

CITY OF CRANSTON, RHODE ISLAND

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2018

**PREPARED BY:
DEPARTMENT OF FINANCE**

**ROBERT F. STROM
FINANCE DIRECTOR**

CITY OF CRANSTON, RHODE ISLAND
TABLE OF CONTENTS
JUNE 30, 2018

Introductory Section:		
	Letter of Transmittal	i-v
	Organizational Chart	vi
	Principal Officials	vii
	Certificate of Achievement for Excellence in Financial Reporting	viii
Financial Section:		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-19

Exhibit

Basic Financial Statements:		
Government-Wide Financial Statements:		
I	Statement of Net Position	20-21
II	Statement of Activities	22
Fund Financial Statements:		
III	Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position of Governmental Activities	
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23-24 25-27
V	Statement of Net Position - Proprietary Funds	28-29
VI	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	30
VII	Statement of Cash Flows - Proprietary Funds	31
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	32
IX	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	33
	Notes to the Financial Statements	34-107
Required Supplementary Information:		
General Fund:		
RSI-1	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Budget and Actual	108
RSI-2	Schedule of Revenues, Expenditures and Changes in Fund Balance Budgetary Basis - Budget and Actual - Special Revenue Fund - School Unrestricted	109
RSI-2a	Notes to Required Supplementary Information	110
RSI-3	Schedule of Changes in Net Pension/OPEB Liability and Related Ratios - All Retirement Systems and OPEB	111-118
RSI-4	Schedule of Contributions - All Retirement Systems and OPEB	119-126
RSI-5	Schedule of Investment Returns - All Retirement Systems and OPEB	127-128

Schedule

Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
1	Combining Balance Sheet	129-130
2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	131-132
3	Nonmajor Budgetary Funds - Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual	133

	Proprietary Funds:	
	Enterprise Funds:	
4	Combining Statement of Net Position	134
5	Combining Statement of Revenues, Expenditures and Changes in Fund Net Position	135
6	Combining Statement of Cash Flows - Proprietary Funds	136
	Internal Service Funds:	
7	Nonmajor Combining Statement of Net Position	137
8	Nonmajor Combining Statement of Revenues, Expenditures and Changes in Net Position	138
9	Nonmajor Combining Statement of Cash Flows	139
	Fiduciary Funds:	
10	Combining Statement of Fiduciary Net Position - Pension and OPEB	140
11	Combining Statement of Changes in Fiduciary Net Position - Pension and OPEB	141
12	Combining Statement of Changes in Assets and Liabilities - Agency Funds	142
	Other Schedules:	
13	Schedule of Property Taxes Receivable	143-145
14	Capital Assets - Schedule of Function by Activity	146
15	Capital Assets - Schedule of Changes by Function and Activity	147
	Annual Supplementary Transparency Information:	
	Annual Supplementary Transparency Report	148-152
	Notes to Annual Supplementary Transparency Report	153-154

Table

	Statistical Section:	
1	Net Position by Component	155
2	Changes in Net Position	156-158
3	Fund Balances of Governmental Funds	159
4	Changes in Fund Balances of Governmental Funds	160
5	Assessed Value and Estimated Actual Value of Taxable Property	161
6	Principal Property Taxpayers	162
7	Tax Rates, Levies and Collections	163
8	Ratios of Outstanding Debt by Type	164
9	Ratios of General Debt Outstanding	165
10	Computation of Legal Debt Margin	166
11	Legal Debt Margin Information	167
12	Demographic Statistics	168
13	Principal Employers	169
14	Full-Time Equivalent Employers by Function/Program	170
15	Operating Indicators by Function/Program	171
16	Capital Asset Statistics by Function/Program	172



Introductory Section

Allan W. Fung
MAYOR



Robert F. Strom
FINANCE DIRECTOR

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

December 31, 2018

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, 2018. 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. The City maintains four governmental funds that are annually appropriated. They are the two major funds (General Fund and the School Unrestricted Fund) and two others that are part of Other Governmental Funds (Community Development Block Grant and WIA Job Development). 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.

Blum Shapiro & Company P.C., 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, 2018, 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 unmodified opinion that the City of Cranston's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires 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 second 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, Con-Way Trucking, Electro Standards, MPC Corp, Design Fabricators, Jewelry Concepts, 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 LL Bean, Fat Face, Pottery Barn, Crate & Barrel, 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, White House/Black Market, Anthony's Cole Fired Pizza and Z-Gallerie. The Center also has regional and local retailers and restaurants such as Providence Diamond Company, Applebee's, Barrington Books, Edible Arrangements, Ethan Allan Design Center, Bistro 22, Starbucks, B. Goode, Pinkberry, Legal Sea Bar, Tavern in the Square, Tropical Smoothie, The Simple Greek and Whole Foods Market. In addition, Garden City has completed construction of two new buildings under Phase four development consisting of 37,000 square feet of total space.

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, Staples, Panera Bread, Massage Envy, Bling Eyewear, Qdoba Mexican Grill, Shaw's Supermarket, Recreational Equipment Inc. (REI), T.J. Max, Koch Eye Associates, Omaha Steaks and Johnny Rockets. Top Golf has signed a lease and is currently in the planning process to open its first location in the State of RI in 2020. Top Golf features fun and competitive golf games for all ages, climate-controlled playing bays for year-round comfort, an impressive food and drink menu, private spaces for groups of any size, HDTVs to watch the big game and a music selection that will make every visit feel like a party.

Recent Development Initiatives

O'Reilly Auto Parts has open at the former El Tappetio Restaurant site. They re-developed the site for an auto parts store which included a new 7000 sf new building.

Cube Smart 950 Phenix Avenue – Mixed use development at the corner of Phenix and Natick has opened. This is also has a multi-use component that include the new home of Little Learners Academy of Cranston.

Carpionato Properties has developed the former Cranston Police property on Attwood Avenue. Two buildings have been constructed to include a Dairy Queen, Enterprise Car Rental and Pizza Hut.as the anchors.

Dollar General has re-developed the former site on the corner of Dyer and Park Avenues.

The Barrett Group has moved their corporate headquarters from Warwick to Cranston on Reservoir Avenue. They will relocate 15 staff members to the new location.

Shaws Market has completed a major renovation at Chapel View.

Coast to Coast Promotional Products purchased 1081 Pontiac Avenue relocating their front office operations and sample department from Greenville, Rhode Island. They are a full-service distributor for a vast assortment of top-quality gifts and promotional items established in 1973 by Nicholas Ferranti, Jr.

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, 2017; 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.

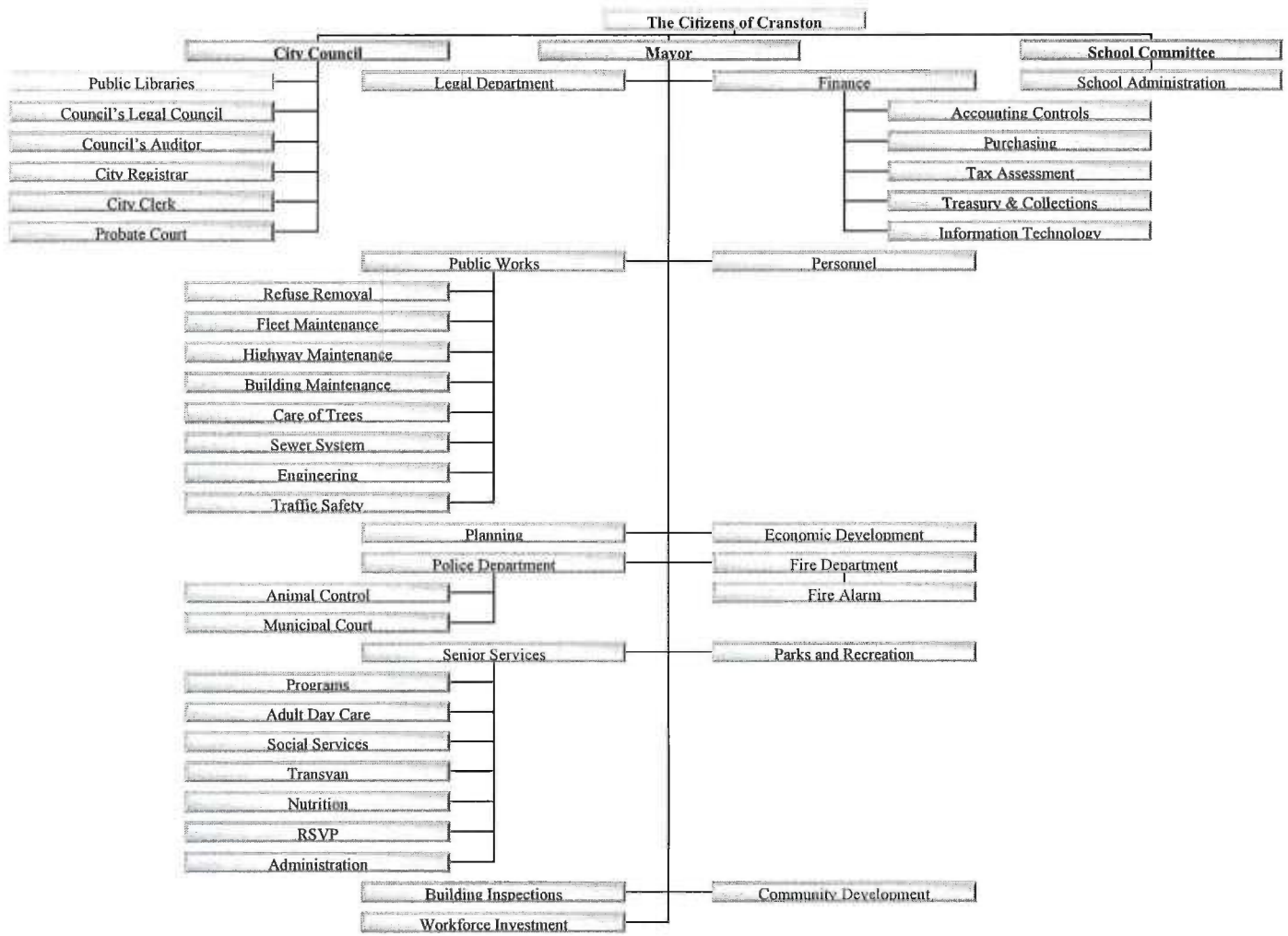
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase, Assessment and Management Information Systems for their diligence and cooperation on a daily basis in carrying out the duties 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

MAYOR

Allan W. Fung

FINANCE DEPARTMENT

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

CITY COUNCIL

Michael J. Farina	Council President
Michael W. Favicchio	Council Vice President
Christopher G. Paplauskas	
Paul H. Archetto	
John E. Lanni Jr.	
Steven A. Stycos	
Paul J. McAuley	
Kenneth J. Hopkins	
Edward J. Brady	



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, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditors' Report

Honorable Mayor Allan W. Fung
and Members of the Cranston City Council
City of 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, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Cranston, Rhode Island'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 auditors' 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 auditors consider 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cranston, Rhode Island, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle and Restatement

As discussed in Note 4L to the financial statements, during the fiscal year ended June 30, 2018, the City of Cranston, Rhode Island, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Cranston, Rhode Island has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75 and also for the correction of an error in the prior year. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed on the table of contents, 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, which 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 and schedules, statistical section, and Annual Supplemental Transparency Report 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 and schedules and the Annual Transparency Report 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 schedules and the Annual Transparency Report 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 December 31, 2018 on our consideration of the City of Cranston, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of City of Cranston, Rhode Island's 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 the City of Cranston, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
December 31, 2018

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, 2018***

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, 2018.

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, 2018 by \$245.1 million (*net position*).
- The net position of the City increased by \$13.7 million (or 5.3%) as restated. The governmental net position increased by \$10.3 million (or 3.2%) as restated and the business-type net position increased by \$3.4 million (or 5.7%).
- The governmental activities revenue decreased \$17.0 million (or 5.2%) and the net results from activities increased from prior year by \$42.1 million as restated. In 2018, the results of activities produced an increase in net position of \$10.3 million and in 2017 the results of activities produced a decrease in net position of \$33.0 million as restated.
- The business-type activities revenue decreased by \$0.3 million (or 1.0%), and the net results from activities decreased by \$1.4 million (or 29.9%) from the prior year. In 2018, the results of activities produced an increase in business-type net position of \$3.4 million, while in 2017 the results of activities also produced an increase of \$4.8 million in business-type net position.
- The General Fund (the primary operating fund) reflected on a current financial resource basis reports an increase in fund balance of \$0.1 million (or 0.5%), compared to \$0.1 million increase in the prior year.
- The City's total debt increased by \$6.4 million. The increase is due primarily to the \$10.8 million in bond anticipation notes less current year principal repayments.

Overview of the Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position (Exhibit I) and the Statement of Activities (Exhibit II) 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 I and II 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

The City and School Department maintains 44 and 123 individual governmental funds, respectively. 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 both the General Fund and the School Department. For reporting purposes, the amount presented as the General Fund is comprised of the general fund and eight other funds. Similarly for reporting purposes, the amount presented as the School Department is comprised of the school department's general fund and one other fund. Both the General Fund and School Department are considered to be major funds. Data from the City's and School Department's other governmental funds are combined into a single, aggregated presentation titled Other Governmental Funds. Individual fund data for each of the other 156 governmental funds, which are consolidated into 16 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 V, VI, and VII 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 VIII, and IX 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 immediately following exhibit IX 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Included below is a condensed Statement of Net Position 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(As Restated)				(As Restated)	
Assets:						
Current and other assets	\$ 76.3	\$ 71.0	\$ 23.3	\$ 22.8	\$ 99.6	\$ 93.8
Capital assets	125.8	116.1	72.6	72.0	198.4	188.1
Total Assets	202.1	187.1	95.9	94.8	298.0	281.9
Deferred Outflow of Resources...	107.1	89.4	0.5	0.5	107.6	89.9
Total Assets & Deferred Outflows of Resources	309.2	276.5	96.4	95.3	405.6	371.8
Liabilities:						
Long-term liabilities outstanding	546.7	540.5	20.2	21.4	566.9	561.9
Other liabilities	24.0	25.1	6.2	6.1	30.2	31.2
Total Liabilities	570.7	565.6	26.4	27.5	597.1	593.1
Deferred Inflows of Resources...	47.0	29.6	6.7	7.9	53.7	37.5
Total Liabilities & Deferred Inflows of Resources	616.7	595.2	33.1	35.4	650.8	630.6
Net Position:						
Net investment in capital assets.	39.3	39.5	71.5	70.9	110.8	110.4
Restricted-Debt Service.....	-	-	0.4	0.5	0.4	0.5
Unrestricted	(347.7)	(358.2)	(8.6)	(11.5)	(356.3)	(369.7)
Total Net Position	\$ (308.4)	\$ (318.7)	\$ 63.3	\$ 59.9	\$ (245.1)	\$ (258.8)

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, 2018, exceed assets by \$245.1 million and were comprised of \$(308.4) million from governmental activities and \$63.3 million from business-type activities. For the fiscal year ending June 30, 2018 \$(347.7) million of the total \$(245.1) million in net position is unrestricted.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Net Position (Continued)

Net investment in capital assets comprises \$110.8 and \$110.4 million of Net Position at June 30, 2018 and 2017, 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 Position, restricted Net Position, represents Net Position that are subject to external restriction on how they may be used. Restricted Net Position as of June 30, 2018 totaled \$0.4 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 \$76.4 million at June 30, 2018. This category consisted primarily of "Cash" of \$31.7 million as of June 30, 2018. This balance was attributable to a strong tax collection trend. "Receivables-Property Taxes" of \$9.2 million, "Net pension asset" of \$14.9 million. "Receivables-Intergovernmental" was \$11.5 million, "Advanced deposits-hospitalization" was \$4.0 million and net other receivables accounted for \$5.1 million.

"Deferred Outflow of Resources" was \$107.1 million at June 30, 2018 and was comprised of \$105.9 million in "Pension liability" and \$1.2 million from the deferred charge on refunding and OPEB liability.

"Total liabilities" at June 30, 2018 were \$570.7 million. That included long-term liabilities outstanding of \$546.7 million, composed primarily of \$91.1 million in general obligation bonds and leases payable (used to fund various capital projects such as school construction and playground construction and improvements), \$404.8 million in outstanding pension obligations and \$50.8 million in OPEB obligations. Current liabilities total \$24.0 million at June 30, 2018 and were composed \$5.9 million in accounts payable, \$1.0 million of intergovernmental payables, \$2.3 million of accrued liabilities, unearned revenue of \$3.6 million, \$10.1 million in current portion of long-term debt and claims and judgements of \$1.0 million.

"Deferred Inflow of Resources" of \$47.0 million was composed of \$40.0 million related to the City's pension liabilities, \$1.4 million related to the City's OPEB liability, and \$5.7 million of advanced tax collections.

Total net position at June 30, 2018 was \$(308.4) million and was comprised of unrestricted of \$(347.7) and "Net Investment in Capital Assets" of \$39.3 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities-Condensed Statements of Net Position

For business-type activities, such as the Sewer Enterprise Fund, “Current and Other Assets” of \$23.3 million consisted primarily of \$17.3 million in cash which was available to support the current operations of the Enterprise Funds, “Cash held in escrow” of \$0.4 million, restricted cash of \$1.2 million, receivables of \$4.2 million and other assets of \$0.2 million.

Long-term liabilities of \$20.2 million were comprised primarily of \$18.3 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, \$1.8 million of “Net pension liability” and “Net OPEB liability” of \$0.1 million.

Other liabilities of \$6.2 million consisted primarily of \$2.1 million of “Accounts payable”, and \$1.1 million for the “Current portion of long-term bonds payable”, “Retainage payable” of \$0.8 million, “Accrued interest payable” of \$0.2 million and “Unearned revenue” of \$2.0 million.

“Deferred Inflows of Resources” of \$6.7 million represents \$6.5 million for the “Deferred sewer lease arrangement” and \$0.2 million of “Net pension liability.”

The total net position for the Business-type Activities as of June 30, 2018 was \$63.3 million. Net investment in capital assets was the major component of net position for business-type activities and amounted to \$71.5 million at June 30, 2018. As stated above, in the government-wide analysis of the Statement of Net Position \$0.4 million was restricted for debt service and \$(8.6) 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, 2018 and 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 18.8	\$ 41.9	\$26.3	\$26.8	\$45.1	\$ 68.7
Operating grants and contributions	82.7	85.9	2.6	2.7	85.3	88.6
Capital grants and contributions.....	0.1	0.1	0.2		0.3	0.1
General Revenues:						
Property taxes	190.1	186.4			190.1	186.4
Gain on sale of property						
State special funding for pensions.....	10.8	7.8			10.8	7.8
Motor vehicle phase-out taxes.....	3.5	1.0			3.5	1.0
Investment income	0.8	0.8	0.4	0.4	1.2	1.2
Transfers.....	-	-			-	-
Other.....	2.9	2.8	0.1	0.1	3.0	2.9
Total revenues.....	309.7	326.7	29.6	30.0	339.4	356.7

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2018

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)	
	2018	2017	2018	2017	2018	2017
Program Expenses:						
General government	\$ 16.0	\$ 16.2			\$ 16.0	\$ 16.2
Public safety	75.8	123.2			75.8	123.2
Public works	16.7	15.0			16.7	15.0
Education.....	177.3	190.1	\$6.1	\$6.1	183.4	196.2
Parks and recreation	3.5	3.5			3.5	3.5
Libraries	3.6	3.8			3.6	3.8
Senior services.....	3.0	3.1			3.0	3.1
Community development	1.3	1.0			1.3	1.0
Sewer.....			20.2	19.1	20.2	19.1
Interest and other costs.....	2.1	2.6			2.1	2.6
Total expenses.....	299.3	358.5	26.3	25.2	325.6	383.7
Change in net position.....	10.3	(31.8)	3.4	4.8	13.7	(27.0)
Net Position – July 1	(318.7)	(286.9)	59.9	55.1	(258.8)	(231.8)
Net Position – June 30	\$(308.4)	\$(318.7)	\$ 63.3	\$ 59.9	\$(245.1)	\$(258.8)

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, 2018 and 2017 were \$208.2 million and \$198.8 million as restated, respectively. Included in these totals were \$190.1 and \$186.4 million in property taxes for the years ended June 30, 2018 and 2017.

"Program expenses" are presented in the Condensed Statement of Activities by function and total \$299.3 and \$358.5 million (as restated) including interest on long-term debt for the fiscal years June 30, 2018 and 2017, respectively.

"Changes in net position" increased \$42.1 million to \$10.3 million from (\$31.8) million, for the years ended June 30, 2018 and 2017 as restated, respectively. The change resulted primarily from a decrease in public safety and education expense related to the recognition of OPEB expenses in the prior fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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 2018 and 2017, the City generated \$26.3 and \$26.8 million, respectively, in charges for services for all of its business-type activities.

The total amount of expenses for business-type activities were \$26.3 and \$25.2 million, for the fiscal years ended June 30, 2018 and 2017, respectively.

The “Change in Net Position” decreased \$1.4 million to \$3.4 million from \$4.8 million for the fiscal years ended June 30, 2018 and 2017, respectively. This activity increased the “Business-Type Net Position” for the fiscal year ended June 30, 2018 to \$63.3 million as compared to \$59.9 million for the fiscal year ended June 30, 2017.

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 \$34.9 million. Fund balance was comprised of \$0.3 million “Non-spendable” fund balances, \$15.9 million “Restricted” fund balances and \$0.9 million “Committed” fund balances and \$17.8 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 \$62.3 million include primarily \$30.7 million in “Cash”, \$6.5 million in “Taxes Receivable”, \$11.6 million in “Intergovernmental Receivables”, “Other Receivables” of \$4.8 million, “Prepaid” of \$0.1 million, “Advance deposits-hospitalization” of \$0.2 million, “Due from Other Funds” of \$8.4 million.

“Total liabilities and deferred inflows” of \$27.4 million consisted of \$6.7 million of “Accounts Payable”, \$4.4 million in “Due to Other Funds”, \$9.3 million in “Unearned Revenue”, \$1.2 million of Accrued Payroll and other liabilities and \$5.7 million of “Unavailable Revenue”.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2018

Condensed Balance Sheet

As of June 30
 (In Millions)

	General Fund		School Department		Total Major Funds	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	(As Restated) <u>2017</u>	<u>2018</u>	(As Restated) <u>2017</u>
Assets:						
Current and other assets	\$38.2	\$38.0	\$7.0	\$9.0	\$45.2	\$47.0
Total assets	<u>38.2</u>	<u>38.0</u>	<u>7.0</u>	<u>9.0</u>	<u>45.2</u>	<u>47.0</u>
Liabilities:						
Other liabilities	17.2	17.1	1.7	3.6	18.9	20.7
Total liabilities	<u>17.2</u>	<u>17.1</u>	<u>1.7</u>	<u>3.6</u>	<u>18.9</u>	<u>20.7</u>
Fund Balance:						
Non-spendable.....	0.2	0.2	0.1	0.1	0.3	0.3
Restricted.....	0.5	0.5	4.4	4.0	4.9	4.5
Committed.....			0.8	1.3	0.8	1.3
Assigned.....						
Unassigned	<u>20.3</u>	<u>20.2</u>		-	<u>20.3</u>	<u>20.2</u>
Total fund balance	<u>\$21.0</u>	<u>\$20.9</u>	<u>\$5.3</u>	<u>\$5.4</u>	<u>\$26.3</u>	<u>\$26.3</u>

General Fund - Condensed Balance Sheet

The General Fund's total assets of \$38.2 million consists primarily of \$22.5 million in "Cash" \$6.5 million of "Taxes Receivable" \$6.7 million of "Intergovernmental Receivables", "Due from Other Funds" of \$2.3 million, "Advanced Deposits-hospitalization" of \$0.2 million.

Total liabilities for the General Fund were \$17.2 million. "Accounts Payable" amounted to \$2.2 million, \$5.8 million represented "Unearned Revenue", \$2.5 million in "Due to Other Funds", \$1.0 million of accrued liabilities and \$5.7 million of "Unavailable Revenue".

As of June 30, 2018 the City's fund balance was \$21.0 million of which \$0.2 million was "Non-spendable", \$0.5 million was "Restricted", and \$20.3 million was "Unassigned".

School Department - Condensed Balance Sheet

The School Department's total assets were \$7.0 million. The majority of that consisted primarily of \$5.9 of "Due from Other Funds", "Prepaid" of \$0.1 million and "Other" assets of \$1.0 million.

Liabilities for the School Department totaled \$1.7 million. The majority of that consisted of \$1.6 million of "Accounts Payable" and \$0.1 million "Due to Other Funds".

For the fiscal year ending June 30, 2018, the School Department had a fund balance of \$5.3 million. This was comprised of \$0.1 million "Non-spendable", \$4.4 million "Restricted and \$0.8 million of "Committed" fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

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, 2018 and 2017. 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 IV - 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, 2018, and 2017, the City collected \$190.0, and \$187.1 million of property taxes, respectively. Total revenues for all major governmental funds for the years ended June 30, 2018 and 2017, were \$293.6, and \$283.7 million, respectively. For the major governmental funds, the total expenditures for the years ending June 30, 2018, and 2017, were \$293.8, and \$284.9 million, as restated, respectively. For the year ended June 30, 2018, General Fund revenues exceeded expenditures by \$93.7 million before other financing sources (uses) as compared to \$92.7 million for the period ending June 30, 2017.

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>		<u>(As Restated)</u>	
	2018	2017	2018	2017	2018	2017
Revenues:						
General Revenues:						
Property taxes	\$190.0	\$187.1			\$190.0	\$187.1
Intergovernmental	18.2	14.1	\$58.2	\$55.4	76.4	69.5
Charges for services	15.2	13.9	1.3	1.7	16.5	15.6
State fiscal stabilization funds						
State on behalf pension contributions.....			7.7	7.6	7.7	7.6
Investment income	0.4	0.2			0.4	0.2
Other.....	1.2	2.1	1.4	1.6	2.6	3.7
Total revenues	225.0	217.4	68.6	66.3	293.6	283.7
Expenditures:						
Current:						
General government	10.5	9.8			10.5	9.8
Public safety	84.0	80.7			84.0	80.7
Public works	16.3	14.6			16.3	14.6
Education.....			162.5	160.2	162.5	160.2
Parks and recreation	3.5	3.3			3.5	3.3
Public libraries.....	3.5	3.3			3.5	3.3
Senior services.....	3.0	2.9			3.0	2.9
Other.....	0.2	0.2			0.2	0.2
Debt Service:						
Principal	7.3	7.0			2.3	7.0
Interest and other costs	3.0	2.9			3.0	2.9
Total expenditures	131.3	124.7	162.5	160.2	293.8	284.9

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2018

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

	<u>General Fund</u>		<u>School Department</u> (As Restated)		<u>Total Major Governmental</u> (As Restated)	
	2018	2017	2018	2017	2018	2017
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	93.7	92.7	(93.9)	(93.9)	(0.2)	(1.2)
<i>Other Financing Sources (Uses):</i>						
Issuance of debt.....						
Transfers in.....			93.8	93.2	93.8	93.2
Transfers out.....	(93.6)	(92.6)			(93.6)	(92.6)
<i>Net other financing sources (uses)</i>	(93.6)	(92.6)	93.8	93.2	0.2	0.6
Net change in fund balances.....	0.1	0.1	(0.1)	(0.7)	0.0	(0.6)
<i>Fund balance July 1</i>	20.9	20.8	5.4	6.1	26.3	26.9
<i>Fund balance June 30.....</i>	\$ 21.0	\$ 20.9	\$ 5.3	\$ 5.4	\$ 26.3	\$ 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 \$225.0 million for the fiscal year ended June 30, 2018. This was comprised of \$190.0 million in "General Property Taxes", \$18.2 million of "Intergovernmental" revenues, \$15.2 million in "Charges for Services", \$0.4 million in "Investment Income", and \$1.2 million in "Other" revenue.

Expenditures for the General Fund for fiscal year ended June 30, 2018 were \$131.3 million. These expenditures consisted of \$10.5 million in "General Government" expenditures, \$84.0 million of "Public Safety" expenditures, \$16.3 million of "Public Works" expenditures, \$3.5 million of "Parks and Recreation" expenditures, \$3.5 million of "Public Libraries" expenditures, \$3.0 million of "Senior Services" expenditures, \$0.2 million of "Other" expenditures, \$7.3 million of "Debt Service Principal" expenditures, and \$3.0 million of "Interest and Other Costs".

In addition to general operating expenses, the General Fund also had "Net Other Financing Uses" of \$ 93.6 million. This was composed of a \$(93.6) million of "Transfers Out" to the "School Department" for operations.

The net change in fund balances was \$0.1 million for the fiscal year ended June 30, 2018. This resulted in basically a balanced budget for the fiscal year that ended June 30, 2018.

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, 2018 of \$68.6 million. This was derived from \$58.2 million of "Intergovernmental" revenues, \$1.3 million of "Charges for Services", \$7.7 million of "State on Behalf Pension Contribution" and \$1.4 million of "Other Income".

Expenditures for the School Department totaled \$162.5 million. This entire amount represents expenditures related to "Education".

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

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

In addition to general operating revenues, the School Department received \$93.8 million of "Other Financing Sources". This amount was comprised of "Transfers In" from the "General Fund" of \$93.6 million for operations and \$0.2 million from other school special revenue accounts.

The net change in fund balance was (\$0.1) million for the fiscal year ended June 30, 2018. This was due primarily to use of a capital reserve account for a capital project.

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 \$59.3 million. Total operating revenues were \$63.2 million. Total operating expenses for the year ending June 30, 2018, for the Proprietary Funds were \$61.1 million. The "Health Care Management" of the school department of \$24.5 million, the "Contract Payments" of \$16.2 million for sewer privatization, "Operation" expense of \$5.8 million. "Personnel" cost of \$2.1 million, "Claims" of \$10.2 million and \$2.3 million of "Depreciation" comprise the majority of the expenses. Net Non-Operating Income for the year ending June 30, 2018 was \$2.7 million. The Proprietary Funds ended fiscal year 2018 with \$4.7 million more in revenues than expenses. Total Net Position was \$63.3 million at June 30, 2018, of that "Net Investment in Capital Assets" was \$71.5 million, Restricted for Debt Service of \$0.4 million and \$(8.6) million was "Unrestricted". Total Net Position as of June 30, 2018 increased \$4.8 million from \$58.5 million to \$63.3 million or 8.2%.

Analysis of Significant Budget Variations in the General Fund

For the year ended June 30, 2018, the General Fund Revenues were under budget projections by \$0.4 million or 0.2%. General Fund expenditures were under budget by \$0.5 million or 1.1%. This resulted in a \$0.1 million surplus for the General Fund for the year ending June 30, 2018.

Significant revenue variances include:

- General Property Taxes – Favorable variance of \$1.2 million due to the implementation of a new software system that allows taxpayers to pay via the internet as either an ACH or credit card payment..
- Intergovernmental – Unfavorable variance of \$1.2 million from decrease in the amount budgeted by various departments for grants versus the amount actually received by departments for grants

Most of the departments within the City had minimal surpluses/deficits with regard to their expense budgets. The combined results of these variances were sufficient to offset the shortfalls in revenue leaving the City with a minimal operating surplus of \$0.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

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, 2018 and 2017 amounted to \$198.4 and \$188.0 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)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Land.....	\$ 15.3	\$ 14.9	\$ 0.3	\$ 0.3	\$ 15.6	\$ 15.2
Construction in progress.....	2.8	1.9	20.5	18.9	23.3	20.8
Land improvements.....	37.0	29.0	0.3	0.3	37.3	29.3
Buildings	112.0	109.9			112.0	109.9
Motor vehicles.....	22.0	20.7			22.0	20.7
Equipment	16.1	14.2	0.8	0.6	16.9	14.8
Infrastructure	87.3	86.7			87.3	86.7
Leasehold improvements.....						
Sewer lines			51.6	50.6	51.6	50.6
Treatment and pumping plant.....			83.9	83.9	83.9	83.9
Total assets	292.5	277.3	157.4	154.6	449.9	431.9
Less: accumulated depreciation	<u>(166.7)</u>	<u>(161.3)</u>	<u>(84.8)</u>	<u>(82.6)</u>	<u>(251.5)</u>	<u>(243.9)</u>
Net capital assets	<u>\$ 125.8</u>	<u>\$ 116.0</u>	<u>\$ 72.6</u>	<u>\$ 72.0</u>	<u>\$ 198.4</u>	<u>\$ 188.0</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

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, 2018 were \$449.9 million less accumulated depreciation of \$251.5 million for a net investment in capital assets of \$198.4 million.

Governmental Activities:

Major capital asset additions during the fiscal year ended June 30, 2018 included the following:

- \$1.8 million in school renovations
- \$0.8 million in playground upgrades
- \$6.7 million for road repayment and storm drain repairs
- \$0.1 million for library upgrades
- \$1.0 million for bridge infrastructure replacement
- \$1.4 million for fire equipment
- \$0.4 million for building improvements

Business-Type Activities:

Major capital asset additions during the fiscal year ended June 30, 2018 included the following:

- \$1.6 million of construction in progress for improvements at the treatment plant
- \$1.0 million of sewer line infrastructure upgrades

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, 2018, the governmental activities had total long-term obligations of \$556.8 million. Of that, \$404.8 million was pension related debt, \$50.8 million was for post-retirement health benefits and \$87.3 million related to bonded debt guaranteed by the City's assets. Based on an actuarial valuations completed as of July 1, 2018 for governmental activities, the net pension liability for unpaid pension contributions increased by \$1.2 million from \$403.6 million at June 30, 2017 to \$404.8 million at June 30, 2018. The net other post-employment benefit obligation (OPEB) liability for governmental activities decreased \$2.7 million from \$53.4 million at June 30, 2017 to \$50.8 million at June 30, 2018. Additional information can be found in Note III. F.

The business-type activities had total long-term obligations of \$21.3 million. Of that, \$19.4 million related to State Revolving Loans (SRF) from Rhode Island Infrastructure Bank (these funds are available for projects related to clean water), \$1.8 million in net pension liabilities, \$0.1 million in net post-retirement health benefit obligations. Based on an actuarial valuations completed as of July 1, 2018 for business-type activities, the net pension obligation liability for unpaid pension contributions decreased by \$0.1 million from \$1.9 million at June 30, 2017 to \$1.8 million at June 30, 2018. The net other post-employment benefit obligation (OPEB) liability for business-type activities remained unchanged at \$0.1 million. Additional information can be found in Note III. F.

**MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018**

CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Debt Outstanding

For the year ending June 30, 2018, the City had \$87.3 million in debt (bonds, notes, etc.) outstanding as compared to \$79.8 million at June 30, 2017, a net increase of \$7.5 million or 9.4% (considering debt issuances and retirements). The key factors for this increase was the issuance of \$10.8 million in bond anticipation notes offset by the principal repayments on outstanding issues.

For the year ending June 30, 2018, the Business-Type Activities had \$19.4 million in debt (bonds, notes, etc.) outstanding as compared to \$20.4 million at June 30, 2017, a net decrease of \$1.0 million or 4.9% (considering debt retirements). The key factor for this decrease was principal repayments of \$1.0 million.

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

	<u>2018</u>	<u>2017</u>
<i>Governmental:</i>		
General obligation bonds.....	\$ 73.7	\$76.6
Bond anticipation notes.....	10.8	0.0
Capital lease	<u>2.8</u>	<u>3.2</u>
<i>Subtotal</i>	<u>87.3</u>	<u>79.8</u>
<i>Business-type:</i>		
Sewer revolving loans	<u>19.4</u>	<u>20.4</u>
<i>Subtotal</i>	<u>19.4</u>	<u>20.4</u>
<i>Total</i>	<u>\$ 106.7</u>	<u>\$ 100.2</u>

Principal payments of \$7.9 million and \$1.1 million were made in the governmental and business-type activities, respectively, during fiscal year 2018.

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 \$212.8 million based on taxable property as of December 31, 2016, of approximately \$7.1 billion. On June 30, 2018, the City had \$73.5 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: “AA-”
- Moody’s Investors Service : “A1”

Economic Factors and Next Year’s Budget and Rates

- As noted previously, the Fiscal Year 2019 operating budget was passed by a majority vote of the City Council. Property tax collections were assumed to be collected at 98.9% of the current levy.
- The City budgeted approximately \$22.6 million for Police and Fire Pension Fund contributions and \$5.1 million for Other Post-Employment Benefits (OPEB).

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2018

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of Cranston	11.2%	11.7%	10.6%	10.4%	9.3%	7.3%	6.0%	5.1%	4.1%	3.7%
State of Rhode Island	11.2	11.3	10.9	10.5	9.3	7.8	6.0	5.3	4.4	4.3
United States	9.5	9.4	9.1	8.2	7.5	6.1	5.3	4.9	4.3	4.0

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, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 31,681,553	\$ 17,264,567	\$ 48,946,120
Receivables:			
Property taxes	9,168,795		9,168,795
Sewer assessments and user fees, net		1,301,600	1,301,600
Intergovernmental	11,540,663	2,770,632	14,311,295
Loans	2,891,886		2,891,886
Other	1,946,411	184,760	2,131,171
Prepays	126,009	24,304	150,313
Advance deposits - hospitalization	3,120,326		3,120,326
Inventory		57,042	57,042
Other assets	3,792		3,792
Internal balances	107,418	(107,418)	-
Total current assets	<u>60,586,853</u>	<u>21,495,487</u>	<u>82,082,340</u>
Noncurrent Assets:			
Advance deposits - hospitalization	853,000		853,000
Net pension asset	14,923,413	195,778	15,119,191
Restricted cash - debt service reserve	-	1,195,219	1,195,219
Held in escrow	-	439,167	439,167
Other assets	-		-
Total noncurrent assets	<u>15,776,413</u>	<u>1,830,164</u>	<u>17,606,577</u>
Capital Assets:			
Nondepreciable:			
Land	15,299,094	342,712	15,641,806
Construction in progress	2,757,598	20,516,606	23,274,204
Depreciable (net of accumulated depreciation):			
Land improvements	21,782,324	-	21,782,324
Buildings and leasehold improvements	63,618,658	34,023	63,652,681
Sewer service to customers	-	15,301	15,301
Treatment and pumping plant	-	33,662,025	33,662,025
Vehicles	6,165,490	26,398	6,191,888
Machinery, equipment and furniture	3,026,406	162,129	3,188,535
Infrastructure	13,196,167	17,788,587	30,984,754
Total net capital assets	<u>125,845,737</u>	<u>72,547,781</u>	<u>198,393,518</u>
Total noncurrent assets	<u>141,622,150</u>	<u>74,377,945</u>	<u>216,000,095</u>
Total assets	<u>202,209,003</u>	<u>95,873,432</u>	<u>298,082,435</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	804,816	-	804,816
Deferred outflows of resources related to pensions	105,858,504	535,362	106,393,866
Deferred outflows of resources related to OPEB	462,874	1,802	464,676
	<u>107,126,194</u>	<u>537,164</u>	<u>107,663,358</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 309,335,197</u>	<u>\$ 96,410,596</u>	<u>\$ 405,745,793</u>

(Continued on next page)

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities:			
Accounts payable	\$ 5,854,574	\$ 2,143,759	\$ 7,998,333
Accrued liabilities	55,469	-	55,469
Accrued payroll	1,121,521	1,582	1,123,103
Compensated absences		38,943	38,943
Accrued interest payable	1,164,935	177,632	1,342,567
Retainage payable	27,980	808,790	836,770
Unearned revenue	3,647,666	1,974,085	5,621,751
Due to fiduciary fund	1,013,038		1,013,038
Claims payable	964,595	-	964,595
Long-term liabilities due within one year	10,107,094	1,079,300	11,186,394
Total current liabilities	<u>23,956,872</u>	<u>6,224,091</u>	<u>30,180,963</u>
Noncurrent Liabilities:			
Net pension liability	404,838,085	1,824,226	406,662,311
Net OPEB liability	50,756,692	131,179	50,887,871
Long-term liabilities due in more than one year	91,144,048	18,273,699	109,417,747
Total noncurrent liabilities	<u>546,738,825</u>	<u>20,229,104</u>	<u>566,967,929</u>
Total liabilities	<u>570,695,697</u>	<u>26,453,195</u>	<u>597,148,892</u>
Deferred Inflows of Resources:			
Advanced tax collections	5,688,631	-	5,688,631
Deferred sewer lease arrangement	-	6,532,707	6,532,707
Deferred inflows of resources related to pensions	39,964,751	160,869	40,125,620
Deferred inflows of resources related to OPEB	1,368,312	676	1,368,988
	<u>47,021,694</u>	<u>6,694,252</u>	<u>53,715,946</u>
Total liabilities and deferred inflows of resources	<u>617,717,391</u>	<u>33,147,447</u>	<u>650,864,838</u>
Net Position:			
Net investment in capital assets	39,345,605	71,468,481	110,814,086
Restricted for:			
Debt Service		439,167	439,167
Unrestricted	<u>(347,727,799)</u>	<u>(8,644,499)</u>	<u>(356,372,298)</u>
Total net position	<u>(308,382,194)</u>	<u>63,263,149</u>	<u>(245,119,045)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 309,335,197</u>	<u>\$ 96,410,596</u>	<u>\$ 405,745,793</u>

The accompanying notes are an integral part of these financial statements

**CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 15,971,432	\$ 7,896,754	\$ 12,992,345	\$ -	\$ 4,917,667	\$ -	\$ 4,917,667
Public safety	75,827,868	6,121,655	1,545,758	89,535	(68,070,920)	-	(68,070,920)
Public works	16,701,972	1,296,471	35,302	-	(15,370,199)	-	(15,370,199)
Education	177,339,237	1,294,881	66,570,003	-	(109,474,353)	-	(109,474,353)
Parks and recreation	3,504,777	397,817	-	-	(3,106,960)	-	(3,106,960)
Public libraries	3,561,920	95,000	582,746	-	(2,884,174)	-	(2,884,174)
Senior services	3,040,817	1,654,979	-	-	(1,385,838)	-	(1,385,838)
Community development	1,340,187	-	965,181	-	(375,006)	-	(375,006)
Interest expense	2,052,994	-	-	-	(2,052,994)	-	(2,052,994)
Total governmental activities	<u>299,341,204</u>	<u>18,757,557</u>	<u>82,691,335</u>	<u>89,535</u>	<u>(197,802,777)</u>	<u>-</u>	<u>(197,802,777)</u>
Business-Type Activities							
Sewer fund	20,196,899	22,857,078	-	-	-	2,660,179	2,660,179
Education	6,119,203	3,466,787	2,603,782	177,000	-	128,366	128,366
Total business-type activities	<u>26,316,102</u>	<u>26,323,865</u>	<u>2,603,782</u>	<u>177,000</u>	<u>-</u>	<u>2,788,545</u>	<u>2,788,545</u>
Totals	<u>\$ 325,657,306</u>	<u>\$ 45,081,422</u>	<u>\$ 85,295,117</u>	<u>\$ 266,535</u>	<u>(197,802,777)</u>	<u>2,788,545</u>	<u>(195,014,232)</u>
		General Revenues					
					190,112,694	-	190,112,694
					3,463,187		3,463,187
					10,838,378	133,349	10,971,727
					2,912,777	-	2,912,777
					824,602	432,142	1,256,744
					<u>208,151,638</u>	<u>565,491</u>	<u>208,717,129</u>
					10,348,861	3,354,036	13,702,897
					<u>(318,731,055)</u>	<u>59,909,113</u>	<u>(258,821,942)</u>
					<u>\$ (308,382,194)</u>	<u>\$ 63,263,149</u>	<u>\$ (245,119,045)</u>

The accompanying notes are an integral part of these financial statements

CITY OF CRANSTON, RHODE ISLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 22,462,680	\$ 1,270	\$ 8,222,181	\$ 30,686,131
Receivables:				
Property taxes, net	6,436,793	-	-	6,436,793
Intergovernmental	6,699,927	-	4,840,733	11,540,660
Loans	-	-	2,891,886	2,891,886
Other	20,357	983,501	930,384	1,934,242
Security deposits	-	-	9,317	9,317
Prepays	-	120,484	-	120,484
Advance deposits - hospitalization	207,000	-	-	207,000
Due from City of Cranston	-	1,911,717	-	1,911,717
Due from other funds	2,314,247	3,961,635	256,771	6,532,653
Total Assets	\$ 38,141,004	\$ 6,978,607	\$ 17,151,272	\$ 62,270,883
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,159,027	\$ 1,608,731	\$ 2,952,546	\$ 6,720,304
Accrued payroll	1,026,800	-	94,466	1,121,266
Accrued liabilities	50,000	5,469	-	55,469
Retainage payable	-	-	27,980	27,980
Due to other funds	2,438,821	75,041	1,888,386	4,402,248
Unearned revenue	5,809,265	-	3,527,034	9,336,299
Total liabilities	11,483,913	1,689,241	8,490,412	21,663,566
Deferred Inflows:				
Unavailable revenue - property taxes	5,697,528	-	-	5,697,528
Total liabilities and deferred inflows	17,181,441	1,689,241	8,490,412	27,361,094
Fund Balances:				
Nonspendable	207,000	120,484	-	327,484
Restricted	482,879	4,362,478	11,047,075	15,892,432
Committed	44,030	806,404	12,627	863,061
Assigned	-	-	-	-
Unassigned	20,225,654	-	(2,398,842)	17,826,812
Total fund balances	20,959,563	5,289,366	8,660,860	34,909,789
Total Liabilities, Deferred Inflows and Fund Balances	\$ 38,141,004	\$ 6,978,607	\$ 17,151,272	\$ 62,270,883

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
RECONCILIATION OF FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018**

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 III, Page 1)	\$	34,909,789
Capital Assets Used In Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds:		
Total capital assets	\$	292,567,975
Accumulated depreciation		<u>(166,722,238)</u>
		125,845,737
Other Long-Term Assets are not Available to Pay for Current Period Expenditures and, Therefore, are Deferred in the Funds:		
Property tax, interest and lien accrual, (net)		2,732,002
Unearned tax revenues (net of an allowance for uncollectible) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position		5,697,528
Net pension asset		14,923,413
Deferred charge on refunding		804,816
Deferred outflows of net pension		105,858,504
Deferred outflows of net OPEB		462,874
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		(6,012)
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		(81,366,000)
Capital lease		(2,780,000)
Unamortized premium on bonds payable		(3,158,948)
Compensated absences		(13,787,165)
Deferred salary		(109,029)
Net pension liability		(404,838,085)
Net OPEB liability		(50,756,692)
Claims and judgements		(50,000)
Deferred inflows of net pension liability		(39,964,751)
Deferred inflows of net OPEB liability		(1,368,312)
Claims payable		(266,928)
Accrued interest payable		<u>(1,164,935)</u>
Net Position of Governmental Activities	\$	<u><u>(308,382,194)</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>School Department</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 189,995,439	\$ -	\$ -	\$ 189,995,439
Intergovernmental	18,155,499	58,171,589	9,916,969	86,244,057
Charges for services	15,191,712	1,294,881	2,270,964	18,757,557
Investment income	442,525	-	382,002	824,527
State on-behalf pension contributions	-	7,725,441	-	7,725,441
Other	1,218,023	1,387,901	306,854	2,912,778
Total revenues	<u>225,003,198</u>	<u>68,579,812</u>	<u>12,876,789</u>	<u>306,459,799</u>
Expenditures:				
Current:				
General government	10,536,548		865,256	11,401,804
Public safety	84,041,754		2,110,144	86,151,898
Public works	16,300,942		-	16,300,942
Education	-	162,466,234	8,221,813	170,688,047
Parks and recreation	3,500,882		10,000	3,510,882
Public libraries	3,446,620		80,700	3,527,320
Senior services	3,030,685		72,969	3,103,654
Community development			1,347,154	1,347,154
Other	157,174			157,174
Debt Service:				
Principal	7,344,000			7,344,000
Interest and other costs	2,950,563		149,789	3,100,352
Capital Outlay:				
Capital expenditures			13,695,602	13,695,602
Total expenditures	<u>131,309,168</u>	<u>162,466,234</u>	<u>26,553,427</u>	<u>320,328,829</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>93,694,030</u>	<u>(93,886,422)</u>	<u>(13,676,638)</u>	<u>(13,869,030)</u>
Other Financing Sources (Uses):				
Issuance of debt	-	-	15,840,000	15,840,000
Bond premium	-	-	590,103	590,103
Transfers in	-	93,369,185	-	93,369,185
Transfers out - others	(420,795)	420,795	-	-
Transfers out	<u>(93,182,653)</u>	<u>-</u>	<u>(186,532)</u>	<u>(93,369,185)</u>
Net Other Financing Sources (Uses)	<u>(93,603,448)</u>	<u>93,789,980</u>	<u>16,243,571</u>	<u>16,430,103</u>
Net Change in Fund Balances	90,582	(96,442)	2,566,933	2,561,073
Fund Balances - July 1, 2017, as restated	<u>20,868,981</u>	<u>5,385,808</u>	<u>6,093,927</u>	<u>32,348,716</u>
Fund Balances - June 30, 2018	<u>\$ 20,959,563</u>	<u>\$ 5,289,366</u>	<u>\$ 8,660,860</u>	<u>\$ 34,909,789</u>

(Continued on next page)

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, 2018

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)	\$	2,561,073
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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	16,539,700
Depreciation expense	(6,679,033)
Loss on disposition of assets	(49,599)

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:

Change in unearned tax revenues that are recorded in the funds, but are not deferred under the measurement employed	(400,693)
Increase in property tax interest and lien revenue	517,938
Net pension asset	(1,961,184)
Changes in deferred outflows related to pensions	17,612,142
Changes in deferred outflows related to OPEB	104,939

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:

Accrued interest payable	(219,288)
Amortization of deferred charge on refunding	(265,908)
Bond premium incurred	(590,103)
Bond premium amortized	507,550
Debt issuance	(15,840,000)
Principal payments on bonds and notes	7,949,000
Capital lease payments	420,000

The accompanying notes are an integral part of the financial statements

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, 2018

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

Compensated absences	\$ (943,114)
Deferred salary	5,013
Net pension liability	(1,167,033)
Net OPEB obligation	2,687,909
Changes in deferred inflows related to pensions	(10,476,386)
Changes in deferred inflows related to OPEB	(1,329,968)
Insurance claims payable	(65,292)
Claims and judgements payable	50,000
 The net revenue of the activities of the Internal Service Fund is reported with Governmental Activities	 <u>1,381,198</u>
 Change in Net Assets of Governmental Activities (Exhibit B)	 <u>\$ 10,348,861</u>

The accompanying notes are an integral part of the financial statements

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Fund			Internal Service Fund
	Sewer	Nonmajor Programs	Totals	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 15,593,865	\$ 1,670,702	\$ 17,264,567	\$ 995,419
Prepaid expenses	-	24,304	24,304	-
Inventory	-	57,042	57,042	-
Receivables:				
Sewer assessments and user fees, net	1,301,600	-	1,301,600	-
Other	-	184,760	184,760	12,170
Due from other funds	-	177,649	177,649	508,410
Intergovernmental	2,570,595	200,037	2,770,632	-
Claims deposits	-	-	-	2,913,326
Total current assets	<u>19,466,060</u>	<u>2,314,494</u>	<u>21,780,554</u>	<u>4,429,325</u>
Noncurrent Assets:				
Advance deposits - medical	-	-	-	853,000
Restricted cash - debt service reserve	1,195,219	-	1,195,219	-
Held in escrow	439,167	-	439,167	-
Net pension asset	-	195,778	195,778	-
Subtotal noncurrent assets	<u>1,634,386</u>	<u>195,778</u>	<u>1,830,164</u>	<u>853,000</u>
Capital Assets:				
Capital assets, net of accumulated depreciation	<u>72,361,351</u>	<u>186,430</u>	<u>72,547,781</u>	<u>-</u>
Total noncurrent assets	<u>73,995,737</u>	<u>382,208</u>	<u>74,377,945</u>	<u>853,000</u>
Total assets	<u>93,461,797</u>	<u>2,696,702</u>	<u>96,158,499</u>	<u>5,282,325</u>
Deferred Outflow of Resources:				
Deferred outflows of resources related to pensions	-	535,362	535,362	-
Deferred outflows of resources related to OPEB	-	1,802	1,802	-
Total deferred outflow of resources	<u>-</u>	<u>537,164</u>	<u>537,164</u>	<u>-</u>
Total Assets and Deferred outflow of Resources	<u>\$ 93,461,797</u>	<u>\$ 3,233,866</u>	<u>\$ 96,695,663</u>	<u>\$ 5,282,325</u>

(Continued on next page)

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Fund			Internal Service Fund
	Sewer	Nonmajor Programs	Totals	
Liabilities				
Current Liabilities:				
Accounts payable	\$ 1,751,089	\$ 392,670	\$ 2,143,759	\$ 147,296
Accrued payroll	1,582	-	1,582	260
Retainage payable	808,790	-	808,790	-
Compensated absences	-	38,943	38,943	-
Accrued interest	177,632	-	177,632	-
Due to other funds	285,067	-	285,067	4,443,114
Claims payable	-	-	-	697,667
Unearned revenue	1,920,000	54,085	1,974,085	-
Long-term liabilities due within one year	1,079,300	-	1,079,300	-
Total current liabilities	<u>6,023,460</u>	<u>485,698</u>	<u>6,509,158</u>	<u>5,288,337</u>
Noncurrent Liabilities:				
Net OPEB liability	-	131,179	131,179	-
Net pension liability	-	1,824,226	1,824,226	-
Long-term liabilities due in more than one year	18,273,699	-	18,273,699	-
Total noncurrent liabilities	<u>18,273,699</u>	<u>1,955,405</u>	<u>20,229,104</u>	<u>-</u>
Total liabilities	<u>24,297,159</u>	<u>2,441,103</u>	<u>26,738,262</u>	<u>5,288,337</u>
Deferred Inflows of Resources:				
Deferred outflows of resources related to pensions	-	160,869	160,869	-
Deferred outflows of resources related to OPEB	-	676	676	-
Deferred sewer lease arrangement	6,532,707	-	6,532,707	-
Total liabilities and deferred inflow of resources	<u>6,532,707</u>	<u>161,545</u>	<u>6,694,252</u>	<u>-</u>
Total liabilities and deferred inflow of resources	<u>30,829,866</u>	<u>2,602,648</u>	<u>33,432,514</u>	<u>5,288,337</u>
Net Position:				
Net Investment in capital assets	71,282,051	186,430	71,468,481	-
Restricted:				
Debt service	439,167	-	439,167	-
Unrestricted (deficit)	(9,089,287)	444,788	(8,644,499)	(6,012)
Total net position	<u>62,631,931</u>	<u>631,218</u>	<u>63,263,149</u>	<u>(6,012)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 93,461,797</u>	<u>\$ 3,233,866</u>	<u>\$ 96,695,663</u>	<u>\$ 5,282,325</u>

The accompanying notes are an integral part of these financial statements

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Major Fund			Internal Service
	Sewer	Nonmajor Programs	Totals	Fund
Operating Revenues:				
Charges for usage and service	\$ 21,679,157	\$ 1,050,821	\$ 22,729,978	\$ 36,609,173
Tuition	-	2,381,705	2,381,705	-
On-behalf pension contribution	-	133,349	133,349	-
Miscellaneous	1,177,921	34,261	1,212,182	53,581
Total operating revenues	<u>22,857,078</u>	<u>3,600,136</u>	<u>26,457,214</u>	<u>36,662,754</u>
Operating Expenses:				
Operations	1,102,536	4,225,028	5,327,564	501,285
Personnel	110,459	1,858,079	1,968,538	114,055
Claims	-	671	671	10,162,937
Contract payments	16,224,353	-	16,224,353	-
Health care management	-	-	-	24,503,354
Depreciation	2,222,717	35,425	2,258,142	-
Total operating expenses	<u>19,660,065</u>	<u>6,119,203</u>	<u>25,779,268</u>	<u>35,281,631</u>
Operating Income (Loss)	<u>3,197,013</u>	<u>(2,519,067)</u>	<u>677,946</u>	<u>1,381,123</u>
Nonoperating Revenues (Expenses):				
Interest expense	(536,834)	-	(536,834)	-
Investment income	429,306	2,836	432,142	75
Grant income	-	2,603,782	2,603,782	-
Contributions and donations	-	177,000	177,000	-
Total nonoperating revenues (expenses)	<u>(107,528)</u>	<u>2,783,618</u>	<u>2,676,090</u>	<u>75</u>
Change in Net Position	3,089,485	264,551	3,354,036	1,381,198
Net Position - July 1, 2017, as restated	<u>59,542,446</u>	<u>366,667</u>	<u>59,909,113</u>	<u>(1,387,210)</u>
Net Position - June 30, 2018	<u>\$ 62,631,931</u>	<u>\$ 631,218</u>	<u>\$ 63,263,149</u>	<u>\$ (6,012)</u>

The accompanying notes are an integral part of these financial statements

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Governmental
	Major Fund	Nonmajor Programs	Totals	Internal Service
	Sewer			Fund
Cash Flows from Operating Activities:				
Cash received from customers	\$ 21,346,563	\$ 3,841,279	\$ 25,187,842	\$ 36,665,415
Cash paid to suppliers	(16,224,353)	(837,151)	(17,061,504)	-
Cash paid to employees	(110,433)	(1,822,871)	(1,933,304)	(115,071)
Cash paid for claims	-	-	-	(34,835,702)
Cash paid for other operating expenses	(1,050,958)	(3,352,846)	(4,403,804)	(491,383)
Net cash provided by (used in) operating activities	<u>3,960,819</u>	<u>(2,171,589)</u>	<u>1,789,230</u>	<u>1,223,259</u>
Cash Flows from NonCapital Financing Activities:				
Non-operating grant	20,466	2,603,782	2,624,248	-
Advances from interfund loans	3,051,069	207,555	3,258,624	(227,998)
Net cash provided by (used in) noncapital financing activities	<u>3,071,535</u>	<u>2,811,337</u>	<u>5,882,872</u>	<u>(227,998)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(2,668,784)	(83,836)	(2,752,620)	-
Principal paid on bonds	(1,090,000)	-	(1,090,000)	-
Interest paid on bonds	(542,560)	-	(542,560)	-
Net cash used in capital and related financing activities	<u>(4,301,344)</u>	<u>(83,836)</u>	<u>(4,385,180)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income from investments	429,306	2,836	432,142	75
Net cash provided by investing activities	<u>429,306</u>	<u>2,836</u>	<u>432,142</u>	<u>75</u>
Net (Decrease) Increase in Cash	3,160,316	558,748	3,719,064	995,336
Cash - July 1, 2017 (Including Restricted Cash)	13,628,768	1,111,954	14,740,722	83
Cash - June 30, 2018 (Including Restricted Cash)	\$ 16,789,084	\$ 1,670,702	\$ 18,459,786	\$ 995,419
Reconciliation of Operating Income to Net Cash				
Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 3,197,013	\$ (2,519,067)	\$ 677,946	\$ 1,381,123
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,222,717	35,425	2,258,142	-
Increase in net pension asset	-	21,263	21,263	-
Increase in deferred outflows related to pension plans	-	(52,827)	(52,827)	-
Decrease in deferred inflows related to pension plans	-	11,286	11,286	-
(Increase) decrease in accounts receivable	(48,881)	38,726	(10,155)	2,661
Decrease in claims deposit	-	-	-	(776,867)
Decrease in inventory	-	(324)	(324)	-
(Increase) decrease in intergovernmental receivables	(266,937)	330,056	63,119	-
Increase in accounts payable	51,578	35,355	86,933	135,971
Increase in accrued payroll	26	-	26	(1,016)
Increase in compensated absences	-	(1,454)	(1,454)	-
Increase (decrease) in prepaid assessments	725,303	-	725,303	-
Increase in OPEB	-	255	255	-
Increase in deferred outflows related to OPEB	-	266	266	-
Increase (decrease) in deferred inflows related to OPEB	-	148	148	-
Decrease in claims payable	-	-	-	481,387
(Decrease) increase in unearned revenue	(1,920,000)	5,710	(1,914,290)	-
Increase in net pension liability	-	(76,407)	(76,407)	-
Net Cash Provided by (Used in) Operating Activities	\$ 3,960,819	\$ (2,171,589)	\$ 1,789,230	\$ 1,223,259

The accompanying notes are an integral part of these financial statements

**CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>Pension and Other Employee Benefit Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,318,135	\$ 111,657	\$ 1,111,424
Investments:			
Guaranteed investment contracts	3,886,392	-	-
Real estate investment trust	48,406		
Common stock	12,964,931		
Pooled equity index funds	320,688		
Pooled fixed income index funds	659,206		
International equity mutual fund	1,684,014		
U.S. equity mutual funds	32,276,576		
Fixed income mutual funds	<u>23,280,240</u>		
Total investments	<u>75,120,453</u>		
Due from other funds	<u>1,013,038</u>	-	-
Total assets	<u>78,451,626</u>	<u>111,657</u>	<u>1,111,424</u>
Liabilities:			
Accounts payable	201,037	-	-
Deposits held in custody for others	-	-	1,111,424
Total liabilities	<u>201,037</u>	<u>-</u>	<u>1,111,424</u>
Net Position Restricted for Pensions and OPEB Benefits and Other Purposes	<u>\$ 78,250,589</u>	<u>\$ 111,657</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension and Other Employee Benefit Trust Fund</u>	<u>Private Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer contributions	\$ 27,677,159	\$ -
Plan member contributions	1,036,775	4,335
Other	53,055	-
Total contributions	<u>28,766,989</u>	<u>4,335</u>
Investment Income:		
Interest and dividends	1,704,701	42
Net appreciation in the fair value of investments	3,920,610	-
Total investment income	<u>5,625,311</u>	<u>42</u>
Total additions	<u>34,392,300</u>	<u>4,377</u>
Deductions:		
Benefits	28,859,785	3,680
Administrative expenses	314,773	-
Total deductions	<u>29,174,558</u>	<u>3,680</u>
Change in Net Position	5,217,742	697
Net Position Held in Trust for Pensions, and OPEB Benefits and Other Purposes-July 1, 2017 (Restated)	<u>73,032,847</u>	<u>110,960</u>
Net Position Held in Trust for Pensions, and OPEB Benefits and Other Purposes-June 30, 2018	<u>\$ 78,250,589</u>	<u>\$ 111,657</u>

The accompanying notes are an integral part of these financial statements

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.

1. 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 a non-major program of the proprietary funds. By way of a resolution dated May 25, 2017 the Foundations' Board members dissolved the Foundation. All future activity of the facility will be responsibility of, and be accounted for by, the City of Cranston, Rhode Island.

B. 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 non-fiduciary 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.

C. 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.

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.

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

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, amounts held for unclaimed estates in probate court and amounts held for performance bonds.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/

Fund Balance

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.

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Investments for the City are reported at fair value.

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, 2018 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.

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.

Restricted Assets

The restricted assets for the City are restricted for debt reserve requirements, building improvements and minor maintenance costs associated with the City of Cranston, Rhode Island.

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.”

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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.

Restricted Assets

The restricted assets for the City are restricted for debt reserve requirements, building improvements and minor maintenance costs associated with the City of Cranston, Rhode Island.

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 acquisition value at the date of donation.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. As of June 30, 2018, there were no impairment losses recognized for long-lived assets.

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.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plans' fiduciary net position. The pension plans' fiduciary net position is determined using the same valuation methods that are used by the pension plans for purposes of preparing their statements of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

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.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections, a deferred sewer lease arrangement and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). The deferred lease arrangement represents the unamortized portion of an advanced lease payment that the City collected in connection with the lease of the City's wastewater treatment system. This amount is deferred and recognized ratably over the lease term. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from the following sources: property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Fund Balance and Net Position

Net Position

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

- 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.
- 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.
- 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:

- 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.
- 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.
- 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.
- 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.
- 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

- 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, 2018, the remaining fund balance included in this fund was \$39,259 and is reported in the totals of the City's general fund on the governmental funds balance sheet within the committed fund balance.
- Healthcare Budget Stabilization Fund - this fund shall be created, into which the excess of revenues from the various city departments 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, 2018, the remaining fund balance included in this fund was \$4,771 and is reported in the totals of the City's General Fund on the governmental funds balance sheet within the committed fund balance.

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 no 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 intradepartmental transfers at any time during the fiscal year. Interdepartmental transfers and supplemental appropriations are restricted to the fourth quarter and must be approved by the City Council in the form of an ordinance. Interdepartmental transfers reallocate surplus funds from one department to another. Supplemental appropriations increase both revenue appropriation and expenditure appropriation by an equal amount. During the fiscal year ended June 30, 2018 additional appropriations of \$420,795 were made.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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). 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.

B. Capital Projects Authorizations

The following is a summary of projects recorded in the Capital Projects Fund at June 30, 2018:

Project Name	Project Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2018
Governmental Funds:				
School bond fund	\$ 30,310,800	\$ 2,345,205	\$ 27,176,963	\$ 3,133,837
Police and fire bond fund	\$ 14,657,076	\$ 1,853,532	\$ 12,816,738	\$ 1,840,338
Public building bond fund	\$ 2,509,970	\$ 368,867	\$ 1,911,407	\$ 598,563
Recreation bond fund	\$ 6,233,887	\$ 1,430,374	\$ 5,912,557	\$ 321,330
Highway bond fund	\$ 18,029,524	\$ 6,722,020	\$ 20,194,432	\$ (2,164,908)
Storm drains bond fund	\$ 1,881,893	\$ 76,020	\$ 1,530,942	\$ 350,951
Library bond fund	\$ 933,390	\$ 73,344	\$ 658,101	\$ 275,289
Neighborhood infrastructure fund	\$ 3,336,223	\$ 976,029	\$ 2,657,254	\$ 678,969
Open space bond fund	\$ 2,491,090	\$ 3	\$ 2,365,223	\$ 125,867

Deficits in the capital projects fund will be covered through a bond issuance in the next fiscal year.

C. Deficit Fund Balance

During the year ended June 30, 2018, the City had a deficit fund balance in the following funds:

Non-Major Governmental Funds

Community Development Block Grant	\$ 28,724
WIA Job Development Fund	205,210
Highway Bond Fund	2,164,908

Internal Service Funds

City Internal Service Fund	\$ 510,197
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The nonmajor fund deficits will be eliminated through future intergovernmental grant receipts, new bond issuances, Bond Anticipation Notes or inter-fund contributions. The internal service fund deficits will be eliminated through the monitoring of these fund activities and adjusting working rates for healthcare costs.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

3. DETAILED NOTES

A. Cash and Investments

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, 2018, the City's bank balance of \$53,623,537 was insured and collateralized as follows:

Insured	\$ 9,225,319
Collateralized	
Collateral held by Pledging Banks' Trust Department, not in the City's name	<u>45,858,417</u>
 Total Amount Subject to Custodial Risk	 <u><u>\$ 55,083,736</u></u>

The City's carrying value of cash and cash equivalents at June 30, 2018 was \$53,682,555, and is presented within the following in the financial statements:

Governmental Activities	\$ 30,686,134
Business Type Activities	18,459,786
Pension Trust Funds	1,642,706
OPEB Trust Funds	675,429
Internal Service Funds	995,419
Private Purpose Trust Funds	111,657
Agency Funds	<u>1,111,424</u>
 Total	 <u><u>\$ 53,682,555</u></u>

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.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

At June 30, 2018, 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
U.S. Equity Mutual Funds	\$ 32,276,576	\$32,276,576	\$ -	\$ -
International Equity Mutual Funds	1,684,014	1,684,014	-	-
Common Stock	12,964,931	12,964,931	-	-
Guaranteed Investment Contracts	3,886,392	3,886,392	-	-
Pooled Equity Index Funds	320,688	320,688	-	-
Pooled Fixed Income Index Funds	659,206	-	659,206	-
Fixed Income Mutual Funds	23,280,240	-	23,280,240	-
Real Estate Investment Trusts	48,406	48,406	-	-
Total	\$ 75,120,453	\$51,181,007	\$ 23,939,446	\$ -

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, 2018.

At June 30, 2018 the City's investments totaled \$75,120,453 (held in Fiduciary Funds) and those investment options representing 5% or more of the total investment balance are as follows:

Investment	Percentage	Fair Value
Russell US Small Cap Equity CL A	6.03%	\$ 4,533,028
Skybridge Multi-Advisor Hedge Fund Port LLC Ser G	5.17%	\$ 3,886,392

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Fair Value of Financial Instruments

Fair value is defined as the amount at which an asset could be exchanged between knowledgeable and willing parties. GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2

Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs are valued using multidimensional relational models and matrices that consider benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

Level 3

Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in valuation methodology used at 2018.

Description	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Fair Value
June 30, 2018:			
U.S. Equity Mutual Funds	\$ 32,276,573	\$ -	\$ 32,276,573
International Equity Mutual Funds	1,684,014	-	1,684,014
Common Stock	12,964,933	-	12,964,933
Pooled Equity Index Funds	-	320,689	320,689
Pooled Fixed Income Index Funds	423,227	235,979	659,206
Fixed Income Mutual Funds	23,280,240	-	23,280,240
Real estate Investment Trusts	48,406	-	48,406
Total assets in the fair value hierarchy	70,677,393	556,668	71,234,061
Investments measured at net asset value*	-	-	3,886,392
Investments at fair value	\$ 70,677,393	\$ 556,668	\$ 75,120,453

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

	Investments Measured at Net Asset Value as of June 30, 2018		
	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge Fund	\$ 3,886,392	Quarterly	65 Days
			Funding Commitments
			None

There were no transfers between any levels during the year ended June 30, 2018.

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:

	Property Taxes		
	Taxes	Interest & Liens	Total
Current portion	\$ 8,521,792	\$ 4,310,561	\$ 12,832,353
Less allowance for uncollectibles	(2,085,000)	(1,578,558)	(3,663,558)
Total Receivable	\$ 6,436,792	\$ 2,732,003	\$ 9,168,795

	Economic Development		
	Loans	CDBG Loans	Total
Loans Receivable	\$ 595,584	\$ 2,296,302	\$ 2,891,886

	Sewer Use Charges		
	Use Charges	Interest & Liens	Total
Current portion	1,531,471	\$ 625,805	\$ 2,157,276
Less allowance for uncollectibles	(521,504)	(334,172)	(855,676)
Total Receivable	\$ 1,009,967	\$ 291,633	\$ 1,301,600

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	\$ 120,625
Tax Collections in advance	5,688,640
Grant Draw-downs prior to meeting all eligibility requirements	3,527,034
	<u>\$ 9,336,299</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<u>Governmental Activities:</u>				
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 14,920,308	\$ 378,786	\$ -	15,299,094
Construction in Progress	1,889,168	1,088,910	220,480	2,757,598
Total capital assets, not being depreciated	<u>16,809,476</u>	<u>1,467,696</u>	<u>220,480</u>	<u>18,056,692</u>
<u>Capital Assets, being depreciated:</u>				
Land improvements	28,986,162	7,989,323	-	36,975,485
Buildings	109,918,210	2,143,677	-	112,061,887
Machinery and equipment	6,777,641	1,835,736	-	8,613,377
Office furniture and equipment	7,445,574	71,680	-	7,517,254
Vehicles	20,756,276	2,565,487	1,323,606	21,998,157
Infrastructure	86,658,541	686,582	-	87,345,123
Total capital assets being depreciated	<u>260,542,404</u>	<u>15,292,485</u>	<u>1,323,606</u>	<u>274,511,283</u>
Total capital assets	<u>277,351,880</u>	<u>16,760,181</u>	<u>1,544,086</u>	<u>292,567,975</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	14,045,522	1,147,639	-	15,193,161
Buildings	46,547,931	1,895,298	-	48,443,229
Machinery and equipment	5,457,937	504,022	-	5,961,959
Office furniture and equipment	6,937,991	204,275	-	7,142,266
Vehicles	15,170,613	1,936,061	1,274,007	15,832,667
Infrastructure	73,157,218	991,738	-	74,148,956
Total accumulated depreciation	<u>161,317,212</u>	<u>6,679,033</u>	<u>1,274,007</u>	<u>166,722,238</u>
Total Capital Assets, being depreciated, net	<u>99,225,192</u>	<u>8,613,452</u>	<u>49,599</u>	<u>107,789,045</u>
Governmental Activities Capital Assets, net	<u>\$ 116,034,668</u>	<u>\$ 10,081,148</u>	<u>\$ 270,079</u>	<u>\$ 125,845,737</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Business-Type Activities:				
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 342,712	\$ -	\$ -	342,712
Construction in Progress	18,949,685	1,566,921	-	20,516,606
Total capital assets, not being depreciated	<u>19,292,397</u>	<u>1,566,921</u>	<u>-</u>	<u>20,859,318</u>
<u>Capital Assets, being depreciated/amortized:</u>				
Land improvements	266,795	-	-	266,795
Leasehold improvements	-	34,476	-	34,476
Machinery and equipment	574,423	83,834	-	658,257
Office furniture and equipment	1,124	-	-	1,124
Vehicles	35,838	27,000	-	62,838
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	78,955,615	-	-	78,955,615
Infrastructure	50,555,977	1,067,389	-	51,623,366
Total capital assets, being depreciated/amortized	<u>135,313,849</u>	<u>1,212,699</u>	<u>-</u>	<u>136,526,548</u>
Total capital assets	<u>154,606,246</u>	<u>2,779,620</u>	<u>-</u>	<u>157,385,866</u>
<u>Less accumulated depreciation/amortization for:</u>				
Land improvements	266,795	-	-	266,795
Leasehold improvements	-	453	-	453
Machinery and equipment	463,435	32,693	-	496,128
Office furniture and equipment	1,092	32	-	1,124
Vehicles	30,590	5,850	-	36,440
Service to customers	81,200	1,836	-	83,036
Pumping plant and equipment	2,243,117	70,348	-	2,313,465
GIS project	1,103,833	-	-	1,103,833
Treatment plant and equipment	45,190,057	1,511,975	-	46,702,032
Infrastructure	33,199,824	634,955	-	33,834,779
Total accumulated depreciation/amortization	<u>82,579,943</u>	<u>2,258,142</u>	<u>-</u>	<u>84,838,085</u>
Total Capital Assets, being depreciated/amortized, net	<u>52,733,906</u>	<u>(1,045,443)</u>	<u>-</u>	<u>51,688,463</u>
Business-Type Activities Capital Assets, net	<u>\$ 72,026,303</u>	<u>\$ 521,478</u>	<u>\$ -</u>	<u>\$ 72,547,781</u>

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

Governmental Activities:

General Government	\$ 3,837,796
Public Safety	1,440,282
Public Works	577,017
Education	569,598
Parks and Recreation	157,753
Public Libraries	65,834
Senior Services	30,753
Total Depreciation Expense-Governmental Activities	<u>\$ 6,679,033</u>

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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

Business-Type Activities	
Sewer	\$ 2,222,717
Charter School	6,481
School Lunch	<u>28,944</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 2,258,142</u>

Construction Commitments

The City has active construction projects as of June 30, 2018. At year end, the City's commitments with contractors are as follows:

Project	Commitment
Governmental-Type Activities	
School Bond Fund	\$ 2,793,993
Public Building Bond Fund	299,115
Business-Type Activities	
Sewer	155,928
Total	<u>\$ 3,249,036</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Interfund Accounts

Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2018 is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Major Funds			
General Fund:			
School Unrestricted Fund			1,911,717
Emergency Management Fund			5,295
Community Development Fund		4,982	
Police Evidence			7,119
Economic Development Revolving Loan		5,000	
Special Police Duty		540,278	
Special Fire Duty		3,226	
Public Libraries			263
WIA Job Development Fund		242,942	
Police Federal Seizure			5,375
Police Grants & Donations		18,925	
Internal Service Fund		1,168,967	508,410
RSVP			49
Capital Facilities Development Impact Fees			593
Sewer Fund		<u>285,067</u>	
Total General Fund		<u>2,269,387</u>	<u>2,438,821</u>
School Department Unrestricted:			
General Fund-City		1,911,717	
Internal Service Fund		3,961,635	
Charter School Fund			75,041
Total School Special Revenue Unrestricted		<u>5,873,352</u>	<u>75,041</u>
Proprietary Funds:			
Sewer Fund	General Fund		285,067
Charter School Fund	School General Fund	<u>177,649</u>	
Total Proprietary Funds		<u>177,649</u>	<u>285,067</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Nonmajor Funds			
Education	General Fund	\$ 112,460	\$ 902,561
Emergency Management Fund	General Fund	5,295	
Community Development Block Grant Fund	General Fund		49,842
Police Evidence	General Fund	7,119	
Economic Development Revolving Loan	General Fund		5,000
Public Libraries	General Fund	263	
Special Duty Fire Fund	General Fund		3,226
Special Duty Police Fund	General Fund		540,278
Police Federal Forfeiture-Justice	General Fund	5,375	
Police Grants & Donations	General Fund		18,925
Storm Drains Fund	General Fund	125,617	
Capital Facilities Development Impact Fees	General Fund	593	
RSVP	General Fund	49	
Highway Bond Fund	General Fund		125,617
WIA Job Development Fund	General Fund		242,937
Total Nonmajor Funds		<u>256,771</u>	<u>1,888,386</u>
Internal Service Fund			
Self Insurance Fund		508,410	1,168,967
Health Insurance Fund			3,274,147
Total Internal Service Funds		<u>508,410</u>	<u>4,443,114</u>
Total		<u>\$ 9,085,569</u>	<u>\$ 9,130,429</u>

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

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Interfund Transfer

A summary of interfund transfers as of June 30, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
School Unrestricted Fund	\$ -	\$ 93,182,653
Total General Fund	<u>-</u>	<u>\$ 93,182,653</u>
School Unrestricted		
General Fund	93,369,185	
School Education Fund		186,532
Total School Unrestricted	<u>93,369,185</u>	<u>186,532</u>
Grant Total	<u>\$ 93,369,185</u>	<u>\$ 93,369,185</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.

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.

On September 7, 2017 the City issued a bond anticipation note for \$10,840,000, due September 6, 2018. On August 1, 2018 the City refinanced the bond anticipation note through the issuance of long-term general obligation bonds. Based on the refinancing the bond anticipation notes have been excluded from current liabilities and classified as long-term as of the fiscal year ended June 30, 2018.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

F. Changes in Long-Term Obligations

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 Outstanding #NULL!	Additions	Retirements	Balance Outstanding #NULL!	Current Portion
Governmental Activities									
General obligation debt:									
158	Public Improvements-158	6/16/2008	13,075,000	4.00-5.00%	7/1/2028	\$ 1,540,000	\$ 925,000	\$ 615,000	\$ 615,000
158a	Advance Refunding (158) Public Improvements	6/1/2016	7,840,000	3.00-5.00%	7/1/2028	7,840,000		7,840,000	-
159	School Borrowing-159	8/7/2008	7,000,000	3.75-6.00%	4/1/2029	575,000	575,000	-	-
159a	Advance Refunding (159) School Borrowing	8/10/2016	4,335,000	3.25-5.00%	5/15/2029	4,335,000		4,335,000	315,000
160	Public Improvements-160	7/1/2010	3,000,000	2.00-4.30%	7/1/2030	2,100,000	150,000	1,950,000	150,000
161	School Borrowing-161	1/15/2011	700,000	2.00-4.30%	4/1/2021	280,000	70,000	210,000	70,000
162A	Public Improvements-162A	3/29/2012	3,430,000	2.00-4.37%	2/1/2032	2,730,000	175,000	2,555,000	175,000
162B	Refunding-162B (Issue 154 and 155)	3/29/2012	15,955,000	2.00-5.00%	7/1/2023	9,880,000	1,410,000	8,470,000	1,410,000
163	Public Improvements-163	7/30/2013	10,210,000	3.00-4.75%	8/1/2033	8,840,000	520,000	8,320,000	520,000
164	Advance Refunding (156 & 157) Public Improvements-164	7/15/2015	30,715,000	1.25-5.00%	7/15/2035	26,960,000	3,875,000	23,085,000	4,025,000
166	RI Infrastructure Bank-166	4/9/2016	1,755,000	0.40-2.41%	9/1/1935	1,755,000	79,000	1,676,000	79,000
165	School Improvements-RI Infrastructure Bank-165	5/15/2016	4,565,000	2.00-5.00%	5/15/2036	4,400,000	170,000	4,230,000	175,000
167	RI Infrastructure Bank-167	7/15/2016	2,240,000	0.986-2.32%	9/1/2032	2,240,000		2,240,000	134,000
168	School Improvements-RI Infrastructure Bank-168	7/19/2017	5,000,000	3.00-5.00%	4/1/2038		\$ 5,000,000	5,000,000	160,000
	Total general obligation bonds				<u>73,475,000</u>	<u>5,000,000</u>	<u>7,949,000</u>	<u>70,526,000</u>	<u>7,828,000</u>
	Bond premiums				3,076,395	482,028	399,475	3,158,948	399,475
	TOTAL BONDS AND RELATED LIABILITIES				<u>76,551,395</u>	<u>5,482,028</u>	<u>8,348,475</u>	<u>73,684,948</u>	<u>8,227,475</u>
	Bond anticipation notes excluded from current liabilities								
	Capital Project and General Fund Borrowing	8/24/2017	10,840,000	2.00%	9/6/2018	-	10,840,000	-	10,840,000
	Total Bond Anticipation Notes Payable				<u>-</u>	<u>10,840,000</u>	<u>-</u>	<u>10,840,000</u>	<u>10,840,000</u>
	Capital lease								
	Energy Lease Obligation	11/3/2016	3,200,000	0.0173	7/15/2023	3,200,000	420,000	2,780,000	440,000
	Total Leases Payable				<u>3,200,000</u>	<u>420,000</u>	<u>2,780,000</u>	<u>440,000</u>	
	TOTAL BONDS, NOTES AND RELATED LIABILITIES				<u>79,751,395</u>	<u>16,322,028</u>	<u>8,768,475</u>	<u>87,304,948</u>	<u>19,507,475</u>
	COMPENSATED ABSENCES				12,844,051	7,502,460	6,559,346	13,787,165	1,378,716
	DEFERRED SALARY				114,042		5,013	109,029	10,903
	NET PENSION LIABILITY								
	Municipal employees' retirement system - City of Cranston				14,283,961	2,939,901		17,223,862	-
	Municipal employees' retirement system - Police				5,903,418	4,958,822		10,862,240	-
	Employees' retirement system				136,353,002	4,102,817		140,455,819	-
	Police and Fire employees' retirement system				247,130,671		10,834,507	236,296,164	-
	NET OPEB LIABILITY - SCHOOL DEPARTMENT (as restated)				9,541,100	18,562		9,559,662	-
	NET OPEB LIABILITY - CITY (as restated)				43,903,501		2,706,471	41,197,030	-
	CLAIMS AND JUDGMENTS				100,000		50,000	50,000	50,000
	Total General Long-Term Obligations				<u>\$ 549,925,141</u>	<u>\$ 35,844,590</u>	<u>\$ 28,923,812</u>	<u>\$ 556,845,919</u>	<u>\$ 20,947,094</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Description	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding #NULL!	Additions	Retirements	Balance Outstanding #NULL!	Current Portion
Business-Type Activities									
Enterprise funds:									
<u>SEWER</u>									
RI Infrastructure Bank	11/13/2003	2,000,000	3.00%	9/1/2024	\$ 800,000	\$	\$ 100,000	\$ 700,000	\$ 100,000
RI Infrastructure Bank	12/15/2005	900,000	3.00%	9/1/2025	540,000		60,000	480,000	60,000
RI Infrastructure Bank	12/7/2007	3,000,000	1.43%	9/1/2028	1,800,000		150,000	1,650,000	150,000
RI Infrastructure Bank	6/24/2010	1,000,000	0.52-3.19%	9/1/1930	758,000		43,000	715,000	45,000
RI Infrastructure Bank	2/20/2014	18,000,000	0.35-3.14%	9/1/2034	16,545,000		737,000	15,808,000	724,300
					20,443,000		1,090,000	19,353,000	1,079,300
NET OPEB LIABILITY (as restated)					130,924	255		131,179	-
NET PENSION LIABILITY					1,900,633		76,407	1,824,226	-
COMPENSATED ABSENCES					40,397		#NULL!	#NULL!	-
Total Enterprise funds					\$ 22,514,954	\$	\$ #NULL!	\$ #NULL!	\$ 1,079,300

Capital assets obtained from capital leases totaled \$744,770.

The following is a summary of annual debt service requirements to maturity for the retirement of general obligation debt and Clean Water debt:

Year Ending June 30,	Governmental Activities General Obligation Debt		Business-Type Activities Clean Water Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 7,828,000	\$ 2,703,437	\$ 1,079,300	\$ 527,552
2020	6,625,000	2,404,762	1,091,967	509,691
2021	5,573,000	1,919,969	1,107,567	489,157
2022	5,635,000	1,693,705	1,125,100	466,053
2023	5,774,000	1,467,367	1,146,567	440,613
2024-2028	22,056,000	4,592,111	6,130,832	1,752,843
2029-2033	11,794,000	1,766,273	5,391,867	874,895
2034-2038	5,241,000	183,371	2,279,800	80,260
	<u>\$ 70,526,000</u>	<u>\$ 16,730,995</u>	<u>\$ 19,353,000</u>	<u>\$ 5,141,064</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Compensated Absences

Governmental Activities - The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately \$13,787,000 as of June 30, 2018. This amount is recorded in the government-wide statements and paid out of the General Fund.

Lease Commitment

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

<u>Year Ended June 30</u>	
2019	\$ 906,401
2020	897,742
2021	588,543
2022	538,168
2023	538,169
	<u>\$ 3,469,023</u>

Lease expenditures approximated \$1,100,000 for fiscal year ended June 30, 2018.

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 \$212.8 million based on taxable property as of December 31, 2016, of approximately \$7.1 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, 2018, the City had \$70,526,000 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018, the in-substance defeased bonds, which remain outstanding was \$8,060,000.

Authorized/Unissued Bonds

The amount of authorized, unissued bonds is as follows:

General	\$ 58,480,022
Schools	<u>12,421,228</u>
Total	<u>\$ 70,901,250</u>

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 salary, 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, 2018, there were 96 teachers eligible for the benefit, with an outstanding balance of \$109,029.

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.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

At June 30, 2018 Restricted Fund Balance consisted of the following:

Restricted:	
To Fund Future Library Expenses	\$ 126,977
To Fund Education Expenses	3,858,293
To Fund Recreation Bond Expenditures	321,330
To Fund Police and Fire Bond	3,133,837
To Fund Public Building Bond	598,563
To Fund Future Fire Expenses	200,391
To Fund Library Expenses	275,289
To Fund Police and Fire Capital Projects	1,840,338
To Fund Storm Drain Projects	350,951
To Fund Neighborhood Infrastructure Capital Projects	678,969
To Fund Open Space	125,864
To Fund Future Community Development Expenditures	1,508,710
To Fund Future Public Service Expenditures	560,556
To Fund Future Senior Services Expenditures	140,627
To Fund Future Ice Rink	155,511
To Fund Future Parks and Recreation Expenditures	1,751
To Fund Future Health Insurance Costs	504,185
To Fund Future Grant Expenditures	80,269
To Fund Future Capital Facilities Impact Expenditures	711,724
To Fund Future Cemetary Trust Expenditures	4,039
To Fund Future Historical Record Expenditures	<u>714,258</u>
Total Restricted Fund Balance	<u><u>\$ 15,892,432</u></u>

At June 30, 2018 Committed Fund Balance consisted of the following:

Committed:	
Capital and One-Time Expenditures	\$ 39,259
Self-Insurance Healthcare Reserve Fund	4,771
School Department Grants	12,627
Encumbrances for Education Supplies	<u>806,404</u>
Total Committed Fund Balance	<u><u>\$ 863,061</u></u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

At June 30, 2018 Nonspendable Fund Balance consisted of the following:

Nonspendable:

General Fund	
Advance Deposits-Hospitalization	\$ 207,000
School Department	
Long-Term-Receiveable from Health Insurance Fund	<u>120,484</u>
Total Nonspendable Fund Balance	<u>\$ 327,484</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.

4. 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 \$36 million for fiscal year 2018 under this plan.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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 BC/BS 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, 2018 are as follows:

	<u>2018</u>	<u>2017</u>
July 1	\$ 926,280	\$ 850,837
Add: incurred claims	34,437,678	34,667,579
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	34,666,291	34,592,136
Other claims		-
June 30	<u>#NULL!</u>	<u>\$ 926,280</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, 2018 has been recorded on the statement of net position under the claims payable line, within the government-wide statements (\$697,667).

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, 2018, the balance of unearned revenue related to this was approximately \$8,450,000 which is comprised of a short-term portion of \$1,920,000 and a long-term portion of approximately \$6,530,000.

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 2018, the City paid service fees totaling approximately \$16 million. The City also recognized 4% of the lease payment (\$1,920,000) as revenue for the year ended June 30, 2018.

This transaction was financed with conduit debt "1997 Series Bonds" which were advance refunded on February 28, 2017. On January 31, 2017, there was another conduit debt transaction on the "2017 Series Bonds." This transaction resulted in refunding credit savings of \$4,403,930 over the term of the bond which is due September 2022. This debt is not due and payable from the City of Cranston, Rhode Island but they were a party to the transaction.

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.

D. Employee Retirement System

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. Financial information can be obtained for those plans by contacting the State of Rhode Island.

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

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.

Summary of Significant Accounting Policies and Plan Asset Matters

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, 2017, there are no separate financial statements available for the PFERS plan.

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.

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Valuation of Investments

Investments are valued 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.

Classes of Employees Covered

As of June 30, 2017, the plans' membership consists of:

	Fire	Police	Total
Retirees, disability retirees and beneficiaries receiving benefits	218	204	422
Active plan members vested	21	6	27
Totals	<u>239</u>	<u>210</u>	<u>449</u>

There are no members in the plan, but not vested.

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.

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, 2017, the City contributed \$21,403,849 to the Plan, including \$0 from the State.

Net Pension Liability

The components of the net pension liability of the plan as of June 30, 2017 (the date of the most recent actuarial valuation) was as follows:

Total Pension Liability	\$ 302,630,011
Plan fiduciary net position	<u>66,333,847</u>
Net Pension Liability (NPL)	<u>\$ 236,296,164</u>
Plan fiduciary net position as a percentage of the total pension liability	21.92%
Covered payroll (active plan members)	<u>\$ 2,697,374</u>
NPL as a percentage of covered payroll	<u>8760.23%</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events 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.

Actuarial Assumptions

The 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:

The June 30, 2018 total pension liability was determined by rolling forward the June 30, 2017 valuation results, using the following actuarial assumptions, applied to all periods included in the measurement:

Census data was collected as of July 1, 2017. Liabilities measured as of the census date were projected to June 30, 2017 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 2026 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, 2017 are summarized in the following table (note that the rates shown below include the inflation component):

Domestic Equity (large cap)	11.13%	35.00%
Domestic Equity (mid cap)	13.16%	5.00%
Domestic Equity (small cap)	13.22%	5.00%
International Equity	9.86%	15.00%
Fixed income	4.16%	35.00%
Real estate	8.35%	5.00%
		100.00%

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.25%. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Discount Rate

The assumed discount rate used to measure liabilities for valuation purposes is 7.90%. 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 95.3% 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 2.71%, 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 7.90% was used to measure the Plan’s total pension liability.

The ARC for the fiscal year ending June 30, 2017 was based on the results of the July 1, 2013 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.

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 7.90%, 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 (6.90%) or 1 percentage-point higher (8.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	\$ 266,940,701	\$ 236,296,164	\$ 210,374,444

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

For the year ended June 30, 2018, the employer recognized pension expense of \$16,034,265. 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 subject to measurement date	<u>\$ 22,568,319</u>	<u></u>
Differences between expected and actual earnings	<u>6,218,153</u>	<u>(3,212,116)</u>
Total	<u>\$ 6,218,153</u>	<u>\$ (3,212,116)</u>

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Year Ending June, 30	Net Deferred Outflows (Inflows) of Resources
2018	\$ 191,274
2019	191,276
2020	1,423,917
2021	1,199,570
Total	<u>\$ 3,006,037</u>

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.

Benefits Provided

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Final Compensation: Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Subsequent to June 30, 2015, 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. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

General employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

Other benefit provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

General Employee Units

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	From Employer Specific Valuation
Inactive, Nonretired Members	330
Retirees and Beneficiaries	588
Active Members	660
Total	1,578

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% 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 \$2,342,837 in the year ended June 30, 2018 which was 9.66% of annual covered payroll.

Net Pension Liability (Asset)

The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age Normal-the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll-Closed
Remaining Amortization	19 Years
Asset Valuation Method	5-Year Smooth Market
Investment Rate of Return	7.5%
Projected Salary Increases:	
General Employees	3.5%-7.5%
Police & Fire Employees	4%-14%
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.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2013. The liabilities are rolled forward on-year using standard actuarial methods.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%
	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.

Discount Rate

The discount rate used to measure the total pension liability of the plans was 7.0 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

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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, 2016	\$ 141,597,445	\$ 127,196,632	\$ 14,400,813
Changes for the year			
Service cost	2,350,820	-	2,350,820
Interest on the total pension liability	10,359,681	-	10,359,681
Changes in benefits			--
Differences between expected and actual experience	468,058	-	468,058
Changes in assumptions	7,489,555	-	7,489,555
Employer contributions	-	2,342,837	(2,342,837)
Employee contributions	-	836,339	(836,339)
Net investment income	-	14,401,043	(14,401,043)
Benefit payments, including employee refunds	(9,287,558)	(9,287,558)	--
Administrative expense	-	(136,055)	136,055
Other changes	-	254,209	(254,209)
Net changes	11,380,556	8,410,815	2,969,741
Balances as of June 30, 2017	\$ 152,978,001	\$ 135,607,447	\$ 17,370,554

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 7.0 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	\$ 35,239,023	\$ 17,370,554	\$ 4,063,145

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

For the year ended June 30, 2018 the employer recognized pension expense of \$3,840,550. 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 the measurement date	\$ 1,074,051	
Difference in experience	349,017	(1,496,674)
Difference in assumptions	5,598,357	-
Excess (deficit) investment returns	8,569,661	(5,869,263)
Total	<u>\$ 14,517,035</u>	<u>\$ (7,365,937)</u>

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
2019	\$ 1,408,123
2020	3,945,218
2021	2,814,942
2022	(1,017,185)
2023	-
Thereafter	-
Total	<u>\$ 7,151,098</u>

General Employee (Non-Certified) Defined Contribution Plan

Certain employees participating in the defined benefit plan, as described above, may 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 with less than 20 years of service contribute 5% of their annual covered salary. Employers contribute 1.25% for employees with at least 10 years of service but less than 15 years of service as of June 30, 2012 of annual covered salary. Employers contribute 1.50% for employees with at least 15 years of service but less than 20 years of service as of June 30, 2012 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.

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

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The City of Cranston recognized pension expense of \$1,628,973 for the fiscal year ended June 30, 2018.

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, 2016 valuation date, the following employees were covered by the benefit terms:

	<u>From Employer Specific Valuation</u>
Inactive, nonretired members	9
Retirees and beneficiaries	19
Active members	<u>141</u>
Total	<u><u>169</u></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 10% 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 \$1,040,242 in the year ended June 30, 2017 which was 9.57% of annual covered payroll.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Net Pension Liability (Asset)

The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age Normal-the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll-Closed
Remaining Amortization	19 Years
Asset Valuation Method	5-Year Smooth Market
Investment Rate of Return	7.5%
Projected Salary Increases:	
General Employees	3.5%-7.5%
Police & Fire Employees	4%-14%
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.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%
	100.00%	

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Discount Rate

The discount rate used to measure the total pension liability of the plans was 7.0 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.

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, 2016	\$ 39,612,715	\$ 33,709,297	\$ 5,903,418
Changes for the year			
Service cost	2,014,684	-	2,014,684
Interest on the total pension liability	3,011,196	-	3,011,196
Changes in benefits	-	-	-
Differences between expected and actual experience	3,152,114	-	3,152,114
Changes in assumptions	2,582,739	-	2,582,739
Employer contributions	-	1,040,242	(1,040,242)
Employee contributions	-	1,099,252	(1,099,252)
Net investment income	-	4,095,964	(4,095,964)
Benefit payments, including employee refunds	(941,558)	(941,558)	-
Administrative expense	-	(38,697)	38,697
Other changes	-	(394,850)	394,850
Net changes	9,819,175	4,860,353	4,958,822
Balances as of June 30, 2017	\$ 49,431,890	\$ 38,569,650	\$ 10,862,240

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 7.0 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$	16,399,655	\$ 10,862,240	\$ 6,740,256

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

For the year ended June 30, 2018 the employer recognized pension expense of \$2,380,401. 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 the measurement date	\$ 1,199,854	\$ -
Difference in experience	3,148,092	(50,501)
Difference in assumptions	2,346,162	(411,493)
Excess (deficit) investment returns	2,134,524	(1,658,199)
Total	<u>\$ 7,628,778</u>	<u>\$ (2,120,193)</u>

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
2019	\$ 577,089
2020	1,004,004
2021	686,110
2022	186,530
2023	494,352
Thereafter	2,560,500
Total	<u>\$ 5,508,585</u>

Defined Contribution Plan Description

Certain employees participating in the defined benefit plan, as described above, may 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.

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

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

The City recognized pension expense of \$1,180,547 for the fiscal year ended June 30, 2018.

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, 2015 valuation date, the following employees were covered by the benefit terms:

	From Employer Specific Valuation
Inactive, nonretired members	1
Retirees and beneficiaries	14
Active members	158
Total	173

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 10% 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 \$971,858 in the year ended June 30, 2017 which was 7.50% of annual covered payroll.

Net Pension Liability (Asset)

The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age Normal-the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll-Closed
Remaining Amortization	19 Years
Asset Valuation Method	5-Year Smooth Market
Investment Rate of Return	7.5%
Projected Salary Increases:	
General Employees	3.5%-7.5%
Police & Fire Employees	4%-14%
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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 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 a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%
	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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, 2016	\$ 54,736,760	\$ 55,576,909	\$ (840,149)
Changes for the year			
Service cost	2,469,994	-	2,469,994
Interest on the total pension liability	4,169,635	-	4,169,635
Changes in benefits	-	-	-
Differences between expected and actual experience	(928,566)	-	(928,566)
Changes in assumptions	3,052,432	-	3,052,432
Employer contributions	-	971,858	(971,858)
Employee contributions	-	1,300,194	(1,300,194)
Net investment income	-	6,811,465	(6,811,465)
Benefit payments, including employee refunds	(753,251)	(753,251)	-
Administrative expense	-	(64,352)	64,352
Other changes	-	297,336	(297,336)
Net changes	8,010,244	8,563,250	(553,006)
Balances as of June 30, 2017	\$ 62,747,004	\$ 64,140,159	\$ (1,393,155)

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 7.0 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$	5,583,084	(1,393,155)	(6,585,605)

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2018, the employer recognized pension expense of \$891,292. 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 the measurement date	\$ 792,107	
Difference in experience	-	(2,898,306)
Difference in assumptions	2,728,133	(417,203)
Excess (deficit) investment returns	3,530,871	(2,770,298)
Total	\$ 6,259,004	\$ (6,085,807)

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
2019	\$ 18,793
2020	727,088
2021	200,958
2022	(625,246)
2023	(109,745)
Thereafter	(38,651)
Total	\$ 173,197

Defined Contribution Plan Description:

Certain employees participating in the defined benefit plan, as described above, may 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.

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

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The City recognized pension expense of \$96,712 for the fiscal year ended June 30, 2018.

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>.

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.

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 administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

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

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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 2017, Cranston School District teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years as of June 30, 2012 must contribute 11% 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 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the State and Cranston School Department, respectively. The School Department contributed \$10,119,695, \$10,852,160, and \$10,742,600 for the fiscal years ended June 30, 2018, 2017, and 2016, 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

The Cranston School District reported a liability of \$142,133,353 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:	\$ 142,133,353
State's proportionate share of the net pension liability associated with the Cranston District:	107,418,666
Total net pension liability	<u>\$ 249,552,019</u>

The net pension liability was measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017. The Cranston School District proportion of the net pension liability was based on a projection of the Cranston School District's 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, 2017 the Cranston School District's proportion was 4.50632384%.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For the year ended June 30, 2018, the Cranston School District recognized gross pension expense of \$23,628,324 and revenue of \$10,967,826 for support provided by the State. At June 30, 2018 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>\$ 11,072,615</u>
Changes of assumptions	12,413,301
Net difference between projected and actual earnings on pension plan investments:	<u>13,444,355</u>
	<u>25,857,656</u>
Deferred inflows of resources	
Difference between expected and actual experience:	\$ (3,369,646)
Changes of assumptions	(2,239,799)
Changes in proportion and differences between employer contributions and proportionate share of contributions:	(2,694,938)
Net difference between projected and actual earnings on pension plan investments:	<u>(7,407,155)</u>
Total	<u>\$ (15,711,538)</u>

Funding Policy

\$11,072,615 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. 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	Funding Policy
2019	\$ 1,466,130
2020	3,832,467
2021	2,081,162
2022	(417,147)
2023	1,441,364
Thereafter	1,742,142
Total	<u>\$ 10,146,118</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

Mortality

Variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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 a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%
	100.00%	

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.0 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 7.0 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% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ 178,627,665	\$ 142,133,353	\$ 114,950,898

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 with less than 20 years of service as of June 30, 2012, 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 between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. 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.

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 \$12,660,498 for the fiscal year ended June 30, 2017.

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>.

Teacher’s Survivors Benefits of the State of Rhode Island (“TSB”)

Plan Description

Certain employees of the Cranston School Department 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 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.

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:

Highest Annual Salary:	Basic Monthly Spouse's Benefit:
\$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

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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

Parent and One Child	Parent and Two or More Children	One Child Alone	Two Children Alone	Three or More Children Alone	Dependent Parent
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 \$97,874, \$102,845 and \$100,039 for the fiscal years ended June 30, 2018, 2017 and 2016, 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, 2018 the Cranston School District reported an asset of \$13,726,036 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, 2017, 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, 2016. The Cranston School District proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2017 the Cranston School District proportion was 16.59208498%.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For the year ended June 30, 2018, the Cranston School District recognized pension expense of \$2,751,580. At June 30, 2018, 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:	\$ 122,140
	<u> </u>
Difference between expected and actual experience:	\$ 2,708,933
Changes in assumptions:	2,261,244
Changes in proportion and differences between employer contributions and proportionate share of contributions	166,082
Net difference between projected and actual earnings on pension plan investments:	3,155,743
Total	<u>\$ 8,292,002</u>
Deferred inflows of resources	
Difference between expected and actual experience	\$ (2,884,371)
Net difference between projected and actual earnings on pension plan investments:	(2,278,775)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(636,373)
Total	<u>\$ (5,799,519)</u>

Funding Policy

\$122,140 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ending June 30</u>	
	2019	\$ 425,623
	2020	1,100,508
	2021	608,457
	2022	(115,423)
	2023	285,549
	Thereafter	187,769
	Total	<u>\$ 2,492,483</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial Assumptions

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

Inflation	2.55%
Salary increases	3.00% to 13.50%
Investment rate of return	7.00%

Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

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, 2016 valuation and the calculation of the total pension liability at June 20, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity		
US Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Equity		
Private Energy	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%
	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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 7.0% 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.

	Current Discount		
% Decrease (6.0%)	Rate (7.0%)	1% Increase (8.0%)	
\$	(9,388,225)	\$ (13,726,036)	\$ (16,955,426)

Pension Plan Fiduciary Net Position

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

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.

Funding Policy

Covered employees are not required to contribute to the Plan. For Fiscal Year ended June 30, 2018 the City was required to contribute \$1.87 per hour, and the School Department was required to contribute \$.99 per hour for each hour worked by the employees to the Plan.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Contributions

Contributions for the past three years were as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
<u>City</u>			
6/30/2016	\$ 259,382	\$ 259,382	100%
6/30/2017	\$ 301,375	\$ 301,375	100%
6/30/2018	\$ 333,152	\$ 333,152	100%
<u>School Department</u>			
6/30/2016	\$ 124,272	\$ 124,272	100%
6/30/2017	\$ 136,018	\$ 136,018	100%
6/30/2018	\$ 155,558	\$ 155,558	100%

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, 2018, the City was required to contribute \$1.35 per hour for each hour worked by the employees to the Plan.

Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
6/30/2016	\$ 296,407	\$ 296,407	100%
6/30/2017	\$ 327,411	\$ 327,411	100%
6/30/2018	\$ 342,232	\$ 342,232	100%

Other Post-Employment Benefits (OPEB) - Public Safety Employees

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, 2018, there are no separate financial statements available for the Public Safety Employees OPEB plan.

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.

Classes of Employees Covered

As of July 1, 2018 (date of the last actuarial valuation) membership data was as follows:

Active employees	368
Retirees	324
Total plan members	692

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 fireman 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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Investments

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on plan investments, net of investment expense was 4.84%. The Money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts of actually invested.

The following was the City’s adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Core Equities	15.0%
Large Cap Value Equities	10.0%
Large Cap Growth Equities	10.0%
Small/Mid Value Equities	5.0%
Small/Mid Growth Equities	5.0%
Non-US Equities	15.0%
Real Estate Investment Trusts	5.0%
Fixed Income	35.0%
	<u>100.0%</u>

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. These rates do not include inflation assumption which is assumed to be 2%. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2018 are summarized in the

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
US REIT	7.5%
International Stocks	7.0%
US Cash	3.0%
US Bonds	4.0%
US Large Cap	7.5%
US Mid Cap	8.0%
US Small Cap	8.5%
Commodity	5.0%
Alternatives	4.2%
Emerging Markets	8.5%

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Net OPEB Liability

The components of the net OPEB liability of the City of Cranston at June 30, 2018, were as follows:

Total OPEB Liability	\$ 48,998,289
Plan fiduciary net position	7,801,259
City's net OPEB liability	<u>\$ 41,197,030</u>
 Plan fiduciary net position as percentage of total OPEB liability	 15.92%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	7.9% of 2018, net of investment expense
Healthcare cost trend rates	5% for 2018 and years later

Mortality rates for pre-retirement were based on the RP-2000 Blue Collar mortality table with Scale AA improvement to 2026. Post retirement mortality is represented by the RP-2000 White Collar Mortality Table, adjusted 115% for males, 95% for females, with Scale AA improvements on the generational basis. Mortality for disabled members is represented by the RP-2000 Blue Collar Mortality Table with Scale AA adjustment to 2026 and set forward of 3 years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 – June 30, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.90 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate:

	1% Decrease (6.9%)	Current Discount Rate (7.9%)	1% Increase (8.9%)
Net OPEB Liability	\$ 44,629,702	\$ 41,197,030	\$ 38,118,074

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (4.0%)	Current Discount Rate (5.0%)	1% Increase (6.0%)
Net OPEB Liability	\$ 38,153,287	\$ 41,197,030	\$ 44,637,359

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a)-(b)</u>
Balances as of June 30, 2017	\$ 50,035,354	\$ 6,131,854	\$ 43,903,500
Changes for the year:			
Service cost	930,661	-	930,661
Interest on total OPEB liability	3,867,250	-	3,867,250
Experience (gain) and loss	(1,729,986)	-	(1,729,986)
Contributions	-	5,477,558	(5,477,558)
Net investment income (loss)	-	316,629	(316,629)
Benefit payments	(4,104,990)	(4,104,990)	-
Administrative expenses	-	(19,792)	19,792
Net changes	<u>(1,037,065)</u>	<u>1,669,405</u>	<u>(2,706,470)</u>
Balances as of June 30, 2018	\$ <u>48,998,289</u>	\$ <u>7,801,259</u>	\$ <u>41,197,030</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,511,770. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$	\$ (1,319,063)
Net difference between projected and actual earning on OPEB plan investments	<u>331,573</u>	<u></u>
Total	\$ <u>331,573</u>	\$ <u>(1,319,063)</u>

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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

<u>Year Ending June 30</u>	
2019	\$ 246,873
2020	246,873
2021	246,873
2022	246,871
2023	-
	987,490
	987,490

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

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 plans 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, 2018, there are no separate, audited GAAP-basis financial statements available for the Board of Education Employees OPEB plan.

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, 2018 (date of the last actuarial valuation) membership data was as follows:

Active employees	1,076
Inactive employees	
Retirees	106
Total plan members	1,182

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Funding Policy

The City established an Irrevocable Trust Agreement effective July 1, 2015 and has started 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.

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, 2018 were \$542,485.

Investments

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on plan investments, net of investment expense was 6.69%. The Money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts of actually invested.

The following was the City's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	53%
Fixed income	39%
Real Estate Investment Trusts	8%
	<u>100%</u>

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The long-term expected rate of return on OPEB plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long Term Expected Rate of Return
U.S. Equities	7.8%
Non-U.S. Equities (Unhedged)	8.2%
Global Equities	8.1%
U.S. Bonds	3.5%
Non-U.S. Bonds (Hedged)	3.0%
Global Bonds (Hedged)	3.3%
U.S. High Yield Bonds	5.9%
Long-Term Credit Bonds	3.9%
Long-Term Government/Credit Index	3.6%
Intermediate-Term Credit Bonds	4.1%
Short-Term Credit Bonds	3.8%
Long -Term Treasuries	3.0%
Intermediate-Term Treasuries	2.9%
Short-Term Treasuries	3.0%
Extended Duration	2.4%
Treasury 10-Year	2.8%
TIPS-Intermediate-Term	2.6%
TIPS-Short-Term	2.6%
Real Estate Investment Trusts	6.6%
Commodities	5.8%
Market neutral	4.3%
Cash	2.9%
Inflation	1.9%

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Net OPEB Liability

The following table shows the School Department’s annual OPEB liability as of June 30, 2018.

Total OPEB Liability	\$ 10,295,914
Plan fiduciary net position	605,073
School Department's net OPEB liability	<u>\$ 9,690,841</u>
Plan fiduciary net position as a percentage of total OPEB liability	6%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	3.8% of 2018, net of investment expense
Healthcare cost trend rates	5% for 2018

Mortality rates for pre-retirement and beneficiary mortality is represented by the RP-2014 White Collar Mortality with Scale MP-2016, fully generational. Mortality for disabled members were represented by the RP-2014 Disabled Mortality with Scale MP-2016, full generational.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 – June 30, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.80 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
Net OPEB Liability	\$ 10,498,581	\$ 9,690,841	\$ 8,910,870

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (4.0%)	Current Trend (5.0%)	1% Increase (6.0%)
Net OPEB Liability	\$ 8,407,830	\$ 9,690,841	\$ 11,217,969

Net OPEB Liability

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.

	Increase (Decrease)				
	School Liability (a)	Charter Liability (b)	Total OPEB Liability (a)+(b)	Plan Fiduciary Net Position (c)	Net OPEB Liability (a)+(b)-(c)
Balances as of June 30, 2017	\$ 9,607,335	\$ 131,833	\$ 9,739,168	67,144	9,672,024
Changes for the year:					
Service cost	538,726	7,392	546,118		546,118
Interest on total OPEB liability	375,478	5,152	380,630		380,630
Experience (gain) and loss	170,148	2,335	172,483		172,483
Employer contributions	-	-	-	868,198	(868,198)
Net investment income (loss)	-	-	-	37,929	(37,929)
Benefit payments	(535,142)	(7,343)	(542,485)	(368,198)	(174,287)
Administrative expenses	-	-	-		-
Net changes	549,210	7,536	556,746	537,929	18,817
Balances as of June 30, 2018	\$ 10,156,545	\$ 139,369	\$ 10,295,914	605,073	9,690,841

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$48,891. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$	\$ (49,925)
Net difference between projected and actual earning on OPEB plan investments	<u>133,103</u>	<u> </u>
Total	<u>\$ 133,103</u>	<u>\$ (49,925)</u>

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

Year Ending June 30

2019	\$	4,671
2020		4,671
2021		4,671
2022		4,671
2023		17,152
Thereafter		<u>47,342</u>
		<u>83,178</u>

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Combining Schedule of Fiduciary Net Position

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 1,642,706	\$ 675,429	\$ -	\$ 2,318,135
Investments:				
Guaranteed Investment Contracts	3,886,392			3,886,392
Real Estate Investment Trust			48,406	48,406
Common Stock	12,964,931			12,964,931
Pooled Equity Index Funds			320,688	320,688
Pooled Fixed Income Index Funds	423,227		235,979	659,206
International Equity Mutual Funds		1,684,014		1,684,014
U.S. Equity Mutual Funds	29,582,460	2,694,116		32,276,576
Fixed Income Mutual Funds	21,344,540	1,935,700		23,280,240
Total investments	<u>68,201,550</u>	<u>6,313,830</u>	<u>605,073</u>	<u>75,120,453</u>
Due from other funds	<u>--</u>	<u>1,013,038</u>	<u>--</u>	<u>1,013,038</u>
Total assets	<u>69,844,256</u>	<u>8,002,297</u>	<u>605,073</u>	<u>78,451,626</u>
Liabilities:				
Accounts payable	--	201,037	--	201,037
Deposits held in custody for others	<u>--</u>	<u>--</u>	<u>--</u>	<u>-</u>
Total liabilities	<u>--</u>	<u>201,037</u>	<u>--</u>	<u>201,037</u>
Net Position Restricted for Pensions and OPEB Benefits and Other Purposes	<u>\$ 69,844,256</u>	<u>\$ 7,801,260</u>	<u>\$ 605,073</u>	<u>\$ 78,250,589</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

F. Combining Schedule of Changes in Fiduciary Net Position

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Total
Additions:				
Contributions:				
Employer contributions	\$ 22,568,319	\$ 5,108,840	\$ -	\$ 27,677,159
Plan member contributions	240,058	368,718	427,999	1,036,775
Other	53,055	--	--	53,055
Total contributions	<u>22,861,432</u>	<u>5,477,558</u>	<u>427,999</u>	<u>28,766,989</u>
Investment Income:				
Interest and dividends	1,348,662	316,630	39,409	1,704,701
Net appreciation in the fair value of investments	3,920,610	--	--	3,920,610
Total investment income	<u>5,269,272</u>	<u>316,630</u>	<u>39,409</u>	<u>5,625,311</u>
Total additions	<u>28,130,704</u>	<u>5,794,188</u>	<u>467,408</u>	<u>34,392,300</u>
Deductions:				
Benefits	24,326,797	4,104,990	427,998	28,859,785
Administrative expenses	293,500	19,792	1,481	314,773
Total deductions	<u>24,620,297</u>	<u>4,124,782</u>	<u>429,479</u>	<u>29,174,558</u>
Change in Net Position	3,510,407	1,669,406	37,929	5,217,742
Net Position Held in Trust for Pensions, and OPEB Benefits and Other Purposes-July 1, 2017 (as, Restated)	<u>66,333,849</u>	<u>6,131,854</u>	<u>567,144</u>	<u>73,032,847</u>
Net Position Held in Trust for Pensions, and OPEB Benefits and Other Purposes-June 30, 2018	<u>\$ 69,844,256</u>	<u>\$ 7,801,260</u>	<u>\$ 605,073</u>	<u>\$ 78,250,589</u>

G. City of Cranston Defined Contribution Plan

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 401(a) Defined Contribution Plan. Defined Contribution Plan for the Teamsters Bargaining Union and Laborers International Union of North America 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, 2018 were \$72,546. Total employee contributions made to the plan during June 30, 2018 were \$72,546.

H. School Department Defined Contribution Plan

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, 2018 was \$28,460. Total employee contributions made to the plan during the fiscal year ending June 30, 2018 was \$28,460.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 \$7,725,441.

J. Tax Abatements

The City of Cranston enters into tax abatement agreements with local businesses under its Economic Development Tax Incentive Program for Commercially Zoned Property. Under the Program, new businesses locating in commercially zoned property with the City of Cranston or existing businesses that are expanding may qualify for a tax incentive.

For the fiscal year ended June 30, 2018, the City of Cranston abated property taxes totaling \$255,980 under this program, including the following tax abatement agreements to new businesses locating in a commercially zoned property or existing businesses that are expanding:

Purpose	Percentage of taxes abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Increase size and employment of manufacturing business	14%	\$ 45,004
Truck Leasing and maintenance facility for metal frame and masonry	7%	\$ 5,439
Renovation of building for medical device company	11%	\$ 14,742
Renovation of Theater	19%	\$ 19,001
Warehouse Facility	14%	\$ 5,498
Masonry block and steel for yoga studio and wellness center	13%	\$ 4,971
Additional manufacturing facility for medical device company	17%	\$ 23,386
Renovation of restaurant	17%	\$ 2,418
Wholesale distribution facility for restaurant supplies company	47%	\$ 78,771
Global Supply Chain and Warehouse (Purchase of Building)	41%	\$ 56,750

K. Subsequent Events

In August 2018, the City of Cranston issued a Bond for \$15,910,000.

L. Prior Period Adjustment and Restatement

The following restatements were recorded to the beginning of year net position of the governmental activities as a result of the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions and to reflect a transfer to the OPEB Fund in 2016 that was previously reflected as a receivable:

	Governmental Activities	Business-Type Activities	Fiduciary Activities
Net position at June 30, 2017, as previously reported	\$ (275,412,172)	59,930,897	72,643,807
Adjustments:			
Record transfer in (out) from 2017	(500,000)		500,000
Eliminate net OPEB obligation reported per GASB No. 45	10,306,125	107,600	
Record net/total OPEB liability per GASB No. 75	<u>(53,125,009)</u>	<u>(129,384)</u>	
Net Position at July 1, 2017, as Restated	<u>\$ (318,731,056)</u>	<u>59,909,113</u>	<u>73,143,807</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
Revenues:				
General property taxes	\$ 191,290,552	\$ 188,832,449	\$ 189,995,439	\$ 1,162,990
Intergovernmental	16,670,640	19,243,743	18,005,499	(1,238,244)
Charges for services:				
Licenses and permits	3,174,466	3,214,466	3,386,994	172,528
Fines and forfeitures	1,560,000	1,560,000	1,547,525	(12,475)
Departmental	8,630,742	8,995,742	9,524,522	528,780
Investment income	225,000	445,000	441,232	(3,768)
Education	60,816,589	60,816,589	60,816,589	-
Other	2,201,450	2,201,450	1,141,956	(1,059,494)
Total revenues	<u>284,569,439</u>	<u>285,309,439</u>	<u>284,859,756</u>	<u>(449,683)</u>
Expenditures:				
Current:				
Executive	576,432	576,432	600,940	(24,508)
City Council	268,630	268,630	228,466	40,164
Law	480,100	1,080,100	1,095,481	(15,381)
Personnel	193,246	193,246	178,218	15,028
City Clerk	1,317,942	1,557,942	1,550,132	7,810
Probate Court	19,339	19,339	18,890	449
Municipal Court	314,383	314,383	301,078	13,305
Board of Canvassers	222,041	222,041	218,418	3,623
City Planning	1,221,083	721,083	662,029	59,054
Economic Development	180,444	180,444	171,414	9,030
Inspections	960,452	860,452	837,169	23,283
Finance	4,650,935	5,210,935	4,674,313	536,622
Fire	30,633,496	31,133,496	31,676,778	(543,282)
Rescue Fund	2,180,000	1,180,000	1,113,938	66,062
Police	23,844,251	23,844,251	23,856,116	(11,865)
Long-term debt	27,194,923	27,194,923	27,194,922	1
Public works	15,561,332	16,386,332	16,300,942	85,390
Parks and recreation	2,660,159	2,760,159	2,775,116	(14,957)
Public libraries	3,427,461	3,427,461	3,427,459	2
Senior services	3,268,412	3,268,412	3,030,685	237,727
Municipal Debt	11,194,678	10,709,678	10,294,563	415,115
Education	153,999,241	153,999,241	153,999,241	-
Community Grants	169,500	169,500	132,375	37,125
Boards and Commissions	25,189	25,189	19,031	6,158
Harbor Master	5,770	5,770	5,768	2
Transfers to other funds	-	-	420,795	(420,795)
Total Expenditures	<u>284,569,439</u>	<u>285,309,439</u>	<u>284,784,277</u>	<u>525,162</u>
Excess (Deficiency) of Budgeted Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>75,479</u>	<u>75,479</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>75,479</u>	<u>\$ 75,479</u>
Fund Balance - July 1, 2017			<u>20,064,185</u>	
Fund Balance - June 30, 2018			<u>\$ 20,139,664</u>	

**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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
Revenues:				
State aid	\$ 58,924,589	\$ 58,171,589	\$ 58,171,589	\$ -
Federal through State	1,350,000	1,350,000	1,387,901	37,901
Tuition	820,000	820,000	877,575	57,575
Miscellaneous	475,000	475,000	187,937	(287,063)
Total revenues	<u>61,569,589</u>	<u>60,816,589</u>	<u>60,625,002</u>	<u>(191,587)</u>
Expenditures:				
Salaries	96,668,004	94,584,179	95,066,533	(482,354)
Employee benefits	38,188,829	37,588,829	36,016,141	1,572,688
Purchased services	16,698,538	16,233,914	16,634,748	(400,834)
Supplies and materials	4,101,700	3,930,549	4,408,483	(477,934)
Capital outlay	2,046,481	1,580,040	1,630,613	(50,573)
Other	(1,930,822)	81,730	60,520	21,210
Total expenditures	<u>155,772,730</u>	<u>153,999,241</u>	<u>153,817,038</u>	<u>182,203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(94,203,141)</u>	<u>(93,182,652)</u>	<u>(93,192,036)</u>	<u>(9,384)</u>
Other Financing Sources:				
Transfers in City of Cranston	94,203,141	93,182,652	93,182,652	-
Transfers in City of Cranston - All day kindergarten	-	-	420,795	420,795
Transfers from other funds	-	-	186,533	186,533
Transfers out to capital reserve	-	-	(500,000)	(500,000)
	<u>94,203,141</u>	<u>93,182,652</u>	<u>93,289,980</u>	<u>107,328</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	97,944	<u>\$ 97,944</u>
Fund Balance - July 1, 2017			<u>4,913,529</u>	
Fund Balance - June 30, 2018			<u>\$ 5,011,473</u>	

CITY OF CRANSTON, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Budget - GAAP Reconciliation

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

	General Fund			School Unrestricted Fund		
	Revenues	Expenditures	Fund Balance	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis, June 30, 2018	\$ 284,859,756	\$ 284,784,277	\$ 20,139,664	\$ 60,625,002	\$ 153,817,038	\$ 5,011,473
Revenues/Expenditures accounted for on the budgetary basis associated with Education funds	(60,816,589)	(153,999,241)	-	-	-	-
Encumbrances outstanding at June 30, 2017 liquidated during the year June 30, 2018	-	-	-	-	1,288,277	(1,288,277)
Encumbrances outstanding at June 30, 2018 charged to budgetary expenditures	-	-	-	-	(806,404)	806,404
Transfers to the school department included in the City's general fund budget	-	(420,795)	-	-	-	-
Expenditures in the school department capital reserve fund -not budgeted in general fund	-	-	-	229,369	441,882	(212,513)
Fund balance restricted for capital reserve and other purposes and removed from budgetary fund balance.	-	-	-	-	-	972,278
Transfer out to budget stabilization fund not included in the City's general fund budget	-	-	-	-	-	-
Opening balances for funds that do not meet the GASB 54 definition for a special revenue fund Deficit reduction payment	-	-	804,795	-	-	-
Current year activity for funds that do not meet the GASB 54 definition for a special revenue fund	960,031	944,927	15,104	-	-	-
Revenue/Expenditure pass-thru	-	-	-	-	-	-
State Teachers' Retirement on-behalf payment	-	-	-	7,725,441	7,725,441	-
BALANCE, GAAP BASIS, JUNE 30, 2018	\$ 225,003,198	\$ 131,309,168	\$ 20,959,563	\$ 68,579,812	\$ 162,466,234	\$ 5,289,365

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
CRANSTON RETIREMENT SYSTEM - POLICE AND FIRE PENSION
LAST FOUR FISCAL YEARS*

(1 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability				
Service Cost	\$ 561,127	\$ 550,317	\$ 696,010	\$ 802,841
Interest on the Total Pension Liability	23,599,906	23,368,984	22,826,090	22,844,850
Changes of benefit terms				
Difference between expected and actual experience of the Total Pension Liability	(5,783,927)	1,233,114	(2,386,467)	
Changes of assumptions	(1,790,318)	(4,978,421)	(8,277,796)	
Benefit payments, including refunds of employee contributions	<u>(23,804,824)</u>	<u>(24,053,360)</u>	<u>(24,067,694)</u>	<u>(23,747,994)</u>
Net change in total pension liability	(7,218,036)	(3,879,366)	(11,209,857)	(100,303)
Total pension liability - beginning	<u>309,848,047</u>	<u>313,727,413</u>	<u>324,937,270</u>	<u>325,037,573</u>
Total pension liability - ending (a)	<u>\$ 302,630,011</u>	<u>\$ 309,848,047</u>	<u>\$ 313,727,413</u>	<u>\$ 324,937,270</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 21,403,849	\$ 21,316,456	\$ 21,994,344	\$ 21,994,344
Contributions - employee	279,548	257,734	336,937	368,575
Net investment income (loss)	5,803,466	(2,072,781)	2,983,286	9,690,430
Benefit payments, including refunds of employee contributions	(23,804,824)	(24,053,360)	(24,067,694)	(23,747,994)
Pension Plan Administrative Expense	(65,569)	(598,630)	(451,177)	(629,880)
Other	1		429,963	381,765
Net change in plan fiduciary net position	<u>3,616,471</u>	<u>(5,150,581)</u>	<u>1,225,659</u>	<u>8,057,240</u>
Plan fiduciary net position - beginning	<u>62,717,376</u>	<u>67,867,957</u>	<u>66,642,298</u>	<u>58,585,058</u>
Plan fiduciary net position - ending (b)	<u>66,333,847</u>	<u>62,717,376</u>	<u>67,867,957</u>	<u>66,642,298</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 236,296,164</u>	<u>\$ 247,130,671</u>	<u>\$ 245,859,456</u>	<u>\$ 258,294,972</u>
D. Plan fiduciary net position as a percentage of the total pension liability	21.92%	20.24%	21.63%	20.51%
E. Covered payroll	\$ 2,697,374	\$ 2,663,974	\$ 2,940,734	\$ 2,905,865
F. Net pension liability as a percentage of covered payroll	8760.23%	9276.77%	8360.48%	8888.75%

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - GENERAL EMPLOYEES
LAST FOUR FISCAL YEARS*

(2 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability				
Service Cost	\$ 2,350,820	\$ 2,362,034	\$ 2,346,927	\$ 2,376,369
Interest on the Total Pension Liability	10,359,681	10,231,218	9,977,843	9,687,460
Changes of benefit terms			2,581,501	
Difference between expected and actual experience	468,058	(1,706,718)		
Changes of assumptions	7,489,555		(2,865,321)	233,636
Benefit payments, including refunds of employee contributions	<u>(9,287,558)</u>	<u>(9,048,633)</u>	<u>(8,291,699)</u>	<u>(8,530,234)</u>
Net change in total pension liability	11,380,556	1,837,901	3,749,251	3,767,231
Total pension liability - beginning	<u>141,597,445</u>	<u>139,759,544</u>	<u>136,010,293</u>	<u>132,243,062</u>
Total pension liability - ending (a)	<u>\$ 152,978,001</u>	<u>\$ 141,597,445</u>	<u>\$ 139,759,544</u>	<u>\$ 136,010,293</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 2,342,837	\$ 2,403,173	\$ 2,479,865	\$ 2,276,531
Contributions - employee	836,339	847,508	488,592	478,002
Net investment income	14,401,043	30,596	3,119,891	18,017,830
Benefit payments, including refunds of employee contributions	(9,287,558)	(9,048,633)	(8,291,699)	(8,530,234)
Pension Plan Administrative Expense	(136,055)	(193,515)	(124,435)	(112,827)
Other	<u>254,209</u>	<u>28,596</u>	<u>176,372</u>	<u>7,388</u>
Net change in plan fiduciary net position	8,410,815	(5,932,275)	(2,151,414)	12,136,690
Plan fiduciary net position - beginning	<u>127,196,632</u>	<u>133,128,907</u>	<u>135,280,321</u>	<u>123,143,631</u>
Plan fiduciary net position - ending (b)	<u>135,607,447</u>	<u>127,196,632</u>	<u>133,128,907</u>	<u>135,280,321</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 17,370,554</u>	<u>\$ 14,400,813</u>	<u>\$ 6,630,637</u>	<u>\$ 729,972</u>
D. Plan fiduciary net position as a percentage of the total pension liability	88.65%	89.83%	95.26%	99.46%
E. Covered payroll	\$ 24,260,270	\$ 24,225,987	\$ 24,170,205	\$ 23,528,405
F. Net pension liability as a percentage of covered payroll	71.60%	59.44%	27.43%	3.10%

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - POLICE
LAST FOUR FISCAL YEARS*

(3 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability				
Service Cost	\$ 2,014,684	\$ 1,964,581	\$ 1,375,751	\$ 1,316,743
Interest on the Total Pension Liability	3,011,196	2,735,086	2,278,196	2,112,199
Changes of benefit terms			2,566,626	
Difference between expected and actual experience of the Total Pension Liability	3,152,114	(61,897)		
Changes of assumptions	2,582,739		386,791	(648,637)
Benefit payments, including refunds of employee contributions	(941,558)	(1,021,160)	(598,672)	(594,343)
Net change in total pension liability	9,819,175	3,616,610	6,008,692	2,185,962
Total pension liability - beginning	39,612,715	35,996,105	29,987,413	27,801,451
Total pension liability - ending (a)	<u>\$ 49,431,890</u>	<u>\$ 39,612,715</u>	<u>\$ 35,996,105</u>	<u>\$ 29,987,413</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 1,040,242	\$ 1,109,071	\$ 857,531	\$ 687,959
Contributions - employee	1,099,252	1,087,172	641,751	619,646
Net investment income (loss)	4,095,964	(11,700)	763,454	4,119,654
Benefit payments, including refunds of employee contributions	(941,558)	(1,021,160)	(598,672)	(594,343)
Pension Plan Administrative Expense	(38,697)	(31,476)	(30,599)	(25,797)
Other	(394,850)	(2)	13,001	
Net change in plan fiduciary net position	4,860,353	1,131,905	1,646,466	4,807,119
Plan fiduciary net position - beginning	33,709,297	32,577,392	30,930,926	26,123,807
Plan fiduciary net position - ending (b)	<u>38,569,650</u>	<u>33,709,297</u>	<u>32,577,392</u>	<u>30,930,926</u>
C. Net pension liability (asset) - ending (a) - (b)	<u>\$ 10,862,240</u>	<u>\$ 5,903,418</u>	<u>\$ 3,418,713</u>	<u>\$ (943,513)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	78.03%	85.10%	90.50%	103.15%
E. Covered payroll	\$ 10,872,555	\$ 10,494,555	\$ 8,021,870	\$ 7,745,546
F. Net pension liability as a percentage of covered payroll	99.91%	56.25%	42.62%	-12.18%

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION ASSET AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - FIRE
LAST FOUR FISCAL YEARS*

(4 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability				
Service Cost	\$ 2,469,994	\$ 2,326,126	\$ 2,143,259	\$ 2,109,017
Interest on the Total Pension Liability	4,169,635	3,925,426	3,436,541	3,126,099
Changes of benefit terms			1,629,797	
Difference between expected and actual experience of the Total Pension Liability	(928,566)	(2,398,843)	(249,261)	
Changes of assumptions	3,052,432			(649,235)
Benefit payments, including refunds of employee contributions	<u>(753,251)</u>	<u>(583,801)</u>	<u>(482,813)</u>	<u>(444,721)</u>
Net change in total pension liability	8,010,244	3,268,908	6,477,523	4,141,160
Total pension liability - beginning	<u>54,736,760</u>	<u>51,467,852</u>	<u>44,990,329</u>	<u>40,849,169</u>
Total pension liability - ending (a)	<u>\$ 62,747,004</u>	<u>\$ 54,736,760</u>	<u>\$ 51,467,852</u>	<u>\$ 44,990,329</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 971,858	\$ 991,610	\$ 1,226,727	\$ 1,006,080
Contributions - employee	1,300,194	1,189,766	943,698	933,528
Net investment income (loss)	6,811,465	(19,290)	1,266,662	6,811,997
Benefit payments, including refunds of employee contributions	(753,251)	(583,801)	(482,813)	(444,721)
Pension Plan Administrative Expense	(64,352)	(51,895)	(50,779)	(42,657)
Other	<u>297,336</u>	<u>786</u>	<u>830</u>	<u>727</u>
Net change in plan fiduciary net position	8,563,250	1,527,176	2,904,325	8,264,954
Plan fiduciary net position - beginning	<u>55,576,899</u>	<u>54,049,723</u>	<u>51,145,398</u>	<u>42,880,444</u>
Plan fiduciary net position - ending (b)	<u>64,140,149</u>	<u>55,576,899</u>	<u>54,049,723</u>	<u>51,145,398</u>
C. Net pension asset - ending (a) - (b)	<u>\$ (1,393,145)</u>	<u>\$ (840,139)</u>	<u>\$ (2,581,871)</u>	<u>\$ (6,155,069)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	102.22%	101.53%	105.02%	113.68%
E. Covered payroll	\$ 12,959,047	\$ 12,165,930	\$ 11,750,323	\$ 11,626,334
F. Net pension asset as a percentage of covered payroll	-10.75%	-6.91%	-21.97%	-52.94%

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FOUR FISCAL YEARS*

(5 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	4.51%	4.63%	4.51%	4.52%
City's proportionate share of the net pension liability	\$ 142,133,353	\$ 138,136,783	\$ 124,172,981	\$ 109,977,503
State's proportionate share of the net pension liability associated with the school district	<u>107,418,666</u>	<u>94,603,413</u>	<u>84,831,083</u>	<u>75,416,640</u>
Total	<u>\$ 249,552,019</u>	<u>\$ 232,740,196</u>	<u>\$ 209,004,064</u>	<u>\$ 185,394,143</u>
City's covered payroll	\$ 81,199,212	\$ 79,238,665	\$ 71,583,452	\$ 66,347,524
City's proportionate share of the net pension liability as a percentage of its covered payroll	175.04%	174.33%	173.47%	165.76%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%

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

Note:

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S SURVIVOR BENEFIT COST - SHARING PLAN
LAST FOUR YEARS*

(6 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension asset	16.59%	16.33%	15.92%	16.15%
City's proportionate share of the net pension asset	\$ <u>(13,726,036)</u>	\$ <u>(16,261,491)</u>	\$ <u>(14,863,013)</u>	\$ <u>(20,076,310)</u>
City's covered payroll	\$ 81,199,212	\$ 79,238,665	\$ 71,583,452	\$ 66,347,524
City's proportionate share of the net pension liability as a percentage of its covered payroll	-16.90%	-20.52%	-20.76%	-30.26%
Plan fiduciary net position as a percentage of the total pension liability	136.10%	153.30%	146.60%	173.30%

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

Note:

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
CITY OF CRANSTON PUBLIC SAFETY OPEB TRUST FUND
LAST TWO FISCAL YEARS*

(7 of 8)

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service Cost	\$ 930,661	\$ 890,585
Interest on the total OPEB liability	3,867,250	3,830,040
Differences between expected and actual experience	(1,729,986)	
Benefit payments	<u>(4,104,990)</u>	<u>(4,467,496)</u>
Net change in total OPEB liability	(1,037,065)	253,129
Total OPEB liability - beginning	<u>50,035,354</u>	<u>49,782,225</u>
Total OPEB liability - ending	<u>\$ 48,998,289</u>	<u>\$ 50,035,354</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,108,840	\$ 5,055,716
Contributions - retired members	368,718	362,505
Net investment income	316,629	174,087
Benefit payments	(4,104,989)	(4,467,496)
OPEB Plan Administrative Expense	<u>(19,792)</u>	<u>(17,471)</u>
Net change in plan fiduciary net position	1,669,406	1,107,341
Plan fiduciary net position - beginning	<u>6,131,853</u>	<u>5,024,512</u>
Plan fiduciary net position - ending (b)	<u>7,801,259</u>	<u>6,131,853</u>
Net OPEB liability - ending	<u>\$ 41,197,030</u>	<u>\$ 43,903,501</u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.92%	12.26%
Covered payroll	\$ 24,041,185	\$ 23,228,198
Net OPEB liability as a percentage of covered payroll	-171.36%	189.01%

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

CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
CRANSTON PUBLIC SCHOOLS OPEB TRUST FUND
LAST TWO FISCAL YEARS*

(8 of 8)

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service Cost	\$ 546,119	\$ 538,422
Interest on the total OPEB liability	380,630	363,147
Changes of assumptions		
Differences between expected and actual experience	172,483	
Benefit payments	<u>(542,485)</u>	<u>(357,642)</u>
Net change in total OPEB liability	556,747	543,927
Total OPEB liability - beginning	<u>9,739,167</u>	<u>9,195,240</u>
Total OPEB liability - ending	<u>\$ 10,295,914</u>	<u>\$ 9,739,167</u>
Plan fiduciary net position		
Contributions - employer	\$ 868,198	\$ 512,786
Net investment income	37,929	49,267
Benefit payments	<u>(368,198)</u>	<u>(512,786)</u>
Net change in plan fiduciary net position	537,929	49,267
Plan fiduciary net position - beginning	<u>67,144</u>	<u>17,877</u>
Plan fiduciary net position - ending (b)	<u>605,073</u>	<u>67,144</u>
Net OPEB liability - ending	<u>\$ 9,690,841</u>	<u>\$ 9,672,023</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.88%	0.69%
Covered payroll	\$ 83,894,619	\$ 82,578,112
Net OPEB liability as a percentage of covered payroll	11.55%	11.71%

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

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
CRANSTON RETIREMENT SYSTEM - POLICE AND FIRE PENSION
LAST FOUR FISCAL YEARS***

(1 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 21,403,849	\$ 21,316,456	\$ 21,353,591	\$ 21,006,057
Contributions in relation to the actuarially determined contribution	<u>21,403,849</u>	<u>21,316,456</u>	<u>22,376,110</u>	<u>22,376,109</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,022,519)</u>	<u>\$ (1,370,052)</u>
Covered payroll	\$ 2,697,374	\$ 2,663,974	\$ 2,940,734	\$ 2,905,865
Contributions as a percentage of covered payroll	793.51%	800.18%	760.90%	770.03%

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

Notes to Schedule:

Valuation date: July 1, 2017

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal

Amortization method: Level dollar basis,

Remaining amortization period: Court approved plan: Closed 28-year period beginning with the July 1, 2013 valuation. Opted out of Court approved plan: Closed 23-year period beginning with the July 1, 2013 valuation

Asset valuation method: Market value of assets

Inflation: 2.75%

Salary increases: 3%

Investment rate of return: 7.90%

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.

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - GENERAL EMPLOYEES
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,342,837	\$ 2,403,173	\$ 2,479,865	\$ 2,276,531
Contributions in relation to the actuarially determined contribution	<u>2,342,837</u>	<u>2,403,173</u>	<u>2,479,865</u>	<u>2,276,531</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,260,270	\$ 24,225,987	\$ 24,170,205	\$ 23,528,405
Contributions as a percentage of covered payroll	9.66%	9.92%	10.26%	9.68%

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

Notes to Schedule:

Valuation date: June 30, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of payroll, closed

Remaining amortization period 19 years

Asset valuation method 5-year smoothed market

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

Experience-based table of rates that are specific to the type of eligibility conditions. Last updated for 2014 valuation.

Mortality

Males: 115% of PR-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.

95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF CITY CONTRIBUTIONS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - POLICE
 LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,040,242	\$ 1,109,071	\$ 857,531	\$ 687,959
Contributions in relation to the actuarially determined contribution	<u>1,040,242</u>	<u>1,109,071</u>	<u>857,531</u>	<u>687,959</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,872,555	\$ 10,494,555	\$ 8,021,870	\$ 7,745,546
Contributions as a percentage of covered payroll	9.57%	10.57%	10.69%	8.88%

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

Notes to Schedule:

Valuation date: June 30, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective two years after the actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of payroll, closed

Remaining amortization period 19 years

Asset valuation method 5-year smoothed market

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

Experience-based table of rates that are specific to the type of eligibility conditions. Last updated for 2014 valuation.

Mortality

Males: 115% of PR-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.

95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF CITY CONTRIBUTIONS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - FIRE
 LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 971,858	\$ 991,610	\$ 1,226,727	\$ 1,006,080
Contributions in relation to the actuarially determined contribution	<u>971,858</u>	<u>991,610</u>	<u>1,226,727</u>	<u>1,006,080</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,959,047	\$ 12,165,930	\$ 11,750,323	\$ 11,626,334
Contributions as a percentage of covered payroll	7.50%	8.15%	10.44%	8.65%

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

Notes to Schedule:

Valuation date: June 30, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry age normal
- Amortization method Level percentage of payroll, closed
- Remaining amortization period 19 years
- Asset valuation method 5-year smoothed market
- 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 Experience-based table of rates that are specific to the type of eligibility conditions. Last updated for 2014 valuation.
- Mortality Males: 115% of PR-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
- 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FOUR FISCAL YEARS***

(5 of 8)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 11,072,615	\$ 10,443,656	\$ 8,928,408	\$ 8,897,203
Contributions in relation to the actuarially determined contribution	<u>11,072,615</u>	<u>10,443,656</u>	<u>8,928,408</u>	<u>8,897,203</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 81,199,212	\$ 79,238,665	\$ 65,343,396	\$ 75,293,840
Contributions as a percentage of covered payroll	13.64%	13.18%	13.66%	11.82%

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

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.

Notes to Schedule:

Valuation date: June 30, 2016
Measurement date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of payroll, closed
Remaining amortization period 20 years at June 30, 2017
Inflation 2.50%
Salary Increases Teachers - 3.0% to 13.0%
Investment rate of return 7.00%
Mortality

Males: PR-2014 Combined Healthy for Males with White Collar adjustments, projected with Scale Ultimate MP16.

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
TEACHERS' SURVIVOR BENEFIT COST-SHARING PLAN
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 122,140	\$ 104,893	\$ 96,065	\$ 98,373
Contributions in relation to the actuarially determined contribution	<u>122,140</u>	<u>104,893</u>	<u>96,065</u>	<u>98,373</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 81,199,212	\$ 79,238,665	\$ 65,343,396	\$ 75,293,840
Contributions as a percentage of covered payroll	0.15%	0.13%	0.15%	0.13%

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

Notes:

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

Notes to Schedule:

Valuation date: June 30, 2016
Measurement date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal-the individual Entry Age Actuarial Cost methodology is used
Inflation 2.5%
Salary Increases 3.0% to 13.0%
Investment rate of return 7.00%
Mortality

Male Employees, RP-2014 Combined Healthy for Males with White Collar adjustments, projected with Scale Ultimate MP16.

Female Employees, RP-2014 Combined Healthy for Females with White Collar adjustments, projected with Scale Ultimate MP16.

Cost of Living Adjustment Eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment - for valuation purposes, a 2.50% cost of living adjustment is assumed.

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
CITY OF CRANSTON PUBLIC SAFETY OPEB TRUST FUND
LAST TWO FISCAL YEARS***

(7 of 8)

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (1)	\$ 5,108,840	\$ 5,055,716
Contributions in relation to the actuarially determined contribution	<u>5,108,840</u>	<u>5,055,716</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,041,185	\$ 23,228,198
Contributions as a percentage of covered payroll	21.25%	21.77%

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

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2016 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule:

Valuation date: July 1, 2018
Measurement date: June 30, 2018

**CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF CITY CONTRIBUTIONS
 CRANSTON PUBLIC SCHOOLS OPEB TRUST FUND
 LAST TWO FISCAL YEARS***

RSI-4

(8 of 8)

	<u>2017</u>	<u>2016</u>
Actuarially determined contribution (1)	\$ 868,198	\$ 512,786
Contributions in relation to the actuarially determined contribution	<u>868,198</u>	<u>512,786</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 83,894,619	\$ 82,578,112
Contributions as a percentage of covered payroll	1.03%	0.62%

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

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2016 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB I No. 45

Valuation date: July 1, 2018
 Measurement date: June 30, 2018

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CITY INVESTMENT RETURNS
CITY OF CRANSTON PUBLIC SAFETY OPEB TRUST FUND
LAST FISCAL YEAR***

(1 of 2)

2018

Annual money-weighted rate of return,
net of investment expense

6.15%

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

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF CRANSTON PUBLIC SCHOOLS INVESTMENT RETURNS
CRANSTON PUBLIC SCHOOLS OPEB TRUST FUND
LAST FISCAL YEAR***


(2 of 2)

2018

Annual money-weighted rate of return,
net of investment expense

6.47%

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



**Supplemental,
Combining and
Individual
Fund Statements and
Schedules**



Nonmajor Governmental Funds

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 account 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
JUNE 30, 2018**

	Special Revenue Funds						
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds	Community Development Block Grant	WIA Job Development
Assets:							
Cash and cash equivalents	\$ 709,728	\$ 1,516,162	\$ 713,019	\$ 144,531	\$ 1,531,958	\$ 25,736	\$ 45,997
Receivables:							
Intergovernmental	998,334	-	-	-	-	-	-
Loans	-	595,584	-	-	-	2,296,302	-
Other	24,959	-	477,603	-	-	-	-
Security deposits	9,317	-	-	-	-	-	-
Due from:							
Other funds	112,460	263	17,789	49	593	-	-
Total Assets	\$ 1,854,798	\$ 2,112,009	\$ 1,208,411	\$ 144,580	\$ 1,532,551	\$ 2,322,038	\$ 45,997
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 222,798	\$ 4,110	\$ 3,848	\$ 3,953	\$ 100,779	\$ -	\$ -
Accrued payroll	-	-	81,578	-	-	4,618	8,270
Retainage payable	-	-	-	-	-	-	-
Due to other funds	902,561	5,000	562,429	-	-	49,842	242,937
Unearned revenues	636,543	594,189	-	-	-	2,296,302	-
Total liabilities	1,761,902	603,299	647,855	3,953	100,779	2,350,762	251,207
Fund Balances:							
Restricted	80,269	1,508,710	560,556	140,627	1,431,772	-	-
Committed	12,627	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(28,724)	(205,210)
Total fund balances	92,896	1,508,710	560,556	140,627	1,431,772	(28,724)	(205,210)
Total Liabilities and Fund Balances	\$ 1,854,798	\$ 2,112,009	\$ 1,208,411	\$ 144,580	\$ 1,532,551	\$ 2,322,038	\$ 45,997

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Capital Project Funds					Capital Project Funds				Total Nonmajor Governmental Funds
	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Library Bond Fund	Neighborhood Infrastructure Bond Fund	Open Space Bond Fund	
Assets:										
Cash and cash equivalents	\$ -	\$ 1,856,458	\$ 679,522	\$ 352,101	\$ 9,360	\$ 225,334	\$ 275,734	\$ 10,677	\$ 125,864	\$ 8,222,181
Receivables:										
Intergovernmental	3,171,708	-	-	-	-	-	-	670,691	-	4,840,733
Loans	-	-	-	-	-	-	-	-	-	2,891,886
Other	-	-	-	-	427,822	-	-	-	-	930,384
Security deposits										9,317
Due from:										
Other funds	-	-	-	-	-	125,617	-	-	-	256,771
Total Assets	\$ 3,171,708	\$ 1,856,458	\$ 679,522	\$ 352,101	\$ 437,182	\$ 350,951	\$ 275,734	\$ 681,368	\$ 125,864	\$ 17,151,272
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ 9,891	\$ 16,120	\$ 80,959	\$ 30,771	\$ 2,476,473	\$ -	\$ 445	\$ 2,399	\$ -	\$ 2,952,546
Accrued payroll	-	-	-	-	-	-	-	-	-	94,466
Retainage payable	27,980	-	-	-	-	-	-	-	-	27,980
Due to other funds	-	-	-	-	125,617	-	-	-	-	1,888,386
Unearned revenues	-	-	-	-	-	-	-	-	-	3,527,034
Total liabilities	37,871	16,120	80,959	30,771	2,602,090	-	445	2,399	-	8,490,412
Fund Balances:										
Restricted	3,133,837	1,840,338	598,563	321,330	-	350,951	275,289	678,969	125,864	11,047,075
Committed	-	-	-	-	-	-	-	-	-	12,627
Unassigned	-	-	-	-	(2,164,908)	-	-	-	-	(2,398,842)
Total fund balances	3,133,837	1,840,338	598,563	321,330	(2,164,908)	350,951	275,289	678,969	125,864	8,660,860
Total Liabilities and Fund Balances	\$ 3,171,708	\$ 1,856,458	\$ 679,522	\$ 352,101	\$ 437,182	\$ 350,951	\$ 275,734	\$ 681,368	\$ 125,864	\$ 17,151,272

**CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds						
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds	Community Development Block Grant	WIA Job Development
Revenues:							
Intergovernmental	\$ 8,398,414	\$ -	\$ 89,535	\$ -	\$ -	\$ 965,181	\$ 463,839
Charges for services	-	-	1,947,638	49,643	273,683	-	-
Investment income	-	29,698	983	304	6,215	344,772	30
Other	-	182,785	124,069	-	-	-	-
Total revenues	<u>8,398,414</u>	<u>212,483</u>	<u>2,162,225</u>	<u>49,947</u>	<u>279,898</u>	<u>1,309,953</u>	<u>463,869</u>
Expenditures:							
Current:							
General government	-	71,485	-	-	210,245	-	583,526
Public safety	-	-	2,110,144	-	-	-	-
Education	8,221,813	-	-	-	-	-	-
Parks and recreation	-	-	-	-	10,000	-	-
Public libraries	-	73,963	-	-	6,737	-	-
Senior services	-	-	-	72,969	-	-	-
Community development	-	35,302	-	-	-	1,311,852	-
Debt service:							
Interest and other costs	-	-	-	-	-	-	-
Capital:							
Capital expenditures	-	-	-	-	-	-	-
Total expenditures	<u>8,221,813</u>	<u>180,750</u>	<u>2,110,144</u>	<u>72,969</u>	<u>226,982</u>	<u>1,311,852</u>	<u>583,526</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>176,601</u>	<u>31,733</u>	<u>52,081</u>	<u>(23,022)</u>	<u>52,916</u>	<u>(1,899)</u>	<u>(119,657)</u>
Other Financing Sources (Uses):							
Issuance of general obligation bond	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Transfer out	(186,532)	-	-	-	-	-	-
Net other financing sources (uses)	<u>(186,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,931)	31,733	52,081	(23,022)	52,916	(1,899)	(119,657)
Fund Balances - July 1, 2017	<u>102,827</u>	<u>1,476,977</u>	<u>508,475</u>	<u>163,649</u>	<u>1,378,856</u>	<u>(26,825)</u>	<u>(85,553)</u>
Fund Balances - June 30, 2018	<u>\$ 92,896</u>	<u>\$ 1,508,710</u>	<u>\$ 560,556</u>	<u>\$ 140,627</u>	<u>\$ 1,431,772</u>	<u>\$ (28,724)</u>	<u>\$ (205,210)</u>

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**CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Capital Project Funds									Total Nonmajor Governmental Funds
	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Library Bond Fund	Neighborhood Infrastructure Bond Fund	Open Space Bond Fund	
Revenues:										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,916,969
Charges for services	-	-	-	-	-	-	-	-	-	2,270,964
Investment income	-	-	-	-	-	-	-	-	-	382,002
Other	-	-	-	-	-	-	-	-	-	306,854
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,876,789</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	865,256
Public safety	-	-	-	-	-	-	-	-	-	2,110,144
Education	-	-	-	-	-	-	-	-	-	8,221,813
Parks and recreation	-	-	-	-	-	-	-	-	-	10,000
Public libraries	-	-	-	-	-	-	-	-	-	80,700
Senior services	-	-	-	-	-	-	-	-	-	72,969
Community development	-	-	-	-	-	-	-	-	-	1,347,154
Debt service:										
Interest and other costs	97,735	7,895	2,583	4,005	37,575	23	(28)	1	-	149,789
Capital:										
Capital expenditures	2,247,470	1,845,637	366,284	1,426,369	6,684,445	75,997	73,372	976,028	-	13,695,602
Total expenditures	<u>2,345,205</u>	<u>1,853,532</u>	<u>368,867</u>	<u>1,430,374</u>	<u>6,722,020</u>	<u>76,020</u>	<u>73,344</u>	<u>976,029</u>	<u>-</u>	<u>26,553,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,345,205)</u>	<u>(1,853,532)</u>	<u>(368,867)</u>	<u>(1,430,374)</u>	<u>(6,722,020)</u>	<u>(76,020)</u>	<u>(73,344)</u>	<u>(976,029)</u>	<u>-</u>	<u>(13,676,638)</u>
Other Financing Sources (Uses):										
Issuance of general obligation bond	5,000,000	3,000,000	1,000,000	1,500,000	5,000,000	-	340,000	-	-	15,840,000
Bond premium	482,028	29,910	9,970	14,955	49,850	-	3,390	-	-	590,103
Transfer out	-	-	-	-	-	-	-	-	-	(186,532)
Net other financing sources (uses)	<u>5,482,028</u>	<u>3,029,910</u>	<u>1,009,970</u>	<u>1,514,955</u>	<u>5,049,850</u>	<u>-</u>	<u>343,390</u>	<u>-</u>	<u>-</u>	<u>16,243,571</u>
Net Change in Fund Balances	3,136,823	1,176,378	641,103	84,581	(1,672,170)	(76,020)	270,046	(976,029)	-	2,566,933
Fund Balances - July 1, 2017	<u>(2,986)</u>	<u>663,960</u>	<u>(42,540)</u>	<u>236,749</u>	<u>(492,738)</u>	<u>426,971</u>	<u>5,243</u>	<u>1,654,998</u>	<u>125,864</u>	<u>6,093,927</u>
Fund Balances - June 30, 2018	<u>\$ 3,133,837</u>	<u>\$ 1,840,338</u>	<u>\$ 598,563</u>	<u>\$ 321,330</u>	<u>\$ (2,164,908)</u>	<u>\$ 350,951</u>	<u>\$ 275,289</u>	<u>\$ 678,969</u>	<u>\$ 125,864</u>	<u>\$ 8,660,860</u>

**CITY OF CRANSTON, RHODE ISLAND
NONMAJOR BUDGETARY FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

COMMUNITY DEVELOPMENT BLOCK GRANT

	<u>Originally Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues:				
Program income	\$ 160,000	\$ 160,000	\$ 344,772	\$ 184,772
Federal grants	<u>1,240,900</u>	<u>1,240,900</u>	<u>965,181</u>	<u>(275,719)</u>
Total revenues	<u>1,400,900</u>	<u>1,400,900</u>	<u>1,309,953</u>	<u>(90,947)</u>
Expenditures:				
Current:				
Program activities	<u>1,400,900</u>	<u>1,400,900</u>	<u>1,311,852</u>	<u>89,048</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,899)</u>	\$ <u>(1,899)</u>

WORKFORCE INVESTMENT ACT

	<u>Originally Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues:				
Program income	\$ 576,736	\$ 576,736	\$ 463,839	\$ (112,897)
Investment income	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
Total revenues	<u>576,736</u>	<u>576,736</u>	<u>463,869</u>	<u>(112,867)</u>
Expenditures:				
Current:				
Program activities	<u>576,736</u>	<u>576,736</u>	<u>583,526</u>	<u>(6,790)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(119,657)</u>	\$ <u>(119,657)</u>



Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise or where the City has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy or other purposes.

The following is a list of Nonmajor enterprise funds in this section:

School Lunch Fund - This fund accounts for the school lunch program.

Charter School - This fund accounts for the New England Laborers / Cranston Public Schools Construction & Career Academy.

**CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
JUNE 30, 2018**

	Business-Type Activities		
	School Lunch	Charter School	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,113,034	\$ 557,668	\$ 1,670,702
Prepaid expenses		24,304	24,304
Inventory	57,042		57,042
Receivables:			
Other	11,788	172,972	184,760
Due from other funds	-	177,649	177,649
Intergovernmental	200,037		200,037
Total current assets	<u>1,381,901</u>	<u>932,593</u>	<u>2,314,494</u>
Noncurrent Assets:			
Net pension asset	-	195,778	195,778
Subtotal noncurrent assets	-	195,778	195,778
Capital Assets:			
Capital assets, net of accumulated depreciation	137,960	48,470	186,430
Total noncurrent assets	<u>137,960</u>	<u>244,248</u>	<u>382,208</u>
Total assets	<u>1,519,861</u>	<u>1,176,841</u>	<u>2,696,702</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to pensions		535,362	535,362
Deferred outflows of resources related to OPEB	-	1,802	1,802
Total deferred outflows of resources		<u>537,164</u>	<u>537,164</u>
Total assets and deferred outflow of resources	<u>1,519,861</u>	<u>1,714,005</u>	<u>3,233,866</u>
Liabilities			
Current Liabilities:			
Accounts payable	333,486	59,184	392,670
Compensated absences	-	38,943	38,943
Unearned revenue	32,792	21,293	54,085
Total current liabilities	<u>366,278</u>	<u>119,420</u>	<u>485,698</u>
Noncurrent Liabilities:			
Net OPEB liability	-	131,179	131,179
Net pension liability	-	1,824,226	1,824,226
Total noncurrent liabilities	<u>-</u>	<u>1,955,405</u>	<u>1,955,405</u>
Total liabilities	<u>366,278</u>	<u>2,074,825</u>	<u>2,441,103</u>
Deferred Inflows of Resources:			
Deferred inflows of resources related to pensions		160,869	160,869
Deferred inflows of resources related to OPEB	-	676	676
	<u>-</u>	<u>161,545</u>	<u>161,545</u>
Total liabilities and deferred inflows of resources	<u>366,278</u>	<u>2,236,370</u>	<u>2,602,648</u>
Net Position:			
Unrestricted:			
Net position from operations-before effect of GASB 68 and OPEB	1,153,583	(522,365)	631,218
Total net position	<u>1,153,583</u>	<u>(522,365)</u>	<u>631,218</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,519,861</u>	<u>\$ 1,714,005</u>	<u>\$ 3,233,866</u>

CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities		
	School Lunch	Charter School	Totals
Operating Revenues:			
Charges for usage and service	\$ 1,050,821	\$ -	\$ 1,050,821
Intergovernmental			
Tuition	-	2,381,705	2,381,705
On-behalf pension contribution	-	133,349	133,349
Miscellaneous	34,261	-	34,261
Total operating revenues	<u>1,085,082</u>	<u>2,515,054</u>	<u>3,600,136</u>
Operating Expenses:			
Operations	3,345,423	879,605	4,225,028
Personnel	57,603	1,800,476	1,858,079
Claims	-	671	671
Depreciation	28,944	6,481	35,425
Total operating expenses	<u>3,431,970</u>	<u>2,687,233</u>	<u>6,119,203</u>
Operating Loss	<u>(2,346,888)</u>	<u>(172,179)</u>	<u>(2,519,067)</u>
Non-Operating Revenues:			
Investment income	35	2,801	2,836
Grant income	2,600,294	3,488	2,603,782
Contributions and donations		177,000	177,000
Total nonoperating revenues	<u>2,600,329</u>	<u>183,289</u>	<u>2,783,618</u>
Change in Net Position	253,441	11,110	264,551
Net Position - July 1, 2017, as Restated	<u>900,142</u>	<u>(533,475)</u>	<u>366,667</u>
Net Position - June 30, 2018	<u>\$ 1,153,583</u>	<u>\$ (522,365)</u>	<u>\$ 631,218</u>

CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities		
	School Lunch	Charter School	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,462,504	\$ 2,378,775	\$ 3,841,279
Cash paid to suppliers	-	(837,151)	(837,151)
Cash paid to employees	(57,603)	(1,765,268)	(1,822,871)
Cash paid for other operating expenses	(3,352,846)	-	(3,352,846)
Net cash (used in) provided by operating activities	<u>(1,947,945)</u>	<u>(223,644)</u>	<u>(2,171,589)</u>
Cash Flows from NonCapital Financing Activities:			
Non-operating grant	2,600,294	3,488	2,603,782
Advances from interfund loans	68	207,487	207,555
Net cash provided by noncapital financing activities	<u>2,600,362</u>	<u>210,975</u>	<u>2,811,337</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(83,836)	-	(83,836)
Net cash (used in) provided by capital and related financing activities	<u>(83,836)</u>	<u>-</u>	<u>(83,836)</u>
Cash Flows from Investing Activities:			
Income from investments	35	2,801	2,836
Net cash provided by investing activities	<u>35</u>	<u>2,801</u>	<u>2,836</u>
Net Increase in Cash	568,616	(9,868)	558,748
Cash - July 1, 2017 (Including Restricted Cash)	<u>544,418</u>	<u>567,536</u>	<u>1,111,954</u>
Cash - June 30, 2018 (Including Restricted Cash)	<u>\$ 1,113,034</u>	<u>\$ 557,668</u>	<u>\$ 1,670,702</u>
Reconciliation of Operating Income to Net Cash			
Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (2,346,888)	\$ (172,179)	\$ (2,519,067)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	28,944	6,481	35,425
Decrease in net pension asset	-	21,263	21,263
Increase in deferred outflows related to pension plans	-	(52,827)	(52,827)
Increase in deferred outflows related to OPEB plans	-	266	266
Decrease in deferred inflows related to pension plans	-	11,286	11,286
Decrease in deferred inflows related to OPEB plans	-	148	148
(Increase) decrease in accounts receivable	41,876	(3,150)	38,726
Increase in inventory	(324)	-	(324)
(Increase) decrease in intergovernmental receivables	330,056	-	330,056
Increase (decrease) in accounts payable	(7,099)	42,454	35,355
Increase in compensated absences	-	(1,454)	(1,454)
Increase (decrease) in prepaid assessments	-	-	-
Increase (decrease) in OPEB	-	255	255
Increase in unearned revenue	5,490	220	5,710
Increase in net pension liability	-	(76,407)	(76,407)
Net (Used in) Provided by Operating Activities	<u>\$ (1,947,945)</u>	<u>\$ (223,644)</u>	<u>\$ (2,171,589)</u>



Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

School Department Internal Service Fund -This fund accounts for revenues and expenses related to the School Departments medical self-insurance plan.

City Internal Service Fund -This fund accounts for revenues and expenses related to the City's self-insurance plans for medical, workers compensation, property and casualty, unemployment and general liability claims.

CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Governmental Activities		Totals
	School Department Internal Service Fund	City Internal Service Fund	
Assets			
Current Assets:			
Cash and cash equivalents	\$ -	\$ 995,419	\$ 995,419
Receivables:			
Other	12,170		12,170
Due from other funds	-	508,410	508,410
Claims deposit	2,913,326	-	2,913,326
Total current assets	2,925,496	1,503,829	4,429,325
Noncurrent Assets:			
Advance deposits - medical	853,000	-	853,000
Total noncurrent assets	853,000	-	853,000
Total assets	3,778,496	1,503,829	5,282,325
Liabilities			
Current Liabilities:			
Accounts payable	164	147,132	147,296
Accrued payroll	-	260	260
Due to other funds	3,274,147	1,168,967	4,443,114
Claims payable	-	697,667	697,667
Total current liabilities	3,274,311	2,014,026	5,288,337
Total noncurrent liabilities	-	-	-
Total liabilities	3,274,311	2,014,026	5,288,337
Net Position:			
Unrestricted	504,185	(510,197)	(6,012)
Total Net Position	\$ 504,185	\$ (510,197)	\$ (6,012)

**CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITON
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities		Totals
	School Department Internal Service Fund	City Internal Service Fund	
Operating Revenues:			
Charges for usage and service	\$ 25,982,715	\$ 10,626,458	\$ 36,609,173
Miscellaneous	-	53,581	53,581
Total operating revenues	<u>25,982,715</u>	<u>10,680,039</u>	<u>36,662,754</u>
Operating Expenses:			
Operations	-	501,285	501,285
Personnel	-	114,055	114,055
Claims	-	10,162,937	10,162,937
Health care management	24,503,354	-	24,503,354
Total operating expenses	<u>24,503,354</u>	<u>10,778,277</u>	<u>35,281,631</u>
Operating (Loss) Income	<u>1,479,361</u>	<u>(98,238)</u>	<u>1,381,123</u>
Nonoperating Revenues:			
Investment income	-	75	75
Nonoperating Revenues	<u>-</u>	<u>75</u>	<u>75</u>
Change in Net Position	1,479,361	(98,163)	1,381,198
Net Position - July 1, 2017	<u>(975,176)</u>	<u>(412,034)</u>	<u>(1,387,210)</u>
Net Position - June 30, 2018	<u>\$ 504,185</u>	<u>\$ (510,197)</u>	<u>\$ (6,012)</u>

**CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities		
	School Department Internal Service Fund	City Internal Service Fund	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 25,985,376	\$ 10,680,039	\$ 36,665,415
Cash paid to employees	-	(115,071)	(115,071)
Cash paid for claims	(25,280,057)	(9,555,645)	(34,835,702)
Cash paid for other operating expenses	-	(491,383)	(491,383)
Net cash used in operating activities	<u>705,319</u>	<u>517,940</u>	<u>1,223,259</u>
Cash Flows from NonCapital Financing Activities:			
Change in interfund loans	(705,319)	477,321	(227,998)
Net cash provided by noncapital financing activities	<u>(705,319)</u>	<u>477,321</u>	<u>(227,998)</u>
Cash Flows from Investing Activities:			
Income from investments	-	75	75
Net Decrease in Cash	-	995,336	995,336
Cash - July 1, 2016 (Including Restricted Cash)	-	83	83
Cash - June 30, 2017 (Including Restricted Cash)	<u>\$ -</u>	<u>\$ 995,419</u>	<u>\$ 995,419</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:			
Operating income (loss)	\$ 1,479,361	\$ (98,238)	\$ 1,381,123
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Decrease in accounts receivable	2,661	-	2,661
Increase in claims deposits	(776,867)	-	(776,867)
Decrease in accounts payable	164	135,807	135,971
Decrease in accrued payroll	-	(1,016)	(1,016)
(Increase) decrease in claims payable	-	481,387	481,387
Net Cash Used in Operating Activities	<u>\$ 705,319</u>	<u>\$ 517,940</u>	<u>\$ 1,223,259</u>



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 contribution 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 accounts for unclaimed estates that are currently 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 accounts for the receipt and disbursement of school student activity programs.

CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2018

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 1,642,706	\$ 675,429	\$ -	\$ 2,318,135
Investments:				
Guaranteed Investment Contracts	3,886,392			3,886,392
Real Estate Investment Trust			48,406	48,406
Common Stock	12,964,931			12,964,931
Pooled Equity Index Funds			320,688	320,688
Pooled Fixed Income Index Funds	423,227		235,979	659,206
International Equity Mutual Funds		1,684,014		1,684,014
U.S. Equity Mutual Funds	29,582,460	2,694,116		32,276,576
Fixed Income Mutual Funds	21,344,540	1,935,700		23,280,240
Total investments	<u>68,201,550</u>	<u>6,313,830</u>	<u>605,073</u>	<u>75,120,453</u>
Due from other funds	<u>--</u>	<u>1,013,038</u>	<u>--</u>	<u>1,013,038</u>
Total assets	<u>69,844,256</u>	<u>8,002,297</u>	<u>605,073</u>	<u>78,451,626</u>
Liabilities:				
Accounts payable	--	201,037	--	201,037
Deposits held in custody for others	<u>--</u>	<u>--</u>	<u>--</u>	<u>-</u>
Total liabilities	<u>--</u>	<u>201,037</u>	<u>--</u>	<u>201,037</u>
Net Position Restricted for Pensions and OPEB Benefits and Other Purposes	<u>\$ 69,844,256</u>	<u>\$ 7,801,260</u>	<u>\$ 605,073</u>	<u>\$ 78,250,589</u>

CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Total
Additions:				
Contributions:				
Employer contributions	\$ 22,568,319	\$ 5,108,840	\$ -	\$ 27,677,159
Plan member contributions	240,058	368,718	427,999	1,036,775
Other	53,055	--	--	53,055
Total contributions	<u>22,861,432</u>	<u>5,477,558</u>	<u>427,999</u>	<u>28,766,989</u>
Investment Income:				
Interest and dividends	1,348,662	316,630	39,409	1,704,701
Net appreciation in the fair value of investments	3,920,610	--	--	3,920,610
Total investment income	<u>5,269,272</u>	<u>316,630</u>	<u>39,409</u>	<u>5,625,311</u>
Total additions	<u>28,130,704</u>	<u>5,794,188</u>	<u>467,408</u>	<u>34,392,300</u>
Deductions:				
Benefits	24,326,797	4,104,990	427,998	28,859,785
Administrative expenses	293,500	19,792	1,481	314,773
Total deductions	<u>24,620,297</u>	<u>4,124,782</u>	<u>429,479</u>	<u>29,174,558</u>
Change in Net Position	3,510,407	1,669,406	37,929	5,217,742
Net Position Held in Trust for Pensions, and OPEB Benefits and Other Purposes-July 1, 2017 (as, Restated)	<u>66,333,849</u>	<u>6,131,854</u>	<u>567,144</u>	<u>73,032,847</u>
Net Position Held in Trust for Pensions, and OPEB Benefits and Other Purposes-June 30, 2018	<u>\$ 69,844,256</u>	<u>\$ 7,801,260</u>	<u>\$ 605,073</u>	<u>\$ 78,250,589</u>

**CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Unclaimed Estates in Probate Court</u>				
ASSET				
Cash	\$ <u>96,845</u>	\$ <u>11</u>	\$ <u>-</u>	\$ <u>96,856</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>96,845</u>	\$ <u>11</u>	\$ <u>-</u>	\$ <u>96,856</u>
<u>Performance Bonds</u>				
ASSET				
Cash	\$ <u>232,652</u>	\$ <u>54,628</u>	\$ <u>3,000</u>	\$ <u>284,280</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>232,652</u>	\$ <u>54,628</u>	\$ <u>3,000</u>	\$ <u>284,280</u>
<u>Student Activity Funds</u>				
ASSET				
Cash	\$ <u>731,028</u>	\$ <u>1,727,311</u>	\$ <u>1,728,051</u>	\$ <u>730,288</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>731,028</u>	\$ <u>1,727,311</u>	\$ <u>1,728,051</u>	\$ <u>730,288</u>
<u>Totals</u>				
ASSET				
Cash	\$ <u>1,060,525</u>	\$ <u>1,781,950</u>	\$ <u>1,731,051</u>	\$ <u>1,111,424</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>1,060,525</u>	\$ <u>1,781,950</u>	\$ <u>1,731,051</u>	\$ <u>1,111,424</u>



Other Schedules

CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2018

Year	Property Taxes Receivable July 1, 2017	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2018
2018	\$ 2,646,296	\$ 190,460,481	\$ -	\$ 609,953	\$ 189,850,528	\$ 188,585,112	\$ 1,265,416
2017	737,289			46,152	2,600,144	1,173,074	1,427,070
2016	888,081			10,404	726,885	118,990	607,895
2015	864,681			2,559	885,522	85,126	800,396
2014	851,141			786	863,895	61,617	802,278
2013	840,932			491	850,650	46,553	804,097
2012	938,662			282	840,650	34,000	806,650
2011	539,100				938,662	34,631	904,031
2010	588,124				539,100	11,476	527,624
2009					588,124	11,789	576,335
Subtotal	8,894,306	\$ 190,460,481	\$ -	\$ 670,627	\$ 198,684,160	\$ 190,162,368	8,521,792
Less: estimated allowance for uncollectable accounts	2,063,364						2,085,000
Net property taxes receivable	\$ 6,830,942						\$ 6,436,792

(Continued on next page)

CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

Collections

Year	July - August 2017 Collections Subject to 60-Day FY17 Accrual	September - June 2018 Collections	Total FY 2018 Collections	July - August 2018 Collections Subject to 60-Day FY18 Accrual
2016	\$	\$ 188,585,112	\$ 188,585,112	\$ 602,841
2015	774,357	398,717	1,173,074	57,671
2014	83,583	35,407	118,990	27,671
2013	19,771	65,355	85,126	14,628
2012	13,236	48,381	61,617	8,791
2011	4,541	42,012	46,553	9,042
2010	1,675	32,325	34,000	2,355
2009	230	34,401	34,631	3,748
2008	69	11,407	11,476	1,160
2007	304	11,485	11,789	
2006	735	(735)		
Total	\$ <u>898,501</u>	\$ <u>189,263,867</u>	\$ <u>190,162,368</u>	\$ <u>727,907</u>

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

Schedule of Net Assessed Property Value by Category			Reconciliation of Current Year Property Tax Revenue	
Assessed December 31, 2016				
Description of Property	Valuations	Levy		
Real property	\$ 6,521,313,280	\$ 160,131,907	Current year collections	\$ 190,162,368
Motor vehicle	503,045,688	18,849,061	Revenue received 60 days subsequent to fiscal year ending June 30, 2017	<u>727,907</u>
Tangible property	<u>335,551,224</u>	<u>11,479,513</u>	Subtotal	190,890,275
Total	7,359,910,192	190,460,481	Prior year revenue received in current year (2016 60 day rule)	<u>(898,501)</u>
Exemptions and adjustments	<u>267,162,116</u>	<u> </u>	Current Year Property Tax Revenue	<u>\$ 189,991,774</u>
Net Assessed Value	<u>\$ 7,092,748,076</u>	<u>\$ 190,460,481</u>		

**CITY OF CRANSTON, RHODE ISLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Land</u>	<u>Land Improvements</u>	<u>Infrastructure</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office Furniture & Equipment</u>	<u>Machinery And Equipment</u>	<u>Total</u>
General government	\$ 15,299,094	\$ 28,986,162	\$ 86,658,541	\$ 107,193,909	\$ 300,943	\$ 1,394,171	\$ 95,636	\$ 239,928,456
Public safety	-	60,000	17,602	74,065	11,096,906	1,229,810	5,991,718	18,470,101
Public works	-	7,196,383	65,078	-	5,456,686	34,093	946,036	13,698,276
Education	-	-	-	4,629,202	3,828,863	1,211,563	4,200	9,673,828
Parks and recreation	-	732,939	603,902	110,580	787,888	9,511	1,428,099	3,672,919
Public libraries	-	-	-	17,632	17,458	3,572,743	105,050	3,712,883
Senior services	-	-	-	36,499	509,124	65,363	42,638	653,624
Total	\$ 15,299,094	\$ 36,975,484	\$ 87,345,123	\$ 112,061,887	\$ 21,997,868	\$ 7,517,254	\$ 8,613,377	\$ 289,810,087

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, 2018

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
General government	\$ 239,295,568	\$ 658,268	\$ 25,380	\$ 239,928,456
Public safety	16,866,751	2,658,933	1,055,583	18,470,101
Public works	5,863,951	7,958,893	124,568	13,698,276
Education	7,084,821	2,685,957	96,950	9,673,828
Parks and recreation	2,110,572	1,583,472	21,125	3,672,919
Public libraries	3,623,924	88,959	-	3,712,883
Senior services	617,125	36,499	-	653,624
Total Capital Assets	<u>\$ 275,462,712</u>	<u>\$ 15,670,981</u>	<u>\$ 1,323,606</u>	<u>\$ 289,810,087</u>



Annual Supplementary Transparency Report

City of Cranston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 189,187,954	\$ -
Last Year's Levy Tax Collection	456,388	-
Prior Years Property Tax Collection	347,432	-
Interest & Penalty	1,050,977	-
PILOT & Tax Treaty (excluded from levy) Collection	214,219	-
Other Local Property Taxes	-	-
Licenses and Permits	4,646,587	-
Fines and Forfeitures	496,998	-
Investment Income	442,629	-
Departmental	5,069,827	-
Rescue Run Revenue	4,114,236	-
Police & Fire Detail	2,359,183	-
Other Local Non-Property Tax Revenues	1,255,805	-
Tuition	-	997,865
Impact Aid	-	-
Medicaid	-	1,387,901
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	2,600,294
CDBG	327,953	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	7,430,457
MV Excise Tax Reimbursement & Phase-out	3,463,187	-
State PILOT Program	5,403,870	-
Distressed Community Relief Fund	1,341,001	-
Library Resource Aid	582,746	-
Library Construction Aid	-	-
Public Service Corporation Tax	991,411	-
Meals & Beverage Tax / Hotel Tax	2,024,745	-
LEA Aid	-	58,171,589
Group Home	-	-
Housing Aid Capital Projects	-	229,369
Housing Aid Bonded Debt	2,480,924	-
State Food Service Revenue	-	23,256
Incentive Aid	-	-
Property Revaluation Reimbursement	350,796	-
Other State Revenue	958,738	465,763
Other Revenue	-	1,631,700
Local Appropriation for Education	-	93,182,652
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	420,795
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 227,567,606	\$ 166,541,641
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ -	\$ -

City of Cranston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT					
Compensation- Group A	\$ 1,440,176	\$ 1,377,577	\$ 1,387,482	\$ 420,319	\$ 849,244	\$ 2,139,809	\$ 4,215,243	\$ 1,680,940	\$ 10,182,066
Compensation - Group B	-	-	-	-	-	-	-	-	1,160,327
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	6,060	52,608	19,880	52,825	6,158	33,000	119,399	96,278	1,115,718
Overtime - Group B	-	-	-	-	-	-	-	-	127,145
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,954,095
Active Medical Insurance - Group A	222,857	207,706	267,782	78,548	178,290	238,522	855,965	277,365	2,207,740
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	237,469
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	11,729	10,932	14,094	4,134	9,384	12,554	45,051	14,598	109,675
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	12,498
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	110,625	111,837	102,268	35,765	67,279	128,047	346,916	133,337	341,448
Life Insurance	3,854	4,360	4,695	1,267	2,708	6,336	15,868	4,128	55,231
State Defined Contribution- Group A	6,652	9,098	8,464	3,320	5,197	8,817	36,759	10,465	317,470
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	10,092
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	14,072	242,347	33,567	11,591	7,749	18,754	206,314	60,862	2,531,523
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	9,969,515
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	87,710	81,885	76,178	29,882	46,776	148,622	330,830	96,803	1,201,526
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	80,018
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	50,185	68,636	63,853	25,048	39,208	-	277,304	76,434	84,690
Purchased Services	1,204,568	64,461	43,364	-	15,248	-	428,115	92,277	427,708
Materials/Supplies	18,639	120,064	782,743	32,502	1,937	50,000	398,247	135,192	340,513
Software Licenses	-	-	-	147,817	-	-	-	-	-
Capital Outlays	-	-	73,618	55,575	15,295	24,161	18,000	-	366,541
Insurance	886,427	-	-	-	-	-	-	-	-
Maintenance	-	1,420	27,934	148,660	-	65,000	17,514	25,300	381,297
Vehicle Operations	-	-	51,773	-	6,812	2,000	564,427	39,155	224,989
Utilities	-	-	2,337	218,705	-	110,000	436,891	98,326	48,543
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	1,467,089	-	-
Revaluation	-	417,870	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	934,473	-	-
Trash Removal & Recycling	-	-	-	-	-	-	5,401,105	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	4,413	-	-	-	-	-	-	-	-
Other Operation Expenditures	1,489,437	100,514	70,655	1,414	419,327	461,000	136,883	659,422	1,732,668
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,557,406	\$ 2,871,314	\$ 3,030,687	\$ 1,267,373	\$ 1,670,613	\$ 3,446,622	\$ 16,252,392	\$ 3,500,883	\$ 35,220,504

**City of Cranston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018**

EXPENDITURES	Fire	Centralized	Public Safety	Education	Debt	OPEB	Total	Education
	Department	Dispatch	Other	Appropriation			Municipal	Department
Compensation- Group A	\$ 13,296,915	\$ -	\$ 185,036	\$ -	\$ -	\$ -	\$ 37,174,808	\$ 76,958,423
Compensation - Group B	798,722	-	-	-	-	-	1,959,048	7,894,549
Compensation - Group C	-	-	-	-	-	-	-	14,460,350
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	4,923,412	-	860	-	-	-	6,426,198	-
Overtime - Group B	292,619	-	-	-	-	-	419,764	-
Overtime - Group C	-	-	-	-	-	-	-	483,614
Police & Fire Detail	48,658	-	-	-	-	-	2,002,753	-
Active Medical Insurance- Group A	3,861,988	-	37,832	-	-	-	8,434,596	12,472,340
Active Medical Insurance- Group B	198,343	-	-	-	-	-	435,812	1,007,503
Active Medical Insurance- Group C	-	-	-	-	-	-	-	5,214,879
Active Dental Insurance- Group A	175,642	-	1,991	-	-	-	409,784	819,358
Active Dental Insurance- Group B	10,439	-	-	-	-	-	22,937	72,112
Active Dental Insurance- Group C	-	-	-	-	-	-	-	370,056
Payroll Taxes	370,186	-	13,518	-	-	-	1,761,226	2,560,818
Life Insurance	65,736	-	845	-	-	-	165,028	63,933
State Defined Contribution- Group A	420,848	-	1,088	-	-	-	828,179	1,742,251
State Defined Contribution - Group B	6,843	-	-	-	-	-	16,935	147,154
State Defined Contribution - Group C	-	-	-	-	-	-	-	110,722
Other Benefits- Group A	3,881,305	-	1,006	-	-	-	7,009,088	654,875
Other Benefits- Group B	-	-	-	-	-	-	-	63,452
Other Benefits- Group C	-	-	-	-	-	-	-	97,511
Local Defined Benefit Pension- Group A	12,596,836	-	-	-	-	-	22,566,351	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	122,913
State Defined Benefit Pension- Group A	811,899	-	9,795	-	-	-	2,921,906	10,026,100
State Defined Benefit Pension - Group B	56,442	-	-	-	-	-	136,460	994,363
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	984,180
Other Defined Benefit / Contribution	-	-	8,210	-	-	-	693,567	-
Purchased Services	1,131,706	-	-	-	-	-	3,407,448	18,188,066
Materials/Supplies	287,847	-	37,334	-	-	-	2,205,019	2,207,370
Software Licenses	-	-	-	-	-	-	147,817	484,890
Capital Outlays	340,695	-	-	-	-	-	893,886	1,930,200
Insurance	-	-	-	-	-	-	886,427	765,165
Maintenance	250,846	-	140,891	-	-	-	1,058,860	1,367,386
Vehicle Operations	197,486	-	-	-	-	-	1,086,642	998,027
Utilities	712,329	-	-	-	-	-	1,627,131	2,473,634
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	1,467,089	-
Revaluation	-	-	-	-	-	-	417,870	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	934,473	-
Trash Removal & Recycling	-	-	-	-	-	-	5,401,105	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	4,413	400
Other Operation Expenditures	387,735	-	3,131	-	-	-	5,462,185	282,568
Local Appropriation for Education	-	-	-	93,182,652	-	-	93,182,652	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	420,795	-	-	420,795	-
Municipal Debt- Principal	-	-	-	-	6,794,000	-	6,794,000	-
Municipal Debt- Interest	-	-	-	-	2,400,863	-	2,400,863	-
School Debt- Principal	-	-	-	-	550,000	-	550,000	-
School Debt- Interest	-	-	-	-	549,700	-	549,700	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	5,108,840	5,108,840	427,998
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 45,125,476	\$ -	\$ 441,537	\$ 93,603,447	\$ 10,294,563	\$ 5,108,840	\$ 227,391,657	\$ 166,447,161

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ -	\$ -
Net Change in Fund Balance¹	175,949	94,480
Fund Balance¹- beginning of year	\$20,888,447	\$ 6,827,244
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	(500,000)
Misc. Adjustment	-	(21,535)
Fund Balance¹ - beginning of year adjusted	20,888,447	6,305,709
Rounding	-	-
Fund Balance¹ - end of year	\$ 21,064,396	\$ 6,400,189

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

City of Cranston
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 20,888,447	-	\$ 20,888,447	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 20,888,447</u>	<u>-</u>	<u>\$ 20,888,447</u>	
General Fund	\$ 225,003,198	\$ -	\$ 131,309,168	\$ 93,603,447	\$ 90,583	\$ 20,868,980	\$ -	\$ 20,868,980	\$ 20,959,563
Fire Detail	56,751	-	48,658	-	8,093	(2,599)	-	(2,599)	5,494
Police Detail	1,828,906	-	1,751,634	-	77,272	22,067	-	22,067	99,339
CDBG	1,309,953	-	1,311,852	-	(1,899)	(26,825)	-	(26,825)	(28,724)
Totals per audited financial statements	<u>\$ 228,198,808</u>	<u>\$ -</u>	<u>\$ 134,421,312</u>	<u>\$ 93,603,447</u>	<u>\$ 174,049</u>	<u>\$ 20,861,623</u>	<u>\$ -</u>	<u>\$ 20,861,623</u>	<u>\$ 21,035,672</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	93,182,652	(93,182,652)	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to School Department-Contingency Expenditures	-	-	420,795	(420,795)	-	-	-	-	-
Community Development Block Grant-To remove loan activity	(982,000)	-	(983,899)	-	1,899	26,825	-	26,825	28,724
Revaluation reflected as net in the Financials	350,798	-	350,797	-	1	-	-	-	1
Rounding	-	-	-	-	-	(1)	-	(1)	(1)
Totals Per MTP2	<u>\$ 227,567,606</u>	<u>\$ -</u>	<u>\$ 227,391,657</u>	<u>\$ -</u>	<u>\$ 175,949</u>	<u>\$ 20,888,447</u>	<u>\$ -</u>	<u>\$ 20,888,447</u>	<u>\$ 21,064,396</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

City of Cranston
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 6,827,244		\$ 6,827,244	
<i>Miscellaneous variances from FY 17 impacting Fiscal year 2018</i>						(21,535)		(21,535)	
<i>Prior period audit adjustment for fiscal year 2018</i>						-	(500,000)	(500,000)	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 6,805,709</u>		<u>\$ 6,305,709</u>	
School Unrestricted Fund	\$ 68,579,812	\$ 93,789,979	\$ 162,466,234	\$ -	\$ (96,443)	\$ 5,885,808	\$ (500,000)	\$ 5,385,808	\$ 5,289,365
Enterprise Fund1	3,685,411	-	3,431,970	-	253,441	900,142	-	900,142	1,153,583
School Special Revenue Funds	8,398,414	-	8,221,813	186,532	(9,931)	102,827	-	102,827	92,896
Totals per audited financial statements	<u>\$ 80,663,637</u>	<u>\$ 93,789,979</u>	<u>\$ 174,120,017</u>	<u>\$ 186,532</u>	<u>\$ 147,067</u>	<u>\$ 6,888,777</u>	<u>\$ (500,000)</u>	<u>\$ 6,388,777</u>	<u>\$ 6,535,844</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but as revenue on MTP2	\$ 93,182,652	\$ (93,182,652)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplemental Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	420,795	(420,795)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(7,725,441)	-	(7,725,441)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	(186,532)	-	(186,532)	-	-	-	-	-
Capital purchase in school lunch fund reported as an expenditure on the MPT-2 but recorded as an asset on the June 30, 2018 financial statements	-	-	83,836	-	(83,836)	(83,068)	-	(83,068)	(166,904)
Capital assets net of accumulated depreciation at June 30, 2017	-	-	-	-	-	-	-	-	-
Depreciation expense not recorded in UCOA	-	-	(28,944)	-	28,944	-	-	-	28,944
Miscellaneous variances between UCOA & Financial Statements	-	-	(2,308)	-	2,308	-	-	-	2,308
Rounding	(2)	-	1	-	(3)	-	-	-	(3)
Totals Per MTP2	<u>\$ 166,541,641</u>	<u>\$ -</u>	<u>\$ 166,447,161</u>	<u>\$ -</u>	<u>\$ 94,480</u>	<u>\$ 6,805,709</u>	<u>\$ (500,000)</u>	<u>\$ 6,305,709</u>	<u>\$ 6,400,189</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Transfer from School Unrestricted Fund to Internal Service Fund. Amount recorded as a transfer by the School District while the auditor reported it as an expenditure.	\$ -		\$ (975,176)						
Totals per UCOA Validated Totals Report	<u>\$ 166,541,641</u>		<u>\$ 165,471,985</u>						

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City's (or Town's) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.



Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

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

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2018	2017	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)
Governmental Activities										
Invested in capital assets, net of related debt	\$ 52,965,605	\$ 39,483,273	\$ 32,242,050	\$ 28,003,223	\$ 19,411,174	\$49,660,029	\$41,265,304	\$ 38,755,896	\$36,911,322	\$ 30,061,368
Restricted	--	--	--	--	--	--	--	--	2,770,499	754,859
Unrestricted	<u>(361,347,810)</u>	<u>(313,782,667)</u>	<u>(319,188,692)</u>	<u>(315,174,995)</u>	<u>(320,500,997)</u>	<u>(86,076,389)</u>	<u>(85,654,610)</u>	<u>(81,803,993)</u>	<u>(79,180,678)</u>	<u>(63,493,862)</u>
Total Governmental Activities	<u>(308,382,205)</u>	<u>(274,299,394)</u>	<u>(286,946,642)</u>	<u>(287,171,772)</u>	<u>(301,089,823)</u>	<u>(36,416,360)</u>	<u>(44,389,306)</u>	<u>(43,048,097)</u>	<u>(39,498,857)</u>	<u>(32,677,635)</u>
Business-Type Activities										
Invested in capital assets, net of related debt	71,466,481	70,956,771	69,185,030	66,195,785	37,961,522	55,410,689	54,943,414	55,835,806	54,279,242	58,955,899
Restricted	439,167	459,633	2,129,729	8,598,629	--	--	--	--	501,295	501,302
Unrestricted	<u>(8,644,499)</u>	<u>(11,485,507)</u>	<u>(16,171,019)</u>	<u>(22,951,735)</u>	<u>11,138,372)</u>	<u>(7,230,976)</u>	<u>(9,165,835)</u>	<u>(11,349,807)</u>	<u>(12,293,232)</u>	<u>(18,495,702)</u>
Total Business-Type Activities	<u>63,261,149</u>	<u>59,930,897</u>	<u>55,143,740</u>	<u>51,842,679</u>	<u>49,099,894</u>	<u>48,179,713</u>	<u>45,777,579</u>	<u>44,485,999</u>	<u>42,487,305</u>	<u>40,961,499</u>
Total City										
Net investment in capital assets	124,432,086	110,440,044	101,427,080	94,199,008	57,372,696	105,070,718	96,208,718	94,591,702	91,190,564	89,017,267
Restricted	439,167	459,633	2,129,729	8,598,629	--	--	--	--	3,271,794	1,256,161
Unrestricted	<u>(369,992,309)</u>	<u>(325,268,174)</u>	<u>(335,359,711)</u>	<u>(338,126,730)</u>	<u>(309,362,625)</u>	<u>(93,307,365)</u>	<u>(94,820,445)</u>	<u>(93,153,800)</u>	<u>(91,473,910)</u>	<u>(81,989,564)</u>
Total City	<u>\$ (245,121,056)</u>	<u>\$ (214,368,497)</u>	<u>\$ (231,802,902)</u>	<u>\$ (235,329,093)</u>	<u>\$ (251,989,929)</u>	<u>\$ 11,763,353</u>	<u>\$ 1,388,273</u>	<u>\$ 1,437,902</u>	<u>\$ 2,988,448</u>	<u>\$ 8,283,864</u>

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

	FISCAL YEAR									
	2018	2017	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)
Expenses										
Governmental activities:										
General government	\$ 15,971,432	\$ 16,186,223	\$ 13,529,838	\$ 15,760,616	\$ 13,331,926	\$ 13,332,988	\$ 14,124,547	\$ 11,681,983	\$ 11,927,606	\$ 13,502,051
Public safety	75,827,868	85,859,541	77,077,346	76,316,860	76,071,254	80,850,179	76,501,580	74,176,278	75,005,742	69,891,470
Public works	16,701,972	14,976,564	15,878,037	15,539,611	15,709,766	15,002,479	15,167,301	14,162,027	14,132,084	14,286,657
Education	177,339,237	183,512,973	200,479,946	175,923,426	148,510,719	143,177,724	145,560,327	148,737,275	147,353,569	144,564,947
Parks and recreation	3,504,777	3,450,619	3,595,810	3,100,766	2,502,784	2,187,997	2,271,516	1,674,918	1,564,980	2,249,144
Public libraries	3,561,920	3,836,411	3,295,271	3,302,163	3,130,504	3,111,686	3,068,582	2,929,901	2,918,385	3,210,102
Senior services	3,040,817	3,077,015	2,904,766	3,172,283	3,091,950	2,902,182	2,894,707	2,747,580	2,822,873	2,948,510
Community development	1,340,187	1,042,849	1,724,439	1,430,568	716,188	1,240,559	1,467,564	1,560,098	1,981,805	1,095,367
Interest expense	2,052,994	2,609,611	2,778,437	3,245,053	3,659,457	2,887,674	5,143,233	5,003,790	4,985,466	4,962,888
Other	--	--	--	--	284,552,076	--	124,638	119,225	--	--
Total Governmental Activities	<u>299,341,204</u>	<u>314,551,806</u>	<u>321,263,890</u>	<u>297,791,346</u>	<u>551,276,624</u>	<u>264,693,468</u>	<u>266,323,995</u>	<u>262,793,075</u>	<u>262,692,510</u>	<u>256,711,136</u>
Business-type activities:										
Sewer	20,196,899	19,111,340	19,788,661	19,809,246	18,636,282	18,184,729	19,076,141	17,604,843	17,312,453	17,381,311
Public Facilities Management Foundation	--	--	--	--	92,137	77,010	93,501	200,937	219,337	228,248
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
Other	<u>6,119,203</u>	<u>6,107,972</u>	<u>5,835,392</u>	<u>5,698,896</u>	<u>1,526,883</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Business-Type Activities	<u>26,316,102</u>	<u>25,219,312</u>	<u>25,624,053</u>	<u>25,508,142</u>	<u>25,836,472</u>	<u>23,777,644</u>	<u>24,953,590</u>	<u>23,332,207</u>	<u>23,343,626</u>	<u>20,510,426</u>
Total City Expenses	<u>325,657,306</u>	<u>339,771,118</u>	<u>346,887,943</u>	<u>323,299,488</u>	<u>577,113,096</u>	<u>288,471,112</u>	<u>291,277,585</u>	<u>286,125,282</u>	<u>286,036,136</u>	<u>277,221,562</u>

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

	FISCAL YEAR									
	2018	2017	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 7,896,754	\$ 7,216,284	\$ 6,900,084	\$ 6,326,794	\$ 5,823,451	\$ 5,623,627	\$ 5,786,052	\$ 5,968,476	\$ 5,726,884	\$ 5,396,283
Public safety	6,121,655	6,116,849	6,432,342	6,257,323	5,597,507	5,256,803	5,512,505	3,893,316	5,575,477	6,162,035
Public works	1,296,471	1,056,208	941,631	1,026,133	747,410	925,173	737,643	681,668	455,374	481,865
Education	1,294,881	25,931,408	23,803,519	23,076,779	2,583,038	1,735,671	1,499,384	1,860,578	1,850,584	2,805,729
Parks and recreation	397,817	355,064	396,967	356,124	345,788	301,996	286,551	266,406	289,310	320,967
Public libraries	95,000	99,100	99,100	87,400	87,400	87,400	87,400	87,400	89,000	100,000
Senior services	1,654,979	1,646,558	1,612,507	1,729,051	1,668,453	1,723,744	1,651,421	1,806,092	1,691,795	1,670,440
Other activities	--	--	--	--	--	--	--	--	--	--
Operating grants and contributions	82,691,335	85,884,786	81,983,286	79,836,039	76,706,418	74,953,160	61,072,753	59,840,449	63,617,708	56,934,360
Capital grants and contributions	89,535	77,484	112,842	185,562	218,721	96,781	330,885	638,392	585,627	182,166
Total Governmental Activities Program Revenues	101,538,427	128,383,741	122,282,278	118,881,205	93,778,186	90,704,355	76,964,594	75,042,777	79,881,759	74,053,845
Business-type activities:										
Charges for services:										
Sewer	22,857,078	23,182,878	22,192,444	22,135,939	20,565,668	19,341,561	19,359,122	18,876,713	18,640,991	17,208,694
Public Facilities Management Foundation	--	--	--	--	26,775	35,300	41,900	136,911	208,574	211,061
Non-major funds	3,466,787	3,573,946	3,608,947	3,338,096	3,302,480	3,738,516	4,281,139	3,942,173	4,091,991	1,659,229
Operating grants and contributions	--	--	2,483,891	2,420,657	2,441,887	2,256,490	2,225,893	1,787,715	1,538,371	1,300,849
Capital grants and contributions	177,000	2,668,371	--	--	--	--	--	--	--	--
Total Business-Type Activities Program Revenues	26,500,865	29,425,195	28,285,282	27,894,692	26,336,810	25,371,867	25,908,054	24,743,512	24,479,927	20,379,833
Total City Revenues	128,039,292	157,808,936	150,567,560	146,775,897	120,114,996	116,076,222	102,872,648	99,786,289	104,361,686	94,433,678
Net (expenses) revenues:										
Governmental activities	(197,802,777)	(186,168,065)	(198,981,612)	(178,910,141)	(457,498,438)	(173,989,113)	(189,359,401)	(187,750,298)	(182,810,751)	(182,657,291)
Business-type activities	184,763	4,205,883	2,661,229	2,386,550	500,338	1,594,223	954,464	1,411,305	1,136,301	(130,593)
Total City Net Expense	(197,618,014)	(181,962,182)	(196,320,383)	(176,523,591)	(456,998,100)	(172,394,890)	(188,404,937)	(186,338,993)	(181,674,450)	(182,787,884)

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

	FISCAL YEAR									
	2018	2017	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010	2009 (As Restated)
General Revenues and other Changes in Net Assets										
Governmental activities										
General revenues:										
Property taxes and other	\$190,112,684	\$ 186,383,002	\$ 186,026,404	\$ 184,125,495	\$ 189,420,459	\$ 177,673,789	\$ 183,880,964	\$ 178,871,587	\$ 172,909,856	\$ 173,615,269
Grants and contributions not restricted to specific programs	--	--	--	--	--	--	--	--	--	2,086,520
Gain/(Loss) on sale of assets	--	--	--	--	--	1,000,000	--	662,520	303,537	--
State special funding for pension	10,838,378	7,816,659	10,167,762	5,169,920	--	--	--	--	--	--
Unrestricted investment earnings	824,602	772,132	491,493	552,058	252,218	626,522	586,730	577,703	706,945	1,065,331
Transfers	--	(18,900)	(17,889)	(25,662)	(1,737,409)	(20,826)	(23,817)	488,880	--	--
Miscellaneous	2,912,777	3,862,424	2,538,972	3,006,381	4,889,709	2,682,574	3,574,315	3,600,368	2,069,191	1,912,658
Motor vehicle phase-out taxes	3,463,187	--	--	--	--	--	--	--	--	--
Total Governmental Activities	<u>208,151,628</u>	<u>198,815,317</u>	<u>199,206,742</u>	<u>192,828,192</u>	<u>192,824,977</u>	<u>181,962,059</u>	<u>188,018,192</u>	<u>184,201,058</u>	<u>175,989,529</u>	<u>178,679,778</u>
Business-type activities:										
State special funding for pension	133,349	105,988	133,040	--	--	--	--	--	--	--
Unrestricted investment earnings	432,142	456,385	488,905	257,825	368,591	363,136	313,299	342,267	389,505	268,956
Transfers	--	18,900	17,889	25,662	25,218	20,826	23,817	(488,880)	--	--
Miscellaneous	--	--	--	72,748	26,035	--	--	--	--	--
Total Business-Type Activities	<u>565,491</u>	<u>581,273</u>	<u>639,834</u>	<u>356,235</u>	<u>419,844</u>	<u>383,962</u>	<u>337,116</u>	<u>(146,613)</u>	<u>389,505</u>	<u>268,956</u>
Total City	<u>208,717,119</u>	<u>199,396,590</u>	<u>199,846,576</u>	<u>193,184,427</u>	<u>193,244,821</u>	<u>182,346,021</u>	<u>188,355,308</u>	<u>184,054,445</u>	<u>176,379,034</u>	<u>178,948,734</u>
Change in Net Assets										
Governmental activities	10,348,851	12,647,252	225,130	13,918,051	(264,673,461)	7,972,946	(1,341,209)	(3,549,240)	(6,821,222)	(3,977,513)
Business-type activities	750,254	4,787,156	3,301,063	2,742,785	920,182	1,978,185	1,291,580	1,264,692	1,525,806	138,363
Total City Change in Net Assets	<u>\$ 11,099,105</u>	<u>\$ 17,434,408</u>	<u>\$ 3,526,193</u>	<u>\$ 16,660,836</u>	<u>\$ (263,753,279)</u>	<u>\$ 9,951,131</u>	<u>\$ (49,629)</u>	<u>\$ (2,284,548)</u>	<u>\$ (5,295,416)</u>	<u>\$ (3,839,150)</u>

CITY OF CRANSTON, RHODE ISLAND

TABLE 3

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012 (As Restated)	2011 (As Restated)	2010	2009 (As Restated)
General Fund										
Nonspendable	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 1,706,660	\$ 5,366,568	\$ 7,261,553	\$ 3,264,015	\$ --	\$ --
Restricted	482,879	468,363	275,374	279,040	256,362	420,657	464,805	--	--	--
Committed	44,030	44,025	42,892	2,115,631	1,884,028	1,653,133	2,356,649	6,390,443	--	--
Assigned	--	--	--	--	--	--	--	1,300,761	--	--
Unassigned	20,225,654	20,149,590	20,220,712	20,452,035	20,934,388	16,714,677	13,545,115	10,423,711	--	--
Reserved	--	--	--	--	--	--	--	--	7,624,361	8,990,340
Unreserved	--	--	--	--	--	--	--	--	13,315,506	14,581,605
Total General Fund	<u>20,959,563</u>	<u>20,868,978</u>	<u>20,745,978</u>	<u>23,053,706</u>	<u>24,781,438</u>	<u>24,155,035</u>	<u>23,628,122</u>	<u>21,378,930</u>	<u>20,939,867</u>	<u>23,571,945</u>
All Other Governmental Funds										
Nonspendable	120,484	116,183	147,689	3,900,353	4,543,783	6,123,093	5,606,358	3,489,492	--	--
Restricted	11,677,153	11,222,461	16,219,384	9,344,674	12,885,640	8,908,234	8,945,331	8,234,662	--	--
Committed	819,031	1,291,734	1,900,091	634,041	320,650	97,321	119,410	92,887	--	--
Assigned	--	--	--	--	11,656	--	--	--	--	--
Unassigned	1,333,558	(650,642)	(171,829)	(152,166)	(3,506,353)	(8,578,569)	(11,865,051)	(10,727,614)	--	--
Reserved	--	--	--	--	--	--	--	--	2,441,699	754,859
Unreserved, designated - school	--	--	--	--	--	--	--	--	--	--
Unreserved, reported in:										
Special revenue funds	--	--	--	--	--	--	--	--	(3,378,407)	(3,022,478)
Capital project funds	--	--	--	--	--	--	--	--	2,416,361	6,688,914
Total All Other Governmental Funds	<u>13,950,226</u>	<u>11,979,736</u>	<u>18,095,335</u>	<u>13,726,902</u>	<u>14,255,376</u>	<u>6,550,079</u>	<u>2,806,048</u>	<u>1,089,427</u>	<u>1,479,653</u>	<u>4,421,295</u>
Grand Total	<u>\$ 34,909,789</u>	<u>\$ 32,848,714</u>	<u>\$ 38,841,313</u>	<u>\$ 36,780,608</u>	<u>\$ 39,036,814</u>	<u>\$ 30,705,114</u>	<u>\$ 26,434,170</u>	<u>\$ 22,468,357</u>	<u>\$ 22,419,520</u>	<u>\$ 27,993,240</u>

The General Fund fund balance increased \$90,582 or 0.4% for FY18. The increase was due primarily favorable economic conditions throughout the City. All Other Governmental Funds increased \$2,470,491 or 21.5% for FY18. This was due to the unspent proceed of various capital projects in FY18.

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

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011 (As Restated)	2010	2009 (As Restated)
Revenues										
Property taxes	\$ 189,995,439	\$ 187,047,423	\$ 184,814,710	\$ 181,540,560	\$ 180,400,427	\$ 179,645,778	\$ 184,783,590	\$ 178,724,593	\$ 165,623,300	\$ 159,040,147
Intergovernmental revenue	86,244,057	79,375,874	76,241,305	74,551,512	71,702,358	70,263,785	56,219,867	54,891,645	67,192,078	62,680,327
Charges for services	18,757,557	17,364,637	16,496,783	16,074,252	15,692,399	15,014,414	14,910,956	13,913,936	15,183,424	16,336,920
Licenses and permits										
Fines and interest on late payments										
Interest on investments	824,527	772,089	491,455	550,694	250,841	624,555	408,711	389,697	529,705	885,302
State fiscal stabilization funds	--	--	--	--	--	--	2,396	814,266	2,410,080	2,090,303
State on-behalf pension contributions	7,725,441	7,639,642	6,859,907	6,746,731	6,125,457	5,670,313	6,144,339	5,716,721	5,056,767	6,661,428
Other revenues	<u>2,912,778</u>	<u>3,787,970</u>	<u>2,448,080</u>	<u>2,922,776</u>	<u>4,798,810</u>	<u>2,629,867</u>	<u>3,494,320</u>	<u>3,519,553</u>	<u>2,038,060</u>	<u>1,825,834</u>
Total Revenues	<u>306,459,799</u>	<u>295,987,635</u>	<u>287,352,240</u>	<u>282,386,525</u>	<u>278,970,292</u>	<u>273,848,712</u>	<u>265,964,179</u>	<u>257,970,411</u>	<u>258,033,414</u>	<u>249,520,261</u>
Expenditures										
Current:										
General government	11,401,804	10,728,233	9,932,588	9,670,263	10,227,750	9,497,003	10,346,906	8,392,000	7,727,864	8,488,491
Public safety	86,151,898	82,402,327	80,899,232	78,150,559	77,395,466	76,404,816	72,975,293	69,125,309	70,172,182	68,605,728
Public works	16,300,942	14,574,335	15,555,096	15,267,760	15,525,053	14,824,224	15,636,714	14,445,497	13,625,913	13,963,806
Human resources										
Education	170,688,047	168,040,851	160,498,034	155,280,225	148,879,136	145,577,247	144,144,843	143,931,478	147,100,982	143,189,521
Parks and recreation	3,510,882	3,318,164	3,486,804	3,034,746	2,363,957	2,236,847	2,195,590	1,836,292	2,065,678	2,287,973
Public libraries	3,527,320	3,864,354	3,273,998	3,270,495	3,439,402	3,074,267	3,142,384	3,072,541	2,981,728	3,190,251
Senior services	3,103,654	3,045,115	2,908,045	3,119,557	3,084,039	2,872,279	2,911,362	2,754,871	2,780,245	2,946,217
Community development	1,347,154	1,144,284	1,724,439	1,487,068	1,659,368	1,908,299	1,467,564	1,560,098	1,981,805	1,095,367
Other	157,174	179,589	184,049	178,112	128,974	115,972	124,638	119,225	170,780	161,411
Capital outlay	13,695,602	10,211,687	12,091,531	4,455,146	6,069,584	4,196,151	2,268,257	5,063,077	4,853,492	7,942,434
Debt service:										
Principal	7,344,000	7,035,000	7,020,000	7,355,000	6,815,000	5,530,000	6,360,000	6,440,000	5,860,000	5,115,000
Interest	<u>3,100,352</u>	<u>2,857,393</u>	<u>3,445,373</u>	<u>3,348,140</u>	<u>3,635,359</u>	<u>3,319,837</u>	<u>4,064,249</u>	<u>4,263,972</u>	<u>4,286,465</u>	<u>4,474,678</u>
Total Expenditures	<u>320,328,829</u>	<u>307,401,332</u>	<u>301,019,189</u>	<u>284,617,071</u>	<u>279,223,088</u>	<u>269,556,942</u>	<u>265,637,800</u>	<u>261,004,360</u>	<u>263,607,134</u>	<u>261,460,877</u>
Excess of Revenues Over Expenditures	<u>(13,869,030)</u>	<u>(11,413,697)</u>	<u>(13,666,949)</u>	<u>(2,230,546)</u>	<u>(252,796)</u>	<u>4,291,770</u>	<u>326,379</u>	<u>(3,033,949)</u>	<u>(5,573,720)</u>	<u>(11,940,616)</u>
Other Financing Sources (Uses)										
Issuance of debt	15,840,000	5,440,000	37,035,000	--	10,210,000	--	19,385,000	3,700,000	--	7,000,000
Bond premium	590,103	--	2,573,150	--	111,906	--	1,066,929	91,420	--	73,734
Transfers in	93,369,185	93,155,894	91,682,652	93,693,519	92,055,646	91,574,333	90,891,152	90,032,050	87,023,036	95,952,192
Repayment of debt to escrow agent	--	--	(23,862,607)	--	--	--	(16,788,678)	--	--	--
Transfers out	<u>(93,369,185)</u>	<u>(93,174,794)</u>	<u>(91,700,541)</u>	<u>(93,719,181)</u>	<u>(93,793,055)</u>	<u>(91,595,159)</u>	<u>(90,914,969)</u>	<u>(90,740,684)</u>	<u>(87,023,036)</u>	<u>(95,952,192)</u>
Net Other Financing Sources (Uses)	<u>16,430,103</u>	<u>5,421,100</u>	<u>15,727,654</u>	<u>(25,662)</u>	<u>8,584,497</u>	<u>(20,826)</u>	<u>3,639,434</u>	<u>3,082,786</u>	<u>--</u>	<u>7,073,734</u>
Net Change in Fund Balances	<u>\$ 2,561,073</u>	<u>\$ (5,992,597)</u>	<u>\$ 2,060,705</u>	<u>\$ (2,256,208)</u>	<u>\$ 8,331,701</u>	<u>\$ 4,270,944</u>	<u>\$ 3,965,813</u>	<u>\$ 48,837</u>	<u>\$ (5,573,720)</u>	<u>\$ (4,866,882)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>3.4%</u>	<u>3.3%</u>	<u>3.7%</u>	<u>3.8%</u>	<u>3.9%</u>	<u>3.4%</u>	<u>4.0%</u>	<u>4.2%</u>	<u>3.9%</u>	<u>3.8%</u>

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

**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	
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
2016	\$ 5,127,157,200	22	\$ 1,331,450,700	34	\$ 6,458,607,900	\$ 844,756,803	34	42	N/A	\$ 844,756,803	\$ 7,303,364,703	\$ 7,303,364,703	1.000
2017	\$ 5,141,214,200	22	\$ 1,336,494,580	34	\$ 6,477,708,780	\$ 880,194,812	34	42	N/A	\$ 880,194,812	\$ 7,357,903,592	\$ 7,357,903,592	1.000
2018	\$ 5,159,551,900	23	\$ 1,361,761,380	34	\$ 6,521,313,280	\$ 838,596,912	34	42	N/A	\$ 838,596,912	\$ 7,359,910,192	\$ 7,359,910,192	1.000

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

CITY OF CRANSTON, RHODE ISLAND

TABLE 6

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

Name	Nature of Business	GRAND LIST YEAR					
		2018			2009		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (2)
Carpionato Alfred	Real Estate Management	\$ 117,278,696	1	1.59%	\$ 104,361,083	1	1.14%
Gateway Woodside Inc.	Real Estate Management	98,347,477	3	1.34%	82,404,667	2	0.90%
Picerne Properties	Real Estate Management	59,746,595	4	0.81%	63,468,482	3	0.69%
National Grid (formerly Narragansett Electric/Prov. Gas)	Utility	116,114,925	2	1.58%	52,788,808	4	0.58%
Brewery Parkade	Real Estate Management	35,670,866	5	0.48%	38,468,700	5	0.42%
SMC Terraces (formerly Cranston Addison)	Real Estate Management	22,357,700	7	0.30%			
Swarovski American	Industrial Manufacturing	17,590,935	10	0.24%			
Cox Communications Inc.	Cable Communications	16,831,065	9	0.23%	21,702,766	8	0.24%
Independence Way	Real Estate Management	19,686,500	8	0.27%	27,515,500	6	0.30%
Lowe's	Retail Hardware	14,650,951	11	0.20%	15,866,200	10	0.17%
Calvi Realty Co., Inc.	Real Estate Management	14,197,352	12	0.19%			
Tasca Auto Group	Car Dealership	23,356,967	6	0.32%			0.00%
BFMIT II Cranston LLC	Real Estate Management				23,770,330	7	0.26%
Independence Park Property	Real Estate Management				18,842,000	9	0.21%
TKG Cranston Development LLC	Retail	<u>12,191,900</u>	13	<u>0.17%</u>	--		<u>0.00%</u>
TOTAL		<u>\$ 568,021,929</u>		<u>7.72%</u>	<u>\$ 449,188,536</u>		<u>4.91%</u>

Source: Town Assessor Department.

(1) Based on a net taxable Grand List of \$7,359,910,192

(2) Based on a net taxable Grand List of \$9,162,675,702

CITY OF CRANSTON, RHODE ISLAND

TABLE 7

**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
2009	\$ 153,150,874	\$ 151,086,526	98.7%	\$ 1,386,786	\$ 152,473,312	99.6%	--	0.0%
2010	\$ 160,419,261	\$ 159,080,002	99.2%	\$ 1,204,204	\$ 160,284,206	99.9%	527,816	0.3%
2011	\$ 175,003,222	\$ 171,899,372	98.2%	\$ 1,637,939	\$ 173,537,311	99.2%	905,505	0.5%
2012	\$ 180,715,853	\$ 177,799,124	98.4%	\$ 1,521,384	\$ 179,320,508	99.2%	802,577	0.4%
2013	\$ 181,367,888	\$ 178,631,631	98.5%	\$ 1,271,653	\$ 179,903,284	99.2%	808,049	0.4%
2014	\$ 181,591,061	\$ 179,327,785	98.8%	\$ 1,502,029	\$ 180,829,814	99.6%	803,885	0.4%
2015	\$ 182,559,745	\$ 180,321,237	98.8%	\$ 953,236	\$ 181,274,473	99.3%	808,293	0.4%
2016	\$ 185,998,132	\$ 183,674,083	98.8%	\$ 1,651,905	\$ 185,325,988	99.6%	720,435	0.4%
2017	\$ 188,071,063	\$ 185,964,064	98.9%	\$ 1,173,074	\$ 187,137,138	99.5%	901,490	0.5%
2018	\$ 190,460,481	\$ 188,585,112	99.0%	\$ --	\$ 188,585,112	99.0%	<u>2,243,743</u>	1.2%
							<u>\$ 8,521,793</u>	

Source: City's audit reports.

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

**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	Capital Leases	Certificates of Participation	Total	Bond Premiums	Certificates of Participation	RI Infrastructure Notes	Total	Total		
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	1,195
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	1,313
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	1,207
2016	\$ 78,270,000	\$ 3,451,770	\$ --	\$ --	\$ 81,721,770	\$ --	\$ --	\$ 21,525,000	\$ 21,525,000	\$ 103,246,770	N/A	1,275
2017	\$ 73,475,000	\$ 3,076,397	\$ 3,200,000	\$ --	\$ 79,751,397	\$ --	\$ --	\$ 20,463,267	\$ 20,463,267	\$ 100,214,664	N/A	1,237
2018	\$ 71,131,000	\$ 3,158,949	\$ 2,780,000	\$ --	\$ 77,069,949	\$ --	\$ --	\$ 19,353,000	\$ 19,353,000	\$ 96,422,949	N/A	1,187

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**RATIOS OF GENERAL DEBT OUTSTANDING
LAST TEN YEARS
(UNAUDITED)**

Year Ended June 30,	General Debt Outstanding		Percentage of Actual Taxable Value of Property	Debt Per Capita
	General Obligation Bonds	Total		
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%	999
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%	878
2016	\$ 78,270,000	\$ 78,270,000	1.07%	967
2017	\$ 73,475,000	\$ 73,475,000	1.00%	907
2018	\$ 71,131,000	\$ 71,131,000	0.97%	876

NOTE: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

CITY OF CRANSTON, RHODE ISLAND

TABLE 10

COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2018
 (UNAUDITED)

Assessed value	\$ 7,359,910,192
Less: exemptions	<u>(267,162,116)</u>
Net Total Taxable Assessed Value	<u>\$ 7,092,748,076</u>
Debt limit - 3 percent of total assessed value	\$ 212,782,442
Amount of debt applicable to debt limit:	
Total bonded debt	<u> --</u>
Legal Debt Margin	<u>\$ 212,782,442</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.

**LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

Year Ended June 30,	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin
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
2016	\$ 211,558,045	\$ --	\$ 211,558,045
2017	\$ 213,378,825	\$ --	\$ 213,378,825
2018	\$ 212,782,442	\$ --	\$ 212,782,442

CITY OF CRANSTON, RHODE ISLAND

TABLE 12

**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
2009	80,126	N/A	\$ 21,978	39	N/A	10,658	11.2%
2010	80,387	N/A	\$ 21,978	39	N/A	10,744	11.7%
2011	80,450	N/A	\$ 25,653	39	N/A	10,735	10.6%
2012	80,571	N/A	\$ 28,496	39	N/A	10,685	10.4%
2013	80,701	N/A	\$ 28,496	39	N/A	10,559	9.3%
2014	80,696	N/A	\$ 29,218	41	N/A	10,374	7.3%
2015	80,972	N/A	\$ 29,218	41	N/A	10,271	6.0%
2016	81,014	N/A	\$ 29,878	40	N/A	10,443	5.1%
2017	81,034	N/A	\$ 30,553	41	N/A	10,417	4.1%
2018	81,202	N/A	\$ 30,553	41	N/A	10,365	3.7%

(1) Figures obtained from the Rhode Island Census Data Center derived from the 2006, 2010 and estimated 2017 census data.

(2) Cranston School Department

(3) Rhode Island Department of Labor and Training (as of June 30th).

(4) N/A - Information not available

CITY OF CRANSTON, RHODE ISLAND

TABLE 13

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Rhode Island	5,500	1	14.71%	3,927	1	11.24%
City of Cranston	2,419	2	6.47%	2,513	2	7.20%
Citizens Bank			0.00%	1,601	3	4.58%
Tasca Motor Group	391	5	1.05%			
Walmart	320	9	0.86%			
Taco, Inc.	377	6	1.01%	395	5	1.13%
CranstonARC			0.00%	400	4	1.15%
Thielsch Engineering	372	7	0.99%			
Swarovski Consumer Goods Ltd.	300	10	0.80%	300	7	0.86%
The Stop & Shop Co., Inc.	425	4	1.14%	280	9	0.80%
Ross-Simons of Warwick				264	10	0.76%
U.S. Security Associates				300	8	0.86%
Access Point RI	503	3				0.00%
Falvey Linen	325	8				
North Safety Products				314	6	0.90%
Total	10,932		27.03%	10,294		29.48%

SOURCE: State Department of Labor

(1) Based on 6/30/17 total City employment of 37,389

(2) Based on 6/30/08 total City employment of 34,925

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)**

Function/Program	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Mayor.....	6	6	6	6	6	5	5	5	5	7
Department of Personnel.....	2	0	0	0	1	0	1	1	2	2
City Clerk.....	6	6	6	6	6	6	6	6	8	8
Municipal Court.....	2	2	2	3	3	3	3	2	3	3
Board of Canvassers.....	3	3	3	3	3	3	3	3	3	3
City Planning	4	4	4	4	4	4	4	4	5	5
Economic Development.....	2	2	2	2	2	2	2	2	2	2
Finance	3	3	3	3	3	3	2	2	3	3
Division of Accounting & Control	5	5	5	5	5	5	5	5	5	5
Division of Assessment	6	6	6	6	6	6	6	6	7	8
Division of Contracts & Purchasing ..	2	2	2	2	2	2	3	3	4	4
Information Technology.....	6	6	6	6	6	6	6	6	8	8
Division of Treasury & Collection	7	6	6	6	7	6	6	6	6	6
Police										
Officers.....	153	153	153	151	152	150	143	140	153	153
Civilians.....	27	27	26	26	26	25	25	25	26	29
Animal Control.....	4	4	4	4	4	4	4	4	5	5
Fire										
Chief	1	1	1	1	1	1	1	1	1	1
Uniformed.....	194	194	194	193	197	178	178	181	200	200
Civilians.....	15	15	15	15	16	16	16	16	7	7
Inspections.....	11	11	10	12	12	11	12	12	14	16
Public Works										
Administration.....	3	3	3	4	3	3	3	3	4	4
Engineering.....	4	4	4	4	4	4	4	4	4	0
Highway.....	40	39	39	38	39	39	38	38	41	44
Building.....	23	23	23	23	24	24	24	24	26	26
Fleet Management.....	10	10	10	10	10	10	10	10	10	10
Refuse Removal.....	1	1	1	1	0	0	0	0	0	0
Traffic Safety.....	1	1	1	0	1	1	3	3	4	0
Parks and Recreation.....	21	20	20	20	20	20	20	19	20	21
Public Libraries.....	32	32	32	32	32	31	32	30	32	32
Senior Services.....	25	24	24	24	22	23	23	23	30	32
Community Development.....	3	3	3	3	3	3	3	3	4	4
Other.....	9	9	9	8	8	8	8	8	8	8
Education.....	1,534	1,527	1,462	1,442	1,437	1,431	1,461	1,528	1,523	1,570
Total.....	<u>2,165</u>	<u>2,152</u>	<u>2,085</u>	<u>2,063</u>	<u>2,065</u>	<u>2,033</u>	<u>2,060</u>	<u>2,123</u>	<u>2,173</u>	<u>2,226</u>

SOURCE: City Budget

**OPERATING INDICATORS BY FUNCTION/ PROGRAM
LAST TEN YEARS
(UNAUDITED)**

Function/Program	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Public Safety										
Fire:										
Total incidents.....	15,572	15,311	14,203	7,497	12,614	6,859	14,717	14,407	15,111	14,065
Rescue/medical calls.....	10,247	10,048	9,349	5,466	8,438	5,116	11,327	10,067	9,976	8,965
Rescue/non-medical calls.....	5,325	5,263	4,854	2,031	4,176	1,743	3,390	4,340	5,135	5,100
Fire hydrants.....	1,923	1,923	1,923	1,923	1,923	1,922	1,922	1,922	1,922	1,922
Police:										
Number of calls.....	83,970	81,239	78,896	65,422	66,243	67,937	66,542	66,030	68,620	65,814
Total 911 calls received.....	6,112	8,864	5,646	5,120	5,327	5,227	5,105	4,786	5,156	5,554
Formal investigations.....	22,128	23,312	20,039	17,075	16,097	15,150	14,706	14,923	15,920	16,717
City Clerk										
Number of documents recorded.....	15,226	15,267	15,036	14,513	15,036	16,381	14,529	14,793	15,683	15,726
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.....	33	49	64	20	41	37	26	34	52	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 Permits.....	1,890	1,747	1,864	26	48	41	28	39	58	38
Public Works										
Highway department:										
Streets (miles):										
Paved City roads.....	318	318	318	318	318	318	318	318	318	317
Paved State roads.....	69	69	69	69	69	69	69	69	69	69
Private roads.....	6	6	6	6	6	6	6	6	6	5
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)	64	64	64	64	64	64	64	64	64	64
Education										
Enrollment:										
High School Grades 9-12.....	3,319	3,356	3,279	3,213	3,223	3,303	3,504	3,580	3,551	3,478
Middle School Grades 6-8.....	2,478	2,467	1,695	1,661	1,486	1,637	1,482	1,579	1,637	1,713
Elementary Schools Grades K-5.....	4,568	4,594	5,469	5,397	5,665	5,619	5,699	5,576	5,556	5,467
	<u>10,365</u>	<u>10,417</u>	<u>10,443</u>	<u>10,271</u>	<u>10,374</u>	<u>10,559</u>	<u>10,685</u>	<u>10,735</u>	<u>10,744</u>	<u>10,658</u>

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

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)**

Function/Program	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<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	11
Marinas.....	3	3	3	3	3	3	3	3	3	3
Playgrounds.....	35	36	36	35	35	35	35	35	35	35
Walking tracks.....	8	8	8	8	8	8	8	8	8	8
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.....	28	28	28	27	27	27	27	27	27	27
Softball fields.....	12	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	2
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.....	47	47	120	149	149	149	149	149	149	149
Fire hydrants.....	1,923	1,923	1,923	1,923	1,923	1,922	1,922	1,922	1,921	1,922
Police department:										
Stations.....	4	3	3	3	3	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	324	324	324	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.....	4	4	3	3	3	3	3	3	3	3
Number of Elementary Schools.....	16	16	17	17	17	17	17	17	17	17
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.....	22	34	24	28	23	27	30	41	53	15
<u>Business-Type Activities</u>										
Sewer Fund										
Sewer mains (miles).....	263	263	263	263	263	263	250	250	250	245
Treatment capacity (thousands of gallons)....	20,200	20,200	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 City Departments

N/A - Information not available