Assets (Continued)

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 were \$397.8 million less accumulated depreciation of \$230.9 million for a net investment in capital assets of \$166.9 million.

Governmental Activities:

Major capital asset additions during the fiscal year ended June 30, 2015 included the following:

- \$0.6 million in firefighting equipment.
- \$0.4 million in fire station upgrades
- \$0.4 million in playground upgrades.
- \$1.8 million for road repayment and storm drain repairs.
- \$1.5 million for school renovations.

Business-Type Activities:

Major capital asset additions during the fiscal year ended June 30, 2015 included the following:

- \$2.8 million of construction in progress for improvements at the treatment plant.
- \$0.7 million in infrastructure renovations

Additional information on the City's capital assets can be found on Note III C of this report.

Long-Term Liabilities

As of June 30, 2015, the governmental activities had total long-term obligations of \$462.7 million. Of that, \$367.5 million was pension related debt, \$8.3 million was for post-retirement health benefits and \$71.1 million related to bonded debt guaranteed by the City's assets. The City currently has \$0.4 million in leases payable. Based on an actuarial valuations completed as of July 1, 2015 for governmental activities, the net pension obligation liability for unpaid pension contributions decreased by \$32.5 million from \$400.0 million at June 30, 2014 as restated to \$367.5 million at June 30, 2015. The net other post-employment benefit obligation (OPEB) liability for governmental activities increased \$0.2 million from \$8.1 million at June 30, 2014 as restated to \$8.3 million at June 30, 2015. Additional information can be found in Note III.F.1.

The business-type activities had total long-term obligations of \$23.3 million. Of that, \$22.8 million related to State Revolving Loans (SRF) from Rhode Island Infrastructure Bank (these funds are available for projects related to clean water), \$1.5 million in net pension obligations, \$0.1 million in net post-retirement health benefit obligations and \$0.4 million related to Certificates of Participation that relate to the Public Facilities Management Foundation. The \$0.4 million of Certificates of Participation relate to acquisition and improvements of the Public Works Facility. Based on an actuarial valuations completed as of July 1, 2015 for business-type activities, the net pension obligation liability for unpaid pension contributions decreased by \$0.3 million from \$1.8 million at June 30, 2014 as restated to \$1.5 million at June 30, 2015. The net other post-employment benefit obligation (OPEB) liability for business-type activities remained unchanged at less than \$0.1 million. Additional information can be found in Note III.F.1.

CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Debt Outstanding

For the year ending June 30, 2015, the City had \$74.2 million in debt (bonds, notes, etc.) outstanding as compared to \$81.8 million at June 30, 2014, a net decrease of \$7.6 million or 9.4% (considering debt retirements). The key factors for this decrease was the principal repayments of \$7.6 million.

For the year ending June 30, 2015, the Business-Type Activities had \$23.2 million in debt (bonds, notes, etc.) outstanding as compared to \$24.1 million at June 30, 2014, a net decrease of \$0.9 million or 3.7% (considering debt retirements). The key factor for this decrease was principal repayments of \$0.9 million.

**Outstanding Debt, at June 30
 (In Millions)**

	<u>2015</u>	<u>2014</u>
<i>Governmental:</i>		
General obligation bonds	\$ 73.8	\$81.1
Capital lease	0.4	0.7
<i>Subtotal</i>	<u>74.2</u>	<u>81.8</u>
<i>Business-type:</i>		
Sewer revolving loans	22.8	23.4
Certificates of participation	0.4	0.7
<i>Subtotal</i>	<u>23.2</u>	<u>24.1</u>
<i>Total</i>	<u>\$ 97.4</u>	<u>\$ 105.9</u>

Principal payments of \$7.6 million and \$0.9 million were made in the governmental and business-type activities, respectively, during fiscal year 2015.

Except as explained below, under Rhode Island law the City may not, without special statutory authorization, incur any debt that would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the City. There is currently no outstanding debt of the city subject to the 3% debt limit. The current 3% debt limit of the City is \$203.7 million based on taxable property as of December 31, 2013, of approximately \$6.8 billion. On June 30, 2015, the City had \$71.1 million of debt outstanding that is outside the 3% debt limit.

The City's bond ratings are as follows:

- Standard & Poor's : "AA-"
- Fitch Ratings: "A"
- Moody's Investors Service : "A2"

Economic Factors and Next Year's Budget and Rates

- As noted previously, the Fiscal Year 2016 operating budget was passed by a majority vote of the City Council. Property tax collections were assumed to be collected at 98.5% of the current levy.
- The City budgeted approximately \$21.3 million for Police and Fire Pension Fund contributions.

Unemployment Statistics

The table below presents the most recent labor market information summary for not seasonally adjusted unemployment rates for the fiscal years ended June 30th:

	<u>Annualized</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City of Cranston	5.1%	5.0%	7.5%	11.2%	11.3%	10.8%	10.2%	9.2%	7.4%	5.6%
State of Rhode Island	4.8	4.8	7.3	10.9	10.9	10.7	10.1	8.9	7.3	5.6
United States	4.8	4.7	5.7	9.7	9.6	9.3	8.4	7.8	6.3	5.5

Source: Rhode Island Department of Labor and Training.

Request for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City of Cranston’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Finance Director
 City of Cranston
 869 Park Avenue
 Cranston RI 02910

**Basic
Financial
Statements**

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF NET POSITION
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents.....	\$ 36,617,012	\$ 12,198,719	\$ 48,815,731
Receivables:			
Property taxes.....	189,855,194		189,855,194
Sewer assessments and user fees, net.....		1,404,719	1,404,719
Intergovernmental.....	8,282,843	2,982,271	11,265,114
Loans.....	3,265,252		3,265,252
Other.....	1,781,895	401,756	2,183,651
Prepays.....	-	24,304	24,304
Advance deposits - hospitalization.....	5,229,184		5,229,184
Inventory.....		35,266	35,266
Internal balances.....	(744,239)	744,239	-
Total current assets.....	244,287,141	17,791,274	262,078,415
Noncurrent assets:			
Advance deposits - hospitalization.....	801,500		801,500
Net pension asset.....	26,853,585	321,227	27,174,812
Cash held in escrow.....		8,598,629	8,598,629
Other assets.....		500,500	500,500
Total receivables and other assets.....	27,655,085	9,420,356	37,075,441
Capital assets:			
Land.....	14,357,842	342,712	14,700,554
Construction in progress.....	3,706,073	10,160,582	13,866,655
Depreciable (net of accumulated depreciation):			
Land improvements.....	11,479,448	10,805	11,490,253
Buildings and leasehold improvements.....	52,158,029	40,302	52,198,331
Sewer service to customers.....		20,978	20,978
Treatment and pumping plant.....		38,452,850	38,452,850
Vehicles.....	3,192,123	16,586	3,208,709
Machinery, equipment and furniture.....	1,832,727	95,494	1,928,221
Infrastructure.....	12,701,981	18,328,739	31,030,720
Total net capital assets.....	99,428,223	67,469,048	166,897,271
Total noncurrent assets.....	127,083,308	76,889,404	203,972,712
TOTAL ASSETS.....	371,370,449	94,680,678	466,051,127
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding.....	1,602,541	-	1,602,541
Pension liability.....	36,505,843	151,727	36,657,570
	38,108,384	151,727	38,260,111
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	409,478,833	94,832,405	504,311,238

The notes to the financial statements are an integral part of this statement

(Continued)

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF NET POSITION
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
LIABILITIES:			
Current liabilities:			
Accounts payable.....	4,552,281	3,240,728	7,793,009
Accrued liabilities.....	1,060,890		1,060,890
Accrued payroll.....	2,696,878	622	2,697,500
Compensated absences.....		44,020	44,020
Accrued interest payable.....	829,694	196,880	1,026,574
Retainage payable.....	132,369	433,920	566,289
Unearned revenue.....	8,019,155	22,075	8,041,230
Claims payable.....	2,751,985		2,751,985
Long-term liabilities due within one year.....	8,676,599	1,638,263	10,314,862
Total current liabilities.....	28,719,851	5,576,508	34,296,359
Noncurrent liabilities:			
Net pension liability.....		1,533,074	1,533,074
Net OPEB obligation.....		76,354	76,354
Long-term liabilities due in more than one year.....	454,057,183	21,545,100	475,602,283
Total noncurrent liabilities.....	454,057,183	23,154,528	477,211,711
TOTAL LIABILITIES.....	482,777,034	28,731,036	511,508,070
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred sewer lease arrangement.....	-	13,961,914	13,961,914
Property tax levied in advance of June 30, 2015.....	171,249,824		171,249,824
Pension liability.....	34,604,592	296,776	34,901,368
	205,854,416	14,258,690	220,113,106
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES.....	688,631,450	42,989,726	731,621,176
<u>NET POSITION</u>			
Net investment in capital assets	28,003,223	66,195,785	94,199,008
Restricted for:			
Debt Service.....		8,598,629	8,598,629
Unrestricted.....	(307,155,840)	(22,951,735)	(330,107,575)
TOTAL NET POSITION.....	(279,152,617)	51,842,679	(227,309,938)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION.....	\$ 409,478,833	\$ 94,832,405	\$ 504,311,238

The notes to the Financial Statements are an integral part of this statements

(Concluded)

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUES (EXPENSES) AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government.....	\$ 15,760,616	\$ 6,326,794	\$ 12,174,393		\$ 2,740,571	\$	\$ 2,740,571
Public safety.....	76,316,860	6,257,323	2,221,937	\$ 185,562	(67,652,038)		(67,652,038)
Public works.....	15,539,611	1,026,133	-		(14,513,478)		(14,513,478)
Education.....	175,923,426	23,076,779	63,820,804		(89,025,843)		(89,025,843)
Parks and recreation.....	3,100,766	356,124	-		(2,744,642)		(2,744,642)
Public libraries.....	3,302,163	87,400	580,072		(2,634,691)		(2,634,691)
Senior services.....	3,172,283	1,729,051			(1,443,232)		(1,443,232)
Community development.....	1,430,568		1,038,833		(391,735)		(391,735)
Interest expense.....	3,245,053				(3,245,053)		(3,245,053)
TOTAL GOVERNMENTAL ACTIVITIES.....	297,791,346	38,859,604	79,836,039	185,562	(178,910,141)	-	(178,910,141)
BUSINESS-TYPE ACTIVITIES:							
Sewer fund.....	19,809,246	22,135,939				2,326,693	2,326,693
Non-major funds.....	5,698,896	3,338,096	2,420,657			59,857	59,857
TOTAL BUSINESS-TYPE ACTIVITIES.....	25,508,142	25,474,035	2,420,657	-	-	2,386,550	2,386,550
TOTALS.....	\$ 323,299,488	\$ 64,333,639	\$ 82,256,696	\$ 185,562	(178,910,141)	2,386,550	(176,523,591)
GENERAL REVENUES:							
Property taxes.....					192,144,650	-	192,144,650
State special funding for pension.....					5,169,920	72,748	5,242,668
Other income.....					3,006,381		3,006,381
Investment income.....					552,058	257,825	809,883
Transfers in (out).....					(25,662)	25,662	-
TOTAL GENERAL REVENUES.....					200,847,347	356,235	201,203,582
CHANGE IN NET POSITION.....					21,937,206	2,742,785	24,679,991
NET POSITION - JULY 1, 2014 (AS RESTATED).....					(301,089,823)	49,099,894	(251,989,929)
NET POSITION - JUNE 30, 2015.....					\$ (279,152,617)	\$ 51,842,679	\$ (227,309,938)

The notes to the financial statements are an integral part of this statement

CITY OF CRANSTON, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	SCHOOL DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash	\$ 25,708,236	\$ 1,482	\$ 10,843,805	\$ 36,553,523
Receivables:				
Property taxes, net.....	188,062,795			188,062,795
Intergovernmental.....	6,858,181		1,424,662	8,282,843
Loans.....			3,265,252	3,265,252
Other.....	211,025	952,823	254,956	1,418,804
Advance deposits - hospitalization.....	207,000			207,000
Due from other funds.....	992,020	6,740,306	87,079	7,819,405
TOTAL ASSETS.....	\$ 222,039,257	\$ 7,694,611	\$ 15,875,754	\$ 245,609,622
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable.....	\$ 1,645,409	\$ 1,694,011	\$ 1,120,531	\$ 4,459,951
Accrued payroll.....	2,695,772		1,106	2,696,878
Accrued liabilities.....	1,051,568		9,322	1,060,890
Retainage payable.....			132,369	132,369
Due to other funds.....	1,878,611	861,539	1,947,589	4,687,739
Unearned revenue.....	3,942,159		4,076,996	8,019,155
Claims payable.....	472,116			472,116
Other liabilities.....	-		-	-
TOTAL LIABILITIES.....	11,685,635	2,555,550	7,287,913	21,529,098
DEFERRED INFLOWS:				
Unavailable revenue.....	187,299,916			187,299,916
TOTAL LIABILITIES AND DEFERRED INFLOWS.....	198,985,551	2,555,550	7,287,913	208,829,014
FUND BALANCES:				
Nonspendable.....	207,000	3,900,353	-	4,107,353
Restricted.....	279,040	611,912	8,732,762	9,623,714
Committed.....	2,115,631	626,796	7,245	2,749,672
Assigned.....	-		-	-
Unassigned.....	20,452,035		(152,166)	20,299,869
TOTAL FUND BALANCES.....	23,053,706	5,139,061	8,587,841	36,780,608
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 222,039,257	\$ 7,694,611	\$ 15,875,754	\$ 245,609,622

(Continued)

CITY OF CRANSTON, RHODE ISLAND
RECONCILIATION OF FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$	36,780,608
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Total capital assets.....		252,076,067
Accumulated depreciation.....		(152,647,844)
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:		
Net pension asset.....		26,853,585
Property tax, interest and lien accrual, (net).....		1,792,399
Property tax receivable - accrual basis change.....		16,050,095
Deferred charge on refunding.....		1,602,541
Deferred outflows of net pension liability.....		36,505,843
INTERNAL SERVICE FUND IS USED BY MANAGEMENT TO CHARGE THE COST OF SELF-INSURANCE TO INDIVIDUAL DEPARTMENTS:		
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.....		89,357
SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Bonds and notes payable.....		(73,818,348)
Leases payable.....		(365,000)
Compensated absences.....		(12,510,192)
Deferred salary.....		(134,940)
Net pension liability.....		(367,469,373)
Net OPEB obligation.....		(8,335,929)
Claims and judgements.....		(100,000)
Deferred inflows of net pension liability.....		(34,604,592)
Claims payable.....		(87,200)
Accrued interest payable.....		(829,694)
NET POSITION OF GOVERNMENTAL ACTIVITIES.....	<u>\$</u>	<u>(279,152,617)</u>
		(Concluded)

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	SCHOOL DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
General property taxes.....	\$ 181,540,560			\$ 181,540,560
Intergovernmental.....	15,872,986	\$ 48,118,901	\$ 10,559,625	74,551,512
Charges for services.....	12,868,255	1,111,638	2,094,359	16,074,252
Investment income.....	85,700		464,994	550,694
State on-behalf pension contributions		6,746,731		6,746,731
Other.....	1,514,790	903,629	504,357	2,922,776
TOTAL REVENUES	211,882,291	56,880,899	13,623,335	282,386,525
EXPENDITURES:				
Current:				
General government.....	9,016,810		653,453	9,670,263
Public safety.....	76,406,754		1,743,805	78,150,559
Public works.....	15,267,760			15,267,760
Education.....		146,234,685	9,045,540	155,280,225
Parks and recreation.....	3,034,442		304	3,034,746
Public libraries.....	3,081,505		188,990	3,270,495
Senior services.....	2,949,059		170,498	3,119,557
Community development.....			1,487,068	1,487,068
Other.....	178,112			178,112
Debt Service:				
Principal.....	7,355,000			7,355,000
Interest and other costs.....	3,347,607		533	3,348,140
Capital Outlay:				
Capital expenditures.....			4,455,146	4,455,146
TOTAL EXPENDITURES.....	120,637,049	146,234,685	17,745,337	284,617,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES...	91,245,242	(89,353,786)	(4,122,002)	(2,230,546)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	737,686	91,382,652	-	92,120,338
Transfers in repayment from City.....		313,181		313,181
Transfers in forgiveness from City.....		1,260,000		1,260,000
Transfers out for payment to School Department.....	(313,181)			(313,181)
Transfers out for forgiveness to School Department.....	(1,260,000)			(1,260,000)
Transfers out for middle school sports.....	(426,723)			(426,723)
Transfers out.....	(91,710,757)		(8,520)	(91,719,277)
NET OTHER FINANCING SOURCES (USES).....	(92,972,975)	92,955,833	(8,520)	(25,662)
NET CHANGE IN FUND BALANCES.....	(1,727,733)	3,602,047	(4,130,522)	(2,256,208)
FUND BALANCES - JULY 1, 2014.....	24,781,439	1,537,014	12,718,363	39,036,816
FUND BALANCES - JUNE 30, 2015.....	\$ 23,053,706	\$ 5,139,061	\$ 8,587,841	\$ 36,780,608

CITY OF CRANSTON, RHODE ISLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (2,256,208)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	6,371,276
Depreciation expense.....	<u>(5,102,271)</u>

Total..... 1,269,005

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.....

(31,959)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:

Decrease in property tax receivable - accrual basis change.....	9,689,988
Increase in property tax interest and lien revenue.....	<u>(92,329)</u>

Total 9,597,659

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments:	
General obligation bonds.....	7,000,000
Capital lease.....	<u>355,000</u>

Total 7,355,000

(Continued)

CITY OF CRANSTON, RHODE ISLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences and deferred salary.....	(519,858)
Net pension liability.....	8,341,055
Net OPEB obligation.....	(270,137)
Amortization of deferred charge on refunding.....	(265,908)
Amortization of bond premium.....	290,331
Claims payable.....	(87,197)
Accrued interest payable.....	<u>78,664</u>
Total	<u>7,566,950</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>(1,563,241)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 21,937,206</u>

(Concluded)

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUND			INTERNAL SERVICE FUND
	SEWER	NONMAJOR PROGRAMS	TOTALS	
ASSETS				
Current Assets:				
Cash and cash equivalents.....	\$ 11,827,890	\$ 370,829	\$ 12,198,719	\$ 63,489
Prepaid expenses.....		24,304	24,304	-
Inventory.....		35,266	35,266	
Receivables:				
Sewer assessments and user fees, net.....	1,404,719		1,404,719	
Other.....	-	36,756	36,756	363,619
Due from other funds.....	7,272	823,004	830,276	24,448
Capital lease.....		365,000	365,000	
Intergovernmental.....	2,828,233	154,038	2,982,271	
Claims deposits.....			-	5,022,184
Total Current Assets	16,068,114	1,809,197	17,877,311	5,473,740
Noncurrent Assets:				
Capital lease receivable.....			-	
Advance deposits - medical.....			-	801,500
Cash held in escrow.....	8,598,629		8,598,629	
Net pension asset.....		321,227	321,227	
Other assets.....	500,000	500	500,500	
Subtotal Noncurrent Assets	9,098,629	321,727	9,420,356	801,500
Capital Assets:				
Capital assets, net of accumulated depreciation.....	67,335,163	133,885	67,469,048	
Total Noncurrent Assets	76,433,792	455,612	76,889,404	801,500
TOTAL ASSETS	92,501,906	2,264,809	94,766,715	6,275,240
DEFERRED OUTFLOW OF RESOURCES				
Pension liability.....	-	151,727	151,727	
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	92,501,906	2,416,536	94,918,442	6,275,240
LIABILITIES				
Current Liabilities:				
Accounts payable.....	2,970,136	270,592	3,240,728	5,132
Accrued payroll.....	622		622	528
Compensated absences.....			-	
Retainage payable.....	433,920		433,920	
Compensated absences.....		44,020	44,020	
Accrued interest.....	195,055	1,825	196,880	
Due to other funds.....	-	86,037	86,037	3,900,353
Claims payable.....			-	2,279,870
Unearned revenue.....	-	22,075	22,075	
Long-term liabilities due within one year.....	1,273,263	365,000	1,638,263	
Total Current Liabilities	4,872,996	789,549	5,662,545	6,185,883
Noncurrent Liabilities:				
Net OPEB obligation.....		76,354	76,354	
Net pension liability.....		1,533,074	1,533,074	
Long-term liabilities due in more than one year.....	21,545,100	-	21,545,100	
Total Noncurrent Liabilities	21,545,100	1,609,428	23,154,528	
TOTAL LIABILITIES	26,418,096	2,398,977	28,817,073	6,185,883
DEFERRED INFLOWS OF RESOURCES				
Pension liability.....		296,776	296,776	
Deferred sewer lease arrangement.....	13,961,914		13,961,914	
	13,961,914	296,776	14,258,690	
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	40,380,010	2,695,753	43,075,763	6,185,883
NET POSITION				
Net Investment in capital assets.....	66,061,900	133,885	66,195,785	
Restricted:				
Debt service.....	8,598,629	-	8,598,629	
Unrestricted Amounts (deficit).....	(22,538,633)	(413,102)	(22,951,735)	89,357
TOTAL NET POSITION	52,121,896	(279,217)	51,842,679	89,357
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 92,501,906	\$ 2,416,536	\$ 94,918,442	\$ 6,275,240

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	MAJOR FUND			INTERNAL SERVICE FUND
	SEWER	NONMAJOR PROGRAMS	TOTALS	
OPERATING REVENUES:				
Charges for usage and service.....	\$ 21,352,729	\$ 853,338	\$ 22,206,067	\$ 22,515,141
Intergovernmental.....		2,420,657	2,420,657	
Tuition.....		2,455,102	2,455,102	
On-behalf pension contribution.....		72,748	72,748	
Miscellaneous.....	783,210	29,656	812,866	83,605
TOTAL OPERATING REVENUES.....	22,135,939	5,831,501	27,967,440	22,598,746
OPERATING EXPENSES:				
Operations.....	1,010,717	3,943,463	4,954,180	489,528
Personnel.....	100,393	1,702,782	1,803,175	94,486
Claims.....			-	522,188
Contract payments.....	15,804,692		15,804,692	
Health care management.....			-	23,057,149
Depreciation.....	2,320,610	41,884	2,362,494	
TOTAL OPERATING EXPENSES.....	19,236,412	5,688,129	24,924,541	24,163,351
OPERATING INCOME.....	2,899,527	143,372	3,042,899	(1,564,605)
NONOPERATING REVENUES (EXPENSES):				
Interest expense.....	(393,873)	(10,767)	(404,640)	
Investment income.....	257,793	32	257,825	1,364
Amortization.....	(178,961)		(178,961)	
TOTAL NONOPERATING REVENUES (EXPENSES):	(315,041)	(10,735)	(325,776)	1,364
Transfer in.....		25,662	25,662	
NET NONOPERATING REVENUES (EXPENSES).....	(315,041)	14,927	(300,114)	1,364
CHANGE IN NET POSITION.....	2,584,486	158,299	2,742,785	(1,563,241)
NET POSITION - JULY 1, 2014 (AS RESTATED).....	49,537,410	(437,516)	49,099,894	1,652,598
NET POSITION - JUNE 30, 2015.....	\$ 52,121,896	\$ (279,217)	\$ 51,842,679	\$ 89,357

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	ENTERPRISE FUNDS			GOVERNMENTAL
				ACTIVITIES
	MAJOR FUND	NONMAJOR	TOTALS	INTERNAL SERVICE
	SEWER	PROGRAMS		FUND
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers.....	\$ 25,789,101	\$ 3,390,315	\$ 29,179,416	\$ 633,605
Cash received from other sources.....		2,425,800	2,425,800	
Cash received from providing services.....				21,610,803
Cash paid to suppliers.....	(15,804,692)	(853,667)	(16,658,359)	
Cash paid to employees.....	(100,062)	(1,742,906)	(1,842,968)	(94,216)
Cash paid for claims.....			-	(21,522,806)
Cash paid for other operating expenses.....	417,971	(3,092,354)	(2,674,383)	(494,914)
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	10,302,318	127,188	10,429,506	132,472
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Change in interfund loans.....	46,745	38,958	85,703	(544,977)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES.....	46,745	38,958	85,703	(544,977)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets.....	(8,642,112)	(15,949)	(8,658,061)	
Collection of capital lease payment.....		355,000	355,000	
Transfer in.....		25,662	25,662	
Principal paid on bonds.....	(568,824)	(355,000)	(923,824)	
Interest paid on bonds.....	(285,582)	(16,275)	(301,857)	
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES.....	(9,496,518)	(6,562)	(9,503,080)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income from investments.....	257,793	32	257,825	1,364
NET CASH PROVIDED BY INVESTING ACTIVITIES.....	257,793	32	257,825	1,364
NET INCREASE (DECREASE) IN CASH.....	1,110,338	159,616	1,269,954	(411,141)
CASH - JULY 1, 2014 (INCLUDING RESTRICTED CASH).....	10,717,552	211,213	10,928,765	474,630
CASH - JUNE 30, 2015 (INCLUDING RESTRICTED CASH).....	\$ 11,827,890	\$ 370,829	\$ 12,198,719	\$ 63,489
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income.....	\$ 2,899,527	\$ 143,372	\$ 3,042,899	\$ (1,564,605)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation.....	2,320,610	41,884	2,362,494	
Amortization.....	-		-	
Change in pension expense.....		(61,232)	(61,232)	
(Increase) decrease in accounts receivable.....	(283,062)	(20,526)	(303,588)	(354,338)
Increase in claims deposit.....			-	1,162,458
Increase in inventory.....		(4,719)	(4,719)	
(Increase) decrease in intergovernmental receivables.....	5,905,353	648	5,906,001	
Increase (decrease) in accounts payable.....	1,428,688	48,829	1,477,517	(5,386)
Increase (decrease) in accrued payroll.....	331		331	270
Increase in compensated absences.....		6,640	6,640	
Increase (decrease) in prepaid assessments.....	(49,129)	-	(49,129)	
Decrease in OPEB.....		14,468	14,468	
Decrease in claims payable.....			-	894,073
Decrease in unearned revenue.....	(1,920,000)	(42,176)	(1,962,176)	
Decrease in advanced deposits.....			-	
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	\$ 10,302,318	\$ 127,188	\$ 10,429,506	\$ 132,472

**Fiduciary
Funds**

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations or other governments.

Pension Trust Funds

A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans.

Postemployment Healthcare Trust Fund

This fund is used to account for postemployment benefits for public safety employees.

Private-Purpose Trust Funds

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds were established to function as clearing mechanisms for cash resources which are collected and disbursed to authorized recipients. The following is a list of Agency Funds included in this section:

Unclaimed Estates in Probate - This fund was established to account for unclaimed estates that are in probate.

Performance Bonds - This Fund accounts for deposits received by the City to ensure certain work is completed by various developers. Once the work has been completed to the satisfaction of the Planning Department, the refunds are returned to the developers.

Student Activity Funds - This fund was established to account for the receipt and disbursement of school student activity programs.

CITY OF CRANSTON, RHODE ISLANDSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	PENSION TRUST FUND	OPEB TRUST FUND	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
ASSETS:				
Cash and cash equivalents.....	\$ 962,683	\$ 3,468,049	\$ 116,396	\$ 918,176
Investments:				
Real Estate Investment Trust.....	664,689			
Equity Mutual Funds.....	36,922,856			
Fixed Income Mutual Funds.....	28,849,438			
Total Investments.....	66,436,983	-	-	-
Accounts receivable.....	39,076	602,451		
TOTAL ASSETS.....	67,438,742	4,070,500	116,396	918,176
LIABILITIES:				
Accounts payable.....	19,448	34,803		
Deposits held in custody for others.....				918,176
TOTAL LIABILITIES.....	19,448	34,803	-	918,176
NET POSITION HELD IN TRUST FOR PENSION AND OPEB BENEFITS AND OTHER PURPOSES.....	\$ 67,419,294	\$ 4,035,697	\$ 116,396	\$ -

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	PENSION TRUST FUND	OPEB TRUST FUND	PRIVATE PURPOSE TRUST FUND
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 21,994,344	\$ 5,116,119	
Plan member contributions.....	336,938	283,241	\$ 8,631
Other.....	429,963	-	
Total contributions.....	22,761,245	5,399,360	8,631
Investment income:			
Interest and dividends.....	1,102,739	8,209	95
Net appreciation in the fair value of investments.....	1,435,594		
Total investment income.....	2,538,333	8,209	95
TOTAL ADDITIONS.....	25,299,578	5,407,569	8,726
DEDUCTIONS:			
Benefits.....	24,067,694	4,272,743	5,584
Administrative expenses.....	451,177	17,425	
TOTAL DEDUCTIONS.....	24,518,871	4,290,168	5,584
CHANGE IN NET POSITION.....	780,707	1,117,401	3,142
NET POSITION - JULY 1, 2014.....	66,638,587	2,918,296	113,254
NET POSITION- JUNE 30, 2015.....	\$ 67,419,294	\$ 4,035,697	\$ 116,396

The notes to the financial statements are an integral part of this statement

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

HISTORY AND ORGANIZATION

The City of Cranston, Rhode Island (the City) was incorporated in 1910 and covers an area of nearly 30 square miles. The City operates under a Mayor-Council form of government as prescribed by the City's home rule charter, which was adopted in 1962. The Mayor is elected by the voters of the City to a two-year term limited to four consecutive terms. City Council members are elected to two-year terms, limited to five consecutive terms. The City provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, sewers and water, a free public library, and education encompassing grades PreK-12.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cranston, Rhode Island, is a municipal corporation governed by an elected mayor and City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Blended Component Units:

The Public Facilities Management Foundation (the Foundation), a non-profit corporation, was created by the City on November 28, 2000. The Foundation consists of five members who are elected by or work for the City of Cranston. These members include the President of the Cranston City Council, the City Solicitor, the Director of Public Works, the Director of Finance and the Director of Administration. The Foundation provides exclusive rights, by a term lease as entered into with the City on November 1, 2000, to the use of land and buildings located in the City to be used as a storage and maintenance facility by the Public Works Department. The Foundation is reported as an enterprise fund.

B. Recently Issued Accounting Standards

During the fiscal year ended June 30, 2015 the City implemented the following new accounting pronouncements:

- GASB Statement No. 68 – Financial Reporting for Pensions – an amendment of GASB Statement No. 27, for the Authority's fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government operations for the year ended June 30, 2015. The adoption of this Statement did not have an impact on the Authority's financial position or results of operations.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the fiscal year ending June 30, 2015. Adoption of this Statement did not have a significant impact on the City's fiscal 2014 statements.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB No. 68 for the year ended June 30, 2015.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Recently Issued Accounting Standards

The following are recently issued governmental accounting standards which will be applicable in future years:

- GASB Statement No. 72 – Fair Value Measurement and Application, effective fiscal year ending June 30, 2016.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68. And amendments for certain provisions of GASB Statements No. 67 and No. 68, effective for the Authority’s fiscal year ending June 30, 2016.
- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year ending June 30, 2018.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for fiscal year ending June 30, 2016.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Authority’s fiscal year ending June 30, 2016.

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the City.

The City reports the following major governmental funds:

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

The *School Department Fund* accounts for the financial transactions of the City's School Department which are not required to be accounted for in another fund. The fund consists of state aid, City appropriation and Medicaid revenues.

The City reports the following major proprietary funds:

The *Sewer Department Fund* accounts for the activities of the City's sewer operations.

The *Public Facilities Management Foundation*, a blended component unit of the City, accounts for the activities that support and facilitate multiple divisions of the Public Works Department.

Additionally, the City reports the following fund types:

Special Revenue Funds account for and report the proceeds of revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes.

The *Capital Project Funds* account for the acquisition of capital assets or construction of major capital projects other than those financed by proprietary funds.

The *Internal Service Fund*, a proprietary type fund, is used to account for claims made against the City.

The *Pension Trust Funds* account for the activities of the Cranston Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *OPEB Trust Fund* accumulates resources for future retiree health benefits and retiree life insurance benefits for eligible teachers and police and fire retirees.

The *Private-Purpose Trust Funds* are used to account for employee contributions held in trust for qualified medical related plan expenditures. All resources of the fund, including any earnings on invested resources, may not be used to support the City's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Funds* account for monies held as a custodian on behalf of students and amounts held for

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's sewer operations and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer department enterprise fund and of the City's internal service funds are charges to customers for sales and services. The sewer department also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

Deposits - The City's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Rhode Island Statutes allow the City to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Rhode Island or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it is earned.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

1. Deposits and Investments (Continued)

The City's pension funds are invested in accordance with the Plan's investment policy, the City has agreements with the investment advisors, who manage the investment portfolios and have full authority for the investment and reinvestment of pension fund assets.

Investments for the City are reported at fair value.

2. Receivables and Payables

Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, and sewer use amounts are shown net of an allowance for uncollectibles. Allowance percentages range from 10 to 100% of outstanding receivable balances at June 30, 2015, and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred inflows, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the sixty day period have been recorded as revenue.

Property taxes are assessed on property as of December 31. Taxes are billed on or about June 1 (for the subsequent fiscal year) based on the assessed value for all real property, tangible property, and motor vehicles located in the City. Taxes are due in four installments in July, October, January and April. Rhode Island general laws restrict the City's ability to increase either its total tax levy or its tax rates by more than 4.0% over those of the preceding year. Overdue taxes are assessed penalties and will be collected through the sale of tax titles if required.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out (FIFO) method of valuation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are accounted for using the consumption method.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Restricted Assets

The restricted assets for the City are restricted for debt reserve requirements, building improvements and minor maintenance costs associated with the Public Facilities Management Foundation.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 in the City and \$5,000 in the School Department for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Leasehold improvements	20
Infrastructure	5-65
Sewer plant	50
Sewer lines and pumping stations	50-100
Vehicles	5
Machinery and equipment	3-20

6. Compensated Absences

Under the terms of various contracts and policies, City employees are granted vacation and sick leave based on length of service. The City's policy is to recognize the cost of vacation and sick leave in governmental funds when paid and on the accrual basis in proprietary funds. The amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as long-term debt in the government-wide financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Long-Term Obligations

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2015 the City of Cranston, Rhode Island had two items that qualified as deferred outflows of resources; fiscal year 2015 employer contributions for six pension plans and deferred charge on refunding reported in the government-wide statement of net position. The fiscal year 2015 employer contributions totaling \$36,657,570. The deferred charge on the refunding totaling \$1,602,541 is the unamortized balance of the difference between the carrying value of the refunded debt and the new debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2015 the City of Cranston, Rhode Island had three items that qualify as deferred inflows of resources in the governmental funds balance sheet. The unearned tax revenue represents property taxes receivables which are assessed on December 31, 2013 and prior and are not collected within 60 days of June 30, 2015. Net unearned tax revenue included in the fund financial statements were \$187,299,916 at June 30, 2015 and \$171,249,824 in the government wide financials. The other deferred inflow consists of a deferred sewer lease arrangement and the amount deferred as of June 30, 2015 was \$13,961,914. The amounts listed for changes in assumptions on the pension plans totaled \$34,901,368. These amounts are deferred and will be recognized inflows of resources in the years in which the amounts become available.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Fund Balance and Net Position

Net Position

Net position is classified in the following categories in the government-wide and proprietary fund financial statements:

- (a) Net investment in capital assets – consists of all 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 by the acquisition, construction, or improvement of those assets.
- (b) Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws, or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance

In the governmental fund financial statements, the City reported the following governmental fund balances:

- (a) Nonspendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- (b) Restricted Fund Balance – includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- (c) Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The highest level of decision-making authority for the City of Cranston is the City Council which can commit fund balance through the adoption of resolutions. Similar action must be taken to remove or revise commitments.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Fund Balance and Net Position (Continued)

Fund Balance (Continued)

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

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

Stabilization Arrangements

- (a) Budget Stabilization Fund – this fund shall be created, into which the City shall transfer such funds as are available to provide for capital expenditures and other one-time expenditures. The fund was established by a City ordinance. Any such transfer shall not create an operating deficit in the General Fund. Any expenditure from or transfer to this fund must first be approved by the City Council. As of June 30, 2015, the remaining fund balance included in this fund was \$716,060 and is reported in the totals of the City’s general fund on the governmental funds balance sheet within the committed fund balance.
- (b) Healthcare Budget Stabilization Fund – this fund shall be created, into which the excess of departmental health care expenses over actual health care claims and related expenses shall be transferred. The fund was established by a City ordinance. Any additions are considered to be approved by the original City ordinance. Any such transfer shall not create an operating deficit in the General Fund. In the event that health care claims and related expenses exceed the budgeted appropriation, then funds may be transferred from the health care budget stabilization fund to cover the deficit. Any expenditure or transfer from this fund must first be approved by the City Council. As of June 30, 2015, the remaining fund balance included in this fund was \$1,191,596 and is reported in the totals of the City’s General Fund on the governmental funds balance sheet within the committed fund balance.

10. Estimates

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

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Capital Projects Authorizations

The following is a summary of projects recorded in the Capital Projects Fund at June 30, 2015:

PROJECT NAME	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2015
GOVERNMENTAL FUNDS:				
School bond fund	\$ 20,263,772	\$ 1,549,636	\$ 17,750,456	\$ 2,513,316
Police and fire bond fund	\$ 10,782,166	\$ 1,014,572	\$ 9,580,350	\$ 1,201,816
Public building bond fund	\$ 1,500,000	\$ 2,155	\$ 1,428,170	\$ 71,830
Recreation bond fund	\$ 3,328,932	\$ 419,288	\$ 3,351,965	\$ (23,033)
Highway bond fund	\$ 9,104,674	\$ 1,657,201	\$ 8,937,947	\$ 166,727
Storm drains bond fund	\$ 1,096,893	\$ 100,453	\$ 1,023,269	\$ 73,624
Library bond fund	\$ 200,000	\$ -	\$ 200,000	\$ -
Neighborhood infrastructure fund	\$ 1,531,223	\$ 11,363	\$ 1,434,489	\$ 96,734
Open space bond fund	\$ 1,996,090	\$ -	\$ 1,996,090	\$ -
ENTERPRISE FUNDS:				
Sewer system project	\$ 22,000,000	\$ 7,041,353	\$ 13,910,371	\$ 8,089,629

B. Deficit Fund Balance

During the year ended June 30, 2015, the City had a deficit fund balance in the following funds:

Non-Major Governmental Funds

Community Development Block Grant	\$ 24,350
WIA Job Development Fund	\$ 163,572
Recreation Bond Fund	\$ 23,033

The non-major fund deficits will be eliminated through future intergovernmental grant receipts, repayment of program loans or inter-fund contributions.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES

A. Cash and Investments

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires that deposits be placed in financial institutions that are FDIC insured up to \$250,000 and rated "well capitalized" on the institution's most recent audited financial statements/SEC filings, if deposits exceed \$250,000. As of June 30, 2015, the City's bank balance of \$50,265,226 was insured and collateralized as follows:

Insured	\$ 3,315,212
Uninsured	11,184,850
Collateralized	
Collateral Held by Pledging Banks' Trust Department, Not in the City's Name	<u>35,765,164</u>
 Total Amount Subject to Custodial Risk	 <u>\$ 50,265,226</u>

The City's carrying value of cash and cash equivalents at June 30, 2015 was \$54,281,035, and is presented within the following in the financial statements:

Governmental Activities	\$ 36,553,523
Business Type Activities	12,198,719
Pension Trust Funds	962,683
OPEB Trust Funds	3,468,049
Internal Service Funds	63,489
Private Purpose Trust Funds	116,396
Agency Funds	<u>918,176</u>
 Total	 <u>\$ 54,281,035</u>

2. Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

At June 30, 2015, the City's investments, all of which are in the City's Pension Trust Funds, (including restricted investments) consisted of the following:

Type of Investment	Fair Value	N/A	Maturity	
			Less Than 1	1 - 5 Years
Equity Mutual Funds	\$ 36,922,856	\$ 36,922,856	\$ -	\$ -
Fixed Income Mutual Funds	28,849,438	-	28,849,438	-
Real Estate Investment Trusts	<u>664,689</u>	<u>664,689</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 66,436,983</u>	 <u>\$ 37,587,545</u>	 <u>\$ 28,849,438</u>	 <u>\$ -</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Interest rate risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As noted above, 100% of the City's investments are in mutual funds. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions. These investments are not rated by Standard & Poor's as of June 30, 2015.

At June 30, 2015 the City's investments totaled \$66,436,983 (held in Fiduciary Funds) and those investment options representing 5% or more of the total investment balance are as follows:

<u>Investment</u>	<u>Percentage</u>	<u>Fair Value</u>
Russell US Small Cap Equity CL A	5.15%	\$ 3,419,218
Skybridge Mutli-Advisor Hedge Fund Port LLC Ser G	5.71%	\$ 3,790,576

Credit risk - The City has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Rhode Island or political subdivision.

Custodial credit risk - The City does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City does not believe that it has a significant custodial credit risk as all the investments are registered and held in the name of the City.

B. Receivables

Receivables as of year-end for the City's government-wide financial statements by type, including the applicable allowances for uncollectibles, are as follows:

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Liens</u>	<u>Total</u>
Current Portion	\$ 191,018,581	\$ 4,085,613	\$ 195,104,194
Less Allowance for Uncollectibles	(2,955,786)	(2,293,214)	(5,249,000)
Total Receivable	<u>\$ 188,062,795</u>	<u>\$ 1,792,399</u>	<u>\$ 189,855,194</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

	Economic Development Loans	CDBG Loans	Total
Gross Receivable	\$ 1,012,395	\$ 2,252,857	\$ 3,265,252
		<u>Sewer Use Charges</u>	
		Use Charges	Interest & Liens
			Total
Current Portion	1,567,954	323,495	1,891,449
Less Allowance for Uncollectibles	<u>(367,421)</u>	<u>(119,309)</u>	<u>(486,730)</u>
Total Receivable	<u>\$ 1,200,533</u>	<u>\$ 204,186</u>	<u>\$ 1,404,719</u>

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

Unearned Revenue		
Unearned Developer Security Deposits		\$ 168,793
Tax collections in advance		3,773,366
Grant draw-downs prior to meeting all eligibility requirements		<u>4,076,996</u>
		<u>\$ 8,019,155</u>
 Sewer Property Fund		
Deferred Sewer Lease Arrangement		<u>\$ 13,961,914</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	BALANCE JULY 1, 2014	INCREASES	DECREASES	BALANCE 6/30/2015
<u>Governmental Activities:</u>				
<u>Capital Assets, not being depreciated:</u>				
Land.....	\$ 14,301,342	\$ 56,500		\$ 14,357,842
Construction in progress.....	1,771,330	2,777,231	\$ (842,489)	3,706,073
Total capital assets, not being depreciated.....	<u>16,072,672</u>	<u>2,833,731</u>	<u>(842,489)</u>	<u>18,063,915</u>
 <u>Capital Assets, being depreciated:</u>				
Land improvements.....	22,016,214	1,459,054		23,475,268
Buildings.....	94,566,134	814,250	-	95,380,384
Machinery and equipment.....	6,021,883	30,947	-	6,052,830
Office furniture and equipment.....	7,009,315	96,972	(19,448)	7,086,839
Vehicles.....	17,025,787	1,978,812	(907,398)	18,097,201
Infrastructure.....	83,919,630	-		83,919,630
Total capital assets, being depreciated.....	<u>230,558,963</u>	<u>4,380,035</u>	<u>(926,846)</u>	<u>234,012,152</u>
Total capital assets.....	<u>246,631,635</u>	<u>7,213,766</u>	<u>(1,769,334)</u>	<u>252,076,067</u>
 <u>Less accumulated depreciation for:</u>				
Land improvements.....	11,009,960	985,861	-	11,995,821
Buildings.....	41,734,758	1,487,597	-	43,222,355
Machinery and equipment.....	4,376,477	394,950	-	4,771,427
Office furniture and equipment.....	6,352,831	198,750	(16,066)	6,535,515
Vehicles.....	14,879,443	904,456	(878,821)	14,905,078
Infrastructure.....	70,086,992	1,130,657	-	71,217,649
Total accumulated depreciation.....	<u>148,440,461</u>	<u>5,102,271</u>	<u>(894,887)</u>	<u>152,647,844</u>
Total Capital Assets, being depreciated, net.....	<u>82,118,502</u>	<u>(722,236)</u>	<u>(31,959)</u>	<u>81,364,308</u>
Governmental Activities Capital Assets, net.....	<u>\$ 98,191,174</u>	<u>\$ 2,111,496</u>	<u>\$ (874,447)</u>	<u>\$ 99,428,223</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

	BALANCE JULY 1, 2014	INCREASES	DECREASES	BALANCE JUNE 30, 2015
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being depreciated:</u>				
Land.....	\$ 342,712	\$ -	\$ -	\$ 342,712
Construction in progress.....	4,964,773	8,626,363	(3,430,554)	10,160,582
Total capital assets, not being depreciated.....	5,307,485	8,626,363	(3,430,554)	10,503,294
<u>Capital Assets, being depreciated/amortized:</u>				
Land improvements.....	266,795	-	-	266,795
Leasehold improvements.....	187,562	-	-	187,562
Machinery and Equipment.....	503,681	15,951	-	519,632
Office furniture and equipment.....	1,124	-	-	1,124
Vehicles.....	20,089	15,749	-	35,838
Service to customers.....	98,337	-	-	98,337
Pumping plant and equipment.....	3,721,906	-	-	3,721,906
GIS project.....	1,103,834	-	-	1,103,834
Treatment plant and equipment.....	76,197,445	2,758,171	-	78,955,615
Infrastructure.....	49,614,390	671,724	-	50,286,114
Total capital assets, being depreciated/amortized.....	131,715,162	3,461,595	-	135,176,757
Total capital assets.....	137,022,647	12,087,958	(3,430,554)	145,680,051
<u>Less accumulated depreciation/amortization for:</u>				
Land improvements.....	248,296	7,694	-	255,990
Leasehold improvements.....	128,504	18,756	-	147,260
Machinery and Equipment.....	401,365	22,932	-	424,296
Office furniture and equipment.....	903	63	-	966
Vehicles.....	17,578	1,674	-	19,252
Service to customers.....	75,392	1,967	-	77,359
Pumping plant and equipment.....	2,032,073	70,348	-	2,102,421
GIS project.....	1,103,833	-	-	1,103,833
Treatment plant and equipment.....	40,545,891	1,576,360	-	42,122,250
Infrastructure.....	31,295,275	662,100	-	31,957,375
Total accumulated depreciation/amortization.....	75,849,109	2,361,894	-	78,211,003
Total Capital Assets, being depreciated/amortized, net.....	55,866,053	1,099,701	-	56,965,754
Business-Type Activities Capital Assets, net.....	\$ 61,173,538	\$ 9,726,064	\$ (3,430,554)	\$ 67,469,048

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:

General Government	\$ 3,707,931
Public Safety	910,060
Public Works	226,253
Education	124,289
Parks and Recreation	86,071
Public Libraries	16,675
Senior Services	30,992
	<hr/>

Total Depreciation Expense - Governmental Activities \$ 5,102,271

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities:

Sewer	\$ 2,320,610
Public Facilities Management Foundation	18,756
School Lunch	22,528
	<hr/>

Total Depreciation Expense - Business-Type Activities \$ 2,361,894

Construction Commitments

The City has active construction projects as of June 30, 2015. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Governmental-Type Activities:	
Public Works	\$ 40,762
School Bond Fund	3,203,533
Grant Match Funds	1,855,425
Business-Type Activities:	
Sewer	8,607,867
	<hr/>
Total	<u><u>\$ 13,707,587</u></u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2015 is as follows:

	Corresponding Fund	Due From	Due To
Major Funds			
General Fund:			
School Unrestricted Fund		\$ -	\$ 1,344,849
Emergency Management Fund		230	
Community Development Fund		22,643	
RSVP			95
Multipurpose Center			55
Police Federal Seizure		39,107	
Special Police Duty		203,395	
Special Fire Duty		3,716	
Ice Rink		13,465	
Highway Bond Fund			13,858
Public Libraries			7,840
Fire Grants/Donations			150,000
WIA Job Development Fund		246,027	
Police Federal Forfeiture			1,714
Historical Records			1,579
Internal Service Fund			24,448
Hospital Stabilization			302,443
Library Reserve Fund			10,993
Sewer Fund			7,272
Total General Fund		528,583	1,865,146
School Department Unrestricted:			
General Fund - City		1,344,849	
Internal Service Fund		3,900,353	
Hot Lunch Fund		86,037	
Education SR Fund		1,432,471	38,535
Charter School Fund			823,004
Total School Special Revenue Unrestricted		6,763,710	861,539
Proprietary Funds:			
Sewer Fund	General Fund	7,272	
Hot Lunch	School General Fund		86,037
Charter School Fund	School General Fund	823,004	
Total Enterprise Funds		830,276	86,037

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

1. Interfund Payables and Receivables (Continued)

	Corresponding Fund	Due From	Due To
Nonmajor Funds			
Hospital Stabilization	General Fund	302,443	
Emergency Management Fund	General Fund		230
Community Development Block Grant Fund	General Fund		22,643
RSVP	General Fund	95	
Multipurpose Center	General Fund	55	
Library Reserve	General Fund	10,993	
Highway Bond Fund	General Fund	13,858	
Historical Records	General Fund	1,579	
Fire Grants and Donations	General Fund	150,000	
Police Evidence	General Fund	1,714	
Public Libraries	General Fund	7,840	
Special Duty Fire Fund	General Fund		3,716
Special Duty Police Fund	General Fund		203,395
Police Federal Forfeiture - Justice	General Fund		39,107
Ice Rink	General Fund		13,465
Restricted School Funds	School General Fund	38,535	1,432,471
WIA Job Development Fund	General Fund		246,027
Total Nonmajor Funds		<u>527,112</u>	<u>1,961,054</u>
Internal Service Fund			
Self Insurance Fund	General Fund	24,448	
Health Insurance Fund	School General Fund		3,900,353
Total School Enterprise Funds		<u>24,448</u>	<u>3,900,353</u>
Grand Total		<u>\$ 8,674,129</u>	<u>\$ 8,674,129</u>

All interfund balances result from time lag between the dates payments occur between funds for short-term internal financing.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2015 is as follows:

	Corresponding		
	Fund	Transfers In	Transfers Out
General Fund			
School Unrestricted Fund	N/A	\$ -	\$ 91,382,652
School Unrestricted Fund	N/A	-	313,181
School Unrestricted Fund	N/A	-	1,260,000
Budget Stabilization Fund	N/A	426,723	426,723
Hospital Stabilization Fund	N/A	302,443	302,443
Public Service Fund	N/A	-	8,520
Public Facilities Management	N/A	-	25,662
Total General Fund		<u>729,166</u>	<u>93,719,181</u>
School Unrestricted			
General Fund	N/A	313,181	-
General Fund	N/A	1,260,000	-
General Fund	N/A	91,382,652	-
		<u>92,955,833</u>	-
Proprietary Funds			
Public Facilities Management			
Foundation	General Fund	<u>25,662</u>	-
Enterprise Funds			
Public Service	General Fund	<u>8,520</u>	-
Grant Total		<u>\$ 93,719,181</u>	<u>\$ 93,719,181</u>

Transfers are used to account for the financing by the general fund of various programs and activities in other funds, and administration of other funds by the general fund.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

E. Short-Term Obligations – Bond Anticipation Notes

The City uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

There were no bond anticipation notes issued during the fiscal year ending June 30, 2015.

F. Changes in Long-Term Obligations

1. Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

Description	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance			Current Portion	
					Outstanding 7/1/14 (As Restated)	Additions	Retirements		
<i>Governmental Activities:</i>									
General obligation debt:									
156 Advance refunding	05/13/05	\$ 22,280,000	3.00-5.00%	7/15/2019	\$ 13,275,000	\$ 2,180,000	\$ 11,095,000	\$ 2,280,000	
157 Public improvements	06/14/06	\$ 23,900,000	4.00-5.00%	4/1/2026	16,530,000	1,065,000	15,465,000	1,110,000	
158 Public improvements	06/18/08	\$ 13,075,000	4.00-5.00%	7/1/2028	10,870,000	510,000	10,360,000	535,000	
159 School Borrowing-159	8/7/2008	\$ 7,000,000	3.75-6.00%	4/1/2029	5,795,000	270,000	5,525,000	280,000	
160 Public improvements	7/8/2010	\$ 3,000,000	2.00-4.3%	7/1/2030	2,550,000	150,000	2,400,000	150,000	
161 School Borrowing-161	1/15/2011	\$ 700,000	2.00-4.3%	5/15/2031	490,000	70,000	420,000	70,000	
162A Public improvements	3/29/2012	\$ 3,430,000	2.00-4.37%	2/1/1933	3,255,000	175,000	3,080,000	175,000	
162B Public improvements - refunding	4/10/2012	\$ 15,955,000	2.00-5.00%	7/1/2023	15,085,000	2,250,000	12,835,000	1,535,000	
163 Public improvements	7/30/2013	\$ 10,210,000	3.00-4.75%	8/1/2033	10,210,000	330,000	9,880,000	520,000	
Total general obligation bonds					78,060,000	7,000,000	71,060,000	6,655,000	
Bond premiums					3,048,679	290,331	2,758,348	290,331	
TOTAL BONDS AND RELATED LIABILITIES					81,108,679	7,290,331	73,818,348	6,945,331	
Leases payable:									
PFMF LEASE	12/14/10	1,725,000	2 - 3%	11/1/2015	720,000	355,000	365,000	365,000	
Total leases payable					720,000	355,000	365,000	365,000	
TOTAL BONDS, NOTES AND RELATED LIABILITIES					81,828,679	7,645,331	74,183,348	7,310,331	
COMPENSATED ABSENCES					11,972,789	6,382,067	5,844,664	12,510,192	1,251,019
DEFERRED SALARY					152,485	17,545	134,940	15,249	
NET PENSION LIABILITY									
Municipal Employees' Retirement System - City of Cranston					9,011,911	8,288,960	722,951	N/A	
Municipal Employees' Retirement System - Police					1,677,644	1,677,644	-	N/A	
Employees' Retirement System					122,866,464	14,415,014	108,451,450	N/A	
Police and Fire Employees' Retirement System					266,452,515	8,157,543	258,294,972	N/A	
NET OPEB OBLIGATION - SCHOOL DEPARTMENT					5,550,897	684,878	6,173,889	N/A	
NET OPEB OBLIGATION - CITY					2,514,895	352,855	2,162,040	N/A	
CLAIMS AND JUDGEMENTS					100,000		100,000	100,000	
Total General Long-Term Obligations					\$ 502,128,279	\$ 7,066,945	\$ 462,733,782	\$ 8,676,599	

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

Description	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding 7/1/14 (As Restated)	Additions	Retirements	Balance Outstanding 6/30/2015	Current Portion
<i>Business-Type Activities:</i>									
<i>Enterprise funds:</i>									
<u>SEWER</u>									
RI Clean Water	9/1/1993	\$ 3,242,000	3.00%	9/1/2015	\$ 324,200	\$ -	\$ 162,100	\$ 162,100	\$ 162,100
RI Clean Water	8/25/1999	\$ 700,000	3.00%	9/1/2015	110,988		54,725	56,263	56,263
RI Clean Water	11/13/2003	\$ 2,000,000	3.00%	9/1/2027	1,100,000		100,000	1,000,000	100,000
RI Clean Water	9/1/2005	\$ 900,000	3.00%	9/1/2025	720,000		60,000	660,000	60,000
RI Clean Water	9/1/2007	\$ 3,000,000	1.43%	9/1/2028	2,250,000		150,000	2,100,000	150,000
RI Clean Water	2/20/2014	\$ 18,000,000	0.35% - 3.14%	9/1/1934	18,000,000		1,000	17,999,000	703,900
RI Clean Water	9/1/2010	\$ 1,000,000	0.52% - 3.19%	9/1/2030	882,000		41,000	841,000	41,000
TOTAL SEWER					23,387,188	-	568,825	22,818,363	1,273,263
<u>PUBLIC FACILITIES MANAGEMENT FOUNDATION:</u>									
<u>CERTIFICATES OF PARTICIPATION</u>									
premium	12/14/2010	\$ 1,725,000	2 - 3%	11/1/2015	720,000		355,000	365,000	365,000
					3,733		3,733	-	
TOTAL BONDS AND RELATED LIABILITIES					24,110,921	-	927,558	23,183,363	1,638,263
NET OPEB OBLIGATION					61,886	14,468		76,354	
NET PENSION LIABILITY					1,816,411		283,337	1,533,074	
COMPENSATED ABSENCES					37,380	6,640		44,020	44,020
Total Enterprise funds					\$ 24,210,187	\$ 21,108	\$ 927,558	\$ 23,303,737	\$ 1,682,283

Subsequent Issuances

In addition to the bonds found in the summary tables above, the City of Cranston entered into a Financing Agreement with The Rhode Island Health and Educational Building Corporation on August 20, 2015. The bond purchase agreement is for \$4,565,000 in Series 2015 Bonds.

The City of Cranston during July 2015, also issued through Janney Montgomery Scott LLC, General Obligation 2015 Series A Bonds and General Obligation 2015 Series B Bonds in the amounts of \$8,730,000 and \$21,985,000, respectively.

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$12,510,000 as of June 30, 2015. This amount is recorded in the government wide statements, and paid out of the General Fund.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

Other Post Employment Obligation

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" requires the City to accrue a net OPEB obligation. The amount at June 30, 2015 was approximately \$8,412,000. This amount is recorded in the government wide statements, and paid out of the General Fund.

All long-term liabilities are generally liquidated by the General Fund.

Capital assets obtained from capital leases totaled \$7,008,757.

The following is a summary of annual debt service requirements to maturity for the retirement of general obligation debt, leases and certificates of participation:

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			
	GENERAL OBLIGATION DEBT		LEASES PAYABLE		CERTIFICATES OF PARTICIPATION		CLEAN WATER BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	\$6,655,000	\$3,072,260	\$365,000	\$5,475	\$365,000	\$5,475	\$1,273,263	\$581,480
2017	6,740,000	2,793,810					1,061,733	568,346
2018	6,930,000	2,479,835					1,069,533	554,868
2019	7,160,000	2,149,410					1,079,300	538,889
2020	5,970,000	1,848,948					1,091,967	520,051
2021-2025	23,260,000	5,972,678					5,740,500	2,229,039
2026-2030	11,605,000	1,814,369					5,521,733	1,430,390
2031-2036	2,740,000	241,291					5,980,334	493,076
TOTALS	\$71,060,000	\$20,372,601	\$ 365,000	\$ 5,475	\$ 365,000	\$ 5,475	\$ 22,818,363	\$ 6,916,139

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Lease Commitment

The City is obligated under various operating leases to make the following aggregate annual lease payments.

<u>Year Ended June 30</u>	
2016	\$ 1,095,069
2017	1,070,766
2018	1,070,766
2019	1,070,766
2020	1,065,000
2021-2025	5,325,000
2026-2032	4,260,000
Totals	\$ 14,957,367

Lease expenditures approximated \$1,358,085 for fiscal year ended June 30, 2015.

3. Statutory Debt Limitations

Debt Limit

Except as explained below, under Rhode Island law the City may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the City. There is currently no outstanding debt of the City subject to the 3% debt limit. The current 3% debt limit of the City is \$203.7 million based on taxable property as of December 31, 2013, of approximately \$6.8 billion.

The State of Rhode Island General Assembly ("General Assembly") may by special act permit the City to incur indebtedness outside the 3% debt limit. Bonds issued either within the 3% debt limit or by special legislation adopted by the General Assembly authorizing the City to incur debt are subject to referendum by the electors of the City. On June 30, 2015, the City had \$70,890,000 of debt outstanding, none of which is subject to the 3% debt limit.

In addition to debt authorized within the 3% debt limit and debt authorized by special act of the General Assembly, Rhode Island General Laws Section 45-12-11 authorizes the State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The City has not requested the State Director of Administration to authorize indebtedness of the City under Section 45-12-11.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

4. In-Substance Defeasance – Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2015, the in-substance defeased bonds, which remain outstanding was \$12,150,000.

5. Authorized/Unissued Bonds

The amount of authorized, unissued bonds is as follows:

General purposes	\$ 40,240,022
Schools	<u>7,511,228</u>
TOTAL	<u>\$ 47,751,250</u>

6. Unearned Salary

Unearned salary represents an agreement Cranston Public Schools made with the teachers union in 1992. Under the agreement any teacher who was employed by the school system prior to and inclusive of the 1991-1992 school year is eligible, upon departure from the Cranston Public School system, for a stipend. The amount of the stipend is based on the salary step held by the teacher during the 1991-1992 school year. The unearned, not to exceed \$1,500 per teacher will be paid in a lump sum upon each teacher's separation from service. In the event a teacher dies while in the employ of the Cranston Public Schools the benefit will be paid to the teacher's estate. As of June 30, 2015, there were 116 teachers eligible for the benefit, with an outstanding balance of \$134,940.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

G. Fund Balance

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

At June 30, 2015 Restricted Fund Balance consisted of the following:

To Fund Future Library Expenses	\$	85,213
To Fund Education Expenses		611,712
To Fund Future Fire Expenses		150,039
To Fund School Capital Projects		3,028,847
To Fund Police and Fire Capital Projects		1,168,390
To Fund Public Building Capital Projects		71,830
To Fund Highway Capital Projects		166,727
To Fund Storm Drain Projects		73,624
To Fund Neighborhood Infrastructure Capital Projects		96,734
To Fund Future Community Development Expenditures		1,651,220
To Fund Future Public Service Expenditures		516,406
To Fund Future Senior Services Expenditures		225,704
To Fund Future Ice Rink		43,788
To Fund Future Parks and Recreation Expenditures		1,740
To Fund Future Capital Facilities Impact Expenditures		1,002,879
To Fund Future Cemetery Trust Expenditures		6,662
To Fund Future Historical Record Expenditures		721,999
Total Restricted Fund Balance	\$	<u>9,623,514</u>

At June 30, 2015 Committed Fund Balance consisted of the following:

Capital and One-Time Expenditures	\$	716,060
Excess Healthcare Funds		1,399,571
School Department Grants		7,245
School Department Encumbrances		626,796
Total Committed Fund Balance	\$	<u>2,749,672</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

III. DETAILED NOTES (CONTINUED)

G. Fund Balance (Continued)

At June 30, 2015 Nonspendable Fund Balance consisted of the following:

General Fund:		
Advance Deposits-Hospitalization	\$	207,000
School Department:		
Long-Term Receivable From Health Insurance Fund		<u>3,900,353</u>
Total Nonspendable Fund Balance	\$	<u>4,107,353</u>

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

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The City is self-insured in most areas of risk, subject to certain third party "stop loss" coinsurance. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

The City's health insurance program provides coverage to the City's employees and retirees through Healthmate and Blue Cross - Blue Shield of Rhode Island (BC/BS), United Healthcare and Delta Dental of Rhode Island. The City's program is a self-insured program with BC/BS, United Healthcare and Delta Dental acting as third-party agents for the City in the payment of the various claim plans used by the City.

The City of Cranston contributes to a separate account an amount per covered employee which would otherwise have been paid to an insurance carrier. These amounts are determined by an independent third party consultant hired by the City of Cranston who works with the provider to examine past experience and determine an adequate amount for each type of plan offered by the City. Factors considered by the plan administrator include the amount of claims paid during the previous year, claims administration costs and projected insurance industry inflation rates. The City of Cranston, including Cranston Public Schools, incurred approximately \$32 million for fiscal year 2015 under this plan.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

The claims liabilities reported in the general and school department funds are related to the self-insurance program and are based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported (IBNR) be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation, and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

In order to avoid catastrophic losses, the City “reinsures” the program by purchasing insurance known as “stop-loss insurance” from BC/BS Insurance Co. and United Healthcare Services. Two types of “stop-loss insurance” are purchased: 1) individual stop-loss; and 2) aggregate stop-loss, with both provided through the Plan Administrator. Under the individual stop-loss insurance, the City pays the first \$200,000/\$225,000 of claims for individual employees or dependents. Any charges accrued by an individual in excess of \$200,000/\$225,000 in a fiscal year are thereafter reimbursed by BCS Insurance Co. and United Healthcare Services. The aggregate stop-loss is designed to protect the City for multiple large claims which may not reach the individual stop-loss attachment point (\$200,000/\$225,000). The aggregate stop-loss limit is \$2,000,000/\$2,200,000 per claim.

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City established the Cranston Claims Committee (an internal service fund) to account for and finance its uninsured risks of loss.

The City records liabilities for self-insured claims reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. The City has established a liability based on historical trends of previous years, where available, and attorney’s estimates of pending matters and lawsuits in which the City is involved.

Changes in the self-insurance liability for the fiscal years ended June 30, 2015 are as follows:

	<u>2015</u>	<u>2014</u>
July 1	\$ 2,120,620	\$ 2,197,603
Add: incurred claims	31,333,578	28,958,191
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	30,606,858	29,018,167
Other claims	95,355	17,007
June 30	<u>\$ 2,751,985</u>	<u>\$ 2,120,620</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years. The liability at June 30, 2015 has been recorded on the statement of net position under the claims payable line, within the government-wide statements (\$2,751,985).

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

The School Department has chosen to participate in the Health Benefits Project provided by the West Bay Community Health, an independent, non-profit organization. Deposits made to the Collaborative are treated as expenditures when it is probable that a claim has been incurred, and include estimated amounts for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim and health care trends, and other economic and social factors.

B. Lease of Wastewater Treatment Facility

The City has entered into a Wastewater Treatment Facility Lease and Service Agreement with Triton, LLC/U.S. Filter/Veolia Water (the "Company"). The terms of the agreement include among others that the City will lease to the Company its Wastewater Treatment System for 25 years. The City will remain owner of the system and will continue to establish and collect all sewer fees. The Company will be responsible for providing wastewater treatment services to the City for that time period; operating and maintaining the City's wastewater treatment facility, pumping stations, force mains, sewer interceptors and the rest of the collection system; designing, constructing and testing certain system improvements; and administering the City's municipal industrial pre-treatment program ("MIPP").

The contract required the Company to pay the City a one-time payment as consideration for the lease. The payment of \$48.0 million represents a prepayment of the lease payments due to the City over the next 25 years. These lease payments are "earned" over the life of the lease. Accordingly, unearned revenue has been recorded in the Sewer Enterprise Fund which will be realized on a straight-line basis over the life of the lease (25 years).

At June 30, 2015, the balance of unearned revenue related to this was \$13,440,000 which is comprised of a short-term portion of \$1,920,000 and a long-term portion of \$11,520,000.

During the term of the agreement, the City pays the Company a service fee, which is calculated based on definitive components and amounts, as adjusted in accordance with guidelines established in the agreement. The service fee is generally fixed at the beginning of each fiscal year. During 2015, the City paid service fees totaling \$16 million. The City also recognized 4% of the lease payment (\$1,920,000) as revenue for the year ended June 30, 2015.

C. Commitments and Litigation

Construction and other significant commitments have been reported as reserve for commitments in the fund equity section of the balance sheet.

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. 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 is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the City attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems

Summary

The City contributes to five defined benefit pension plans - the Police and Fire Employees' Pension Plan of the City of Cranston ("PFERS"), a single-employer plan; the Municipal Employees' Retirement System ("MERS"), an agent multiple-employer plan; the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple employer plan; the National (Industrial) Pension Plan, a cost-sharing multi-employer defined benefit plan; and the New England Teamsters & Trucking Industry Pension Plan, a cost-sharing multiple-employer plan. The PFERS is presented in the accompanying financial statements as a fiduciary fund. MERS, ERS, the National Industrial Pension Plan and the New England Teamsters & Trucking Industry Pension Plan are not included in the City's financial statements.

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFERS")

a. Summary of Significant Accounting Policies and Plan Asset Matters

(i) Basis of Accounting

PFERS' financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contract requirements and investment income is recognized when earned and expenses (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the plan. As of June 30, 2015, there are no separate financial statements available for the PFERS plan.

(ii) Valuation of Investments

Investments are valued at fair value. There are no investments of 5% or greater in any one organization.

b. Classes of Employees Covered

As of July 1, 2015, the plans' membership consists of:

	Fire	Police	Total
Retirees, disability retirees and beneficiaries receiving benefits	219	207	426
Active plan members vested	26	6	32
Active Plan members nonvested	-	-	-
Totals	245	213	458

c. Benefit Provisions

PFERS is a single-employer defined benefit pension plan that covers all Police and Fire Department personnel hired before July 1, 1995. The Plan provides retirement, disability and survivorship benefits to plan members and their beneficiaries. A member may retire after 20 years of service. The pension is equal to 2 ½% of the member's final compensation for each year of service up to 20 years and increases 2% for each year (up to 10 years) in excess of 20 years. An additional 5% of final compensation is added to the pension at 55 years of age. A deferred pension is available to employees completing 10 years of service.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFERS") (Continued)

c. Benefit Provisions (Continued)

Contributions

Police personnel are required to contribute 10% of their base salary to the pension plan and fire personnel are required to contribute 10.5% of their base salary and longevity to the pension plan.

d. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015 (the date of the most recent actuarial valuation) was as follows:

Actuarial accrued liability (AAL)	\$	310,686,683
Actuarial value of plan assets		<u>67,867,957</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>(242,818,726)</u>
Funded ratio (actuarial value of plan assets/AAL)		21.8%
Covered payroll (active plan members)	\$	2,940,734
UAAL as a percentage of covered payroll		8257.08%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

e. Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
6/30/2013	\$ 25,705,110	\$ 21,994,344	86%
6/30/2014	\$ 21,006,057	\$ 22,376,109	107%
6/30/2015	\$ 22,353,591	\$ 21,994,344	95%

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFRS") (Continued)

f. Actuarial Assumptions

The information presented as historical trend information was determined as part of the actuarial valuation as of the date indicated in the tabulation. Additional information as of the latest valuation is as follows:

VALUATION DATE JULY 1, 2015

ACTUARIAL COST METHOD.....ATTAINED AGE NORMAL WITH THE UAAL FUNDED ON A LEVEL DOLLAR BASIS OVER A CLOSED PERIOD. FOR COURT APPROVED PLAN PROVISIONS THE CLOSED PERIOD IS THROUGH FYE 2042. FOR THE OPT OUT PLAN THE CLOSED PERIOD IS THROUGH FYE 2037.

ASSET VALUATION METHOD FAIR VALUE

ACTUARIAL ASSUMPTIONS:

Investment Rate of Return..... 7.9%

PROJECTED SALARY INCREASES:

Merit..... 3%
Cost-of-living adjustment 0%
Inflation..... 3%

AMORTIZATION METHOD LEVEL DOLLAR
OVER A CLOSED PERIOD

REMAINING AMORTIZATION PERIOD 24 YEARS

ADMINISTRATIVE EXPENSES PAID BY THE CITY

g. GASB 68 Information

i. Summary of Significant Accounting Policies

Method used to value investments. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFERS") (Continued)

ii. Plan Description

Plan Administration

The City of Cranston (City) administers the City of Cranston Fire Department and Police Department Pension Plans (Plan), a defined benefit pension plan that provides pensions for all full-time firefighters and policemen of the City. Employees hired after July 1, 1995 become members of the State plan and do not participate in this plan.

Plan Membership

As of June 30, 2014, the plans' membership consists of:

	Fire	Police	Total
Inactive plan members or beneficiaries			
currently receiving	218	208	426
Active plan members	27	6	33
Inactive plan members entitled to but not yet receiving	-	-	-
Totals	<u>245</u>	<u>214</u>	<u>459</u>

Liabilities measured at the census date were projected to June 30, 2015 assuming no gains or losses.

Contributions

The City establishes contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, the City contributed \$21,994,344 to the Plan, including \$381,765 from the state.

iii. Investments

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFERS") (Continued)

iv. Net Pension Liability

Components of Net Pension Liability

Total pension liability	\$	324,937,270
Plan fiduciary net position		(66,642,298)
Net pension liability	\$	<u>258,294,972</u>
Plan fiduciary net position as a percentage of the Total pension liability		20.51%

v. Actuarial Assumptions

The June 30, 2014 total pension liability was determined by rolling forward the June 30, 2013 valuation results, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7.50%

The 7.50% is comprised on average inflation rate of 3.00% and a real rate of return of 4.50%

Census data was collected as of July 1, 2014. Liabilities measured as of the census date were projected to June 30, 2015 assuming no demographic gains or losses.

Mortality rates for health lives were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment and improvements projected to 2024 with Scale AA. The same tables were used for disabled lives but set forward three years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table (note that the rates shown below include the inflation component):

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFERS") (Continued)

v. Actuarial Assumptions (Continued)

Asset Class	Long-Term Expected Rate of Return	Targeted Allocation
Domestic Equity (large cap)	8.79%	35.00%
Domestic Equity (mid cap)	10.85%	5.00%
Domestic Equity (small cap)	10.93%	5.00%
International Equity	9.09%	15.00%
Fixed income	4.96%	35.00%
Real estate	5.92%	5.00%
Cash	0.90%	0.00%
		<u>100.00%</u>

Discount Rate

The assumed discount rate used to measure liabilities for valuation purposes is 7.50%. The projection of cash flows used to determine the discount rate for GASB 67 purposes assumed that future City contributions will follow the contribution pattern of the most recent five years (see table below), which results in an assumption that the City will contribute approximately 89.4% of the actuarially determined contributions. Based on these assumptions, the pension plan's fiduciary net position is projected to fall short of meeting all future benefit obligations to current plan members. From the point where assets are projected to be depleted, a municipal bond rate of 3.66%, based on the S&P Municipal Bond 20 Year High Grade Rate Index, was used in the development of the blended GASB discount rate. The resulting blended rate of 7.29% was used to measure the Plan's total pension liability.

Year Ending June 30	Required Contribution (ARC)	Actual Contribution	of ARC Contributed
2012	\$ 24,154,120	\$ 20,369,456	84.33%
2013	\$ 25,705,110	\$ 21,994,344	85.56%
2014	\$ 21,006,057	\$ 22,376,109	106.52%

The ARC for the fiscal year ending June 30, 2014 was based on the results of the July 1, 2012 valuation, updated to reflect the benefit provisions of the Funding Improvement Plan. An ordinance of such provision changes was passed by the City Council and signed into law by the Mayor in April 2013.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Police and Fire Employees' Pension Plan of the City of Cranston ("PFRS") (Continued)

v. Actuarial Assumptions (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability, calculated using the discount rate of 7.29%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.29%) or 1-percentage-point higher (8.29%) than the current rate:

	1% Decrease (6.29%)	Current Discount Rate (7.29%)	1% Increase 8.29%
Net Pension Liability	\$ 294,238,023	\$ 258,294,972	\$ 228,247,849

Police and Fire units

Retirement eligibility and plan benefits – Effective July 1, 2012 the benefit accrual for all plans is 2.0% per year based on the five-year average compensation, exclusive of overtime. Retirement age is 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters who were at least 45 years old, had 10 or more years of contributing service and were eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit is calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act. Joint and survivor retirement benefit options are available.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the employer recognized pension expense of \$18,767,375. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience:		
Excess(deficit) Investment Returns		\$ (6,163,218)
Total	\$ -	\$ (6,163,218)

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2016	\$ (1,232,644)
2017	(1,232,644)
2018	(1,232,644)
2019	(1,232,644)
2020	(1,232,642)
Total	\$ (6,163,218)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

1. Municipal Employees' Retirement System of the State of Rhode Island ("MERS")

Plan Description

The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

General Employee Units

Retirement eligibility and plan benefits – Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

Benefits Provided

For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012 the retirement age will mirror the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62).

Prior to June 30, 2012 police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Benefits Provided (Continued)

The new retirement age will be 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters, that are at least 45 years old, have 10 or more years of contributing service and are eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

As of June 30, 2012 members will continue to have a frozen benefit accrual of 2.0% per year for a standard 25 year with any age and out plan; 2.5% for a standard 20 year with any age and out plan. Effective July 1, 2012 the optional 20 and 25 year with retirement at any age plans have been eliminated. The benefit accrual for all plans will be 2.0% per year based on the five-year average compensation, exclusive of overtime. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit will be calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act.

The plan also provides survivor's benefits; and certain lump sum death benefits. Plan members are vested after five years of service.

An optional cost-of-living provision may be elected for police and fire personnel and general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80% funded eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. For police and fire units, COLA will be delayed until the later of age 55 or three years after retirement. For general employee units, COLA will be delayed until the later of the Social Security Normal Retirement Age or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

General Employee Units

At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	From Employer Specific Valuation
Inactive, Nonretired Members	897
Active Members	<u>697</u>
Total	<u>1594</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

General Employee Units (Continued)

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 8% of their salaries. The City of Cranston contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City of Cranston contributed \$2,276,531 in the year ended June 30, 2015 which was 9.68% of annual covered payroll of all governments participating in the plan.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014. Collar adjustments, projected with Scale AA from 2000.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

General Employee Units (Continued)

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Medium-Term Expected Real Rate of Return</u>
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge Funds	8%	4.75%
Absolute Return Hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.50%
Core Fixed	15%	0.25%
Asset	3%	-0.50%
	<u>100%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

General Employee Units (Continued)

Changes in the Net Pension Liability (Asset)

	Total <u>Pension Liability</u>	Increase (Decrease) Plan Fiduciary <u>Net Position</u>	Net Pension Liability <u>(Asset)</u>
Balances as of June 30, 2013	\$ 132,243,062	\$ 123,143,631	
Changes for the Year			
Service cost	2,376,369		
Interest on the total pension liability	9,687,460		
Changes in benefits	-		
Difference between expected and actual experience	-		
Changes in assumptions	233,636		
Employer contributions		2,276,531	
Employee contributions		478,002	
Net investment income		18,017,830	
Benefit payments, including employee refunds	(8,530,234)	(8,530,234)	
Administrative expense		(112,827)	
Other changes		7,388	
Net changes	<u>3,767,231</u>	<u>12,136,690</u>	
Balances as of June 30, 2014	<u>\$ 136,010,293</u>	<u>\$ 135,280,321</u>	<u>\$ 729,972</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase 8.50%
\$ 15,216,013	\$ 729,972	\$ (13,756,068)

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

General Employee Units (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the employer recognized pension expense of \$930,520. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 2,461,428	
Difference in Experience		
Differences in Assumptions		\$ 178,632
Excess (Deficit) Investment Returns	-	<u>(7,202,080)</u>
Total	<u>\$ 2,461,428</u>	<u>\$ (7,023,448)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (912,404)
2017	(912,404)
2018	(912,404)
2019	(912,404)
2020	<u>(912,404)</u>
Total	<u>\$ (4,562,020)</u>

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

General Employee (Non-Certified) Defined Contribution Pension Plan

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The City of Cranston recognized pension expense of \$234,921 for the fiscal year ended June 30, 2015.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Police Units

At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

	From Employer <u>Specific Valuation</u>
<u>Retirees and Beneficiaries</u>	
Inactive, Nonretired Members	17
Active Members	<u>134</u>
Total	<u>151</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 8% of their salaries. The City contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City contributed \$687,959 in the year ended June 30, 2015 which was 8.88% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Police Units (Continued)

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the
June 30, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014. Collar adjustments, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Police Units (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Asset Class	Target Allocation	Medium-Term Expected Real Rate of Return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.50%
Core Fixed	15%	0.25%
Asset	3%	-0.50%
	<hr/> 100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Police Units (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2013	\$ 27,801,451	\$ 26,123,807	
Changes for the Year			
Service cost	1,316,743		
Interest on the total pension liability	2,112,199		
Changes in benefits	-		
Difference between expected and actual experience	-		
Changes in assumptions	(648,637)		
Employer contributions		687,959	
Employee contributions		619,646	
Net investment income		4,119,654	
Benefit payments, including employee refunds	(594,343)	(594,343)	
Administrative expense		(25,797)	
Other changes		-	
Net changes	<u>2,185,962</u>	<u>4,807,119</u>	
Balances as of June 30, 2014	<u>\$ 29,987,413</u>	<u>\$ 30,930,926</u>	<u>\$ (943,513)</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase 8.5%
\$ 2,116,890	\$ (943,513)	\$ (4,003,918)

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Police Units (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the employer recognized pension expense of \$363,824. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 825,550	
Difference in Experience		
Differences in Assumptions		\$ (589,351)
Excess (Deficit) Investment Returns		(1,707,671)
Total	\$ 825,550	\$ (2,297,022)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2016	\$ (294,294)
2017	(294,294)
2018	(294,294)
2019	(294,294)
2020	(294,294)
Total	\$ (1,471,470)

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Police Units (Continued)

Defined Contribution Plan Description:

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 3% of their annual covered salary and employers contribute 3% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The City recognized pension expense of \$240,355 for the fiscal year ended June 30, 2015.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Fire Units

At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

<u>Retirees and Beneficiaries</u>	<u>From Employer Specific Valuation</u>
Inactive, Nonretired Members	11
Active Members	<u>163</u>
Total	<u>174</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 8% of their salaries. The City contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City contributed \$1,006,080 in the year ended June 30, 2015 which was 8.65% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Fire Units (Continued)

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the
June 30, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014. Collar adjustments, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Fire Units (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Medium-Term Expected Real Rate of Return</u>
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge Funds	8%	4.75%
Absolute Eeturn Hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.50%
Core Fixed	15%	0.25%
Asset	3%	-0.50%
	<u>100%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2013	\$ 40,849,169	\$ 42,880,444	
Changes for the Year			
Service cost	2,109,017		
Interest on the total pension liability	3,126,099		
Changes in benefits	-		
Difference between expected and actual experience	-		
Changes in assumptions	(649,235)		
Employer contributions		1,006,080	
Employee contributions		933,528	
Net investment income		6,811,997	
Benefit payments, including employee refunds	(444,721)	(444,721)	
Administrative expense		(42,657)	
Other changes		727	
Net changes	4,141,160	8,264,954	
Balances as of June 30, 2014	\$ 44,990,329	\$ 51,145,398	\$ (6,155,069)

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase Rate (8.5%)
\$ (1,609,896)	\$ (6,155,069)	\$ (10,700,242)

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Fire Units (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the employer recognized pension expense of \$306,695. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 1,181,419	
Difference in experience:		
Difference in assumptions		\$ (592,227)
Excess(deficit) Investment		(2,832,182)
Returns		
Total	\$ 1,181,419	\$ (3,424,409)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2016	\$ (448,598)
2017	(448,598)
2018	(448,598)
2019	(448,598)
2020	(448,598)
Total	\$ (2,242,990)

Defined Contribution Plan Description:

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 3% of their annual covered salary and employers contribute 3% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

2. Municipal Employees' Retirement System of the State of Rhode Island ("MERS") (Continued)

Fire Units (Continued)

Defined Contribution Plan Description (Continued)

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The City recognized pension expense of \$352,270 for the fiscal year ended June 30, 2015.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

3. Employees' Retirement System of the State of Rhode Island ("ERS")

Plan Description

Certain employees of the Cranston School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit provisions – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Employees' Retirement System of the State of Rhode Island ("ERS") (Continued)

Plan Description (Continued)

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, Cranston School District teachers were required to contribute 3.75% of their annual covered salary. The state and the Cranston School District are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Cranston School Department; the rates were 9.19% and 13.41% of annual covered payroll for the fiscal year ended June 30, 2015 for the state and Cranston School District, respectively. The Cranston School District contributed \$10,096,904, \$9,073,509 and \$8,325,743 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the Cranston School District reported a liability of \$109,977,503 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Cranston School District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Cranston School District were as follows:

Cranston School District proportionate share of net pension liability:	\$ 109,977,503
State's proportionate share of the net pension liability associated with the Cranston District:	<u>75,416,640</u>
Total net pension liability	<u>\$ 185,394,143</u>

The net pension liability was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Cranston School District proportion of the net pension liability was based on a projection of the Cranston School District long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2014 the Cranston School District's proportion was 4.51838480%.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Employees' Retirement System of the State of Rhode Island ("ERS") (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

Funding Policy (Continued)

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%.

For the year ended June 30, 2015 the Cranston School District recognized gross pension expense of \$12,887,872 and revenue of \$5,242,668 for support provided by the State. At June 30, 2015 the Cranston School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources

Contributions subsequent to the measurement date:	<u>\$ 10,096,904</u>
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Deferred inflows of resources

Changes of assumptions:	\$ (3,895,613)
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Net difference between projected and actual

earnings on pension plan investments:	<u>(9,470,240)</u>
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Total	<u>\$ (13,365,853)</u>
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CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Employees' Retirement System of the State of Rhode Island ("ERS") (Continued)

Funding Policy (Continued)

\$10,096,904 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ (653,790)
2017	(653,790)
2018	(653,790)
2019	(653,790)
2020	(653,789)
Total	<u>\$ (3,268,949)</u>

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50% to 6.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Employees' Retirement System of the State of Rhode Island ("ERS") (Continued)

Funding Policy (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge Funds	8%	4.75%
Absolute Return Hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.50%
Core Fixed	15%	0.25%
Asset	3%	-0.50%
	<hr/> 100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Employees' Retirement System of the State of Rhode Island ("ERS") (Continued)

Funding Policy (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease	Current Discout	1% Increase
-6.50%	Rate (7.5%)	8.50%
\$ 137,733,231	\$ 109,977,503	\$ 81,652,253

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Defined Contribution Plan Description:

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Cranston School District recognized pension expense of \$1,812,034, for the fiscal year ended June 30, 2015.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Defined Contribution Plan Description:

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

3. Employees' Retirement System of the State of Rhode Island ("ERS") (Continued)

Funding Policy (Continued)

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The City of Cranston recognized pension expense of \$2,204,493 for the fiscal year ended June 30, 2015.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

4. Teacher's Survivors Benefits of the State of Rhode Island ("TSB")

Plan Description - Certain employees of the Cranston School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Eligibility and plan benefits - The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

4. Teacher's Survivors Benefits of the State of Rhode Island ("TSB") (Continued)

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary:</u>	<u>Basic Monthly Spouse's Benefit:</u>
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

<u>Parent and 1 Child</u>	<u>Parent and 2 or more Children</u>	<u>One Child Alone</u>	<u>Two Children Alone</u>	<u>Three or more Children Alone</u>	<u>Dependent Parent</u>
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Cranston School District contributed \$97,925, \$98,293 and \$96,887 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

4. Teacher's Survivors Benefits of the State of Rhode Island ("TSB")

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015 the Cranston School District reported an asset of \$20,076,310 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Cranston School District proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014 the Cranston School District proportion was 16.14880307%.

For the year ended June 30, 2015 the Cranston School District recognized pension expense of \$1,547,549 – an increase in the net pension asset. At June 30, 2015 the Cranston School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources

Contributions subsequent to the measurement date: \$ 97,925

Deferred inflows of resources

Net difference between projected and actual

earnings on pension plan investments: \$ (2,627,418)

Funding Policy

\$97,925 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2015 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2016	\$	(505,899)
2017		(505,899)
2018		(505,899)
2019		(505,899)
2020		(505,897)
Total	\$	(2,529,493)

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

4. Teacher's Survivors Benefits of the State of Rhode Island ("TSB")

Funding Policy (Continued)

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a table based on male and female teacher experience, projected with scale AA from 2000.

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Medium-term expected real rate of return</u>
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.50%
Core Fixed	15%	0.25%
Asset	3%	-0.50%
	100%	

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

4. Teacher's Survivors Benefits of the State of Rhode Island ("TSB")

Funding Policy (Continued)

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

<u>1.00% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase 8.5%</u>
\$ 17,205,110	\$ 20,076,310	\$ 22,947,096

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

5. National (Industrial) Pension Plan

Plan Description

Upon the date of hire, most of the City's public works' employees and all School Department bus drivers are eligible to participate in the National (Industrial) Pension Fund, a cost-sharing multiple-employer defined benefit plan. The plan also provides the following types of pensions which pay benefits to a retired participant during their lifetime and thereafter pay benefits to the participant's surviving spouse or other beneficiary: husband-and-wife pension, survivor's option pension, and 120 certain payments option pension. The Plan also provides for a widow/widower's pension. Employees who retire at or after age 62 with at least 5 years of pension credit and have earned at least one of the years of pension credit during the period that their employer is contributing to the pension fund are eligible for benefits through the regular pension that is payable monthly for life. The retirement benefit is determined by the highest contribution rate at which the employee earned pension credit and the years of pension credits they have earned (up to a maximum of 30 years of pension credits). The Plan also provides death and disability benefits. Benefits are established by the Board of Trustees of the Pension Fund. Financial statements for the Plan can be obtained by contacting the Laborers' National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC, 20106.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

5. National (Industrial) Pension Plan

Funding Policy

Covered employees are not required to contribute to the Plan. For Fiscal Year ended June 30, 2015 the City was required to contribute \$1.54 per hour, and the School Department was required to contribute \$.81 per hour for each hour worked by the employees to the Plan.

Contributions

Contributions for the past three years were as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributor
<u>City</u>			
6/30/2013	\$ 192,459	\$ 192,459	100%
6/30/2014	\$ 209,545	\$ 209,545	100%
6/30/2015	\$ 238,153	\$ 238,153	100%
<u>School Department</u>			
6/30/2013	\$ 79,179	\$ 79,179	100%
6/30/2014	\$ 93,145	\$ 93,145	100%
6/30/2015	\$ 116,668	\$ 115,668	100%

6. New England Teamsters & Trucking Industry Pension Plan

Plan Description

Upon the date of hire, most workers within City Hall and other clerical staff throughout the City are eligible to participate in the New England Teamsters & Trucking Industry Pension Plan, a cost-sharing multiple-employer defined benefit plan. Benefits under the plan are provided through a trust fund. A copy of the annual report can be obtained by contacting the trustees at: New England Teamsters & Trucking Industry Pension Fund, 1 Wall Street, Burlington, MA 01803.

Funding Policy

Covered employees are currently not required to contribute to the Plan. For the Fiscal Year ended June 30, 2015, the City was required to contribute \$1.18 per hour for each hour worked by the employees to the Plan.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems (Continued)

5. National (Industrial) Pension Plan (Continued)

Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributor
6/30/2013	\$ 227,855	\$ 227,855	100%
6/30/2014	\$ 273,003	\$ 273,003	100%
6/30/2015	\$ 276,354	\$ 276,354	100%

E. Other Post-Employment Benefits (OPEB) – Public Safety Employees

1. Plan Description

The City maintains and administers a single-employer OPEB benefit plan that covers all public safety employees. The plan provides health benefits and life insurance benefits to eligible retired police and fire employees and their beneficiaries. The plans provisions may be amended by the City and the Trustees of the plan. The trust is accounted for as an OPEB trust fund in the City's financial statements. As of June 30, 2014, there are no separate financial statements available for the Public Safety Employees OPEB plan.

2. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan.

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefits (OPEB) – Public Safety Employees (Continued)

2. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Classes of Employees Covered

As of July 1, 2015 (date of the last actuarial valuation) membership data was as follows:

Active employees	333
Inactive employees	
Retirees	178
Spouses	137
Retiree (Life only)	<u>163</u>
Total plan members	<u>811</u>

3. Funding Policy

The City established an Irrevocable Trust Agreement (OPEB Trust) effective July 1, 2006, and has started to pre-fund OPEB liabilities. The City pays certain medical premiums for a retiree and certain dependents until they reach the age of 65 years unless they are not covered by Medicare benefits, in that case, coverage continues for life. If a firefighter dies before reaching normal retirement age, the City pays for the benefit of the firefighter's family, if any, the full cost of family medical coverage (as in effect at the time of the firefighter's death) until the firefighter's normal retirement date. In addition, Police retirees are entitled to a City paid life insurance benefit of \$17,000 if they retired after July 1, 1982. Firemen retiring after July 1, 1981 are eligible for the \$17,000 benefit. Fire retirees retired between July 1, 2002 and June 30, 2007 are entitled to a City paid life insurance benefit of \$20,000 and if a firemen retirees after July 1, 2007, a \$25,000 life insurance benefit is payable. In addition to the above, firefighters who retire with an occupational injury or illness receive a City paid life insurance benefit of \$50,000 if death occurs within 3 years of his/her retirement date.

4. Annual OPEB Cost and Net OPEB Obligation

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

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefits (OPEB) – Public Safety Employees (Continued)

4. Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual required contribution	\$ 4,748,610
Interest on net OPEB obligation	188,617
Adjustment to annual required contribution	<u>(173,963)</u>
Annual OPEB cost (expense)	4,763,264
Contributions made	<u>5,116,119</u>
Decrease in net OPEB obligation	(352,855)
Net OPEB obligation - July 1, 2014	<u>2,514,895</u>
Net OPEB obligation - June 30, 2015	<u>\$ 2,162,040</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset/(Obligation)
6/30/2013	\$ 5,429,164	81%	\$ (2,789,193)
6/30/2014	\$ 5,137,893	106%	\$ (2,514,895)
6/30/2015	\$ 4,763,264	107%	\$ (2,162,040)

5. Funded Status and Funding Progress

The required supplementary information, which follows the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB – Public Safety Employees with a valuation date of July 1, 2015, which is the most recent report available.

Actuarial accrued liability (AAL)	\$ 59,893,710
Actuarial value of plan assets	<u>4,060,566</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ (55,833,144)</u>
Funded ratio (actuarial value of plan assets/AAL)	6.78%
Covered payroll (active plan members)	\$ 21,573,372
UAAL as a percentage of covered payroll	258.81%

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-Employment Benefits (OPEB) – Public Safety Employees (Continued)

5. Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

6. Actuarial Methods and Assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

The projected unit credit cost method was used in the July 1, 2015 actuarial valuation. Actuarial assumptions included a 7.5% investment rate of return (net of investment expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time.

The actuarial assumptions for medical and re-insurance inflation are growth of 7.5% for 2015 and declining by 0.25% per year until 5.0% is reached. The 5.0% growth is used on a go-forward basis. The UAAL will be amortized over a closed thirty year period with 22 years remaining. Amortization amounts are assumed to increase with overall salary increases of 3.75%. The actuarial assumption for CPI is 3% per year.

F. Other Post-Employment Benefits (OPEB) – School Department Employees

1. Plan Description

The City maintains and administers a single-employer OPEB benefit plan that covers all School Department employees. The plan provides health benefits and dental insurance benefits to eligible retired employees and their beneficiaries. The plan provisions may be amended by the Cranston School Committee and the Trustees of the plan. The OPEB activity is accounted for in the School Unrestricted Fund in the City's financial statements. As of June 30, 2014, there are no separate, audited GAAP-basis financial statements available for the Board of Education Employees OPEB plan.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) – School Department Employees

2. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The OPEB activity is accounted for on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan. Administrative costs are generally financed through the School Unrestricted Fund.

Valuation of Investment

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

Classes of Employees Covered

As of July 1, 2015 (date of the last actuarial valuation) membership data was as follows:

Active employees	1,035
Inactive employees	
Retirees	<u>125</u>
Total plan members	<u><u>1,160</u></u>

3. Funding Policy

The School Department has not yet established a Trust to pre-fund OPEB liabilities. The amounts due for these benefits are funded on a pay-as-you-go basis. The School Department pays 100% of the cost of individual health care insurance and dental insurance benefits for all retired eligible employees retiring before September 1, 2005 until the employee reaches the age of 65. Cost shares have been negotiated for teachers (5% of plan cost) for the retirement period September 1, 2005 and August 31, 2009. Teachers retiring between September 1, 2009 and August 31, 2011 are responsible for a 15% cost share of their benefits. Teachers retiring on or after September 1, 2011 are responsible for a 20% cost share of their benefits.

Administrators retiring prior to July, 2005 have no cost share. Administrators retiring between July 1, 2005 and June 30, 2008 are responsible for a 10% cost share of their benefits. Administrators retiring between July 1, 2008 and June 30, 2010 are responsible for a 20% cost share of their benefits. Administrators retiring between July 1, 2010 and June 30, 2011 are responsible for a 22% cost share of benefits. Administrators retiring on or after July 1, 2010 are responsible for a 25% cost share of their benefits. No benefits are paid for employees retiring prior to 1988.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

3. Funding Policy (Continued)

The School Department funds post-retirement benefits on a pay-as-you-go basis. Expenditures for the benefits described above for the year ended June 30, 2015 were \$447,213.

4. Annual OPEB Cost and Net OPEB Obligation

The Board of Education's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer and employees who elect dependent coverage (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

	Total	School	Charter
Annual required contribution	\$1,391,038	\$1,362,258	\$28,780
Interest on net OPEB obligation	194,281	190,261	4,020
Amortization	(438,760)	(429,682)	(9,078)
Annual OPEB cost (expense)	1,146,559	1,122,837	23,722
Contributions made	447,213	437,960	9,253
Increase in net OPEB obligation	699,346	684,877	14,469
Net OPEB obligation - 7/1/14	5,550,897	5,489,012	61,885
Net OPEB obligation - 6/30/15	\$6,250,243	\$6,173,889	\$76,354

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset/(Obligation)
6/30/2013	\$ 1,141,295	109%	\$ (5,247,762)
6/30/2014	\$ 1,158,523	74%	\$ 5,550,897
6/30/2015	\$ 1,146,559	38%	\$ 6,250,243

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

5. Funded Status and Funding Progress

The required supplementary information, which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB – Board of Education Employees with a valuation date of July 1, 2015, which is the most recent report available.

Actuarial accrued liability (AAL)	\$ 13,331,812
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 13,331,812</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 77,648,987
UAAL as a percentage of covered payroll	17.17%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

6. Actuarial Methods and Assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

The projected unit credit cost method was used in the June 30, 2013 actuarial valuation. Actuarial assumptions included a 3.50% investment rate of return (net of administrative expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time. The actuarial assumptions for medical and re-insurance inflation are growth of 7.5% for 2015 and declining by 0.25% per year until 5.0% is reached. The 5.0% growth is used on a go-forward basis. The UAAL will be amortized over a closed twenty six year period. The actuarial assumption for dental inflation is 5% per year and the assumption used for CPI is 3% per year.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

6. Actuarial Methods and Assumptions (Continued)

Per capita costs are adjusted to reflect the relative cost of health coverage based on a retiree's age and sex. Representative relative values, relative to a male aged 65 are presented in the table below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.145	0.298
30	0.180	0.425
35	0.225	0.463
40	0.284	0.464
45	0.352	0.491
50	0.460	0.572
55	0.604	0.667
60	0.778	0.778
65	1.000	0.911

The age/sex health care cost relativities implemented in this valuation reflect associated differences in medical costs are based on data from the recent study, "Health Care Costs – From Birth to Death" prepared by the actuary.

G. City of Cranston Defined Contribution Plan

1. Plan Description

The Plan name is " City of Cranston Defined Contribution Plan ", ID # is 05-6000110, Determination Letter Form 5300 is filed with IRS, and ING Specimen Adoption Agreement for 401A Defined Contribution Plan. Defined Contribution Plan for the Teamsters Bargaining Union where the employee and the employer contribute 3% of earnings all stated in Form 5300 and the ING Plan Document. Plan based on approved enabling legislation presented in January 2010 and approved in that session. Total employer contributions made to the plan during June 30, 2015 were \$28,637. Total employee contributions made to the plan during June 30, 2015 were \$26,637.

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

H. School Department Defined Contribution Plan

1. Plan Description

The Plan name is "Cranston Public Schools 401(a) Retirement Plan". ID # is 801343, effective July 1, 2012. Defined Contribution Plan for the Local Rhode Island 153 Bargaining Union where the employee and employer contribute 3% of earnings all stated in the Security Benefit Plan Document. Total employer contributions made to the plan during the fiscal year ending June 30, 2015 was \$9,353. Total employee contributions made to the plan during the fiscal year ending June 30, 2015 was \$9,353.

I. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the City's teachers to the Employees' Retirement System of the State of Rhode Island was \$6,491,132.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT K

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

K. Restatements

Government Wide (Governmental Activities) Financial Statements:

The beginning net position for the governmental activities statements was restated as follows:

	<u>GOVERNMENT WIDE (GOVERNMENTAL ACTIVITIES)</u>
Net position (deficit), June 30, 2014 as previously reported	\$ (16,537,747)
GASB 68 adjustment to remove June 30, 2014 net pension obligation	96,680,237
Accumulated depreciation adjustment to remove modified depreciation method	(34,176,724)
GASB 68 and 71 adjustment to add the June 30, 2014 net pension liability	<u>(347,055,589)</u>
Net position (deficit), July 1, 2014, as restated	<u>\$ (301,089,823)</u>

The beginning net position for the business type activities was restated as follows:

	<u>GOVERNMENT WIDE (BUSINESS TYPE ACTIVITIES)</u>
Net position, June 30, 2014 as previously reported	\$ 50,626,777
GASB 68 and 71 adjustment to add current year net pension liability	(1,416,630)
Miscellaneous deferred revenue adjustments	(1,495)
Adjustment to capital assets to remove capitalized project accounted for in general fund	<u>(108,758)</u>
Net position, July 1, 2014, as restated	<u>\$ 49,099,894</u>

Proprietary Fund Financial Statements:

The beginning net position for the sewer enterprise fund was restated as follows:

	<u>ENTERPRISE SEWER FUND</u>
Net position, June 30, 2014 as previously reported	\$ 49,646,168
Adjustment to capital assets to remove capitalized project accounted for in general fund	<u>(108,758)</u>
Net position, July 1, 2014, as restated	<u>\$ 49,537,410</u>

The beginning net position for the non-major enterprise funds were restated as follows:

	<u>ENTERPRISE NON MAJOR FUNDS</u>
Net position, June 30, 2014 as previously reported	\$ 980,609
GASB 68 and 71 adjustment to add the June 30, 2014 net pension liability	(1,416,630)
Miscellaneous deferred revenue adjustments	<u>(1,495)</u>
Net position, July 1, 2014, as restated	<u>\$ (437,516)</u>

**Required
Supplementary
Information**

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)
REVENUES:				
General property taxes.....	\$ 180,401,288	\$ 180,401,288	\$ 181,540,560	\$ 1,139,272
Intergovernmental	19,184,140	19,184,140	15,720,513	(3,463,627)
Charges for Services:				
Licenses and permits.....	3,049,172	3,049,172	2,903,668	(145,504)
Fines and forfeitures.....	1,700,000	1,700,000	1,388,538	(311,462)
Departmental.....	6,826,168	6,826,168	7,874,301	1,048,133
Investment income.....	60,001	60,001	82,275	22,274
Education.....	49,433,000	49,433,000	49,433,000	-
Other.....	2,170,750	2,170,750	1,514,790	(655,960)
TOTAL REVENUES.....	262,824,519	262,824,519	260,457,645	(2,366,874)
EXPENDITURES:				
Current:				
Executive.....	545,176	545,176	523,977	21,199
City Council.....	276,690	276,690	239,431	37,259
Law.....	514,000	974,000	956,169	17,831
Personnel.....	62,311	62,311	52,697	9,614
City Clerk.....	1,023,362	1,243,362	1,239,807	3,555
Probate Court.....	19,339	19,339	19,060	279
Municipal Court.....	272,618	272,618	204,562	68,056
Board of Canvassers.....	369,608	369,608	340,857	28,751
City Planning.....	1,316,810	636,810	380,570	256,240
Economic Development.....	172,672	172,672	157,468	15,204
Inspections.....	933,640	933,640	878,991	54,649
Finance.....	4,061,944	4,101,944	4,023,221	78,723
Fire.....	29,252,614	28,462,614	28,216,292	246,322
Rescue Fund.....	2,170,000	2,170,000	1,146,074	1,023,926
Police.....	21,037,870	21,037,870	20,614,559	423,311
Long-Term Debt.....	25,764,957	25,764,957	25,764,957	-
Public works.....	14,846,827	15,500,827	15,267,760	233,067
Parks and recreation.....	2,280,334	2,376,334	2,376,377	(43)
Public libraries.....	3,063,894	3,063,894	3,063,894	-
Senior services.....	3,025,556	3,025,556	2,949,059	76,497
Municipal Debt.....	10,802,686	10,802,686	10,702,685	100,001
Education.....	140,815,652	140,815,652	140,815,652	-
Community Grants.....	171,000	171,000	156,000	15,000
Boards and Commissions.....	19,189	19,189	17,624	1,565
Harbor Master.....	5,770	5,770	5,768	2
Transfers to Other Funds.....	-	-	2,328,009	(2,328,009)
TOTAL EXPENDITURES.....	262,824,519	262,824,519	262,441,520	382,999
EXCESS (DEFICIENCY) OF BUDGETED REVENUES OVER EXPENDITURE	-	-	(1,983,875)	(1,983,875)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(1,983,875)	\$ (1,983,875)
FUND BALANCE - JULY 1, 2014.....			22,350,391	
FUND BALANCE - JUNE 30, 2015.....			\$ 20,366,516	

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND - SCHOOL UNRESTRICTED
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE / (UNFAVORABLE)
REVENUES:				
State aid.....	\$ 46,647,627	\$ 46,647,627	\$ 46,647,627	\$ -
Federal through State.....	1,200,000	1,200,000	1,471,274	271,274
Tuition.....	1,120,000	1,120,000	1,111,638	(8,362)
Miscellaneous.....	459,591	459,591	415,691	(43,900)
TOTAL REVENUES.....	49,427,218	49,427,218	49,646,230	219,012
EXPENDITURES:				
Salaries.....	85,037,142	85,037,142	86,468,737	(1,431,595)
Employee benefits.....	34,147,897	34,147,897	31,737,661	2,410,236
Purchased services.....	15,243,238	15,243,238	14,700,894	542,344
Supplies and materials.....	4,646,549	4,646,549	4,476,385	170,164
Capital outlay.....	1,672,601	1,672,601	1,814,439	(141,838)
Other.....	62,443	62,443	58,277	4,166
TOTAL EXPENDITURES.....	140,809,870	140,809,870	139,256,393	1,553,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES...	(91,382,652)	(91,382,652)	(89,610,163)	1,772,489
OTHER FINANCING SOURCES:				
Transfers in City of Cranston.....	91,382,652	91,382,652	91,382,652	-
Transfers out to capital reserve.....			(500,000)	(500,000)
Transfers in City of Cranston.....			313,181	313,181
School district's deficit reduction.....			1,260,000	1,260,000
	91,382,652	91,382,652	92,455,833	1,073,181
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	2,845,670	\$ 2,845,670
FUND BALANCE - JULY 1, 2014.....			(793,593)	
FUND BALANCE - JUNE 30, 2015.....			<u>\$ 2,052,077</u>	

CITY OF CRANSTON, RHODE ISLAND

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REQUIRED SUPPLEMENTARY INFORMATION

(1 of 2)

OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

PUBLIC SAFETY OPEB TRUST PLAN

ACTUARIAL VALUATION DATE JULY1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(B-A)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROL
2007	\$ 127,670	\$ 47,222,807	\$ 47,095,137	0.3%	N/A	N/A
2008	\$ 505,545	\$ 52,191,492	\$ 51,685,947	1.0%	N/A	N/A
2009	\$ 397,327	\$ 50,533,441	\$ 50,136,114	0.8%	\$ 4,638,936	(1,080.8%)
2010	\$ 450,533	\$ 50,765,110	\$ 50,314,577	0.9%	\$ 4,099,268	(1,227.4%)
2011	\$ 114,890	\$ 52,934,184	\$ 52,819,294	0.2%	\$ 19,993,085	(0,264.2%)
2012	\$ 255,153	\$ 63,353,593	\$ 63,098,440	0.4%	\$ 20,471,562	(0,308.2%)
2013	\$ 1,089,925	\$ 60,059,536	\$ 58,969,611	1.8%	\$ 21,576,605	(0,273.3%)
2014	\$ 2,918,296	\$ 56,842,245	\$ 53,923,949	5.1%	\$ 21,982,918	(0,245.3%)
2015	\$ 4,060,566	\$ 59,893,710	\$ 55,833,144	6.8%	\$ 21,573,372	(0,258.8%)

(Continued)

CITY OF CRANSTON, RHODE ISLAND

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REQUIRED SUPPLEMENTARY INFORMATION

(2 of 2)

OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

DEPARTMENT OF EDUCATION OPEB PLAN

ACTUARIAL VALUATION DATE JULY1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(A-B)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2007	\$ -	\$ 25,950,366	\$ (25,950,366)	0.0%	\$ 68,573,674	-37.84%
2008	\$ -	\$ 35,821,039	\$ (35,821,039)	0.0%	\$ 69,144,049	-51.81%
2009	\$ -	\$ 31,160,310	\$ (31,160,310)	0.0%	\$ 70,733,606	-44.05%
2010	\$ -	\$ 26,766,553	\$ (26,766,553)	0.0%	\$ 72,135,074	-37.11%
2011	\$ -	\$ 26,287,884	\$ (26,287,884)	0.0%	\$ 73,686,949	-35.68%
2013	\$ -	\$ 13,581,115	\$ (13,581,115)	0.0%	\$ 88,453,767	-15.35%
2014	\$ -	\$ 11,653,717	\$ (11,653,717)	0.0%	\$ 85,987,558	-13.55%
2015	\$ -	\$ 13,331,812	\$ (13,331,812)	0.0%	\$ 77,648,987	-17.17%

CITY OF CRANSTON, RHODE ISLAND

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REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

PUBLIC SAFETY OPEB TRUST PLAN

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION (ARC)	ACTUAL CONTRIBUTION	% OF ARC CONTRIBUTED
2007	\$ 3,515,765	\$ 3,692,176	105%
2008	\$ 3,606,418	\$ 3,700,648	103%
2009	\$ 4,047,835	\$ 3,273,843	81%
2010	\$ 4,092,301	\$ 3,649,942	89%
2011	\$ 4,089,059	\$ 3,500,000	86%
2012	\$ 4,405,694	\$ 4,420,103	100%
2013	\$ 5,412,191	\$ 4,405,694	81%
2014	\$ 5,116,119	\$ 5,412,191	106%
2015	\$ 4,748,610	\$ 5,116,119	108%

DEPARTMENT OF EDUCATION OPEB PLAN

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION (ARC)	ACTUAL CONTRIBUTION	% OF ARC CONTRIBUTED
2008	\$ 2,548,187	\$ 2,122,221	83%
2009	\$ 3,504,375	\$ 2,288,090	65%
2010	\$ 3,119,950	\$ 2,002,019	64%
2011	\$ 2,837,968	\$ 1,670,995	59%
2012	\$ 2,858,098	\$ 1,377,509	48%
2013	\$ 1,270,797	\$ 1,243,673	98%
2014	\$ 1,293,254	\$ 855,388	66%
2015	\$ 1,391,038	\$ 447,213	32%

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - CITY
SCHEDULE OF CHANGES IN THE CITY OF CRANSTON'S NET PENSION
LIABILITY AND RELATED RATIOS

	Year Ended June 30, 2014
A. Total pension liability	
1. Service Cost	\$ 2,376,369
2. Interest on the Total Pension Liability	9,687,460
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	-
5. Changes of assumptions	233,636
6. Benefit payments, including refunds of employee contributions	(8,530,234)
7. Net change in total pension liability	3,761,231
8. Total pension liability – beginning	132,243,062
9. Total pension liability – ending (a)	<u>\$ 136,010,293</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 2,276,531
2. Contributions – employee	478,002
3. Net investment income	18,017,830
4. Benefit payments, including refunds of employee contributions	(8,530,234)
5. Pension Plan Administrative Expense	(112,827)
6. Other	7,388
7. Net change in plan fiduciary net position	12,136,690
8. Plan fiduciary net position – beginning	123,143,631
9. Plan fiduciary net position – ending (b)	<u>\$ 135,280,321</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 729,972</u>
D. Plan fiduciary net position as a percentage of the total pension liability	99.46%
E. Covered employee payroll	23,528,405
F. Net pension liability as a percentage of covered payroll	3.10%

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

(2 of 6)

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - POLICE
SCHEDULE OF CHANGES IN THE CITY OF CRANSTON'S NET PENSION
LIABILITY AND RELATED RATIOS

	Year Ended June 30, 2014
A. Total pension liability	
1. Service Cost	\$ 1,316,743
2. Interest on the Total Pension Liability	2,112,199
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	-
5. Changes of assumptions	(648,637)
6. Benefit payments, including refunds of employee contributions	(594,343)
7. Net change in total pension liability	2,185,962
8. Total pension liability – beginning	27,801,451
9. Total pension liability – ending (a)	<u>\$ 29,987,413</u>
B. Plan fiduciary net position	
1. Contributions – employer	687,959
2. Contributions – employee	619,646
3. Net investment income	4,119,654
4. Benefit payments, including refunds of employee contributions	(594,343)
5. Pension Plan Administrative Expense	(25,797)
6. Other	-
7. Net change in plan fiduciary net position	4,807,119
8. Plan fiduciary net position – beginning	26,123,807
9. Plan fiduciary net position – ending (b)	<u>\$ 30,930,926</u>
C. Net pension asset - ending (a) - (b)	\$ (943,513)
D. Plan fiduciary net position as a percentage of the total pension liability	103.15%
E. Covered employee payroll	\$ 7,745,546
F. Net pension liability as a percentage of covered payroll	-12.18%

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

(3 of 6)

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - FIRE
SCHEDULE OF CHANGES IN THE CITY OF CRANSTON'S NET PENSION
LIABILITY AND RELATED RATIOS

	Year Ended June 30, 2014
A. Total pension liability	
1. Service Cost	\$ 2,109,017
2. Interest on the Total Pension Liability	3,126,099
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	-
5. Changes of assumptions	(649,235)
6. Benefit payments, including refunds of employee contributions	(444,721)
7. Net change in total pension liability	4,141,160
8. Total pension liability – beginning	40,849,169
9. Total pension liability – ending (a)	\$ 44,990,329
B. Plan fiduciary net position	
1. Contributions – employer	\$ 1,006,080
2. Contributions – employee	933,528
3. Net investment income	6,811,997
4. Benefit payments, including refunds of employee contributions	(444,721)
5. Pension Plan Administrative Expense	(42,657)
6. Other	727
7. Net change in plan fiduciary net position	8,264,954
8. Plan fiduciary net position – beginning	42,880,444
9. Plan fiduciary net position – ending (b)	\$ 51,145,398
C. Net pension asset - ending (a) - (b)	\$ (6,155,069)
D. Plan fiduciary net position as a percentage of the total pension liability	113.68%
E. Covered employee payroll	\$ 11,626,334
F. Net pension liability as a percentage of covered payroll	-52.94%

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

(4 of 6)

EMPLOYEES' RETIREMENT SYSTEM COST- SHARING PLAN
SCHEDULE OF CRANSTON'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

	<u>2015</u>
Employer's proportion of the net pension liability	4.51838480%
Employer's proportionate share of the net pension liability	\$ 109,977,503
State's proportionate share of the net pension liability associated with the school district	<u>75,416,640</u>
Total	<u>\$ 185,394,143</u>
Employer's covered employee payroll	\$ 75,293,840
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	146.06%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

Notes:

1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

(5 of 6)

TEACHERS' SURVIVORS BENEFIT COST- SHARING PLAN
SCHEDULE OF CRANSTON'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)

	<u>2015</u>
Employer's proportion of the net pension asset	16.15%
Employer's proportionate share of the net pension asset	\$ (20,076,310)
Employer's covered employee payroll	\$ 75,293,840
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	-26.66%
Plan fiduciary net position as a percentage of the total pension liability	173.30%

Notes:

1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

(6 of 6)

CRANSTON RETIREMENT SYSTEM - POLICE AND FIRE PENSION
SCHEDULE OF CHANGES IN THE CITY OF CRANSTON'S NET PENSION
LIABILITY AND RELATED RATIOS

	Year Ended June 30, 2014
A. Total pension liability	
1. Service Cost	\$ 802,841
2. Interest on the Total Pension Liability	22,844,850
3. Net investment income	(3,527,212)
4. Contributions – employer	(21,994,344)
5. Contributions – employee	(368,575)
6. Changes of benefit terms	-
7. Pension Plan Administrative Expense	629,880
8. State allocation	(381,765)
9. Interest Expense	-
10. Changes of assumptions	-
11. Difference between Expected and Actual Liability Experience	
12. Difference between projected and actual earnings of the Total Pension Liability	(6,163,218)
13. Other	-
Net Change in Pension Liability	(8,157,543)
Net Pension Liability, Beginning	266,452,515
Net Pension Liability, Ending	\$ 258,294,972

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - CITY
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	<u>2015</u>
Actuarially determined contribution	\$ 2,461,428
Contributions in relation to the actuarially determined contribution	2,461,428
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 23,528,405
Contributions as a percentage of covered-employee payroll	10.46%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF CRANSTON, RHODE ISLAND

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REQUIRED SUPPLEMENTARY INFORMATION

(2 of 6)

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - POLICE
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	<u>2015</u>
Actuarially determined contribution	\$ 825,550
Contributions in relation to the actuarially determined contribution	825,550
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 7,745,546
Contributions as a percentage of covered-employee payroll	10.66%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

(3 of 6)

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - FIRE
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	<u>2015</u>
Actuarially determined contribution	\$ 1,181,419
Contributions in relation to the actuarially determined contribution	1,181,419
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 11,626,334
Contributions as a percentage of covered-employee payroll	10.16%

Notes:

1.) *Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

(4 of 6)

EMPLOYEES' RETIREMENT SYSTEM COST-SHARING PLAN
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	<u>2015</u>
Actuarially determined contribution	\$ 10,096,904
Contributions in relation to the actuarially determined contribution	10,096,904
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 75,293,840
Contributions as a percentage of covered- employee payroll	13.41%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

(5 of 6)

TEACHERS' SURVIVORS BENEFIT COST-SHARING PLAN
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	<u>2015</u>
Statutorily determined contribution	\$ 97,925
Contributions in relation to the statutorily determined contribution	97,925
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 75,293,840
Contributions as a percentage of covered- employee payroll	0.13%

Notes:

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

(6 of 6)

TEACHERS' SURVIVORS BENEFIT COST-SHARING PLAN
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	<u>2015</u>
Actuarially determined contribution	\$ 22,353,591
Contributions in relation to the actuarially determined contribution	21,994,344
Contribution deficiency (excess)	<u>\$ 359,247</u>
Covered-employee payroll	\$ 2,940,734
Contributions as a percentage of covered-employee payroll	748%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI

2.) Schedule is intended to show information for 10 years - additional years will be displayed as

CITY OF CRANSTON, RHODE ISLAND

RSI-7

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

GASB68

Municipal Employees' Retirement System

Notes to Schedule	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Varies depending on Years of Service and Age
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Employees' Retirement System

Notes to Schedule	
Actuarial cost method	Entry age normal-the individual entry age actuarial cost methodology
Amortization method	Level percentage of payroll, closed
Equivalent single remaining amortization period	21 years at June 30, 2014
Inflation	2.75%
Salary Increases	State Employees - 3.50% to 6.50% Teachers - 3.50% to 13.50%
Investment rate of return	7.50%
Cost of living adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4%-the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement.
Mortality	Teachers: Male and Female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Fire and Police Benefit Plan

Notes to Schedule	
Actuarial cost method	Attained Age Normal
Amortization method	Level dollar basis, closed
Equivalent single remaining amortization period	28 years at June 30, 2014
Inflation	2.75%
Salary Increases	3%
Investment rate of return	7.50%
Cost of living adjustments	COLA is based on the Court approved plan.

Teachers' Survivors Benefit Plan

Notes to Schedule	
Actuarial cost method	Entry age normal-the individual entry age actuarial cost methodology is used.
Inflation	2.75%
Salary Increases	Teachers - 3.50% to 13.50%
Investment rate of return	7.50%
Mortality	Teachers: Male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.
Cost of Living Adjustments	Eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment-for valuation purposes, a 2.75% cost of living adjustments is assumed.

Budgets and Budgetary Accounting

It is the responsibility of the Mayor, with the cooperation of the Director of Finance, to submit a proposed budget for the following fiscal year to the City Council not later than the first day of April of each year. The City Council acts on the budget not later than the 15th day of May. Public hearings are conducted on the recommended budget and the final recommended budget is legally enacted through an ordinance at the Financial City Council Meeting. Budget appropriations lapse at the end of the fiscal year, with the exception of capital project funds.

The level of budgetary control for the General Fund (that is, the level at which expenditures cannot legally exceed appropriations) is fixed by resolution as part of the annual budget adoption process at the Financial City Council Meeting. Although the resolution prohibits spending in excess of the authorized budget, it does allow management the right to create interdepartmental transfers (within a department) at any time during the fiscal year. Intradepartmental transfers (between different departments) and supplemental appropriations are restricted to the fourth quarter and must be approved by the City Council in the form of an ordinance. Intradepartmental transfers reallocate surplus funds from one department to another. Supplemental appropriations increase both revenue appropriation and expenditure appropriation by an equal amount. For the fiscal year ended June 30,

CITY OF CRANSTON, RHODE ISLAND

RSI-7

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

2015, intradepartmental transfers and supplemental appropriations netted an increase to the original adopted budget by \$210,000.

The budget for the Schools Unrestricted Fund is prepared annually and approved by the School Committee. The amount of the annual transfer from the General Fund is ultimately determined through the adoption of the General Fund budget. This appropriation does not lapse at year end. The City also adopts budgets for two of the non-major special revenue funds.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the City's budgetary reports as expenditures in the current year. The budgetary reports are located in the Required Supplementary Information (RSI) immediately following these notes. Generally, aside from the Capital Projects Fund, all unencumbered appropriations lapse at year end. Appropriations for capital projects are reissued in the amount available at the end of the fiscal year.

Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (RSI), is as follows:

	GENERAL FUND			SCHOOL DEPARTMENT FUND		
	REVENUES	EXPENDITURES	FUND BALANCE	REVENUES	EXPENDITURES	FUND BALANCE
BALANCE, BUDGETARY BASIS						
JUNE 30, 2015.....	\$ 260,457,645	\$ 262,441,520	\$ 20,366,516	\$ 49,646,230	\$ 139,256,393	\$ 2,052,077
Revenues/Expenditures accounted for on the budgetary basis associated with Education funds	(49,433,000)	(140,815,652)				
Encumbrances outstanding at June 30, 2014 liquidated during the year June 30, 2015					320,650	(320,650)
Encumbrances outstanding at June 30, 2015 Charged to budgetary expenditures					(626,721)	626,721
Transfers to the school department not included in the City's general fund budget		(1,999,904)				
Transfer from non major funds included in City's other revenue category on general fund budget	(8,520)	(1,280)	1,280			
Fund balance restricted for capital reserve and other purposes and removed from budgetary fund balance.						1,257,426
Transfer out to Public Facilities Management Foundation not included in the City's general fund budget		(25,662)				
Transfer out to budget stabilization fund not included in the City's general fund budget		(302,443)				
Opening balances for funds that do not meet the GASB 54 definition for a special revenue fund			2,431,048			
Deficit reduction payment						1,573,181
Current year activity for funds that do not meet the GASB 54 definition for a special revenue fund	866,166	1,340,470	254,862			
Revenue/Expenditure pass-thru				487,938	537,632	(49,694)
State Teachers' Retirement on-behalf payment				6,746,731	6,746,731	
BALANCE, GAAP BASIS, JUNE 30, 2015 EXHIBIT D	\$ 211,882,291	\$ 120,637,049	\$ 23,053,706	\$ 56,880,899	\$ 146,234,685	\$ 5,139,061

**Supplemental
Schedules**

**Nonmajor
Governmental
Funds**

Special Revenue Funds

Special Revenue Funds are used to account for revenues from specific taxes and other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Education - This fund accounts for education programs financed with grants from private parties and the federal and state government, which are restricted as governed by the grant agreements.

Community Services – These funds account for various grants and donations that are used throughout the City for the general betterment of the City. Included in this category are the following funds:

- **Flood Mitigation-** This fund was established to help mitigate flooding in low lying areas throughout the City.
- **UDAG** – This fund accounts for the repayment of principal and interest payments from commercial loans funded by a grant from the Department of Housing and Urban Development.
- **Economic Development Revolving Loan** - This fund accounts for the repayment of principal and interest payments from commercial loans funded by a grant from the Department of Housing and Urban Development.
- **Public Libraries-**This fund is used to account for gifts, bequests and grants received by the library for the betterment of the public library system.

Public Services - These funds accounts for public safety activities financed by grants, donations and charges received from private parties and federal and state agencies. This category includes the following funds:

Emergency Management
Harbor Master
Fire Revolving Loan Fund
Special Duty Fire
Animal Shelter
Police Grants/Donations
Police Federal Forfeiture-Justice
Police Evidence
Police State Seizure
Police Federal Forfeiture-Treasury
Training Academy
Special Duty Police

Special Revenue Funds (Continued)

Senior Services - The following funds were established to account for the receipt and disbursement of funds for specific activities sponsored by the Senior Citizens Center:

- RSVP
- Multipurpose Center
- Adult Day Care
- Senior Service Special Project
- Cranston Senior Games

Governmental Special Revenue - This fund accounts for special grants and non-capital projects and includes the following funds:

- Connetta Park
- Parks and Recreation
- Inaugural Committee
- Capital Facilities Development Impact Fees
- Cemetery Trust
- Historical Records

Community Development Block Grant - This fund accounts for Federal Community Development Block Grants.

WIA Job Development - This fund is a joint venture with the City of Providence to help unemployed and underemployed individuals.

Capital Project Funds

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except for those financed by the Enterprise Funds.

School Bond Fund - This fund accounts for the construction and improvements to school buildings, and for the acquisition of equipment for the Cranston School District.

Police and Fire Bond Fund - This fund accounts for the construction and improvements to police and fire stations and for the acquisition of police and fire equipment.

Public Building Bond Fund - This fund accounts for the construction and improvements of City buildings and the acquisition of equipment for City Hall.

Recreation Bond Fund - This fund accounts for the construction and improvements of the City's recreation facilities and for the acquisition of open space.

Highway Bond Fund - This fund accounts for construction and improvements to roads and highways within the City.

Storm Drains Bond Fund - This fund accounts for the installation and repair of storm drains within the City.

Neighborhood Infrastructure Bond Fund - This fund accounts for neighborhood improvement projects.

Open Space Bond Fund - This fund accounts for the acquisition of open space.

CITY OF CRANSTON, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds				
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds
ASSETS:					
Cash and cash equivalents.....	\$ 818,519	\$ 1,654,202	\$ 524,287	\$ 225,826	\$ 1,756,615
Investments.....	-			-	
Receivables:					
Intergovernmental.....	1,424,662			-	
Loans.....		1,012,395			-
Other.....	3,826		251,130		-
Due from:					
Other funds.....	61,938	7,840	1,714	150	1,579
TOTAL ASSETS.....	\$ 2,308,945	\$ 2,674,437	\$ 777,131	\$ 225,976	\$ 1,758,194
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable.....	\$ 1,793	\$ 10,822	\$ 10,074	\$ 272	\$ 20,424
Accrued payroll.....	-		1,106		
Accrued expenses.....					4,490
Retainage payable.....	-				
Due to other funds.....	1,432,471	-	246,448	-	-
Due to School Department.....					
Unearned revenues.....	811,744	1,012,395	-		-
TOTAL LIABILITIES.....	2,246,008	1,023,217	257,628	272	24,914
FUND BALANCES:					
Restricted.....	-	1,651,220	516,406	225,704	1,733,280
Committed.....	7,245				
Assigned.....	-	-	-		
Unassigned.....	55,692		3,097		
TOTAL FUND BALANCES.....	62,937	1,651,220	519,503	225,704	1,733,280
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,308,945	\$ 2,674,437	\$ 777,131	\$ 225,976	\$ 1,758,194

CITY OF CRANSTON, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds		Capital Project Funds		
	Community Development Block Grant	WIA Job Development	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund
ASSETS:					
Cash and cash equivalents.....		\$ 85,580	\$ 3,985,806	\$ 1,201,816	\$ 71,830
Investments.....					
Receivables:					
Intergovernmental.....			-		-
Loans.....	\$ 2,252,857				
Other.....					
Due from:					
Other funds.....					
TOTAL ASSETS.....	\$ 2,252,857	\$ 85,580	\$ 3,985,806	\$ 1,201,816	\$ 71,830
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable.....			\$ 858,016		
Accrued payroll.....					
Accrued expenses.....	\$ 1,707	\$ 3,125			
Retainage payable.....			98,943	\$ 33,426	
Due to other funds.....	22,643	246,027			
Due to School Department.....	-				
Unearned revenues.....	2,252,857				
TOTAL LIABILITIES.....	2,277,207	249,152	956,959	33,426	-
FUND BALANCES:					
Restricted.....			3,028,847	1,168,390	\$ 71,830
Committed.....					
Assigned.....					
Unassigned.....	(24,350)	(163,572)			
TOTAL FUND BALANCES.....	(24,350)	(163,572)	3,028,847	1,168,390	71,830
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,252,857	\$ 85,580	\$ 3,985,806	\$ 1,201,816	\$ 71,830

CITY OF CRANSTON, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Capital Project Funds					Total Nonmajor Governmental Funds
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Library Bond Fund	Neighborhood Infrastructure Bond Fund	
ASSETS:						
Cash and cash equivalents.....	\$ 43,628	\$ 303,567	\$ 75,395	\$ -	\$ 96,734	\$ 10,843,805
Investments.....						-
Receivables:						-
Intergovernmental.....		-				1,424,662
Loans.....						3,265,252
Other.....						254,956
Due from:						-
Other funds.....		13,858			-	87,079
TOTAL ASSETS.....	\$ 43,628	\$ 317,425	\$ 75,395	\$ -	\$ 96,734	\$ 15,875,754
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable.....	\$ 66,661	\$ 150,698	\$ 1,771			\$ 1,120,531
Accrued payroll.....						1,106
Accrued expenses.....						9,322
Retainage payable.....						132,369
Due to other funds.....						1,947,589
Due to School Department.....						-
Unearned revenues.....						4,076,996
TOTAL LIABILITIES.....	66,661	150,698	1,771	-	-	7,287,913
FUND BALANCES:						
Restricted.....		166,727	73,624	-	\$ 96,734	8,732,762
Committed.....						7,245
Assigned.....						-
Unassigned.....	(23,033)					(152,166)
TOTAL FUND BALANCES.....	(23,033)	166,727	73,624	-	96,734	8,587,841
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 43,628	\$ 317,425	\$ 75,395	\$ -	\$ 96,734	\$ 15,875,754

CITY OF CRANSTON, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds				
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds
REVENUES:					
Intergovernmental.....	\$ 8,955,172	\$ 16,111	\$ 185,562		
Charges for services.....			1,759,020	\$ 152,271	\$ 183,068
Investment income.....		46,510	756	491	5,142
Other.....	91,905	272,562	28,768		
TOTAL REVENUES	9,047,077	335,183	1,974,106	152,762	188,210
EXPENDITURES:					
Current:					
General government.....		110,786			119,726
Public safety.....			1,700,735		43,070
Education.....	9,045,540				
Parks and recreation.....					304
Public libraries.....		188,990			
Senior services.....				170,498	
Community development.....		51,231			
Debt service:					
Interest and other costs.....					
Capital:					
Capital expenditures.....					
TOTAL EXPENDITURES	9,045,540	351,007	1,700,735	170,498	163,100
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,537	(15,824)	273,371	(17,736)	25,110
OTHER FINANCING SOURCES (USES):					
Transfers out.....			(8,520)		
NET OTHER FINANCING SOURCES (USES)	-	-	(8,520)	-	-
NET CHANGE IN FUND BALANCES	1,537	(15,824)	264,851	(17,736)	25,110
FUND BALANCES - JULY 1, 2014	61,400	1,667,044	254,652	243,440	1,708,170
FUND BALANCES - JUNE 30, 2015	\$ 62,937	\$ 1,651,220	\$ 519,503	\$ 225,704	\$ 1,733,280

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		Capital Project Funds		
	Community Development Block Grant	WIA Job Development	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund
REVENUES:					
Intergovernmental.....	\$ 1,022,722	\$ 380,058			
Charges for services.....					
Investment income.....	412,039	56			
Other.....					
TOTAL REVENUES	1,434,761	380,114	-	-	-
EXPENDITURES:					
Current:					
General government.....		422,941			\$ -
Public safety.....				\$ -	
Education.....			\$ -		
Parks and recreation.....					
Public libraries.....					
Senior services.....					
Community development.....	1,435,837				
Debt service:					
Interest and other costs.....			101	145	-
Capital:					
Capital expenditures.....			1,714,791	1,000,086	2,155
TOTAL EXPENDITURES	1,435,837	422,941	1,714,892	1,000,231	2,155
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,076)	(42,827)	(1,714,892)	(1,000,231)	(2,155)
OTHER FINANCING SOURCES (USES):					
Transfers out.....					
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(1,076)	(42,827)	(1,714,892)	(1,000,231)	(2,155)
FUND BALANCES - JULY 1, 2014.....	(23,274)	(120,745)	4,743,739	2,168,621	73,985
FUND BALANCES - JUNE 30, 2015.....	\$ (24,350)	\$ (163,572)	\$ 3,028,847	\$ 1,168,390	\$ 71,830

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Project Funds					Total Non-Major Governmental Funds
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Library Bond Fund	Neighborhood Infrastructure Bond Fund	
REVENUES:						
Intergovernmental.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,559,625
Charges for services.....						2,094,359
Investment income.....					-	464,994
Other.....		111,122				504,357
TOTAL REVENUES	-	111,122	-	-	-	13,623,335
EXPENDITURES:						
Current:						
General government.....		-				653,453
Public safety.....						1,743,805
Education.....						9,045,540
Parks and recreation.....	-					304
Public libraries.....						188,990
Senior services.....						170,498
Community development.....						1,487,068
Debt service:						
Interest and other costs.....	30	243	12	-	2	533
Capital:						
Capital expenditures.....	350,758	1,302,587	73,407	-	11,362	4,455,146
TOTAL EXPENDITURES	350,788	1,302,830	73,419	-	11,364	17,745,337
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(350,788)	(1,191,708)	(73,419)	-	(11,364)	(4,122,002)
OTHER FINANCING SOURCES (USES):						
Transfers out.....						(8,520)
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	(8,520)
NET CHANGE IN FUND BALANCES.....	(350,788)	(1,191,708)	(73,419)	-	(11,364)	(4,130,522)
FUND BALANCES - JULY 1, 2014.....	327,755	1,358,435	147,043	-	108,098	12,718,363
FUND BALANCES - JUNE 30, 2015.....	\$ (23,033)	\$ 166,727	\$ 73,624	\$ -	\$ 96,734	\$ 8,587,841

CITY OF CRANSTON, RHODE ISLAND

NONMAJOR BUDGETARY FUNDS
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET BASIS
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

COMMUNITY DEVELOPMENT BLOCK GRANT

	ORIGINALLY ADOPTED BUDGET	FINAL APPROVED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES:				
Program Income.....	\$ 160,000	\$ 370,000	\$ 412,039	\$ 42,039
Federal Grants.....	1,068,262	1,068,262	1,022,722	(45,540)
Total Revenues.....	1,228,262	1,438,262	1,434,761	(3,501)
EXPENDITURES:				
Current:				
Program Activities.....	1,228,262	1,438,262	1,435,837	2,425
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	\$ -	\$ -	\$ (1,076)	\$ (1,076)

WORKFORCE INVESTMENT ACT

	ORIGINALLY ADOPTED BUDGET	FINAL APPROVED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES:				
Program Income.....	\$ 460,826	\$ 460,826	\$ 380,058	\$ (80,768)
Investment Income.....	-	-	56	56
Total Revenues.....	460,826	460,826	380,114	(80,712)
EXPENDITURES:				
Current:				
Program Activities.....	460,826	460,826	422,941	(37,885)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	\$ -	\$ -	\$ (42,827)	\$ (42,827)

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE JULY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2015
<u>Unclaimed Estates in Probate Court</u>				
ASSET				
Cash.....	\$ 96,816	\$ 7	\$ -	\$ 96,823
LIABILITY				
Deposits Held in Custody for Others.....	\$ 96,816	\$ 7	\$ -	\$ 96,823
<u>Performance Bonds</u>				
ASSET				
Cash.....	\$ 234,236	\$ 18,470	\$ 15,000	\$ 237,706
LIABILITY				
Deposits Held in Custody for Others.....	\$ 234,236	\$ 18,470	\$ 15,000	\$ 237,706
<u>Student Activity Funds</u>				
ASSET				
Cash.....	\$ 516,410	\$ 1,395,770	\$ 1,328,533	\$ 583,647
LIABILITY				
Deposits Held in Custody for Others.....	\$ 516,410	\$ 1,395,770	\$ 1,328,533	\$ 583,647
<u>TOTALS</u>				
ASSET				
Cash.....	\$ 847,462	\$ 1,414,247	\$ 1,343,533	\$ 918,176
LIABILITY				
Deposits Held in Custody for Others.....	\$ 847,462	\$ 1,414,247	\$ 1,343,533	\$ 918,176

CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES		
	SCHOOL DEPARTMENT INTERNAL SERVICE FUND	CITY INTERNAL SERVICE FUND	TOTALS
ASSETS			
Current Assets:			
Cash and cash equivalents.....		\$ 63,489	\$ 63,489
Prepaid expenses.....	\$ -		-
Receivables:			
Other.....	363,619		363,619
Due from other funds.....		24,448	24,448
Claims deposit.....	5,022,184		5,022,184
Total Current Assets	5,385,803	87,937	5,473,740
Noncurrent Assets:			
Advance deposits - medical.....	801,500	-	801,500
Total Noncurrent Assets	801,500	-	801,500
TOTAL ASSETS	6,187,303	87,937	6,275,240
LIABILITIES			
Current Liabilities:			
Accounts payable.....		5,132	5,132
Accrued payroll.....		528	
Due to other funds.....	3,900,353	-	3,900,353
Claims payable.....	1,959,598	320,272	2,279,870
Total Current Liabilities	5,859,951	325,932	6,185,355
Total Noncurrent Liabilities	-	-	-
TOTAL LIABILITIES	5,859,951	325,932	6,185,883
NET POSITION			
Net investment in capital assets.....	-	-	
Unrestricted.....	327,352	(237,995)	89,357
TOTAL NET POSITION	\$ 327,352	\$ (237,995)	\$ 89,357

SCHEDULE 6

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES		TOTALS
	SCHOOL DEPARTMENT INTERNAL SERVICE FUND	CITY INTERNAL SERVICE FUND	
OPERATING REVENUES:			
Charges for usage and service.....	\$ 21,965,141	\$ 550,000	\$ 22,515,141
Miscellaneous.....		83,605	83,605
TOTAL OPERATING REVENUES.....	21,965,141	633,605	22,598,746
OPERATING EXPENSES:			
Operations.....		489,528	489,528
Personnel.....		94,486	94,486
Claims.....		522,188	522,188
Health care management.....	23,057,149		23,057,149
TOTAL OPERATING EXPENSES.....	23,057,149	1,106,202	24,163,351
OPERATING (LOSS)	(1,092,008)	(472,597)	(1,564,605)
NONOPERATING REVENUES:			
Investment income.....		1,364	1,364
NONOPERATING REVENUES		1,364	1,364
CHANGE IN NET POSITION.....	(1,092,008)	(471,233)	(1,563,241)
NET POSITION - JULY 1, 2014 -	1,419,360	233,238	1,652,598
NET POSITION - JUNE 30, 2015.....	\$ 327,352	\$ (237,995)	\$ 89,357

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES		TOTALS
	SCHOOL DEPARTMENT INTERNAL SERVICE FUND	CITY INTERNAL SERVICE FUND	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers.....		\$ 633,605	\$ 633,605
Cash received from providing service.....	\$ 21,610,803		21,610,803
Cash paid to employees.....		(94,216)	(94,216)
Cash paid for claims.....	(21,082,775)	(440,031)	(21,522,806)
Cash paid for other operating expenses.....		(494,914)	(494,914)
NET CASH USED IN OPERATING ACTIVITIES.....	528,028	(395,556)	132,472
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Change in interfund loans.....	(528,028)	(16,949)	(544,977)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES.....	(528,028)	(16,949)	(544,977)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Income from investments.....		1,364	1,364
NET DECREASE IN CASH.....	-	(411,141)	(411,141)
CASH - JULY 1, 2014 (INCLUDING RESTRICTED CASH).....	-	474,630	474,630
CASH - JUNE 30, 2015 (INCLUDING RESTRICTED CASH).....	\$ -	\$ 63,489	\$ 63,489
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:			
Operating income (loss).....	\$ (1,092,008)	\$ (472,597)	\$ (1,564,605)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Increase in accounts receivable.....	(354,338)		(354,338)
Increase in claims deposits.....	1,162,458		1,162,458
Decrease in accounts payable.....		(5,386)	(5,386)
Decrease in accrued payroll.....		270	270
Increase in prepaid expenses.....			-
(Increase) decrease in claims payable.....	811,916	82,157	894,073
Decrease in advanced deposits.....			-
NET CASH USED IN OPERATING ACTIVITIES.....	\$ 528,028	\$ (395,556)	\$ 132,472

**Capital Assets
Used in the Operation of Governmental
Funds**

CITY OF CRANSTON, RHODE ISLAND

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2015

	LAND	LAND IMPROVEMENTS	INFRASTRUCTURE	BUILDINGS	VEHICLES	OFFICE FURNITURE & EQUIP.	MACHINERY AND EQUIPMENT	TOTAL
General government.....	\$ 14,357,842	\$ 23,475,268	\$ 83,919,630	\$ 94,565,664	\$ 118,680	\$ 1,327,200		\$ 217,764,284
Public safety.....					9,732,600	1,169,537	\$ 3,872,288	14,774,425
Public works.....					4,380,531	35,085	872,631	5,288,247
Education.....				814,720	2,677,450	1,179,483		4,671,653
Parks and recreation.....					685,333	-	1,201,468	1,886,801
Public libraries.....					17,457	3,317,679	63,806	3,398,942
Senior services.....					485,150	57,855	42,637	585,642
TOTAL.....	\$ 14,357,842	\$ 23,475,268	\$ 83,919,630	\$ 95,380,384	\$ 18,097,201	\$ 7,086,839	\$ 6,052,830	\$ 248,369,994

CITY OF CRANSTON, RHODE ISLAND

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2015
General government.....	\$ 215,414,710	\$ 2,566,525	\$ 3,383	217,977,852
Public safety.....	14,374,391	848,543	662,078	14,560,856
Public works.....	5,291,234	26,974	29,960	5,288,248
Education.....	3,987,049	867,020	182,416	4,671,653
Parks and recreation.....	1,825,946	109,863	49,009	1,886,800
Public libraries.....	3,381,332	17,610		3,398,942
Senior services.....	585,643			585,643
TOTAL CAPITAL ASSETS	\$ 244,860,305	\$ 4,436,535	\$ 926,846	\$ 248,369,994

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

CONTENTS

FINANCIAL TRENDS (TABLES 1 - 4)

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

REVENUE CAPACITY (TABLES 5 - 7)

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

DEBT CAPACITY (TABLES 8 - 11)

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

DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 13)

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

OPERATING INFORMATION (TABLES 14 - 16)

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF CRANSTON, RHODE ISLAND

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)	2008	2007	2006
Governmental activities:										
Invested in capital assets, net of related debt	\$ 28,003,223	\$ 19,411,174	\$ 49,660,029	\$ 41,265,304	\$ 38,755,896	\$ 36,911,322	\$ 30,061,368	\$ 27,722,028	\$ 28,499,098	\$ 12,863,084
Restricted	-	-	-	-	-	2,770,499	754,859	3,219,448	2,530,430	9,468,021
Unrestricted	(307,155,840)	(320,500,997)	(86,076,389)	(85,654,610)	(81,803,993)	(79,180,678)	(63,493,862)	(59,641,599)	(59,323,748)	(42,514,069)
Total Governmental activities	(279,152,617)	(301,089,823)	(36,416,360)	(44,389,306)	(43,048,097)	(39,498,857)	(32,677,635)	(28,700,123)	(28,294,220)	(20,182,964)
Business-type activities:										
Invested in capital assets, net of related debt	66,195,785	37,961,522	55,410,689	54,943,414	55,835,806	54,279,242	58,955,899	60,339,186	63,828,596	63,684,992
Restricted	8,598,629	-	-	-	-	501,295	501,302	507,594	954,040	504,624
Unrestricted	(22,951,735)	11,138,372	(7,230,976)	(9,165,835)	(11,349,807)	(12,293,232)	(18,495,702)	(20,023,658)	(25,204,693)	(24,602,130)
Total Business-type activities	51,842,679	49,099,894	48,179,713	45,777,579	44,485,999	42,487,305	40,961,499	40,823,122	39,577,943	39,587,486
Total City:										
Invested in capital assets, net of related debt	94,199,008	57,372,696	105,070,718	96,208,718	94,591,702	91,190,564	89,017,267	88,061,214	92,327,694	76,548,076
Restricted	8,598,629	-	-	-	-	3,271,794	1,256,161	3,727,042	3,484,470	9,972,645
Unrestricted	(330,107,575)	(309,362,625)	(93,307,365)	(94,820,445)	(93,153,800)	(91,473,910)	(81,989,564)	(79,665,257)	(84,528,441)	(67,116,199)
Total City	\$(227,309,938)	\$(251,989,929)	\$ 11,763,353	\$ 1,388,273	\$ 1,437,902	\$ 2,988,448	\$ 8,283,864	\$ 12,122,999	\$ 11,283,723	\$ 19,404,522

TABLE 2
(1 of 3)

CITY OF CRANSTON, RHODE ISLAND

**CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2015	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)	2008	2007	2006
EXPENSES:										
Governmental activities:										
General government	\$ 15,760,616	\$ 13,331,926	\$ 13,332,988	\$ 14,124,547	\$ 11,681,983	\$ 11,927,606	\$ 13,502,051	\$ 11,071,588	\$ 14,667,120	\$ 10,038,244
Public safety	76,316,860	76,071,254	80,850,179	76,501,580	74,176,278	75,005,742	69,891,470	64,867,512	69,816,686	66,103,904
Public works	15,539,611	15,709,766	15,002,479	15,167,301	14,162,027	14,132,084	14,286,657	13,603,612	13,111,503	12,353,799
Education	175,923,426	148,510,719	143,177,724	145,560,327	148,737,275	147,353,569	144,564,947	145,639,712	139,954,890	128,470,859
Parks and recreation	3,100,766	2,502,784	2,187,997	2,271,516	1,674,918	1,564,980	2,249,144	2,604,501	2,617,354	2,384,414
Public libraries	3,302,163	3,130,504	3,111,686	3,068,582	2,929,901	2,918,385	3,210,102	3,159,253	3,142,534	2,824,696
Senior services	3,172,283	3,091,950	2,902,182	2,894,707	2,747,580	2,822,873	2,948,510	3,122,575	2,913,263	2,611,039
Community development	1,430,568	716,188	1,240,559	1,467,564	1,560,098	1,981,805	1,095,367	866,181	1,901,604	1,962,445
Interest expense	3,245,053	3,659,457	2,887,674	5,143,233	5,003,790	4,985,466	4,962,888	4,318,495	3,873,139	6,672,049
Other	-	284,552,076	-	124,638	119,225	-	-	-	-	-
Total Governmental activities	297,791,346	551,276,624	264,693,468	266,323,995	262,793,075	262,692,510	256,711,136	249,253,429	251,998,093	233,421,449
Business-type activities:										
Sewer	19,809,246	18,636,282	18,184,729	19,076,141	17,604,843	17,312,453	17,381,311	16,174,140	16,233,984	16,221,383
Public Facilities Management Foundation	-	92,137	77,010	93,501	200,937	219,337	228,248	246,029	270,154	275,798
Charter School Fund	-	-	2,648,536	2,710,210	2,960,621	3,090,636	-	-	-	-
School lunch	-	5,581,170	2,867,369	3,073,738	2,565,806	2,721,200	2,900,867	3,023,413	2,957,021	2,688,143
Other	5,698,896	1,526,883	-	-	-	-	-	-	-	-
Total Business-type activities	25,508,142	25,836,472	23,777,644	24,953,590	23,332,207	23,343,626	20,510,426	19,443,582	19,461,159	19,185,324
Total City expenses	323,299,488	577,113,096	288,471,112	291,277,585	286,125,282	286,036,136	277,221,562	268,697,011	271,459,252	252,606,773

CITY OF CRANSTON, RHODE ISLAND

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)	2008	2007	2006
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	\$ 6,326,794	\$ 5,823,451	\$ 5,623,627	\$ 5,786,052	\$ 5,968,476	\$ 5,726,884	\$ 5,396,283	\$ 5,474,802	\$ 8,725,161	\$ 9,339,781
Public safety	6,257,323	5,597,507	5,256,803	5,512,505	3,893,316	5,575,477	6,162,035	5,475,823	3,131,896	3,364,334
Public works	1,026,133	747,410	925,173	737,643	681,668	455,374	481,865	523,339	166,623	124,564
Education	23,076,779	2,583,038	1,735,671	1,499,384	1,860,578	1,850,584	2,805,729	2,859,296	3,069,830	2,719,123
Parks and recreation	356,124	345,788	301,996	286,551	266,406	289,310	320,967	277,125	229,801	192,971
Public libraries	87,400	87,400	87,400	87,400	87,400	89,000	100,000	68,500	85,000	82,500
Senior services	1,729,051	1,668,453	1,723,744	1,651,421	1,806,092	1,691,795	1,670,440	1,580,788	1,442,583	1,392,072
Other activities										
Operating grants and contributions	79,836,039	76,706,418	74,953,160	61,072,753	59,840,449	63,617,708	56,934,360	55,043,215	55,006,239	51,704,145
Capital grants and contributions	185,562	218,721	96,781	330,885	638,392	585,627	182,166	103,305	694,453	114,596
Total Governmental activities program revenues	118,881,205	93,778,186	90,704,355	76,964,594	75,042,777	79,881,759	74,053,845	71,406,193	72,551,586	69,034,086
Business-type activities:										
Charges for services:										
Sewer	22,135,939	20,565,668	19,341,561	19,359,122	18,876,713	18,640,991	17,208,694	17,517,895	17,259,536	18,411,799
Public Facilities Management Foundation	-	26,775	35,300	41,900	136,911	208,574	211,061	187,849	256,199	247,419
Non-major funds	3,338,096	3,302,480	3,738,516	4,281,139	3,942,173	4,091,991	1,659,229	1,329,552	1,586,519	1,417,343
Operating grants and contributions	2,420,657	2,441,887	2,256,490	2,225,893	1,787,715	1,538,371	1,300,849	1,436,380	1,170,646	1,101,082
Capital grants and contributions	-	-	-	-	-	-	-	-	-	2,030,980
Total Business-type activities program revenues	27,894,692	26,336,810	25,371,867	25,908,054	24,743,512	24,479,927	20,379,833	20,471,676	20,272,900	23,208,623
Total City revenues	146,775,897	120,114,996	116,076,222	102,872,648	99,786,289	104,361,686	94,433,678	91,877,869	92,824,486	92,242,709
Net (expenses) revenues:										
Governmental activities	(178,910,141)	(457,498,438)	(173,989,113)	(189,359,401)	(187,750,298)	(182,810,751)	(182,657,291)	(177,847,236)	(179,446,507)	(164,387,363)
Business-type activities	2,386,550	500,338	1,594,223	954,464	1,411,305	1,136,301	(130,593)	1,028,094	811,741	4,023,299
Total City net expense	(176,523,591)	(456,998,100)	(172,394,890)	(188,404,937)	(186,338,993)	(181,674,450)	(182,787,884)	(176,819,142)	(178,634,766)	(160,364,064)

CITY OF CRANSTON, RHODE ISLAND

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)	2008	2007	2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:										
Governmental activities:										
General Revenues:										
Property taxes and other	\$ 192,144,650	\$ 189,420,459	\$ 177,673,789	\$ 183,880,964	\$ 178,871,587	\$ 172,909,856	\$ 173,615,269	\$ 169,279,075	\$ 162,010,764	\$ 158,960,204
Grants and contributions not restricted to specific programs			1,000,000		662,520	303,537	2,086,520	4,599,682	5,473,326	5,599,200
Gain/(Loss) on sale of assets										
State special funding for pension	5,169,920									
Unrestricted investment earnings	552,058	252,218	626,522	586,730	577,703	706,945	1,065,331	2,449,896	3,851,161	2,323,533
Transfers	(25,662)	(1,737,409)	(20,826)	(23,817)	488,880					
Miscellaneous	3,006,381	4,889,709	2,682,574	3,574,315	3,600,368	2,069,191	1,912,658			
Transfers										
Total Governmental activities	200,847,347	192,824,977	181,962,059	188,018,192	184,201,058	175,989,529	178,679,778	176,328,653	171,335,251	166,882,937
Business-type activities:										
Unrestricted investment earnings	257,825	368,591	363,136	313,299	342,267	389,505	268,956	217,085	188,091	131,240
Transfers	25,662	25,218	20,826	23,817	(488,880)					
Miscellaneous	72,748	26,035								
Total Business-type activities	356,235	419,844	383,962	337,116	(146,613)	389,505	268,956	217,085	188,091	131,240
Total City	201,203,582	193,244,821	182,346,021	188,355,308	184,054,445	176,379,034	178,948,734	176,545,738	171,523,342	167,014,177
CHANGE IN NET ASSETS:										
Governmental activities	21,937,206	(264,673,461)	7,972,946	(1,341,209)	(3,549,240)	(6,821,222)	(3,977,513)	(1,518,583)	(8,111,256)	2,495,574
Business-type activities	2,742,785	920,182	1,978,185	1,291,580	1,264,692	1,525,806	138,363	1,245,179	999,832	4,154,539
Total City change in net assets	\$ 24,679,991	\$ (263,753,279)	\$ 9,951,131	\$ (49,629)	\$ (2,284,548)	\$ (5,295,416)	\$ (3,839,150)	\$ (273,404)	\$ (7,111,424)	\$ 6,650,113

CITY OF CRANSTON, RHODE ISLAND

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014	2013	2012 (As Restated)	2011 (As Restated)	2010	2009 (As Restated)	2008	2007	2006
General Fund:										
Nonspendable	\$ 207,000	\$ 1,706,660	\$ 5,366,568	\$ 7,261,553	\$ 3,264,015					
Restricted	279,040	256,362	420,657	464,805	-					
Committed	2,115,631	1,884,028	1,653,133	2,356,649	6,390,443					
Assigned	-	-	-	-	1,300,761					
Unassigned	20,452,035	20,934,388	16,714,677	13,545,115	10,423,711					
Reserved						\$ 7,624,361	\$ 8,990,340	\$ 3,193,052	\$ 170,709	\$
Unreserved						13,315,506	14,581,605	19,849,704	18,493,224	19,932,283
Total General Fund	23,053,706	24,781,438	24,155,035	23,628,122	21,378,930	20,939,867	23,571,945	23,042,756	18,663,933	19,932,283
All Other Governmental Funds:										
Nonspendable	\$ 3,900,353	\$ 4,543,783	\$ 6,123,093	\$ 5,606,358	\$ 3,489,492					
Restricted	9,344,674	12,885,640	8,908,234	8,945,331	8,234,662					
Committed	634,041	320,650	97,321	119,410	92,887					
Assigned	-	11,656	-	-	-					
Unassigned	(152,166)	(3,506,353)	(8,578,569)	(11,865,051)	(10,727,614)					
Reserved						2,441,699	754,859	3,792,674	2,359,721	9,468,021
Unreserved, designated - school								450,000	450,000	900,000
Unreserved, reported in:										
Special revenue funds						(3,378,407)	(3,022,478)	797,940	8,405,339	15,449,182
Capital project funds						2,416,361	6,688,914	4,776,751	5,338,216	12,896,071
Total All Other Governmental Funds	13,726,902	14,255,376	6,550,079	2,806,048	1,089,427	1,479,653	4,421,295	9,817,365	16,553,276	38,713,274
GRAND TOTAL	\$ 36,780,608	\$ 39,036,814	\$ 30,705,114	\$ 26,434,170	\$ 22,468,357	\$ 22,419,520	\$ 27,993,240	\$ 32,860,121	\$ 35,217,209	\$ 58,645,557

CITY OF CRANSTON, RHODE ISLAND

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

	FISCAL YEAR									
	2015	2014	2013	2012	2011 (As Restated)	2010	2009 (As Restated)	2008	2007	2006
Revenues:										
Property taxes	\$ 181,540,560	\$ 180,400,427	\$ 179,645,778	\$ 184,783,590	\$ 178,724,593	\$ 165,623,300	\$ 159,040,147	\$ 156,152,762	\$ 147,243,054	\$ 145,906,925
Intergovernmental revenue	74,551,512	71,702,358	70,263,785	56,219,867	54,891,645	67,192,078	62,680,327	73,022,744	75,289,523	69,768,119
Charges for services	16,074,252	15,692,399	15,014,414	14,910,956	13,913,936	15,183,424	16,336,920	15,731,489	14,030,153	14,460,130
Licenses and permits										
Fines and interest on late payments										
Interest on investments	550,694	250,841	624,555	408,711	389,697	529,705	885,302	2,260,933	3,635,196	2,111,701
Departmental										
State fiscal stabilization funds	-	-	-	2,396	814,266	2,410,080	2,090,303			
State on-behalf pension contributions	6,746,731	6,125,457	5,670,313	6,144,339	5,716,721	5,056,767	6,661,428			
Other revenues	2,922,776	4,798,810	2,629,867	3,494,320	3,519,553	2,038,060	1,825,834	996,030	2,468,895	2,352,465
Total revenues	282,386,525	278,970,292	273,848,712	265,964,179	257,970,411	258,033,414	249,520,261	248,163,958	242,666,821	234,599,340
Expenditures:										
Current:										
General government	9,670,263	10,227,750	9,497,003	10,346,906	8,392,000	7,727,864	8,488,491	8,874,157	11,427,653	9,237,728
Public safety	78,150,559	77,395,466	76,404,816	72,975,293	69,125,309	70,172,182	68,605,728	69,339,328	67,854,283	61,030,024
Public works	15,267,760	15,525,053	14,824,224	15,636,714	14,445,497	13,625,913	13,963,806	13,320,943	12,544,966	12,486,760
Education	155,280,225	148,879,136	145,577,247	144,144,843	143,931,478	147,100,982	143,189,521	144,629,043	139,558,319	128,541,976
Parks and recreation	3,034,746	2,363,957	2,236,847	2,195,590	1,836,292	2,065,678	2,287,973	2,526,612	2,516,148	2,347,676
Public libraries	3,270,495	3,439,402	3,074,267	3,142,384	3,072,541	2,981,728	3,190,251	3,163,096	3,039,202	2,822,353
Senior services	3,119,557	3,084,039	2,872,279	2,911,362	2,754,871	2,780,245	2,946,217	3,086,360	2,852,395	2,576,829
Community development	1,487,068	1,659,368	1,908,299	1,467,564	1,560,098	1,981,805	1,095,367	876,379	1,916,946	1,974,504
Other	178,112	128,974	115,972	124,638	119,225	170,780	161,411	163,802	175,183	156,257
Capital outlay	4,455,146	6,069,584	4,196,151	2,268,257	5,063,077	4,853,492	7,942,434	8,955,447	15,970,638	3,229,249
Debt service:										
Principal	7,355,000	6,815,000	5,530,000	6,360,000	6,440,000	5,860,000	5,115,000	4,980,000	4,520,000	3,845,000
Interest	3,348,140	3,635,359	3,319,837	4,064,249	4,263,972	4,286,465	4,474,678	4,039,572	3,719,436	6,103,447
Total expenditures	284,617,071	279,223,088	269,556,942	265,637,800	261,004,360	263,607,134	261,460,877	263,954,739	266,095,169	234,351,803
Excess of revenues over expenditures	(2,230,546)	(252,796)	4,291,770	326,379	(3,033,949)	(5,573,720)	(11,940,616)	(15,790,781)	(23,428,348)	247,537
Other financing sources (uses):										
Issuance of debt	-	10,210,000	-	19,385,000	3,700,000	-	7,000,000	13,075,000		23,900,000
Bond premium	-	111,906	-	1,066,929	91,420	-	73,734	358,693		273,974
Proceeds from leasing	-									
Transfers in	93,693,519	92,055,646	91,574,333	90,891,152	90,032,050	87,023,036	95,952,192	99,002,633	98,534,821	94,700,327
Repayment of debt to escrow agent	-			(16,788,678)						
Transfers out	(93,719,181)	(93,793,055)	(91,595,159)	(90,914,969)	(90,740,684)	(87,023,036)	(95,952,192)	(99,002,633)	(98,534,821)	(94,700,327)
Net other financing sources (uses)	(25,662)	8,584,497	(20,826)	3,639,434	3,082,786	-	7,073,734	13,433,693	-	24,173,974
Net change in fund balances	\$ (2,256,208)	\$ 8,331,701	\$ 4,270,944	\$ 3,965,813	\$ 48,837	\$ (5,573,720)	\$ (4,866,882)	\$ (2,357,088)	\$ (23,428,348)	\$ 24,421,511
Debt service as a percentage of noncapital expenditures	3.8%	3.8%	3.3%	4.0%	4.2%	3.9%	3.8%	3.5%	3.3%	4.3%

(1) This schedule includes expenditures of the General Fund, Special Revenue Funds and Capital Project Funds.

CITY OF CRANSTON, RHODE ISLAND

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

YEAR ENDED JUNE 30,	REAL PROPERTY					PERSONAL PROPERTY					TOTAL		RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE (1)	DIRECT TAX RATE	COMMERCIAL ASSESSED VALUE	DIRECT TAX RATE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE (1)	DIRECT TAX RATE TANGIBLE	DIRECT TAX RATE MOTOR VEHICLE	DIRECT TAX RATE INVENTORY	ESTIMATED ACTUAL VALUE	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE	
2006	\$ 4,196,433,200	23	\$ 959,929,900	31	\$ 5,929,817,565	\$ 835,667,975	35	42	10	\$ 835,667,975	\$ 5,992,031,075	\$ 6,765,485,540	0.886
2007	\$ 6,812,384,100	15	\$ 1,425,772,400	22	\$ 8,238,156,500	\$ 866,598,879	22	42	6	\$ 866,598,879	\$ 9,104,755,379	\$ 9,104,755,379	1.000
2008	\$ 6,853,894,200	15	\$ 1,460,469,600	23	\$ 8,314,363,800	\$ 848,079,164	23	42	3	\$ 848,079,164	\$ 9,162,442,964	\$ 9,162,442,964	1.000
2009	\$ 6,886,982,312	15	\$ 1,474,304,800	23	\$ 8,361,287,112	\$ 801,388,590	23	42	N/A	\$ 801,388,590	\$ 9,162,675,702	\$ 9,162,675,702	1.000
2010	\$ 5,670,869,300	19	\$ 1,352,953,200	29	\$ 7,023,822,500	\$ 754,417,429	29	42	N/A	\$ 754,417,429	\$ 7,778,239,929	\$ 7,778,239,929	1.000
2011	\$ 5,696,562,900	20	\$ 1,363,784,200	29	\$ 7,060,347,100	\$ 781,306,230	29	42	N/A	\$ 781,306,230	\$ 7,841,653,330	\$ 7,841,653,330	1.000
2012	\$ 5,712,462,800	20	\$ 1,361,533,300	30	\$ 7,073,996,100	\$ 778,330,466	30	42	N/A	\$ 778,330,466	\$ 7,852,326,566	\$ 7,852,326,566	1.000
2013	\$ 4,857,922,900	23	\$ 1,333,042,700	34	\$ 6,190,965,600	\$ 788,030,196	34	42	N/A	\$ 788,030,196	\$ 6,978,995,796	\$ 6,978,995,796	1.000
2014	\$ 4,868,431,400	23	\$ 1,329,501,500	34	\$ 6,197,932,900	\$ 786,121,128	34	42	N/A	\$ 786,121,128	\$ 6,984,054,028	\$ 6,984,054,028	1.000
2015	\$ 4,882,850,900	23	\$ 1,310,585,835	34	\$ 6,193,436,735	\$ 834,519,001	34	42	N/A	\$ 834,519,001	\$ 7,027,955,736	\$ 7,027,955,736	1.000

(1) Gross amount is reflected without deduction for exemptions.

TABLE 6

CITY OF CRANSTON, RHODE ISLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

NAME	NATURE OF BUSINESS	GRAND LIST YEAR					
		2015			2006		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
Carpionato Alfred	Real Estate Management	\$ 97,862,204	1	1.44%	\$ 62,408,903	1	1.11%
Gateway Woodside Inc.	Real Estate Management	77,056,901	3	1.13%	55,476,936	2	0.99%
Piceme Properties	Real Estate Management	54,929,058	4	0.81%	34,370,314	3	0.61%
National Grid (formerly Narragansett Electric/Prov. Gas)	Utility	97,544,227	2	1.44%	41,383,090	6 & 9	0.74%
Brewery Parkade	Real Estate Management	34,672,076	5	0.51%	29,562,100	4	0.53%
Cranston Addison	Real Estate Management	17,918,100	6	0.26%			
Swarovski American	Industrial Manufacturing	17,324,384	7	0.26%			
Cox Communications Inc.	Cable Communications	15,050,129	11	0.22%	27,717,260	5	0.49%
Independence Way	Real Estate Management	15,934,272	8	0.23%	18,143,400	8	0.32%
Lowe's	Retail Hardware	15,261,586	9	0.22%	20,061,603	7	0.36%
Calvi Realty Co., Inc.	Real Estate Management	15,163,137	10	0.22%			
Providence Water	Utility	3,281,040	13	0.05%	15,609,520	10	0.28%
TKG Cranston Development LLC	Retail	12,300,000	12	0.18%			
TOTAL		\$ 474,297,114		6.97%	\$ 304,733,126		5.43%

Source: Town Assessor Department.

(1) Based on a net taxable Grand List of \$6,789,734,897

(2) Based on a net taxable Grand List of \$5,607,084,189

TABLE 7

CITY OF CRANSTON, RHODE ISLAND
 TAX RATES, LEVIES AND CASH COLLECTIONS
 LAST TEN YEARS
 (UNAUDITED)

YEAR ENDED JUNE 30	TOTAL ADJUSTED TAX LEVY	NET CURRENT LEVY TAX COLLECTIONS	PERCENTAGE OF CURRENT TAXES COLLECTED	NET DELINQUENT TAX COLLECTIONS SUBSEQUENT YEARS	TOTAL NET TAXES COLLECTED ALL YEARS	PERCENTAGE OF TOTAL TAX COLLECTED TO TOTAL TAX LEVY	OUTSTANDING DELINQUENT TAXES	PERCENTAGE OF DELINQUENT TAXES TO TOTAL TAX LEVY
2006	\$ 145,337,455	\$ 140,893,257	96.9%	\$ 1,483,978	\$ 142,377,235	98.0%	\$ -	0.0%
2007	\$ 144,155,093	\$ 141,859,549	98.4%	\$ 1,407,306	\$ 143,266,855	99.4%	577,751	0.4%
2008	\$ 151,718,441	\$ 150,177,124	99.0%	\$ 1,132,384	\$ 151,309,508	99.7%	589,908	0.4%
2009	\$ 153,150,874	\$ 151,086,526	98.7%	\$ 1,358,606	\$ 152,445,132	99.5%	609,371	0.4%
2010	\$ 160,419,261	\$ 159,080,002	99.2%	\$ 1,175,562	\$ 160,255,564	99.9%	555,725	0.3%
2011	\$ 175,003,222	\$ 171,899,372	98.2%	\$ 1,546,704	\$ 173,446,076	99.1%	1,016,709	0.6%
2012	\$ 180,715,853	\$ 177,799,124	98.4%	\$ 1,411,356	\$ 179,210,480	99.2%	955,551	0.5%
2013	\$ 181,367,888	\$ 178,631,631	98.5%	\$ 1,088,065	\$ 179,719,696	99.1%	1,044,382	0.6%
2014	\$ 181,591,061	\$ 179,327,785	98.8%	\$ 1,007,209	\$ 180,334,994	99.3%	1,044,521	0.6%
2015	\$ 181,591,061	\$ 179,327,785	98.8%		\$ 179,327,785	98.8%	2,399,898	1.3%
							<u>\$ 8,793,816</u>	

Source: City's audit reports.

(1) This represents the City's mill rate per \$1,000 of taxable property.

CITY OF CRANSTON, RHODE ISLAND

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES				TOTAL	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	BOND PREMIUMS	CERTIFICATES OF PARTICIPATION	TOTAL	BOND PREMIUMS	CERTIFICATES OF PARTICIPATION	CLEAN WATER NOTES	TOTAL	TOTAL		
2006	\$ 83,685,000	\$ 2,870,376	\$ 3,810,000	\$ 90,365,376		\$ 3,810,000	\$ 7,833,184	\$ 11,643,184	\$ 102,008,560	N/A	1,264
2007	\$ 79,465,000	\$ 2,720,025	\$ 3,510,000	\$ 85,695,025		\$ 3,510,000	\$ 7,031,252	\$ 10,541,252	\$ 96,236,277	N/A	1,199
2008	\$ 87,875,000	\$ 2,928,367	\$ 3,195,000	\$ 93,998,367		\$ 3,195,000	\$ 9,228,087	\$ 12,423,087	\$ 106,421,454	N/A	1,329
2009	\$ 90,095,000	\$ 2,833,815	\$ 2,860,000	\$ 95,788,815		\$ 2,860,000	\$ 8,423,654	\$ 11,283,654	\$ 107,072,469	N/A	1,336
2010	\$ 84,585,000	\$ 2,661,842	\$ 2,510,000	\$ 89,756,842		\$ 2,510,000	\$ 8,467,917	\$ 10,977,917	\$ 100,734,759	N/A	1,253
2011	\$ 82,630,000	\$ 2,568,449	\$ 1,725,000	\$ 86,923,449		\$ 1,725,000	\$ 7,510,841	\$ 9,235,841	\$ 96,159,290	N/A	1,196
2012	\$ 80,515,000	\$ 3,459,476	\$ 1,400,000	\$ 85,374,476	\$ 11,199	\$ 1,400,000	\$ 6,515,386	\$ 7,926,585	\$ 93,301,061	N/A	1,158
2013	\$ 74,320,000	\$ 3,178,199	\$ 1,065,000	\$ 78,563,199	\$ 7,466	\$ 1,065,000	\$ 5,952,516	\$ 7,024,982	\$ 85,588,181	N/A	1,061
2014	\$ 78,060,000	\$ 3,048,679	\$ 720,000	\$ 81,828,679	\$ 3,733	\$ 720,000	\$ 23,387,188	\$ 24,110,921	\$ 105,939,600	N/A	1,312
2015	\$ 71,060,000	\$ 2,758,348	\$ 365,000	\$ 74,183,348	\$ -	\$ 365,000	\$ 22,818,364	\$ 23,183,364	\$ 97,366,712	N/A	1,202

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 9**CITY OF CRANSTON, RHODE ISLAND**RATIOS OF GENERAL DEBT OUTSTANDING
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	<u>GENERAL DEBT OUTSTANDING</u>		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	TOTAL		
2006	\$ 83,685,000	\$ 83,685,000	1.24%	1,037
2007	\$ 79,465,000	\$ 79,465,000	0.87%	990
2008	\$ 87,875,000	\$ 87,875,000	0.96%	1,097
2009	\$ 90,095,000	\$ 90,095,000	0.98%	1,124
2010	\$ 84,585,000	\$ 84,585,000	1.09%	1,052
2011	\$ 82,630,000	\$ 82,630,000	1.05%	1,027
2012	\$ 80,515,000	\$ 80,515,000	1.03%	1,000
2013	\$ 74,320,000	\$ 74,320,000	1.06%	921
2014	\$ 78,060,000	\$ 78,060,000	1.12%	967
2015	\$ 71,060,000	\$ 71,060,000	1.01%	877

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CRANSTON, RHODE ISLANDCOMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2015
(UNAUDITED)

Assessed value	\$ 7,027,955,736
Less: exemptions	<u>(238,220,839)</u>
NET TOTAL TAXABLE ASSESSED VALUE	<u>\$ 6,789,734,897</u>
Debt limit - 3 percent of total assessed value	\$ 203,692,047
Amount of debt applicable to debt limit:	
Total bonded debt	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 203,692,047</u>

Note: The City has no debt issues outstanding under the Maximum Aggregate Indebtedness provision (3% Debt Limit) - Rhode Island General Law 45-12-2. All other City debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

The State Legislature may by special act permit the City to incur indebtedness in excess of the three percent (3%) limit in accordance with Rhode Island General Law 45-12-11. The City of Cranston has never requested authorization under the Authority for the issuance of Indebtedness Excess - Rhode Island General Law 45-12-11.

TABLE 11**CITY OF CRANSTON, RHODE ISLAND**LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN
2006	\$ 168,212,526	-	\$ 168,212,526
2007	\$ 257,080,899	-	\$ 257,080,899
2008	\$ 258,894,710	-	\$ 258,894,710
2009	\$ 258,941,444	-	\$ 258,941,444
2010	\$ 219,211,804	-	\$ 219,211,804
2011	\$ 227,144,751	-	\$ 227,144,751
2012	\$ 227,602,133	-	\$ 227,602,133
2013	\$ 202,307,525	-	\$ 202,307,525
2014	\$ 202,495,272	-	\$ 202,495,272
2015	\$ 203,692,047	-	\$ 203,692,047

CITY OF CRANSTON, RHODE ISLAND

DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(4) PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(2) SCHOOL ENROLLMENT	(3) UNEMPLOYMENT PERCENTAGE
2006	80,704	N/A	\$ 21,978	39	N/A	11,018	5.3%
2007	80,284	N/A	\$ 21,978	39	N/A	10,911	5.2%
2008	80,105	N/A	\$ 21,978	39	N/A	10,718	7.7%
2009	80,126	N/A	\$ 21,978	39	N/A	10,658	11.1%
2010	80,387	N/A	\$ 21,978	39	N/A	10,744	12.4%
2011	80,421	N/A	\$ 25,653	39	N/A	10,735	11.2%
2012	80,542	N/A	\$ 28,496	39	N/A	10,685	10.6%
2013	80,698	N/A	\$ 28,496	39	N/A	10,559	9.7%
2014	80,741	N/A	\$ 29,218	41	N/A	10,374	7.1%
2015	81,037	N/A	\$ 29,218	41	N/A	10,559	7.1%

(1) Figures obtained from the Rhode Island Census Data Center derived from the 2000, 2006 estimated and 2010 census data.

(2) Cranston School Department

(3) Rhode Island Department of Labor and Training (as of June 30th).

(4) N/A - Information not available

TABLE 13

CITY OF CRANSTON, RHODE ISLANDPRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

EMPLOYER	2015			2006		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (2)
State of Rhode Island	5,500	1	15.50%	3,927	1	10.90%
City of Cranston	2,331	2	6.57%	2,479	3	6.88%
Citizens Bank	2,400	3	6.76%	780	4	2.17%
Tasca Motor Group	357	9	1.01%			
Walmart	300	10	0.85%	250		0.69%
Taco, Inc.	410	6	1.16%	406	6	1.13%
CranstonARC			0.00%	324	9	0.90%
Honeywell Safety Products	400	7	1.13%			
Thielsch Engineering	400	8	1.13%	300		0.83%
Swarovski Consumer Goods Ltd.			0.00%	350	7	0.97%
The Stop & Shop Co., Inc.	448	5	1.26%	329	8	0.91%
Ross-Simons of Warwick				450	5	1.25%
JanCo				3,200	2	8.88%
Access Point RI	550	4				0.00%
Pepsi Co				271	10	0.75%
TOTAL	<u>13,096</u>		<u>35.37%</u>	<u>13,066</u>		<u>36.26%</u>

SOURCE: State Department of Labor

(1) Based on 6/30/15 total City employment of 35,486

(2) Based on 6/30/06 total City employment of 36,018

TABLE 14

CITY OF CRANSTON, RHODE ISLAND

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
GENERAL GOVERNMENT:										
Mayor.....	6	6	5	5	5	5	7	7	7	7
Department of Personnel.....	0	1	0	1	1	2	2	2	3	3
City Clerk.....	6	6	6	6	6	8	8	9	9	9
Municipal Court.....	3	3	3	3	2	3	3	3	3	4
Board of Canvassers.....	3	3	3	3	3	3	3	3	3	3
City Planning	4	4	4	4	4	5	5	5	5	5
Economic Development.....	2	2	2	2	2	2	2	2	2	2
Finance	3	3	3	2	2	3	3	4	4	4
Division of Accounting & Control	5	5	5	5	5	5	5	5	5	5
Division of Assessment	6	6	6	6	6	7	8	9	9	9
Division of Contracts & Purchasing	2	2	2	3	3	4	4	4	4	4
Information Technology.....	6	6	6	6	6	8	8	8	8	8
Division of Treasury & Collection	6	7	6	6	6	6	6	7	7	7
POLICE:										
Officers.....	151	152	150	143	140	153	153	153	153	151
Civilians.....	26	26	25	25	25	26	29	30	30	30
Animal Control.....	4	4	4	4	4	5	5	5	5	5
FIRE:										
Chief	1	1	1	1	1	1	1	1	1	1
Uniformed.....	193	197	178	178	181	200	200	200	200	200
Civilians.....	15	16	16	16	16	7	7	7	7	7
INSPECTIONS.....	12	12	11	12	12	14	16	16	13	13
PUBLIC WORKS:										
Administration.....	4	3	3	3	3	4	4	4	4	4
Engineering.....	4	4	4	4	4	4	0	8	8	8
Highway.....	38	39	39	38	38	41	44	41	41	41
Building.....	23	24	24	24	24	26	26	26	26	26
Fleet Management.....	10	10	10	10	10	10	10	10	10	10
Traffic Safety.....	0	1	1	3	3	4	0	4	4	4
PARKS AND RECREATION.....	20	20	20	20	19	20	21	21	21	21
PUBLIC LIBRARIES.....	32	32	31	32	30	32	32	32	32	32
SENIOR SERVICES.....	24	22	23	23	23	30	32	32	32	32
COMMUNITY DEVELOPMENT.....	3	3	3	3	3	4	4	4	4	4
OTHER.....	8	8	8	8	8	8	8	7	9	10
EDUCATION.....	1,442	1,437	1,431	1,461	1,528	1,523	1,570	1,486	1,546	1,635
TOTAL.....	2,062	2,065	2,033	2,060	2,123	2,173	2,226	2,155	2,215	2,304

CITY OF CRANSTON, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES										
PUBLIC SAFETY:										
Fire:										
Total incidents.....	7,497	12,614	6,859	14,717	14,407	15,111	14,065	13,991	13,980	11,872
Rescue/medical calls.....	5,466	8,438	5,116	11,327	10,067	9,976	8,965	9,568	10,148	10,706
Rescue/non-medical calls.....	2,031	4,176	1,743	3,390	4,340	5,135	5,100	4,423	3,832	1,166
Fire hydrants.....	1,923	1,923	1,922	1,922	1,922	1,922	1,922	1,903	1,903	1,914
Police:										
Number of calls.....	65,422	66,243	67,937	66,542	66,030	68,620	65,814	68,422	58,896	70,354
Total 911 calls received.....	5,120	5,327	5,227	5,105	4,786	5,156	5,554	4,993	4,872	4,700
Formal investigations.....	17,075	16,097	15,150	14,706	14,923	15,920	16,717	16,353	14,724	18,644
CITY CLERK:										
Number of documents recorded.....	14,513	15,036	16,381	14,529	14,793	15,683	15,726	17,083	22,411	25,687
HEALTH AND WELFARE:										
Number of food service facilities inspections.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New homes built.....	20	41	37	26	34	52	N/A	N/A	N/A	N/A
LAND USE:										
Total subdivisions approved.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total commercial applications approved.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BUILDING:										
Residential permits issued.....	20	41	37	26	34	52	30	36	48	73
Commercial permits issued.....	6	7	4	2	5	6	8	12	19	19
Total permits.....	26	48	41	28	39	58	38	48	67	92
PUBLIC WORKS:										
Highway department										
Streets (miles)										
Paved City roads.....	318	318	318	318	318	318	317	315	315	315
Paved State roads.....	69	69	69	69	69	69	69	69	64	64
Private roads.....	6	6	6	6	6	6	5	5	N/A	N/A
Roads under construction (maintained										
by City	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sidewalks (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EDUCATION:										
Enrollment:										
High School Grades 9-12.....	3,213	3,223	3,303	3,504	3,580	3,551	3,478	3,469	3,657	3,646
Middle School Grades 7-8.....	1,661	1,486	1,637	1,482	1,579	1,637	1,713	2,620	2,627	2,672
Elementary Schools Grades K-6.....	5,397	5,665	5,619	5,699	5,576	5,556	5,467	4,629	4,627	4,614
Total.....	10,271	10,374	10,559	10,685	10,735	10,744	10,658	10,718	10,911	10,932

BUSINESS-TYPE ACTIVITIES

SOURCES: Various City Departments

(1) Information not available due to the construction and consolidation of schools and related grade levels.

N/A - Information not available

CITY OF CRANSTON, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>GOVERNMENTAL ACTIVITIES</u>										
PARKS AND RECREATION:										
Acreage (includes all open space)										
Parks and Public Squares.....	11	11	11	11	11	11	11	11	11	10
Marinas.....	3	3	3	3	3	3	3	3	3	3
Playgrounds.....	35	35	35	35	35	35	35	35	35	35
Walking tracks.....	8	8	8	8	8	8	8	8	8	7
Basketball courts.....	21	21	21	21	21	21	21	21	21	21
Tennis courts.....	24	24	24	24	24	24	24	24	24	24
Baseball fields.....	27	27	27	27	27	27	27	27	27	27
Softball fields.....	11	11	11	11	11	11	11	11	11	11
Other fields.....	22	22	22	22	22	22	22	22	22	22
Ice Rink.....	2	2	2	2	2	2	2	2	2	1
Swimming Pool.....	1	1	1	1	1	1	1	1	1	1
Stadium and Field House.....	1	1	1	1	1	1	1	1	1	1
PUBLIC SAFETY:										
Fire Stations.....	6	6	6	6	6	6	6	6	6	6
Fire alarm boxes.....	149	149	149	149	149	149	149	149	149	149
Fire hydrants.....	1,923	1,923	1,922	1,922	1,922	1,921	1,922	1,903	1,903	1,914
Police department:										
Stations.....	3	3	4	4	4	4	4	4	4	4
Animal Control Building.....	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS:										
Highway department:										
Streets (miles).....	324	324	324	315	315	315	315	315	315	315
Sidewalks (miles).....	64	64	64	64	64	64	64	64	64	64
PUBLIC LIBRARIES:										
Number of branches	6	6	6	6	6	6	6	6	6	6
EDUCATION:										
Number of High Schools.....	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools.....	3	3	3	3	3	3	3	3	3	3
Number of Elementary Schools.....	17	17	17	17	17	17	17	17	17	18
Number of Charter Schools.....	1	1	1	1	1	1	1	1	1	1
Number of Adult Education Buildings.....	1	1	1	1	1	1	1	1	1	1
SENIOR SERVICES:										
Senior Citizens Center.....	1	1	1	1	1	1	1	1	1	1
COMMUNITY DEVELOPMENT:										
Number of loans issued.....	28	23	27	30	41	53	15	19	27	39
<u>BUSINESS TYPE ACTIVITIES</u>										
SEWER FUND										
Sewer mains (miles).....	263	263	263	250	250	250	245	240	N/A	N/A
Treatment capacity (thousands of gallons)...	20,00	20,00	20,200	20,200	20,200	20,200	20,200	20,200	20,200	20,200
Sewerage Disposal Plant.....	1	1	1	1	1	1	1	1	1	1
Pumping Stations.....	22	22	22	22	22	22	22	22	22	22

SOURCES: Various Town Departments

N/A - Information not available