

CITY OF CRANSTON, RHODE ISLAND

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2019

**PREPARED BY:
DEPARTMENT OF FINANCE**

**ROBERT F. STROM
FINANCE DIRECTOR**

CITY OF CRANSTON, RHODE ISLAND
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Introductory Section

Allan W. Fung
MAYOR



Robert F. Strom
FINANCE DIRECTOR

Department of Finance

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

December 24, 2019

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, 2019. 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, 2019, 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, 2019, 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, TASC 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 Uptown Burger. 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. The City recently completed an update to the Revolving Loan Five Year Plan to ensure the continued success of the program.

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, 2018; 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.

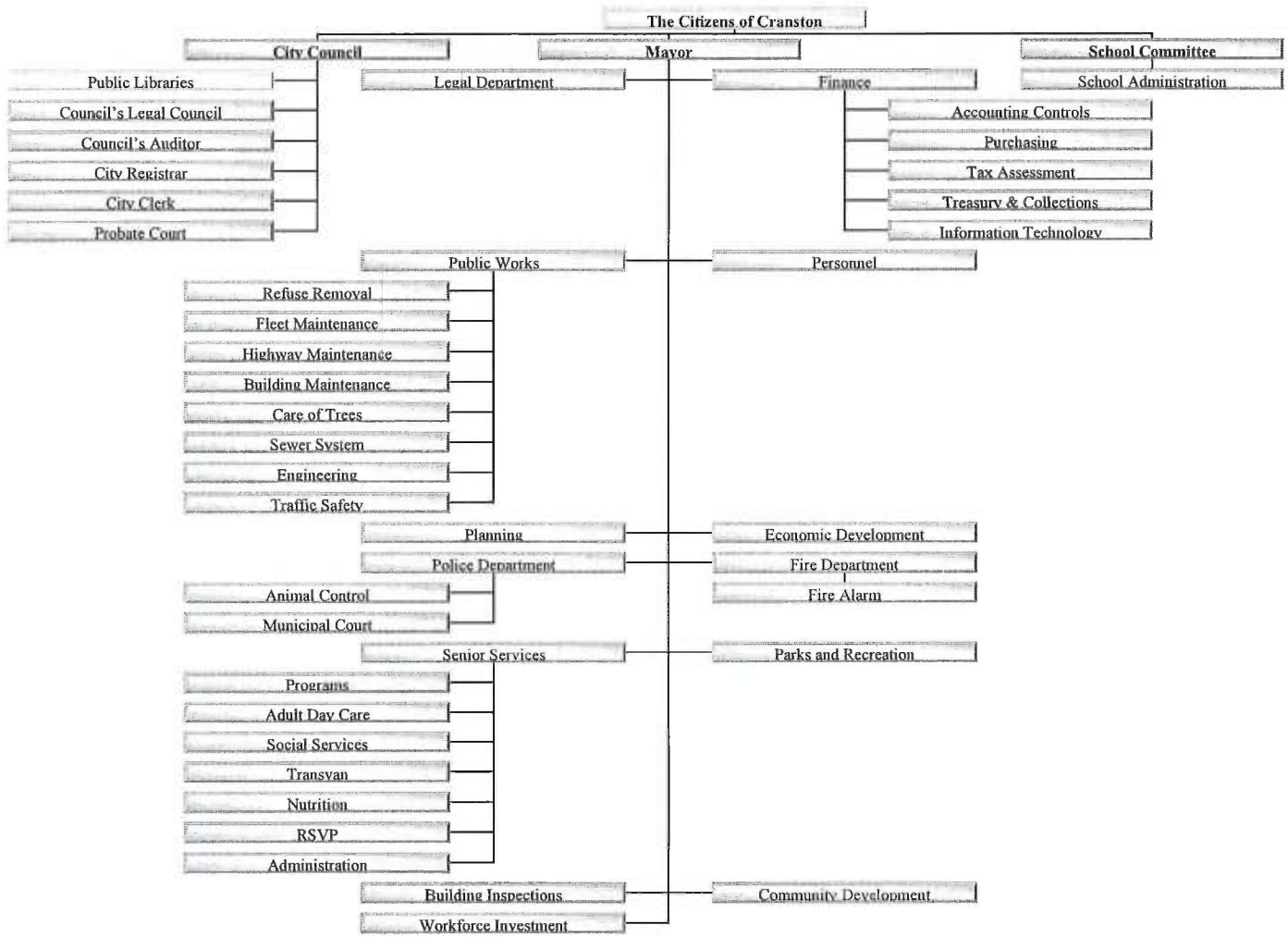
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase, Assessment and Management Information Systems for their diligence and cooperation on a daily basis in carrying out the duties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

Finance Director
City Controller
Tax Assessor
City Treasurer
Purchasing Agent
Information Technology Manager

CITY COUNCIL

Michael J. Farina
Michael W. Favicchio
Christopher G. Paplauskas
Lammis J. Vargas
John P. Donegan
Steven A. Stycos
Paul J. McAuley
Kenneth J. Hopkins
Edward J. Brady

Council President
Council Vice President



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, 2018

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, 2019, 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, 2019 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.

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 24, 2019 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 24, 2019

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, 2019***

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, 2019.

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, 2019 by \$267.8 million (*net position*).
- The net position of the City decreased by \$22.7 million (or 9.3%). The governmental net position decreased by \$25.4 million (or 8.2%) and the business-type net position increased by \$2.7 million (or 4.3%).
- The governmental activities revenue increased \$3.1 million (or 1.0%) and the net results from activities decreased from prior year by \$35.7 million. In 2019, the results of activities produced a decrease in net position of \$(25.4) million and in 2018 the results of activities produced an increase in net position of \$10.3 million.
- The business-type activities revenue increased by \$0.3 million (or 1.0%), and the net results from activities decreased by \$0.7 million (or 20.6%) from the prior year. In 2019, the results of activities produced an increase in business-type net position of \$2.7 million, while in 2018 the results of activities also produced an increase of \$3.4 million in business-type net position.
- The General Fund (the primary operating fund) reflected on a current financial resource basis reports a decrease in fund balance of \$2.0 million (or 9.5%), compared to \$0.1 million increase in the prior year.
- The City's total debt increased by \$10.4 million. The increase was due primarily to the \$27.2 million in new debt offset by 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, 2019

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 following the Exhibits.

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, 2019

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other assets	\$ 81.1	\$ 76.4	\$ 26.4	\$ 23.3	\$ 107.5	\$ 99.7
Capital assets	138.6	125.8	71.2	72.6	209.8	198.4
Total Assets	219.7	202.2	97.6	95.9	317.3	298.1
Deferred Outflow of Resources...	57.4	107.1	0.5	0.5	57.9	107.6
Total Assets & Deferred Outflows of Resources	277.1	309.3	98.1	96.4	375.2	405.7
Liabilities:						
Long-term liabilities outstanding	555.9	546.7	19.3	20.2	575.2	566.9
Other liabilities	27.6	24.0	7.8	6.2	35.4	30.2
Total Liabilities	583.5	570.7	27.1	26.4	610.6	597.1
Deferred Inflows of Resources...	27.4	47.0	5.0	6.7	32.4	53.7
Total Liabilities & Deferred Inflows of Resources	610.9	617.7	32.1	33.1	643.0	650.8
Net Position:						
Net investment in capital assets.	40.4	39.3	53.0	71.5	93.4	110.8
Restricted-Debt Service.....	-	-	0.4	0.4	0.4	0.4
Unrestricted	(374.2)	(347.7)	12.6	(8.6)	(361.6)	(356.3)
Total Net Position	\$ (333.8)	\$ (308.4)	\$ 66.0	\$ 63.3	\$ (267.8)	\$ (245.1)

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, 2019, exceed assets by \$267.8 million and were comprised of \$(333.8) million from governmental activities and \$66.0 million from business-type activities. For the fiscal year ending June 30, 2019, \$(361.6) million of the total \$(267.8) million in net position is unrestricted.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Net Position (Continued)

Net investment in capital assets comprises \$93.4 and \$110.8 million of Net Position at June 30, 2019 and 2018, respectively. This category reflects the total net investment 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, 2019 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 net investment 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 \$81.1 million at June 30, 2019. This category consisted primarily of "Cash" of \$31.8 million as of June 30, 2019. This balance was attributable to a strong tax collection trend. "Receivables-Property Taxes" of \$8.3 million, "Net pension asset" of \$15.9 million. "Receivables-Intergovernmental" was \$19.0 million, "Advanced deposits-hospitalization" was \$5.0 million and net other receivables accounted for \$1.1 million.

"Deferred Outflow of Resources" was \$57.4 million at June 30, 2019 and was comprised of \$53.4 million related to pensions, \$3.5 million related to OPEB and \$0.5 million from the deferred charge on refunding.

"Total liabilities" at June 30, 2019 were \$583.5 million. That included long-term liabilities outstanding of \$555.9 million, composed primarily of \$103.3 million in general obligation bonds and leases payable (used to fund various capital projects such as school construction and playground construction and improvements), \$404.3 million in outstanding pension obligations and \$48.3 million in OPEB obligations. Current liabilities total \$27.6 million at June 30, 2019 and were composed \$10.0 million in accounts payable, \$4.3 of accrued liabilities, unearned revenue of \$3.8 million, \$8.0 million in current portion of long-term debt. \$0.7 million due to other funds and claims and judgements of \$0.8 million.

"Deferred Inflow of Resources" of \$27.4 million of which \$14.2 million related to the City's pension liabilities, \$5.5 million related to the OPEB liability and \$7.7 million related to advanced tax collections.

Total net position at June 30, 2019 was \$(333.8) million and was comprised of unrestricted of \$(374.2) and "Net Investment in Capital Assets" of \$40.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

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 \$26.4 million consisted primarily of \$15.8 million in cash which was available to support the current operations of the Enterprise Funds, \$1.2 million of restricted cash, \$0.4 million of cash held in escrow, receivables of \$4.2 million, \$4.5 million due from other funds and \$0.3 million of other assets.

"Deferred Outflow of Resources" was \$0.5 million at June 30, 2019 and was comprised of \$0.5 million related to pensions.

Long-term liabilities of \$19.3 million were comprised primarily of \$17.2 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, \$1.9 million of "Net pension liability" and "Net OPEB obligations" of \$0.2 million.

Other liabilities of \$7.8 million consisted primarily of \$3.7 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 \$5.0 million represents \$4.9 million for the "Deferred sewer lease arrangement" and \$0.1 million from resources related to pensions.

The total net position for the Business-type Activities as of June 30, 2019 was \$66.0 million. Net investment in capital assets was the major component of net position for business-type activities and amounted to \$53.0 million at June 30, 2019. As stated above, in the government-wide analysis of the Statement of Net Position \$0.4 million was restricted for debt service and \$12.6 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, 2019 and 2018.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 19.6	\$ 18.7	\$26.4	\$26.3	\$46.0	\$ 45.0
Operating grants and contributions	85.5	82.7	2.7	2.6	88.2	85.3
Capital grants and contributions	0.1	0.1		0.2	0.1	0.3
General Revenues:						
Property taxes	187.2	190.1			187.2	190.1
Gain on sale of property						
State special funding for pensions	10.3	10.8			10.3	10.8
Motor vehicle phase-out taxes	5.9	3.5			5.9	3.5
Investment income	1.2	0.8	0.6	0.4	1.8	1.2
Transfers	-	-			-	-
Other	3.0	2.9	0.2	0.2	3.2	3.1
Total revenues	312.8	309.6	29.9	29.7	342.7	339.3

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities (Continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Program Expenses:						
General government	\$ 17.4	\$ 16.0			\$ 17.4	\$ 16.0
Public safety	108.6	75.8			108.6	75.8
Public works	16.7	16.7			16.7	16.7
Education.....	180.0	177.3	\$6.7	\$6.1	186.7	183.4
Parks and recreation	3.7	3.5			3.7	3.5
Libraries	3.8	3.6			3.8	3.6
Senior services.....	3.2	3.0			3.2	3.0
Community development	1.4	1.3			1.4	1.3
Sewer.....			20.5	20.2	20.5	20.2
Interest and other costs.....	3.4	2.1			3.4	2.1
Total expenses.....	338.2	299.3	27.2	26.3	365.4	325.6
Change in net position.....	(25.4)	10.3	2.7	3.4	(22.7)	13.7
Net Position – July 1	(308.4)	(318.7)	63.3	59.9	(245.1)	(258.8)
Net Position – June 30	\$(333.8)	\$(308.4)	\$ 66.0	\$ 63.3	\$(267.8)	\$(245.1)

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, 2019 and 2018 were \$207.6 million and \$208.1 million, respectively. Included in these totals were \$187.2 and \$190.1 million in property taxes for the years ended June 30, 2019 and 2018.

"Program expenses" are presented in the Condensed Statement of Activities by function and total \$338.2 and \$299.3 million including interest on long-term debt for the fiscal years June 30, 2019 and 2018, respectively.

"Changes in net position" decreased \$35.7 million to \$(25.4) million from \$10.3 million, for the years ended June 30, 2019 and 2018 as restated, respectively. The change resulted primarily from an increase 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, 2019

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. Respectively, in fiscal years 2019 and 2018, the City generated \$29.6 million in total revenues. The majority of revenues for this fund consist of charges for services of which amounted to \$26.4 and \$26.3 respectively, of the total revenues.

The total amount of expenses for business-type activities were \$27.2 and \$26.3 million, for the fiscal years ended June 30, 2019 and 2018, respectively.

The “Change in Net Position” decreased \$0.7 million to \$2.7 million from \$3.4 million for the fiscal years ended June 30, 2019 and 2018, respectively. This activity increased the “Business-Type Net Position” for the fiscal year ended June 30, 2019 to \$66.0 million as compared to \$63.3 million for the fiscal year ended June 30, 2018.

Financial Analysis of City's Funds

Governmental Funds

The City of Cranston's governmental funds consists of three major funds. The major funds are the City's General Fund, the School Department unrestricted operating fund and the school department bond fund. Presented below is a condensed Balance Sheet for the three major funds of the Governmental funds.

Combined fund balances for all the Governmental Funds was \$33.8 million. Fund balance was comprised of \$0.3 million “Non-spendable” fund balances, \$16.9 million “Restricted” fund balances and \$0.9 million “Committed” fund balances and \$15.7 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 \$69.7 million include primarily \$30.9 million in “Cash”, \$5.7 million in “Taxes Receivable”, \$19.0 million in “Intergovernmental Receivables”, “Loans” of \$2.8 million, “Other Receivables” of \$1.8 million, “Prepaid” of \$0.9 million, “Advance deposits-hospitalization” of \$0.2 million, “Due from Other Funds” of \$8.4 million.

“Total liabilities and deferred inflows” of \$35.8 million consisted of \$10.4 million of “Accounts Payable”, \$7.5 million in “Due to Other Funds”, \$11.5 million in “Unearned Revenue”, \$1.4 million of Accrued Payroll and other liabilities and \$5.0 million of “Unavailable Revenue”.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
 JUNE 30, 2019

Condensed Balance Sheet
As of June 30
(In Millions)

	General Fund		School Unrestricted		School Bond Fund		Total Major Funds	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:								
Current and other	\$39.3	\$38.2	\$7.5	\$7.0	\$11.1	\$3.2	\$57.9	\$48.4
Total Assets	39.3	38.2	7.5	7.0	11.1	3.2	57.9	48.4
Liabilities:								
Other liabilities	20.4	17.2	3.2	1.7	3.1	-	26.7	18.9
Total Liabilities	20.4	17.2	3.2	1.7	3.1	-	26.7	18.9
Fund Balance:								
Non-spendable	0.2	0.2	0.1	0.1	-	-	0.3	0.3
Restricted	0.4	0.5	3.4	4.4	8.0	3.2	11.8	8.1
Committed	-	-	0.8	0.8	-	-	0.8	0.8
Assigned	-	-	-	-	-	-	-	-
Unassigned	18.3	20.3	-	-	-	-	18.3	20.3
Total Fund Balance	\$18.9	\$21.0	\$4.3	\$5.3	\$8.0	\$3.2	\$31.2	\$29.5

General Fund - Condensed Balance Sheet

The General Fund's total assets of \$39.3 million consists primarily of \$23.7 million in "Cash" \$5.7 million of "Taxes Receivable" \$6.8 million of "Intergovernmental Receivables", "Due from Other Funds" of \$2.2 million, "Prepays" of \$0.7 million and "Advanced Deposits-hospitalization" of \$0.2 million.

Total liabilities for the General Fund were \$20.4 million. "Accounts Payable" amounted to \$2.0 million, \$7.8 million represented "Unearned Revenue", \$4.4 million in "Due to Other Funds", \$1.2 million of accrued liabilities and \$5.0 million of "Unavailable Revenue".

As of June 30, 2019 the City's fund balance was \$18.9 million of which \$0.2 million was "Non-spendable", \$0.4 million was "Restricted", and \$18.3 million was "Unassigned".

School Department - Condensed Balance Sheet

The School Department's total assets were \$7.5 million. The majority of that consisted primarily of \$6.2 of "Due from Other Funds", "Prepaid" of \$0.1 million and "Other" assets of \$1.2 million.

Liabilities for the School Department totaled \$3.2 million. The majority of that consisted of \$3.1 million of "Accounts Payable" and \$0.1 million "Due to Other Funds".

For the fiscal year ending June 30, 2019, the School Department had a fund balance of \$4.3 million. This was comprised of \$0.1 million "Non-spendable", \$3.4 million "Restricted" and \$0.8 million of "Committed" fund balance.

School Bond Fund - Condensed Balance Sheet

The School Bond Fund total assets were \$11.1 million. This consisted primarily of \$11.1 of "Intergovernmental" receivables.

Liabilities for the School Bond Fund totaled \$3.1 million. The majority of that consisted of \$2.8 million of "Accounts Payable" and \$0.3 million "Retainage Payable".

For the fiscal year ending June 30, 2019, the School Bond Fund had a fund balance of \$8.0 million. The entire balance was classified as "Restricted".

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

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, 2019 and 2018. The major funds for the City of Cranston are the "General Fund", the "School Department" and the "School Bond Fund".

The fund reporting format, also presented on a functional basis, presented in "Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds" presents all revenue types followed by the expenditures of the City. The fund financial statements report current year capital expenditures and do not report depreciation on capital assets. Likewise, principal payments on long-term liabilities are reported as current year expenditures and are not offset against the related long-term liability as within the Government-wide Financial Statements. The major source of revenues for the City comes from "General Property Taxes". For the years ending June 30, 2019, and 2018, the City collected \$188.1, and \$190.0 million of property taxes, respectively. Total revenues for all major governmental funds for the years ended June 30, 2019 and 2018, were \$297.2, and \$293.6 million, respectively. For the major governmental funds, the total expenditures for the years ending June 30, 2019, and 2018, were \$308.6, and \$296.1 million, respectively. For the year ended June 30, 2019, General Fund revenues exceeded expenditures by \$91.9 million before other financing sources (uses) as compared to \$93.7 million for the period ending June 30, 2018.

Condensed Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30
(In Millions)

	General Fund		School Unrestricted		School Bond Fund		Total Major Funds	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues:								
General Revenues:								
Property Taxes	188.1	190.0	-	-			188.1	190.0
Intergovernmental	19.7	18.2	61.0	58.2			80.7	76.4
Charges for services	15.4	15.2	1.5	1.3			16.9	16.5
Investment income	0.8	0.4		-			0.8	0.4
State on behalf pension	-	-	8.1	7.7			8.1	7.7
Other	1.2	\$1.2	1.4	1.4	-	-	2.6	2.6
Total Revenues	225.2	225.0	72.0	68.6	-	-	297.2	293.6
Expenditures:								
Current:								
General Government	10.8	10.5					10.8	10.5
Public Safety	85.3	84.0					85.3	84.0
Public Works	15.7	16.3					15.7	16.3
Education	-	-	167.1	162.5			167.1	162.5
Parks and Recreation	3.7	3.5					3.7	3.5
Public Libraries	3.6	3.5					3.6	3.5
Senior Services	3.2	3.0					3.2	3.0
Other	0.2	0.2					0.2	0.2
Debt Service:								
Principal	7.7	7.3					7.7	7.3
Interest and other costs	3.1	3.0			0.2	0.1	3.3	3.1
Capital expenditures	-	-	-	-	8.0	2.2	8.0	2.2
Total Expenditures	133.3	131.3	167.1	162.5	8.2	2.3	308.6	296.1
Excess (deficiency) of revenue over expenditures	91.9	93.7	(95.1)	(93.9)	(8.2)	(2.3)	(11.4)	(2.5)

Other Financing Sources**(Uses):**

Issuance of debt					11.3	5.0	11.3	5.0
Bond premium					1.8	0.4	1.8	0.4
Transfers in			94.1	93.8			94.1	93.8
Transfers out	(93.9)	(93.6)					(93.9)	(93.6)
Net Other Financing Sources (Uses)	(93.9)	(93.6)	94.1	93.8	13.1	5.4	13.3	5.6
Net change in fund balance	(2.0)	0.1	(1.0)	(0.1)	4.9	3.1	1.9	3.1
Fund Balance July 1	21.0	20.9	5.3	5.4	3.1	-	29.4	26.3
Fund Balance June 30	19.0	21.0	4.3	5.3	8.0	3.1	31.3	29.4

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

The City's General Fund had revenues of \$225.2 million for the fiscal year ended June 30, 2019. This was comprised of \$188.1 million in "General Property Taxes", \$19.7 million of "Intergovernmental" revenues, \$15.4 million in "Charges for Services", \$0.8 million in "Investment Income", and \$1.2 million in "Other" revenue.

Expenditures for the General Fund for fiscal year ended June 30, 2019 were \$133.3 million. These expenditures consisted of \$10.8 million in "General Government" expenditures, \$85.3 million of "Public Safety" expenditures, \$15.7 million of "Public Works" expenditures, \$3.7 million of "Parks and Recreation" expenditures, \$3.6 million of "Public Libraries" expenditures, \$3.2 million of "Senior Services" expenditures, \$0.2 million of "Other" expenditures, \$7.7 million of "Debt Service Principal" expenditures, and \$3.1 million of "Interest and Other Costs".

In addition to general operating expenses, the General Fund also had "Net Other Financing Uses" of \$ 93.9 million. This was composed of a \$(93.9) million of "Transfers Out" to the "School Department" for operations.

The net change in fund balances was \$(2.0) million for the fiscal year ended June 30, 2019. This decrease resulted primarily from an over expenditures in public services related to a chemical fire that occurred in fiscal year 2019. There were 21 fire fighters injured in this incident. That shortage resulted in increased over-time during their recovery as well as an increase to work-related medical coverage and replacement of damaged equipment.

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, 2019 of \$72.0 million. This was derived from \$61.0 million of "Intergovernmental" revenues, \$1.5 million of "Charges for Services", \$8.1 million of "State on Behalf Pension Contribution" and \$1.4 million of "Other Income".

Expenditures for the School Department totaled \$167.1 million. This entire amount represents expenditures related to "Education".

In addition to general operating revenues, the School Department received \$94.1 million of "Other Financing Sources". This amount was comprised of "Transfers In" from the "General Fund" of \$93.9 million for operations and \$0.2 million from other school special revenue accounts.

The net change in fund balance was (\$1.0) million for the fiscal year ended June 30, 2019. This was due primarily to use of a capital reserve account for a capital project.

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

Expenditures for the School Bond Fund totaled \$8.2 million. This amount represents \$8.0 million in "Capital Expenditures" and \$0.2 million in "Interest and Other Costs" related to school construction projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

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

In addition to operating expenditures, the School Bond Fund had "Net Other Financing Sources" of \$ 13.1 million. This was composed of \$11.3 million of "Issuance of Debt" and \$1.8 million of "Bond Premium". These other financing sources were used to fund school construction projects.

The net change in fund balance was \$4.9 million for the fiscal year ended June 30, 2019. This was due primarily to the remainder of unspent bond proceeds as of June 30, 2019.

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 \$59.2 million. Total operating revenues were \$65.6 million. Total operating expenses for the year ending June 30, 2019, for the Proprietary Funds were \$63.7 million. The "Health Care Management" of the school department of \$24.7 million, the "Contract Payments" of \$16.6 million for sewer privatization, "Operation" expense of \$6.3 million. "Personnel" cost of \$2.3 million, "Claims" of \$11.5 million and \$2.3 million of "Depreciation" comprise the majority of the expenses. Net Non-Operating Income for the year ending June 30, 2019 was \$0.2 million. The Proprietary Funds ended fiscal year 2019 with \$2.1 million more in revenues than expenses. Total Net Position was \$65.3 million at June 30, 2019, of that "Net Investment in Capital Assets" was \$53.0 million, Restricted for Debt Service of \$0.4 million and \$11.9 million was "Unrestricted". Total Net Position as of June 30, 2019 increased \$2.1 million from \$63.2 million to \$65.3 million or 3.3%.

Analysis of Significant Budget Variations in the General Fund

For the year ended June 30, 2019, the General Fund Revenues were under budget projections by \$1.0 million or 0.4%. General Fund expenditures were over budget by \$0.9 million or 0.3%. This resulted in a \$1.9 million deficit for the General Fund for the year ending June 30, 2019.

Significant revenue variances include:

- General Property Taxes – Favorable variance of \$0.8 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 and the state's garnishment program of income tax refunds for outstanding motor vehicle taxes.
- Intergovernmental – Unfavorable variance of \$1.4 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 two exception to that were the law department and the fire department. They had a \$0.7 million and a \$2.4 million unfavorable variance, respectively. The law department's over expenditures were related to personnel issues and the fire department's were due to a chemical fire that occurred during the fiscal year that ended on June 30, 2019. The City was able to reduce these deficit to \$0.9 million from savings within other departments.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

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, 2019 and 2018 amounted to \$209.8 and \$198.4 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, motor vehicles, machinery and equipment and office furniture and equipment, and infrastructure.

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

Capital Assets at Year End
(In Millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Land.....	\$ 15.3	\$ 15.3	\$ 0.4	\$ 0.3	\$ 15.7	\$ 15.6
Construction in progress.....	8.3	2.8	0.3	20.5	8.6	23.3
Land improvements.....	41.1	37.0	0.3	0.3	41.4	37.3
Buildings	116.6	112.0			116.6	112.0
Motor vehicles.....	24.8	22.0			24.8	22.0
Equipment	17.9	16.1	0.9	0.8	18.8	16.9
Infrastructure	87.4	87.3			87.4	87.3
Leasehold improvements.....						
Sewer lines			51.6	51.6	51.6	51.6
Treatment and pumping plant.....			104.8	83.9	104.8	83.9
Total assets	311.4	292.5	158.3	157.4	469.7	449.9
Less: accumulated depreciation	<u>(172.8)</u>	<u>(166.7)</u>	<u>(87.1)</u>	<u>(84.8)</u>	<u>(259.8)</u>	<u>(251.5)</u>
Net capital assets	<u>\$ 138.6</u>	<u>\$ 125.8</u>	<u>\$ 71.2</u>	<u>\$ 72.6</u>	<u>\$ 209.8</u>	<u>\$ 198.4</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

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, 2019 were \$469.7 million less accumulated depreciation of \$259.8 million for a net investment in capital assets of \$209.8 million.

Governmental Activities:

Major capital asset additions during the fiscal year ended June 30, 2019 included the following:

- \$6.2 million in school renovations
- \$1.7 million in recreational facilities and equipment upgrades
- \$9.2 million for road repayment, storm drain repairs and equipment upgrades
- \$0.5 million for library upgrades
- \$0.5 million for bridge infrastructure replacement
- \$5.3 million for fire and police equipment and station upgrades
- \$1.5 million for building improvements

Business-Type Activities:

Major capital asset additions during the fiscal year ended June 30, 2019 included the following:

- \$20.9 million of construction in progress project completed for improvements at the treatment plant

Additional information on the City's capital assets can be found on Note 3. C. of this report.

Long-Term Liabilities

As of June 30, 2019, the governmental activities had total long-term obligations of \$565.3 million. Of that, \$404.4 million was pension related debt, \$48.3 million was for post-retirement health benefits \$13.8 million of compensated absences and \$98.8 million related to bonded debt guaranteed by the City's assets. Based on an actuarial valuations completed as of July 1, 2019 for governmental activities, the net pension obligation liability for unpaid pension contributions decreased by \$0.4 million from \$404.8 million at June 30, 2018 to \$404.4 million at June 30, 2019. The net other post-employment benefit obligation (OPEB) liability for governmental activities decreased \$2.5 million from \$50.8 million at June 30, 2018 to \$48.3 million at June 30, 2018. Additional information can be found in Note 3.E.

The business-type activities had total long-term obligations of \$20.4 million. Of that, \$18.3 million related to State Revolving Loans (SRF) from Rhode Island Infrastructure Bank (these funds are available for projects related to clean water), \$1.9 million in net pension obligations, \$0.2 million in net post-retirement health benefit obligations. Based on an actuarial valuations completed as of July 1, 2019 for business-type activities, the net pension obligation liability for unpaid pension contributions increased by \$0.1 million from \$1.8 million at June 30, 2018 to \$1.9 million at June 30, 2019. The net other post-employment benefit obligation (OPEB) liability for business-type activities increased from \$0.1 million at June 30, 2018 by \$0.1 million to \$0.2 million at June30, 2019. Additional information can be found in Note 3.E.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Debt Outstanding

For the year ending June 30, 2019, the City had \$98.8 million in debt (bonds, notes, etc.) outstanding as compared to \$87.3 million at June 30, 2018, a net increase of \$11.5 million or 13.2% (considering debt issuances and retirements). The key factors for this increase was the issuance of \$15.9 million in general obligation bonds and \$11.3 million of school borrowing offset by the principal repayments on outstanding issues.

For the year ending June 30, 2019, the Business-Type Activities had \$18.3 million in debt (bonds, notes, etc.) outstanding as compared to \$19.4 million at June 30, 2018, a net decrease of \$1.1 million or 5.7% (considering debt retirements). The key factor for this decrease was principal repayments of \$1.1 million.

Outstanding Debt, at June 30
(In Millions)

	<u>2019</u>	<u>2018</u>
<i>Governmental:</i>		
General obligation bonds.....	\$ 96.4	\$73.7
Bond anticipation notes.....	0.0	10.8
Capital lease	<u>2.4</u>	<u>2.8</u>
<i>Subtotal</i>	<u>98.8</u>	<u>87.3</u>
<i>Business-type:</i>		
Sewer revolving loans	<u>18.3</u>	<u>19.4</u>
<i>Subtotal</i>	<u>18.3</u>	<u>19.4</u>
<i>Total</i>	<u>\$ 117.1</u>	<u>\$ 106.7</u>

Principal payments of \$8.4 million and \$1.1 million were made in the governmental and business-type activities, respectively, during fiscal year 2019.

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 \$239.2 million based on taxable property as of December 31, 2017, of approximately \$8.0 billion. On June 30, 2019, the City had \$98.4 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 2020 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 \$21.5 million for Police and Fire Pension Fund contributions and \$4.5 million for Other Post-Employment Benefits (OPEB).

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
JUNE 30, 2019

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>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>	<u>2019</u>
City of Cranston	11.7%	10.6%	10.4%	9.3%	7.2%	5.9%	5.0%	4.0%	3.7%	3.3%
State of Rhode Island	10.9	10.5	10.1	8.9	7.3	5.8	5.0	4.1	3.7	3.3
United States	9.6	9.3	8.4	7.8	6.3	5.5	5.1	4.5	4.2	3.8

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 31,836,617	\$ 15,845,644	\$ 47,682,261
Receivables:			
Property taxes	8,255,574		8,255,574
Sewer assessments and user fees, net		1,121,884	1,121,884
Intergovernmental	19,029,965	2,965,459	21,995,424
Loans	2,779,666		2,779,666
Other	1,762,025		1,762,025
Prepays	877,492	45,108	922,600
Advance deposits - hospitalization	4,157,456		4,157,456
Inventory		64,189	64,189
Other assets	3,792		3,792
Due from fiduciary fund	120,000		120,000
Internal balances	(4,478,632)	4,478,632	-
Total current assets	<u>64,343,955</u>	<u>24,520,916</u>	<u>88,864,871</u>
Noncurrent Assets:			
Advance deposits - hospitalization	853,000		853,000
Net pension asset	15,852,374	193,440	16,045,814
Restricted cash - debt service reserve		1,195,219	1,195,219
Held in escrow		418,467	418,467
Total noncurrent assets	<u>16,705,374</u>	<u>1,807,126</u>	<u>18,512,500</u>
Capital Assets:			
Nondepreciable:			
Land	15,299,094	342,712	15,641,806
Construction in progress	8,367,334	319,445	8,686,779
Depreciable (net of accumulated depreciation):			
Land improvements	24,400,692	3,833	24,404,525
Buildings and leasehold improvements	66,202,766	45,524	66,248,290
Sewer service to customers		71,637	71,637
Treatment and pumping plant		52,947,022	52,947,022
Vehicles	8,140,109	28,565	8,168,674
Machinery, equipment and furniture	3,877,608	312,449	4,190,057
Infrastructure	12,348,490	17,151,508	29,499,998
Total net capital assets	<u>138,636,093</u>	<u>71,222,695</u>	<u>209,858,788</u>
Total noncurrent assets	<u>155,341,467</u>	<u>73,029,821</u>	<u>228,371,288</u>
Total assets	<u>219,685,422</u>	<u>97,550,737</u>	<u>317,236,159</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	538,908		538,908
Deferred outflows of resources related to pensions	53,442,476	475,381	53,917,857
Deferred outflows of resources related to OPEB	3,452,750	41,475	3,494,225
	<u>57,434,134</u>	<u>516,856</u>	<u>57,950,990</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 277,119,556</u>	<u>\$ 98,067,593</u>	<u>\$ 375,187,149</u>

(Continued on next page)

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities:			
Accounts payable	\$ 9,980,140	\$ 3,676,355	\$ 13,656,495
Accrued liabilities	51,707		51,707
Accrued payroll	1,227,299	1,613	1,228,912
Compensated absences	1,383,607	36,315	1,419,922
Accrued interest payable	1,409,517	172,158	1,581,675
Retainage payable	240,026	808,790	1,048,816
Unearned revenue	3,778,061	1,980,087	5,758,148
Due to fiduciary fund	758,897		758,897
Claims payable	770,448		770,448
Long-term liabilities due within one year	7,995,058	1,091,967	9,087,025
Total current liabilities	<u>27,594,760</u>	<u>7,767,285</u>	<u>35,362,045</u>
Noncurrent Liabilities:			
Net pension liability	404,354,137	1,946,231	406,300,368
Net OPEB liability	48,257,356	179,552	48,436,908
Long-term liabilities due in more than one year	103,316,762	17,161,033	120,477,795
Total noncurrent liabilities	<u>555,928,255</u>	<u>19,286,816</u>	<u>575,215,071</u>
Total liabilities	<u>583,523,015</u>	<u>27,054,101</u>	<u>610,577,116</u>
Deferred Inflows of Resources:			
Advanced tax collections	7,681,866		7,681,866
Deferred sewer lease arrangement		4,866,643	4,866,643
Deferred inflows of resources related to pensions	14,157,652	130,148	14,287,800
Deferred inflows of resources related to OPEB	5,546,679	689	5,547,368
Total liabilities and deferred inflows of resources	<u>27,386,197</u>	<u>4,997,480</u>	<u>32,383,677</u>
Total liabilities and deferred inflows of resources	<u>610,909,212</u>	<u>32,051,581</u>	<u>642,960,793</u>
Net Position:			
Net investment in capital assets	40,421,468	52,969,695	93,391,163
Restricted for:			
Debt Service		418,467	418,467
Unrestricted	(374,211,124)	12,627,850	(361,583,274)
Total net position	<u>(333,789,656)</u>	<u>66,016,012</u>	<u>(267,773,644)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 277,119,556</u>	<u>\$ 98,067,593</u>	<u>\$ 375,187,149</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, 2019**

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	\$ 17,435,819	\$ 8,083,806	\$ 12,195,457	\$ 65,608	\$ 2,843,444	\$ -	\$ 2,843,444
Public safety	108,645,221	6,561,184	1,410,056		(100,608,373)		(100,608,373)
Public works	16,677,300	1,321,215	32,393		(15,323,692)		(15,323,692)
Education	179,996,641	1,447,882	70,271,116		(108,277,643)		(108,277,643)
Parks and recreation	3,716,927	400,370			(3,316,557)		(3,316,557)
Public libraries	3,740,372	75,000	599,627		(3,065,745)		(3,065,745)
Senior services	3,202,095	1,727,304			(1,474,791)		(1,474,791)
Community development	1,425,753		1,020,835		(404,918)		(404,918)
Interest expense	3,417,594				(3,417,594)		(3,417,594)
Total governmental activities	<u>338,257,722</u>	<u>19,616,761</u>	<u>85,529,484</u>	<u>65,608</u>	<u>(233,045,869)</u>	<u>-</u>	<u>(233,045,869)</u>
Business-Type Activities:							
Sewer fund	20,543,184	22,816,372				2,273,188	2,273,188
Education	6,664,472	3,618,125	2,755,615			(290,732)	(290,732)
Total business-type activities	<u>27,207,656</u>	<u>26,434,497</u>	<u>2,755,615</u>	<u>-</u>	<u>-</u>	<u>1,982,456</u>	<u>1,982,456</u>
Totals	<u>\$ 365,465,378</u>	<u>\$ 46,051,258</u>	<u>\$ 88,285,099</u>	<u>\$ 65,608</u>	<u>(233,045,869)</u>	<u>1,982,456</u>	<u>(231,063,413)</u>
		General Revenues:					
					187,181,594		187,181,594
					5,915,970		5,915,970
					10,371,555	137,640	10,509,195
					2,970,801		2,970,801
					1,198,487	632,767	1,831,254
					<u>207,638,407</u>	<u>770,407</u>	<u>208,408,814</u>
					(25,407,462)	2,752,863	(22,654,599)
					(308,382,194)	63,263,149	(245,119,045)
					\$ (333,789,656)	\$ 66,016,012	\$ (267,773,644)

The accompanying notes are an integral part of these financial statements

CITY OF CRANSTON, RHODE ISLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>School Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash	\$ 23,702,970	\$ 1,087	\$	\$ 7,192,204	\$ 30,896,261
Receivables:					
Property taxes, net	5,711,532				5,711,532
Intergovernmental	6,797,970		11,102,851	1,127,895	19,028,716
Loans				2,779,666	2,779,666
Other	142,002	1,178,333		559,708	1,880,043
Security deposits				9,249	9,249
Prepays	736,816	135,219			872,035
Advance deposits - hospitalization	207,000				207,000
Due from other funds	2,048,260	6,169,848		64,824	8,282,932
Total Assets	\$ 39,346,550	\$ 7,484,487	\$ 11,102,851	\$ 11,733,546	\$ 69,667,434
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,000,561	\$ 3,103,577	\$ 2,814,774	\$ 2,442,148	\$ 10,361,060
Accrued payroll	1,120,987			106,317	1,227,304
Accrued liabilities	49,989	1,718			51,707
Retainage payable			240,026		240,026
Due to other funds	4,430,938	99,974		2,946,776	7,477,688
Unearned revenue				3,668,462	3,668,462
Total liabilities	7,602,475	3,205,269	3,054,800	9,163,703	23,026,247
Deferred Inflows:					
Unavailable revenue - property taxes	5,012,705				5,012,705
Advanced tax collections	7,791,465				7,791,465
Total deferred inflows of resources	12,804,170	-	-	-	12,804,170
Total liabilities and deferred inflows	20,406,645	3,205,269	3,054,800	9,163,703	35,830,417
Fund Balances:					
Nonspendable	207,000	135,219			342,219
Restricted	353,193	3,337,595	8,048,051	5,133,786	16,872,625
Committed	44,043	806,404		29,490	879,937
Unassigned	18,335,669			(2,593,433)	15,742,236
Total fund balances	18,939,905	4,279,218	8,048,051	2,569,843	33,837,017
Total Liabilities, Deferred Inflows and Fund Balances	\$ 39,346,550	\$ 7,484,487	\$ 11,102,851	\$ 11,733,546	\$ 69,667,434

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
RECONCILIATION OF FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019**

Amounts reported for governmental activities in the statement of net position (Exhibit I) are Different from the Governmental Fund Balance Sheet. The Details of this Difference are as follows:

Total Fund Balance (Exhibit III, Page 1)	\$ 33,837,017
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Capital Assets Used In Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds:

Total capital assets	\$ 311,416,264	
Accumulated depreciation	<u>(172,780,172)</u>	138,636,092

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)	2,544,042
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	5,012,705
Net pension asset	15,852,374
Deferred charge on refunding	538,908
Deferred outflows of net pension	53,442,476
Deferred outflows of net OPEB	3,452,750

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	(685,252)
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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	(89,943,000)
Capital lease	(2,340,000)
Unamortized premium on bonds payable	(6,470,533)
Compensated absences	(13,836,066)
Deferred salary	(105,828)
Net pension liability	(404,354,137)
Net OPEB liability	(48,257,356)
Deferred inflows of net pension liability	(14,157,652)
Deferred inflows of net OPEB liability	(5,546,679)
Accrued interest payable	<u>(1,409,517)</u>

Net Position of Governmental Activities	<u>\$ (333,789,656)</u>
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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, 2019

	<u>General Fund</u>	<u>School Department</u>	<u>School Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
General property taxes	\$ 188,054,377	\$	\$	\$	\$ 188,054,377
Intergovernmental	19,660,197	61,037,669		10,813,196	91,511,062
Charges for services	15,413,247	1,447,882		2,755,632	19,616,761
Investment income	757,748			439,468	1,197,216
State on-behalf pension contributions		8,057,883			8,057,883
Other	1,299,174	1,416,687		254,940	2,970,801
Total revenues	<u>225,184,743</u>	<u>71,960,121</u>	<u>-</u>	<u>14,263,236</u>	<u>311,408,100</u>
Expenditures:					
Current:					
General government	10,798,553			663,201	11,461,754
Public safety	85,313,484			2,509,292	87,822,776
Public works	15,673,496				15,673,496
Education		167,055,194		9,099,058	176,154,252
Parks and recreation	3,755,035			4,800	3,759,835
Public libraries	3,581,282			243,153	3,824,435
Senior services	3,213,188			84,460	3,297,648
Community development				1,428,317	1,428,317
Other	220,217				220,217
Debt Service:					
Principal	7,694,000				7,694,000
Interest and other costs	3,058,326		201,970	815,602	4,075,898
Capital Outlay:					
Capital expenditures			8,038,053	9,341,571	17,379,624
Total expenditures	<u>133,307,581</u>	<u>167,055,194</u>	<u>8,240,023</u>	<u>24,189,454</u>	<u>332,792,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>91,877,162</u>	<u>(95,095,073)</u>	<u>(8,240,023)</u>	<u>(9,926,218)</u>	<u>(21,384,152)</u>
Other Financing Sources (Uses):					
Issuance of debt			11,335,000	5,070,000	16,405,000
Bond premium			1,819,237	2,087,142	3,906,379
Transfers in		94,084,926			94,084,926
Transfers out	<u>(93,896,822)</u>			<u>(188,104)</u>	<u>(94,084,926)</u>
Net Other Financing Sources (Uses)	<u>(93,896,822)</u>	<u>94,084,926</u>	<u>13,154,237</u>	<u>6,969,038</u>	<u>20,311,379</u>
Net Change in Fund Balances	(2,019,660)	(1,010,147)	4,914,214	(2,957,180)	(1,072,773)
Fund Balances - July 1, 2018	<u>20,959,565</u>	<u>5,289,365</u>	<u>3,133,837</u>	<u>5,527,023</u>	<u>34,909,790</u>
Fund Balances - June 30, 2019	<u>\$ 18,939,905</u>	<u>\$ 4,279,218</u>	<u>\$ 8,048,051</u>	<u>\$ 2,569,843</u>	<u>\$ 33,837,017</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, 2019

Amounts reported for Governmental Activities in the Statement of Activities (Exhibit II) are due to:

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ (1,072,773)

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	20,488,245
Depreciation expense	(7,628,598)
Loss on disposition of assets	(69,291)

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	(684,823)
Increase in property tax interest and lien revenue	(187,960)
Net pension asset	928,961
Changes in deferred outflows related to pensions	(49,305,452)
Changes in deferred outflows related to OPEB	2,989,875

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 position. 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	(244,582)
Amortization of deferred charge on refunding	(265,908)
Bond premium incurred	(3,906,379)
Bond premium amortized	594,794
Debt issuance	(16,405,000)
Principal payments on bonds and notes	7,828,000
Capital lease payments	440,000

(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, 2019**

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	\$ (48,900)
Deferred salary	3,201
Net pension liability	483,948
Net OPEB liability	2,499,336
Changes in deferred inflows related to pensions	22,715,265
Changes in deferred inflows related to OPEB	(4,197,062)
Insurance claims payable	266,881
Claims and judgements payable	50,000
 The net revenue of the activities of the Internal Service Fund is reported with Governmental Activities	 <u>(679,240)</u>
 Change in Net Position of Governmental Activities (Exhibit II)	 <u>\$ (25,407,462)</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, 2019

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Major Fund	Nonmajor Programs	Totals	Internal Service Fund
	Sewer			
Assets				
Current Assets:				
Cash and cash equivalents	\$ 13,948,153	\$ 1,897,491	\$ 15,845,644	\$ 940,356
Prepaid expenses		45,108	45,108	
Inventory		64,189	64,189	
Receivables:				
Sewer assessments and user fees, net	1,121,884		1,121,884	
Other			-	2,930
Due from other funds	4,465,934	12,698	4,478,632	
Intergovernmental	2,818,881	146,578	2,965,459	
Claims deposits			-	3,950,456
Total current assets	<u>22,354,852</u>	<u>2,166,064</u>	<u>24,520,916</u>	<u>4,893,742</u>
Noncurrent Assets:				
Advance deposits - medical				853,000
Restricted cash - debt service reserve	1,195,219		1,195,219	
Held in escrow	418,467		418,467	
Net pension asset		193,440	193,440	
Subtotal noncurrent assets	<u>1,613,686</u>	<u>193,440</u>	<u>1,807,126</u>	<u>853,000</u>
Capital Assets:				
Capital assets, net of accumulated depreciation	<u>70,639,999</u>	<u>582,696</u>	<u>71,222,695</u>	
Total noncurrent assets	<u>72,253,685</u>	<u>776,136</u>	<u>73,029,821</u>	<u>853,000</u>
Total assets	<u>94,608,537</u>	<u>2,942,200</u>	<u>97,550,737</u>	<u>5,746,742</u>
Deferred Outflow of Resources:				
Deferred outflows of resources related to pensions		475,381	475,381	
Deferred outflows of resources related to OPEB		41,475	41,475	
Total deferred outflow of resources	<u>-</u>	<u>516,856</u>	<u>516,856</u>	<u>-</u>
Total Assets and Deferred outflow of Resources	<u>\$ 94,608,537</u>	<u>\$ 3,459,056</u>	<u>\$ 98,067,593</u>	<u>\$ 5,746,742</u>

(Continued on next page)

CITY OF CRANSTON, RHODE ISLAND
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Major Fund			Internal Service
	Sewer	Nonmajor Programs	Totals	Fund
Liabilities				
Current Liabilities:				
Accounts payable	\$ 3,053,895	\$ 622,460	\$ 3,676,355	\$ 377,970
Accrued payroll	1,613		1,613	
Retainage payable	808,790		808,790	
Compensated absences		36,315	36,315	
Accrued interest	172,158		172,158	
Due to other funds			-	5,283,576
Claims payable				770,448
Unearned revenue	1,920,000	60,087	1,980,087	
Long-term liabilities due within one year	1,091,967		1,091,967	
Total current liabilities	<u>7,048,423</u>	<u>718,862</u>	<u>7,767,285</u>	<u>6,431,994</u>
Noncurrent Liabilities:				
Compensated absences, net of current portion				
Net OPEB liability		179,552	179,552	
Net pension liability		1,946,231	1,946,231	
Long-term liabilities due in more than one year	17,161,033		17,161,033	
Total noncurrent liabilities	<u>17,161,033</u>	<u>2,125,783</u>	<u>19,286,816</u>	<u>-</u>
Total liabilities	<u>24,209,456</u>	<u>2,844,645</u>	<u>27,054,101</u>	<u>6,431,994</u>
Deferred Inflows of Resources:				
Deferred inflows of resources related to pensions		130,148	130,148	
Deferred inflows of resources related to OPEB		689	689	
Deferred sewer lease arrangement	4,866,643		4,866,643	
	<u>4,866,643</u>	<u>130,837</u>	<u>4,997,480</u>	<u>-</u>
Total liabilities and deferred inflow of resources	<u>29,076,099</u>	<u>2,975,482</u>	<u>32,051,581</u>	<u>6,431,994</u>
Net Position:				
Net Investment in capital assets	52,386,999	582,696	52,969,695	
Restricted:				
Debt service	418,467		418,467	
Unrestricted (deficit)	12,726,972	(99,122)	12,627,850	(685,252)
Total net position	<u>65,532,438</u>	<u>483,574</u>	<u>66,016,012</u>	<u>(685,252)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 94,608,537</u>	<u>\$ 3,459,056</u>	<u>\$ 98,067,593</u>	<u>\$ 5,746,742</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, 2019

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Fund	Nonmajor Programs	Totals	Internal Service Fund
	Sewer			
Operating Revenues:				
Charges for usage and service	\$ 21,835,857	\$ 1,050,764	\$ 22,886,621	\$ 36,313,266
Grant income		2,666,408	2,666,408	
Tuition		2,538,588	2,538,588	
On-behalf pension contribution		137,640	137,640	
Miscellaneous	980,515	28,773	1,009,288	54,609
Total operating revenues	<u>22,816,372</u>	<u>6,422,173</u>	<u>29,238,545</u>	<u>36,367,875</u>
Operating Expenses:				
Operations	1,023,822	4,460,326	5,484,148	785,068
Personnel	112,883	2,138,367	2,251,250	
Claims			-	11,544,134
Contract payments	16,628,715		16,628,715	
Health care management			-	24,719,184
Depreciation	2,255,687	65,779	2,321,466	
Total operating expenses	<u>20,021,107</u>	<u>6,664,472</u>	<u>26,685,579</u>	<u>37,048,386</u>
Operating Income (Loss)	<u>2,795,265</u>	<u>(242,299)</u>	<u>2,552,966</u>	<u>(680,511)</u>
Nonoperating Revenues (Expenses):				
Interest expense	(522,077)		(522,077)	
Investment income	627,318	5,449	632,767	1,271
Grant income		89,207	89,207	
Total nonoperating revenues (expenses)	<u>105,241</u>	<u>94,656</u>	<u>199,897</u>	<u>1,271</u>
Change in Net Position	2,900,506	(147,643)	2,752,863	(679,240)
Net Position - July 1, 2018	<u>62,631,932</u>	<u>631,217</u>	<u>63,263,149</u>	<u>(6,012)</u>
Net Position - June 30, 2019	<u>\$ 65,532,438</u>	<u>\$ 483,574</u>	<u>\$ 66,016,012</u>	<u>\$ (685,252)</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, 2019

	Enterprise Funds			Governmental Activities
	Major Fund	Nonmajor Programs	Totals	Internal Service Fund
	Sewer			
Cash Flows from Operating Activities:				
Cash received from customers	\$ 21,081,738	\$ 6,529,663	\$ 27,611,401	\$ 36,377,115
Cash paid to suppliers	(16,628,715)	(978,816)	(17,607,531)	
Cash paid to employees	(112,852)	(1,841,039)	(1,953,891)	(260)
Cash paid for claims			-	(37,097,331)
Cash paid for other operating expenses	278,984	(3,279,671)	(3,000,687)	(684,731)
Net cash provided by (used in) operating activities	<u>4,619,155</u>	<u>430,137</u>	<u>5,049,292</u>	<u>(1,405,207)</u>
Cash Flows from Noncapital Financing Activities:				
Non-operating grant	20,700	88,299	108,999	
Change in interfund loans	(4,751,001)	164,951	(4,586,050)	1,348,873
Net cash provided by (used in) noncapital financing activities	<u>(4,730,301)</u>	<u>253,250</u>	<u>(4,477,051)</u>	<u>1,348,873</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(534,334)	(462,047)	(996,381)	
Principal paid on bonds	(1,100,000)		(1,100,000)	
Interest paid on bonds	(527,550)		(527,550)	
Net cash used in capital and related financing activities	<u>(2,161,884)</u>	<u>(462,047)</u>	<u>(2,623,931)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income from investments	627,318	5,449	632,767	1,271
Net cash provided by investing activities	<u>627,318</u>	<u>5,449</u>	<u>632,767</u>	<u>1,271</u>
Net (Decrease) Increase in Cash	(1,645,712)	226,789	(1,418,923)	(55,063)
Cash - July 1, 2018 (Including Restricted Cash)	<u>16,789,084</u>	<u>1,670,702</u>	<u>18,459,786</u>	<u>995,419</u>
Cash - June 30, 2019 (Including Restricted Cash)	<u>\$ 15,143,372</u>	<u>\$ 1,897,491</u>	<u>\$ 17,040,863</u>	<u>\$ 940,356</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 2,795,265	\$ (242,299)	\$ 2,552,966	\$ (680,511)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,255,687	65,779	2,321,466	
Increase in net pension asset		2,338	2,338	
Increase in deferred outflows related to pension plans		59,981	59,981	
Decrease in deferred inflows related to pension plans		(30,721)	(30,721)	
(Increase) decrease in accounts receivable	179,716	184,760	364,476	9,240
Increase (Decrease) in claims deposits			-	(1,037,130)
Increase in prepaid expenses		(20,804)	(20,804)	
Decrease in inventory		(7,147)	(7,147)	
(Increase) decrease in intergovernmental receivables	(248,286)	54,368	(193,918)	
Increase in accounts payable	1,302,806	229,790	1,532,596	230,673
Increase in accrued payroll	31		31	(260)
Increase in compensated absences		(2,628)	(2,628)	
Increase (decrease) in prepaid assessments	253,936		253,936	
Increase in OPEB		48,373	48,373	
Increase in deferred outflows related to OPEB		(39,673)	(39,673)	
Increase (decrease) in deferred inflows related to OPEB		13	13	
Decrease in claims payable			-	72,781
(Decrease) increase in unearned revenue	(1,920,000)	6,002	(1,913,998)	
Increase in net pension liability		122,005	122,005	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 4,619,155</u>	<u>\$ 430,137</u>	<u>\$ 5,049,292</u>	<u>\$ (1,405,207)</u>

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, 2019

	<u>Pension and Other Employee Benefit Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,710,805	\$ 113,553	\$ 1,251,419
Investments:			
Guaranteed investment contracts	3,992,508		
Real estate investment trust	51,738		
Common stock	13,398,152		
Pooled equity index funds	342,761		
Pooled fixed income index funds	252,221		
International equity mutual fund	1,740,209		
U.S. equity mutual funds	31,451,587		
Fixed income mutual funds	25,307,982		
Total investments	<u>76,537,158</u>	<u>-</u>	<u>-</u>
Contribution receivable	<u>758,897</u>		
Total assets	<u>80,006,860</u>	<u>113,553</u>	<u>1,251,419</u>
Liabilities:			
Accounts payable	47,466		
Due to primary government	120,000		
Deposits held in custody for others			1,251,419
Total liabilities	<u>167,466</u>	<u>-</u>	<u>1,251,419</u>
Net Position Restricted for Pensions and OPEB Benefits and Other Purposes	<u>\$ 79,839,394</u>	<u>\$ 113,553</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, 2019**

	Pension and Other Employee Benefit Trust Fund	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer contributions	\$ 25,996,524	\$
Plan member contributions	1,065,125	4,778
Other	57,856	
Total contributions	<u>27,119,505</u>	<u>4,778</u>
Investment Income:		
Interest and dividends	1,635,524	44
Net appreciation in the fair value of investments	2,920,040	
Total investment income	<u>4,555,564</u>	<u>44</u>
Total additions	<u>31,675,069</u>	<u>4,822</u>
Deductions:		
Benefits	29,844,784	2,926
Administrative expenses	241,481	
Total deductions	<u>30,086,265</u>	<u>2,926</u>
Change in Net Position	1,588,804	1,896
Net Position - July 1, 2018	<u>78,250,590</u>	<u>111,657</u>
Net Position - June 30, 2019	<u>\$ 79,839,394</u>	<u>\$ 113,553</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 Unrestricted 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 *School Bond Fund* is for the construction and improvements to school buildings, and for the acquisition of equipment for the Cranston School District.

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

The *Agency Funds* account for monies held as a custodian on behalf of students, 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.

**CITY OF CRANSTON, RHODE ISLAND
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JUNE 30, 2019**

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

Investments for the City are reported at fair value.

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, 2019 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.

**CITY OF CRANSTON, RHODE ISLAND
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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.

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, 2019, 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 property taxes. 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.

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

- 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, 2019, 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, 2019, the remaining fund balance included in this fund was \$4,784 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 or decrease both revenue appropriation and expenditure appropriation by an equal amount. During the fiscal year ended June 30, 2019 there was a \$307,853 decrease in appropriations.

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

B. Capital Projects Authorizations

The following is a summary of projects recorded in the Capital Projects Fund at June 30, 2019:

Project Name	Project Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2019
Governmental Funds:				
School bond fund	\$ 43,465,037	\$ 8,240,023	\$ 35,416,986	\$ 8,048,051
Police and fire bond fund	15,762,427	2,785,042	15,601,780	160,647
Public building bond fund	2,563,975	610,495	2,521,902	42,073
Recreation bond fund	6,963,109	454,923	6,367,480	595,629
Highway bond fund	23,000,415	5,218,140	25,412,572	(2,412,157)
Storm drains bond fund	1,881,893	177,320	1,708,262	173,631
Library bond fund	951,752	241,056	899,157	52,595
Neighborhood infrastructure fund	3,615,581	667,699	3,324,953	290,628
Open space bond fund	2,491,087	2,498	2,367,721	123,366

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, 2019, the City had a deficit fund balance in the following funds:

Non-Major Governmental Funds

Community Development Block Grant	\$ 29,605
WIOA Job Development Fund	151,671
Highway Bond Fund	2,412,157

Internal Service Funds

City Internal Service Fund	\$ 1,840,965
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Non-Major Proprietary Funds

Charter School	\$ 738,925
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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, 2019**

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, 2019, the City’s bank balance of \$51,754,017 was insured and collateralized as follows:

Insured	\$ 8,358,435
Collateralized	
Collateral held by Pledging Banks' Trust Department, not in the City's name	43,395,582
 Total Amount Subject to Custodial Risk	 \$ 51,754,017

The City’s carrying value of cash and cash equivalents at June 30, 2019 was \$52,953,257, and is presented within the following in the financial statements:

Governmental Activities	\$ 30,896,261
Business Type Activities	17,040,863
Pension Trust Funds	1,389,456
OPEB Trust Funds	1,321,349
Internal Service Funds	940,356
Private Purpose Trust Funds	113,553
Agency Funds	1,251,419
 Total	 \$ 52,953,257

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
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At June 30, 2019, 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	\$ 31,451,587	\$ 31,451,587	\$	\$
International Equity Mutual Funds	1,740,209	1,740,209		
Common Stock	13,398,152	13,398,152		
Guaranteed Investment Contracts	3,992,508	3,992,508		
Pooled Equity Index Funds	342,761	342,761		
Pooled Fixed Income Index Funds	252,221		252,221	
Fixed Income Mutual Funds	25,307,982		25,307,982	
Real Estate Investment Trusts	51,738	51,738		
Total	<u>\$ 76,537,158</u>	<u>\$ 50,976,955</u>	<u>\$ 25,560,203</u>	<u>\$ -</u>

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. 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, 2019.

At June 30, 2019, the City's investments totaled \$76,537,158 (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	5.27%	\$ 4,037,329
Skybridge Multi-Advisor Hedge Fund Port LLC Ser G	5.22%	\$ 3,992,508

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, 2019**

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 2019.

Description	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Fair Value
June 30, 2019:			
U.S. Equity Mutual Funds	\$ 31,451,587	\$	\$ 31,451,587
International Equity Mutual Funds	1,740,209		1,740,209
Common Stock	13,398,152		13,398,152
Pooled Equity Index Funds		342,761	342,761
Pooled Fixed Income Index Funds		252,221	252,221
Fixed Income Mutual Funds	25,307,982		25,307,982
Real estate Investment Trusts	51,738		51,738
Total assets in the fair value hierarchy	71,949,668	594,982	72,544,650
Investments measured at net asset value*			3,992,508
Investments at fair value	\$ 71,949,668	\$ 594,982	\$ 76,537,158

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

	Investments Measured at Net Asset Value as of June 30, 2019		
	Fair Value	Redemption Frequency	Redemption Notice Period
Hedge Fund	\$ 3,992,508	Quarterly	65 Days
			Funding Commitments
			None

There were no transfers between any levels during the year ended June 30, 2019.

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	\$ 7,877,532	\$ 4,288,103	\$ 12,165,635
Less allowance for uncollectibles	(2,166,000)	(1,744,061)	(3,910,061)
Total Receivable	\$ 5,711,532	\$ 2,544,042	\$ 8,255,574

	Economic Development Loans	CDBG Loans	Total
	Loans Receivable	\$ 609,366	\$ 2,170,300

	Sewer Use Charges		
	Use Charges	Interest & Liens	Total
Current portion	\$ 1,443,604	\$ 694,341	\$ 2,137,945
Less allowance for uncollectibles	(578,617)	(437,444)	(1,016,061)
Total Receivable	\$ 864,987	\$ 256,897	\$ 1,121,884

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	\$ 109,599
Tax Collections in advance	7,681,866
Grant Draw-downs prior to meeting all eligibility requirements	3,668,462
	\$ 11,459,927

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>Governmental Activities:</u>				
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 15,299,094	\$	\$	\$ 15,299,094
Construction in Progress	2,757,598	9,770,224	4,160,488	8,367,334
Total capital assets, not being depreciated	<u>18,056,692</u>	<u>9,770,224</u>	<u>4,160,488</u>	<u>23,666,428</u>
<u>Capital Assets, being depreciated:</u>				
Land improvements	36,975,485	4,095,393		41,070,878
Buildings	112,061,887	4,539,490		116,601,377
Machinery and equipment	8,613,377	1,733,071		10,346,448
Office furniture and equipment	7,517,254	14,981		7,532,235
Vehicles	21,998,157	4,461,966	1,639,955	24,820,168
Infrastructure	87,345,123	33,608		87,378,731
Total capital assets being depreciated	<u>274,511,283</u>	<u>14,878,509</u>	<u>1,639,955</u>	<u>287,749,837</u>
Total capital assets	<u>292,567,975</u>	<u>24,648,733</u>	<u>5,800,443</u>	<u>311,416,265</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	15,193,161	1,477,025		16,670,186
Buildings	48,443,229	1,955,382		50,398,611
Machinery and equipment	5,961,959	753,748		6,715,707
Office furniture and equipment	7,142,266	143,102		7,285,368
Vehicles	15,832,667	2,418,056	1,570,664	16,680,059
Infrastructure	74,148,956	881,285		75,030,241
Total accumulated depreciation	<u>166,722,238</u>	<u>7,628,598</u>	<u>1,570,664</u>	<u>172,780,172</u>
Total Capital Assets, being depreciated, net	<u>107,789,045</u>	<u>7,249,911</u>	<u>69,291</u>	<u>114,969,665</u>
Governmental Activities Capital Assets, net	<u>\$ 125,845,737</u>	<u>\$ 17,020,135</u>	<u>\$ 4,229,779</u>	<u>\$ 138,636,093</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 342,712	\$	\$	\$ 342,712
Construction in Progress	20,516,606	698,163	20,895,324	319,445
Total capital assets, not being depreciated	<u>20,859,318</u>	<u>698,163</u>	<u>20,895,324</u>	<u>662,157</u>
<u>Capital Assets, being depreciated/amortized:</u>				
Land improvements	266,795	4,000		270,795
Leasehold improvements	34,476	13,768		48,244
Machinery and equipment	658,257	211,677		869,934
Office furniture and equipment	1,124			1,124
Vehicles	62,838	10,000		72,838
Service to customers	98,337	58,770		157,107
Pumping plant and equipment	3,721,906	501,589		4,223,495
GIS project	1,103,834			1,103,834
Treatment plant and equipment	78,955,615	20,393,735		99,349,350
Infrastructure	51,623,366			51,623,366
Total capital assets, being depreciated/amortized	<u>136,526,548</u>	<u>21,193,539</u>	<u>-</u>	<u>157,720,087</u>
Total capital assets	<u>157,385,866</u>	<u>21,891,702</u>	<u>20,895,324</u>	<u>158,382,244</u>
<u>Less accumulated depreciation/amortization for:</u>				
Land improvements	266,795	167		266,962
Leasehold improvements	453	2,267		2,720
Machinery and equipment	496,128	61,358		557,486
Office furniture and equipment	1,124			1,124
Vehicles	36,440	7,833		44,273
Service to customers	83,036	2,434		85,470
Pumping plant and equipment	2,313,465	71,184		2,384,649
GIS project	1,103,833			1,103,833
Treatment plant and equipment	46,702,032	1,539,142		48,241,174
Infrastructure	33,834,779	637,079		34,471,858
Total accumulated depreciation/amortization	<u>84,838,085</u>	<u>2,321,464</u>	<u>-</u>	<u>87,159,549</u>
Total Capital Assets, being depreciated/amortized, net	<u>51,688,463</u>	<u>18,872,075</u>	<u>-</u>	<u>70,560,538</u>
Business-Type Activities Capital Assets, net	<u>\$ 72,547,781</u>	<u>\$ 19,570,238</u>	<u>\$ 20,895,324</u>	<u>\$ 71,222,695</u>

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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

Governmental Activities:	
General Government	\$ 3,759,363
Public Safety	1,775,718
Public Works	1,029,821
Education	750,938
Parks and Recreation	193,641
Public Libraries	79,979
Senior Services	<u>39,138</u>
 Total Depreciation Expense-Governmental Activities	 <u><u>\$ 7,628,598</u></u>

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

Business-Type Activities	
Sewer	\$ 2,255,686
Charter School	9,181
School Lunch	<u>56,597</u>
 Total Depreciation Expense-Business-Type Activities	 <u><u>\$ 2,321,464</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2019. At year end, the City's commitments with contractors are as follows:

Project	Commitment
Governmental-Type Activities	
School Bond Fund	\$ 4,607,291
Fire Bond Fund	<u>10,000</u>
 Total	 <u><u>\$ 4,617,291</u></u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

D. Interfund Accounts

Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2019 is as follows:

	Corresponding Fund	Due From	Due To
Major Funds			
General Fund:			
School Unrestricted Fund	\$		\$ 1,459,797
Emergency Management Fund		230	
Community Development Fund		24,651	
Police Evidence			1,631
Economic Development Revolving Loan		5,000	
Special Police Duty		234,531	
Special Fire Duty		2,030	
Senior Services		30	
Public Libraries			2,280
WIOA Job Development Fund		148,585	
Police Federal Seizure			5,678
Police Grants & Donations			829
Internal Service Fund		1,632,903	
Sewer Fund			2,960,723
Total General Fund		2,047,960	4,430,938
School Department Unrestricted:			
General Fund-City		1,459,798	
Internal Service Fund		4,710,050	
Education			87,276
Charter School Fund			12,698
Total School Special Revenue Unrestricted		6,169,848	99,974
Proprietary Funds:			
Sewer Fund	General Fund	4,465,934	
Charter School Fund	School General Fund	12,698	
Total Proprietary Funds		4,478,632	-

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

	Corresponding Fund	Due From	Due To
Nonmajor Funds			
Education	General Fund	\$ 54,406	\$ 1,026,507
Emergency Management Fund	General Fund		
Community Development Block Grant Fund	General Fund		24,651
Police Evidence	General Fund	1,631	
Economic Development Revolving Loan	General Fund		5,000
Public Libraries	General Fund	2,280	
Public Services	General Fund		236,791
Senior Services	General Fund		30
Police Federal Forfeiture-Justice	General Fund	5,678	
Police Grants & Donations	General Fund	829	
Highway Bond Fund	General Fund		1,505,212
WIOA Job Development Fund	General Fund		148,585
Total Nonmajor Funds		<u>64,824</u>	<u>2,946,776</u>
Internal Service Fund			
Self Insurance Fund			1,632,903
Health Insurance Fund			3,650,673
Total Internal Service Funds		<u>-</u>	<u>5,283,576</u>
Total		<u>\$ 12,761,264</u>	<u>\$ 12,761,264</u>

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

A summary of interfund transfers as of June 30, 2019 is as follows:

	Transfers Out	Transfers In
General Fund		
School Unrestricted Fund	\$	\$ 93,896,822
Total General Fund	<u>-</u>	<u>93,896,822</u>
School Unrestricted		
General Fund	94,084,926	
School Education Fund		188,104
Total School Unrestricted	<u>94,084,926</u>	<u>188,104</u>
Grant Total	<u>\$ 94,084,926</u>	<u>\$ 94,084,926</u>

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

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

E. 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			Balance	
					Outstanding 6/30/18	Additions	Retirements	Outstanding 6/30/19	Current Portion
Governmental Activities									
General obligation debt:									
158 Public Improvements-158	6/16/2008	13,075,000	4.00-5.00%	7/1/2028	\$ 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	635,000
160 Public Improvements-160	7/1/2010	3,000,000	2.00-4.30%	7/1/2030	1,950,000		150,000	1,800,000	150,000
162A Public Improvements-162A	3/29/2012	3,430,000	2.00-4.37%	2/1/2032	2,555,000		175,000	2,380,000	170,000
162B Refunding-162B (Issue 154 and 155)	3/29/2012	15,955,000	2.00-5.00%	7/1/2023	8,470,000		1,410,000	7,060,000	1,415,000
163 Public Improvements-163	7/30/2013	10,210,000	3.00-4.75%	8/1/2033	8,320,000		520,000	7,800,000	520,000
164 Advance Refunding (156 & 157) Public Improvements-164	7/15/2015	30,715,000	1.25-5.00%	7/15/2035	23,085,000		4,025,000	19,060,000	2,780,000
169 Public Improvements-169	7/24/2018	15,910,000	2.00-5.00%	8/1/2036		15,910,000		15,910,000	510,000
					<u>52,835,000</u>	<u>15,910,000</u>	<u>6,895,000</u>	<u>61,850,000</u>	<u>6,180,000</u>
Direct borrowings debt:									
159a Advance Refunding (159) School Borrowing	8/10/2016	4,335,000	3.25-5.00%	5/15/2029	4,335,000		315,000	4,020,000	330,000
161 School Borrowing-161	1/15/2011	700,000	2.00-4.30%	4/1/2021	210,000		70,000	140,000	70,000
166 RI Infrastructure Bank-166	4/9/2016	1,755,000	0.40-2.41%	9/1/2035	1,676,000		79,000	1,597,000	80,000
165 School Improvements-RI Infrastructure Bank-165	5/15/2016	4,565,000	2.00-5.00%	5/15/2036	4,230,000		175,000	4,055,000	175,000
167 RI Infrastructure Bank-167	7/15/2016	2,240,000	0.986-2.32%	9/1/2032	2,240,000		134,000	2,106,000	135,000
168 School Improvements-RI Infrastructure Bank-168	7/19/2017	5,000,000	3.00-5.00%	4/1/2038	5,000,000		160,000	4,840,000	165,000
170 School Borrowing-170	4/11/2019	11,335,000	4.00-5.00%	5/15/2040		11,335,000		11,335,000	
					<u>17,691,000</u>	<u>11,335,000</u>	<u>933,000</u>	<u>28,093,000</u>	<u>955,000</u>
Total general obligation bonds					<u>70,526,000</u>	<u>27,245,000</u>	<u>7,828,000</u>	<u>89,943,000</u>	<u>7,135,000</u>
Bond premiums					<u>3,158,948</u>	<u>3,906,379</u>	<u>594,794</u>	<u>6,470,533</u>	<u>399,475</u>
TOTAL BONDS AND RELATED LIABILITIES					<u>73,684,948</u>	<u>31,151,379</u>	<u>8,422,794</u>	<u>96,413,533</u>	<u>7,534,475</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>10,840,000</u>	<u>-</u>	<u>10,840,000</u>	<u>-</u>	<u>-</u>
Capital lease									
Energy Lease Obligation	11/3/2016	3,200,000	0.0173	7/15/2023	2,780,000		440,000	2,340,000	450,000
Total Leases Payable					<u>2,780,000</u>	<u></u>	<u>440,000</u>	<u>2,340,000</u>	<u>450,000</u>
TOTAL BONDS, NOTES AND RELATED LIABILITIES					<u>87,304,948</u>	<u>31,151,379</u>	<u>19,702,794</u>	<u>98,753,533</u>	<u>7,984,475</u>
COMPENSATED ABSENCES					13,787,165	5,276,428	5,227,527	13,836,066	1,383,607
DEFERRED SALARY					109,029		3,201	105,828	10,583
NET PENSION LIABILITY									
Municipal employees' retirement system - City of Cranston					17,223,862		776,295	16,447,567	
Municipal employees' retirement system - Police					10,862,240		429,542	10,432,698	
Employees' retirement system					140,455,819	881,849		141,337,668	
Police and Fire employees' retirement system					236,296,164		159,960	236,136,204	
NET OPEB LIABILITY - SCHOOL DEPARTMENT					9,559,662	3,546,358		13,106,020	
NET OPEB LIABILITY - CITY					41,197,030		6,045,694	35,151,336	
CLAIMS AND JUDGMENTS					50,000		50,000	-	
Total General Long-Term Obligations					<u>\$ 556,845,919</u>	<u>\$ 40,856,014</u>	<u>\$ 32,395,013</u>	<u>\$ 565,306,920</u>	<u>\$ 9,378,665</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Description	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding 6/30/18	Additions	Retirements	Balance Outstanding 6/30/19	Current Portion
Business-Type Activities									
Enterprise funds:									
SEWER									
RI Infrastructure Bank	11/13/2003	2,000,000	3.00%	9/1/2024	\$ 700,000	\$	\$ 100,000	\$ 600,000	\$ 100,000
RI Infrastructure Bank	12/15/2005	900,000	3.00%	9/1/2025	480,000		60,000	420,000	60,000
RI Infrastructure Bank	12/7/2007	3,000,000	1.43%	9/1/2028	1,650,000		150,000	1,500,000	150,000
RI Infrastructure Bank	6/24/2010	1,000,000	0.52-3.19%	9/1/2030	715,000		45,000	670,000	46,000
RI Infrastructure Bank	2/20/2014	18,000,000	0.35-3.14%	9/1/2034	15,808,000		745,000	15,063,000	735,967
					19,353,000		1,100,000	18,253,000	1,091,967
NET OPEB LIABILITY					131,179	48,373		179,552	-
NET PENSION LIABILITY					1,824,226	146,368	24,363	1,946,231	-
COMPENSATED ABSENCES					38,943		2,628	36,315	36,315
Total Enterprise Funds					\$ 21,347,348	\$ 194,741	\$ 1,126,991	\$ 20,415,098	\$ 1,128,282

Capital assets obtained from capital leases totaled \$960,466.

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				Business-Type Activities	
	General Obligation Debt		Bonds from Direct Borrowings		Clean Water Bonds from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 6,180,000	\$ 2,555,529	\$ 955,000	\$ 1,223,145	\$ 1,091,967	\$ 509,691
2021	5,410,000	2,313,328	1,323,000	1,140,531	1,107,567	489,157
2022	5,510,000	2,084,429	1,300,000	1,090,861	1,125,100	466,053
2023	5,615,000	1,851,660	1,349,000	1,040,123	1,146,567	440,613
2024	5,705,000	1,619,648	1,403,000	983,413	1,167,967	413,026
2025-2029	18,000,000	5,352,770	7,993,000	3,940,334	6,095,299	1,589,209
2030-2034	10,200,000	2,347,148	6,926,000	2,311,803	5,358,733	685,524
2035-2039	5,230,000	521,450	5,964,000	836,756	1,159,800	20,239
2040-2044			880,000	42,000		
	\$ 61,850,000	\$ 18,645,962	\$ 28,093,000	\$ 12,608,966	\$ 18,253,000	\$ 4,613,512

Compensated Absences

Governmental Activities - The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating \$13,836,066 as of June 30, 2019. This amount is recorded in the government-wide statements and paid out of the General Fund.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Lease Commitment

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

<u>Year Ended June 30</u>	
2020	\$ 1,107,359
2021	798,160
2022	747,785
2023	416,829
2024	<u>210,963</u>
	<u>\$ 3,281,096</u>

Lease expenditures approximated \$900,000 for fiscal year ended June 30, 2019.

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 \$239.2 million based on taxable property as of December 31, 2017, of approximately \$8.0 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, 2019, the City had \$89,943,000 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, 2019**

Authorized/Unissued Bonds

The amount of authorized, unissued bonds is as follows:

General	\$ 44,045,023
Schools	<u>1,611,228</u>
Total	<u>\$ 45,656,251</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, 2019, there were 96 teachers eligible for the benefit, with an outstanding balance of \$105,828.

F. Fund Balance

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

At June 30, 2019, 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>135,219</u>
Total Nonspendable Fund Balance	<u><u>\$ 342,219</u></u>

CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

At June 30, 2019, Restricted Fund Balance consisted of the following:

Restricted:

To Fund Future Library Expenses	\$ 88,525
To Fund Education Expenses	2,181,882
To Fund Recreation Bond Expenditures	595,629
To Fund School Bond	8,048,051
To Fund Public Building Bond	42,073
To Fund Future Fire Expenses	171,104
To Fund Library Expenses	52,595
To Fund Police and Fire Capital Projects	160,647
To Fund Storm Drain Projects	173,631
To Fund Neighborhood Infrastructure Capital Projects	290,628
To Fund Open Space	123,366
To Fund Future Community Development Expenditures	1,447,310
To Fund Future Public Service Expenditures	806,123
To Fund Future Senior Services Expenditures	134,901
To Fund Future Ice Rink	93,564
To Fund Future Parks and Recreation Expenditures	1,754
To Fund Future Health Insurance Costs	1,155,713
To Fund Future Grant Expenditures	9,691
To Fund Future Capital Facilities Impact Expenditures	591,667
To Fund Future Cemetery Trust Expenditures	3,497
To Fund Future Historical Record Expenditures	<u>700,274</u>

Total Restricted Fund Balance \$ 16,872,625

At June 30, 2019, Committed Fund Balance consisted of the following:

Committed:

Capital and One-Time Expenditures	\$ 39,259
Self-Insurance Healthcare Reserve Fund	4,784
School Department Grants	29,490
Encumbrances for Education Supplies	<u>806,404</u>

Total Committed Fund Balance \$ 879,937

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 \$37 million for fiscal year 2019 under this plan.

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.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019 are as follows:

	<u>2019</u>	<u>2018</u>
July 1	\$ 697,667	\$ 926,280
Add incurred claims	36,429,454	34,437,678
Less payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	<u>36,356,673</u>	<u>34,666,291</u>
Year Ended June 30	<u>\$ 770,448</u>	<u>\$ 697,667</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, 2019 has been recorded on the statement of net position under the claims payable line, within the government-wide statements (\$770,448).

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, 2019, the balance of unearned revenue related to this was approximately \$6,787,000 which is comprised of a short-term portion of \$1,920,000 and a long-term portion of approximately \$4,867,000.

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 2019, the City paid service fees totaling approximately \$17 million. The City also recognized 4% of the lease payment (\$1,920,000) as revenue for the year ended June 30, 2019.

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, 2019, 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.

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, 2019, the plans' membership consists of:

Retirees, disability retirees and beneficiaries receiving benefits	427
Active plan members vested	19
	<hr/>
Totals	<u>446</u>

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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, 2019, the City contributed \$21,569,803 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, 2019 (the date of the most recent actuarial valuation) was as follows:

Total Pension Liability	\$ 306,705,941
Plan fiduciary net position	70,569,737
Net Pension Liability (NPL)	<u>\$ 236,136,204</u>
Plan fiduciary net position as a percentage of the total pension liability	23.01%
Covered payroll (active plan members)	\$ 2,043,982
NPL as a percentage of covered payroll	<u>11552.75%</u>

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, 2019, total pension liability was determined by rolling forward the June 30, 2018 valuation results, using the following actuarial assumptions, applied to all periods included in the measurement:

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Census data was collected as of July 1, 2018. Liabilities measured as of the census date were projected to June 30, 2019 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, 2019 are summarized in the following table (note that the rates shown below include the inflation component):

Asset Class	Long-Term Expected Rate of Return	Target Allocation
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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.64%. 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
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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.

Changes in Net Pension Liability

	Police and Fire Pension Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2018	\$ 301,728,442	\$ 69,844,258	\$ 231,884,184
Changes for the year:			
Service cost	434,021		434,021
Interest on the total pension liability	22,902,534		22,902,534
Differences between expected and actual experience	6,629,821		6,629,821
Changes in assumptions			-
Employer contributions		21,569,803	(21,569,803)
Employee contributions		201,448	(201,448)
Net investment income		4,016,741	(4,016,741)
Benefit payments, including employee refunds	(24,988,877)	(24,988,877)	-
Administrative expense		(73,636)	73,636
Other changes			-
Net changes	<u>4,977,499</u>	<u>725,479</u>	<u>4,252,020</u>
Balances as of June 30, 2019	<u>\$ 306,705,941</u>	<u>\$ 70,569,737</u>	<u>\$ 236,136,204</u>

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:

	Current Discount		
	1% Decrease	Rate	1% Increase
Net Pension Liability	\$ 266,968,794	\$ 236,136,204	\$ 210,007,816

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

For the year ended June 30, 2019, the employer recognized pension expense of \$26,116,570. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>\$</u>	<u>\$</u>
Net differences between expected and actual earnings	3,630,925	
Total	<u>3,630,925</u>	<u>-</u>

Year Ending June, 30	Net Deferred Outflows (Inflows) of Resources
	<u>\$</u>
2020	1,668,168
2021	1,443,821
2022	244,251
2023	<u>274,685</u>
Total	<u>\$ 3,630,925</u>

Municipal Employees’ Retirement System of the State of Rhode Island (MERS) - General, Police and Fire

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.

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.

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.

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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.

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.

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 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.

Special Provisions Applying to Specific Units

Prior to July 1, 2012, some units had specific provisions that apply only to that unit. Per section 45-21.2-5 benefits for members eligible to retire prior to June 30, 2012 are preserved for the calculation of the retirement benefits. For service accrued after July 1, 2012, retirement benefits will be calculated in accordance with section 45-21.2-2 and adjustments to benefits will be provided as set forth in 45-21-52. The following summarizes those provisions:

Cranston fire department hired after July 1, 1995 or with less than 5 years of service at that date - Rhode Island General Law § 45-21.2-5 (7) and § 45-21.2-14 9 (e).

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

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Cranston police department hired after July 1, 1995 or with less than 5 years of service at that date - Rhode Island General Law §§ 45-21.2-5 (8) and § 45-21.2-14 (f).

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three percent (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. The member contribution rate is 10.00%. Compensation for benefit purposes includes base, longevity, and holiday pay.

Employees Covered by Benefit Terms

At the June 30, 2017 valuation date, the following employees were covered by the benefit terms:

	<u>Municipal</u>	<u>Police</u>	<u>Fire</u>
Inactive, Nonretired Members	333	10	5
Retirees and Beneficiaries	596	22	17
Active Members	<u>658</u>	<u>144</u>	<u>168</u>
Total	<u><u>1,587</u></u>	<u><u>176</u></u>	<u><u>190</u></u>

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, 2019 which was 9.66% of annual covered payroll.

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Net Pension Liability (Asset)

The total pension liability was determined by actuarial valuations performed as of June 30, 2017 and rolled forward to June 30, 2018, 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:	
General & Police Employees	20 Years
Fire Employees	24 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, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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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, 2018 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
Growth		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Equity		
Private Energy	11.30%	9.08%
Non-Core RE	2.20%	5.03%
OPP Private Credit	1.50%	9.08%
Sub-total	15.00%	
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
Stability		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
	100%	

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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 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)

Municipal Employee's Retirement System - General Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2017	\$ 152,978,001	\$ 135,607,447	\$ 17,370,554
Changes for the year:			
Service cost	2,449,869		2,449,869
Interest on the total pension liability	10,473,985		10,473,985
Differences between expected and actual experience	(494,724)		(494,724)
Changes in assumptions			-
Employer contributions		2,161,301	(2,161,301)
Employee contributions		812,598	(812,598)
Net investment income		10,452,584	(10,452,584)
Benefit payments, including employee refunds	(9,149,144)	(9,149,144)	-
Administrative expense		(139,150)	139,150
Other changes		(57,545)	57,545
Net changes	<u>3,279,986</u>	<u>4,080,644</u>	<u>(800,658)</u>
Balances as of June 30, 2018	<u>\$ 156,257,987</u>	<u>\$ 139,688,091</u>	<u>\$ 16,569,896</u>

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Municipal Employee's Retirement System - Police

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2017	\$ 49,431,890	\$ 38,569,650	\$ 10,862,240
Changes for the year:			
Service cost	2,148,101		2,148,101
Interest on the total pension liability	3,498,259		3,498,259
Differences between expected and actual experience	(648,949)		(648,949)
Changes in assumptions			-
Employer contributions		1,199,854	(1,199,854)
Employee contributions		1,057,127	(1,057,127)
Net investment income		3,212,740	(3,212,740)
Benefit payments, including employee refunds	(1,061,625)	(1,061,625)	-
Administrative expense		(42,770)	42,770
Other changes		2	(2)
Net changes	<u>3,935,786</u>	<u>4,365,328</u>	<u>(429,542)</u>
Balances as of June 30, 2018	<u>\$ 53,367,676</u>	<u>\$ 42,934,978</u>	<u>\$ 10,432,698</u>

Municipal Employee's Retirement System - Fire

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2017	\$ 62,747,004	\$ 64,140,159	\$ (1,393,155)
Changes for the year:			
Service cost	2,942,326		2,942,326
Interest on the total pension liability	4,470,059		4,470,059
Differences between expected and actual experience	181,502		181,502
Changes in assumptions			-
Employer contributions		792,107	(792,107)
Employee contributions		1,406,154	(1,406,154)
Net investment income		5,312,666	(5,312,666)
Benefit payments, including employee refunds	(720,365)	(720,365)	-
Administrative expense		(70,725)	70,725
Other changes		138,343	(138,343)
Net changes	<u>6,873,522</u>	<u>6,858,180</u>	<u>15,342</u>
Balances as of June 30, 2018	<u>\$ 69,620,526</u>	<u>\$ 70,998,339</u>	<u>\$ (1,377,813)</u>

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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%)
General Employee \$	34,781,029	\$ 16,569,896	\$ 3,007,728
Police	16,415,108	10,432,698	5,979,494
Fire	6,348,578	(1,377,813)	(7,128,435)

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 \$7,676,556. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Municipal	Police	Fire	Total
Deferred outflow of resources:				
Difference in experience	\$ 229,976	\$ 2,825,333	\$ 161,746	\$ 3,217,055
Difference in assumptions	3,679,919	2,109,585	2,403,834	8,193,338
Excess (deficit) investment returns	1,259,854	15,569	17,025	1,292,448
Contributions subsequent to the measurement date	2,365,565	1,439,364	819,835	4,624,764
Total deferred outflow of resources	<u>\$ 7,535,314</u>	<u>\$ 6,389,851</u>	<u>\$ 3,402,440</u>	<u>\$ 17,327,605</u>
Deferred inflow of resources:				
Difference in experience	\$ (742,188)	\$ (632,253)	\$ (2,522,270)	\$ (3,896,711)
Difference in assumptions		(352,207)	(359,195)	(711,402)
Total deferred inflow of resources	<u>\$ (742,188)</u>	<u>\$ (984,460)</u>	<u>\$ (2,881,465)</u>	<u>\$ (4,608,113)</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	Municipal	Police	Fire	Total
2020	\$ 3,582,827	\$ 848,000	\$ 593,092	\$ 5,023,919
2021	2,452,551	530,106	66,962	3,049,619
2022	(1,371,200)	30,526	(759,242)	(2,099,916)
2023	(236,617)	338,349	(243,743)	(142,011)
2024		432,853	(89,989)	342,864
Thereafter		1,786,193	134,060	1,920,253
Total	<u>\$ 4,427,561</u>	<u>\$ 3,966,027</u>	<u>\$ (298,860)</u>	<u>\$ 8,094,728</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.

The City of Cranston recognized pension expense of \$6,254,968 for the fiscal year ended June 30, 2019.

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.

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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.

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, 2019 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 \$143,161,570 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:	\$ 143,161,570
State's proportionate share of the net pension liability associated with the Cranston District:	<u>106,788,248</u>
Total net pension liability	<u><u>\$ 249,949,818</u></u>

The net pension liability was measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018. 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, 2018 the Cranston School District’s proportion was 4.50583532%.

CITY OF CRANSTON, RHODE ISLAND
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For the year ended June 30, 2019, the Cranston School District recognized gross pension expense of \$23,249,829 and revenue of \$10,505,395 for support provided by the State. At June 30, 2019 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:	\$ 11,610,646
<hr/>	
Difference between expected and actual experience	\$ 2,093,958
Changes of assumptions	10,399,039
Net difference between projected and actual earnings on pension plan investments:	1,710,006
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,982,349
<hr/>	
	\$ 16,185,352
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Deferred inflows of resources	
Difference between expected and actual experience:	\$ 2,730,539
Changes of assumptions	1,684,712
Changes in proportion and differences between employer contributions and proportionate share of contributions:	2,254,551
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Total	\$ 6,669,802
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\$11,610,646 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2019 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	
<hr/>	
2020	\$ 3,856,477
2021	2,109,134
2022	(383,524)
2023	1,470,817
2024	1,754,941
Thereafter	707,705
<hr/>	
Total	\$ 9,515,550
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**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 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, 2018 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
Growth		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Equity		
Private Energy	11.30%	9.08%
Non-Core RE	2.20%	5.03%
OPP Private Credit	1.50%	9.08%
Sub-total	15.00%	
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
Stability		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
	100%	

**CITY OF CRANSTON, RHODE ISLAND
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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%)
\$ 180,121,775	\$ 143,161,570	\$115,632,755

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 \$12,744,434 for the fiscal year ended June 30, 2019.

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

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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 \$122,309, \$97,874 and \$102,845 for the fiscal years ended June 30, 2019, 2018 and 2017, 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, 2019 the Cranston School District reported an asset of \$14,668,001 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, 2018, 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, 2017 rolled forward to June 30, 2018. The Cranston School District proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018 the Cranston School District proportion was 16.43854871%.

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For the year ended June 30, 2019, the Cranston School District recognized pension expense of \$(356,720). At June 30, 2019, 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	\$ 123,899
Difference between expected and actual experience	\$ 2,499,162
Changes in assumptions	1,932,642
Changes in proportion and differences between employer contributions and proportionate share of contributions	274,744
Net difference between projected and actual earnings on pension plan investments	332,882
Total	<u>\$ 5,039,430</u>
Deferred inflows of resources:	
Difference between expected and actual experience	\$ (2,461,402)
Net difference between projected and actual earnings on pension plan investments	
Changes in proportion and differences between employer contributions and proportionate share of contributions	(548,483)
Total	<u>\$ (3,009,885)</u>

\$122,291 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2019 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>	
2020	\$ 1,044,258
2021	556,760
2022	(160,422)
2023	236,840
2024	336,139
Thereafter	15,970
Total	<u>\$ 2,029,545</u>

**CITY OF CRANSTON, RHODE ISLAND
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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 13.00%
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 2.5% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2017 valuation and the calculation of the total pension liability at June 30, 2018 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
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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 34 sources. The June 30, 2018 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
Growth		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Equity		
Private Energy	11.30%	9.08%
Non-Core RE	2.20%	5.03%
OPP Private Credit	1.50%	9.08%
Sub-total	15.00%	
Income		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
Stability		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
	100%	

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
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Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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.

1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
\$ (10,178,839)	\$ (14,668,001)	\$ (18,010,240)

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, 2019, 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
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Contributions

Contributions for the past three years were as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
<u>City</u>			
6/30/2017	\$ 301,375	\$ 301,375	100%
6/30/2018	333,152	333,152	100%
6/30/2019	346,921	346,921	100%
<u>School Department</u>			
6/30/2017	136,018	136,018	100%
6/30/2018	155,558	155,558	100%
6/30/2019	181,422	181,422	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, 2019, the City was required to contribute \$1.35 per hour for each hour worked by the employees to the Plan.

Contributions

Contributions for the past three years were as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
6/30/2017	\$ 327,411	\$ 327,411	100%
6/30/2018	342,232	342,232	100%
6/30/2019	364,025	364,025	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, 2019, 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 June 30, 2019 (date of the last actuarial valuation) membership data was as follows:

Active employees	358
Retirees	<u>320</u>
Total Plan Members	<u><u>678</u></u>

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 retires 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, 2019**

Investments

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on plan investments, net of investment expense was 5.92%. 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, 2019:

<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-U.S. 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, 2019 are summarized in the

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
U.S. REIT	7.5%
International Stocks	7.0%
U.S. Cash	3.0%
U.S. Bonds	4.0%
U.S. Large Cap	7.5%
U.S. Mid Cap	8.0%
U.S. 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, 2019**

Net OPEB Liability

The components of the net OPEB liability of the City of Cranston at June 30, 2019 were as follows:

Total OPEB Liability	\$ 43,774,273
Plan fiduciary net position	<u>8,622,937</u>
City's Net OPEB Liability	<u>\$ 35,151,336</u>
Plan fiduciary net position as percentage of total OPEB liability	19.70%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	7.1% of 2019, net of investment expense
Healthcare cost trend rates	5% for 2019 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, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 - June 30, 2019.

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	\$ 38,259,285	\$ 35,151,336	\$ 32,369,389

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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	\$ 32,190,333	\$ 35,151,336	\$ 38,511,937

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2018	\$ 48,998,289	\$ 7,801,259	\$ 41,197,030
Changes for the year:			
Service cost	954,238		954,238
Interest on total OPEB liability	3,776,605		3,776,605
Experience (gain) and loss	(5,576,847)		(5,576,847)
Contributions		4,812,502	(4,812,502)
Net investment income (loss)		410,584	(410,584)
Benefit payments	(4,378,012)	(4,378,012)	-
Administrative expenses		(23,396)	23,396
Net changes	<u>(5,224,016)</u>	<u>821,678</u>	<u>(6,045,694)</u>
Balances as of June 30, 2019	\$ <u>43,774,273</u>	\$ <u>8,622,937</u>	\$ <u>35,151,336</u>

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$2,476,675. At June 30, 2019, the City 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
Differences between expected and actual experience	\$	\$ (5,496,184)
Net difference between projected and actual earning on OPEB plan investments	<u>413,045</u>	
Total	<u>\$ 413,045</u>	<u>\$ (5,496,184)</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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	
2020	\$ (1,259,554)
2021	(1,259,552)
2022	(986,727)
2023	(944,474)
2024	<u>(632,832)</u>
	<u>\$ (5,083,139)</u>

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, 2019, 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, 2017 (date of the last actuarial valuation) membership data was as follows:

Active employees	1,076
Inactive employees	
Retirees	<u>106</u>
Total Plan Members	<u><u>1,182</u></u>

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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, 2019 were \$662,755.

Investments

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on plan investments, net of investment expense was 7.14%. 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, 2019:

<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, 2019**

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, 2019 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%

Net OPEB Liability

The following table shows the School Department’s annual OPEB liability as of June 30, 2019.

Total OPEB Liability	\$ 13,932,292
Plan fiduciary net position	<u>646,720</u>
School Department's Net OPEB Liability	<u><u>\$ 13,285,572</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	5%

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	7.14% of 2019, net of investment expense
Healthcare cost trend rates	5% for 2019

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, 2019 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	\$ 14,348,346	\$ 13,285,572	\$ 12,256,272

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	\$ 11,588,531	\$ 13,285,572	\$ 15,299,742

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2018	\$ 10,156,545	\$ 139,369	\$ 10,295,914	\$ 605,073	\$ 9,690,841
Changes for the year:					
Service cost	562,969	7,725	570,694		570,694
Interest on total OPEB liability	395,035	5,421	400,456		400,456
Experience (gain) and loss	3,282,934	45,049	3,327,983		3,327,983
Employer contributions			-	449,828	(449,828)
Net investment income (loss)			-	43,177	(43,177)
Benefit payments	(653,784)	(8,971)	(662,755)	(449,828)	(212,927)
Administrative expenses			-	(1,530)	1,530
Net changes	<u>3,587,154</u>	<u>49,224</u>	<u>3,636,378</u>	<u>41,647</u>	<u>3,594,731</u>
Balances as of June 30, 2019	\$ <u>13,743,699</u>	\$ <u>188,593</u>	\$ <u>13,932,292</u>	\$ <u>646,720</u>	\$ <u>13,285,572</u>

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$48,891. At June 30, 2018, the City 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
Differences between expected and actual experience	\$ 3,081,179	\$
Net difference between projected and actual earning on OPEB plan investments	_____	(51,184)
Total	<u>\$ 3,081,179</u>	<u>\$ (51,184)</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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>	
2020	\$ 380,643
2021	380,645
2022	390,360
2023	395,556
2024	399,597
Thereafter	<u>1,083,194</u>
	<u>\$ 3,029,995</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, 2019**

Combining Schedule of Fiduciary Net Position

	<u>Pension Trust Fund</u>	<u>City OPEB Trust Fund</u>	<u>School OPEB Trust Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 1,389,456	\$ 1,321,349	\$	\$ 2,710,805
Investments:				
Guaranteed Investment Contracts	3,992,508			3,992,508
Real Estate Investment Trust			51,738	51,738
Common Stock	13,398,152			13,398,152
Pooled Equity Index Funds			342,761	342,761
Pooled Fixed Income Index Funds			252,221	252,221
International Equity Mutual Funds		1,740,209		1,740,209
U.S. Equity Mutual Funds	28,629,476	2,822,111		31,451,587
Fixed Income Mutual Funds	<u>23,280,445</u>	<u>2,027,537</u>		<u>25,307,982</u>
Total investments	69,300,581	6,589,857	646,720	76,537,158
Contribution receivable		<u>758,897</u>		<u>758,897</u>
Total assets	<u>70,690,037</u>	<u>8,670,103</u>	<u>646,720</u>	<u>80,006,860</u>
Liabilities:				
Accounts payable	300	47,166		47,466
Due to primary government	<u>120,000</u>			<u>120,000</u>
Total liabilities	<u>120,300</u>	<u>47,166</u>	<u>-</u>	<u>167,466</u>
Net Position Restricted for Pensions and OPEB Benefits and Other Purposes	<u>\$ 70,569,737</u>	<u>\$ 8,622,937</u>	<u>\$ 646,720</u>	<u>\$ 79,839,394</u>

**CITY OF CRANSTON, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Combining Schedule of Changes in Fiduciary Net Position

	<u>Pension Trust Fund</u>	<u>City OPEB Trust Fund</u>	<u>School OPEB Trust Fund</u>	<u>Total</u>
Additions:				
Contributions:				
Employer contributions	\$ 21,569,803	\$ 4,426,721	\$	\$ 25,996,524
Plan member contributions	201,448	385,781	477,896	1,065,125
Other	57,856			57,856
Total contributions	<u>21,829,107</u>	<u>4,812,502</u>	<u>477,896</u>	<u>27,119,505</u>
Investment Income:				
Interest and dividends	1,432,910	159,437	43,177	1,635,524
Net appreciation in the fair value of investments	<u>2,668,893</u>	<u>251,147</u>		<u>2,920,040</u>
Total investment income	<u>4,101,803</u>	<u>410,584</u>	<u>43,177</u>	<u>4,555,564</u>
Total additions	<u>25,930,910</u>	<u>5,223,086</u>	<u>521,073</u>	<u>31,675,069</u>
Deductions:				
Benefits	24,988,876	4,378,012	477,896	29,844,784
Administrative expenses	<u>216,555</u>	<u>23,396</u>	<u>1,530</u>	<u>241,481</u>
Total deductions	<u>25,205,431</u>	<u>4,401,408</u>	<u>479,426</u>	<u>30,086,265</u>
Change in Net Position	725,479	821,678	41,647	1,588,804
Net Position - July 1, 2018	<u>69,844,258</u>	<u>7,801,259</u>	<u>605,073</u>	<u>78,250,590</u>
Net Position - June 30, 2019	<u>\$ 70,569,737</u>	<u>\$ 8,622,937</u>	<u>\$ 646,720</u>	<u>\$ 79,839,394</u>

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, 2019 were \$90,759. Total employee contributions made to the plan during June 30, 2019 were \$90,759.

**CITY OF CRANSTON, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

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, 2019 was \$33,008. Total employee contributions made to the plan during the fiscal year ending June 30, 2019 was \$33,008.

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 \$8,057,883.

E. 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, 2019, the City of Cranston abated property taxes totaling \$242,885 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	11%	\$ 31,849
Renovation of building for medical device company	5%	6,520
Renovation of Theater	8%	8,404
Warehouse Facility	5%	2,431
Masonry block and steel for yoga studio and wellness center	8%	2,748
Additional manufacturing facility for medical device company	13%	17,732
Renovation of restaurant	6%	1,140
Wholesale distribution facility for restaurant supplies company	46%	60,972
Global Supply Chain and Warehouse (Purchase of Building)	31%	59,103
Increase in employment of services business	69%	51,986

F. Subsequent Events

In July 2019, the City of Cranston issued \$13,410,000 in general obligation bonds. The proceeds will be used by the City to fund the following: repairs and construction of a fire station; Citywide drainage improvements; roads and sidewalk improvements; and playground and athletic fields repairs. The bonds will be payable over the next 15 years at interest rates between 4.0-5.0%.



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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
Revenues:				
General property taxes	\$ 187,310,663	\$ 187,310,663	\$ 188,054,377	\$ 743,714
Intergovernmental	20,907,218	20,907,218	19,489,696	(1,417,522)
Charges for services:				
Licenses and permits	3,251,287	3,251,287	3,535,771	284,484
Fines and forfeitures	1,705,000	1,705,000	1,776,431	71,431
Departmental	9,466,203	9,466,203	9,301,463	(164,740)
Investment income	400,000	400,000	756,522	356,522
Education	63,990,522	63,682,669	63,682,669	-
Other	2,201,650	2,201,650	1,299,174	(902,476)
Total revenues	<u>289,232,543</u>	<u>288,924,690</u>	<u>287,896,103</u>	<u>(1,028,587)</u>
Expenditures:				
Current:				
Executive	600,788	600,788	562,873	37,915
City Council	288,543	288,543	260,094	28,449
Law	501,125	501,125	1,187,790	(686,665)
Personnel	210,947	210,947	168,498	42,449
City Clerk	1,516,542	1,516,542	1,581,810	(65,268)
Probate Court	19,339	19,339	18,839	500
Municipal Court	319,023	319,023	379,183	(60,160)
Board of Canvassers	411,543	411,543	405,700	5,843
City Planning	989,946	989,946	386,736	603,210
Economic Development	182,168	182,168	177,968	4,200
Inspections	1,022,641	1,022,641	963,275	59,366
Finance	4,748,349	4,748,349	4,705,787	42,562
Fire	30,951,363	30,951,363	33,368,381	(2,417,018)
Rescue Fund	2,200,000	2,200,000	1,284,599	915,401
Police	24,947,126	24,947,126	24,659,286	287,840
Long-term debt	25,801,218	25,801,218	25,801,218	-
Public works	16,093,916	16,093,916	15,673,496	420,420
Parks and recreation	2,702,508	2,702,508	2,893,308	(190,800)
Public libraries	3,542,614	3,542,614	3,542,614	-
Senior services	3,195,603	3,195,603	3,213,188	(17,585)
Municipal Debt	10,899,438	10,899,438	10,752,326	147,112
Education	157,887,344	157,579,491	157,579,491	-
Community Grants	169,500	169,500	194,125	(24,625)
Boards and Commissions	25,189	25,189	20,469	4,720
Harbor Master	5,770	5,770	5,623	147
Total Expenditures	<u>289,232,543</u>	<u>288,924,690</u>	<u>289,786,677</u>	<u>(861,987)</u>
Excess (Deficiency) of Budgeted Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(1,890,574)</u>	<u>(1,890,574)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(1,890,574)	\$ <u>(1,890,574)</u>
Fund Balance - July 1, 2018			<u>20,139,664</u>	
Fund Balance - June 30, 2019			<u>\$ 18,249,090</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
Revenues:				
State aid	\$ 61,345,522	\$ 61,037,669	\$ 61,037,669	\$ -
Federal through State	1,350,000	1,350,000	1,416,687	66,687
Tuition	820,000	820,000	1,108,239	288,239
Miscellaneous	475,000	475,000	305,422	(169,578)
Total revenues	<u>63,990,522</u>	<u>63,682,669</u>	<u>63,868,017</u>	<u>185,348</u>
Expenditures:				
Salaries	97,642,865	97,062,160	98,290,756	(1,228,596)
Employee benefits	38,323,436	37,572,578	36,124,420	1,448,158
Purchased services	17,371,400	16,907,911	17,247,176	(339,265)
Supplies and materials	4,194,832	4,151,385	4,166,739	(15,354)
Capital outlay	1,887,848	1,795,702	1,458,064	337,638
Other	(902,392)	89,755	89,387	368
Total expenditures	<u>158,517,989</u>	<u>157,579,491</u>	<u>157,376,542</u>	<u>202,949</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(94,527,467)</u>	<u>(93,896,822)</u>	<u>(93,508,525)</u>	<u>388,297</u>
Other Financing Sources:				
Transfers in City of Cranston	94,527,467	93,896,822	93,896,822	-
Transfers from other funds			188,104	188,104
Total other financing sources	<u>94,527,467</u>	<u>93,896,822</u>	<u>94,084,926</u>	<u>188,104</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	576,401	<u>\$ 576,401</u>
Fund Balance - July 1, 2018			<u>4,558,180</u>	
Fund Balance - June 30, 2019			<u>\$ 5,134,581</u>	

CITY OF CRANSTON, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019	\$ 287,896,103	\$ 289,786,677	\$ 18,249,090	\$ 63,868,017	\$ 157,376,542	\$ 5,134,581
Revenues/Expenditures accounted for on the budgetary basis associated with Education funds	(63,682,669)	(157,579,491)	-			-
Encumbrances outstanding at June 30, 2019 charged to budgetary expenditures			-		(210,698)	210,698
Encumbrances outstanding at June 30, 2018 liquidated during the year June 30, 2019			-		691,814	(691,814)
Expenditures in the school department capital reserve fund - not budgeted in general fund			-	34,221	1,139,653	(1,105,432)
Fund balance restricted for capital reserve and other purposes and removed from budgetary fund balance.			-			731,185
Opening balances for funds that do not meet the GASB 54 definition for a special revenue fund Deficit reduction payment			819,900			-
Current year activity for funds that do not meet the GASB 54 definition for a special revenue fund	971,309	1,100,395	(129,086)			-
State Teachers' Retirement on-behalf payment			-	8,057,883	8,057,883	-
BALANCE, GAAP BASIS, JUNE 30, 2019	\$ 225,184,743	\$ 133,307,581	\$ 18,939,904	\$ 71,960,121	\$ 167,055,194	\$ 4,279,218

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 SIX FISCAL YEARS*

(1 of 6)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability						
Service cost	\$ 434,021	\$ 517,492	\$ 561,127	\$ 550,317	\$ 696,010	\$ 802,841
Interest on the Total Pension Liability	22,902,534	23,006,008	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	6,629,821	(98,273)	(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>(24,988,877)</u>	<u>(24,326,796)</u>	<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	4,977,499	(901,569)	(7,218,036)	(3,879,366)	(11,209,857)	(100,303)
Total pension liability - beginning	<u>301,728,442</u>	<u>302,630,011</u>	<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>\$ 306,705,941</u>	<u>\$ 301,728,442</u>	<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	\$ 21,569,803	\$ 22,568,319	\$ 21,403,849	\$ 21,316,456	\$ 21,994,344	\$ 21,994,344
Contributions - employee	201,448	240,058	279,548	257,734	336,937	368,575
Net investment income (loss)	4,016,741	5,322,330	5,803,466	(2,072,781)	2,983,286	9,690,430
Benefit payments, including refunds of employee contributions	(24,988,877)	(24,326,796)	(23,804,824)	(24,053,360)	(24,067,694)	(23,747,994)
Pension Plan Administrative Expense	(73,636)	(293,500)	(65,569)	(598,630)	(451,177)	(629,880)
Other			1		429,963	381,765
Net change in plan fiduciary net position	<u>725,479</u>	<u>3,510,411</u>	<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>69,844,258</u>	<u>66,333,847</u>	<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>70,569,737</u>	<u>69,844,258</u>	<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>\$ 236,136,204</u>	<u>\$ 231,884,184</u>	<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	23.01%	23.15%	21.92%	20.24%	21.63%	20.51%
E. Covered payroll	\$ 2,043,982	\$ 2,403,064	\$ 2,697,374	\$ 2,663,974	\$ 2,940,734	\$ 2,905,865
F. Net pension liability as a percentage of covered payroll	11552.75%	9649.52%	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 6)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
Service cost	\$ 2,449,869	\$ 2,350,820	\$ 2,362,034	\$ 2,346,927	\$ 2,376,369
Interest on the Total Pension Liability	10,473,985	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	(494,724)	468,058	(1,706,718)		
Changes of assumptions		7,489,555		(2,865,321)	233,636
Benefit payments, including refunds of employee contributions	(9,149,144)	(9,287,558)	(9,048,633)	(8,291,699)	(8,530,234)
Net change in total pension liability	<u>3,279,986</u>	<u>11,380,556</u>	<u>1,837,901</u>	<u>3,749,251</u>	<u>3,767,231</u>
Total pension liability - beginning	<u>152,978,001</u>	<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>\$ 156,257,987</u>	<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	\$ 2,161,301	\$ 2,342,837	\$ 2,403,173	\$ 2,479,865	\$ 2,276,531
Contributions - employee	812,598	836,339	847,508	488,592	478,002
Net investment income	10,452,584	14,401,043	30,596	3,119,891	18,017,830
Benefit payments, including refunds of employee contributions	(9,149,144)	(9,287,558)	(9,048,633)	(8,291,699)	(8,530,234)
Pension Plan Administrative Expense	(139,150)	(136,055)	(193,515)	(124,435)	(112,827)
Other	(57,545)	254,209	28,596	176,372	7,388
Net change in plan fiduciary net position	<u>4,080,644</u>	<u>8,410,815</u>	<u>(5,932,275)</u>	<u>(2,151,414)</u>	<u>12,136,690</u>
Plan fiduciary net position - beginning	<u>135,607,447</u>	<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>139,688,091</u>	<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>\$ 16,569,896</u>	<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	89.40%	88.65%	89.83%	95.26%	99.46%
E. Covered payroll	\$ 24,696,262	\$ 24,260,270	\$ 24,225,987	\$ 24,170,205	\$ 23,528,405
F. Net pension liability as a percentage of covered payroll	67.09%	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 FIVE FISCAL YEARS*

(3 of 6)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
Service Cost	\$ 2,148,101	\$ 2,014,684	\$ 1,964,581	\$ 1,375,751	\$ 1,316,743
Interest on the Total Pension Liability	3,498,259	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	(648,949)	3,152,114	(61,897)		
Changes of assumptions		2,582,739		386,791	(648,637)
Benefit payments, including refunds of employee contributions	<u>(1,061,625)</u>	<u>(941,558)</u>	<u>(1,021,160)</u>	<u>(598,672)</u>	<u>(594,343)</u>
Net change in total pension liability	3,935,786	9,819,175	3,616,610	6,008,692	2,185,962
Total pension liability - beginning	<u>49,431,890</u>	<u>39,612,715</u>	<u>35,996,105</u>	<u>29,987,413</u>	<u>27,801,451</u>
Total pension liability - ending (a)	<u>\$ 53,367,676</u>	<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	\$ 1,199,854	\$ 1,040,242	\$ 1,109,071	\$ 857,531	\$ 687,959
Contributions - employee	1,057,127	1,099,252	1,087,172	641,751	619,646
Net investment income (loss)	3,212,740	4,095,964	(11,700)	763,454	4,119,654
Benefit payments, including refunds of employee contributions	(1,061,625)	(941,558)	(1,021,160)	(598,672)	(594,343)
Pension Plan Administrative Expense	(42,770)	(38,697)	(31,476)	(30,599)	(25,797)
Other	<u>2</u>	<u>(394,850)</u>	<u>(2)</u>	<u>13,001</u>	<u></u>
Net change in plan fiduciary net position	4,365,328	4,860,353	1,131,905	1,646,466	4,807,119
Plan fiduciary net position - beginning	<u>38,569,650</u>	<u>33,709,297</u>	<u>32,577,392</u>	<u>30,930,926</u>	<u>26,123,807</u>
Plan fiduciary net position - ending (b)	<u>42,934,978</u>	<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>\$ 10,432,698</u>	<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	80.45%	78.03%	85.10%	90.50%	103.15%
E. Covered payroll	\$ 10,571,361	\$ 10,872,555	\$ 10,494,555	\$ 8,021,870	\$ 7,745,546
F. Net pension liability as a percentage of covered payroll	98.69%	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 FIVE FISCAL YEARS*

(4 of 6)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
Service Cost	\$ 2,942,326	\$ 2,469,994	\$ 2,326,126	\$ 2,143,259	\$ 2,109,017
Interest on the Total Pension Liability	4,470,059	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	181,502	(928,566)	(2,398,843)	(249,261)	
Changes of assumptions		3,052,432			(649,235)
Benefit payments, including refunds of employee contributions	<u>(720,365)</u>	<u>(753,251)</u>	<u>(583,801)</u>	<u>(482,813)</u>	<u>(444,721)</u>
Net change in total pension liability	6,873,522	8,010,244	3,268,908	6,477,523	4,141,160
Total pension liability - beginning	<u>62,747,004</u>	<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>\$ 69,620,526</u>	<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	\$ 792,107	\$ 971,858	\$ 991,610	\$ 1,226,727	\$ 1,006,080
Contributions - employee	1,406,154	1,300,194	1,189,766	943,698	933,528
Net investment income (loss)	5,312,666	6,811,465	(19,290)	1,266,662	6,811,997
Benefit payments, including refunds of employee contributions	(720,365)	(753,251)	(583,801)	(482,813)	(444,721)
Pension Plan Administrative Expense	(70,725)	(64,352)	(51,895)	(50,779)	(42,657)
Other	<u>138,343</u>	<u>297,336</u>	<u>786</u>	<u>830</u>	<u>727</u>
Net change in plan fiduciary net position	6,858,180	8,563,250	1,527,176	2,904,325	8,264,954
Plan fiduciary net position - beginning	<u>64,140,159</u>	<u>55,576,909</u>	<u>54,049,733</u>	<u>51,145,398</u>	<u>42,880,444</u>
Plan fiduciary net position - ending (b)	<u>70,998,339</u>	<u>64,140,159</u>	<u>55,576,909</u>	<u>54,049,723</u>	<u>51,145,398</u>
C. Net pension asset - ending (a) - (b)	<u>\$ (1,377,813)</u>	<u>\$ (1,393,155)</u>	<u>\$ (840,149)</u>	<u>\$ (2,581,871)</u>	<u>\$ (6,155,069)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	101.98%	102.22%	101.53%	105.02%	113.68%
E. Covered payroll	\$ 14,044,515	\$ 12,959,047	\$ 12,165,930	\$ 11,750,323	\$ 11,626,334
F. Net pension asset as a percentage of covered payroll	-9.81%	-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 FIVE FISCAL YEARS*

(5 of 6)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	4.52%	4.51%	4.63%	4.51%	4.52%
City's proportionate share of the net pension liability	\$ 143,161,570	\$ 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>106,788,248</u>	<u>107,418,666</u>	<u>94,603,413</u>	<u>84,831,083</u>	<u>75,416,640</u>
Total	<u>\$ 249,949,818</u>	<u>\$ 249,552,019</u>	<u>\$ 232,740,196</u>	<u>\$ 209,004,064</u>	<u>\$ 185,394,143</u>
City's covered payroll	\$ 83,700,855	\$ 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	171.04%	175.04%	174.33%	173.47%	165.76%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	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 FIVE YEARS*

(6 of 6)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension asset	16.44%	16.59%	16.33%	15.92%	16.15%
City's proportionate share of the net pension asset	\$ <u>(14,668,001)</u>	\$ <u>(13,726,036)</u>	\$ <u>(16,261,491)</u>	\$ <u>(14,863,013)</u>	\$ <u>(20,076,310)</u>
City's covered payroll	\$ 83,700,855	\$ 81,199,212	\$ 79,238,665	\$ 71,583,452	\$ 66,347,524
City's proportionate share of the net pension asset as a percentage of its covered payroll	17.52%	16.90%	20.52%	20.76%	30.26%
Plan fiduciary net position as a percentage of the total pension asset	136.10%	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 CITY CONTRIBUTIONS
 CRANSTON RETIREMENT SYSTEM - POLICE AND FIRE PENSION
 LAST SIX FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 21,569,803	\$ 22,568,319	\$ 21,403,849	\$ 21,316,456	\$ 21,353,591	\$ 21,006,057
Contributions in relation to the actuarially determined contribution	<u>21,569,803</u>	<u>22,568,319</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ (1,022,519)</u>	<u>\$ (1,370,052)</u>
Covered payroll	\$ 2,043,982	\$ 2,403,064	\$ 2,697,374	\$ 2,663,974	\$ 2,940,734	\$ 2,905,865
Contributions as a percentage of covered payroll	1055.28%	939.15%	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, 2018

Measurement date: June 30, 2019

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,

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

Remaining amortization 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 FIVE FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,161,301	\$ 2,342,837	\$ 2,403,173	\$ 2,479,865	\$ 2,276,531
Contributions in relation to the actuarially determined contribution	<u>2,161,301</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 24,696,262	\$ 24,260,270	\$ 24,225,987	\$ 24,170,205	\$ 23,528,405
Contributions as a percentage of covered payroll	8.75%	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, 2017

Measurement date: June 30, 2018

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 20 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 FIVE FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,199,854	\$ 1,040,242	\$ 1,109,071	\$ 857,531	\$ 687,959
Contributions in relation to the actuarially determined contribution	<u>1,199,854</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 10,571,361	\$ 10,872,555	\$ 10,494,555	\$ 8,021,870	\$ 7,745,546
Contributions as a percentage of covered payroll	11.35%	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, 2017

Measurement date: June 30, 2018

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 20 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 FIVE FISCAL YEARS*

(4 of 6)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 792,107	\$ 971,858	\$ 991,610	\$ 1,226,727	\$ 1,006,080
Contributions in relation to the actuarially determined contribution	<u>792,107</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 14,044,515	\$ 12,959,047	\$ 12,165,930	\$ 11,750,323	\$ 11,626,334
Contributions as a percentage of covered payroll	5.64%	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, 2017

Measurement date: June 30, 2018

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 20 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 FIVE FISCAL YEARS*

(5 of 6)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 11,610,057	\$ 11,072,615	\$ 10,443,656	\$ 8,928,408	\$ 8,897,203
Contributions in relation to the actuarially determined contribution	<u>11,610,057</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 83,700,855	\$ 81,199,212	\$ 79,238,665	\$ 65,343,396	\$ 75,293,840
Contributions as a percentage of covered payroll	13.87%	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, 2017
Measurement date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of payroll, closed
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 FIVE FISCAL YEARS***

(6 of 6)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 122,291	\$ 122,140	\$ 104,893	\$ 96,065	\$ 98,373
Contributions in relation to the actuarially determined contribution	<u>122,291</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 83,700,855	\$ 81,199,212	\$ 79,238,665	\$ 65,343,396	\$ 75,293,840
Contributions as a percentage of covered payroll	0.15%	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, 2017
Measurement date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal-the individual Entry Age Actuarial Cost methodology is used
Inflation 2.50%
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 CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
CITY OF CRANSTON PUBLIC SAFETY OPEB TRUST FUND
LAST THREE FISCAL YEARS*

(1 of 2)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 954,238	\$ 930,661	\$ 890,585
Interest on the total OPEB liability	3,776,605	3,867,250	3,830,040
Differences between expected and actual experience	(5,576,847)	(1,729,986)	
Benefit payments	<u>(4,378,012)</u>	<u>(4,104,990)</u>	<u>(4,467,496)</u>
Net change in total OPEB liability	(5,224,016)	(1,037,065)	253,129
Total OPEB liability - beginning	<u>48,998,289</u>	<u>50,035,354</u>	<u>49,782,225</u>
Total OPEB liability - ending	<u>\$ 43,774,273</u>	<u>\$ 48,998,289</u>	<u>\$ 50,035,354</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 4,426,721	\$ 5,108,840	\$ 5,055,716
Contributions - retired members	385,781	368,718	362,505
Net investment income	410,584	316,629	174,087
Benefit payments	(4,378,012)	(4,104,989)	(4,467,496)
OPEB Plan Administrative Expense	<u>(23,396)</u>	<u>(19,792)</u>	<u>(17,471)</u>
Net change in plan fiduciary net position	821,678	1,669,406	1,107,341
Plan fiduciary net position - beginning	<u>7,801,259</u>	<u>6,131,853</u>	<u>5,024,512</u>
Plan fiduciary net position - ending (b)	<u>8,622,937</u>	<u>7,801,259</u>	<u>6,131,853</u>
Net OPEB liability - ending	<u>\$ 35,151,336</u>	<u>\$ 41,197,030</u>	<u>\$ 43,903,501</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.70%	15.92%	12.26%
Covered payroll	\$ 24,825,724	\$ 24,041,185	\$ 23,228,198
Net OPEB liability as a percentage of covered payroll	-141.59%	-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 THREE FISCAL YEARS*

(2 of 2)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 570,694	\$ 546,119	\$ 538,422
Interest on the total OPEB liability	400,456	380,630	363,147
Changes of assumptions			
Differences between expected and actual experience	3,327,983	172,483	
Benefit payments	<u>(662,755)</u>	<u>(542,485)</u>	<u>(357,642)</u>
Net change in total OPEB liability	3,636,378	556,747	543,927
Total OPEB liability - beginning	<u>10,295,914</u>	<u>9,739,167</u>	<u>9,195,240</u>
Total OPEB liability - ending	<u>\$ 13,932,292</u>	<u>\$ 10,295,914</u>	<u>\$ 9,739,167</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 449,828	\$ 868,198	\$ 512,786
Contributions - retired members			
Net investment income	43,177	37,929	49,267
Benefit payments	(449,828)	(368,198)	(512,786)
OPEB Plan Administrative Expense	<u>(1,530)</u>		
Net change in plan fiduciary net position	41,647	537,929	49,267
Plan fiduciary net position - beginning	<u>605,073</u>	<u>67,144</u>	<u>17,877</u>
Plan fiduciary net position - ending (b)	<u>646,720</u>	<u>605,073</u>	<u>67,144</u>
Net OPEB liability - ending	<u>\$ 13,285,572</u>	<u>\$ 9,690,841</u>	<u>\$ 9,672,023</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.64%	5.88%	0.69%
Covered payroll	\$ 86,830,931	\$ 83,894,619	\$ 82,578,112
Net OPEB liability as a percentage of covered payroll	15.30%	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
CITY OF CRANSTON PUBLIC SAFETY OPEB TRUST FUND
LAST THREE FISCAL YEARS***

(1 of 2)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (1)	\$ 4,426,721	\$ 5,108,840	\$ 5,055,716
Contributions in relation to the actuarially determined contribution	<u>4,426,721</u>	<u>5,108,840</u>	<u>5,055,716</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,825,724	\$ 24,041,185	\$ 23,228,198
Contributions as a percentage of covered payroll	17.83%	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: June 30, 2019

Measurement date: June 30, 2019

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

(2 of 2)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution (1)	\$ 449,828	\$ 868,198	\$ 512,786
Contributions in relation to the actuarially determined contribution	<u>449,828</u>	<u>868,198</u>	<u>512,786</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 86,830,931	\$ 83,894,619	\$ 82,578,112
Contributions as a percentage of covered payroll	0.52%	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 No. 45

Valuation date: July 1, 2017
 Measurement date: June 30, 2018

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

(1 of 2)

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	5.92%	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 TWO FISCAL YEARS*

(2 of 2)

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	7.14%	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.

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, 2019**

	Special Revenue Funds						
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds	Community Development Block Grant	WIOA Job Development
Assets:							
Cash and cash equivalents	\$ 1,046,826	\$ 1,473,844	\$ 601,017	\$ 135,569	\$ 1,387,554	\$	\$ 4,353
Receivables:							
Intergovernmental	1,127,895						
Loans		609,366				2,170,300	
Other	10,249		549,459				
Security deposits	9,249						
Due from:							
Other funds	54,406	2,280	8,138				
Total Assets	\$ 2,248,625	\$ 2,085,490	\$ 1,158,614	\$ 135,569	\$ 1,387,554	\$ 2,170,300	\$ 4,353
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 294,141	\$ 23,814	\$ 20,620	\$ 638	\$ 90,362	\$	\$ 1,156
Accrued payroll			95,080			4,954	6,283
Due to other funds	1,026,507	5,000	236,791	30		24,651	148,585
Unearned revenues	888,796	609,366				2,170,300	
Total liabilities	2,209,444	638,180	352,491	668	90,362	2,199,905	156,024
Fund Balances:							
Restricted	9,691	1,447,310	806,123	134,901	1,297,192		
Committed	29,490						
Unassigned						(29,605)	(151,671)
Total fund balances	39,181	1,447,310	806,123	134,901	1,297,192	(29,605)	(151,671)
Total Liabilities and Fund Balances	\$ 2,248,625	\$ 2,085,490	\$ 1,158,614	\$ 135,569	\$ 1,387,554	\$ 2,170,300	\$ 4,353

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2019**

	Capital Project Funds								Total Nonmajor Governmental Funds
	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	\$ 357,438	\$ 120,173	\$ 595,629	\$ 789,588	\$ 213,624	\$ 52,595	\$ 290,628	\$ 123,366	\$ 7,192,204
Receivables:									
Intergovernmental									1,127,895
Loans									2,779,666
Other									559,708
Security deposits									9,249
Due from:									
Other funds									64,824
Total Assets	\$ 357,438	\$ 120,173	\$ 595,629	\$ 789,588	\$ 213,624	\$ 52,595	\$ 290,628	\$ 123,366	\$ 11,733,546
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ 196,791	\$ 78,100	\$ -	\$ 1,696,533	\$ 39,993	\$ -	\$ -	\$ -	\$ 2,442,148
Accrued payroll									106,317
Due to other funds				1,505,212					2,946,776
Unearned revenues									3,668,462
Total liabilities	196,791	78,100	-	3,201,745	39,993	-	-	-	9,163,703
Fund Balances:									
Restricted	160,647	42,073	595,629		173,631	52,595	290,628	123,366	5,133,786
Committed									29,490
Unassigned				(2,412,157)					(2,593,433)
Total fund balances	160,647	42,073	595,629	(2,412,157)	173,631	52,595	290,628	123,366	2,569,843
Total Liabilities and Fund Balances	\$ 357,438	\$ 120,173	\$ 595,629	\$ 789,588	\$ 213,624	\$ 52,595	\$ 290,628	\$ 123,366	\$ 11,733,546

**CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds						
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds	Community Development Block Grant	WIOA Job Development
Revenues:							
Intergovernmental	\$ 9,233,447	\$	\$ 65,608	\$	\$	\$ 1,020,835	\$ 493,306
Charges for services			2,450,901	78,455	226,276		
Investment income		19,148	982	279	12,360	406,601	51
Other		41,332	213,608				
Total revenues	<u>9,233,447</u>	<u>60,480</u>	<u>2,731,099</u>	<u>78,734</u>	<u>238,636</u>	<u>1,427,436</u>	<u>493,357</u>
Expenditures:							
Current:							
General government		9,297			214,086		439,818
Public safety			2,485,532		23,760		
Education	9,099,058						
Parks and recreation					4,800		
Public libraries		112,583			130,570		
Senior services				84,460			
Community development						1,428,317	
Debt service:							
Interest and other costs							
Capital:							
Capital expenditures							
Total expenditures	<u>9,099,058</u>	<u>121,880</u>	<u>2,485,532</u>	<u>84,460</u>	<u>373,216</u>	<u>1,428,317</u>	<u>439,818</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>134,389</u>	<u>(61,400)</u>	<u>245,567</u>	<u>(5,726)</u>	<u>(134,580)</u>	<u>(881)</u>	<u>53,539</u>
Other Financing Sources (Uses):							
Issuance of general obligation bond							
Bond premium							
Transfer out	(188,104)						
Net other financing sources (uses)	<u>(188,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(53,715)	(61,400)	245,567	(5,726)	(134,580)	(881)	53,539
Fund Balances - July 1, 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>
Fund Balances - June 30, 2019	<u>\$ 39,181</u>	<u>\$ 1,447,310</u>	<u>\$ 806,123</u>	<u>\$ 134,901</u>	<u>\$ 1,297,192</u>	<u>\$ (29,605)</u>	<u>\$ (151,671)</u>

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2019**

	Capital Projects Fund							Total Nonmajor Governmental Funds
	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	
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services								10,813,196
Investment income							47	2,755,632
Other								439,468
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>14,263,236</u>
Expenditures:								
Current:								
General government								663,201
Public safety								2,509,292
Education								9,099,058
Parks and recreation								4,800
Public libraries								243,153
Senior services								84,460
Community development								1,428,317
Debt service:								
Interest and other costs	99,941	30,276	51,540	624,317		6,817	2,711	815,602
Capital:								
Capital expenditures	2,685,101	580,219	403,383	4,593,823	177,320	234,239	664,988	2,498
Total expenditures	<u>2,785,042</u>	<u>610,495</u>	<u>454,923</u>	<u>5,218,140</u>	<u>177,320</u>	<u>241,056</u>	<u>667,699</u>	<u>2,498</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,785,042)</u>	<u>(610,495)</u>	<u>(454,923)</u>	<u>(5,218,140)</u>	<u>(177,320)</u>	<u>(241,056)</u>	<u>(667,652)</u>	<u>(2,498)</u>
Other Financing Sources (Uses):								
Issuance of general obligation bond	629,250		470,696	3,723,134			246,920	5,070,000
Bond premium	476,101	54,005	258,526	1,247,757		18,362	32,391	2,087,142
Transfer out								(188,104)
Net other financing sources (uses)	<u>1,105,351</u>	<u>54,005</u>	<u>729,222</u>	<u>4,970,891</u>	<u>-</u>	<u>18,362</u>	<u>279,311</u>	<u>6,969,038</u>
Net Change in Fund Balances	(1,679,691)	(556,490)	274,299	(247,249)	(177,320)	(222,694)	(388,341)	(2,498)
Fund Balances - July 1, 2018	<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>
Fund Balances - June 30, 2019	<u>\$ 160,647</u>	<u>\$ 42,073</u>	<u>\$ 595,629</u>	<u>\$ (2,412,157)</u>	<u>\$ 173,631</u>	<u>\$ 52,595</u>	<u>\$ 290,628</u>	<u>\$ 123,366</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, 2019**

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	\$ 406,601	\$ 246,601
Federal grants	<u>1,306,700</u>	<u>1,306,700</u>	<u>1,020,835</u>	<u>(285,865)</u>
Total revenues	1,466,700	1,466,700	1,427,436	(39,264)
Expenditures:				
Current:				
Program activities	<u>1,466,700</u>	<u>1,466,700</u>	<u>1,428,317</u>	<u>38,383</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(881)</u>	\$ <u>(881)</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	\$ 587,650	\$ 587,650	\$ 493,306	\$ (94,344)
Investment income			51	51
Total revenues	<u>587,650</u>	<u>587,650</u>	<u>493,357</u>	<u>(94,293)</u>
Expenditures:				
Current:				
Program activities	<u>587,650</u>	<u>587,650</u>	<u>439,818</u>	<u>147,832</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>53,539</u>	\$ <u>53,539</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, 2019**

	Business-Type Activities		
	School Lunch	Charter School	Totals
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,128,723	\$ 768,768	\$ 1,897,491
Prepaid expenses		45,108	45,108
Inventory	64,189		64,189
Receivables:			
Due from other funds		12,698	12,698
Intergovernmental	145,669	909	146,578
Total current assets	<u>1,338,581</u>	<u>827,483</u>	<u>2,166,064</u>
Noncurrent Assets:			
Net pension asset	-	193,440	193,440
Subtotal noncurrent assets	-	193,440	193,440
Capital Assets:			
Capital assets, net of accumulated depreciation	543,408	39,288	582,696
Total noncurrent assets	<u>543,408</u>	<u>232,728</u>	<u>776,136</u>
Total assets	<u>1,881,989</u>	<u>1,060,211</u>	<u>2,942,200</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to pensions		475,381	475,381
Deferred outflows of resources related to OPEB		41,475	41,475
Total deferred outflows of resources	-	<u>516,856</u>	<u>516,856</u>
Total assets and deferred outflow of resources	<u>1,881,989</u>	<u>1,577,067</u>	<u>3,459,056</u>
Liabilities			
Current Liabilities:			
Accounts payable	616,616	5,844	622,460
Compensated absences		36,315	36,315
Unearned revenue	42,874	17,213	60,087
Total current liabilities	<u>659,490</u>	<u>59,372</u>	<u>718,862</u>
Noncurrent Liabilities:			
Net OPEB liability		179,552	179,552
Net pension liability		1,946,231	1,946,231
Total noncurrent liabilities	-	<u>2,125,783</u>	<u>2,125,783</u>
Total liabilities	<u>659,490</u>	<u>2,185,155</u>	<u>2,844,645</u>
Deferred Inflows of Resources:			
Deferred inflows of resources related to pensions		130,148	130,148
Deferred inflows of resources related to OPEB		689	689
Total deferred inflows of resources	-	<u>130,837</u>	<u>130,837</u>
Total liabilities and deferred inflows of resources	<u>659,490</u>	<u>2,315,992</u>	<u>2,975,482</u>
Net Position:			
Net Investment in capital assets	543,408	39,288	582,696
Unrestricted (deficit)	679,091	(778,213)	(99,122)
Total net position	<u>1,222,499</u>	<u>(738,925)</u>	<u>483,574</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,881,989</u>	<u>\$ 1,577,067</u>	<u>\$ 3,459,056</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, 2019

	Business-Type Activities		
	School Lunch	Charter School	Totals
Operating Revenues:			
Charges for usage and service	\$ 1,050,764	\$	\$ 1,050,764
Intergovernmental	2,666,408		2,666,408
Tuition		2,538,588	2,538,588
On-behalf pension contribution		137,640	137,640
Miscellaneous	28,773		28,773
Total operating revenues	<u>3,745,945</u>	<u>2,676,228</u>	<u>6,422,173</u>
Operating Expenses:			
Operations	3,555,654	904,672	4,460,326
Personnel	64,808	2,073,559	2,138,367
Depreciation	56,598	9,181	65,779
Total operating expenses	<u>3,677,060</u>	<u>2,987,412</u>	<u>6,664,472</u>
Operating Loss	<u>68,885</u>	<u>(311,184)</u>	<u>(242,299)</u>
Nonoperating Revenues:			
Investment income	32	5,417	5,449
Grant income		89,207	89,207
Total nonoperating revenues	<u>32</u>	<u>94,624</u>	<u>94,656</u>
Change in Net Position	68,917	(216,560)	(147,643)
Net Position - July 1, 2018	<u>1,153,582</u>	<u>(522,365)</u>	<u>631,217</u>
Net Position - June 30, 2019	<u>\$ 1,222,499</u>	<u>\$ (738,925)</u>	<u>\$ 483,574</u>

**CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities		
	School Lunch	Charter School	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 3,822,183	\$ 2,707,480	\$ 6,529,663
Cash paid to suppliers		(978,816)	(978,816)
Cash paid to employees	(64,808)	(1,776,231)	(1,841,039)
Cash paid for other operating expenses	(3,279,671)		(3,279,671)
Net cash provided by (used in) operating activities	<u>477,704</u>	<u>(47,567)</u>	<u>430,137</u>
Cash Flows from Noncapital Financing Activities:			
Non-operating grant		88,299	88,299
Advances from interfund loans		164,951	164,951
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>253,250</u>	<u>253,250</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(462,047)	-	(462,047)
Net cash used in capital and related financing activities	<u>(462,047)</u>	<u>-</u>	<u>(462,047)</u>
Cash Flows from Investing Activities:			
Income from investments	32	5,417	5,449
Net cash provided by investing activities	<u>32</u>	<u>5,417</u>	<u>5,449</u>
Net Increase in Cash	15,689	211,100	226,789
Cash - July 1, 2018 (Including Restricted Cash)	<u>1,113,034</u>	<u>557,668</u>	<u>1,670,702</u>
Cash - June 30, 2019 (Including Restricted Cash)	<u>\$ 1,128,723</u>	<u>\$ 768,768</u>	<u>\$ 1,897,491</u>
Reconciliation of Operating Income to Net Cash			
Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 68,885	\$ (311,184)	\$ (242,299)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	56,598	9,181	65,779
Increase in net pension asset		2,338	2,338
Increase in deferred outflows related to pension plans		59,981	59,981
Decrease in deferred inflows related to pension plans		(30,721)	(30,721)
Increase in deferred outflows related to OPEB plans		(39,673)	(39,673)
Decrease in deferred inflows related to OPEB plans		13	13
(Increase) decrease in accounts receivable	11,788	172,972	184,760
Increase in prepaid expenses		(20,804)	(20,804)
Increase in inventory	(7,147)		(7,147)
(Increase) decrease in intergovernmental receivables	54,368		54,368
Increase (decrease) in accounts payable	283,130	(53,340)	229,790
Increase in compensated absences		(2,628)	(2,628)
Increase (decrease) in OPEB		48,373	48,373
Increase in unearned revenue	10,082	(4,080)	6,002
Increase in net pension liability		122,005	122,005
Net Provided by (Used in) Operating Activities	<u>\$ 477,704</u>	<u>\$ (47,567)</u>	<u>\$ 430,137</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, 2019**

	Governmental Activities		Totals
	School Department Internal Service Fund	City Internal Service Fund	
Assets			
Current Assets:			
Cash and cash equivalents	\$	\$ 940,356	\$ 940,356
Receivables:			
Other		2,930	2,930
Claims deposit		3,950,456	3,950,456
Total current assets		<u>940,356</u>	<u>4,893,742</u>
Noncurrent Assets:			
Advance deposits - medical		853,000	853,000
Total noncurrent assets		<u>-</u>	<u>853,000</u>
Total assets		<u>940,356</u>	<u>5,746,742</u>
Liabilities			
Current Liabilities:			
Accounts payable		377,970	377,970
Due to other funds		1,632,903	5,283,576
Claims payable		770,448	770,448
Total current liabilities		<u>2,781,321</u>	<u>6,431,994</u>
Net Position:			
Unrestricted		<u>(1,840,965)</u>	<u>(685,252)</u>
Total Net Position	\$	<u><u>1,155,713</u></u>	\$ <u><u>(685,252)</u></u>

**CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION
 PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities		Totals
	School Department Internal Service Fund	City Internal Service Fund	
Operating Revenues:			
Charges for usage and service	\$ 25,370,712	\$ 10,942,554	\$ 36,313,266
Miscellaneous		54,609	54,609
Total operating revenues	<u>25,370,712</u>	<u>10,997,163</u>	<u>36,367,875</u>
Operating Expenses:			
Operations		785,068	785,068
Claims		11,544,134	11,544,134
Health care management	24,719,184	-	24,719,184
Total operating expenses	<u>24,719,184</u>	<u>12,329,202</u>	<u>37,048,386</u>
Operating (Loss) Income	651,528	(1,332,039)	(680,511)
Nonoperating Revenues:			
Investment income		1,271	1,271
Change in Net Position	651,528	(1,330,768)	(679,240)
Net Position - July 1, 2018	<u>504,185</u>	<u>(510,197)</u>	<u>(6,012)</u>
Net Position - June 30, 2019	<u>\$ 1,155,713</u>	<u>\$ (1,840,965)</u>	<u>\$ (685,252)</u>

**CITY OF CRANSTON, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities		
	School Department Internal Service Fund	City Internal Service Fund	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 25,379,952	\$ 10,997,163	\$ 36,377,115
Cash paid to employees		(260)	(260)
Cash paid for claims	(25,756,478)	(11,340,853)	(37,097,331)
Cash paid for other operating expenses		(684,731)	(684,731)
Net cash used in operating activities	<u>(376,526)</u>	<u>(1,028,681)</u>	<u>(1,405,207)</u>
Cash Flows from Noncapital Financing Activities:			
Change in interfund loans	376,526	972,347	1,348,873
Net cash provided by noncapital financing activities	<u>376,526</u>	<u>972,347</u>	<u>1,348,873</u>
Cash Flows from Investing Activities:			
Income from investments	-	1,271	1,271
Net Decrease in Cash	-	(55,063)	(55,063)
Cash - July 1, 2018 (Including Restricted Cash)	-	995,419	995,419
Cash - June 30, 2019 (Including Restricted Cash)	<u>\$ -</u>	<u>\$ 940,356</u>	<u>\$ 940,356</u>
Reconciliation of Operating Income to Net Cash			
Cash Used in Operating Activities:			
Operating Income (Loss)	\$ 651,528	\$ (1,332,039)	\$ (680,511)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Decrease in accounts receivable	9,240		9,240
Increase (Decrease) in claims deposits	(1,037,130)		(1,037,130)
Decrease in accounts payable	(164)	230,837	230,673
Decrease in accrued payroll		(260)	(260)
(Increase) decrease in claims payable		72,781	72,781
Net Cash Used in Operating Activities	<u>\$ (376,526)</u>	<u>\$ (1,028,681)</u>	<u>\$ (1,405,207)</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, 2019

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 1,389,456	\$ 1,321,349	\$ _____	\$ 2,710,805
Investments:				
Guaranteed Investment Contracts	3,992,508			3,992,508
Real Estate Investment Trust			51,738	51,738
Common Stock	13,398,152			13,398,152
Pooled Equity Index Funds			342,761	342,761
Pooled Fixed Income Index Funds			252,221	252,221
International Equity Mutual Funds		1,740,209		1,740,209
U.S. Equity Mutual Funds	28,629,476	2,822,111		31,451,587
Fixed Income Mutual Funds	23,280,445	2,027,537		25,307,982
Total investments	<u>69,300,581</u>	<u>6,589,857</u>	<u>646,720</u>	<u>76,537,158</u>
Contribution receivable		758,897		758,897
Total assets	<u>70,690,037</u>	<u>8,670,103</u>	<u>646,720</u>	<u>80,006,860</u>
Liabilities:				
Accounts payable	300	47,166		47,466
Due to primary government	120,000			120,000
Total liabilities	<u>120,300</u>	<u>47,166</u>	<u>-</u>	<u>167,466</u>
Net Position Restricted for Pensions and OPEB Benefits and Other Purposes	<u>\$ 70,569,737</u>	<u>\$ 8,622,937</u>	<u>\$ 646,720</u>	<u>\$ 79,839,394</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, 2019**

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Total
Additions:				
Contributions:				
Employer contributions	\$ 21,569,803	\$ 4,426,721	\$	\$ 25,996,524
Plan member contributions	201,448	385,781	477,896	1,065,125
Other	57,856			57,856
Total contributions	<u>21,829,107</u>	<u>4,812,502</u>	<u>477,896</u>	<u>27,119,505</u>
Investment Income:				
Interest and dividends	1,432,910	159,437	43,177	1,635,524
Net appreciation in the fair value of investments	2,668,893	251,147		2,920,040
Total investment income	<u>4,101,803</u>	<u>410,584</u>	<u>43,177</u>	<u>4,555,564</u>
Total additions	<u>25,930,910</u>	<u>5,223,086</u>	<u>521,073</u>	<u>31,675,069</u>
Deductions:				
Benefits	24,988,876	4,378,012	477,896	29,844,784
Administrative expenses	216,555	23,396	1,530	241,481
Total deductions	<u>25,205,431</u>	<u>4,401,408</u>	<u>479,426</u>	<u>30,086,265</u>
Change in Net Position	725,479	821,678	41,647	1,588,804
Net Position - July 1, 2018	<u>69,844,258</u>	<u>7,801,259</u>	<u>605,073</u>	<u>78,250,590</u>
Net Position - June 30, 2019	<u>\$ 70,569,737</u>	<u>\$ 8,622,937</u>	<u>\$ 646,720</u>	<u>\$ 79,839,394</u>

**CITY OF CRANSTON, RHODE ISLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<u>Unclaimed Estates in Probate Court</u>				
ASSET				
Cash	\$ <u>96,852</u>	\$ <u>78,147</u>	\$ <u>274</u>	\$ <u>174,725</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>96,852</u>	\$ <u>78,147</u>	\$ <u>274</u>	\$ <u>174,725</u>
<u>Performance Bonds</u>				
ASSET				
Cash	\$ <u>284,280</u>	\$ <u>11,188</u>	\$ <u>18,239</u>	\$ <u>277,229</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>284,280</u>	\$ <u>11,188</u>	\$ <u>18,239</u>	\$ <u>277,229</u>
<u>Student Activity Funds</u>				
ASSET				
Cash	\$ <u>730,288</u>	\$ <u>1,401,668</u>	\$ <u>1,332,491</u>	\$ <u>799,465</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>730,288</u>	\$ <u>1,401,668</u>	\$ <u>1,332,491</u>	\$ <u>799,465</u>
<u>Totals</u>				
ASSET				
Cash	\$ <u>1,111,420</u>	\$ <u>1,491,003</u>	\$ <u>1,351,004</u>	\$ <u>1,251,419</u>
LIABILITY				
Deposits Held in Custody for Others	\$ <u>1,111,420</u>	\$ <u>1,491,003</u>	\$ <u>1,351,004</u>	\$ <u>1,251,419</u>



Other Schedules

**CITY OF CRANSTON, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Year</u>	<u>Property Taxes Receivable July 1, 2018</u>	<u>Current Year Assessment</u>	<u>Transfers Addendums (Net)</u>	<u>Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Collections Net of Refunds</u>	<u>Property Taxes Receivable June 30, 2019</u>
2019	\$	\$ 188,499,042	\$	\$ 437,584	\$ 188,061,458	\$ 186,142,420	\$ 1,919,038
2018	2,243,743		183,501	409,702	2,017,542	1,360,229	657,313
2017	901,490		145,135	17,379	1,029,246	286,229	743,017
2016	720,435		1,993	2,208	720,220	78,795	641,425
2015	808,293		1,070	1,715	807,648	60,768	746,880
2014	803,885		141	516	803,510	54,626	748,884
2013	808,049			2,008	806,041	38,173	767,868
2012	802,577			3,359	799,218	24,251	774,967
2011	905,505		839	317	906,027	27,887	878,140
2010	527,816			506,873	20,943	20,943	
Subtotal	8,521,793	\$ <u>188,499,042</u>	\$ <u>332,679</u>	\$ <u>1,381,661</u>	\$ <u>195,971,853</u>	\$ <u>188,094,321</u>	7,877,532
Less estimated allowance for uncollectable accounts					<u>2,085,000</u>		<u>2,166,000</u>
Net property taxes receivable	\$				<u><u>6,436,793</u></u>		\$ <u><u>5,711,532</u></u>

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2019**

Collections

Year	July - August 2018 Collections Subject to 60-Day FY18 Accrual	September - June 2019 Collections	Total FY 2019 Collections	July - August 2019 Collections Subject to 60-Day FY19 Accrual
2019	\$	\$ 186,142,420	\$ 186,142,420	\$ 598,593
2018	608,632	751,597	1,360,229	49,024
2017	61,177	225,052	286,229	19,892
2016	27,905	50,890	78,795	11,882
2015	14,743	46,025	60,768	6,200
2014	9,329	45,297	54,626	4,787
2013	9,812	28,361	38,173	2,372
2012	2,532	21,719	24,251	3,265
2011	3,963	23,924	27,887	3,304
2010	1,170	19,773	20,943	
2009				
Total	\$ 739,263	\$ 187,355,058	\$ 188,094,321	\$ 699,319

(Continued on next page)

**CITY OF CRANSTON, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2019**

Schedule of Net Assessed Property Value by Category			Reconciliation of Current Year Property Tax Revenue	
Assessed December 31, 2018				
Description of Property	Valuations	Levy		
Real property	\$ 7,480,696,700	\$ 161,833,773	Current year collections	\$ 188,094,321
Motor vehicle	489,018,348	16,396,277	Revenue received 60 days subsequent to fiscal year ending June 30, 2019	<u>699,319</u>
Tangible property	<u>339,223,772</u>	<u>10,268,992</u>	Subtotal	<u>188,793,640</u>
Total	8,308,938,820	188,499,042	Prior year revenue received in current year (2018 60 day rule)	<u>(739,263)</u>
Exemptions and adjustments	<u>336,429,202</u>	<u>188,499,042</u>	Current Year Property Tax Revenue	<u>\$ 188,054,377</u>
Net Assessed Value	<u>\$ 7,972,509,618</u>	<u>\$ 188,499,042</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, 2019**

	<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	\$ 28,991,401	\$ 86,658,541	\$ 107,688,884	\$ 296,566	\$ 1,401,993	\$ 509,603	\$ 240,846,082
Public safety		60,000	17,602	459,423	13,035,986	1,229,810	6,918,405	21,721,226
Public works		11,035,368	98,686	401	5,511,233	34,093	1,179,860	17,859,641
Education				7,679,206	4,662,129	1,211,563	4,200	13,557,098
Parks and recreation		984,109	603,902	263,153	801,952	9,511	1,514,354	4,176,981
Public libraries				444,805	17,458	3,579,902	115,495	4,157,660
Senior services				65,505	494,844	65,363	104,531	730,243
Total	\$ 15,299,094	\$ 41,070,878	\$ 87,378,731	\$ 116,601,377	\$ 24,820,168	\$ 7,532,235	\$ 10,346,448	\$ 303,048,931

**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, 2019**

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
General government	\$ 239,928,456	\$ 951,056	\$ 33,430	\$ 240,846,082
Public safety	18,470,101	3,887,263	636,138	21,721,226
Public works	13,698,276	4,898,102	736,737	17,859,641
Education	9,673,828	4,010,470	127,200	13,557,098
Parks and recreation	3,672,919	596,232	92,170	4,176,981
Public libraries	3,712,883	444,777		4,157,660
Senior services	<u>653,624</u>	<u>90,899</u>	<u>14,280</u>	<u>730,243</u>
Total Capital Assets	<u>\$ 289,810,087</u>	<u>\$ 14,878,799</u>	<u>\$ 1,639,955</u>	<u>\$ 303,048,931</u>



Annual Supplementary Transparency Report

City of Cranston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 186,620,937	\$ -
Last Year's Levy Tax Collection	920,697	-
Prior Years Property Tax Collection	508,873	-
Interest & Penalty	1,089,022	-
PILOT & Tax Treaty (excluded from levy) Collection	219,399	-
Other Local Property Taxes	-	-
Licenses and Permits	4,623,696	-
Fines and Forfeitures	687,759	-
Investment Income	757,904	-
Departmental	4,668,794	-
Rescue Run Revenue	4,285,081	-
Police & Fire Detail	2,667,635	-
Other Local Non-Property Tax Revenues	1,188,088	-
Tuition	-	1,239,924
Impact Aid	-	-
Medicaid	-	1,416,687
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	2,666,408
CDBG	331,661	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	7,996,588
MV Excise Tax Reimbursement	1,042,441	-
State PILOT Program	5,403,870	-
Distressed Community Relief Fund	1,233,378	-
Library Resource Aid	599,627	-
Library Construction Aid	-	-
Public Service Corporation Tax	1,020,662	-
Meals & Beverage Tax / Hotel Tax	1,992,379	-
LEA Aid	-	61,123,935
Group Home	-	-
Housing Aid Capital Projects	-	34,221
Housing Aid Bonded Debt	2,069,711	-
State Food Service Revenue	-	22,772
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	663,335
Motor Vehicle Phase Out	4,873,529	-
Other Revenue	970,083	1,717,792
Local Appropriation for Education	-	93,896,822
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 227,775,225	\$ 170,778,484
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, 2019

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 1,447,521	\$ 1,390,888	\$ 1,535,526	\$ 433,065	\$ 1,003,982	\$ 2,220,699	\$ 4,475,053	\$ 1,729,947	\$ 10,587,678
Compensation - Group B	-	-	-	-	-	-	-	-	1,206,549
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	14,965	41,064	23,942	42,181	14,918	27,000	111,068	98,814	1,093,856
Overtime - Group B	-	-	-	-	-	-	-	-	124,654
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	2,124,935
Active Medical Insurance - Group A	205,967	208,983	317,220	76,490	206,557	249,365	861,135	281,547	2,150,523
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	244,698
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	10,840	10,999	16,696	4,026	10,871	13,124	45,323	14,818	113,014
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	12,879
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	115,157	111,732	115,916	36,131	74,129	131,183	361,363	136,701	358,671
Life Insurance	3,539	4,420	4,984	1,238	3,055	6,336	15,915	4,169	53,926
State Defined Contribution- Group A	11,592	9,969	9,450	3,639	5,610	9,806	41,003	10,822	365,177
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	11,609
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	11,883	199,678	29,769	13,384	5,293	16,800	200,501	59,090	2,697,485
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	9,537,542
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	134,640	89,724	85,050	32,747	50,487	165,301	369,029	103,954	1,382,083
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	92,042
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	75,207	71,289	27,449	42,319	-	309,322	81,641	97,416
Purchased Services	1,291,350	68,277	48,721	-	9,407	-	354,254	79,407	470,971
Materials/Supplies	16,026	128,190	775,929	33,142	3,152	56,990	409,578	165,671	352,388
Software Licenses	-	-	-	164,603	-	-	-	-	-
Capital Outlays	-	-	24,053	54,891	-	43,668	-	-	383,729
Insurance	1,000,000	-	-	-	-	-	-	-	-
Maintenance	-	665	17,552	170,771	-	65,000	9,759	7,032	389,730
Vehicle Operations	-	-	54,201	-	7,950	2,000	588,553	37,592	243,942
Utilities	-	-	6,288	209,946	-	110,000	578,264	155,213	64,252
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	678,206	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	766,100	-	-
Trash Removal & Recycling	-	-	-	-	-	-	4,628,758	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	3,836	-	-	-	-	-	-	-	-
Other Operation Expenditures	1,843,726	60,277	76,602	2,011	90,249	464,010	143,570	788,616	1,678,707
Tipping Fees	-	-	-	-	-	-	662,491	-	-
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	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 6,111,042	\$ 2,400,074	\$ 3,213,187	\$ 1,305,713	\$ 1,527,979	\$ 3,581,282	\$ 15,609,246	\$ 3,755,035	\$ 35,838,457

City of Cranston
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 13,473,263	\$ -	\$ 174,902	\$ -	\$ -	\$ -	\$ 38,472,523	\$ 79,482,570
Compensation - Group B	808,427	-	-	-	-	-	2,014,976	8,196,732
Compensation - Group C	-	-	-	-	-	-	-	15,293,978
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	5,126,685	-	1,185	-	-	-	6,595,678	-
Overtime - Group B	304,701	-	-	-	-	-	429,354	-
Overtime - Group C	-	-	-	-	-	-	-	426,759
Police & Fire Detail	30,027	-	-	-	-	-	2,154,962	-
Active Medical Insurance - Group A	4,266,814	-	33,308	-	-	-	8,857,909	12,252,245
Active Medical Insurance- Group B	199,968	-	-	-	-	-	444,666	1,028,976
Active Medical Insurance- Group C	-	-	-	-	-	-	-	5,018,903
Active Dental insurance- Group A	177,080	-	1,753	-	-	-	418,545	667,258
Active Dental Insurance- Group B	10,525	-	-	-	-	-	23,403	59,986
Active Dental Insurance- Group C	-	-	-	-	-	-	-	298,923
Payroll Taxes	376,299	-	12,895	-	-	-	1,830,178	2,590,038
Life Insurance	63,597	-	774	-	-	-	161,954	71,024
State Defined Contribution- Group A	437,763	-	1,025	-	-	-	905,856	1,807,118
State Defined Contribution - Group B	7,118	-	-	-	-	-	18,727	154,465
State Defined Contribution - Group C	-	-	-	-	-	-	-	117,249
Other Benefits- Group A	4,156,332	-	-	-	-	-	7,390,214	635,993
Other Benefits- Group B	-	-	-	-	-	-	-	62,212
Other Benefits- Group C	-	-	-	-	-	-	-	101,079
Local Defined Benefit Pension- Group A	12,032,261	-	-	-	-	-	21,569,803	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	130,809
State Defined Benefit Pension- Group A	844,533	-	9,224	-	-	-	3,266,771	10,508,327
State Defined Benefit Pension - Group B	58,711	-	7,732	-	-	-	158,485	1,050,475
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,121,370
Other Defined Benefit / Contribution	-	-	-	-	-	-	704,644	-
Purchased Services	1,301,449	-	-	-	-	-	3,623,836	19,474,368
Materials/Supplies	317,434	-	39,476	-	-	-	2,297,977	1,987,974
Software Licenses	-	-	-	-	-	-	164,603	483,701
Capital Outlays	200,000	-	-	-	-	-	706,341	2,767,980
Insurance	-	-	-	-	-	-	1,000,000	858,080
Maintenance	235,981	-	161,762	-	-	-	1,058,251	1,176,563
Vehicle Operations	201,912	-	-	-	-	-	1,136,151	1,184,646
Utilities	1,109,755	-	-	-	-	-	2,233,718	2,451,727
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	678,206	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	766,100	-
Trash Removal & Recycling	-	-	-	-	-	-	4,628,758	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	3,836	-
Other Operation Expenditures	856,046	-	1,000	-	-	-	6,004,814	239,455
Tipping Fees	-	-	-	-	-	-	662,491	-
Local Appropriation for Education	-	-	-	93,896,822	-	-	93,896,822	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	6,924,600	-	6,924,600	-
Municipal Debt- Interest	-	-	-	-	2,446,661	-	2,446,661	-
School Debt- Principal	-	-	-	-	769,400	-	769,400	-
School Debt- Interest	-	-	-	-	611,665	-	611,665	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	4,426,721	4,426,721	477,896
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 46,596,680	\$ -	\$ 445,035	\$ 93,896,822	\$ 10,752,326	\$ 4,426,721	\$ 229,459,598	\$ 172,178,878

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	(1,684,373)	(1,400,394)
Fund Balance1- beginning of year	\$21,064,396	\$6,400,189
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	(2,305)
Fund Balance¹ - beginning of year adjusted	21,064,396	6,397,884
Rounding	-	-
Fund Balance¹ - end of year	\$ 19,380,023	\$ 4,997,490

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

City of Cranston
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2019

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, 2018						\$ 21,064,396	-	\$ 21,064,396	
<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, 2018 adjusted						<u>\$ 21,064,396</u>	<u>-</u>	<u>\$ 21,064,396</u>	
General Fund	\$ 225,184,743	\$ -	\$ 133,307,581	\$ 93,896,822	\$ (2,019,660)	\$ 20,959,564	\$ -	\$ 20,959,564	\$ 18,939,904
Fire Detail	33,948	-	30,027	-	3,921	5,494	-	5,494	9,415
Police Detail	2,224,874	-	1,893,508	-	331,366	99,339	-	99,339	430,705
CDBG	1,427,436	-	1,428,317	-	(881)	(28,724)	-	(28,724)	(29,605)
Totals per audited financial statements	<u>\$ 228,871,001</u>	<u>\$ -</u>	<u>\$ 136,659,433</u>	<u>\$ 93,896,822</u>	<u>\$ (1,685,254)</u>	<u>\$ 21,035,673</u>	<u>\$ -</u>	<u>\$ 21,035,673</u>	<u>\$ 19,350,419</u>
Reconciliation from financial statements to MTP2									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 93,896,822	\$ (93,896,822)	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development Block Grant-To remove loan activity	(1,095,774)	-	(1,096,655)	-	881	28,724	-	28,724	29,605
Rounding	(2)	-	(2)	-	-	(1)	-	(1)	(1)
Totals Per MTP2	<u>\$ 227,775,225</u>	<u>\$ -</u>	<u>\$ 229,459,598</u>	<u>\$ -</u>	<u>\$ (1,684,373)</u>	<u>\$ 21,064,396</u>	<u>\$ -</u>	<u>\$ 21,064,396</u>	<u>\$ 19,380,023</u>

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

City of Cranston
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2019

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						\$ 6,400,189	-	\$ 6,400,189	
<i>Miscellaneous variances from 2018</i>						(2,305)	-	(2,305)	
Fund Balance¹ - per MTP-2 at June 30, adjusted						<u>\$ 6,397,884</u>	-	<u>\$ 6,397,884</u>	
School Unrestricted Fund	\$ 71,960,121	\$ 94,084,926	\$ 167,055,194		\$ (1,010,147)	\$ 5,289,365	-	\$ 5,289,365	\$ 4,279,218
Enterprise Fund	3,745,977	-	3,677,060	-	68,917	1,153,583	-	1,153,583	1,222,500
School Special Revenue Funds	9,233,447	-	9,099,058	188,104	(53,715)	92,896	-	92,896	39,181
Totals per audited financial statements	<u>\$ 84,939,545</u>	<u>\$ 94,084,926</u>	<u>\$ 179,831,312</u>	<u>\$ 188,104</u>	<u>\$ (994,945)</u>	<u>\$ 6,535,844</u>	<u>\$ -</u>	<u>\$ 6,535,844</u>	<u>\$ 5,540,899</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 93,896,822	\$ (93,896,822)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(8,057,883)	-	(8,057,883)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	(188,104)	-	(188,104)	-	-	-	-	-
Capital purchases in School Lunch Fund reported as an expense on the MPT-2 but recorded as an asset on the June 30, 2019 financial statements	-	-	462,046	-	(462,046)	-	-	-	(462,046)
Capital assets net of accumulated depreciation at June 30, 2018	-	-	-	-	-	(137,960)	-	(137,960)	(137,960)
Depreciation expense not recorded in UCOA	-	-	(56,598)	-	56,598	-	-	-	56,598
Rounding	-	-	1	-	(1)	-	-	-	(1)
Totals Per MTP2	<u>\$ 170,778,484</u>	<u>\$ -</u>	<u>\$ 172,178,878</u>	<u>\$ -</u>	<u>\$ (1,400,394)</u>	<u>\$ 6,397,884</u>	<u>\$ -</u>	<u>\$ 6,397,884</u>	<u>\$ 4,997,490</u>
<u>Reconciliation from MTP2 to UCOA</u>									
No reconciling items from MTP2 to UCOA	-	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	<u>\$ 170,778,484</u>	<u>\$ -</u>	<u>\$ 172,178,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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.

CITY OF CRANSTON, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2019	2018	2017 (As Restated)	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010
Governmental Activities										
Net investment in capital assets	\$ 40,421,468	\$ 39,345,605	\$ 39,483,273	\$ 32,242,050	\$ 28,003,223	\$ 19,411,174	\$ 49,660,029	\$ 41,265,304	\$ 38,755,896	\$ 36,911,322
Restricted	--	--	--	--	--	--	--	--	--	2,770,499
Unrestricted	<u>(374,211,124)</u>	<u>(347,727,799)</u>	<u>(358,214,329)</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>
Total Governmental Activities	<u>(333,789,656)</u>	<u>(308,382,194)</u>	<u>(318,731,056)</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>
Business-Type Activities										
Net investment in capital assets	52,969,695	71,468,481	70,956,771	69,185,030	66,195,785	37,961,522	55,410,689	54,943,414	55,835,806	54,279,242
Restricted	418,467	439,167	459,633	2,129,729	8,598,629	--	--	--	--	501,295
Unrestricted	<u>12,627,850</u>	<u>(8,644,499)</u>	<u>(11,507,291)</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>
Total Business-Type Activities	<u>66,016,012</u>	<u>63,263,149</u>	<u>59,909,113</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>
Total City										
Net investment in capital assets	93,391,163	110,814,086	110,440,044	101,427,080	94,199,008	57,372,696	105,070,718	96,208,718	94,591,702	91,190,564
Restricted	418,467	439,167	459,633	2,129,729	8,598,629	--	--	--	--	3,271,794
Unrestricted	<u>(361,583,274)</u>	<u>(356,372,298)</u>	<u>(369,721,620)</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>
Total City	<u>\$(267,773,644)</u>	<u>\$(245,119,045)</u>	<u>\$(258,821,943)</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>

CITY OF CRANSTON, RHODE ISLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2019	2018	2017 (As Restated)	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010
Expenses										
Governmental activities:										
General government	\$ 17,435,819	\$ 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
Public safety	108,645,221	75,827,868	123,175,761	77,077,346	76,316,860	76,071,254	80,850,179	76,501,580	74,176,278	75,005,742
Public works	16,677,300	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
Education	179,996,641	177,339,237	190,115,630	200,479,946	175,923,426	148,510,719	143,177,724	145,560,327	148,737,275	147,353,569
Parks and recreation	3,716,927	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
Public libraries	3,740,372	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
Senior services	3,202,095	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
Community development	1,425,753	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
Interest expense	3,417,594	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
Other	--	--	--	--	--	284,552,076	--	124,638	119,225	--
Total Governmental Activities	<u>338,257,722</u>	<u>299,341,204</u>	<u>358,470,683</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>
Business-type activities:										
Sewer	20,543,184	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
Public Facilities Management Foundation	--	--	--	--	--	92,137	77,010	93,501	200,937	219,337
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
Other	6,664,472	6,119,203	6,129,756	5,835,392	5,698,896	1,526,883	--	--	--	--
Total Business-Type Activities	<u>27,207,656</u>	<u>26,316,102</u>	<u>25,241,096</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>
Total City Expenses	<u>365,465,378</u>	<u>325,657,306</u>	<u>383,711,779</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>

**CITY OF CRANSTON, RHODE ISLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2019	2018	2017 (As Restated)	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 8,083,806	\$ 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
Public safety	6,561,184	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
Public works	1,321,215	1,296,471	1,056,208	941,631	1,026,133	747,410	925,173	737,643	681,668	455,374
Education	1,447,882	1,294,881	25,418,622	23,803,519	23,076,779	2,583,038	1,735,671	1,499,384	1,860,578	1,850,584
Parks and recreation	400,370	397,817	355,064	396,967	356,124	345,788	301,996	286,551	266,406	289,310
Public libraries	75,000	95,000	99,100	99,100	87,400	87,400	87,400	87,400	87,400	89,000
Senior services	1,727,304	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
Other activities	--	--	--	--	--	--	--	--	--	--
Operating grants and contributions	85,529,484	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
Capital grants and contributions	65,608	89,535	77,484	112,842	185,562	218,721	96,781	330,885	638,392	585,627
Total Governmental Activities Program Revenues	105,211,853	101,538,427	127,870,955	122,282,278	118,881,205	93,778,186	90,704,355	76,964,594	75,042,777	79,881,759
Business-type activities:										
Charges for services:										
Sewer	22,816,372	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
Public Facilities Management Foundation	--	--	--	--	--	26,775	35,300	41,900	136,911	208,574
Non-major funds	3,618,125	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
Operating grants and contributions	2,755,615	2,603,782	--	2,483,891	2,420,657	2,441,887	2,256,490	2,225,893	1,787,715	1,538,371
Capital grants and contributions	--	177,000	2,668,371	--	--	--	--	--	--	--
Total Business-Type Activities Program Revenues	29,190,112	29,104,647	29,425,195	28,285,282	27,894,692	26,336,810	25,371,867	25,908,054	24,743,512	24,479,927
Total City Revenues	134,401,965	130,643,074	157,296,150	150,567,560	146,775,897	120,114,996	116,076,222	102,872,648	99,786,289	104,361,686
Net (expenses) revenues:										
Governmental activities	(233,045,869)	(197,802,777)	(230,599,728)	(198,981,612)	(178,910,141)	(457,498,438)	(173,989,113)	(189,359,401)	(187,750,298)	(182,810,751)
Business-type activities	1,982,456	2,788,545	4,184,099	2,661,229	2,386,550	500,338	1,594,223	954,464	1,411,305	1,136,301
Total City Net Expense	(231,063,413)	(195,014,232)	(226,415,629)	(196,320,383)	(176,523,591)	(456,998,100)	(172,394,890)	(188,404,937)	(186,338,993)	(181,674,450)

CITY OF CRANSTON, RHODE ISLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR									
	2019	2018	2017 (As Restated)	2016	2015 (As Restated)	2014 (As Restated)	2013	2012	2011 (As Restated)	2010
General Revenues and other Changes in Net Assets										
Governmental activities:										
General revenues:										
Property taxes and other	\$ 187,181,594	\$ 190,112,694	\$ 186,383,002	\$ 186,026,404	\$ 184,125,495	\$ 189,420,459	\$ 177,673,789	\$ 183,880,964	\$ 178,871,587	\$ 172,909,856
Grants and contributions not restricted to specific programs	--	--	--	--	--	--	--	--	--	--
Gain/(Loss) on sale of assets	--	--	--	--	--	--	1,000,000	--	662,520	303,537
State special funding for pension	10,371,555	10,838,378	7,816,659	10,167,762	5,169,920	--	--	--	--	--
Unrestricted investment earnings	1,198,487	824,602	772,132	491,493	552,058	252,218	626,522	586,730	577,703	706,945
Transfers	--	--	(18,900)	(17,889)	(25,662)	(1,737,409)	(20,826)	(23,817)	488,880	--
Miscellaneous	2,970,801	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
Motor vehicle phase-out taxes	5,915,970	3,463,187	--	--	--	--	--	--	--	--
Total Governmental Activities	<u>207,638,407</u>	<u>208,151,638</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>
Business-type activities:										
State special funding for pension	137,640	133,349	105,988	133,040	--	--	--	--	--	--
Unrestricted investment earnings	632,767	432,142	456,385	488,905	257,825	368,591	363,136	313,299	342,267	389,505
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>770,407</u>	<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>
Total City	<u>208,408,814</u>	<u>208,717,129</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>
Change in Net Assets										
Governmental activities	(25,407,462)	10,348,861	(31,784,411)	225,130	13,918,051	(264,673,461)	7,972,946	(1,341,209)	(3,549,240)	(6,821,222)
Business-type activities	2,752,863	3,354,036	4,765,372	3,301,063	2,742,785	920,182	1,978,185	1,291,580	1,264,692	1,525,806
Total City Change in Net Assets	<u>\$ (22,654,599)</u>	<u>\$ 13,702,897</u>	<u>\$ (27,019,039)</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>

**CITY OF CRANSTON, RHODE ISLAND
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012 (As Restated)	2011 (As Restated)	2010
General Fund										
Nonspendable	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 1,706,660	\$ 5,366,568	\$ 7,261,553	\$ 3,264,015	\$ --
Restricted	353,193	482,879	468,363	275,374	279,040	256,362	420,657	464,805	--	--
Committed	44,043	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	18,335,669	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
Unreserved	--	--	--	--	--	--	--	--	--	13,315,506
Total General Fund	<u>18,939,905</u>	<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>
All Other Governmental Funds										
Nonspendable	135,219	120,484	116,183	147,689	3,900,353	4,543,783	6,123,093	5,606,358	3,489,492	--
Restricted	16,519,432	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	835,894	819,031	1,291,734	1,900,091	634,041	320,650	97,321	119,410	92,887	--
Assigned	--	--	--	--	--	11,656	--	--	--	--
Unassigned	(2,593,433)	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
Unreserved, designated - school	--	--	--	--	--	--	--	--	--	--
Unreserved, reported in:										
Special revenue funds	--	--	--	--	--	--	--	--	--	(3,378,407)
Capital project funds	--	--	--	--	--	--	--	--	--	2,416,361
Total All Other Governmental Funds	<u>14,897,112</u>	<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>
Grand Total	<u>\$ 33,837,017</u>	<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>

The General Fund balance decreased \$2.0 million or 9.6% for FY19. The decrease was due primarily to cost overruns in the fire department to a severe chemical fire that occurred in the City. All Other Governmental Funds increased \$0.9 million or 6.8% for FY19. This was due to the unspent proceed of various capital projects in FY19.

**CITY OF CRANSTON, RHODE ISLAND
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(UNAUDITED)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011 (As Restated)	2010
Revenues										
Property taxes	\$ 188,054,377	\$ 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
Intergovernmental revenue	91,511,062	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
Charges for services	19,616,761	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
Licenses and permits										
Fines and interest on late payments										
Interest on investments	1,197,216	824,527	772,089	491,455	550,694	250,841	624,555	408,711	389,697	529,705
Departmental										
State fiscal stabilization funds	--	--	--	--	--	--	--	2,396	814,266	2,410,080
State on-behalf pension contributions	8,057,883	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
Other revenues	2,970,801	2,912,778	3,787,970	2,448,080	2,922,776	4,798,810	2,629,867	3,494,320	3,519,553	2,038,080
Total Revenues	311,408,100	306,459,799	295,987,635	287,352,240	282,386,525	278,970,292	273,848,712	265,964,179	257,970,411	258,033,414
Expenditures										
Current:										
General government	11,461,754	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
Public safety	87,822,776	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
Public works	15,673,496	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
Education	176,154,252	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
Parks and recreation	3,759,835	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
Public libraries	3,824,435	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
Senior services	3,297,648	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
Community development	1,428,317	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
Other	220,217	157,174	179,589	184,049	178,112	128,974	115,972	124,638	119,225	170,780
Capital outlay	17,379,624	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
Debt service:										
Principal	7,694,000	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
Interest	4,075,898	3,100,352	2,857,393	3,445,373	3,348,140	3,635,359	3,319,837	4,064,249	4,263,972	4,286,465
Total Expenditures	332,792,252	320,328,829	307,401,332	301,019,189	284,617,071	279,223,088	269,556,942	265,637,800	261,004,360	263,607,134
Excess of Revenues Over Expenditures	(21,384,152)	(13,869,030)	(11,413,697)	(13,666,949)	(2,230,546)	(252,796)	4,291,770	326,379	(3,033,949)	(5,573,720)
Other Financing Sources (Uses)										
Issuance of debt	16,405,000	15,840,000	5,440,000	37,035,000	--	10,210,000	--	19,385,000	3,700,000	--
Bond premium	3,906,379	590,103	--	2,573,150	--	111,906	--	1,066,929	91,420	--
Proceeds from leasing	--	--	--	--	--	--	--	--	--	--
Transfers in	94,084,926	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
Repayment of debt to escrow agent	--	--	--	(23,862,607)	--	--	--	(16,788,678)	--	--
Transfers out	(94,084,926)	(93,369,185)	(93,174,794)	(91,700,541)	(93,719,181)	(93,793,055)	(91,595,159)	(90,914,969)	(90,740,684)	(87,023,036)
Net Other Financing Sources (Uses)	20,311,379	16,430,103	5,421,100	15,727,654	(25,662)	8,584,497	(20,826)	3,639,434	3,082,786	--
Net Change in Fund Balances	\$ (1,072,773)	\$ 2,561,073	\$ (5,992,597)	\$ 2,060,705	\$ (2,256,208)	\$ 8,331,701	\$ 4,270,944	\$ 3,965,813	\$ 48,837	\$ (5,573,720)
Debt Service as a Percentage of Noncapital Expenditures	3.8%	3.4%	3.3%	3.7%	3.8%	3.9%	3.4%	4.0%	4.2%	3.9%

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

**CITY OF CRANSTON, RHODE ISLAND
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (1)
 (UNAUDITED)**

Year Ended June 30,	REAL PROPERTY					PERSONAL PROPERTY					TOTAL		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Direct Tax Rate	Commercial Assessed Value	Direct Tax Rate	Estimated Actual Value	Assessed Value (1)	Direct Tax Rate Tangible	Direct Tax Rate Motor Vehicle	Direct Tax Rate Inventory	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
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
2019	\$ 6,000,994,700	20	\$ 1,479,702,000	30	\$ 7,480,696,700	\$ 828,242,120	30	42	N/A	\$ 828,242,120	\$8,308,938,820	\$8,308,938,820	1.000

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

**CITY OF CRANSTON, RHODE ISLAND
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Name	Nature of Business	GRAND LIST YEAR					
		2019			2010		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (2)
Carpionato Alfred	Real Estate Management	\$ 127,547,414	1	1.54%	\$ 104,710,472	1	1.35%
Gateway Woodside Inc.	Real Estate Management	101,966,860	3	1.23%	76,079,683	2	0.98%
Picerne Properties	Real Estate Management	62,658,860	4	0.75%	65,472,408	3	0.84%
National Grid (formerly Narragansett Electric/Prov. Gas)	Utility	121,457,848	2	1.46%	58,045,855	4	0.75%
Brewery Parkade	Real Estate Management	35,670,866	5	0.43%	34,321,700	5	0.44%
SMC Terraces (formerly Cranston Addison)	Real Estate Management	22,357,700	7	0.27%			
Swarovski American	Industrial Manufacturing	16,822,170	10	0.20%			
Cox Communications Inc.	Cable Communications	21,086,628	8	0.25%	18,344,399	8	0.24%
Independence Way	Real Estate Management	19,686,500	9	0.24%	24,126,300	6	0.31%
Lowe's	Retail Hardware			0.00%	18,111,755	9	0.23%
Calvi Realty Co., Inc.	Real Estate Management			0.00%			
Tasca Auto Group	Car Dealership	23,356,967	6	0.28%			0.00%
BFMIT II Cranston LLC	Real Estate Management				20,865,600	7	0.27%
CRE IP LLC	Real Estate Management				16,158,000	10	0.21%
TKG Cranston Development LLC	Retail			<u>0.00%</u>	--		<u>0.00%</u>
TOTAL		<u>\$ 552,611,813</u>		<u>6.65%</u>	<u>\$ 436,236,172</u>		<u>5.62%</u>

Source: Town Assessor Department.

(1) Based on a net taxable Grand List of \$8,308,938,820

(2) Based on a net taxable Grand List of \$7,778,239,929

TABLE 7

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

Year Ended June 30,	Total Adjusted Tax Levy	Net Current Levy Tax Collections	Percentage of Current Taxes Collected	Net Delinquent Tax Collections Subsequent Years	Total Net Taxes Collected All Years	Percentage of Total Tax Collected to Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2010	\$ 160,419,261	\$ 159,080,002	99.2%	\$ 1,223,082	\$ 160,303,084	99.9%	--	0.0%
2011	\$ 175,003,222	\$ 171,899,372	98.2%	\$ 1,664,072	\$ 173,563,444	99.2%	878,140	0.5%
2012	\$ 180,715,853	\$ 177,799,124	98.4%	\$ 1,549,570	\$ 179,348,694	99.2%	774,967	0.4%
2013	\$ 181,367,888	\$ 178,631,631	98.5%	\$ 1,305,532	\$ 179,937,163	99.2%	767,868	0.4%
2014	\$ 181,591,061	\$ 179,327,785	98.8%	\$ 1,552,020	\$ 180,879,805	99.6%	748,884	0.4%
2015	\$ 182,559,745	\$ 180,321,237	98.8%	\$ 1,006,685	\$ 181,327,922	99.3%	746,880	0.4%
2016	\$ 185,998,132	\$ 183,674,083	98.8%	\$ 1,715,719	\$ 185,389,802	99.7%	641,425	0.3%
2017	\$ 188,071,063	\$ 185,964,064	98.9%	\$ 1,405,142	\$ 187,369,206	99.6%	743,017	0.4%
2018	\$ 190,460,481	\$ 188,585,112	99.0%	\$ 1,045,009	\$ 189,630,121	99.6%	657,313	0.3%
2019	\$ 188,499,042	\$ 186,620,937	99.0%	\$ --	\$ 186,620,937	99.0%	<u>1,919,038</u>	1.0%
							<u>\$ 7,877,532</u>	

Source: City's audit reports.

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

CITY OF CRANSTON, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(UNAUDITED)

Year Ended June 30,	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES				TOTAL		
	General Obligation Bonds	Bond Premiums	Capital Leases	Certificates of Participation	Total	Bond Premiums	Certificates of Participation	RI Infrastructure Notes	Total	Total	Percentage of Personal Income	Debt Per Capita
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	1,190
2019	\$ 89,943,000	\$ 6,470,534	\$ 2,340,000	\$ --	\$ 98,753,534	\$ --	\$ --	\$ 18,253,000	\$ 18,253,000	\$ 117,006,534	N/A	1,440

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

CITY OF CRANSTON, RHODE ISLAND
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		
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%	966
2017	\$ 73,475,000	\$ 73,475,000	1.00%	907
2018	\$ 71,131,000	\$ 71,131,000	0.97%	876
2019	\$ 89,943,000	\$ 89,943,000	1.08%	1,107

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

**CITY OF CRANSTON, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2019
(UNAUDITED)**

Assessed value	\$ 8,308,938,820
Less exemptions	<u>(336,429,202)</u>
Net Total Taxable Assessed Value	<u>\$ 7,972,509,618</u>
Debt limit - 3 percent of total assessed value	\$ 239,175,289
Amount of debt applicable to debt limit:	
Total bonded debt	<u> --</u>
Legal Debt Margin	<u>\$ 239,175,289</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.

**CITY OF CRANSTON, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

Year Ended June 30,	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin
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
2019	\$ 239,175,289	\$ --	\$ 239,175,289

**CITY OF CRANSTON, RHODE ISLAND
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)**

Year Ended June 30,	(1) Population	(4) Median Income	(1) Per Capita Income	(1) Median Age	Education of Schooling Level in Years-Bachelors Degree	(2) School Enrollment	(3) Unemployment Percentage
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	64,282	\$ 28,496	39	N/A	10,559	9.3%
2014	80,696	64,282	\$ 29,218	41	N/A	10,374	7.3%
2015	80,972	64,282	\$ 29,218	41	N/A	10,271	6.0%
2016	81,014	64,282	\$ 29,878	40	N/A	10,443	5.1%
2017	81,034	64,282	\$ 30,553	41	N/A	10,417	4.1%
2018	81,202	64,282	\$ 30,553	41	N/A	10,365	3.7%
2019	81,274	64,282	\$ 31,607	41	31.40%	10,324	3.3%

(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) US Census Bureau

TABLE 13

**CITY OF CRANSTON, RHODE ISLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (2)
State of Rhode Island	5,500	1	14.01%	5,500	1	14.56%
City of Cranston	2,526	2	6.43%	2,173	2	5.75%
Citizens Bank			0.00%	1,601	3	4.24%
Tasca Motor Group	300	9	0.76%			
Walmart	310	8	0.79%			
Taco, Inc.	376	7	0.96%	380	5	1.01%
CranstonARC	400	6	1.02%	400	4	1.06%
Thielsch Engineering	427	4	1.09%	350	6	0.93%
Swarovski Consumer Goods Ltd.	254		0.65%	300	9	0.79%
The Stop & Shop Co., Inc.	445	3	1.13%	280	10	0.74%
Honeywell Safety Products	300	10		300	7	0.79%
U.S. Security Associates	300			300	8	0.79%
Access Point RI	402	5				
The Cedars	260					
Total	11,800		26.84%	11,584		30.66%

SOURCE: State Department of Labor

(1) Based on 6/30/19 total City employment of 39,268

(2) Based on 6/30/10 total City employment of 37,767

CITY OF CRANSTON, RHODE ISLAND
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

Function/Program	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Mayor.....	6	6	6	6	6	6	5	5	5	5
Department of Personnel.....	2	2	0	0	0	1	0	1	1	2
City Clerk.....	6	6	6	6	6	6	6	6	6	8
Municipal Court.....	2	2	2	2	3	3	3	3	2	3
Board of Canvassers.....	3	3	3	3	3	3	3	3	3	3
City Planning.....	4	4	4	4	4	4	4	4	4	5
Economic Development.....	2	2	2	2	2	2	2	2	2	2
Finance.....	3	3	3	3	3	3	3	2	2	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	6	7
Division of Contracts & Purchasing.....	2	2	2	2	2	2	2	3	3	4
Information Technology.....	6	6	6	6	6	6	6	6	6	8
Division of Treasury & Collection.....	7	7	6	6	6	7	6	6	6	6
Police										
Officers.....	153	153	153	153	151	152	150	143	140	153
Civilians.....	27	27	27	26	26	26	25	25	25	26
Animal Control.....	4	4	4	4	4	4	4	4	4	5
Fire										
Chief.....	1	1	1	1	1	1	1	1	1	1
Uniformed.....	194	194	194	194	193	197	178	178	181	200
Civilians.....	15	15	15	15	15	16	16	16	16	7
Inspections.....	11	11	11	10	12	12	11	12	12	14
Public Works										
Administration.....	3	3	3	3	4	3	3	3	3	4
Engineering.....	4	4	4	4	4	4	4	4	4	4
Highway.....	40	40	39	39	38	39	39	38	38	41
Building.....	23	23	23	23	23	24	24	24	24	26
Fleet Management.....	10	10	10	10	10	10	10	10	10	10
Refuse Removal.....	1	1	1	1	1	0	0	0	0	0
Traffic Safety.....	1	1	1	1	0	1	1	3	3	4
Parks and Recreation.....	21	21	20	20	20	20	20	20	19	20
Public Libraries.....	32	32	32	32	32	32	31	32	30	32
Senior Services.....	25	25	24	24	24	22	23	23	23	30
Community Development.....	3	3	3	3	3	3	3	3	3	4
Other.....	9	9	9	9	8	8	8	8	8	8
Education.....	<u>1,530</u>	<u>1,534</u>	<u>1,527</u>	<u>1,462</u>	<u>1,442</u>	<u>1,437</u>	<u>1,431</u>	<u>1,461</u>	<u>1,528</u>	<u>1,523</u>
Total.....	<u>2,161</u>	<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>

SOURCE: City Budget

**CITY OF CRANSTON, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/ PROGRAM
LAST TEN YEARS
(UNAUDITED)**

Function/Program	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Public Safety										
Fire:										
Total incidents.....	16,629	15,572	15,311	14,203	7,497	12,614	6,859	14,717	14,407	15,111
Rescue/medical calls.....	10,712	10,247	10,048	9,349	5,466	8,438	5,116	11,327	10,067	9,976
Rescue/non-medical calls.....	5,917	5,325	5,263	4,854	2,031	4,176	1,743	3,390	4,340	5,135
Fire hydrants.....	1,947	1,923	1,923	1,923	1,923	1,923	1,922	1,922	1,922	1,922
Police:										
Number of calls.....	91,258	83,970	81,239	78,896	65,422	66,243	67,937	66,542	66,030	68,620
Total 911 calls received.....	4,832	6,112	8,864	5,646	5,120	5,327	5,227	5,105	4,786	5,156
Formal investigations.....	22,949	22,128	23,312	20,039	17,075	16,097	15,150	14,706	14,923	15,920
City Clerk										
Number of documents recorded.....	13,690	15,226	15,267	15,036	14,513	15,036	16,381	14,529	14,793	15,683
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.....	40	33	49	64	20	41	37	26	34	52
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	1,871	1,890	1,747	1,864	26	48	41	28	39	58
Public Works										
Highway department:										
Streets (miles):										
Paved City roads.....	318	318	318	318	318	318	318	318	318	318
Paved State roads.....	69	69	69	69	69	69	69	69	69	69
Private roads.....	6	6	6	6	6	6	6	6	6	6
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.....	3,295	3,319	3,356	3,279	3,213	3,223	3,303	3,504	3,580	3,551
Middle School Grades 6-8.....	2,470	2,478	2,467	1,695	1,661	1,486	1,637	1,482	1,579	1,637
Elementary Schools Grades K-5.....	4,559	4,568	4,594	5,469	5,397	5,665	5,619	5,699	5,576	5,556
	10,324	10,365	10,417	10,443	10,271	10,374	10,559	10,685	10,735	10,744

Business-Type Activities

SOURCES: Various City Departments

(1) Information not available due to the construction and consolidation of schools and related grade levels.

N/A - Information not available

**CITY OF CRANSTON, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)**

Function/Program	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
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	35	36	36	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	28	27	27	27	27	27	27
Softball fields.....	12	12	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.....	37	47	47	120	149	149	149	149	149	149
Fire hydrants.....	1,945	1,923	1,923	1,923	1,923	1,923	1,922	1,922	1,922	1,921
Police department:										
Stations.....	4	4	3	3	3	3	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	324	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	4	3	3	3	3	3	3	3
Number of Elementary Schools.....	16	16	16	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.....	18	22	34	24	28	23	27	30	41	53
Business-Type Activities										
Sewer Fund										
Sewer mains (miles).....	263	263	263	263	263	263	263	250	250	250
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