

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
Of the  
CITY OF CRANSTON,  
RHODE ISLAND



FOR THE FISCAL YEAR ENDED

JUNE 30, 2010

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

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**RHODE ISLAND**

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***ROBERT F. STROM, FINANCE DIRECTOR***

**CITY OF CRANSTON, RHODE ISLAND**

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

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**Introductory  
Section**

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ALLAN W. FUNG  
MAYOR



ROBERT F. STROM  
FINANCE DIRECTOR

DEPARTMENT OF FINANCE  
CITY HALL  
869 PARK AVENUE  
CRANSTON, RHODE ISLAND 02910

December 20, 2010

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, 2010. The report includes the independent auditors' report as required by Rhode Island Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

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

Braver PC, 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, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cranston's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **PROFILE OF THE CITY OF CRANSTON**

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

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

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

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

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

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

### **LOCAL ECONOMY**

#### ***Population***

Ranked third in population among the 39 cities and towns in the State in 2000, the City experienced a 4.2% increase in population from 1990 to 2000.

## LONG-TERM FINANCIAL PLANNING

The City of Cranston places a high priority on economic development initiatives in order to solicit and secure new businesses 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 heavily in its urban business corridors. Through a variety of forward thinking legislative initiatives, the City offers comprehensive investment incentives to increase the viability of new and existing development areas.

The City has a commitment to the economic development in 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 City's 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*

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 an interchange of Interstate Route 295 and Route 14. This area continues to develop as one of the most important parts of the City's industrial tax base. Nationally recognized companies like Con-Way Trucking, who operates a major new terminal on 13 acres, and Bay State Florist, an international floral exporter, are just a few of the many industrial tenants that have been attracted to this ever growing industrial area. Approximately 85 acres of fully serviced industrial land with excellent highway access remain available for development.

### *Chapel View Shopping Center*

Located directly across from Garden City, this 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 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 the former historic structures, all over one hundred years old, to develop a European Village atmosphere that will have extensive upscale condominiums, office space and retail components. Current tenants include Shaw's Superstore Market, the largest and newest for the food chain in this area, Omaha Steaks, REI sporting goods store and several restaurants including Ted's Montana Grill and Johnny Rockets. When completed, this area will be home to over 368,000 square feet of retail and living space.

## **LONG-TERM FINANCIAL PLANNING (CONTINUED)**

### *Recent Development Initiatives*

Cranston Parkade - The long awaited redevelopment of the 77-acre former Narragansett Brewery property is completed. The Brewery Parkade has over 400,000 square feet of retail shopping area including such well-known retailers as Lowe's, Kmart, A.J. Wright, Super Stop & Shop, and several smaller stores. Phase II, the office development phase, has begun with a new 120,000 square foot complex to house the national restaurant chain, Texas Roadhouse, which has become a very successful facility. The developers completed a new state-of-the-art Police Headquarters and Municipal Court for the City of Cranston in June of 2007. Additional office buildings are currently in the planning stages and seven acres of additional open space has been added with the razing of the former Trolley Barn, which was part of the original Brewery Site. This substantial and visible economic redevelopment effort along Route 10 is proving to be a catalyst for the redevelopment of other nearby former industrial sites.

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

Citizens Bank - The Citizens Bank technology service center, located in the former Davol Company, is already the City's single largest office employer. Located in close proximity to both the Chapel View and the Garden City Shopping Centers, it provides an excellent complement to the retail and service establishments located nearby.

Tasca Ford Lincoln Mercury - Nationwide the largest Ford dealership, Tasca expanded its Regional headquarters in Cranston. The project resulted in the redevelopment of some additional State property as well as a vacant industrial building to create a state-of-the-art Ford Lincoln Mercury Dealership and Service Center that is a model for other Ford dealerships throughout the United States.

Taco Manufacturing Expansion - A well known industrial/commercial valve and pump producer with worldwide distribution, has recently undergone an expansion to increase the size of its facility from 40,000 square feet to over 200,000 square feet. The expansion allowed Taco to consolidate all of its operations to one central location. This expansion is a further example of the revitalization of the Cranston Street area.

### **Relevant Financial Policies**

The City's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. The State continues to struggle with balancing its budget. This has resulted in additional pressure at the local level from reductions in state aid compounded by tax levy caps imposed by the state.

## 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, 2009. 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.

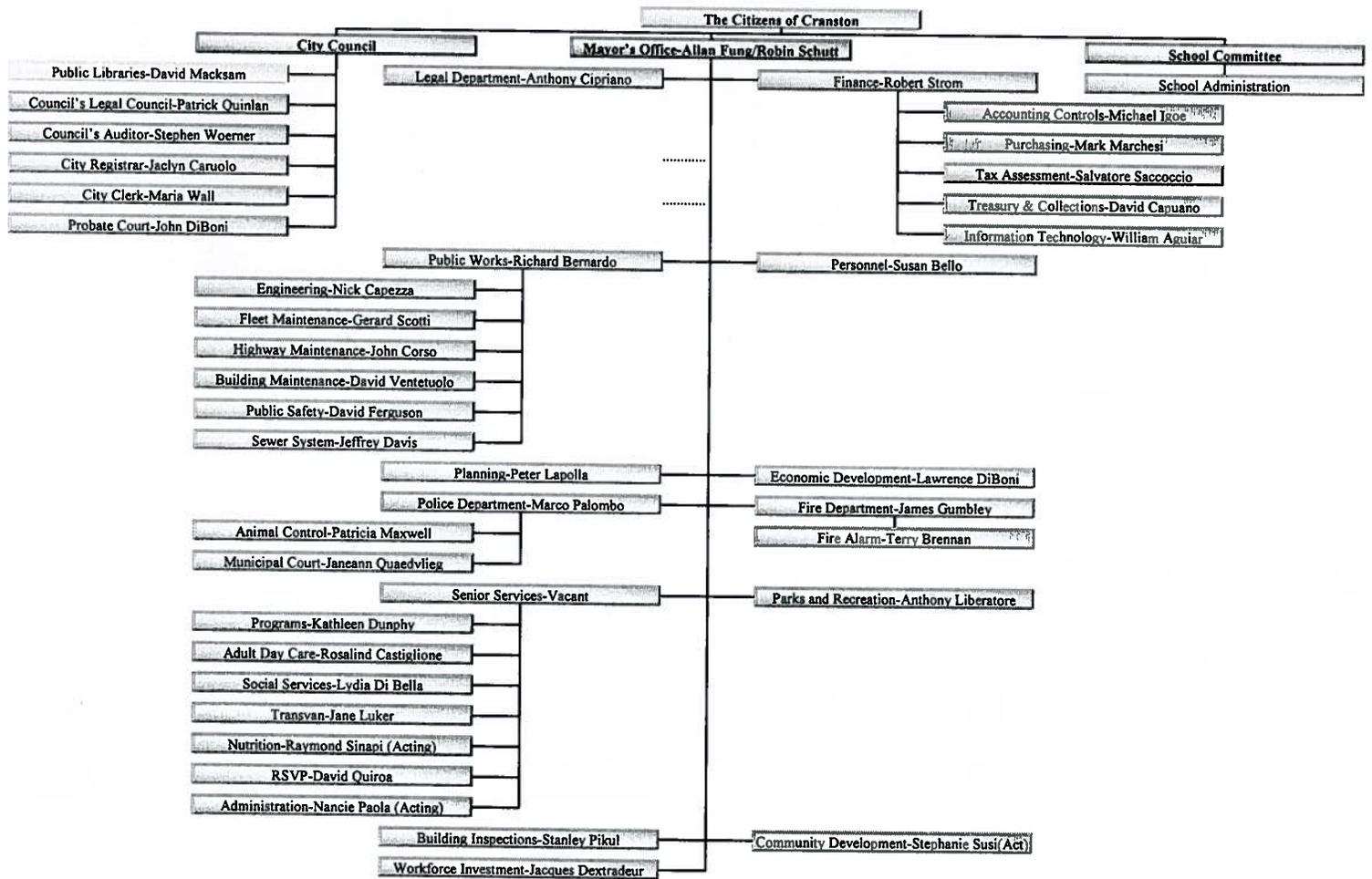
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase, Assessment and Management Information Systems for their diligence and cooperation on a daily basis in carrying out the duties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

A handwritten signature in cursive script that reads "Robert F. Strom".

Robert F. Strom,  
Director of Finance



- Joint Appointments:**
1. Board of Canvassers
  2. Conservation Commission
  3. Housing Board
  4. Board of Contract
  5. Claims Committee
  6. Traffic Safety Comm.
  7. Planning Commission
  8. School Buildings Committee

- Council Appointments:**
1. Tax Review Board
  2. Zoning Board
  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

- Mayoral Appointments:**
1. Parks & Rec. Adv. Brd.
  2. Redevelopment Agency
  3. Historic District Comm.
  4. Industrial Dev. Comm.
  5. Investment Committee

**CITY OF CRANSTON, RHODE ISLAND**

PRINCIPAL OFFICIALS  
JUNE 30, 2010

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**MAYOR**

Allan Fung

**FINANCE DEPARTMENT**

Robert F. Strom, Finance Director

Michael Igoe, CPA - City Controller

Salvatore Saccoccio - Tax Assessor

David Capuano - City Treasurer

Mark Marchesi - Purchasing Agent

William Aguiar - Information Technology Manager

**CITY COUNCIL**

John E. Lanni, Jr. - Council President

Terence Livingston - Council Vice President

Mario Aceto

Anthony J. Lupino

Emilio L. Navarro

Paul Archetto

Robert Pelletier

Richard Santamaria, Jr.

Michelle Bergin-Andrews

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**Financial  
Section**

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# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## INDEPENDENT AUDITORS' REPORT

Board of Finance  
City of Cranston, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

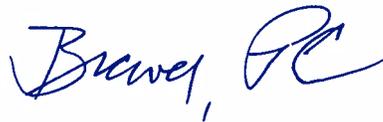
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis, Schedule of Funding Progress - Cranston Retirement and OPEB Systems and budgetary comparison information on pages 11 through 25 and pages 83 through 90, respectively, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City of Cranston, Rhode Island  
Page Two

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 and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Providence, Rhode Island  
December 20, 2010

**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, 2010***

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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, 2010.

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

**Financial Highlights**

- The assets of the City of Cranston exceeded its liabilities at the close of the fiscal year ended June 30, 2010 by \$3.0 million (*net assets*).
- The City's total net assets decreased by \$5.3 million (or 63.9%). The governmental net assets decreased by \$6.8 million (or 20.9%) and the business-type net assets increased by \$1.5 million (or 3.7%).
- The governmental activities revenue increased \$3.2 million (or 1.3%) and the net results from activities decreased from prior year by \$2.8 million as restated. In 2010, the results of activities produced a decrease in net assets of \$6.8 million and in 2009 the results of activities as restated, produced a decrease in net assets of \$4.0 million.
- The business-type activities revenue increased by \$4.1 million (or 19.8%) and the net results from activities increased from prior year by \$1.3 million. In 2010, the results of activities produced a decrease in business-type net assets of \$1.5 million, while in 2009 the results of activities produced an increase of \$0.2 million in business-type net assets.
- The General Fund (the primary operating fund) reflected on a current financial resource basis reports a decrease in fund balance of \$2.7 million (or 11.4%), compared to an increase of \$0.6 million in the prior year as restated.
- The City's total debt decreased by \$6.3 million. The decrease is due primarily to the scheduled repayment of \$7.3 million of outstanding debt and issuance of \$1.0 million of new business-type debt.

**Overview of the Basic Financial Statements**

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

## **Government Wide Financial Statements**

### **Reporting the City as a Whole**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets 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 assets and changes in them. You can think of the City's net assets, 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 assets are 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

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

The City maintains 53 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and School Department, both of which are considered to be major funds. Data from the other 51 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other 51 governmental funds, which are consolidated into 21 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 sprinkler systems 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 lunch program. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Cranston 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 nonmajor enterprise fund and is presented separately in the proprietary fund financial statements. The internal service fund is also presented separately in the proprietary fund financial statements.

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

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

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

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

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

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

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

**Reporting the City's Most Significant Funds (Continued)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

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

**Condensed Statement of Net Assets**

As of June 30  
 (In Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u> (As Restated)	<u>2010</u>	<u>2009</u> (As Restated)	<u>2010</u>	<u>2009</u> (As Restated)
<b>Assets:</b>						
Current and other assets .....	\$ 220.2	\$ 213.5	\$ 30.5	\$ 28.6	\$ 250.7	\$ 242.1
Capital assets.....	126.7	126.0	65.1	67.3	191.8	193.3
<b>Total assets .....</b>	<b>346.9</b>	<b>339.5</b>	<b>95.6</b>	<b>95.9</b>	<b>442.5</b>	<b>435.4</b>
<b>Liabilities:</b>						
Long-term liabilities						
Outstanding .....	187.4	189.5	46.8	48.7	234.2	238.2
Other liabilities .....	199.0	182.7	6.3	6.2	205.3	188.9
<b>Total liabilities .....</b>	<b>386.4</b>	<b>372.2</b>	<b>53.1</b>	<b>54.9</b>	<b>439.5</b>	<b>427.1</b>
<b>Net assets:</b>						
Invested in capital assets,						
Net of debt.....	36.9	30.1	56.7	59.0	93.6	89.1
Restricted .....	2.8	0.7	0.5	0.5	3.3	1.2
Unrestricted.....	(79.2)	(63.5)	(14.7)	(18.5)	(93.9)	(82.0)
<b>Total net assets .....</b>	<b>\$ (39.5)</b>	<b>\$ (32.7)</b>	<b>\$ 42.5</b>	<b>\$ 41.0</b>	<b>\$ 3.0</b>	<b>\$ 8.3</b>

The composition of net assets and the changes in net assets over a period of time serves as a useful indicator of the City's financial position. The City's total assets at June 30, 2010, exceed liabilities by \$3.0 million. Of the net assets, \$(93.9) million are unrestricted net assets. The City's net assets are comprised of \$(39.5) million from governmental activities and \$42.5 million from business-type activities.

***GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)***

**Condensed Statement of Net Assets (Continued)**

Invested in capital assets, net of related debt comprises \$93.6 and \$89.1 million of net assets at June 30, 2010 and 2009, respectively. This category reflects the total invested in capital assets (vehicles, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The second category of net assets, restricted net assets, represents net assets that are subject to external restriction on how they may be used. Restricted net assets as of June 30, 2010 totaled \$2.8 million for governmental activities and \$0.5 million for business-type activities. Restricted net assets in governmental activities consisted predominantly of cash reserve required by health care providers. Restricted net assets in business-type activities consisted of cash reserves required by bond agreement.

**Normal Impacts**

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

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

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

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

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

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

**Reduction of Capital Assets through Depreciation** - which will reduce capital assets and invested in capital assets, net of debt.

**Governmental Activities-Condensed Statements of Net Assets**

The major component of the "Current and Other Assets" category is "Receivables-Property Taxes" of \$179.9 million. This is an increase of \$11.3 million from June 30, 2009 and was necessitated to cover the elimination of several categories of state aid previously pledged by the state. Another component of this category is "Cash" of \$27.7 million.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities-Condensed Statements of Net Assets (Continued)**

The long-term liabilities outstanding at fiscal year end was \$187.4 million, of which \$83.6 million consisted of general obligation bonds, leases payable, and certificates of participation. The proceeds from these obligations were used to fund various capital projects (such as school construction and playground construction and improvements).

Total net assets at June 30, 2010 was \$(39.5) million and was comprised of unrestricted net assets of \$(79.2) million with the balance consisting of "Restricted" of \$2.8 million and "Invested in Capital Assets Net of Related Debt" of \$36.9 million.

**Business-Type Activities-Condensed Statements of Net Assets**

For business-type activities, such as the Sewer Enterprise Fund, "Current and Other Assets" of \$30.5 million consisted primarily of \$7.4 million in cash which was available to support the current operations of the Enterprise Funds, "Receivables" totaling \$15.9 million, a lease payment receivable of \$2.1 million and an intergovernmental receivable of \$4.9 million.

Long-term liabilities of \$46.8 million were comprised of \$37.1 million of unearned revenues and \$9.7 million representing 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 Clean Water Finance Agency. Other liabilities of \$6.3 million consisted primarily of the current portion of unearned revenue of \$1.9 million, \$3.0 million of accounts payable, and \$1.3 million for the current portion of long-term bonds payable.

The total net assets for the Business-type Activities as of June 30, 2010 were \$42.5 million. Invested in capital assets, net of related debt was the major component of net assets for business-type activities and amounted to \$56.7 million at June 30, 2010. As stated above, in the government-wide analysis of the Statement of Net Assets, the total of \$0.5 million is for "Restricted Net Assets". The balance of \$(14.7) million comprises "Unrestricted Net Assets".

**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, 2010 and 2009.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services .....	\$ 15.7	\$ 16.9	\$22.9	\$18.6	\$38.6	\$ 35.5
Operating grants and contributions .....	63.6	56.9	1.5	1.8	65.1	58.7
Capital grants and contributions.....	0.6	0.2			0.6	0.2
<b>General Revenues:</b>						
Property taxes.....	172.9	173.6			172.9	173.6
Gain on sale of assets .....	0.3				0.3	
Grants and contributions not						
Restricted to specific programs .....		2.1				2.1
Unrestricted investment earnings .....	0.7	1.0	0.4	0.3	1.1	1.3
Other .....	2.1	2.0			2.1	2.0
<b>Total revenues .....</b>	<b>255.9</b>	<b>252.7</b>	<b>24.8</b>	<b>20.7</b>	<b>280.7</b>	<b>273.4</b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Statement of Activities (Continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2010	2009	2010	2009	2010	2009
<b>Program Expenses:</b>						
General government.....	\$ 11.9	\$ 13.5	\$	\$	\$ 11.9	\$ 13.5
Public safety.....	75.0	69.9			75.0	69.9
Public works.....	14.1	14.3			14.1	14.3
Education.....	147.4	144.6			147.4	144.6
Parks and recreation.....	1.6	2.2			1.6	2.2
Libraries.....	2.9	3.2			2.9	3.2
Senior services.....	2.8	2.9			2.8	2.9
Other.....			6.0	3.1	6.0	3.1
Community development.....	2.0	1.1			2.0	1.1
Sewer.....			17.3	17.4	17.3	17.4
Interest and other costs.....	5.0	5.0			5.0	5.0
<b>Total expenses.....</b>	<b>262.7</b>	<b>256.7</b>	<b>23.3</b>	<b>20.5</b>	<b>286.0</b>	<b>277.2</b>
<b>Change in net assets.....</b>	<b>(6.8)</b>	<b>(4.0)</b>	<b>1.5</b>	<b>0.2</b>	<b>(5.3)</b>	<b>(3.8)</b>
<b>Net assets – July 1 (as restated).....</b>	<b>(32.7)</b>	<b>(28.7)</b>	<b>41.0</b>	<b>40.8</b>	<b>8.3</b>	<b>12.1</b>
<b>Net assets – June 30.....</b>	<b>\$(39.5)</b>	<b>\$(32.7)</b>	<b>\$ 42.5</b>	<b>\$ 41.0</b>	<b>\$ 3.0</b>	<b>\$ 8.3</b>

The Condensed Statement of Net Assets presents revenues, expenses and changes in net assets 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 other “general revenues” of \$176.0 and \$178.7 million includes \$172.9 and \$173.6 million in property taxes for the years ended June 30, 2010 and 2009, respectively.

“Program expenses” are presented in the Condensed Statement of Activities by function and total \$262.7 and \$256.7 million as restated (including interest on long-term debt) for the fiscal years June 30, 2010 and 2009, respectively.

“Changes in net assets” decreased \$2.8 million to \$(6.8) million from \$(4.0) million for the years ended June 30, 2010 and 2009, respectively. The change resulted primarily from an increase in program expenses, a decrease in charges for services offset by an increase in operating grants and contributions.

**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 know as the Sewer Enterprise Fund. The majority of revenues for this fund consist of charges for services. In fiscal years 2010 and 2009, the City generated \$22.9 and \$18.6 million, respectively, in charges for services for all of its business-type activities.

The total amount of expenses for business-type activities were \$23.3 and \$20.5 million, for the fiscal years ended June 30, 2010 and 2009, respectively.

The “Change in Net Assets” resulted in an increase of \$1.3 million to \$1.5 million for the fiscal year ended June 30, 2010, as compared to \$0.2 million for the fiscal year ending June 30, 2009. The increase was due primarily to an increase in sewer user fees.

**Financial Analysis of City’s Funds**

**Governmental Funds**

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

Combined fund balances for all the Governmental Funds was \$22.4 million. Fund balance was comprised of \$12.3 million unreserved fund balances and \$10.1 million reserved 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 \$228.3 million include primarily \$19.4 million in “Cash”, \$178.5 million in “Taxes Receivable”, \$9.0 million in “Intergovernmental Receivables”, \$2.9 million “Loans”, “Advances” of \$7.3 million, “Due from Other Funds” of \$6.5 million, \$1.1 million in “Advance deposits-hospitalization”, \$1.5 million in “Claim Deposits” and the remaining \$2.1 million in “Other Current Assets”. Liabilities of \$205.9 million consisted of \$8.4 million in “Accounts Payable”, \$5.7 million in “Due to Other Funds”, \$181.6 million in “Unearned Revenue”, \$1.5 million of “Claims Payable”, \$1.4 million of other miscellaneous liabilities and \$7.3 million of Advances from other funds.

**Condensed Balance Sheet**

As of June 30  
(In Millions)

	General Fund		School Department		Total Major Funds	
	(As Restated)				(As Restated)	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>						
Current and other assets .....	\$204.2	\$194.8	\$8.8	\$5.3	\$213.0	\$200.1
<b>Total assets</b> .....	<u>204.2</u>	<u>194.8</u>	<u>8.8</u>	<u>5.3</u>	<u>213.0</u>	<u>200.1</u>
<b>Liabilities:</b>						
Other liabilities.....	183.3	171.2	15.4	13.6	198.7	184.8
<b>Total liabilities</b> .....	<u>183.3</u>	<u>171.2</u>	<u>15.4</u>	<u>13.6</u>	<u>198.7</u>	<u>184.8</u>
<b>Fund Balance:</b>						
Reserved.....	7.6	9.0	2.4	0.6	10.0	9.6
Unreserved .....	13.3	14.6	(9.0)	(8.9)	4.3	5.7
<b>Total fund balance</b> .....	<u>\$20.9</u>	<u>\$23.6</u>	<u>\$(6.6)</u>	<u>\$(8.3)</u>	<u>\$14.3</u>	<u>\$15.3</u>

**General Fund - Condensed Balance Sheet**

The General Fund's total assets of \$204.2 million consists primarily of \$8.3 million in "Cash", \$178.5 million of "Taxes Receivable" \$5.7 million of "Intergovernmental Receivables", "Advances" of \$7.3 million, amounts "Due from Other Funds" of \$4.1 million and "Advanced Deposits-hospitalization" of \$0.3million.

Total liabilities for the General Fund were \$183.3 million. "Accounts payable" amounted to \$2.5 million; \$178.5 million represented "Unearned Revenue", \$0.7 million in "Due to Other Funds", \$0.4 million in "Claims Payable" and \$1.2 million of accrued liabilities.

As of June 30, 2010 the City's fund balance was \$20.9 million of which \$7.6 million was reserved and \$13.3 million was unreserved.

**School Department - Condensed Balance Sheet**

The School Department's total assets were \$8.8 million. The majority of that consisted primarily of \$2.0 million in "Cash" \$0.9 million in "Intergovernmental Receivables", \$1.5 million of "Claims Deposits", \$1.9 million of "Other Receivables", \$0.8 million of "Advanced Deposits", and \$1.7 of "Due from other funds".

Liabilities for the School Department totaled \$15.4 million. The majority of that consisted of \$7.3 of advances from the general fund, "Accounts Payable" of \$3.1 million and, \$1.1 million in "Claims Payable" and \$3.9 million "Due to Other Funds". For the fiscal year ending June 30, 2010, the School Department had a fund balance of \$(6.6) million. This was comprised of \$2.5 million reserved fund balance and \$(9.0) million in unreserved fund balance. For the prior fiscal year ending June 30, 2009 the School Department had a fund balance of \$(8.2) million that was comprised of an unreserved fund balance of \$(8.9) million and reserved fund balance was \$0.7 million.

**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, 2010 and 2009. The major funds for the City of Cranston are the "General Fund" and the "School Department."

The fund reporting format, also presented on a functional basis, presented in "Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds" presents all revenue types followed by the expenditures of the City. The fund financial statements report current year capital expenditures and do not report depreciation on capital assets. Likewise, principal payments on long-term liabilities are reported as current year expenditures and are not offset against the related long-term liability as within the Government-Wide Financial Statements. The major source of revenues for the City comes from "General Property Taxes". For the years ending June 30, 2010, and 2009 as restated, the City collected \$165.6, and \$159.0 million of property taxes, respectively. Total revenues for all major governmental funds for the years ended June 30, 2010 and 2009 as restated, were \$242.0, and \$232.0 million, respectively. For the major governmental funds, the total expenditures for the years ending June 30, 2010, and 2009, were \$242.7, and \$244.5 million, respectively. For the year ended June 30, 2010, General Fund revenues exceeded expenditures by \$87.6 million before other financing sources (uses) as compared to \$77.5 million for the period ending June 30, 2009 as restated.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

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

**Condensed Statement of Revenues, Expenditures and Changes in Fund Balances**

	Year Ended June 30 (In Millions)				Total Major Governmental	
	General Fund		School Department		2010	2009
	2010	2009	2010	2009		
<b>Revenues:</b>						
<b>General Revenues:</b>						
Property taxes.....	\$165.6	\$159.0	\$	\$	\$165.6	\$159.0
Intergovernmental.....	15.6	10.8	37.9	37.6	53.5	48.4
Charges for services.....	11.7	11.9	1.9	1.9	13.6	13.8
State fiscal stabilization funds.....			2.4	2.0	2.4	2.0
State on behalf pension contributions.....			5.1	6.7	5.1	6.7
Investment income.....	0.1	0.7			0.1	0.7
Other.....	1.2	1.4	0.5		1.7	1.4
<b>Total revenues</b> .....	<b>194.2</b>	<b>183.8</b>	<b>47.8</b>	<b>48.2</b>	<b>242.0</b>	<b>232.0</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government.....	6.8	7.9			6.8	7.9
Public safety.....	68.2	66.8			68.2	66.8
Public works.....	13.6	14.0			13.6	14.0
Education.....			136.1	138.2	136.1	138.2
Parks and recreation.....	2.0	2.3			2.0	2.3
Public libraries.....	2.9	3.1			2.9	3.1
Senior services.....	2.7	2.8			2.7	2.8
Other.....	0.2	0.2			0.2	0.2
<b>Debt Service:</b>						
Principal.....	5.9	5.1			5.9	5.1
Interest and other costs.....	4.3	4.1			4.3	4.1
<b>Total expenditures</b> .....	<b>106.6</b>	<b>106.3</b>	<b>136.1</b>	<b>138.2</b>	<b>242.7</b>	<b>244.5</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses).....	<b>87.6</b>	<b>77.5</b>	<b>(88.3)</b>	<b>(90.0)</b>	<b>(0.7)</b>	<b>(12.5)</b>
<b>Other Financing Sources (Uses):</b>						
Issuance of Debt.....						
Carulo action-settlement.....	(3.6)		3.6			
Transfers in.....		9.5	86.4	86.4	86.4	95.9
Transfers out.....	(86.7)	(86.4)			(86.7)	(86.4)
<b>Net other financing sources (uses)</b> .....	<b>(90.3)</b>	<b>(76.9)</b>	<b>90.0</b>	<b>86.4</b>	<b>(0.3)</b>	<b>9.5</b>
Net change in fund balances.....	(2.7)	0.6	1.7	(3.6)	(1.0)	(3.0)
<b>Fund balance July 1 (as restated)</b> .....	<b>23.6</b>	<b>23.0</b>	<b>(8.3)</b>	<b>(4.7)</b>	<b>15.3</b>	<b>18.3</b>
<b>Fund balance June 30</b> .....	<b>\$ 20.9</b>	<b>\$ 23.6</b>	<b>\$ (6.6)</b>	<b>\$ (8.3)</b>	<b>\$ 14.3</b>	<b>\$ 15.3</b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

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

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

The City's General Fund had revenues of \$194.2 million for the fiscal year ended June 30, 2010. This was comprised of \$165.6 million in "General Property Taxes", \$15.6 million of "Intergovernmental" revenues, \$11.7 million in "Charges for Services", \$0.1 million in "Investment Income", and \$1.2 million in "Other" revenue.

Expenditures for the General Fund for fiscal year ended June 30, 2010 were \$106.6 million. These expenditures consisted of \$6.8 million in "General Government" expenditures, \$68.2 million of "Public Safety" expenditures, \$13.6 million of "Public Works" expenditures, \$2.0 million of "Parks and Recreation" expenditures, \$2.9 million of "Public Libraries" expenditures, \$2.7 million of "Senior Services" expenditures, \$0.2 million of "Other" expenditures, \$5.9 million of "Debt Service Principal" expenditures, and \$4.3 million of "Interest and Other Costs".

In addition to general operating expenses, the General Fund also had "Net Other Financing Uses" of \$(90.3) million. This was composed of a \$(86.7) million transfers out, which was transferred to the "School Department". It also includes an additional transfer out of \$(3.6) million to the "School Department" as part of the Carulo action-settlement. Please refer to the "Subsequent Events" section of the Notes to the Basic Financial Statements for more information regarding the Carulo action-settlement.

The net change in fund balances was \$(2.7) million for the fiscal year ended June 30, 2010. This was primarily due to the \$(3.6) million transfer out to the School Department as part of the Carulo action settlement off set by various departmental expenditure savings.

**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, 2010 of \$47.8 million. This was derived from \$37.9 million of "Intergovernmental" revenues, \$1.9 million of "Charges for Services", \$2.4 million for "State Fiscal Stabilization", \$5.1 million of an on behalf pension contribution made by the state and \$0.5 million of "Other Income".

Expenditures for the School Department totaled \$136.1 million. This entire amount represents expenditures related to "Education".

In addition to general operating revenues, the School Department received \$90.0 million of "Other Financing Sources" in the form of "Transfers In" from the "General Fund". Of the total received, \$86.4 million was for operations and \$3.6 million was related to the Carulo action-settlement.

The net change in fund balances was \$1.7 million for the fiscal year ended June 30, 2010. This was primarily due to the transfer in from the Carulo action-settlement which more than compensated for a mid-year reduction in state aid.

***GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)***

**Proprietary Funds**

The Proprietary Funds consist of the Sewer Fund, the Public Facilities Management Foundation, the School Lunch Program, and the Internal Service Fund. The major source of revenues consists of "Charges for Usage and Service" of \$19.7 million. Total operating revenues were \$23.4 million. Total operating expenses for the year ending June 30, 2010, for the Proprietary Funds were \$23.8 million. The "Contract Payments" of \$14.0 million for sewer privatization comprise the majority of the expenses. Net "Non-Operating Revenues" for the year ending June 30, 2010 were \$1.7 million. The Proprietary Funds ended fiscal year 2010 with \$1.3 million more in revenues than expenses. Total Net Assets were \$43.1 million at June 30, 2010, of that "Invested in Capital Assets, Net of Related Debt" was \$56.7 million, 0.5 million were "Restricted Net Assets" and \$(14.1) million were "Unrestricted Net Assets". Total Net Assets as restated as of June 30, 2009 increased \$1.3 million from \$41.8 million to \$43.1 million (or 3.1%).

**Analysis of Significant Budget Variations in the General Fund**

For the year ended June 30, 2010, the General Fund Revenues were under budget projections by \$ 2.2 million or 0.9%. General Fund expenditures were under budget by \$3.1 million or 1.3%. This resulted in a favorable variance of \$0.9 million for the year ending June 30, 2010.

Significant revenue variances include:

- Property taxes – Favorable variance of \$2.0 million due to an aggressive collection policy.
- Departmental Income – Unfavorable variance of \$1.4 million due primarily to the sluggish economy and lack of real estate transactions including building permits.
- Intergovernmental – Unfavorable variance of \$2.8 million from the mid-year reduction in state aid.

Significant expenditure variances include:

- Rescue Fund – Favorable variance of \$1.5 million due to fewer rescue runs for Cranston residents than anticipated.
- The following departments had favorable variances due to attrition in the work force:
  1. Fire- \$0.4 million
  2. Public Works-\$0.4 million
  3. Senior Services-\$0.3 million
  4. Police-\$0.2 million
  5. City Clerk-\$0.1 million

***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, 2010 and 2009 as restated amounted to \$191.8 and \$193.2 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> (As Restated)		<u>Business-Type Activities</u>		<u>Total</u> (As Restated)	
	2010	2009	2010	2009	2010	2009
Land .....	\$ 11.8	\$ 11.1	\$ 0.3	\$ 0.3	\$ 12.1	\$ 11.4
Construction in progress .....	2.1	4.2	0.2	0.1	2.3	4.3
Land improvements.....	14.9	14.1	0.3	0.3	15.2	14.4
Buildings .....	85.9	80.4			85.9	80.4
Motor vehicles .....	16.2	16.2			16.2	16.2
Equipment.....	10.3	10.1	0.5	0.5	10.8	10.6
Infrastructure.....	82.9	82.9			82.9	82.9
Leasehold improvements .....			0.1	0.1	0.1	0.1
Sewer lines .....			49.2	46.6	49.2	46.6
Treatment and pumping plant .....			81.0	83.5	81.0	83.5
<b>Total assets</b> .....	<b>224.1</b>	<b>219.0</b>	<b>131.6</b>	<b>131.4</b>	<b>355.7</b>	<b>350.4</b>
Less: accumulated depreciation	(97.4)	(93.1)	(66.5)	(64.1)	(163.9)	(157.2)
<b>Net capital assets</b> .....	<b>\$ 126.7</b>	<b>\$ 125.9</b>	<b>\$ 65.1</b>	<b>\$ 67.3</b>	<b>\$ 191.8</b>	<b>\$ 193.2</b>

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 were \$355.7 million less accumulated depreciation of \$163.9 million for a net investment in capital assets of \$191.8 million.

**Governmental Activities:**

Major capital asset additions during the fiscal year ended June 30, 2010 included the following:

- \$0.6 million of paving of roads.
- \$0.6 million in upgrades/renovations to recreational facilities.
- \$0.5 million towards the acquisition of open space.
- \$2.2 million for cost associated with construction project in process to upgrade schools facilities.

***CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)***

**Capital Assets (Continued)**

**Business-Type Activities:**

Major capital asset additions during the fiscal year ended June 30, 2010 included the following:

- \$0.1 million of completed infrastructure improvements placed in service.

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

**Long-Term Liabilities**

As of June 30, 2010, the governmental activities had total long-term obligations of \$187.4 million. Of that, \$81.4 million related to bonded debt guaranteed by the City's assets. The City currently has \$2.2 million in leases payable. The business-type activities had total long-term obligations of \$9.7 million. Of that, \$7.5 million related to State Revolving Loans (SRF) from Rhode Island Clean Water Finance Agency and \$2.1 million related to Certificates of Participation that relate to the Public Facilities Management Foundation. The (SRF) funds are available for projects related to clean water. The \$2.1 million of Certificates of Participation relate to acquisition and improvements of the Public Works Facility. See Note III.F.1. for further explanation of outstanding debt.

Based on an actuarial valuations completed as of July 1, 2010, the net pension obligation liability for unpaid pension contributions increased by \$2.1 million from \$88.3 million at June 30, 2009 to \$90.4 million at June 30, 2010. Also, the net other post-employment benefit obligation (OPEB) liability increased \$1.8 million to \$3.9 million at June 30, 2010 as compared to \$2.1 million as of June 30, 2009.

Additional information can be found in Note III.F.1.

**Debt Outstanding**

For the year ending June 30, 2010, the City had \$100.8 million in debt (bonds, notes, etc.) outstanding as compared to \$107.1 million at June 30, 2009, a net decrease of \$6.3 million or 5.9% (considering debt retirement and new issues). The key factors for this decrease were \$7.3 million in principal payments made during fiscal year 2010 offset by an additional borrowing from Rhode Island Clean Water Financing Agency (RICFWA) of \$1.0 million for anticipated sewer projects.

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

	<u>2010</u>	<u>2009</u>
<b><i>Governmental:</i></b>		
General obligation bonds .....	\$ 87.3	\$92.9
Capital lease .....	2.5	2.9
<b><i>Subtotal</i></b> .....	<u>89.8</u>	<u>95.8</u>
<b><i>Business-type:</i></b>		
Sewer revolving loans .....	8.5	8.4
Certificates of participation .....	2.5	2.9
<b><i>Subtotal</i></b> .....	<u>11.0</u>	<u>11.3</u>
<b><i>Total</i></b> .....	<u>\$ 100.8</u>	<u>\$107.1</u>

Principal payments of \$6.0 million and \$1.3 million were made in the governmental and business-type activities, respectively, during fiscal year 2010.

***CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)***

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 \$219 million based on taxable property as of December 31, 2008, of approximately \$7.3 billion. On June 30, 2010, the City had \$84.6 million of debt outstanding that is outside the 3% debt limit.

The City's bond ratings are as follows:

- Standard & Poor's : "A"
- Fitch Ratings: "A"
- Moody's Investors Service : "A1"

**Economic Factors and Next Year's Budget and Rates**

- As noted previously, the Fiscal Year 2011 operating budget was passed by a majority vote of the City Council. Property tax collections were assumed to be collected at 98.25% of the current levy.
- The City budgeted approximately \$19.1 million for Police and Fire Pension Fund contributions.
- The City reserved \$1.5 million of Fund Balance to lessen the impact of tax burden placed on the City's residents by the State's elimination of the motor vehicle exemption reimbursement.

**Unemployment Statistics**

The most recent labor market information summary indicates that annualized unemployment for the years indicated was as shown in the following table:

	<u>Annualized</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City of Cranston .....	4.2%	4.4%	4.9%	5.3%	5.3%	5.1%	5.0%	5.3%	7.6%	11.3%
State of Rhode Island .....	4.1	4.4	5.1	5.4	5.2	5.1	5.1	5.2	7.6	11.2
United States .....	4.0	4.8	5.8	6.0	5.5	5.1	4.6	4.6	5.8	9.3

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

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**Basic  
Financial  
Statements**

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**CITY OF CRANSTON, RHODE ISLAND**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents.....	\$ 20,296,445	\$ 7,366,846	\$ 27,663,291
Investments.....	24,020		24,020
<b>Receivables:</b>			
Property taxes.....	179,926,182		179,926,182
Sewer assessments and user fees, net.....		15,905,765	15,905,765
Intergovernmental.....	8,983,652	4,889,637	13,873,289
Loans.....	2,885,742		2,885,742
Other.....	2,110,257	431,384	2,541,641
Advance deposits - hospitalization.....	1,140,800		1,140,800
Claims deposit.....	1,505,031		1,505,031
Bond issue costs - current.....	231,599	32,676	264,275
Internal balances.....	922,392	(922,392)	0
Other.....		31,541	31,541
<b>Total current assets.....</b>	<b>218,026,120</b>	<b>27,735,457</b>	<b>245,761,577</b>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
<b>Temporarily restricted:</b>			
Cash.....		501,295	501,295
<b>Total restricted assets.....</b>	<b>-</b>	<b>501,295</b>	<b>501,295</b>
<b>Receivables (net):</b>			
Other.....		2,145,000	2,145,000
Other assets.....		500	500
<b>Bond issue costs - noncurrent.....</b>	<b>2,208,780</b>	<b>96,447</b>	<b>2,305,227</b>
<b>Total receivables and other assets.....</b>	<b>2,208,780</b>	<b>2,241,947</b>	<b>4,450,727</b>
<b>Capital assets (net of accumulated depreciation):</b>			
Land.....	11,809,863	342,712	12,152,575
Construction in progress.....	2,115,920	149,467	2,265,387
Land improvements.....	6,942,000	52,098	6,994,098
Buildings and leasehold improvements.....	49,904,827	103,973	50,008,800
Sewer service to customers.....		20,551,294	20,551,294
Treatment and pumping plant.....		43,840,635	43,840,635
Vehicles.....	2,794,153	-	2,794,153
Machinery, equipment and furniture.....	1,970,379	75,493	2,045,872
Infrastructure.....	51,155,884	-	51,155,884
<b>Total net capital assets (net of accumulated depreciation).....</b>	<b>126,693,026</b>	<b>65,115,672</b>	<b>191,808,698</b>
<b>Total noncurrent assets.....</b>	<b>128,901,806</b>	<b>67,858,914</b>	<b>196,760,720</b>
<b>TOTAL ASSETS.....</b>	<b>346,927,926</b>	<b>95,594,371</b>	<b>442,522,297</b>

(Continued)

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
LIABILITIES:			
Current liabilities:			
Accounts payable.....	\$ 8,456,413	\$ 3,013,624	\$ 11,470,037
Accrued liabilities.....	84,513		84,513
Accrued payroll.....	1,227,589	2,013	1,229,602
Accrued interest payable.....	1,628,897	52,831	1,681,728
Retainage payable.....	80,227		80,227
Unearned revenue.....	177,445,729	1,937,104	179,382,833
Claims payable.....	1,827,590		1,827,590
Long-term liabilities due within one year.....	8,292,708	1,329,021	9,621,729
Total current liabilities.....	199,043,666	6,334,593	205,378,259
Noncurrent liabilities:			
Unearned revenue.....		37,066,505	37,066,505
Long-term liabilities due in more than one year.....	187,383,117	9,705,968	197,089,085
Total noncurrent liabilities.....	187,383,117	46,772,473	234,155,590
TOTAL LIABILITIES.....	386,426,783	53,107,066	439,533,849
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt.....	36,911,322	54,279,242	91,190,564
Restricted for:			
Debt service.....		501,295	501,295
Other purposes.....	2,770,499		2,770,499
Unrestricted.....	(79,180,678)	(12,293,232)	(91,473,910)
TOTAL NET ASSETS.....	\$ (39,498,857)	\$ 42,487,305	\$ 2,988,448

(Concluded)

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

**EXHIBIT B**

**CITY OF CRANSTON, RHODE ISLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET REVENUES (EXPENSES) AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government.....	\$ 11,927,606	\$ 5,726,884	\$ 3,403,691	\$ -	\$ (2,797,031)	\$ -	\$ (2,797,031)
Public safety.....	75,005,742	5,575,477	1,028,375	-	(68,401,890)	-	(68,401,890)
Public works.....	14,132,084	455,374	-	585,627	(13,091,083)	-	(13,091,083)
Education.....	147,353,569	1,850,584	56,855,365	-	(88,647,620)	-	(88,647,620)
Parks and recreation.....	1,564,980	289,310	-	-	(1,275,670)	-	(1,275,670)
Public libraries.....	2,918,385	89,000	634,949	-	(2,194,436)	-	(2,194,436)
Senior services.....	2,822,873	1,691,795	-	-	(1,131,078)	-	(1,131,078)
Community development.....	1,981,805	1,695,328	-	-	(286,477)	-	(286,477)
Interest expense.....	4,985,466	-	-	-	(4,985,466)	-	(4,985,466)
<b>TOTAL GOVERNMENTAL ACTIVITIES.....</b>	<b>262,692,510</b>	<b>15,678,424</b>	<b>63,617,708</b>	<b>585,627</b>	<b>(182,810,751)</b>	<b>-</b>	<b>(182,810,751)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Sewer fund.....	17,312,453	18,640,991	-	-	1,328,538	1,328,538	1,328,538
Public facilities management foundation.....	219,337	208,574	-	-	(10,763)	-	(10,763)
Charter school fund.....	3,090,636	2,968,139	-	-	(122,497)	-	(122,497)
School lunch fund.....	2,721,200	1,123,852	1,538,371	-	(38,977)	-	(38,977)
<b>TOTAL BUSINESS-TYPE ACTIVITIES.....</b>	<b>23,343,626</b>	<b>22,941,556</b>	<b>1,538,371</b>	<b>-</b>	<b>1,136,301</b>	<b>1,136,301</b>	<b>1,136,301</b>
<b>TOTALS.....</b>	<b>\$ 286,036,136</b>	<b>\$ 38,619,980</b>	<b>\$ 65,156,079</b>	<b>\$ 585,627</b>	<b>\$ (182,810,751)</b>	<b>\$ 1,136,301</b>	<b>\$ (181,674,450)</b>
<b>GENERAL REVENUES:</b>							
Property taxes.....					\$ 172,909,856	\$ -	\$ 172,909,856
Gain on sale of assets.....					303,537	303,537	303,537
Investment income.....					706,945	389,505	1,096,450
Other income.....					2,069,191	-	2,069,191
<b>TOTAL GENERAL REVENUES.....</b>					<b>175,989,529</b>	<b>389,505</b>	<b>176,379,034</b>
<b>CHANGE IN NET ASSETS.....</b>					<b>(6,821,222)</b>	<b>1,525,806</b>	<b>(5,295,416)</b>
<b>NET ASSETS - JULY 1, 2009 (AS RESTATED).....</b>					<b>(32,677,635)</b>	<b>40,961,499</b>	<b>8,283,864</b>
<b>NET ASSETS - JUNE 30, 2010.....</b>					<b>\$ (39,498,857)</b>	<b>\$ 42,487,305</b>	<b>\$ 2,988,448</b>

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

CITY OF CRANSTON, RHODE ISLAND

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	GENERAL FUND	SCHOOL DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and cash equivalents.....	\$ 8,334,267	\$ 1,963,420	\$ 9,118,551	\$ 19,416,238
Investments.....			24,020	24,020
Receivables:				
Taxes, net.....	178,449,068			178,449,068
Intergovernmental.....	5,649,348	888,412	2,445,892	8,983,652
Loans.....			2,885,742	2,885,742
Other.....	216	1,927,739	182,302	2,110,257
Claims deposit.....		1,505,031		1,505,031
Advance deposits - hospitalization.....	328,800	812,000		1,140,800
Due from other funds.....	4,137,564	1,693,634	653,326	6,484,524
Advances to School Department.....	7,295,561			7,295,561
<b>TOTAL ASSETS.....</b>	<b>\$ 204,194,824</b>	<b>\$ 8,790,236</b>	<b>\$ 15,309,833</b>	<b>\$ 228,294,893</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable.....	\$ 2,496,277	\$ 3,062,111	\$ 2,878,438	\$ 8,436,826
Accrued payroll.....	1,206,937		18,719	1,225,656
Accrued liabilities.....	9,513			9,513
Retainage payable.....			80,227	80,227
Due to other funds.....	707,281	3,864,627	1,085,235	5,657,143
Unearned revenue.....	178,473,646		3,140,981	181,614,627
Claims payable.....	361,303	1,119,517		1,480,820
Other liabilities.....	-		75,000	75,000
Advances from City.....		7,295,561		7,295,561
<b>TOTAL LIABILITIES.....</b>	<b>183,254,957</b>	<b>15,341,816</b>	<b>7,278,600</b>	<b>205,875,373</b>
<b>FUND BALANCES:</b>				
<b>Reserved for:</b>				
Advances.....	7,295,561			7,295,561
Encumbrances.....		97,303		97,303
Cash on deposit.....	328,800	2,317,031		2,645,831
Article 18.....		27,365		27,365
<b>Unreserved:</b>				
Designated for subsequent year expenditures.....	1,475,000			1,475,000
Undesignated.....	11,840,506			11,840,506
Special revenue funds.....		(8,993,279)	5,614,872	(3,378,407)
Capital project funds.....			2,416,361	2,416,361
<b>TOTAL FUND BALANCES.....</b>	<b>20,939,867</b>	<b>(6,551,580)</b>	<b>8,031,233</b>	<b>22,419,520</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 204,194,824</b>	<b>\$ 8,790,236</b>	<b>\$ 15,309,833</b>	<b>\$ 228,294,893</b>

(Continued)

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

**CITY OF CRANSTON, RHODE ISLAND**

RECONCILIATION OF FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

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

TOTAL FUND BALANCE (EXHIBIT C, PAGE I).....	\$	22,419,520
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Beginning capital assets and current additions.....		131,903,285
Depreciation expense.....		(5,029,921)
Disposal of capital assets.....		(180,338)
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).....		1,477,114
Property tax receivable - accrual basis change.....		4,168,898
Bond issue costs.....		2,440,379
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 assets.....		606,926
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.....		(87,246,842)
Leases payable.....		(2,534,862)
Compensated absences.....		(10,136,963)
Deferred salary.....		(239,779)
Net pension obligation.....		(90,436,567)
Net OPEB obligation.....		(3,865,812)
Claims and judgements.....		(1,215,000)
Accrued interest payable.....		(1,628,895)
NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<b>\$</b>	<b><u>(39,498,857)</u></b>

(Concluded)

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

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	SCHOOL DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
General property taxes.....	\$ 165,623,300	\$	\$	\$ 165,623,300
Intergovernmental.....	15,627,287	37,928,611	13,636,180	67,192,078
Charges for services.....	11,684,217	1,850,584	1,648,623	15,183,424
Investment income.....	132,754		396,951	529,705
State fiscal stabilization funds.....		2,410,080		2,410,080
State on-behalf pension contributions.....		5,056,767		5,056,767
Other.....	1,190,294	543,526	304,240	2,038,060
<b>TOTAL REVENUES</b> .....	<b>194,257,852</b>	<b>47,789,568</b>	<b>15,985,994</b>	<b>258,033,414</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government.....	6,806,234		921,630	7,727,864
Public safety.....	68,231,942		1,940,240	70,172,182
Public works.....	13,625,913			13,625,913
Education.....		136,068,080	11,032,902	147,100,982
Parks and recreation.....	2,047,774		17,904	2,065,678
Public libraries.....	2,890,199		91,529	2,981,728
Senior services.....	2,677,933		102,312	2,780,245
Community development.....			1,981,805	1,981,805
Other.....	170,780			170,780
<b>Debt Service:</b>				
Principal.....	5,860,000			5,860,000
Interest and other costs.....	4,286,465		-	4,286,465
<b>Capital Outlay:</b>				
Capital expenditures.....			4,853,492	4,853,492
<b>TOTAL EXPENDITURES</b> .....	<b>106,597,240</b>	<b>136,068,080</b>	<b>20,941,814</b>	<b>263,607,134</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE:</b>	<b>87,660,612</b>	<b>(88,278,512)</b>	<b>(4,955,820)</b>	<b>(5,573,720)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Carulo action - settlement.....	(3,559,654)	3,559,654	-	-
Transfers in.....		86,413,637	609,399	87,023,036
Transfers out.....	(86,733,036)		(290,000)	(87,023,036)
<b>NET OTHER FINANCING SOURCES (USES)</b> .....	<b>(90,292,690)</b>	<b>89,973,291</b>	<b>319,399</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b> .....	<b>(2,632,078)</b>	<b>1,694,779</b>	<b>(4,636,421)</b>	<b>(5,573,720)</b>
<b>FUND BALANCES - JULY 1, 2009 - AS RESTATED</b> .....	<b>23,571,945</b>	<b>(8,246,359)</b>	<b>12,667,654</b>	<b>27,993,240</b>
<b>FUND BALANCES - JUNE 30, 2010</b> .....	<b>\$ 20,939,867</b>	<b>\$ (6,551,580)</b>	<b>\$ 8,031,233</b>	<b>\$ 22,419,520</b>

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

**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, 2010**

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... **\$ (5,573,720)**

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

Capital outlay.....	6,005,179
Depreciation expense.....	<u>(5,029,921)</u>

Total..... **975,258**

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

(180,338)

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

Decrease in property tax receivable - accrual basis change.....	(1,410,418)
Decrease in property tax interest and lien revenue.....	<u>(1,758,616)</u>

Total ..... **(3,169,034)**

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

Principal repayments:

General obligation bonds.....	5,510,000
Capital lease.....	<u>373,061</u>

Total ..... **5,883,061**

**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, 2010

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

Compensated absences and deferred salary.....	(524,297)
Net pension obligation.....	(2,110,800)
Net OPEB obligation.....	(1,751,405)
Amortization of bond issuance costs.....	(231,599)
Amortization of bond premium.....	171,973
Claims payable.....	(125,000)
Accrued interest payable.....	16,475
Total .....	<u>(4,554,653)</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>(201,796)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) .....	<u>\$ (6,821,222)</u>

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

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTALS	GOVERNMENTAL
	MAJOR FUNDS		NONMAJOR	NONMAJOR		INTERNAL SERVICE FUND
	SEWER	PUBLIC FACILITIES MANAGEMENT FOUNDATION	SCHOOL LUNCH PROGRAM	CHARTER SCHOOL PROGRAM		
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents.....	\$ 6,809,043	\$ 7,624	\$ 550,070	\$ 109	\$ 7,366,846	\$ 880,209
Inventory.....			31,541		31,541	
Receivables:						
Sewer assessments and user fees, net.....	15,905,765				15,905,765	
Other.....			1,010	65,374	66,384	
Capital lease.....		365,000			365,000	
Intergovernmental.....	4,774,746		114,891		4,889,637	
Bond issuance costs.....	32,676				32,676	
Due from other funds.....				600,504	600,504	95,011
Total Current Assets.....	27,522,230	372,624	697,512	665,987	29,258,353	975,220
Noncurrent Assets:						
Restricted cash.....		501,295			501,295	
Capital lease receivable.....		2,145,000			2,145,000	
Bond issuance costs.....	-	96,447			96,447	
Other assets.....		500			500	
Subtotal Noncurrent Assets.....	-	2,743,242	-	-	2,743,242	-
Capital Assets:						
Capital assets, net of accumulated depreciation.....	64,982,699	106,612	26,361		65,115,672	
Total Noncurrent Assets.....	64,982,699	2,849,854	26,361	-	67,858,914	-
TOTAL ASSETS.....	92,504,929	3,222,478	723,873	665,987	97,117,267	975,220
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable.....	2,615,556	9,625	84,320	304,123	3,013,624	19,591
Accrued payroll.....	2,013				2,013	1,933
Accrued interest.....	31,556	21,275			52,831	
Due to other funds.....	159,459		1,363,437		1,522,896	-
Claims payable.....					-	346,770
Unearned revenue.....	1,937,104				1,937,104	
Bonds, notes payable and compensated absences.....	957,077	365,000	2,170	4,774	1,329,021	
Total Current Liabilities.....	5,702,765	395,900	1,449,927	308,897	7,857,489	368,294
Noncurrent Liabilities:						
Unearned revenue.....	37,066,505				37,066,505	
Net OPEB Obligation.....					-	
Bonds, notes payable and compensated absences.....	7,510,840	2,132,636	19,530	42,962	9,705,968	
Total Noncurrent Liabilities.....	44,577,345	2,132,636	19,530	42,962	46,772,473	-
TOTAL LIABILITIES.....	50,280,110	2,528,536	1,469,457	351,859	54,629,962	368,294
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt.....	56,547,458	(2,294,577)	26,361		54,279,242	
Restricted:						
Commitments.....					-	
Debt service.....		501,295			501,295	
Unrestricted.....	(14,322,639)	2,487,224	(771,945)	314,128	(12,293,232)	606,926
TOTAL NET ASSETS.....	\$ 42,224,819	\$ 693,942	\$ (745,584)	\$ 314,128	\$ 42,487,305	\$ 606,926

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

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTALS	GOVERNMENTAL
	SEWER	PUBLIC FACILITIES MANAGEMENT FOUNDATION	NONMAJOR SCHOOL LUNCH PROGRAM	NONMAJOR CHARTER SCHOOL PROGRAM		INTERNAL SERVICE FUND
<b>OPERATING REVENUES:</b>						
Charges for usage and service.....	\$ 17,915,435	\$ 173,574	\$ 1,106,508		\$ 19,195,517	\$ 495,000
Tuition.....				\$ 2,968,139	2,968,139	
Miscellaneous.....	725,556	35,000	17,344		777,900	31,130
<b>TOTAL OPERATING REVENUES.....</b>	<b>18,640,991</b>	<b>208,574</b>	<b>1,123,852</b>	<b>2,968,139</b>	<b>22,941,556</b>	<b>526,130</b>
<b>OPERATING EXPENSES:</b>						
Operations.....	709,288	47,789	1,589,920	1,212,075	3,559,072	454,561
Personnel.....	82,045		1,122,045	1,878,561	3,082,651	78,767
Claims.....					-	199,865
Contract payments.....	14,041,764				14,041,764	
Depreciation.....	2,377,033	18,768	9,235		2,405,036	
<b>TOTAL OPERATING EXPENSES.....</b>	<b>17,210,130</b>	<b>66,557</b>	<b>2,721,200</b>	<b>3,090,636</b>	<b>23,088,523</b>	<b>733,193</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,430,861</b>	<b>142,017</b>	<b>(1,597,348)</b>	<b>(122,497)</b>	<b>(146,967)</b>	<b>(207,063)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest expense.....	(94,769)	(133,252)			(228,021)	
Investment income.....	389,283		222		389,505	5,267
Amortization.....	(7,554)	(19,528)			(27,082)	
Grants.....			1,538,371		1,538,371	
<b>NET NONOPERATING REVENUES (EXPENSES).....</b>	<b>286,960</b>	<b>(152,780)</b>	<b>1,538,593</b>	<b>-</b>	<b>1,672,773</b>	<b>5,267</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>1,717,821</b>	<b>(10,763)</b>	<b>(58,755)</b>	<b>(122,497)</b>	<b>1,525,806</b>	<b>(201,796)</b>
<b>NET ASSETS - JULY 1, 2009 - AS RESTATED.....</b>	<b>40,506,998</b>	<b>704,705</b>	<b>(686,829)</b>	<b>436,625</b>	<b>40,961,499</b>	<b>808,722</b>
<b>NET ASSETS - JUNE 30, 2010.....</b>	<b>\$ 42,224,819</b>	<b>\$ 693,942</b>	<b>\$ (745,584)</b>	<b>\$ 314,128</b>	<b>\$ 42,487,305</b>	<b>\$ 606,926</b>

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

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES	
	SEWER	PUBLIC FACILITIES MANAGEMENT FOUNDATION	NONMAJOR SCHOOL LUNCH PROGRAM	NONMAJOR CHARTER SCHOOL PROGRAM	TOTALS	INTERNAL SERVICE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers.....	\$ 16,085,044	\$ 208,574	\$ 1,125,249	\$ 3,013,787	\$ 20,432,654	\$ 526,131
Cash paid to suppliers.....	(14,400,672)		(1,529,789)	(911,054)	(16,841,515)	
Cash paid to employees.....	(81,793)		(1,139,891)	(1,859,076)	(3,080,760)	(78,525)
Cash paid for claims.....					-	(244,860)
Cash paid for other operating expenses.....	(528,916)	(38,575)	(76,108)		(643,599)	(438,063)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>1,073,663</b>	<b>169,999</b>	<b>(1,620,539)</b>	<b>243,657</b>	<b>(133,220)</b>	<b>(235,317)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Nonoperating grants received.....			1,540,961		1,540,961	
Change in interfund loans.....	35,720		371,459	(243,657)	163,522	35,495
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>35,720</b>	<b>-</b>	<b>1,912,420</b>	<b>(243,657)</b>	<b>1,704,483</b>	<b>35,495</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets.....	(153,378)	(26,330)	(1,697)		(181,405)	
Collection of capital lease payment.....		350,000			350,000	
Bond proceeds.....	1,000,000				1,000,000	
Principal paid on bonds.....	(955,737)	(350,000)			(1,305,737)	
Interest paid on bonds.....	(96,161)	(136,052)			(232,213)	
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(205,276)</b>	<b>(162,382)</b>	<b>(1,697)</b>	<b>-</b>	<b>(369,355)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Income from investments.....	389,283		222		389,505	5,266
<b>NET INCREASE (DECREASE) IN CASH.....</b>	<b>1,293,390</b>	<b>7,617</b>	<b>290,406</b>	<b>-</b>	<b>1,591,413</b>	<b>(194,556)</b>
<b>CASH - JULY 1, 2009 (INCLUDING RESTRICTED CASH).....</b>	<b>5,515,653</b>	<b>501,302</b>	<b>259,664</b>	<b>109</b>	<b>6,276,728</b>	<b>1,074,765</b>
<b>CASH - JUNE 30, 2010 (INCLUDING RESTRICTED CASH).....</b>	<b>\$ 6,809,043</b>	<b>\$ 508,919</b>	<b>\$ 550,070</b>	<b>\$ 109</b>	<b>\$ 7,868,141</b>	<b>\$ 880,209</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ 1,430,861	\$ 142,017	\$ (1,597,348)	\$ (122,497)	\$ (146,967)	\$ (207,063)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation.....	2,377,033	18,768	9,235		2,405,036	
Amortization.....	-					
(Increase) decrease in accounts receivable.....	(4,882)		1,397	45,648	42,163	
Decrease in inventory.....			9,785		9,785	
(Increase) decrease in intergovernmental receivables.....	(935,318)				(935,318)	
Increase (decrease) in accounts payable.....	(178,536)	9,214	(25,763)	301,022	105,937	16,499
Increase (decrease) in accrued payroll.....	252		(17,845)		(17,593)	242
Increase (decrease) in prepaid assessments.....	304,253				304,253	
Decrease in claims payable.....					-	(44,995)
Decrease in unearned revenue.....	(1,920,000)				(1,920,000)	
Decrease in OPEB liabilities.....				19,484	19,484	
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>\$ 1,073,663</b>	<b>\$ 169,999</b>	<b>\$ (1,620,539)</b>	<b>\$ 243,657</b>	<b>\$ (133,220)</b>	<b>\$ (235,317)</b>

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

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## **Fiduciary Funds**

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

### **Pension Trust Funds**

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

### **Postemployment Healthcare Trust Fund**

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

### **Private-Purpose Trust Funds**

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

### **Agency Funds**

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

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

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

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

CITY OF CRANSTON, RHODE ISLANDSTATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	PENSION TRUST FUND	OPEB TRUST FUND	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
<b>ASSETS:</b>				
Cash and cash equivalents.....	\$ 771,172	\$ 26,095	\$ 128,321	\$ 1,057,720
Investments:				
Real Estate Investment Trust.....	903,980			
Equity Mutual Funds.....	17,417,594			
Fixed Income Mutual Funds.....	12,358,069			
Common Stocks.....	14,449,231			
Total Investments.....	45,128,874	-	-	-
Accounts receivable.....	130,204	356,789		
<b>TOTAL ASSETS.....</b>	<b>46,030,250</b>	<b>382,884</b>	<b>128,321</b>	<b>1,057,720</b>
<b>LIABILITIES:</b>				
Accounts payable.....		62,555	3,643	
Deposits held in custody for others.....				1,057,720
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>62,555</b>	<b>3,643</b>	<b>1,057,720</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS AND OTHER PURPOSES.....</b>	<b>\$ 46,030,250</b>	<b>\$ 320,329</b>	<b>\$ 124,678</b>	<b>\$ -</b>

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

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	PENSION TRUST FUND	OPEB TRUST FUND	PRIVATE PURPOSE TRUST FUND
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 19,396,892	\$ 3,347,835	\$ 20,303
Plan member contributions.....	510,623	171,376	
Other.....		241	
Total contributions.....	19,907,515	3,519,452	20,303
Investment income:			
Interest and dividends.....	1,154,410	287	1,321
Net appreciation in the fair value of investments.....	2,489,662		
Total investment income.....	3,644,072	287	1,321
TOTAL ADDITIONS.....	23,551,587	3,519,739	21,624
DEDUCTIONS:			
Benefits.....	20,675,743	3,582,387	20,678
Administrative expenses.....	249,965	14,350	
TOTAL DEDUCTIONS.....	20,925,708	3,596,737	20,678
CHANGE IN NET ASSETS.....	2,625,879	(76,998)	946
NET ASSETS - JULY 1, 2009 - AS RESTATED.....	43,404,371	397,327	123,732
NET ASSETS - JUNE 30, 2010.....	\$ 46,030,250	\$ 320,329	\$ 124,678

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

**CITY OF CRANSTON, RHODE ISLAND**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**HISTORY AND ORGANIZATION**

The City of Cranston, Rhode Island (the City) was incorporated in 1910 and covers an area of 28 square miles. The City operates under a Mayor-Council form of government as prescribed by the City's home rule charter, which was adopted in 1962. The Mayor is elected by the voters of the City to a two-year term limited to four consecutive terms. City Council members are elected to two-year terms, limited to five consecutive terms. The City provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, sewers and water, a free public library, and education encompassing grades PreK-12.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Reporting Entity**

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

**Blended Component Units:**

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

**B. Recently Issued Accounting Standards**

The District will adopt the following new accounting pronouncement in future years:

- GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for the City's fiscal year ending June 30, 2011.
- GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, full implementation effective for the Town's fiscal year ending June 30, 2011.
- GASB Statement No. 59 – Financial Instruments Omnibus, effective for the Town's fiscal year ending June 30, 2011.

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

During the fiscal year ended June 30, 2010, the School Department implemented the following governmental accounting standards:

- GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Department's fiscal year end June 30, 2010. The implementation of this standard had no effect on the Department's financial statements.
- GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the Department's fiscal year end June 30, 2010. The implementation of this standard had no effect on the Department's financial statements.

(CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing 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.

(CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *School Department Fund* accounts for the financial transactions of the City's School Department which are not required to be accounted for in another fund.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

*Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes.

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

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

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

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

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 on behalf of students and amounts held for performance bonds.

(CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City also has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

**E. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

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

(CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments (Continued)**

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

Investments for the City are reported at fair value.

**2. Receivables and Payables**

**a. 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."

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, all trade, property tax, and sewer use are shown net of an allowance for uncollectibles. Allowance percentages range from 5 to 100% of outstanding receivable balances at June 30, 2010, and are calculated 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 revenue, 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 5.5% over those of the preceding year. Recently the State of Rhode Island passed a law, which went into effect for fiscal year 2008, which would decrease this cap by .25% each year until it has been lowered to a maximum of 4% of the prior year's tax levy by fiscal year 2013. Overdue taxes are assessed penalties and will be collected through the sale of tax titles if required.

(CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, and Net Assets or Equity (Continued)**

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 in the City and \$5,000 in the School Department for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

(CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Liabilities, and Net Assets or Equity (Continued)**

**6. Compensated Absences**

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

**7. Long-Term Obligations**

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

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

**8. Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

**Invested in Capital Assets, Net of Related Debt**

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

**Restricted Net Assets**

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

**Unrestricted Net Assets**

This category presents the net assets of the City which are not restricted.

**9. 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.

(CONTINUED)

## **II. 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 not later than the 15<sup>th</sup> day of May. Public hearings are conducted on the recommended budget and the final recommended budget is legally enacted through an ordinance at the Financial City Council Meeting. Budget appropriations lapse at the end of the fiscal year, with the exception of capital project funds.

The level of budgetary control for the General Fund (that is, the level at which expenditures cannot legally exceed appropriations) is fixed by resolution as part of the annual budget adoption process at the Financial City Council Meeting. Although the resolution prohibits spending in excess of the authorized budget, it does allow management the right to create interdepartmental transfers at any time during the fiscal year. Intradepartmental transfers and supplemental appropriations are restricted to the fourth quarter and must be approved by the City Council in the form of an ordinance. Intradepartmental transfers reallocate surplus funds from one department to another. Supplemental appropriations increase both revenue appropriation and expenditure appropriation by an equal amount. For the fiscal year ended June 30, 2010, intradepartmental transfers and supplemental appropriations netted an increase to the original adopted budget of \$28,179.

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

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

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Budget - GAAP Reconciliation**

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

	GENERAL FUND			SCHOOL DEPARTMENT FUND		
	REVENUES	EXPENDITURES	FUND BALANCE	REVENUES	EXPENDITURES	FUND BALANCE
BALANCE, BUDGETARY BASIS						
JUNE 30, 2010.....	\$ 231,363,990	\$ 230,436,414	\$ 20,939,867	\$ 36,310,983	\$ 124,084,861	\$ (6,046,946)
Revenues/Expenditures accounted for on the budgetary basis associated with Education funds	(37,590,013)	(124,003,650)				
Encumbrances outstanding at June 30, 2009 liquidated during the year June 30, 2010					550,839	(550,839)
Encumbrances outstanding at June 30, 2010 Charged to budgetary expenditures					(94,854)	94,854
Reclassifications principal payments for proceeds from sales	483,875	483,875	-			
Transfer out for hospitalization costs		(319,399)				
Carryover				(23,878)		(23,878)
Revenue/Expenditure pass-thru				6,445,696	6,470,467	(24,771)
State Teachers' Retirement on-behalf payment				5,056,767	5,056,767	
BALANCE, GAAP BASIS, JUNE 30, 2010 EXHIBIT D	\$ 194,257,852	\$ 106,597,240	\$ 20,939,867	\$ 47,789,568	\$ 136,068,080	\$ (6,551,580)

**C. Capital Projects Authorizations**

The following is a summary of projects recorded in the Capital Projects Fund at June 30, 2010:

PROJECT NAME	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURE	BALANCE JUNE 30, 2010
<b>GOVERNMENTAL FUNDS:</b>				
School bond fund	\$ 22,373,772	\$ 2,378,131	\$ 22,089,758	\$ 284,014
Police and fire bond fund	7,942,166	8,286	7,185,747	756,419
Public building bond fund	1,500,000	5,171	721,938	778,062
Recreation bond fund	4,863,932	612,600	4,419,960	443,972
Highway bond fund	5,999,674	1,034,740	5,091,247	908,427
Storm drains bond fund	496,893	-	496,800	93
Neighborhood infrastructure fund	1,531,223	44,836	1,405,509	125,714
Open space bond fund	996,090	769,728	947,874	48,216
<b>ENTERPRISE FUNDS:</b>				
Sewer system project	4,000,000	153,377	1,021,434	2,978,566

(CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**D. Deficit Fund Balance**

During the year ended June 30, 2010, the City had a deficit fund balance in the following funds:

<u>Major Governmental Funds</u>	
School Department Unrestricted Fund	\$ 6,551,580
<u>Non-Major Governmental Funds</u>	
Community Development Block Grant	\$ 23,993
WIA Job Development Fund	45,805
School Bond Fund	85,012
School Lunch Fund	745,584

The major governmental fund deficit will be eliminated through the approved deficit reduction plan that the School Department has submitted to the Auditor General. The non – major fund deficits will be eliminated through future intergovernmental grant receipts, repayment of program loans or inter-fund contributions.

**III. DETAILED NOTES**

**A. Cash and Investments**

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires that deposits be placed in financial institutions that are FDIC insured up to \$250,000 and rated "well capitalized" on the institution's most recent audited financial statements/SEC filings, if deposits exceed \$250,000. As of June 30, 2010, the City's bank balance of \$29,066,098 was insured and collateralized as follows:

Insured.....	\$ 7,215,006
Uninsured .....	12,018,642
Collateralized:	
Collateral held by the pledging banks'	
trust departments, not in the City's name.....	<u>9,832,450</u>
Total amount subject to custodial credit risk.....	<u>\$ 29,066,098</u>

2. Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 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.

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES**

**A. Cash and Investments (Continued)**

At June 30, 2010, the City's investments (including restricted investments) consisted of the following:

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		N/A	LESS THAN 1	1-5 YEARS
Equity Mutual Funds .....	\$ 17,417,594	\$ 17,417,594	\$ -	\$ -
Fixed Income Mutual Funds .....	12,358,069	12,358,069		
Equities .....	14,449,231	14,449,231		
Real Estate Investment Trusts .....	903,980	903,980		
Certificates of Deposit .....	24,020		24,020	
<b>TOTAL .....</b>	<b>\$ 45,152,894</b>	<b>\$ 45,128,874</b>	<b>\$ 24,020</b>	<b>\$ -</b>

Interest rate risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As noted above, approximately 66% of the City's investments are in mutual funds. Approximately 32% of the City's investments are in common stocks. The remaining 2% of the investments are held in real estate investment trusts and certificates of deposit. 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, 2010.

At June 30, 2010 the City's investments totaled \$45,152,894 (including those held in Fiduciary Funds) and these investment options represent 5% or more of the total investment balance:

<u>Investment</u>	<u>Percentage</u>	<u>Fair Value</u>
Mutual Funds		
IShares TR Russell 1000 Growth Index Fund	5.2%	\$ 2,328,164
IShares Trust Barclays 1-3 Year Credit Bond Fund	11%	4,945,640
Vanguard Total Bond Market ETF	13.4%	6,054,672

Credit risk - The City has no investment policy that would limit its investment choices due to credit risk other than State Statues 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.

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

III. **DETAILED NOTES (CONTINUED)**

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 & PENALTIES		TOTAL	
Current Portion .....	\$ 180,214,840	\$ 2,673,175		\$182,888,015	
Less Allowance for Uncollectibles .....	<u>( 1,765,772)</u>	<u>( 1,196,061)</u>		<u>( 2,961,833)</u>	
Total Receivable .....	<u>\$ 178,449,068</u>	<u>\$ 1,477,114</u>		<u>\$ 179,926,182</u>	

	CONNETTA PARK LOAN	ECONOMIC DEVELOPMENT LOANS	CDBG LOANS	UDAG LOANS	TOTAL
Gross Receivable .....	<u>\$ 52,941</u>	<u>\$1,105,059</u>	<u>\$1,507,742</u>	<u>\$ 220,000</u>	<u>\$ 2,885,742</u>

	SEWER USE CHARGES
Gross Receivable .....	\$ 15,946,506
Less Allowance for Uncollectibles .....	<u>( 40,741)</u>
Net Receivable .....	<u>\$ 15,905,765</u>

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

DEFERRED REVENUE:	
Property taxes receivable (general fund).....	\$174,016,044
UNEARNED REVENUE:	
Advance tax collections.....	221,389
Unearned developer security deposits.....	67,315
Grant draw-downs prior to meeting all eligibility requirements.....	<u>3,140,981</u>
TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS.....	<u>\$177,445,729</u>
Sewer .....	<u>\$ 39,003,609</u>

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	BALANCE JULY 1, 2009	INCREASES	DECREASES	BALANCE JUNE 30, 2010
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets, not being Depreciated:</u></b>				
Land .....	\$ 11,151,635	\$ 760,775	\$ (102,547)	11,809,863
Construction in progress .....	4,167,877	2,867,139	(4,919,096)	2,115,920
Total Capital Assets, not being Depreciated .....	15,319,512	3,627,914	(5,021,643)	13,925,783
<b><u>Capital Assets, being Depreciated:</u></b>				
Land improvements .....	14,053,453	809,335		14,862,788
Buildings .....	80,438,825	5,418,471		85,857,296
Machinery and equipment .....	4,018,392	327,611	(119,462)	4,226,541
Office furniture and equipment .....	6,114,127	142,100	(98,091)	6,158,136
Vehicles .....	16,160,402	598,842	(589,452)	16,169,792
Infrastructure .....	82,861,374	-		82,861,374
Total Capital Assets, being Depreciated .....	203,646,573	7,296,359	(807,005)	210,135,927
Total Capital Assets .....	218,966,085	10,924,273	(5,828,648)	224,061,710
<b><u>Less Accumulated Depreciation for:</u></b>				
Land improvements .....	7,343,940	576,848		7,920,788
Buildings .....	34,491,710	1,460,759		35,952,469
Machinery and equipment .....	2,491,859	370,353	(92,998)	2,769,214
Office furniture and equipment .....	5,492,723	250,452	(98,091)	5,645,084
Vehicles .....	12,633,125	1,280,639	(538,125)	13,375,639
Infrastructure .....	30,614,620	1,090,870		31,705,490
Total Accumulated Depreciation .....	93,067,977	5,029,921	(729,214)	97,368,684
Total Capital Assets, being Depreciated, net .....	110,578,596	2,266,438	(77,791)	112,767,243
Governmental Activities Capital Assets, net .....	\$ 125,898,108	\$ 5,894,352	\$ (5,099,434)	\$ 126,693,026

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

III. **DETAILED NOTES (CONTINUED)**

C. **Capital Assets (Continued)**

	BALANCE JULY 1, 2009	INCREASES	DECREASES	BALANCE JUNE 30, 2010
<b>Business-Type Activities:</b>				
<u>Capital Assets, not being Depreciated:</u>				
Land .....	\$ 342,712	\$	\$	\$ 342,712
Construction in progress.....	73,468	75,999	-	149,467
Total Capital Assets, not being Depreciated .....	416,180	75,999	-	492,179
<u>Capital Assets, being Depreciated:</u>				
Land improvements.....	266,795			266,795
Leasehold improvements.....	135,873	26,330		162,203
Collection systems.....	46,600,460	2,608,795		49,209,255
Treatment and pumping plant.....	83,554,600		(2,531,416)	81,023,184
Machinery and equipment.....	494,507	1,679		496,186
Total Capital Assets, being Depreciated .....	131,052,235	2,636,804	(2,531,416)	131,157,623
Total Capital Assets.....	131,468,415	2,712,803	(2,531,416)	131,649,802
<u>Less Accumulated Depreciation for:</u>				
Land improvements.....	207,003	7,694		214,697
Leasehold improvements.....	42,010	16,220		58,230
Collection systems.....	28,005,441	652,520		28,657,961
Treatment and pumping plant.....	35,470,546	1,712,003		37,182,549
Machinery and equipment.....	404,094	16,599		420,693
Total Accumulated Depreciation .....	64,129,094	2,405,036		66,534,130
Total Capital Assets, being Depreciated, net .....	66,923,141	231,768	(2,531,416)	64,623,493
Business-Type Capital Assets, net .....	\$ 67,339,321	\$ 307,767	\$ (2,531,416)	\$ 65,115,672

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

Governmental Activities:

General government.....	\$ 3,131,302
Public safety.....	1,026,912
Public works.....	481,146
Education .....	290,007
Parks and recreation.....	72,363
Public libraries .....	17,645
Senior services .....	10,546
Total Depreciation Expense – Governmental Activities.....	\$ 5,029,921

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

Business-Type Activities:

Sewer.....	\$ 2,377,033
Public facilities management foundation.....	18,768
School lunch.....	9,235
Total Depreciation Expense – Business-Type Activities.....	\$ 2,405,036

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets (Continued)**

**Construction Commitments**

The City has active construction projects as of June 30, 2010. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Governmental Activities:	
School construction .....	\$ 247,003
Public Works .....	474,936
Total.....	<u>\$ 721,939</u>
Business-Type Activities:	
Allan Randall project .....	\$ 35,970
Total.....	<u>\$ 35,970</u>

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2010 is as follows:

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
School Unrestricted Fund.....	N/A	\$ 3,720,229	\$
Emergency Management Fund.....	N/A	4,011	
Community Development Fund.....	N/A	18,207	
Special Duty Fire Fund.....	N/A	9,231	
Special Duty Police Fund.....	N/A	111,157	
WIA Job Development Fund.....	N/A	66,714	
School Bond Fund.....	N/A	48,556	
Health Care Stabilization.....	N/A		319,399
Flood Mitigation.....	N/A		248,000
Library Fund.....	N/A		18,025
Fire Grants and Donations.....	N/A		26,845
Sewer Fund.....	N/A	<u>159,459</u>	
TOTAL GENERAL FUND.....		<u>\$ 4,137,564</u>	<u>\$ 612,269</u>

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2010 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
SCHOOL SPECIAL REVENUE			
UNRESTRICTED:			
General Fund .....	N/A	\$	\$3,720,229
School Lunch Fund .....	N/A	1,363,437	
Restricted School Funds .....	N/A	<u>330,197</u>	<u>144,398</u>
TOTAL SCHOOL SPECIAL REVENUE			
UNRESTRICTED .....		<u>1,693,634</u>	<u>3,864,627</u>
SEWER:			
General Fund .....	N/A		<u>159,459</u>
<u>NONMAJOR FUNDS:</u>			
Restricted School Funds .....	School Unrestricted Fund	636,759	822,558
Emergency Management Fund .....	General Fund		4,011
Community Development Block Grant Fund	General Fund		18,207
Hospital Stabilization .....	General Fund	319,399	
Flood Mitigation .....	General Fund	248,000	
Fire Grants and Donations .....	General Fund	26,845	
School Bond Fund .....	General Fund		48,556
Special Duty Fire Fund .....	General Fund		9,231
Special Duty Police Fund .....	General Fund		111,157
Senior Services-RSVP .....	Multipurpose Center		48
Senior Services-Multipurpose Center .....	RSVP	48	
Library Fund .....	General Fund	18,025	
Highway Bond Fund .....	Capital Facilities Development Impact Fees		4,754
Capital Facilities Development Impact Fees	Highway Bond Fund	4,754	
WIA Job Development Fund .....	General Fund		<u>66,714</u>
TOTAL NONMAJOR FUNDS .....			
		<u>1,253,830</u>	<u>1,085,236</u>
ENTERPRISE FUND:			
School Lunch Fund .....	School Unrestricted Fund		<u>1,363,437</u>
GRAND TOTAL .....			
		<u>\$ 7,085,028</u>	<u>\$ 7,085,028</u>

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

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**2. Interfund Transfers**

A summary of interfund transfers as of June 30, 2010 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
GENERAL FUND:			
School Unrestricted Fund .....	N/A	\$	\$ 86,413,637
Hospital Stabilization Fund .....	N/A		319,399
Parks and Recreation .....	N/A		
Public Service Funds .....	N/A		
TOTAL GENERAL FUND .....			<u>86,733,036</u>
SCHOOL UNRESTRICTED:			
General Fund .....	N/A	<u>86,413,637</u>	
NONMAJOR FUNDS:			
Healthcare Stabilization Fund....	General Fund	319,399	
Public Service Funds .....	General Fund		
Restitution Fund .....	General Fund		
Substance Abuse Prevention .....	General Fund		
Cranston Fall Harvest Festival....	General Fund		
Police Home Land Security .....	General Fund		
Police Surplus Revolving Loan ..	General Fund		
Police Block Grant .....	General Fund		
Impact Fees .....	Nonmajor Fund		290,000
Highway Bond Fund .....	Nonmajor Fund	<u>290,000</u>	
TOTAL NONMAJOR FUNDS .....		<u>609,399</u>	<u>290,000</u>
GRAND TOTAL		<u>\$ 87,023,036</u>	<u>\$ 87,023,036</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.

ADVANCE FROM:	CORRESPONDING FUND	AMOUNT
General Fund	School Special Revenue Fund	\$ 7,295,561

The City's General Fund advanced the School Special revenue Unrestricted Fund, \$7,295,561 during the year to finance the over expenditure of the School Special Revenue Unrestricted Fund budget. The School Special Revenue Unrestricted Fund has a plan in place to repay the advance over the next four years.

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations – Bond Anticipation Notes**

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

There was no short-term obligation activity for the year ended June 30, 2010.

**F. Changes in Long-Term Obligations**

**1. Summary of Changes**

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

**Governmental Activities:**

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010	CURRENT PORTION
<b>GENERAL OBLIGATION:</b>									
Public improvement	\$ 17,540,000	06/15/98	07/15/18	4.4-6.0%	\$ -	\$	\$	\$	\$ -
Public improvement	16,115,000	11/15/99	11/15/19	4.5-5.45%	740,000		740,000	-	-
Refunding .....	13,320,000	12/01/00	07/01/15	4.5-5.5%	5,345,000		950,000	4,395,000	945,000
Public improvement	27,050,000	02/15/04	02/15/24	2.0-5.0%	20,675,000		1,355,000	19,320,000	1,355,000
Advance refunding	22,280,000	05/13/05	07/15/19	3.0-5.0%	22,000,000		970,000	21,030,000	1,800,000
Public improvements	23,900,000	06/14/06	04/01/26	4.0-5.0%	21,260,000		870,000	20,390,000	905,000
Public improvements	13,075,000	06/18/08	07/01/28	4.0-5.0%	13,075,000		400,000	12,675,000	420,000
School borrowing..	7,000,000	08/07/08	04/01/29	3.75-6.0%	7,000,000		225,000	6,775,000	230,000
Total General Obligation Bonds.....					90,095,000	-	5,510,000	84,585,000	5,655,000
Bond Premiums.....					2,833,815	-	171,973	2,661,842	171,973
TOTAL BONDS AND RELATED LIABILITIES .....					92,928,815	-	5,681,973	87,246,842	5,826,973
<b>LEASES PAYABLE:</b>									
Public Facilities Management									
Foundation Lease	5,130,000	11/01/00	11/01/15	4.75 – 5.25%	2,860,000		350,000	2,510,000	365,000
Musical Instruments	114,811	10/16/06	12/01/10	7.81%	47,923		23,061	24,862	23,061
Total Leases Payable.....					2,907,923		373,061	2,534,862	388,061
TOTAL BONDS AND NOTES AND RELATED LIABILITIES .....					95,836,738	-	6,055,034	89,781,704	6,215,034
COMPENSATED ABSENCES.....					9,594,873	2,910,981	2,368,891	10,136,963	1,013,696
DEFERRED SALARY.....					257,572		17,793	239,779	23,978
NET PENSION OBLIGATION .....					88,325,767	2,110,800		90,436,567	N/A
NET OPEB OBLIGATION (AS RESTATED) .....					2,114,407	1,751,405		3,865,812	N/A
CLAIMS AND JUDGMENTS.....					1,090,000	125,000		1,215,000	1,040,000
TOTAL LONG-TERM OBLIGATIONS .....					\$ 197,219,357	\$ 6,898,186	\$ 8,441,718	\$ 195,675,825	\$ 8,292,708

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

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

Capital assets obtained from capital leases totaled \$7,567,356.

**Business-Type Activities:**

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010	CURRENT PORTION
ENTERPRISE FUNDS									
SEWER:									
RI Clean Water.....	\$ 3,242,000	09/01/93	09/01/15	3.0%	\$ 1,134,700	\$	\$ 162,100	\$ 972,600	\$ 162,100
RI Clean Water.....	700,000	08/25/99	09/01/15	3.0%	362,954		47,637	315,317	48,977
RI Clean Water.....	2,000,000	11/13/03	09/01/24	0.0%	1,600,000		100,000	1,500,000	100,000
RI Clean Water.....	3,400,000	12/30/04	09/01/11	0.0%	1,456,000		486,000	970,000	486,000
RI Clean Water.....	900,000	09/01/05	09/01/25	3.0%	870,000		10,000	860,000	10,000
RI Clean Water.....	3,000,000	09/01/07	09/01/28	3.0%	3,000,000		150,000	2,850,000	150,000
RI Clean Water.....	1,000,000	09/01/10	09/01/30	0.52% - 3.19%		1,000,000		1,000,000	
TOTAL SEWER.....					8,423,654	1,000,000	955,737	8,467,917	957,077
PUBLIC FACILITIES MANAGEMENT									
FOUNDATION:									
Certificates of participation.....									
	5,130,000	11/01/00	11/01/15	4.75-5.25%	2,860,000		350,000	2,510,000	365,000
Certification of participation unamortized discount.....					(15,817)		(3,453)	(12,364)	-
TOTAL BONDS AND RELATED LIABILITIES.....					11,267,837	1,000,000	1,302,284	10,965,553	1,322,077
NET OPEB OBLIGATION.....					28,251	19,485		47,736	4,774
COMPENSATED ABSENCES.....					38,045		16,345	21,700	2,170
DEFERRED SALARY.....					1,500		1,500	-	-
TOTAL ENTERPRISE FUNDS.....					\$ 11,335,633	\$ 1,019,485	\$ 1,320,129	\$ 11,034,989	\$ 1,329,021

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

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			
	GENERAL OBLIGATION DEBT		LEASES PAYABLE		CERTIFICATES OF PARTICIPATION		CLEAN WATER BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011	\$ 5,655,000	\$ 3,917,035	\$ 389,862	\$ 120,652	\$ 365,000	\$ 118,710	\$ 957,077	\$ 131,049
2012	5,815,000	3,663,001	385,000	100,143	385,000	100,143	995,454	135,914
2013	5,975,000	3,402,036	405,000	80,393	405,000	80,393	562,871	124,270
2014	6,140,000	3,131,914	430,000	59,303	430,000	59,303	565,327	112,993
2015	6,310,000	2,836,396	450,000	36,638	450,000	36,638	567,824	101,494
2016-2020	28,540,000	9,944,681	475,000	12,469	475,000	12,469	1,985,364	379,035
2021-2025	18,745,000	4,265,816					1,803,000	221,262
2026-2030	7,405,000	698,947					962,000	67,631
2031							69,000	1,273
TOTALS	\$ 84,585,000	\$ 31,859,826	\$ 2,534,862	\$ 409,598	\$ 2,510,000	\$ 407,656	\$ 8,467,917	\$ 1,274,921

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**2. Lease Commitment**

The City is obligated under various operating leases to make the following aggregate annual lease payments. Lease expenditures approximated \$1,358,000 for fiscal year ended June 30, 2010.

**Year Ended June 30**

2011	\$	1,357,605
2012		1,357,605
2013		1,065,000
2014		1,065,000
2015		1,065,000
2016 - 2020		5,325,000
2021 - 2025		5,325,000
2026 - 2029		4,260,000
<b>Totals</b>	<b>\$</b>	<b>20,820,210</b>

**3. Statutory Debt Limitations**

**Debt Limit**

Except as explained below, under Rhode Island law the City may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the City. There is currently no outstanding debt of the City subject to the 3% debt limit. The current 3% debt limit of the City is \$219 million based on taxable property as of December 31, 2008, of approximately \$7.3 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, 2010, the City had \$84,585,000 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.

**4. Prior Year Debt Refundings**

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

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**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**5. Authorized/Unissued Bonds**

The amount of authorized, unissued bonds is as follows:

General purposes	\$ 50,190,022
Schools	<u>12,401,228</u>
 TOTAL	 <u>\$ 62,591,250</u>

**6. Deferred Salary**

Deferred 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 deferral, 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, 2010, there were 242 teachers eligible for the benefit, with an outstanding balance of \$239,779.

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The City is self-insured in most areas of risk, subject to certain third party "stop loss" coinsurance. Self-insured risks include general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has 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 \$29 million for fiscal year 2010 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.

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

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

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

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

Changes in the self-insurance liability for the fiscal years ended June 30, 2010 are as follows:

	<u>2010</u>	<u>2009</u>
July 1	\$ 1,616,387	\$ 2,924,672
Add: incurred claims	28,895,969	27,125,040
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	26,584,989	26,388,323
Other claims	2,099,777	2,045,002
June 30	<u>\$ 1,827,590</u>	<u>\$ 1,616,387</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 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. Total deposits on

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**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, deferred 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, 2010, the balance of unearned revenue related to this was \$23,040,000, which is comprised of a short-term portion of \$1,920,000 and a long-term portion of \$21,120,000.

During the term of the agreement, the City pays the Company a service fee, which is calculated based on definitive components and amounts, as adjusted in accordance with guidelines established in the agreement. The service fee is generally fixed at the beginning of each fiscal year. During 2010, the City paid service fees totaling \$14 million. The City also recognized 4% of the lease payment (\$1,920,000) as revenue for the year ended June 30, 2010.

**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.

The City is a party to a professional management services agreement as of July 1, 2009. The agreement is between Northeast Facility Management, Inc. and the City. The City has hired this management company to operate and maintain the ice arena, its equipment, material and supplies. The initial term of the agreement is 24 months plus two one year options to renew. The first option to renew is scheduled for July 1, 2011. The City is committed to pay the following compensation to Northeast Facility Management, Inc.

2011	\$50,000
2012 (if applicable)	\$50,000
2013 (if applicable)	\$52,000
2014 (if applicable)	\$54,000

The City is also committed to pay NEFMGI and incentive bonus based on 25% of the ice arena net operating income.

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems**  
Summary

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

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

**a. Summary of Significant Accounting Policies and Plan Asset Matters**

**(i) Basis of Accounting**

PFERS' financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contract requirements and investment income is recognized when earned and expenses (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the plan. As of June 30, 2010, there are no separate financial statements available for the PFERS plan.

**(ii) Valuation of Investments**

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

**b. Classes of Employees Covered**

As of July 1, 2010, the plans' membership consists of:

	<u>Fire</u>	<u>Police</u>	<u>Total</u>
Retirees, disability retirees and beneficiaries receiving benefits.....	220	208	428
Active plan members vested.....	45	16	61
Active plan members non vested.....	—	—	—
TOTALS.....	<u>265</u>	<u>224</u>	<u>489</u>

**c. Benefit Provisions**

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

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**c. Benefit Provisions (Continued)**

Contributions

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

**d. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial accrued liability (AAL)	\$290,733,000
Actuarial value of plan assets	<u>45,900,000</u>
Unfunded actuarial accrued liability (UAAL)	244,833,000
Funded ratio (actuarial value of plan assets/AAL)	15.8 %
Covered payroll (active plan members)	4,797,000
UAAL as a percentage of covered payroll	5,104.0%

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

**e. Schedule of Employer Contributions**

FISCAL YEAR ENDED	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
6/30/2008	20,785,343	19,889,000	96%
6/30/2009	20,062,219	19,087,000	95%
6/30/2010	22,209,224	19,396,892	87%

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**f. Actuarial Assumptions**

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

VALUATION DATE.....	JULY 1, 2010
ACTUARIAL COST METHOD .....	ATTAINED AGE NORMAL
ASSET VALUATION METHOD.....	FAIR VALUE
ACTUARIAL ASSUMPTIONS:	
Investment Rate of Return .....	8%
PROJECTED SALARY INCREASES:	
Merit .....	3%
Cost-of-living adjustment .....	3%
Inflation .....	3%
AMORTIZATION METHOD .....	OPEN LEVEL DOLLAR
REMAINING AMORTIZATION PERIOD .....	24 YEARS

**g. Annual Pension Cost and Net Pension Obligation (NPO)**

The changes in the net pension obligation of PFERS as of June 30, 2010, were as follows:

Annual required contribution.....	\$ 22,209,224
Interest on net pension obligation.....	7,066,061
Adjustments to ARC .....	( 7,767,593)
Annual pension cost.....	21,507,692
Contribution made .....	( 19,396,892)
Change in net pension obligation.....	( 2,110,800)
Net pension obligation - July 1, 2009.....	<u>88,325,767</u>
Net pension obligation - June 30, 2010 .....	<u>\$ 90,436,567</u>

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

***h. Three Year Trend Information***

FISCAL YEAR ENDED	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
6/30/2008	20,290,331	96%	87,943,251
6/30/2009	19,469,516	98%	88,325,767
6/30/2010	21,507,692	90%	90,436,567

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

***a. Plan Description***

Upon the date of hire, all full-time City, non-certified school employees and police and fire personnel hired on or after July 1, 1995, are eligible to participate in MERS, an agent multiple-employer plan administered by the Employees' Retirement System of the State of Rhode Island. Employees who retire at or after age 58 with 10 years of credited service or at any age after 30 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is 2% of final average salary multiplied by the number of years of total service up to a maximum of 75%. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses or severance pays. MERS also provides death and disability benefits. Benefits are established by State Statute. Financial statements for MERS can be obtained by contacting the Employees' Retirement System of the State of Rhode Island, 40 Fountain Street, Providence, RI 02903, or by accessing their website at [www.ersri.org](http://www.ersri.org).

***b. Funding Policy***

General employees are required by Rhode Island General Law Section 45-21-41 to contribute 6% of their salary to the plan and contribute an additional 1% for a cost-of-living provision. Annual required contributions are actuarially determined for each separate employer and are assessed to each as a percentage of their participating employees' payroll. The annual required contribution covers normal cost and, where applicable, a payment to amortize the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized as a level percent of payroll over a close period of 30 years measured from June 30, 1999. Police contribute 10% and fire personnel are required to contribute 11.5% of their salary with the excess contribution (1.5%) offsetting the City's required contribution. For 2010, the City's contribution rate for police personnel was 15.30% and 14.37% for fire personnel, resulting in a net contribution by the City for fire personnel of 12.87%.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**b. Funding Policy (Continued)**

A variety of significant actuarial assumptions are used and these assumptions are summarized below:

VALUATION DATE.....	JUNE 30, 2009
ACTUARIAL COST METHOD .....	ENTRY AGE NORMAL
AMORTIZATION METHOD.....	LEVEL PERCENT OF PAYROLL – CLOSED
EQUIVALENT SINGLE REMAINING AMORTIZATION PERIOD.....	20 YEARS
ASSET VALUATION METHOD.....	5 YEAR SMOOTHED MARKET
ACTUARIAL ASSUMPTIONS:	
Investment Rate of Return .....	8.25%
Inflation.....	3%
Cost of Living Adjustments .....	3% (non-compounded with a few exceptions)
PROJECTED SALARY INCREASES:	
General Employees.....	4.5 – 8.5%
Police and Fire Employees.....	4.75 – 14.75%
Payroll Growth Rate.....	4.25%
	In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 4.25% per year. This increase is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth.
MORTALITY .....	1994 Group Annuity Mortality Table with mortality for disable persons set equal to the age 65 under the PBGC Table Via and Va.
RETIREMENT AGE .....	Employees are assumed to retire at the later of age 65 or completion of the service requirements.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

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

**D. Employee Retirement Systems (Continued)**

**c. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009 (the date of the most recent actuarial valuation) was as follows:

	<u>General Employees</u>
Actuarial accrued liability (AAL)	\$126,143,717
Actuarial value of plan assets	<u>128,570,070</u>
Unfunded actuarial accrued liability (UAAL)	2,426,353
Funded ratio (actuarial value of plan assets/AAL)	101.9 %
Covered payroll (active plan members)	25,915,483
UAAL as a percentage of covered payroll	9.4%
	<u>Police</u>
Actuarial accrued liability (AAL)	\$ 20,823,809
Actuarial value of plan assets	<u>16,664,831</u>
Unfunded actuarial accrued liability (UAAL)	(4,158,978)
Funded ratio (actuarial value of plan assets/AAL)	80 %
Covered payroll (active plan members)	6,578,878
UAAL as a percentage of covered payroll	-63.2%
	<u>Fire</u>
Actuarial accrued liability (AAL)	\$ 33,859,726
Actuarial value of plan assets	<u>27,822,453</u>
Unfunded actuarial accrued liability (UAAL)	(6,037,273)
Funded ratio (actuarial value of plan assets/AAL)	82.2%
Covered payroll (active plan members)	8,404,470
UAAL as a percentage of covered payroll	-71.8%

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.

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CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**d. Contributions**

The City's contribution rate for general employees was 5.22%.

FISCAL YEAR ENDED	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
<u>General Employees</u>			
6/30/2008	\$ 702,295	\$ 702,295	100%
6/30/2009	793,730	793,730	100%
6/30/2010	629,289	629,289	100%
<u>Police</u>			
6/30/2008	\$1,108,565	\$ 1,108,565	100%
6/30/2009	986,464	986,464	100%
6/30/2010	1,012,190	1,012,190	100%
<u>Fire</u>			
6/30/2008	\$1,313,050	\$ 1,313,050	100%
6/30/2009	1,147,745	1,147,745	100%
6/30/2010	1,115,745	1,115,745	100%

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**a. Plan Description**

All full-time teachers including superintendents, principals, school nurses and certain other school officials ("classified employees") in the Cranston Public Schools participate in the ERS, a cost-sharing multiple-employer public retirement system. ERS provides retirement, death and disability and health care benefits, all of which are established by State Statute. ERS issues a publicly available financial statement that includes the financial statements and required supplementary information for ERS. That report may be obtained by contacting the Employees' Retirement System of Rhode Island, 40 Fountain Street, Providence, RI 02903, or by accessing their website at [www.ersri.org](http://www.ersri.org).

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, or title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws. The plan provides a two tier benefit structure referred to as schedules A and B as follows:

**Schedule A Benefits:** Classified employees who retire at or after age 60 with 10 years of credited service on or before July 1, 2005, or at any age with 28 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credited service with a maximum benefit of 80% of "final average" salary. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses or severance pays. The percent of earnings related to each year of credited service is as follows:

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

Benefit accrual rates: The percentage accrual a Schedule A member has earned as of September 30, 2009 will be frozen. Future accruals will be earned under Schedule B. The member's benefit will be based on the sum of these credits, multiplied by his/her Final Average Salary.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**a. Plan Description (Continued)**

**Schedule B Benefits:** Classified employees who were hired after July 1, 2005, or current employees with less than 10 years of contributory services on or before July 1, 2005, who attain at least 10 years of credited service, will become entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credited service with a maximum benefit of 75% of "final average" salary. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses or severance pays. An unreduced retirement benefit becomes available at age 65 and 10 years of service; actuarially reduced retirement benefits become available at age 55 and 20 years of service. The percent of earnings related to each year of credited service is as follows:

<u>Years of Credited Service</u>	<u>Percent/Year</u>
1 - 10	1.60%
11 - 20	1.80%
21 - 25	2.00%
26 -30	2.25%
31 -37	2.50%
38	2.25%

The ERS plan also provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. The details of the survivor death benefits and other death benefits are provided in the financial section of the Annual Financial Report of the Employees' Retirement System of Rhode Island for the fiscal year ending June 30, 2009 which can be found at [www.ersri.org](http://www.ersri.org).

**b. Funding Policy**

Rhode Island General Laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employees and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. Plan members are required by State statute to contribute 9.5% of their salary to the plan. The School Department contributions are based on a percentage of annual compensation of active members, half of which is payable by the State of Rhode Island. The School Department contributions made for the years ended June 30, 2010, 2009, and 2008 are listed under contributions below and were equal to the required contributions for each year.

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

**b. Funding Policy (Continued)**

The employer contribution rates for ERSRI are determined actuarially. Separate rates are determined for State Employees and for Teachers. This valuation as of June 30, 2009 acts as an amendment to the previously calculated contribution rates for the years ended June 30, 2010 and 2009. Therefore, the rates included in the June 30, 2009 valuation report will be effective for the continuous three-year period July 1, 2008 through June 30, 2011. The rate consists of two pieces: the normal cost rate and the amortization rate. The normal cost rate is the Employer's Entry Age normal cost, expressed as a percent of pay. The amortization rate is the contribution required to amortize the unfunded actuarial liability over 21 years as a level percent of pay. For the Teachers, the State of Rhode Island pays 40% of the rate, adjusted so that the State pays the entire amortization charge for the 1990/91 and 1991/92 deferrals, and the city employing the Teacher pays the balance. The School Department was required to contribute 11.41%, 12.04%, and 13.04% for all full-time employees for fiscal years 2010, 2009 and 2008, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability.

A variety of significant actuarial assumptions are used and these assumptions are summarized below:

VALUATION DATE.....	JUNE 30, 2009
ACTUARIAL COST METHOD .....	ENTRY AGE NORMAL
AMORTIZATION METHOD .....	LEVEL PERCENT OF PAYROLL – CLOSED
EQUIVALENT SINGLE REMAINING AMORTIZATION PERIOD.....	20 YEARS
ASSET VALUATION METHOD.....	5 YEAR SMOOTHED MARKET
ACTUARIAL ASSUMPTIONS:	
Investment Rate of Return .....	8.25%
Inflation .....	3%
Cost of Living Adjustments .....	Schedule A members (grandfathered) – 3%, Schedule A members (non-grandfathered) – 2.5% and Schedule B members – 2.5%
PROJECTED SALARY INCREASES:	
Teachers.....	4.5 – 13.25%
MORTALITY .....	1994 Group Annuity Mortality Table with mortality for disable persons set equal to the age 65 under the PBGC Table Via and Va.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

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

RETIREMENT AGE ..... Teachers are assumed to retire at the later of age 61 or completion of the service requirements. Article 7 establishes a minimum retirement age of 62 for all future hires, but this age must not be less than under prior law.

POST-RETIREMENT BENEFIT INCREASE ..... For members with at least 10 years of contributory service as of June 2005 and for all members receiving a disability benefit, the post-retirement benefit increases are equal to 3% by statute. They are not a function of the actual increases in the cost of living. For members with less than 10 years of contributory service as of June 30, 2005, members receive a compound increase each year equal to the increase in the CPI, but limited to 3%. This limit lowers the expected increases granted in each year below the inflation assumption of 3%. The assumed average increase received for this group of employees is 2.5%.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. For fiscal year 2010, actuarial required contributions were 19.01% of the participant's salary. This resulted in contribution rates paid by the State on behalf of the School Department of 7.6% of non-federally reimbursable payrolls totaling \$65,434,081 for the year ended June 30, 2010, which has been included as revenues and expenditures in the School Department's unrestricted fund. The School Department contributed the remaining 11.41% of the required 19.01%.

The School Department does not have any investments on related party investments with the State Plan. The School Department's (employer) contribution represented 7.5% of total (employer) contributions required of all participating entities for the fiscal year ended June 30, 2009 (latest available information).

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the School District has determined that there is and has been no net pension obligation or assets related to the Plan.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems (Continued)**

**c. Contributions**

The School Department's required contributions and actual contributions made for the years ended June 30, 2010, 2009, and 2008 were as follows:

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTION</u>
6/30/2008	\$ 9,374,331	\$ 9,374,331	100%
6/30/2009	7,671,187	7,671,187	100%
6/30/2010	8,525,001	8,525,001	100%

**4. National (Industrial) Pension Plan**

**a. 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 16<sup>th</sup> Street, N.W., Washington, DC, 20106.

**b. Funding Policy**

Covered employees are not required to contribute to the Plan. For Fiscal Year ended June 30, 2010, the City was required to contribute \$1.15 per hour, and the School Department was required to contribute \$.54 per hour for each hour worked by the employees to the Plan.

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**IV. OTHER INFORMATION (CONTINUED)**

**4. National (Industrial) Pension Plan (Continued)**

**c. Contributions**

Contributions for the past three years were as follows:

FISCAL YEAR ENDED	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
<u>City</u>			
6/30/2008	\$ 155,080	\$ 155,080	100%
6/30/2009	149,136	149,136	100%
6/30/2010	147,053	147,053	100%
<u>School Department</u>			
6/30/2008	\$ 92,833	\$ 92,833	100%
6/30/2009	82,672	82,672	100%
6/30/2010	74,187	74,187	100%

**5. New England Teamsters & Trucking Industry Pension Plan**

**a. 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.

**b. Funding Policy**

Covered employees are currently not required to contribute to the Plan. For the Fiscal Year ended June 30, 2010, the City was required to contribute \$0.72 per hour for each hour worked by the employees to the Plan.

**c. Contributions**

FISCAL YEAR ENDED	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
6/30/2008	\$ 176,198	176,198	100%
6/30/2009	168,338	168,338	100%
6/30/2010	172,057	172,057	100%

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

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

**1. Plan Description**

The City maintains and administers a single-employer OPEB benefit plan that covers all public safety employees. The plan provides health benefits and life insurance benefits to eligible retired police and fire employees and their beneficiaries. The plans provisions may be amended by the City and the Trustees of the plan. The trust is accounted for as an OPEB trust fund in the City's financial statements. As of June 30, 2010, there are no separate financial statements available for the Public Safety Employees OPEB plan.

**2. Summary of Significant Accounting Policies and Plan Asset Matters**

**a. 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.

**b. 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.

**c. Classes of Employees Covered**

As of July 1, 2010 (date of the last actuarial valuation) membership data was as follows:

Active employees	327
Inactive Employees:	
Retirees	205
Spouses	163
Retiree (Life only)	<u>213</u>
Total plan members	<u>908</u>

**3. Funding Policy**

The City established an Irrevocable Trust Agreement (OPEB Trust) effective July 1, 2006, and has started to pre-fund OPEB liabilities. The City pays certain medical premiums for a retiree and certain dependents until they reach the age of 65 years unless they are not covered by Medicare benefits, in that case, coverage continues for life. If a firefighter dies before reaching normal retirement age, the City pays for the benefit of the firefighter's family, if any, the full cost of family medical coverage (as in effect at the time of the firefighter's death) until the firefighter's normal retirement date. In addition, the City pays the premium for life insurance for its retirees having a coverage amount of \$17,000.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

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

**4. Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 4,092,301
Interest on net OPEB obligation	54,167
Adjustment to annual required contribution	<u>141,459</u>
Annual OPEB cost (expense)	4,287,927
Contributions made	<u>3,649,942</u>
Increase in net OPEB obligation	637,985
Net OPEB obligation - July 1, 2009	<u>500,677</u>
Net OPEB obligation - June 30, 2010	<u>\$ 1,138,662</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset/(Obligation)</u>
6/30/2008	\$ 3,606,418	103%	\$ 270,641
6/30/2009	4,045,161	81%	(500,677)
6/30/2010	4,287,927	85%	(1,138,662)

**5. Funded Status and Funding Progress**

The required supplementary information, which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB – Public Safety Employees with a valuation date of July 1, 2010, which is the most recent report available.

Actuarial accrued liability (AAL)	\$ 50,765,110
Actuarial value of plan assets	<u>450,533</u>
Unfunded actuarial accrued liability (UAAL)	50,314,577
Funded ratio (actuarial value of plan assets/AAL)	0.89 %
Covered payroll (active plan members)	4,099,268
UAAL as a percentage of covered payroll	1,227.4%

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**IV. OTHER INFORMATION (CONTINUED)**

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

**5. Funded Status and Funding Progress (Continued)**

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

**6. Actuarial Methods and Assumptions**

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

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

The projected unit credit cost method was used in the July 1, 2010 actuarial valuation. Actuarial assumptions included an 8.0% investment rate of return (net of administrative expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time. The actuarial assumptions for healthcare cost trend is growth of 7% for 2010 and declining by 1% per year until 5% is reached. The 5% growth is used on a go-forward basis. The UAAL will be amortized over a closed thirty year period.

**F. Other Post-Employment Benefits (OPEB) – Board of Education Employees**

**1. Plan Description**

The City maintains and administers a single-employer OPEB benefit plan that covers all School Department employees. The plan provides health benefits and dental insurance benefits to eligible retired employees and their beneficiaries. The 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, 2010, there are no separate, audited GAAP-basis financial statements available for the Board of Education Employees OPEB plan.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**F. Other Post-Employment Benefits (OPEB) – Board of Education Employees (Continued)**

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

**a. 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.

**b. 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.

**c. Classes of Employees Covered**

As of July 1, 2009 (date of the last actuarial valuation) membership data was as follows:

Active employees	979
Inactive Employees:	
Retirees	<u>358</u>
Total plan members	<u><u>1,337</u></u>

**3. Funding Policy**

The School Department has not yet established a Trust to pre-fund OPEB liabilities. The amounts due for these benefits are funded on a pay as you go basis. The School Department pays 100% of the cost of individual health care insurance and dental insurance benefits for all retired eligible employees retiring before September 1, 2005 until the employee reaches the age of 65. Cost shares have been negotiated for teachers (5% of plan cost) and administrators (10% of plan cost) retiring after September 1, 2005. Administrators retiring on and after July 1, 2008 are responsible for a 20% 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, 2010 were \$2,002,019.

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**IV. OTHER INFORMATION (CONTINUED)**

**F. Other Post-Employment Benefits (OPEB) – Board of Education Employees (Continued)**

**4. Annual OPEB Cost and Net OPEB Obligation**

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

	<u>Total</u>	<u>School</u>	<u>Charter</u>
Annual required contribution	\$ 3,119,950	\$ 3,066,278	\$ 53,672
Interest on net OPEB obligation	52,609	51,704	905
Adjustment to annual required contribution	<u>(37,905)</u>	<u>(37,253)</u>	<u>(652)</u>
Annual OPEB cost (expense)	3,134,654	3,080,729	53,925
Contributions made	<u>2,002,019</u>	<u>1,967,579</u>	<u>34,440</u>
Increase in net OPEB obligation	1,132,635	1,113,150	19,485
Net OPEB obligation - July 1, 2009	<u>1,642,251</u>	<u>1,614,000</u>	<u>28,251</u>
Net OPEB obligation - June 30, 2010	<u>\$ 2,774,886</u>	<u>\$ 2,727,150</u>	<u>\$ 47,736</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset/(Obligation)</u>
6/30/2008	\$ 2,548,187	83%	\$ (425,966)
6/30/2009	3,504,375	65%	(1,642,251)
6/30/2010	3,134,654	64%	(2,774,886)

**5. Funded Status and Funding Progress**

The required supplementary information, which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the ERS with a valuation date of July 1, 2009, which is the most recent report available.

Actuarial accrued liability (AAL)	\$ 31,160,310
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	31,160,310
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll (active plan members)	70,733,606
UAAL as a percentage of covered payroll	44.05%

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.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**F. Other Post-Employment Benefits (OPEB) – Board of Education Employees (Continued)**

**6. Actuarial Methods and Assumptions**

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

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

The projected unit credit cost method was used in the July 1, 2009 actuarial valuation. Actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time. The actuarial assumptions for healthcare cost trend is growth of 7% for 2010 and declining by 1% per year until 5% is reached. The 5% growth is used on a go-forward basis. The UAAL will be amortized over a closed thirty year period.

Medical costs are adjusted to reflect expected cost increases related to age. The increase in the net costs assumed to be:

<u>Age</u>	<u>Annual Increase Retiree</u>
49 and below	2.6%
50-54	3.2%
55-59	3.4%
60-64	3.7%
65-69	3.2%
70-74	2.4%
75-79	1.8%
80 and over	0.0%

**G. 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 \$5,056,767.

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**H. Subsequent Events**

The City subsequently received \$3,000,000 in General Obligation Bonds, 2010 Series A and \$2,000,000 in General Obligation Bond Anticipation Notes, 2010 Series 1, on July 8, 2010.

The City has also refinanced \$1,725,000 in Certificates of Participation as of December 2010.

The City has terminated their management agreement with the property manager for Public Facilities Management Foundation, Inc. effective December 31, 2010. The City will be completing the daily recordkeeping on this entity going forward.

**I. Restatements**

Net assets at the beginning of the year have been restated to reflect a correction of an error in the reporting of receivables, fixed assets, proprietary fund activities and fiduciary fund activities for the City.

Government-Wide Financial Statements:

The beginning net assets for the governmental activities were restated as follows:

	<u>GOVERNMENTAL ACTIVITIES</u>
Net assets, June 30, 2009, as previously reported.....	\$ (34,650,179)
Adjustment on governmental financials .....	1,690,088
Adjustment to remove charter school OPEB liability.....	28,251
Adjustment to record prior year unrecorded fixed asset additions in governmental funds .....	<u>254,205</u>
Net assets, July 1, 2009, as restated.....	<u>\$ (32,677,635)</u>

Governmental Financial Statements:

The beginning net assets for the general fund activities were restated as follows:

	<u>GENERAL FUND ACTIVITIES</u>
Net assets, June 30, 2009, as previously reported.....	\$ 21,291,422
Adjustment to adjust receivables .....	<u>2,280,523</u>
Net assets, July 1, 2009, as restated.....	<u>\$ 23,571,945</u>

(CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**I. Restatements (Continued)**

Proprietary Fund Financial Statements:

The beginning net assets for the general fund activities were restated as follows:

	<u>PROPRIETARY FUND ACTIVITIES</u>
Net assets, June 30, 2009, as previously reported .....	\$ 40,204,613
Adjustment to record charter school fund balance .....	436,625
Adjustment to adjust receivables .....	<u>320,261</u>
Net assets, July 1, 2009, as restated.....	<u>\$ 40,961,499</u>

Non – Major Governmental Financial Statements:

The beginning net assets for the other governmental fund activities were restated as follows:

	<u>OTHER GOVERNMENTAL ACTIVITIES</u>
Net assets, June 30, 2009, as previously reported .....	\$ 13,258,089
Adjustment to record charter school as proprietary fund.....	(464,876)
Adjustment to report school trusts as fiduciary fund.....	<u>(125,559)</u>
Net assets, July 1, 2009, as restated.....	<u>\$ 12,667,654</u>

(CONCLUDED)

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**Required  
Supplementary  
Information**

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CITY OF CRANSTON, RHODE ISLAND

## REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>				
General property taxes.....	\$ 162,412,204	\$ 163,633,613	\$ 165,623,300	\$ 1,989,687
Intergovernmental .....	18,043,448	18,384,448	15,627,287	(2,757,161)
Charges for Services:				
Licenses and permits.....	2,696,787	2,696,787	2,495,885	(200,902)
Fines and forfeitures.....	1,525,000	1,525,000	1,828,985	303,985
Departmental.....	8,781,542	8,781,542	7,359,347	(1,422,195)
Investment income.....	650,000	650,000	132,754	(517,246)
Education.....	39,107,243	37,590,013	37,590,013	-
Other.....	329,850	312,850	706,419	393,569
<b>TOTAL REVENUES.....</b>	<b>233,546,074</b>	<b>233,574,253</b>	<b>231,363,990</b>	<b>(2,210,263)</b>
<b>EXPENDITURES:</b>				
Current:				
Executive.....	467,384	467,384	453,102	14,282
City Council.....	282,010	282,010	207,390	74,620
Law.....	456,000	456,000	514,945	(58,945)
Personnel.....	156,274	156,274	107,764	48,510
City Clerk.....	1,019,121	1,019,121	920,659	98,462
Probate Court.....	19,339	19,339	19,129	210
Municipal Court.....	251,332	251,332	250,195	1,137
Board of Canvassers.....	187,919	187,919	181,059	6,860
City Planning.....	383,217	383,217	367,015	16,202
Economic Development.....	169,529	169,529	153,705	15,824
Finance.....	4,630,896	3,980,896	3,950,670	30,226
Fire.....	27,679,454	27,679,454	27,261,011	418,443
Inspections.....	1,016,469	1,016,469	929,178	87,291
Police.....	19,805,523	20,129,523	19,930,776	198,747
Public works.....	13,696,730	14,346,730	13,968,890	377,840
Parks and recreation.....	2,043,583	2,043,583	2,047,774	(4,191)
Public libraries.....	2,890,199	2,890,199	2,890,199	-
Community Grants.....	140,500	140,500	140,500	-
Senior services.....	2,965,627	2,965,627	2,677,933	287,694
Municipal Debt.....	9,196,118	9,663,118	9,662,590	528
Long-Term Debt.....	17,992,548	17,992,548	17,992,548	-
Boards and Commissions.....	34,640	34,640	26,281	8,359
Harbor Master.....	5,191	5,191	3,999	1,192
Rescue Fund.....	3,290,000	3,290,000	1,775,452	1,514,548
Education.....	124,766,471	124,003,650	124,003,650	-
<b>TOTAL EXPENDITURES.....</b>	<b>233,546,074</b>	<b>233,574,253</b>	<b>230,436,414</b>	<b>3,137,839</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EX</b>	<b>-</b>	<b>-</b>	<b>927,576</b>	<b>927,576</b>
<b>OTHER FINANCING SOURCES:</b>				
Carulo action - settlement.....			(3,559,654)	(3,559,654)
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(2,632,078)</b>	<b>\$ (2,632,078)</b>
<b>FUND BALANCE - JULY 1, 2009.....</b>			<b>23,571,945</b>	
<b>FUND BALANCE - JUNE 30, 2010.....</b>			<b>\$ 20,939,867</b>	

**CITY OF CRANSTON, RHODE ISLAND**

## REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND - SCHOOL UNRESTRICTED  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
State aid.....	\$ 34,003,968	\$ 31,662,364	\$ 29,622,706	\$ (2,039,658)
Federal through State.....	1,200,000	1,200,000	1,860,209	660,209
Tuition.....	1,796,974	1,796,974	1,850,584	53,610
Carryover.....	-	-	23,878	23,878
State fiscal stabilization funds.....	-	-	2,410,080	2,410,080
Miscellaneous.....	375,380	377,546	543,526	165,980
<b>TOTAL REVENUES.....</b>	<b>37,376,322</b>	<b>35,036,884</b>	<b>36,310,983</b>	<b>1,274,099</b>
<b>EXPENDITURES:</b>				
Salaries.....	76,556,553	78,357,782	80,672,649	(2,314,867)
Employee benefits.....	35,039,426	29,083,545	27,822,251	1,261,294
Purchased services.....	9,924,293	9,324,497	11,615,432	(2,290,935)
Supplies and materials.....	4,260,293	3,980,270	3,465,444	514,826
Capital outlay.....	516,998	511,998	318,961	193,037
Other.....	192,429	192,429	190,124	2,305
<b>TOTAL EXPENDITURES.....</b>	<b>126,489,992</b>	<b>121,450,521</b>	<b>124,084,861</b>	<b>(2,634,340)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES...</b>	<b>(89,113,670)</b>	<b>(86,413,637)</b>	<b>(87,773,878)</b>	<b>(1,360,241)</b>
<b>OTHER FINANCING SOURCES:</b>				
Carulo action - settlement.....			3,559,654	3,559,654
Transfers in City of Cranston.....	89,113,670	86,413,637	86,413,637	-
<b>TOTAL OTHER FINANCING SOURCES:</b>	<b>89,113,670</b>	<b>86,413,637</b>	<b>89,973,291</b>	<b>3,559,654</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,199,413</b>	<b>\$ 2,199,413</b>
FUND BALANCE - JULY 1, 2009.....			(8,246,359)	
FUND BALANCE - JUNE 30, 2010.....			<u>\$ (6,046,946)</u>	

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

CRANSTON RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

POLICE AND FIRE PLAN									
ACTUARIAL VALUATION DATE JULY 1,	A	B	(A-B)	(A/B)	C	[(A-B)/C]			
	ACTUARIAL VALUE OF ASSETS	ACTUARILY ACCRUED LIABILITY (AAL) ATTAINED AGE NORMAL	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL			
2001	\$ 20,805,000	\$ 211,799,000	\$ (190,994,000)	9.8%	\$ 11,148,000	(1,713.3%)			
2002	19,237,000	256,292,000	(237,055,000)	7.5%	10,654,000	(2,225.0%)			
2003	17,960,000	218,407,000	(200,447,000)	8.2%	9,596,000	(2,088.9%)			
2004	27,622,000	242,850,000	(215,228,000)	11.4%	9,446,000	(2,278.5%)			
2005	31,641,000	252,222,000	(220,581,000)	12.5%	7,879,000	(2,799.6%)			
2006	39,606,000	257,475,000	(217,869,000)	15.4%	7,013,000	(3,106.6%)			
2007	51,372,000	259,643,000	(208,271,000)	19.8%	6,678,000	(3,118.8%)			
2008	50,961,000	278,857,000	(227,896,000)	18.3%	6,093,000	(3,740.3%)			
2009	43,404,000	287,655,000	(244,251,000)	15.1%	5,416,000	(4,509.8%)			
2010	45,900,000	290,733,000	(244,833,000)	15.8%	4,797,000	(5,103.9%)			

PUBLIC SAFETY OPEB TRUST PLAN									
ACTUARIAL VALUATION DATE JULY 1,	A	B	(A-B)	(A/B)	C	[(B-A)/C]			
	ACTUARIAL VALUE OF ASSETS	ACTUARILY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL			
2007	\$ 127,670	\$ 47,222,807	(47,095,137)	0.3%	N/A	N/A			
2008	\$ 505,545	\$ 52,191,492	(51,685,947)	1.0%	N/A	N/A			
2009	\$ 397,327	\$ 50,533,441	(50,136,114)	0.8%	\$ 4,638,936	(1,080.8%)			
2010	\$ 450,533	\$ 50,765,110	(50,314,577)	0.9%	\$ 4,099,268	(1,227.4%)			

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

REQUIRED SUPPLEMENTARY INFORMATION

CRANSTON RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

DEPARTMENT OF EDUCATION OPEB PLAN									
ACTUARIAL VALUATION DATE JULY1,	A		B		(A-B)		(A/B)		[(A-B)/C]
	ACTUARIAL VALUE OF ASSETS	ACTUARIAL LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL		
2007	\$ -	\$ 25,950,366	\$ (25,950,366)	\$ 68,573,674	0.0%	\$	-37.84%		
2008	-	35,821,039	(35,821,039)	69,144,049	0.0%		-51.81%		
2009	-	31,160,310	(31,160,310)	70,733,606	0.0%		-44.05%		

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM									
ACTUARIAL VALUATION DATE JULY1,	A		B		(A-B)		(A/B)		[(B-A)/C]
	ACTUARIAL VALUE OF ASSETS	ACTUARIAL LIABILITY (AAL) ENTRY AGE NORMAL	OVER (UNDER) FUNDED AAL	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL		
2002	\$ 115,259,090	\$ 91,029,401	\$ 24,229,689	\$ 23,440,036	126.6%	\$	103.37%		
2003	110,439,637	92,892,158	17,547,479	21,675,306	118.9%		80.96%		
2004	106,967,754	97,050,042	9,917,712	23,035,308	110.2%		43.05%		
2005	105,082,284	102,678,224	2,404,060	23,531,717	102.3%		10.22%		
2006	108,693,423	107,772,769	920,654	24,701,259	100.9%		3.73%		
2007	119,233,735	114,975,371	4,258,364	26,200,633	103.7%		16.25%		
2008	129,012,096	120,962,612	8,049,484	26,974,527	106.7%		29.84%		
2009	128,570,070	126,143,717	2,426,353	25,915,483	101.9%		9.36%		

(Continued)

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION  
CRANSTON RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM - POLICE

ACTUARIAL VALUATION DATE JULY 1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALY ACCRUED LIABILITY (AAL) NORMAL	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	(B-A)/C OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2002	\$ 4,343,311	\$ 5,155,337	\$ (812,026)	84.2%	\$ 2,942,792	-28%
2003	5,260,034	8,047,991	(2,787,957)	65.4%	3,695,706	-75%
2004	6,440,242	9,491,992	(3,051,750)	67.8%	4,327,084	-71%
2005	7,618,309	10,721,320	(3,103,011)	71.1%	4,336,935	-72%
2006	9,366,178	11,172,239	(1,806,061)	83.8%	4,962,030	-36%
2007	12,036,859	14,016,539	(1,979,680)	85.9%	5,919,968	-33%
2008	14,761,420	18,518,471	(3,757,051)	79.7%	6,130,562	-61%
2009	16,664,831	20,823,809	(4,158,978)	80.0%	6,578,878	-63%

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM - FIRE

ACTUARIAL VALUATION DATE JULY 1,	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALY ACCRUED LIABILITY (AAL) NORMAL	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	(B-A)/C OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2002	\$ 7,870,598	\$ 10,697,631	\$ (2,827,033)	73.6%	\$ 5,061,806	-56%
2003	9,511,014	13,143,435	(3,632,421)	72.4%	5,722,530	-63%
2004	11,599,490	17,852,641	(6,253,151)	65.0%	6,481,038	-96%
2005	13,698,011	17,789,858	(4,091,847)	77.0%	5,608,096	-73%
2006	16,395,438	19,313,922	(2,918,484)	84.9%	6,408,970	-46%
2007	20,613,833	22,445,208	(1,831,475)	91.8%	7,177,565	-26%
2008	24,866,263	29,342,709	(4,476,446)	84.7%	7,440,104	-60%
2009	27,822,453	33,859,726	(6,037,273)	82.2%	8,404,470	-72%

(Concluded)

**CITY OF CRANSTON, RHODE ISLAND**

REQUIRED SUPPLEMENTARY INFORMATION

CRANSTON RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

**POLICE AND FIRE PLAN**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION (ARC)	ACTUAL CONTRIBUTION	% OF ARC CONTRIBUTED
2003	24,945,408	14,949,999	60%
2004	21,877,449	23,876,569	109%
2005	22,147,958	20,024,158	90%
2006	21,723,021	21,339,876	98%
2007	21,723,021	21,723,021	100%
2008	20,785,343	19,889,000	96%
2009	20,062,219	19,087,000	95%
2010	22,209,224	19,396,892	87%

**PUBLIC SAFETY OPER TRUST PLAN**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION (ARC)	ACTUAL CONTRIBUTION	% OF ARC CONTRIBUTED
2007	\$ 3,515,765	\$ 3,692,176	105%
2008	3,606,418	3,700,648	103%
2009	4,045,161	3,273,843	81%
2010	4,287,927	3,649,942	85%

**DEPARTMENT OF EDUCATION OPER PLAN**

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION (ARC)	ACTUAL CONTRIBUTION	% OF ARC CONTRIBUTED
2008	\$ 2,548,187	\$ 2,122,221	83%
2009	3,504,375	2,288,090	65%
2010	3,134,654	2,002,019	64%

**Budgets and Budgetary Accounting**

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

The level of budgetary control for the General Fund (that is, the level at which expenditures cannot legally exceed appropriations) is fixed by resolution as part of the annual budget adoption process at the Financial City Council Meeting. Although the resolution prohibits spending in excess of the authorized budget, it does allow management the right to create interdepartmental transfers at any time during the fiscal year. Intradepartmental transfers and supplemental appropriations are restricted to the fourth quarter and must be approved by the City Council in the form of an ordinance. Intradepartmental transfers reallocate surplus funds from one department to another. Supplemental appropriations increase both revenue appropriation and expenditure appropriation by an equal amount. For the fiscal year ended June 30, 2010, intradepartmental transfers and supplemental appropriations netted an increase to the original adopted budget of \$28,179.

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

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

(CONTINUED)

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2010

**Budget - GAAP Reconciliation**

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

	GENERAL FUND			SCHOOL DEPARTMENT FUND		
	REVENUES	EXPENDITURES	FUND BALANCE	REVENUES	EXPENDITURES	FUND BALANCE
BALANCE, BUDGETARY BASIS						
JUNE 30, 2010.....	\$ 231,363,990	\$ 230,436,414	\$ 20,939,867	\$ 36,310,983	\$ 124,084,861	\$ (6,046,946)
Revenues/Expenditures accounted for on the budgetary basis associated with Education funds	(37,590,013)	(124,003,650)				
Encumbrances outstanding at June 30, 2009 liquidated during the year June 30, 2010					550,839	(550,839)
Encumbrances outstanding at June 30, 2010 Charged to budgetary expenditures					(94,854)	94,854
Reclassifications principal payments for proceeds from sales	483,875	483,875	-			
Transfer out for hospitalization costs		(319,399)				
Carryover				(23,878)		(23,878)
Revenue/Expenditure pass-thru				6,445,696	6,470,467	(24,771)
State Teachers' Retirement on-behalf payment				5,056,767	5,056,767	
<b>BALANCE, GAAP BASIS, JUNE 30, 2010 EXHIBIT D</b>	<b>\$ 194,257,852</b>	<b>\$ 106,597,240</b>	<b>\$ 20,939,867</b>	<b>\$ 47,789,568</b>	<b>\$ 136,068,080</b>	<b>\$ (6,551,580)</b>

(CONCLUDED)

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**Supplemental  
Schedules**

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**Nonmajor  
Governmental  
Funds**

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**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.

***Budget Stabilization*** - This fund was established to create a reserve to offset significant budget fluctuations in the General Fund from year to year (ordinance specifies items that can be appropriated).

***Hospital Stabilization*** - This fund was established to eliminate future deficits generated by the risks related to being self-insured for health care.

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

***Public Service*** - This fund accounts for public safety activities financed by grants received from private parties and federal and state agencies.

***Restitution*** - To account for monies received in restitution of charges.

***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.

***Cultural Services*** - This fund accounts for parks and recreation activities financed by grants received from private parties and federal and state agencies.

***Public Works*** - Insurance fund for snow and ice removal costs.

***Excise Tax Phase-Out*** - This fund accounts for excise phase-out receipts received from the State of Rhode Island.

***Governmental Special Revenue*** - This fund accounts for special grants and non-capital projects.

***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.

### **Special Revenue Funds (Continued)**

***Capital Facilities Development Impact Fees*** - This fund accounts for fees charged by the City to real estate developers. The fees are to be used for infrastructure capital assets.

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

***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

### **Capital Project Funds**

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

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

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

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

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

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

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

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

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

**SCHEDULE I**  
(1 of 4)

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds				
	Education	Budget Stabilization	Hospital Stabilization	Community Development Block Grant	Public Service
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 735,161	\$ 57,622	\$ 640,774		\$ 619,986
Investments	-				
Receivables:					
Intergovernmental	1,999,065			\$ 1,507,742	
Loans	-				
Other	6,779				175,523
Prepays	-				
Due from:					
Other funds	36,255		319,399		26,845
Other governments					
<b>TOTAL ASSETS</b>	<b>\$ 2,777,260</b>	<b>\$ 57,622</b>	<b>\$ 960,173</b>	<b>\$ 1,507,742</b>	<b>\$ 822,354</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,712,703	\$	\$	\$ 38	\$ 3,700
Accrued payroll	-			5,749	3,372
Retainage payable	-				
Due to other funds	822,558			18,206	124,399
Unearned revenues	241,999			1,507,742	546
Other liabilities	-				
<b>TOTAL LIABILITIES</b>	<b>2,777,260</b>	<b>-</b>	<b>-</b>	<b>1,531,735</b>	<b>132,017</b>
<b>FUND BALANCES:</b>					
Reserved for commitments	-				
Reserved for prepaid items	-				
Unreserved, reported in:					
Special revenue funds	-	57,622	960,173	(23,993)	690,337
Capital project funds	-				
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>57,622</b>	<b>960,173</b>	<b>(23,993)</b>	<b>690,337</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,777,260</b>	<b>\$ 57,622</b>	<b>\$ 960,173</b>	<b>\$ 1,507,742</b>	<b>\$ 822,354</b>

**CITY OF CRANSTON, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	Special Revenue Funds				
	UDAG	Cultural Services	Public Works	Special Revenue Funds	Economic Development Revolving Loan
<b>ASSETS:</b>					
Cash and cash equivalents	\$ -	\$ 575,607	\$ 281,772	\$ 640,658	\$ 536,332
Investments					
Receivables:					
Intergovernmental					
Loans	220,000			52,941	1,105,059
Other					
Prepays					
Due from:					
Other funds		18,026	248,000	-	
Other governments		-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 220,000</b>	<b>\$ 593,633</b>	<b>\$ 529,772</b>	<b>\$ 693,599</b>	<b>\$ 1,641,391</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable					
Accrued payroll					
Retainage payable					
Due to other funds					
Unearned revenues	220,000			61,145	1,105,059
Other liabilities				75,000	
<b>TOTAL LIABILITIES</b>	<b>220,000</b>	<b>-</b>	<b>-</b>	<b>139,820</b>	<b>1,105,065</b>
<b>FUND BALANCES:</b>					
Reserved for commitments					
Reserved for prepaid items					
Unreserved, reported in:					
Special revenue funds	-	593,633	529,772	553,779	536,326
Capital project funds					
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>593,633</b>	<b>529,772</b>	<b>553,779</b>	<b>536,326</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 220,000</b>	<b>\$ 593,633</b>	<b>\$ 529,772</b>	<b>\$ 693,599</b>	<b>\$ 1,641,391</b>

**CITY OF CRANSTON, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	Special Revenue Funds				Capital Project Funds		
	Capital Facilities Development Impact Fees	WIA Job Development	Senior Services	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund	
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 1,499,950	\$ 30,507	\$ 286,287	\$ 75,180	\$ 756,419	\$ 778,610	
Investments			24,020				
Receivables:							
Intergovernmental				446,827			
Loans							
Other							
Prepays							
Due from:							
Other funds	\$ 4,753		48				
Other governments							
<b>TOTAL ASSETS</b>	<b>\$ 1,504,703</b>	<b>\$ 30,507</b>	<b>\$ 310,355</b>	<b>\$ 522,007</b>	<b>\$ 756,419</b>	<b>\$ 778,610</b>	
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 41,466	\$ 9,598	\$ 6,026	\$ 480,236	\$ 548	\$ 548	
Accrued payroll							
Retainage payable				78,227			
Due to other funds		66,714	48	48,556			
Unearned revenues	4,490						
Other liabilities							
<b>TOTAL LIABILITIES</b>	<b>45,956</b>	<b>76,312</b>	<b>6,074</b>	<b>607,019</b>	<b>-</b>	<b>548</b>	
<b>FUND BALANCES:</b>							
Reserved for commitments							
Reserved for prepaid items							
Unreserved, reported in:							
Special revenue funds	1,458,747	(45,805)	304,281	(85,012)	756,419	778,062	
Capital project funds							
<b>TOTAL FUND BALANCES</b>	<b>1,458,747</b>	<b>(45,805)</b>	<b>304,281</b>	<b>(85,012)</b>	<b>756,419</b>	<b>778,062</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,504,703</b>	<b>\$ 30,507</b>	<b>\$ 310,355</b>	<b>\$ 522,007</b>	<b>\$ 756,419</b>	<b>\$ 778,610</b>	

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Capital Project Funds					Total Nonmajor Governmental Funds
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Neighborhood Infrastructure Bond Fund	Open Space Bond Fund	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 480,880	\$ 943,920	\$ 93	\$ 126,012	\$ 52,781	\$ 9,118,551
Investments						24,020
Receivables:						
Intergovernmental						2,445,892
Loans						2,885,742
Other						182,302
Prepays						
Due from:						
Other funds						
Other governments						653,326
<b>TOTAL ASSETS</b>	<b>\$ 480,880</b>	<b>\$ 943,920</b>	<b>\$ 93</b>	<b>\$ 126,012</b>	<b>\$ 52,781</b>	<b>\$ 15,309,833</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 36,908	\$ 569,424	\$	\$ 19,143	\$ 4,565	\$ 2,878,438
Accrued payroll						18,719
Retainage payable	2,000	4,754				80,227
Due to other funds						1,085,235
Unearned revenues						3,140,981
Other liabilities						75,000
<b>TOTAL LIABILITIES</b>	<b>38,908</b>	<b>574,178</b>	<b>-</b>	<b>19,143</b>	<b>4,565</b>	<b>7,278,600</b>
<b>FUND BALANCES:</b>						
Reserved for commitments						
Reserved for prepaid items						
Unreserved, reported in:						
Special revenue funds	441,972	369,742	93	106,869	48,216	5,614,872
Capital project funds	441,972	369,742	93	106,869	48,216	2,416,361
<b>TOTAL FUND BALANCES</b>	<b>883,944</b>	<b>739,484</b>	<b>186</b>	<b>213,738</b>	<b>96,432</b>	<b>8,031,233</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 480,880</b>	<b>\$ 943,920</b>	<b>\$ 93</b>	<b>\$ 126,012</b>	<b>\$ 52,781</b>	<b>\$ 15,309,833</b>

**SCHEDULE 2**  
(1 of 4)

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				
	Education	Budget Stabilization	Hospital Stabilization	Community Development Block Grant	Public Service
REVENUES:					
Intergovernmental	\$ 10,846,450	\$ -	\$ -	\$ 1,695,328	\$ 585,627
Charges for services					948,612
Investment income		20	4,075	293,119	540
Other	186,452				
<b>TOTAL REVENUES</b>	<b>11,032,902</b>	<b>20</b>	<b>4,075</b>	<b>1,988,447</b>	<b>1,534,779</b>
EXPENDITURES:					
Current:					
General government		8,514			
Public safety		122,262	600,000		1,210,240
Education	11,032,902				
Parks and recreation					
Public libraries					
Senior services					
Community development				1,981,805	
Debt service:					
Interest and other costs					
Capital:					
Capital expenditures					
<b>TOTAL EXPENDITURES</b>	<b>11,032,902</b>	<b>130,776</b>	<b>600,000</b>	<b>1,981,805</b>	<b>1,210,240</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(130,756)</b>	<b>(595,925)</b>	<b>6,642</b>	<b>324,539</b>
OTHER FINANCING SOURCES (USES):					
Issuance of general obligation bond	-				-
Bond premium	-				-
Extinguishment of long-term debt through advanced refunding	-				-
Transfers in			319,399		
Transfers out					
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>319,399</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(130,756)</b>	<b>(276,526)</b>	<b>6,642</b>	<b>324,539</b>
<b>FUND BALANCES - JULY 1, 2009 - AS RESTATED</b>	<b>-</b>	<b>188,378</b>	<b>1,236,699</b>	<b>(30,635)</b>	<b>365,798</b>
<b>FUND BALANCES - JUNE 30, 2010</b>	<b>\$ -</b>	<b>\$ 57,622</b>	<b>\$ 960,173</b>	<b>\$ (23,993)</b>	<b>\$ 690,337</b>

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				Economic Development Revolving Loan
	UDAG	Cultural Services	Public Works	Governmental Special Revenue Funds	
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ 248,000	\$ -	\$ -
Charges for services				149,493	
Investment income		522	278	623	87,031
Other		87,818			
<b>TOTAL REVENUES</b>		<b>88,340</b>	<b>248,278</b>	<b>150,116</b>	<b>87,031</b>
EXPENDITURES:					
Current:					
General government				203,588	265,566
Public safety					
Education					
Parks and recreation		12,000			
Public libraries		91,529			
Senior services					
Community development					
Debt service:					
Interest and other costs					
Capital:					
Capital expenditures					
<b>TOTAL EXPENDITURES</b>		<b>103,529</b>	<b>248,278</b>	<b>203,588</b>	<b>265,566</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>(15,189)</b>	<b>248,278</b>	<b>(53,472)</b>	<b>(178,535)</b>
OTHER FINANCING SOURCES (USES):					
Issuance of general obligation bond					
Bond premium					
Extinguishment of long-term debt through advanced refunding					
Transfers in					
Transfers out					
<b>NET OTHER FINANCING SOURCES (USES)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>		<b>(15,189)</b>	<b>248,278</b>	<b>(53,472)</b>	<b>(178,535)</b>
FUND BALANCES - JULY 1, 2009 - AS RESTATED		608,822	281,494	607,251	714,861
FUND BALANCES - JUNE 30, 2010	\$	\$ 593,633	\$ 529,772	\$ 553,779	\$ 536,326

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				Capital Project Funds		
	Capital Facilities Development Impact Fees	WIA Job Development	Senior Services	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund	
REVENUES:							
Intergovernmental Charges for services	\$ 86,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	9,706	347,342	116,883	-	-	-	-
Other		7	837	27	26	7	
TOTAL REVENUES	95,999	347,349	117,720	27	26	7	
EXPENDITURES:							
Current:							
General government	61,402	382,560					
Public safety	7,738						
Education							
Parks and recreation	5,904						
Public libraries							
Senior services			102,312				
Community development							
Debt service:							
Interest and other costs							
Capital:							
Capital expenditures				2,378,131	8,286	5,171	
TOTAL EXPENDITURES	75,044	382,560	102,312	2,378,131	8,286	5,171	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,955	(35,211)	15,408	(2,378,104)	(8,260)	(5,164)	
OTHER FINANCING SOURCES (USES):							
Issuance of general obligation bond							
Bond premium							
Extinguishment of long-term debt through advanced refunding							
Transfers in	(290,000)						
Transfers out							
NET OTHER FINANCING SOURCES (USES)	(290,000)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(269,045)	(35,211)	15,408	(2,378,104)	(8,260)	(5,164)	
FUND BALANCES - JULY 1, 2009 - AS RESTATED	1,727,792	(10,594)	288,873	2,293,092	764,679	783,226	
FUND BALANCES - JUNE 30, 2010	\$ 1,458,747	\$ (45,805)	\$ 304,281	\$ (85,012)	\$ 756,419	\$ 778,062	

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Capital Project Funds					Total Non-Major Governmental Funds
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Neighborhood Infrastructure Bond Fund	Open Space Bond Fund	
REVENUES:						
Intergovernmental						
Charges for services						
Investment income	19	70		31	13	396,951
Other				29,970		304,240
<b>TOTAL REVENUES</b>	<b>19</b>	<b>70</b>	<b>-</b>	<b>30,001</b>	<b>260,778</b>	<b>15,985,994</b>
EXPENDITURES:						
Current:						
General government						921,630
Public safety						1,940,240
Education						11,032,902
Parks and recreation						17,904
Public libraries						91,529
Senior services						102,312
Community development						1,981,805
Debt service:						-
Interest and other costs						-
Capital:						
Capital expenditures	612,600	1,034,740	-	44,836	769,728	4,853,492
<b>TOTAL EXPENDITURES</b>	<b>612,600</b>	<b>1,034,740</b>	<b>-</b>	<b>44,836</b>	<b>769,728</b>	<b>20,941,814</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(612,581)</b>	<b>(1,034,670)</b>	<b>-</b>	<b>(14,835)</b>	<b>(508,940)</b>	<b>(4,955,820)</b>
OTHER FINANCING SOURCES (USES):						
Issuance of general obligation bond						
Bond premium						
Extinguishment of long-term debt through advanced refunding						
Transfers in		290,000				609,399
Transfers out						(290,000)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>290,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>319,399</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(612,581)</b>	<b>(744,670)</b>	<b>-</b>	<b>(14,835)</b>	<b>(508,940)</b>	<b>(4,636,421)</b>
<b>FUND BALANCES - JULY 1, 2009 - AS RESTATED</b>	<b>1,054,553</b>	<b>1,114,412</b>	<b>93</b>	<b>121,704</b>	<b>557,156</b>	<b>12,667,654</b>
<b>FUND BALANCES - JUNE 30, 2010</b>	<b>\$ 441,972</b>	<b>\$ 369,742</b>	<b>\$ 93</b>	<b>\$ 106,869</b>	<b>\$ 48,216</b>	<b>\$ 8,031,233</b>

**CITY OF CRANSTON, RHODE ISLAND**

NONMAJOR BUDGETARY FUNDS  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET BASIS  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

**COMMUNITY DEVELOPMENT BLOCK GRANT**

	ORIGINALLY ADOPTED BUDGET	FINAL APPROVED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Program Income	\$ 200,000	\$ 200,000	\$ 293,119	\$ 93,119
Federal Grants	1,000,000	2,000,000	1,695,328	(304,672)
<b>Total Revenues</b>	<b>1,200,000</b>	<b>2,200,000</b>	<b>1,988,447</b>	<b>(211,553)</b>
<b>EXPENDITURES:</b>				
Current:				
Program Activities	1,200,000	2,200,000	1,981,805	218,195
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,642</b>	<b>\$ 6,642</b>

**WORKFORCE INVESTMENT ACT**

	ORIGINALLY ADOPTED BUDGET	FINAL APPROVED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Program Income	\$ 382,962	\$ 382,962	\$ 347,342	\$ (35,620)
Investment Income			7	7
<b>Total Revenues</b>	<b>382,962</b>	<b>382,962</b>	<b>347,349</b>	<b>(35,613)</b>
<b>EXPENDITURES:</b>				
Current:				
Program Activities	382,962	382,962	382,560	(402)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (35,211)</b>	<b>\$ (35,211)</b>

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010
<b><u>Unclaimed Estates in Probate Court</u></b>				
<b>ASSET</b>				
Cash and cash equivalents	\$ 127,873	\$ 105	\$ 55,516	\$ 72,462
<b>LIABILITY</b>				
Deposits Held in Custody for Others	\$ 127,873	\$ 105	\$ 55,516	\$ 72,462
<b><u>Performance Bonds</u></b>				
<b>ASSET</b>				
Cash and cash equivalents	\$ 629,354	\$ 30,279	\$ 193,000	\$ 466,633
<b>LIABILITY</b>				
Deposits Held in Custody for Others	\$ 629,354	\$ 30,279	\$ 193,000	\$ 466,633
<b><u>Student Activity Funds</u></b>				
<b>ASSET</b>				
Cash and cash equivalents	\$ 506,165	\$ 1,611,442	\$ 1,598,982	\$ 518,625
<b>LIABILITY</b>				
Deposits Held in Custody for Others	\$ 506,165	\$ 1,611,442	\$ 1,598,982	\$ 518,625
<b><u>TOTALS</u></b>				
<b>ASSET</b>				
Cash and cash equivalents	\$ 1,263,392	\$ 1,641,826	\$ 1,847,498	\$ 1,057,720
Investments	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 1,263,392	\$ 1,641,826	\$ 1,847,498	\$ 1,057,720
<b>LIABILITY</b>				
Deposits Held in Custody for Others	\$ 1,263,392	\$ 1,641,826	\$ 1,847,498	\$ 1,057,720

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

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**SCHEDULE 5**

**CITY OF CRANSTON, RHODE ISLAND**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2010**

	LAND	LAND IMPROVEMENTS	BUILDINGS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
General government.....	\$ 11,809,863	\$ 14,862,788	\$ 85,042,576	\$ 821,323	\$ 509,632	\$ 84,977,294	\$ 198,023,476
Public safety.....				3,339,280	8,847,899		12,187,179
Public works.....				702,755	3,757,976		4,460,731
Education.....			814,720	1,050,529	2,207,781		4,073,030
Parks and recreation.....				1,094,964	466,108		1,561,072
Public libraries.....				3,281,592	17,458		3,299,050
Senior services.....				94,234	362,938		457,172
<b>TOTAL.....</b>	<b>\$ 11,809,863</b>	<b>\$ 14,862,788</b>	<b>\$ 85,857,296</b>	<b>\$ 10,384,677</b>	<b>\$ 16,169,792</b>	<b>\$ 84,977,294</b>	<b>\$ 224,061,710</b>

**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, 2010**

	BALANCE JULY 1, 2009 (AS RESTATED)	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2010
General government.....	\$ 193,372,368	\$ 10,167,756	\$ 5,516,648	\$ 198,023,476
Public safety.....	11,648,209	713,012	174,042	12,187,179
Public works.....	4,505,201	32,560	77,030	4,460,731
Education.....	4,115,048		42,018	4,073,030
Parks and recreation.....	1,563,037	10,947	12,912	1,561,072
Public libraries.....	3,299,050			3,299,050
Senior services.....	463,172		6,000	457,172
<b>TOTAL CAPITAL ASSETS .....</b>	<b>\$ 218,966,085</b>	<b>\$ 10,924,275</b>	<b>\$ 5,828,650</b>	<b>\$ 224,061,710</b>

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**Statistical  
Section**

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

**CONTENTS**

**FINANCIAL TRENDS (TABLES 1 - 4)**

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

**REVENUE CAPACITY (TABLES 5 - 7)**

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

**DEBT CAPACITY (TABLES 8 - 11)**

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 13)**

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

**OPERATING INFORMATION (TABLES 14 - 16)**

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

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

CITY OF CRANSTON, RHODE ISLAND

NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR								
	2010	2009 (As Restated)	2008	2007	2006	2005	2004	2003	2002
<b>Governmental activities:</b>									
Invested in capital assets, net of related debt	\$ 36,911,322	\$ 30,061,368	\$ 27,722,028	\$ 28,499,098	\$ 12,863,084	\$ 36,731,439	\$ 36,571,258	\$ 65,847,258	\$ (35,603,725)
Restricted	2,770,499	754,859	3,219,448	2,530,430	9,468,021			621,085	5,963,118
Unrestricted	(79,180,678)	(63,493,862)	(59,641,599)	(59,323,748)	(42,514,069)	(60,538,517)	(67,245,897)	(127,626,157)	(132,708,572)
<b>Total Governmental activities</b>	<b>(39,498,857)</b>	<b>(32,677,635)</b>	<b>(28,700,123)</b>	<b>(28,294,220)</b>	<b>(20,182,964)</b>	<b>(23,807,078)</b>	<b>(30,674,639)</b>	<b>(61,157,814)</b>	<b>(162,349,179)</b>
<b>Business-type activities:</b>									
Invested in capital assets, net of related debt	54,279,242	58,955,899	60,339,186	63,828,596	63,684,992	61,785,287	61,892,799	61,013,636	61,364,446
Restricted	501,295	501,302	507,594	954,040	504,624	500,267	500,267	820,751	819,358
Unrestricted	(12,293,232)	(18,495,702)	(20,023,658)	(25,204,693)	(24,602,130)	(27,861,982)	(30,724,644)	(29,490,872)	(39,125,642)
<b>Total Business-type activities</b>	<b>42,487,305</b>	<b>40,961,499</b>	<b>40,823,122</b>	<b>39,577,943</b>	<b>39,587,486</b>	<b>34,423,572</b>	<b>31,668,422</b>	<b>32,343,515</b>	<b>23,058,162</b>
<b>Total City:</b>									
Invested in capital assets, net of related debt	91,190,564	89,017,267	88,061,214	92,327,694	76,548,076	98,516,726	98,464,057	126,860,894	25,760,721
Restricted	3,271,794	1,256,161	3,727,042	3,484,470	9,972,645	500,267	500,267	1,441,836	6,782,476
Unrestricted	(91,473,910)	(81,989,564)	(79,665,257)	(84,528,441)	(67,116,199)	(88,400,499)	(97,970,541)	(157,117,029)	(171,834,214)
<b>Total City</b>	<b>\$ 2,988,448</b>	<b>\$ 8,283,864</b>	<b>\$ 12,122,999</b>	<b>\$ 11,283,723</b>	<b>\$ 19,404,522</b>	<b>\$ 10,616,494</b>	<b>\$ 993,783</b>	<b>\$ (28,814,299)</b>	<b>\$ (139,291,017)</b>

NOTE: Prior to implementation of GASB 34 in 2002, this information was not compiled and is unavailable.

**TABLE 2**  
**(1 of 3)**

**CITY OF CRANSTON, RHODE ISLAND**

CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR								
	2010	2009 (As Restated)	2008	2007	2006	2005	2004	2003	2002
<b>EXPENSES:</b>									
<b>Governmental activities:</b>									
General government	\$ 11,927,606	\$ 13,502,051	\$ 11,071,588	\$ 14,667,120	\$ 10,038,244	\$ 15,849,140	\$ 12,264,371	\$ 14,054,259	\$ 11,315,504
Public safety	75,005,742	69,891,470	64,867,512	69,816,686	66,103,904	61,212,863	58,737,753	48,600,836	54,311,983
Public works	14,132,084	14,286,657	13,603,612	13,111,503	12,353,799	12,500,813	11,556,583	8,428,595	8,492,030
Education	147,333,569	144,564,947	145,639,712	139,954,890	128,470,859	123,345,770	115,118,837	114,486,888	104,666,500
Parks and recreation	1,504,980	2,249,144	2,604,501	2,617,354	2,384,414	2,059,016	1,848,297	1,801,404	2,007,121
Public libraries	2,918,385	3,210,102	3,159,253	3,142,334	2,824,696	2,761,476	2,790,619	2,662,535	2,559,200
Senior services	2,822,873	2,948,510	3,122,575	2,913,263	2,611,039	2,564,049	2,564,641	2,959,335	3,040,382
Community development	1,981,805	1,095,367	866,181	1,901,604	1,962,445	1,606,187	1,273,293	1,293,739	1,459,680
Interest expense	4,985,466	4,962,888	4,318,495	3,873,139	6,672,049	3,203,381	2,254,851	5,169,683	3,476,705
<b>Total Governmental activities</b>	<b>262,692,510</b>	<b>256,711,136</b>	<b>249,253,429</b>	<b>251,998,093</b>	<b>233,421,449</b>	<b>225,102,695</b>	<b>208,409,245</b>	<b>199,457,274</b>	<b>191,329,105</b>
<b>Business-type activities:</b>									
Sewer	17,312,453	17,381,311	16,174,140	16,233,984	16,221,383	15,052,454	15,612,521	13,553,258	15,324,429
Public Facilities Management Foundation	219,337	228,248	246,029	270,154	275,798	309,662	78,078	357,990	324,228
Charter School Fund	3,090,636								
School lunch	2,721,200	2,900,867	3,023,413	2,957,021	2,688,143	2,586,402	2,488,766	2,547,767	2,393,349
<b>Total Business-type activities</b>	<b>23,343,626</b>	<b>20,510,426</b>	<b>19,443,582</b>	<b>19,461,159</b>	<b>19,185,324</b>	<b>17,948,518</b>	<b>18,179,365</b>	<b>16,459,015</b>	<b>18,042,006</b>
<b>Total City expenses</b>	<b>286,036,136</b>	<b>277,221,562</b>	<b>268,697,011</b>	<b>271,459,252</b>	<b>252,606,773</b>	<b>243,051,213</b>	<b>226,588,610</b>	<b>215,916,289</b>	<b>209,371,111</b>

**NOTE:** Prior to implementation of GASB 34 in 2002, this information was not compiled and is unavailable.

(Continued)

TABLE 2  
(2 of 3)

CITY OF CRANSTON, RHODE ISLAND

CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR								
	2010	2009 (As Restated)	2008	2007	2006	2005	2004	2003	2002
<b>PROGRAM REVENUES:</b>									
Governmental activities:									
Charges for services:									
General government	\$ 5,726,884	\$ 5,396,283	\$ 5,474,802	\$ 8,725,161	\$ 9,339,781	\$ 10,094,738	\$ 14,279,624	\$ 7,167,456	\$ 3,835,199
Public safety	5,575,477	6,162,035	5,475,823	3,131,896	3,364,334	3,250,181	2,930,328	1,138,141	2,531,055
Public works	455,374	481,865	523,339	166,623	124,564	79,485	110,771		
Education	1,850,584	2,805,729	2,859,296	3,069,830	2,719,123	218,346	2,267,150	2,992,832	4,598,157
Parks and recreation	289,310	320,967	277,125	229,801	192,971	179,232	214,878		
Public libraries	89,000	100,000	68,500	85,000	82,500	124,987			
Senior services	1,691,795	1,670,440	1,580,788	1,442,583	1,392,072	1,264,135	1,461,805		
Other activities									
Operating grants and contributions	63,617,708	56,934,360	55,043,215	55,006,239	51,704,145	53,592,333	49,494,352	3,622,184	1,126,311
Capital grants and contributions	585,627	182,166	103,305	694,453	114,596	342,051		46,172,804	45,397,783
<b>Total Governmental activities program revenues</b>	<b>79,881,759</b>	<b>74,053,845</b>	<b>71,406,193</b>	<b>72,551,586</b>	<b>69,034,086</b>	<b>69,020,501</b>	<b>70,883,895</b>	<b>61,093,417</b>	<b>57,732,454</b>
Business-type activities:									
Charges for services:									
Sewer	18,640,991	17,208,694	17,517,895	17,259,536	18,411,799	16,133,909	16,456,479	17,478,196	16,056,715
Public Facilities Management Foundation	208,574	211,061	187,849	256,199	247,419	304,306	45,000	319,699	452,161
Charter School	2,968,139	436,625							
School lunch	1,123,852	1,222,604	1,329,552	1,586,519	1,417,343	1,490,280	1,483,555	1,571,470	1,536,637
Operating grants and contributions	1,538,371	1,300,849	1,436,380	1,170,646	1,101,082	1,036,970	939,419	911,614	886,491
Capital grants and contributions					2,030,980	836,249			
<b>Total Business-type activities program revenues</b>	<b>24,479,927</b>	<b>20,379,833</b>	<b>20,471,676</b>	<b>20,272,900</b>	<b>23,208,623</b>	<b>19,801,714</b>	<b>18,924,453</b>	<b>20,280,979</b>	<b>18,932,004</b>
<b>Total City revenues</b>	<b>104,361,686</b>	<b>94,433,678</b>	<b>91,877,869</b>	<b>92,824,486</b>	<b>92,242,709</b>	<b>88,822,215</b>	<b>89,808,348</b>	<b>81,374,396</b>	<b>76,664,458</b>
Net (expenses) revenues:									
Governmental activities	(182,810,751)	(182,657,291)	(177,847,236)	(179,446,507)	(164,387,363)	(156,082,194)	(137,525,350)	(138,363,857)	(133,596,651)
Business-type activities	1,136,301	(130,593)	1,028,094	811,741	4,023,299	1,853,196	745,088	3,821,964	889,998
<b>Total City net expense</b>	<b>(181,674,450)</b>	<b>(182,787,884)</b>	<b>(176,819,142)</b>	<b>(178,634,766)</b>	<b>(160,364,064)</b>	<b>(154,228,998)</b>	<b>(136,780,262)</b>	<b>(134,541,893)</b>	<b>(132,706,653)</b>

NOTE: Prior to implementation of GASB 34 in 2002, this information was not compiled and is unavailable.

(Continued)

CITY OF CRANSTON, RHODE ISLAND

CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
	(As Restated)								
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:</b>									
Governmental activities:									
General Revenues:									
Property taxes and other	\$ 172,909,856	\$ 173,615,269	\$ 169,279,075	\$ 162,010,764	\$ 158,960,204	\$ 158,547,041	\$ 153,870,057	\$ 140,791,381	\$ 118,179,277
Grants and contributions not restricted to specific programs	303,537	2,086,520	4,599,682	5,473,326	5,599,200				
Gain on sale of assets						3,199,670	3,293,868	2,898,349	2,662,371
State revenue sharing	706,945	1,065,331	2,449,896	3,851,161	2,323,533	1,203,044	477,653	346,950	327,699
Unrestricted investment earnings	2,069,191	1,912,658							4,908,858
Miscellaneous							1,450,000	(495,919)	
Transfers									
Total Governmental activities	175,989,529	178,679,778	176,328,653	171,335,251	166,882,937	162,949,755	161,091,578	143,540,761	126,078,205
Business-type activities:									
Unrestricted investment earnings	389,505	268,956	217,085	188,091	131,240	253,271	29,819	49,403	119,581
Transfers							(1,450,000)	495,919	
Total Business-type activities	389,505	268,956	217,085	188,091	131,240	253,271	(1,420,181)	545,322	119,581
Total City	176,379,034	178,948,734	176,545,738	171,523,342	167,014,177	163,203,026	159,671,397	144,086,083	126,197,786
<b>CHANGE IN NET ASSETS:</b>									
Governmental activities	(6,821,222)	(3,977,513)	(1,518,583)	(8,111,256)	2,495,574	6,867,561	23,566,228	5,176,904	(7,518,446)
Business-type activities	1,525,806	138,363	1,245,179	999,832	4,154,539	2,106,467	(675,093)	4,367,286	1,009,579
Total City change in net assets	\$ (5,295,416)	\$ (3,839,150)	\$ (273,404)	\$ (7,111,424)	\$ 6,650,113	\$ 8,974,028	\$ 22,891,135	\$ 9,544,190	\$ (6,508,867)

NOTE: Prior to implementation of GASB 34 in 2002, this information was not compiled and is unavailable.

(Concluded)

TABLE 3

CITY OF CRANSTON, RHODE ISLAND

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

	FISCAL YEAR								
	2010	2009 (As Restated)	2008	2007	2006	2005	2004	2003	2002
General Fund:									
Reserved	\$ 7,624,361	\$ 8,990,340	\$ 3,193,052	\$ 170,709	\$	\$	\$	\$ 211,806	\$ 3,027,829
Unreserved	13,315,506	14,581,605	19,849,704	18,493,224	19,932,283	19,599,361	16,098,058	5,465,068	(4,454,508)
Total General Fund	20,939,867	23,571,945	23,042,756	18,663,933	19,932,283	19,599,361	16,098,058	5,676,874	(1,426,679)
All Other Governmental Funds:									
Reserved	2,441,699	754,859	3,792,674	2,359,721	9,468,021	449,705	770,552	409,279	2,935,289
Unreserved, designated - school			450,000	450,000	900,000	667,588	942,942	(4,193,715)	(2,871,535)
Unreserved, reported in:									
Special revenue funds	(3,378,407)	(3,022,478)	797,940	8,405,339	15,449,182	12,269,184	8,155,009	4,423,779	5,948,959
Capital project funds	2,416,361	6,688,914	4,776,751	5,338,216	12,896,071	1,238,208	2,444,469	(21,667,080)	(12,308,135)
Total All Other Governmental Funds	1,479,653	4,421,295	9,817,365	16,553,276	38,713,274	14,624,685	12,312,972	(21,027,737)	(6,295,422)
GRAND TOTAL	\$ 22,419,520	\$ 27,993,240	\$ 32,860,121	\$ 35,217,209	\$ 58,645,557	\$ 34,224,046	\$ 28,411,030	\$ (15,350,863)	\$ (7,722,101)

NOTE: Prior to implementation of GASB 34 in 2002, this information was not compiled and is unavailable.

CITY OF CRANSTON, RHODE ISLAND

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

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
		(As Restated)								
<b>Revenues:</b>										
Property taxes	\$ 165,623,300	\$ 159,040,147	\$ 156,152,762	\$ 147,243,054	\$ 145,906,925	\$ 146,687,442	\$ 142,444,687	\$ 130,881,284	\$ 108,564,553	\$ 103,540,505
Intergovernmental revenue	67,192,078	62,680,327	73,022,744	75,289,523	69,768,119	61,446,056	59,413,263	55,200,184	52,692,416	47,639,030
Charges for services	15,183,424	16,336,920	15,731,489	14,030,153	14,460,130	3,630,513	3,196,325	2,127,280	1,688,575	1,595,317
Licenses and permits										
Fines and interest on late payments						1,680,163	1,727,841	1,168,927	1,244,372	1,142,520
Interest on investments	529,705	885,302	2,260,933	3,635,196	2,111,701	1,104,514	449,364	346,950	327,699	826,411
Departmental	2,410,080	2,090,303				2,194,673	2,191,986	3,111,410		
State fiscal stabilization funds	5,056,767	6,661,428								
State on-behalf pension contributions	2,038,060	1,822,834	996,030	2,468,895	2,352,465	13,049,659	18,247,736	20,182,135	18,971,771	11,665,144
Other revenues										
<b>Total revenues</b>	<b>258,033,414</b>	<b>249,520,261</b>	<b>248,163,958</b>	<b>242,666,821</b>	<b>234,599,340</b>	<b>229,793,020</b>	<b>227,671,202</b>	<b>213,018,170</b>	<b>183,489,386</b>	<b>166,408,927</b>
<b>Expenditures:</b>										
Current:										
General government	7,727,864	8,488,491	8,874,157	11,427,653	9,237,728	10,222,585	9,173,000	12,714,754	10,061,207	8,154,772
Public safety	70,172,182	68,605,728	69,339,328	67,854,283	61,030,024	59,779,344	57,502,834	48,209,827	43,597,698	42,976,586
Public works	13,625,913	13,963,806	13,320,943	12,544,966	12,486,760	12,242,411	11,130,019	8,243,944	8,400,200	8,374,354
Education	147,100,982	143,189,521	144,629,043	139,558,319	128,541,976	123,115,632	114,916,387	114,225,766	105,030,656	98,363,576
Parks and recreation	2,065,678	2,287,973	2,526,612	2,516,148	2,347,676	1,945,381	1,730,551	1,775,134		
Public libraries	2,981,728	3,190,251	3,163,096	3,039,202	2,822,353	2,690,940	2,659,809	2,658,217		
Senior services	2,780,245	2,946,217	3,086,360	2,852,395	2,576,829	2,486,770	2,503,444	2,883,992		
Community development	1,981,805	1,095,367	876,379	1,916,946	1,974,504	1,606,187	1,273,293	1,293,739		
Other	170,780	161,411	163,802	175,183	156,257	771,881	470,759	8,142,700	9,787,400	10,382,250
Capital outlay	4,853,492	7,942,434	8,955,447	15,970,638	3,229,249	1,977,655	4,452,313	10,414,157	7,065,538	8,875,169
Debt service:										
Principal	5,860,000	5,115,000	4,980,000	4,520,000	3,845,000	3,820,000	2,954,563	4,398,667	4,995,383	3,819,234
Interest	4,286,465	4,474,678	4,039,572	3,719,436	6,103,447	5,779,525	2,385,125	3,595,173	3,564,541	2,738,431
<b>Total expenditures</b>	<b>263,607,134</b>	<b>261,460,877</b>	<b>263,954,739</b>	<b>266,095,169</b>	<b>234,351,803</b>	<b>226,438,311</b>	<b>211,152,097</b>	<b>218,556,070</b>	<b>192,502,643</b>	<b>183,684,372</b>
<b>Excess of revenues over expenditures</b>	<b>(5,573,720)</b>	<b>(11,940,616)</b>	<b>(15,790,781)</b>	<b>(23,428,348)</b>	<b>247,537</b>	<b>3,354,709</b>	<b>16,519,105</b>	<b>(5,537,900)</b>	<b>(9,013,257)</b>	<b>(17,275,445)</b>
<b>Other financing sources (uses):</b>										
Issuance of debt	-	7,000,000	13,075,000		23,900,000	22,280,000	27,050,000			13,320,000
Bond premium	-	73,734	358,693		273,974	1,933,307	877,652			
Proceeds from leasing								705,057	2,521,436	
Transfers in	87,023,036	95,952,192	99,002,633	98,534,821	94,700,327	88,857,289	86,467,243	70,382,293	68,211,228	55,535,987
Repayment of debt to escrow agent	(87,023,036)	(95,952,192)	(99,002,633)	(98,534,821)	(94,700,327)	(88,857,289)	(87,473,612)	(73,178,212)	(68,211,228)	(55,535,987)
Transfers out										
Net other financing sources (uses)	-	7,073,734	13,433,693	-	24,173,974	2,458,307	26,921,283	(2,090,862)	2,521,436	178,971
<b>Net change in fund balances</b>	<b>\$ (5,573,720)</b>	<b>\$ (4,866,882)</b>	<b>\$ (2,357,088)</b>	<b>\$ (23,428,348)</b>	<b>\$ 24,421,511</b>	<b>\$ 5,813,016</b>	<b>\$ 43,440,388</b>	<b>\$ (7,628,762)</b>	<b>\$ (6,491,821)</b>	<b>\$ (17,096,474)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.9%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>4.3%</b>	<b>4.3%</b>	<b>2.6%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>3.8%</b>

(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 (2)	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	
2001	3,425,766,400	32	N/A	N/A	4,720,107,081	670,265,695	32	42	25	670,265,695	4,096,032,095	5,390,372,776	0.760
2002	3,471,476,900	33	N/A	N/A	4,770,268,926	726,632,739	33	42	22	726,632,739	4,198,109,639	5,496,901,665	0.764
2003	3,526,107,500	34	N/A	N/A	4,822,036,230	763,362,568	34	42	19	763,362,568	4,289,470,068	5,585,398,798	0.768
2004	4,120,580,900	22	929,951,300	\$30	5,357,818,034	787,898,647	34	42	16	787,898,647	5,838,430,847	6,145,716,681	0.950
2005	4,152,937,000	23	950,396,900	31	5,613,667,290	794,638,753	35	42	13	794,638,753	5,897,972,653	6,408,306,043	0.920
2006	4,196,433,200	23	959,929,900	31	5,929,817,565	835,667,975	35	42	10	835,667,975	5,992,031,075	6,765,485,540	0.886
2007	6,812,384,100	15	1,425,772,400	22	8,238,156,500	866,598,879	22	42	6	866,598,879	9,104,755,379	9,104,755,379	1.000
2008	6,853,894,200	15	1,460,469,600	23	8,314,363,800	848,079,164	23	42	3	848,079,164	9,162,442,964	9,162,442,964	1.000
2009	6,886,982,312	15	1,474,304,800	23	8,361,287,112	801,388,590	23	42	N/A	801,388,590	9,162,675,702	9,162,675,702	1.000
2010	5,670,869,300	19	1,352,953,200	29	7,023,822,500	754,417,429	29	42	N/A	754,417,429	7,778,239,929	7,778,239,929	1.000

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

(2) In 2004, the tax assessment for real property was split for the first time.

TABLE 6

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

	GRAND LIST YEAR						
	2010			2001			
NAME	NATURE OF BUSINESS	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
Carpionato Alfred	Real Estate Management	\$ 104,710,472	1	1.43%	\$ 42,782,151	1	1.37%
Gateway Woodside Inc.	Real Estate Management	76,079,683	2	1.04%	35,965,023	2	1.15%
Picome Properties	Real Estate Management	65,472,408	3	0.90%	23,973,842	4	0.77%
National Grid	Utility	58,045,855	4	0.79%	40,467,390	5	1.29%
Brewery Parkade	Real Estate Management	34,321,700	5	0.47%	15,993,100	7	0.51%
Cox Communications Inc.	Cable Communications	18,344,399	8	0.25%	27,034,230	3	0.86%
Independence Way	Real Estate Management	24,126,300	6	0.33%	10,579,500	10	0.34%
BFMIT II Cranston LLC	Real Estate Management	20,865,600	7	0.29%			
Lowes	Retail Hardware	18,111,755	9	0.25%			
CRE IP LLC	Real Estate Management	16,158,000	10	0.22%			
Swarowski American	Manufacturing				17,514,406	6	0.56%
Providence Water	Utility				13,057,110	9	0.42%
Stop & Shop	Retail				14,676,114	8	0.47%
TOTAL		\$ 436,236,172		5.97%	\$ 242,042,866		7.74%

Source: Town Assessor Department.

(1) Based on a net taxable Grand List of \$7,307,060,134

(2) Based on a net taxable Grand List of \$3,126,572,610

**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
2001	101,763,544	100,124,698	98.4%	256,394	100,381,092	98.6%	-	0.0%
2002	105,644,501	102,588,301	97.1%	1,017,724	103,606,025	98.1%	317,723	0.3%
2003	129,179,767	125,690,321	97.3%	1,306,131	126,996,452	98.3%	332,816	0.3%
2004	136,756,194	135,075,140	98.8%	1,065,257	136,140,397	99.5%	393,821	0.3%
2005	142,694,201	140,405,075	98.4%	1,293,067	141,698,142	99.3%	532,660	0.4%
2006	145,337,455	140,893,257	96.9%	1,448,357	142,341,614	97.9%	485,940	0.3%
2007	144,155,093	141,859,549	98.4%	1,333,728	143,193,277	99.3%	670,053	0.5%
2008	151,718,441	150,177,124	99.0%	1,023,224	151,200,348	99.7%	719,108	0.5%
2009	153,150,874	151,086,526	98.7%	1,090,716	152,177,242	99.4%	911,100	0.6%
2010	160,419,261	159,080,002	99.2%		159,080,002	99.2%	1,551,329	1.0%
							5,914,550	

Source: City's audit reports.

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

CITY OF CRANSTON, RHODE ISLAND

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

YEAR ENDED JUNE 30	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES				TOTAL	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CLEAN WATER NOTES	TOTAL	TOTAL			
2001	50,853,542	7,106,668	57,960,210	2,817,056	5,130,000	3,131,500	11,078,556	69,038,766	N/A	869	
2002	46,098,154	7,459,150	53,557,304	1,517,438	4,890,000	2,931,245	9,338,683	62,895,987	N/A	786	
2003	42,025,156	7,065,400	49,090,556	335,437	4,640,000	2,729,916	7,705,353	56,795,909	N/A	701	
2004	66,360,000	6,202,345	72,562,345		4,375,000	4,527,484	8,902,484	81,464,829	N/A	998	
2005	63,340,000	5,322,425	68,662,425		4,100,000	7,723,917	11,823,917	80,486,342	N/A	982	
2006	83,685,000	4,436,836	88,121,836		3,810,000	7,833,184	11,643,184	99,765,020	N/A	1,232	
2007	79,465,000	3,842,828	83,307,828		3,510,000	7,031,252	10,541,252	93,849,080	N/A	1,160	
2008	87,875,000	3,264,313	91,139,313		3,195,000	9,228,087	12,423,087	103,562,400	N/A	1,287	
2009	90,095,000	2,907,923	93,002,923		2,860,000	8,423,654	11,283,654	104,286,577	N/A	1,280	
2010	84,585,000	2,534,862	87,119,862		2,510,000	8,467,917	10,977,917	98,097,779	N/A	1,204	

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	CAPITAL LEASES	TOTAL		
2001	50,853,542	7,106,668	57,960,210	0.94%	730
2002	46,098,154	7,459,150	53,557,304	0.84%	669
2003	42,025,156	7,065,400	49,090,556	0.75%	606
2004	66,360,000	6,202,345	72,562,345	1.08%	889
2005	63,340,000	5,322,425	68,662,425	0.99%	837
2006	83,685,000	4,436,836	88,121,836	1.24%	1,088
2007	79,465,000	3,842,828	83,307,828	0.87%	1,030
2008	87,875,000	3,264,313	91,139,313	0.96%	1,133
2009	90,095,000	2,907,923	93,002,923	0.98%	1,141
2010	84,585,000	2,534,862	87,119,862	1.09%	1,069

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, 2010  
(UNAUDITED)**

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Assessed value	\$ 7,778,239,929
Less: exemptions	<u>(471,179,795)</u>
<b>NET TOTAL TAXABLE ASSESSED VALUE</b>	<b><u>\$ 7,307,060,134</u></b>
Debt limit - 3 percent of total assessed value	\$ 219,211,804
Amount of debt applicable to debt limit:	
Total bonded debt	<u>-</u>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 219,211,804</u></b>

**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**

<b>YEAR ENDED JUNE 30</b>	<b>DEBT LIMIT</b>	<b>NET DEBT APPLICABLE TO LIMIT</b>	<b>LEGAL DEBT MARGIN</b>
2001	93,797,178	-	93,797,178
2002	95,374,621	-	95,374,621
2003	100,615,221	-	100,615,221
2004	166,419,556	-	166,419,556
2005	165,502,160	-	165,502,160
2006	168,212,526	-	168,212,526
2007	257,080,899	-	257,080,899
2008	258,894,710	-	258,894,710
2009	258,941,444	-	258,941,444
2010	219,211,804	-	219,211,804

CITY OF CRANSTON, RHODE ISLAND

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(4) PERSONAL INCOME	(1) PER CAPITA INCOME	(1) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(2) SCHOOL ENROLLMENT	(3) UNEMPLOYMENT PERCENTAGE
2001	79,426	N/A	21,978	39	N/A	11,042	4.2%
2002	80,052	N/A	21,978	39	N/A	11,155	4.6%
2003	81,005	N/A	21,978	39	N/A	11,269	5.0%
2004	81,617	N/A	21,978	39	N/A	11,218	5.8%
2005	81,990	N/A	21,978	39	N/A	11,102	5.2%
2006	80,983	N/A	21,978	39	N/A	11,018	5.5%
2007	80,904	N/A	21,978	39	N/A	10,911	4.9%
2008	80,463	N/A	21,978	39	N/A	10,718	4.9%
2009	81,479	N/A	21,978	39	N/A	10,658	4.9%
2010	81,479	N/A	21,978	39	N/A	10,744	12.7%

(1) Figures obtained from the Rhode Island Census Data Center derived from the 1990, 2000 and 2006 estimated census data.

(2) Cranston School Department

(3) Rhode Island Department of Labor and Training.

(4) N/A - Information not available

**TABLE 13**

**CITY OF CRANSTON, RHODE ISLAND**

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

EMPLOYER	2010			2001		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
State of Rhode Island	5,500	1	14.56%	3,370	1	8.69%
City of Cranston	2,173	2	5.75%	2,347	2	6.05%
Citizens Bank	1,601	3	4.24%			
US Security Associates	300	8	0.79%			
North Safety Products				350	10	0.90%
Taco, Inc.	380	5	1.01%	500	7	1.29%
CranstonARC	400	4	1.06%			
Honeywell Safety Products	300	7	0.79%			
Thielsch Engineering	350	6	0.93%			
Swarovski Consumer Goods Ltd.	300	9	0.79%			0.00%
The Stop & Shop Co., Inc.	280	10	0.74%			
Ross-Simons of Warwick				600	5	1.55%
JanCo				1,200	3	3.10%
Swarovski Jewelry US Ltd.				800	4	2.06%
Davol Square Partners				580	6	1.50%
Wetterau, Inc.				365	9	0.94%
Weingeroff Enterprises, Inc.				450	8	
<b>TOTAL</b>	<b>11,584</b>		<b>30.66%</b>	<b>10,562</b>		<b>26.08%</b>

SOURCE: State Department of Labor

TABLE 14

CITY OF CRANSTON, RHODE ISLAND

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>GENERAL GOVERNMENT:</b>										
Mayor.....	5	7	7	7	7	7	7	7	7	6
Operations.....	-	-	-	-	-	-	-	-	-	4
Information Technology.....	8	8	8	8	8	7	7	7	7	3
Department of Personnel.....	2	2	2	3	3	3	3	3	2	2
City Clerk.....	8	9	9	9	9	9	9	9	9	9
Municipal Court.....	3	3	3	3	4	4	4	4	4	4
Board of Canvassers.....	3	3	3	3	3	3	3	3	3	3
City Planning.....	5	5	5	5	5	5	5	5	5	5
Economic Development.....	2	2	2	2	2	2	2	2	2	2
Finance.....	3	3	4	4	4	4	4	4	4	4
Division of Accounting & Control.....	5	5	5	5	5	4	4	4	5	5
Division of Assessment.....	7	9	9	9	9	9	9	9	9	9
Division of Contracts & Purchasing.....	4	4	4	4	4	5	5	5	5	5
Division of Treasury & Collection.....	6	6	7	7	7	7	7	7	8	8
<b>POLICE:</b>										
Officers.....	153	153	153	153	151	150	149	149	149	149
Civilians.....	26	29	30	30	30	32	30	30	30	30
Animal Control.....	5	5	5	5	5	5	5	5	5	5
<b>FIRE:</b>										
Chief.....	1	1	1	1	1	1	1	1	1	1
Uniformed.....	200	200	200	200	200	201	201	201	201	201
Civilians.....	7	7	7	7	7	6	6	6	6	6
<b>INSPECTIONS:</b>										
.....	14	16	16	13	13	12	12	12	12	12
<b>PUBLIC WORKS:</b>										
Administration.....	4	4	4	4	4	5	5	5	5	6
Engineering.....	4	0	8	8	8	8	8	8	8	8
Highway.....	41	44	41	41	41	39	39	39	39	46
Building.....	26	26	26	26	26	26	26	26	27	25
Fleet Management.....	10	10	10	10	10	10	10	10	10	9
Traffic Safety.....	4	0	4	4	4	5	5	5	5	3
<b>PARKS AND RECREATION:</b>										
.....	20	21	21	21	21	22	22	22	22	22
<b>PUBLIC LIBRARIES:</b>										
.....	32	32	32	32	32	32	32	32	32	33
<b>SENIOR SERVICES:</b>										
.....	30	32	32	32	32	32	32	32	32	30
<b>COMMUNITY DEVELOPMENT:</b>										
.....	4	4	4	4	4	4	4	4	4	4
<b>OTHER:</b>										
.....	8	8	7	9	10	11	11	11	11	11
<b>EDUCATION:</b>										
.....	1,523	1,570	1,486	1,546	1,635	1,626	1,669	1,681	1,675	1,677
<b>TOTAL.....</b>	<b>2,173</b>	<b>2,226</b>	<b>2,155</b>	<b>2,215</b>	<b>2,304</b>	<b>2,296</b>	<b>2,336</b>	<b>2,347</b>	<b>2,344</b>	<b>2,347</b>

SOURCE: City Budget

TABLE 15

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>GOVERNMENTAL ACTIVITIES</b>										
<b>PUBLIC SAFETY:</b>										
Fire:										
Total incidents.....	15,111	14,065	13,991	13,980	11,872	12,144	12,019	N/A	N/A	N/A
Rescue/medical calls.....	9,976	8,965	9,568	10,148	10,706	10,973	10,721	N/A	N/A	N/A
Rescue/non-medical calls.....	5,135	5,100	4,423	3,832	1,166	1,171	1,298	N/A	N/A	N/A
Fire hydrants.....	1,922	1,922	1,903	1,903	1,914	2,156	1,850	N/A	N/A	N/A
Police:										
Number of calls.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total 911 calls received.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Formal investigations.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOWN CLERK:										
Number of documents recorded.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>HEALTH AND WELFARE:</b>										
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.....	52	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>LAND USE:</b>										
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
<b>BUILDING:</b>										
Residential permits issued.....	52	30	36	48	73	150	147	N/A	N/A	N/A
Commercial permits issued.....	6	8	12	19	19	8	10	N/A	N/A	N/A
Total permits.....	58	38	48	67	92	158	157	N/A	N/A	N/A
<b>PUBLIC WORKS:</b>										
Highway department										
Streets (miles).....	318	317	315	315	315	313	313	N/A	N/A	N/A
Paved City roads.....	69	69	69	64	64	64	64	N/A	N/A	N/A
Paved State roads.....	6	5	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Private roads.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roads under construction (maintained by City).....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sidewalks (miles).....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>EDUCATION:</b>										
Enrollment:										
High School Grades 9-12.....	3,551	3,478	3,469	3,657	3,646	3,633	3,514	N/A	N/A	N/A
Middle School Grades 7-8.....	1,637	1,713	2,620	2,627	2,707	2,707	2,764	N/A	N/A	N/A
Elementary Schools Grades K-6.....	5,556	5,467	4,629	4,627	4,614	4,759	4,944	N/A	N/A	N/A

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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>GOVERNMENTAL ACTIVITIES</b>										
<b>PARKS AND RECREATION:</b>										
Acreage (includes all open space)										
Parks and Public Squares.....	11	11	11	11	10	10	10	10	10	10
Marinas.....	3	3	3	3	3	3	3	3	3	3
Playgrounds.....	35	35	35	35	35	35	35	35	35	35
Walking tracks.....	8	8	8	8	7	7	7	7	7	7
Basketball courts.....	21	21	21	21	17	17	17	17	17	17
Tennis courts.....	24	24	24	24	24	24	24	24	24	24
Baseball fields.....	27	27	27	27	27	27	27	27	27	27
Softball fields.....	11	11	11	11	11	11	11	11	11	11
Other fields.....	22	22	22	22	22	22	22	22	22	22
Ice Rink.....	2	2	2	2	1	1	1	1	1	1
Swimming Pool.....	1	1	1	1	1	1	1	1	1	1
Stadium and Field House.....	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC SAFETY:</b>										
Fire Stations	6	6	6	6	6	6	6	6	6	6
Fire alarm boxes.....	149	149	149	149	149	146	146	146	146	146
Fire hydrants.....	1,921	1,922	1,903	1,903	1,914	1,850	1,850	1,850	1,850	1,850
Police department:										
Stations.....	4	4	4	4	4	4	4	4	4	4
Animal Control Building.....	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC WORKS:</b>										
Highway department:										
Streets (miles).....	315	315	315	315	315	313	313	N/A	N/A	N/A
Sidewalks (miles).....	64	64	64	64	64	64	64	N/A	N/A	N/A
<b>PUBLIC LIBRARIES:</b>										
Number of branches	6	6	6	6	6	6	6	6	6	6
<b>EDUCATION:</b>										
Number of High Schools.....	2	2	2	2	2	2	2	2	2	2
Number of Middle Schools.....	3	3	3	3	3	3	3	3	3	3
Number of Elementary Schools.....	17	17	17	17	18	19	19	19	19	19
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
<b>SENIOR SERVICES:</b>										
Senior Citizens Center.....	1	1	1	1	1	1	1	1	1	1
<b>COMMUNITY DEVELOPMENT:</b>										
Number of loans issued.....	53	15	19	27	39	27	30	36	29	32
<b>BUSINESS TYPE ACTIVITIES</b>										
<b>SEWER FUND</b>										
Sewer mains (miles).....	250	245	240	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Treatment capacity (thousands of gallons)	20,200	20,200	20,200	20,200	20,200	20,200	23,000	N/A	N/A	N/A
Sewerage Disposal Plant.....	1	1	1	1	1	1	1	1	1	1
Pumping Stations.....	22	22	22	22	22	22	22	22	22	22
SOURCES: Various Town Departments										
N/A - Information not available										