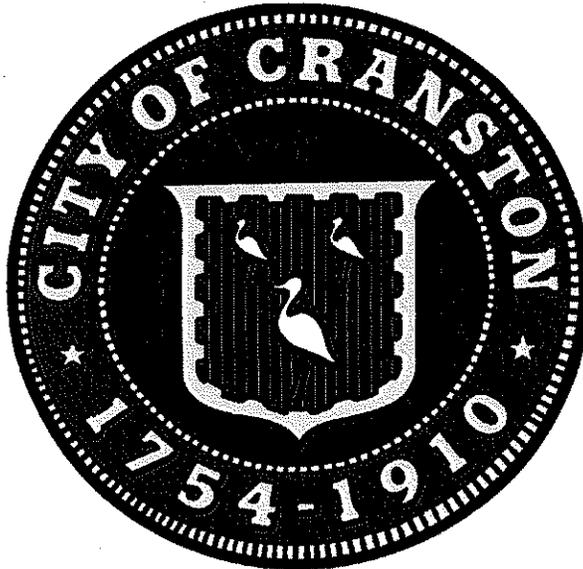


**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
of the  
**CITY OF CRANSTON,**  
**RHODE ISLAND**



**FOR THE YEAR ENDED**

**JUNE 30, 2008**

**PREPARED BY:**  
**DEPARTMENT OF FINANCE**  
*DONALD E. GRAY JR., ACTING DIRECTOR OF FINANCE*

**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**

of the

**CITY OF CRANSTON,**

**RHODE ISLAND**

**FOR THE YEAR ENDED**

**JUNE 30, 2008**

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**DEPARTMENT OF FINANCE**

*DONALD E. GRAY JR., ACTING FINANCE DIRECTOR*

**CITY OF CRANSTON, RHODE ISLAND**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

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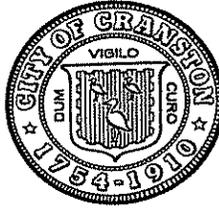
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# **Introductory Section**

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**Michael T. Napolitano**  
**MAYOR**



**Donald E. Gray, Jr.**  
**ACTING FINANCE**  
**DIRECTOR**

**Department of Finance**

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

December 30, 2008

Honorable Mayor Michael T. Napolitano  
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, 2008. 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.

Kostin, Ruffkess & Company, LLC, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Rhode Island, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cranston, Rhode Island for the fiscal year ended June 30, 2008, 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, 2008, 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 including Dean Estates, Glenwoods, Woodridge, Garden Hills, Garden City and Comstock Gardens.

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.

Cranston is a city of contrasts. Heavily populated in the east, it remains largely rural in the west. Although Cranston was incorporated as a city over 90 years ago, it never developed a true urban character. The neighborhoods, which together constitute Cranston, maintain their rustic charm and separate small-town warmth.

### **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 Expansion - The Citizens Bank technology service center, located in the former Davol Company, is already the City's single largest office employer. Citizens Bank has continued its major expansion of 90,000 square feet and another 800 jobs at this Cranston facility. 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 recently 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

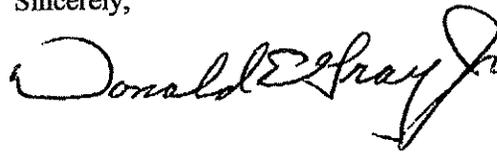
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cranston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate 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.

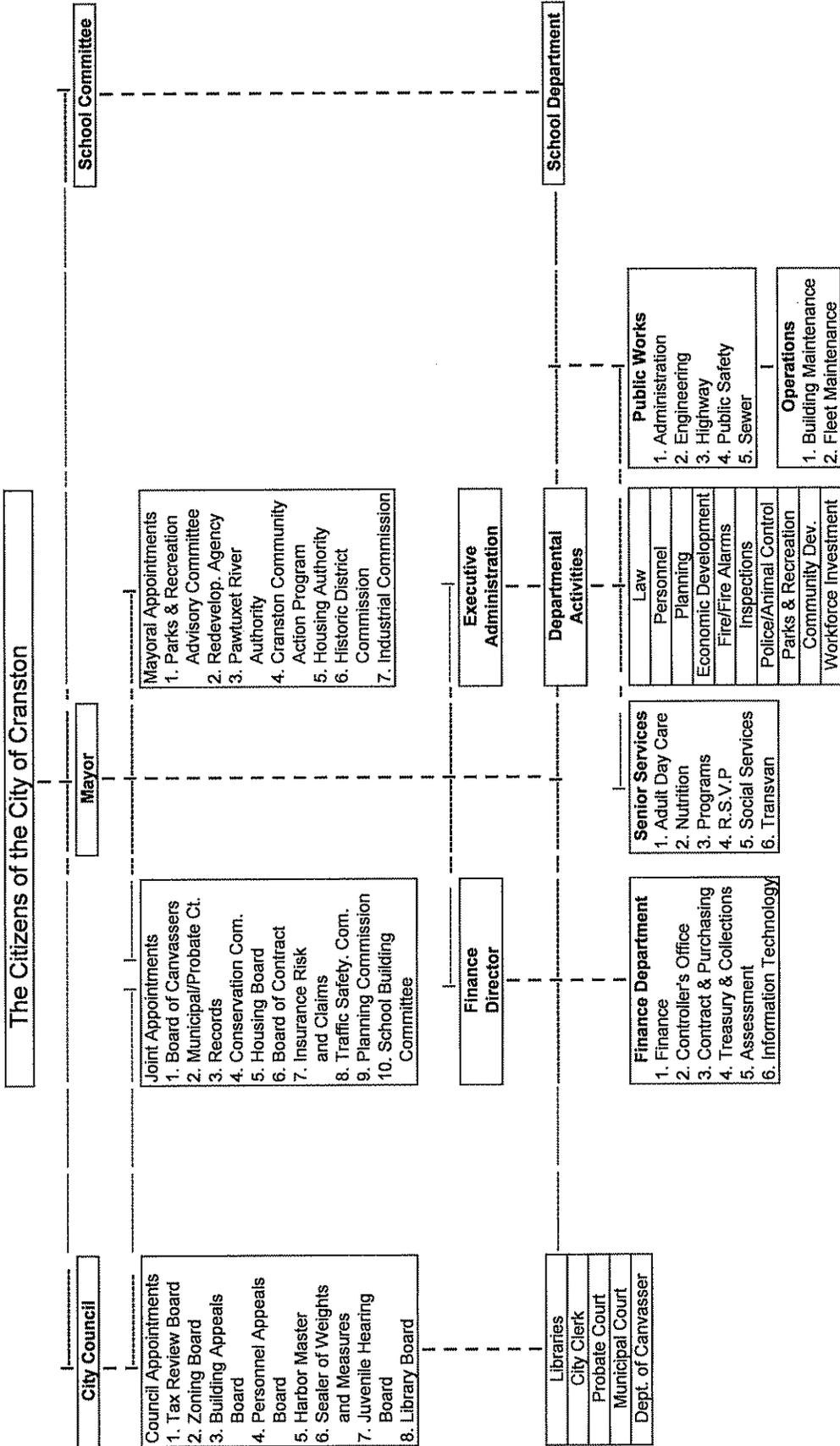
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase, Assessment and Management Information Systems for their diligence and cooperation on a daily basis in carrying out the duties 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 black ink that reads "Donald E. Gray, Jr." The signature is written in a cursive style with a large, stylized initial "D" and a long, sweeping tail.

Donald E. Gray, Jr.  
Acting Director of Finance



**CITY OF CRANSTON, RHODE ISLAND**

PRINCIPAL OFFICIALS  
JUNE 30, 2008

---

**MAYOR**

Michael T. Napolitano

**FINANCE DEPARTMENT**

Corsino Delgado, CTP, Finance Director (through 12/29/08)  
Donald Gray, Jr., Acting Finance Director

Michael Igoe, CPA - City Controller  
Frank Smith - Tax Assessor  
Donald Gray, Jr. - City Treasurer  
Mark Marchesi - Purchasing Agent  
William Aguiar - Information Technology Manager

**CITY COUNCIL**

Aram G. Garabedian - Council President  
Paula B. McFarland - Council Vice President  
John E. Lanni, Jr.  
Anthony J. Lupino  
Terence Livingston  
Emilio L. Navarro  
Maria A. Bucci  
Richard D. Santamaria  
Jeffrey P. Barone

# 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, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

---

# Financial Section

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Farmington • New London  
Springfield, MA

Mariner Square, Suite 120  
125 Eugene O'Neill Drive  
New London, CT 06320

Main Line: (860) 442-4373  
Toll Free: (888) 666-KRCCO  
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## 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, 2008, 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, 2008, 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 30, 2008, 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 71 through 73, 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.

*Kostin, Ruffkess & Company, LLC*

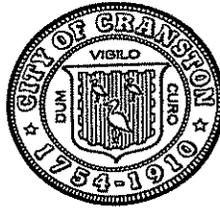
New London, Connecticut  
December 30, 2008

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# **Basic Financial Statements**

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**Michael T. Napolitano**  
**MAYOR**



**Donald E. Gray, Jr.**  
**ACTING 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, 2008***

---

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, 2008.

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, 2008 by \$9.1 million (*net assets*).
- The City's total net assets decreased by \$2.1 million (or 18.8%). The governmental net assets decreased by \$3.4 million (or 11.9%) and the business-type net assets increased by \$1.3 million (or 3.1%).
- The governmental activities revenue increased \$3.8 million (or 1.6%) and the net results from activities improved from prior year by \$4.7 million. In 2008, the results of activities produced a decrease in net assets of \$3.4 million and in 2007 the results of activities produced a decrease in net assets of \$8.1 million.
- The business-type activities revenue increased by \$0.23 million (or 1.1%) and the net results from activities improved from prior year by \$0.25 million (or 25.0%). In 2008, the results of activities produced an increase in business-type net assets of \$1.25 million, while in 2007 the results of activities produced an increase of \$1.0 million in business-type net assets.
- The General Fund (the primary operating fund) reflected on a current financial resource basis reports a increase in fund balance of \$3.4 million (or 18.4%), compared to an decrease of \$1.3 million in the prior year.
- The City's total debt increased by \$10.0 million. The increase is due primarily to the issuance of \$16.1 million of new debt less the scheduled repayment of \$5.8 million of outstanding 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 24 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 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds 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 construction of the Briggs Farm recreational facility) 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Assets:</b>						
Current and other assets .....	\$ 56.7	\$ 64.8	\$ 13.4	\$ 10.9	\$ 70.1	\$ 75.7
Capital assets.....	121.8	112.3	69.5	70.6	191.3	182.9
<b>Total assets</b> .....	<b>178.5</b>	<b>177.1</b>	<b>82.9</b>	<b>81.5</b>	<b>261.4</b>	<b>258.6</b>
<b>Liabilities:</b>						
Long-term liabilities						
outstanding.....	185.8	176.2	36.2	36.3	222.0	212.5
Other liabilities .....	24.4	29.2	5.9	5.6	30.3	34.8
<b>Total liabilities</b> .....	<b>210.2</b>	<b>205.4</b>	<b>42.1</b>	<b>41.9</b>	<b>252.3</b>	<b>247.3</b>
<b>Net assets:</b>						
Invested in capital assets,						
net of debt .....	27.7	28.5	60.3	63.8	88.0	92.3
Restricted .....	3.2	2.5	0.5	1.0	3.7	3.5
Unrestricted.....	(62.6)	(59.3)	(20.0)	(25.2)	(82.6)	(84.5)
<b>Total net assets</b> .....	<b>\$ (31.7)</b>	<b>\$ (28.3)</b>	<b>\$ 40.8</b>	<b>\$ 39.6</b>	<b>\$ 9.1</b>	<b>\$ 11.3</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, 2008, exceed liabilities by \$9.1 million. Of the net assets, \$(82.6) million are unrestricted net assets. The City's net assets are comprised of \$(31.7) million from governmental activities and \$40.8 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 \$88.0 and \$92.3 million of net assets at June 30, 2008 and 2007, 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 totaled \$3.2 million for governmental activities and \$0.5 million for business-type activities. Restricted net assets in governmental activities consisted predominantly of construction commitments for existing capital projects. Restricted net assets in business-type activities consisted of cash reserves required by bond agreement totaling \$0.5 million.

**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 "Cash" of \$24.5 million. This category is also comprised of "Investments" of \$7.2 million. "Cash" decreased \$6.6 million due to operational needs of the City. Investments decreased by \$8.5 million due to the investment in capital assets and transfers to operating cash accounts.

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

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

The long-term liabilities outstanding at fiscal year end was \$193.3 million, of which \$94.1 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, 2008 was comprised of unrestricted net assets of \$(62.6) million with the balance consisting of "Restricted" of \$3.2 million and "Invested in Capital Assets Net of Related Debt" of \$27.7 million.

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

For business-type activities, such as the Sewer Enterprise Fund, there are two major components of current and other assets. Cash and cash equivalents of \$5.9 million were available to support the current operations of the Enterprise Funds. The remaining balance of current and other assets, \$7.5 million, consists primarily of receivables totaling \$4.6 million, a lease payment receivable of \$2.9 million and restricted cash of \$0.5 million.

Long-term liabilities were comprised of \$25.0 million of unearned revenues and \$11.3 million for 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 consisted primarily of the current portion of unearned revenue of \$2.3 million, \$2.4 million of accounts payable, and \$1.1 million for the current portion of long-term bonds payable.

Invested in capital assets, net of related debt is the major component of net assets for business-type activities at a total of \$60.3 million. 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 \$(20.0) 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, 2008 and 2007.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services .....	\$ 16.3	\$ 16.8	\$19.0	\$19.1	\$35.3	\$ 35.9
Operating grants and contributions.	55.0	55.0	1.5	1.1	56.5	56.1
Capital grants and contributions .....	0.1	0.7			0.1	0.7
<b>General Revenues:</b>						
Property taxes .....	169.3	162.0			169.8	162.0
Grants and contributions not restricted to specific programs .....	4.6	5.5			4.6	5.5
Unrestricted investment earnings .....	2.5	3.9	0.2	0.2	2.7	4.1
<b>Total revenues .....</b>	<b>247.8</b>	<b>243.9</b>	<b>20.7</b>	<b>20.4</b>	<b>269.0</b>	<b>264.3</b>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)****Statement of Activities (Continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
<b>Program Expenses:</b>						
General government .....	\$ 12.0	\$ 14.7	\$	\$	\$ 12.0	\$ 14.7
Public safety .....	65.5	69.8			65.4	69.8
Public works .....	13.6	13.1			13.6	13.1
Education.....	145.9	140.0			145.3	140.0
Parks and recreation .....	2.6	2.6			2.6	2.6
Libraries.....	3.2	3.1			3.2	3.1
Senior services.....	3.1	2.9			3.1	2.9
Other.....			3.3	3.2	3.3	3.2
Community development .....	1.0	1.9			0.9	1.9
Sewer .....			16.2	16.2	16.2	16.2
Interest and other costs .....	4.3	3.9			4.3	3.9
<b>Total expenses</b> .....	<b>251.2</b>	<b>252.0</b>	<b>19.5</b>	<b>19.4</b>	<b>269.9</b>	<b>271.4</b>
<b>Change in net assets</b> .....	<b>(3.4)</b>	<b>(8.1)</b>	<b>1.2</b>	<b>1.0</b>	<b>(0.9)</b>	<b>(7.1)</b>
<b>Net assets – July 1</b> .....	<b>(28.3)</b>	<b>(20.2)</b>	<b>39.6</b>	<b>38.6</b>	<b>11.3</b>	<b>18.4</b>
<b>Net assets – June 30</b> .....	<b>\$(31.7)</b>	<b>\$(28.3)</b>	<b>\$40.8</b>	<b>\$39.6</b>	<b>\$ 10.4</b>	<b>\$ 11.3</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 \$176.4 and \$171.4 million includes \$169.3 and \$162.0 million in property taxes for the years ended June 30, 2008 and 2007, respectively.

"Program expenses" are presented in the Condensed Statement of Activities by function and total \$251.2 and \$252.0 million (including interest on long-term debt) for the fiscal years June 30, 2008 and 2007, respectively.

"Changes in net assets" increased \$4.7 million to \$(3.4) million from \$(8.1) million for the years ended June 30, 2008 and 2007, respectively. The change resulted primarily from an increase in property tax revenue.

**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 2008 and 2007, the City generated \$19.0 and \$19.1 million, respectively, in charges for services for all of its business-type activities.

The total amount of expenses for business-type activities were \$19.5 and \$19.4 million, for the fiscal years ended June 30, 2008 and 2007, respectively.

The “Change in Net Assets” resulted in an increase of \$0.2 million to \$1.2 million for the fiscal year ended June 30, 2008, as compared to \$1.0 million for the fiscal year ending June 30, 2007. The increase was due primarily to an increase in “Operating Grants and Contributions”.

**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 \$31.6 million. Fund balance was comprised of \$27.8 million unreserved fund balances and \$3.8 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 \$58.8 million include primarily \$23.3 million in “Cash”, \$7.2 million in “Investments”, \$4.4 million in “Taxes Receivable”, \$9.2 million in “Intergovernmental Receivables”, \$2.2 million “Due From Other Governments”, “Advances” of \$3.2 million, “Due from Other Funds” of \$4.8 million, \$.8 million in “Prepaid assets and the remaining \$3.7 million in “Other Current Assets”. Liabilities of \$27.2 million consisted of \$4.4 million in “Accounts Payable”, \$1.5 million of “Accrued Liabilities”, \$4.6 million in “Due to Other Funds”, \$9.3 million in “Unearned Revenue”, \$2.5 million of “Claims Payable”, \$1.6 million of other miscellaneous liabilities and \$3.2 million of Advances from other funds.

**Condensed Balance Sheet**

As of June 30  
(In Millions)

	General Fund		School Department		Total Major Funds	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and other assets.....	\$35.0	\$32.1	\$3.6	\$4.3	\$38.6	\$36.4
<b>Total assets</b> .....	35.0	32.1	3.6	4.3	38.6	36.4
<b>Liabilities:</b>						
Other liabilities.....	12.9	13.5	8.2	3.7	21.1	17.1
<b>Total liabilities</b> .....	12.9	13.5	8.2	3.7	21.1	17.1
<b>Fund Balance:</b>						
Reserved.....	3.2	0.2	0.7	0.1	3.9	0.3
Unreserved.....	18.9	18.5	(5.3)	0.5	13.6	19.0
<b>Total fund balance</b> .....	\$22.1	\$18.7	\$(4.6)	\$0.6	\$17.5	\$19.3

**General Fund - Condensed Balance Sheet**

The General Fund's total assets of \$35.0 million consists primarily of \$15.2 million in "Cash", \$3.0 million of "Investments", \$4.4 million of "Taxes Receivable" \$6.9 million of "Intergovernmental Receivables", "Advances" of \$3.2 million and amounts "Due from Other Funds" of \$2.0 million.

Total liabilities for the General Fund were \$12.9 million. "Accounts payable" amounted to \$2.5 million, \$7.0 million represented "Unearned Revenue", \$1.7 million in "Due to Other Funds" and \$1.8 million of accrued liabilities.

The City's unreserved fund balance was \$18.9 million, at June 30, 2008.

**School Department - Condensed Balance Sheet**

The School Department's total assets were \$3.6 million. The majority of that consisted \$1.4 million in "Intergovernmental Receivables", \$0.8 million of "Prepaid assets", and \$1.4 of "Due from other funds".

Liabilities for the School Department totaled \$8.2 million. The majority of that consisted of "Other Liabilities" of \$1.1 million, \$3.2 of advances from the general fund, "Accounts Payable" of \$1.3 million and, \$1.1 million in "Claims Payable" and \$1.5 million "Due to Other Funds". For the fiscal year ending June 30, 2008, the School Department had a fund balance of \$(4.6) million. This was comprised of \$0.7 million reserved fund balance and \$(5.3) million in unreserved fund balance. For the prior fiscal year ending June 30, 2007 the School Department had a fund balance of \$0.6 million that was comprised of an unreserved fund balance of \$0.5 million and reserved fund balance was \$0.1 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, 2008 and 2007. 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, 2008, and 2007, the City collected \$155.2, and \$147.2 million of property taxes, respectively. Total revenues for all major governmental funds for the years ended June 30, 2008 and 2007, were \$222.8, and \$216.9 million, respectively. For the major governmental funds, the total expenditures for the years ending June 30, 2008, and 2007, were \$239.9, and \$232.9 million, respectively. For the year ended June 30, 2008, General Fund revenues exceeded expenditures by \$73.5 million before other financing sources (uses) as compared to \$69.4 million for the period ending June 30, 2007.

**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			
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
<b>General Revenues:</b>						
Property taxes .....	\$155.2	\$147.2	\$	\$	\$155.2	\$147.2
Intergovernmental.....	8.8	9.9	43.3	42.7	52.1	52.6
Charges for services .....	11.5	11.4	1.6	2.1	13.1	13.5
Investment income.....	1.8	3.1			1.8	3.1
Other .....	0.3	0.2	0.3	0.3	0.6	0.5
<b>Total revenues</b> .....	<b>177.6</b>	<b>171.8</b>	<b>45.2</b>	<b>45.1</b>	<b>222.8</b>	<b>216.9</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government .....	8.1	10.5			8.1	10.5
Public safety .....	65.6	63.3			65.6	63.3
Public works .....	13.3	12.5			13.3	12.5
Education.....			135.8	130.5	135.8	130.5
Parks and recreation .....	2.1	2.0			2.1	2.0
Public libraries.....	3.1	3.0			3.1	3.0
Senior services.....	2.9	2.7			2.9	2.7
Other .....	0.2	0.2			0.2	0.2
<b>Debt Service:</b>						
Principal.....	5.0	4.5			5.0	4.5
Interest and other costs .....	3.8	3.7			3.8	3.7
<b>Total expenditures</b> .....	<b>104.1</b>	<b>102.4</b>	<b>135.8</b>	<b>130.5</b>	<b>239.9</b>	<b>232.9</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses).....	73.5	69.4	(90.6)	(85.4)	(17.1)	(16.0)
<b>Other Financing Sources (Uses):</b>						
Issuance of Debt .....	4.0				4.0	
Bond Premium.....	0.1				0.1	
Transfers in.....	12.4	13.9	85.4	84.5	97.8	98.4
Transfers out.....	(86.6)	(84.5)			(86.6)	(84.5)
<b>Net other financing sources (uses)</b> ..	<b>(70.1)</b>	<b>(70.6)</b>	<b>85.4</b>	<b>84.5</b>	<b>15.3</b>	<b>13.9</b>
Net change in fund balances .....	3.4	(1.2)	(5.2)	(0.9)	(1.8)	(2.1)
<b>Fund balance July 1</b> .....	<b>18.7</b>	<b>19.9</b>	<b>0.6</b>	<b>1.5</b>	<b>19.3</b>	<b>21.4</b>
<b>Fund balance June 30</b> .....	<b>\$ 22.1</b>	<b>\$ 18.7</b>	<b>\$ (4.6)</b>	<b>\$ 0.6</b>	<b>\$ 17.5</b>	<b>\$ 19.3</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 \$177.6 million for the fiscal year ended June 30, 2008. This was comprised of \$155.2 million in "General Property Taxes", \$8.8 million of "Intergovernmental" revenues, \$11.5 million in "Charges for Services", \$1.8 million in "Investment Income", and \$0.3 million in "Other" revenue.

Expenditures for the General Fund for fiscal year ended June 30, 2008 were \$104.1 million. These expenditures consisted of \$8.1 million in "General Government" expenditures, \$65.6 million of "Public Safety" expenditures, \$13.3 million of "Public Works" expenditures, \$2.1 million of "Parks and Recreation" expenditures, \$3.1 million of "Public Libraries" expenditures, \$2.9 million of "Senior Services" expenditures, \$0.2 million of "Other" expenditures, \$5.0 million of "Debt Service Principal" expenditures, and \$3.8 million of "Interest and Other Costs".

In addition to general operating expenses, the General Fund also had "Net Other Financing Uses" of \$(70.1) million. This was composed of a \$(86.6) million transfers out, of which \$85.4 million was to the "School Department". This also included \$12.4 million in "Transfers In" from "Other Governmental Funds" for excise tax phase-out, \$4 million from "Issuance of Debt" and 0.1 million from "Bond Premium".

The net change in fund balances was \$3.4 million for the fiscal year ended June 30, 2008. This was primarily due to the issuance of \$4 million of general obligation bonds.

**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, 2008 of \$45.2 million. This was derived from \$43.3 million of "Intergovernmental" revenues, \$1.6 million of charges for services, and \$0.3 million of "Other" revenues.

Expenditures for the School Department totaled \$135.8 million. This entire amount represents expenditures related to "Education".

In addition to general operating revenues, the School Department also received \$85.4 million of "Other Financing Sources" in the form of "Transfers In" from the "General Fund".

The net change in fund balances was \$(5.2) million for the fiscal year ended June 30, 2008. This was primarily due to an increase in salaries and benefits of \$3.8 million, coupled with a decrease in Medicaid reimbursement revenues of \$1.0 million and a decrease in other revenues of 0.4 million.

***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 \$18.7 million. Total operating revenues were \$20.1 million. Total operating expenses for the year ending June 30, 2008, for the Proprietary Funds were \$20.1 million. The “Contract Payments” of \$13.0 million for sewer privatization comprise the majority of the expenses. Net “Non-Operating Revenues” for the year ending June 30, 2008 were \$1.4 million. The Proprietary Funds ended fiscal year 2008 with \$1.5 million more in revenues than expenditures. Net Assets “Invested in Capital Assets, Net of Related Debt” was \$60.3 million at June 30, 2008. Unrestricted Net Assets were \$(19.1) million at June 30, 2008, compared to \$(24.5) million at June 30, 2007, an increase of \$5.4 million or 22.0%.

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

For the year ended June 30, 2008, the General Fund Revenues exceeded budget projections by \$ 0.4 million or 0.2%. General Fund expenditures were under budget by \$3.2 million or 1.4%. This resulted in \$3.6 million of positive variance from revenues in excess of expenditures in the General Fund for the year ending June 30, 2008.

Significant revenue variances include:

- Property taxes – Favorable variance of \$1.2 million due to an increase the tax rates.
- Intergovernmental – Unfavorable variance of \$1.6 million due to a mid-year decrease in state aid.
- Departmental Income and Licenses and Fees – Unfavorable variance of \$2.2 million and \$1.2 million, respectively, due to a downswing in the economy.

Significant expenditure variances include:

- Rescue Fund – Favorable variance of \$1.7 million due to expenditures recorded in conjunction with the City’s residents’ third party rescue fee runs.

***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, 2008 and 2007 amounted to \$191.3 and \$182.8 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, motor vehicles, machinery and equipment and office furniture and equipment, and infrastructure.

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

**Capital Assets at Year End**  
**(In Millions)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Land.....	\$ 11.1	\$ 11.1	\$ 0.3	\$ 0.3	\$ 11.4	\$ 11.4
Construction in progress.....	0.9	5.0	2.3	1.1	3.2	6.1
Land improvements.....	11.4	10.9	0.3	0.3	11.7	11.2
Buildings.....	78.6	62.5			78.6	62.5
Motor vehicles.....	15.4	14.9			15.4	14.9
Equipment.....	9.7	9.3	0.5	1.0	10.2	10.3
Infrastructure.....	82.7	82.2			82.7	82.2
Leasehold improvements.....			0.1	0.1	0.1	0.1
Sewer lines.....			46.6	46.6	46.6	46.6
Treatment and pumping plant.....			81.1	81.1	81.1	81.1
<b>Total assets.....</b>	<b>209.8</b>	<b>195.9</b>	<b>131.2</b>	<b>130.5</b>	<b>341.0</b>	<b>326.4</b>
Less: accumulated depreciation	(88.0)	(83.7)	(61.7)	(59.9)	(149.7)	(143.6)
<b>Net capital assets.....</b>	<b>\$ 121.8</b>	<b>\$ 112.2</b>	<b>\$ 69.5</b>	<b>\$ 70.6</b>	<b>\$ 191.3</b>	<b>\$ 182.8</b>

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2008 were \$341.0 million less accumulated depreciation of \$149.7 million for a net investment in capital assets of \$191.3 million.

**Governmental Activities:**

Major capital asset additions during the fiscal year ended June 30, 2008 included the following:

- \$3.9 million of improvements to Cranston High School East.
- \$2.6 million for cost associated with the completion of the new police and municipal court complex.
- \$1.8 million for recreational 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, 2008 included the following:

- \$1.2 million of construction in progress for a sewer facility upgrades.

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

**Long-Term Liabilities**

As of June 30, 2008, the governmental activities had total long-term obligations of \$193.3 million. Of that, \$90.8 million related to bonded debt guaranteed by the City’s assets. The City currently has \$3.3 million in leases payable. The business-type activities had total long-term debt of \$12.4 million. Of that, \$9.2 million related to State Revolving Loans (SRF) from Rhode Island Clean Water Finance Agency and \$3.2 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 \$3.2 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, 2008, the net pension obligation liability for unpaid pension contributions increased by \$0.4 million from \$87.5 million at June 30, 2007 to \$87.9 million at June 30, 2008. Also, the net other post-employment benefit obligation (OPEB) liability for the Cranston School Department OPEB plan was .5 million at June 30, 2008.

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

**Debt Outstanding**

For the year ending June 30, 2008, the City had \$106.5 million in debt (bonds, notes, etc.) outstanding compared to \$96.5 million at June 30, 2007, a net increase of \$10.0 million or 10.3% (considering debt retirement and new issues). The key factors for this increase were \$16.1 million in additional borrowings plus premiums of \$.4 million, less \$6.5 million in principal payments made during fiscal year 2008.

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

	<u>2008</u>	<u>2007</u>
<b><i>Governmental:</i></b>		
General obligation bonds.....	\$ 90.8	\$82.2
Capital lease.....	3.3	3.8
<b><i>Subtotal</i></b> .....	94.1	86.0
<b><i>Business-type:</i></b>		
Sewer revolving loans .....	9.2	7.0
Certificates of participation .....	3.2	3.5
<b><i>Subtotal</i></b> .....	12.4	10.5
<b><i>Total</i></b> .....	\$ 106.5	\$96.5

Principal payments of \$5.4 million and \$1.1 million were made in the governmental and business-type activities, respectively, during fiscal year 2008.

***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 \$259 million based on taxable property as of December 31, 2006, of approximately \$8.6 billion. On June 30, 2008, the City had \$87.9 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: “BBB+”
- Moody’s Investors Service : “Baa1”

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

- As noted previously, the Fiscal Year 2009 operating budget was passed by a majority vote of the City Council. Property tax collections were assumed to be collected at 98.1% of the current levy.
- The City budgeted approximately \$19.1 million for Police and Fire Pension Fund contributions.

**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>1998</u>	<u>1999</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>
City of Cranston .....	5.0%	4.4%	4.0%	4.2%	4.6%	5.0%	5.8%	5.2%	5.1%	5.1%
State of Rhode Island.....	4.9	4.1	4.1	4.4	5.1	5.3	5.2	5.0	5.1	5.0
United States.....	4.5	4.2	4.0	4.8	5.8	6.0	5.5	5.1	4.6	4.6

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

**CITY OF CRANSTON, RHODE ISLAND**

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash.....	\$ 24,458,862	\$ 5,886,722	\$ 30,345,584
Investments.....	7,185,256		7,185,256
<b>Receivables:</b>			
Property taxes.....	3,443,024		3,443,024
Sewer assessments and user fees, net.....		531,815	531,815
Intergovernmental.....	9,144,589	3,773,462	12,918,051
Loans.....	2,224,445		2,224,445
Other.....	3,453,511	336,797	3,790,308
Prepays.....	790,884		790,884
Internal balances.....	684,909	(684,909)	-
Other assets.....		42,244	42,244
<b>Total current assets.....</b>	<b>51,385,480</b>	<b>9,886,131</b>	<b>61,271,611</b>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
<b>Temporarily restricted:</b>			
Cash.....		502,594	502,594
<b>Receivables (net):</b>			
Property taxes.....	3,178,176		3,178,176
Other.....		2,860,000	2,860,000
OPEB asset.....	85,759		85,759
Other assets.....	2,078,826	176,880	2,255,706
<b>Total receivables and other assets.....</b>	<b>5,342,761</b>	<b>3,036,880</b>	<b>8,379,641</b>
<b>Capital assets (net of accumulated depreciation):</b>			
Land.....	11,051,635	342,712	11,394,347
Construction in progress.....	869,883	2,343,106	3,212,989
Land improvements.....	4,707,894	73,132	4,781,026
Leasehold improvements.....		93,887	93,887
Buildings.....	45,473,706		45,473,706
Collection systems.....		19,208,566	19,208,566
Treatment and pumping plant.....		47,342,358	47,342,358
Vehicles.....	4,011,042		4,011,042
Machinery, equipment and furniture.....	2,324,955	115,729	2,440,684
Infrastructure.....	53,350,593		53,350,593
<b>Total Capital assets (net of accumulated depreciation).....</b>	<b>121,789,708</b>	<b>69,519,490</b>	<b>191,309,198</b>
<b>Total noncurrent assets.....</b>	<b>127,132,469</b>	<b>73,058,964</b>	<b>200,191,433</b>
<b>TOTAL ASSETS.....</b>	<b>178,517,949</b>	<b>82,945,095</b>	<b>261,463,044</b>

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable.....	\$ 4,391,711	\$ 2,398,153	\$ 6,789,864
Accrued liabilities.....	1,792,714		1,792,714
Accrued payroll.....	1,259,459	1,392	1,260,851
Accrued interest payable.....	1,315,025	48,255	1,363,280
Retainage payable.....	74,917		74,917
Unearned revenue.....	5,068,300	2,281,852	7,350,152
Claims payable.....	2,924,672		2,924,672
Long-term liabilities due within one year.....	7,555,546	1,142,382	8,697,928
<b>Total current liabilities.....</b>	<b>24,382,344</b>	<b>5,872,034</b>	<b>30,254,378</b>
<b>Noncurrent liabilities:</b>			
Unearned revenue, net of current portion.....		24,960,000	24,960,000
Long-term liabilities due in more than one year.....	185,792,283	11,289,939	197,082,222
<b>Total noncurrent liabilities.....</b>	<b>185,792,283</b>	<b>36,249,939</b>	<b>222,042,222</b>
<b>TOTAL LIABILITIES.....</b>	<b>210,174,627</b>	<b>42,121,973</b>	<b>252,296,600</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt.....	27,722,028	60,339,186	88,061,214
<b>Restricted for:</b>			
Commitments.....	3,066,910	5,000	3,071,910
Debt service.....		502,594	502,594
Other purposes.....	152,538		152,538
Unrestricted.....	(62,598,154)	(20,023,658)	(82,621,812)
<b>TOTAL NET ASSETS.....</b>	<b>\$ (31,656,678)</b>	<b>\$ 40,823,122</b>	<b>\$ 9,166,444</b>

(Concluded)

CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

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.....	\$ 12,007,487	\$ 5,474,802	\$ 3,039,479	\$ 103,305	\$ (3,493,206)	\$ -	\$ (3,493,206)
Public safety.....	65,517,492	5,475,823			(59,938,364)		(59,938,364)
Public works.....	13,603,612	523,339			(13,080,273)		(13,080,273)
Education.....	145,897,708	2,859,296	51,176,679		(91,861,733)		(91,861,733)
Parks and recreation.....	2,604,501	277,125			(2,327,376)		(2,327,376)
Public libraries.....	3,159,253	68,500	67,000		(3,023,753)		(3,023,753)
Senior services.....	3,122,575	1,580,788			(1,541,787)		(1,541,787)
Community development.....	866,181		760,057		(106,124)		(106,124)
Interest expense.....	4,318,495				(4,318,495)		(4,318,495)
<b>TOTAL GOVERNMENTAL ACTIVITIES.....</b>	<b>251,697,304</b>	<b>16,259,673</b>	<b>55,043,215</b>	<b>103,305</b>	<b>(179,691,111)</b>	<b>-</b>	<b>(179,691,111)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Sewer fund.....	16,174,140	17,517,895				1,343,755	1,343,755
Public facilities management foundation.....	246,029	187,849				(58,180)	(58,180)
School lunch fund.....	3,023,413	1,329,552	1,456,380			(257,481)	(257,481)
<b>TOTAL BUSINESS-TYPE ACTIVITIES.....</b>	<b>19,443,582</b>	<b>19,035,296</b>	<b>1,456,380</b>	<b>-</b>	<b>-</b>	<b>1,028,094</b>	<b>1,028,094</b>
<b>TOTALS.....</b>	<b>\$ 270,540,886</b>	<b>\$ 35,294,969</b>	<b>\$ 56,479,595</b>	<b>\$ 103,305</b>	<b>\$ (179,691,111)</b>	<b>\$ 1,028,094</b>	<b>\$ (178,663,017)</b>
<b>GENERAL REVENUES:</b>							
Property taxes.....					\$ 169,279,075	\$ -	\$ 169,279,075
Grants and contributions not restricted to specific programs.....					4,599,682		4,599,682
Investment income.....					2,449,896	217,085	2,666,981
<b>TOTAL GENERAL REVENUES.....</b>					<b>176,328,653</b>	<b>217,085</b>	<b>176,545,738</b>
<b>CHANGE IN NET ASSETS.....</b>					<b>(3,362,458)</b>	<b>1,245,179</b>	<b>(2,117,279)</b>
<b>NET ASSETS - JULY 1, 2007.....</b>					<b>(28,294,220)</b>	<b>39,577,943</b>	<b>11,283,723</b>
<b>NET ASSETS - JUNE 30, 2008.....</b>					<b>\$ (31,656,678)</b>	<b>\$ 40,823,122</b>	<b>\$ 9,166,444</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, 2008

	GENERAL FUND	SCHOOL DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash .....	\$ 15,177,615	\$	\$ 8,129,054	\$ 23,306,669
Investments .....	3,017,561		4,167,695	7,185,256
Receivables:				
Taxes, net .....	4,419,819			4,419,819
Intergovernmental .....	6,885,873	1,358,757	899,959	9,144,589
Loans .....			2,224,445	2,224,445
Other .....	289,628		3,435,909	3,725,537
Prepays .....		766,500	24,384	790,884
Due from other funds .....	2,020,714	1,436,588	1,384,296	4,841,598
Advances to other funds .....	3,193,052			3,193,052
<b>TOTAL ASSETS .....</b>	<b>\$ 35,004,262</b>	<b>\$ 3,561,845</b>	<b>\$ 20,265,742</b>	<b>\$ 58,831,849</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable .....	\$ 1,480,200	\$ 1,265,856	\$ 1,636,686	\$ 4,382,742
Accrued payroll .....	1,131,232		126,777	1,258,009
Accrued liabilities .....	214,534			214,534
Retainage payable .....			74,917	74,917
Due to other funds .....	1,670,000	1,503,821	1,462,365	4,636,186
Deferred and unearned revenue .....	6,957,682		2,378,171	9,335,853
Claims payable .....	1,447,209	1,093,640		2,540,849
Other liabilities .....		1,116,180	462,000	1,578,180
Advances from other funds .....		3,193,052		3,193,052
<b>TOTAL LIABILITIES .....</b>	<b>12,900,857</b>	<b>8,172,549</b>	<b>6,140,916</b>	<b>27,214,322</b>
<b>FUND BALANCES:</b>				
<b>Reserved for:</b>				
Advances .....	3,193,052			3,193,052
Encumbrances .....		573,226		573,226
Literacy .....		29,529		29,529
Commitments .....			3,066,910	3,066,910
Prepaid items .....			24,384	24,384
Article 18 .....		98,625		98,625
<b>Unreserved, reported in:</b>				
Designated for health care .....		250,000		250,000
Designated for subsequent year expenditures .....		200,000		200,000
General fund .....	18,910,353			18,910,353
Special revenue funds .....		(5,762,084)	6,256,781	494,697
Capital project funds .....			4,776,751	4,776,751
<b>TOTAL FUND BALANCES .....</b>	<b>22,103,405</b>	<b>(4,610,704)</b>	<b>14,124,826</b>	<b>31,617,527</b>
<b>TOTAL LIABILITIES AND FUND BALANCES .....</b>	<b>\$ 35,004,262</b>	<b>\$ 3,561,845</b>	<b>\$ 20,265,742</b>	<b>\$ 58,831,849</b>

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

RECONCILIATION OF FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008

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 1).....	\$	31,617,527
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets .....		112,259,665
Capital asset additions.....		14,474,110
Depreciation expense.....		(5,130,826)
Disposal of capital assets.....		186,759

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 of allowance).....		2,201,381
Property tax receivable - accrual basis change.....		4,267,553
Other assets.....		2,078,826
OPEB asset.....		85,759

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.....		965,422
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SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....		(90,803,367)
Leases payable.....		(3,264,313)
Compensated absences.....		(10,426,876)
Deferred salary.....		(295,974)
Net pension obligation.....		(87,943,251)
Net OPEB obligation.....		(554,048)
Claims and judgments.....		(60,000)
Accrued interest payable.....		(1,315,025)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>(31,656,678)</u>
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(Concluded)

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL FUND	SCHOOL DEPARTMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
General property taxes.....	\$ 155,213,411	\$	\$ 20,994,047	\$ 155,213,411
Intergovernmental.....	8,740,958	43,287,739	20,994,047	73,022,744
Charges for services.....	11,532,231	1,579,427	2,619,831	15,731,489
Investment income.....	1,823,841		437,092	2,260,933
Other.....	282,734	295,603	244,364	822,701
<b>TOTAL REVENUES</b> .....	<b>177,593,175</b>	<b>45,162,769</b>	<b>24,295,334</b>	<b>247,051,278</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government.....	8,076,995		797,162	8,874,157
Public safety.....	65,643,802		3,695,526	69,339,328
Public works.....	13,320,943			13,320,943
Education.....		135,785,698	8,973,259	144,758,957
Parks and recreation.....	2,114,610		412,002	2,526,612
Public libraries.....	3,070,340		92,756	3,163,096
Senior services.....	2,931,862		154,498	3,086,360
Community development.....			876,379	876,379
Other.....	163,802			163,802
<b>Debt Service:</b>				
Principal.....	4,980,000			4,980,000
Interest and other costs.....	3,758,387		281,185	4,039,572
<b>Capital Outlay:</b>				
Capital expenditures.....			8,955,447	8,955,447
<b>TOTAL EXPENDITURES</b> .....	<b>104,060,741</b>	<b>135,785,698</b>	<b>24,238,214</b>	<b>264,084,653</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> .....	<b>73,532,434</b>	<b>(90,622,929)</b>	<b>57,120</b>	<b>(17,033,375)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt.....	4,000,000		9,075,000	13,075,000
Bond premium.....	107,362		251,331	358,693
Transfers in.....	12,400,173	85,413,637	1,188,823	99,002,633
Transfers out.....	(86,600,497)		(12,402,136)	(99,002,633)
<b>NET OTHER FINANCING SOURCES (USES)</b> .....	<b>(70,092,962)</b>	<b>85,413,637</b>	<b>(1,886,982)</b>	<b>13,433,693</b>
<b>NET CHANGE IN FUND BALANCES</b> .....	<b>3,439,472</b>	<b>(5,209,292)</b>	<b>(1,829,862)</b>	<b>(3,599,682)</b>
<b>FUND BALANCES - JULY 1, 2007</b> .....	<b>18,663,933</b>	<b>598,588</b>	<b>15,954,688</b>	<b>35,217,209</b>
<b>FUND BALANCES - JUNE 30, 2008</b> .....	<b>\$ 22,103,405</b>	<b>\$ (4,610,704)</b>	<b>\$ 14,124,826</b>	<b>\$ 31,617,527</b>

**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, 2008

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)..... \$ (3,599,682)

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.....	14,474,110
Depreciation expense.....	(5,130,826)
<b>Total.....</b>	<b>9,343,284</b>

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:

Disposal of capital assets..... 186,759

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

Change in property tax receivable - accrual basis change.....	29,951
Change in property tax interest and lien revenue.....	464,654
<b>Total.....</b>	<b>494,605</b>

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:

Debt issued or incurred:	
Bonds, related liabilities, and capital leases.....	(13,433,693)
Principal repayments:	
General obligation bonds.....	4,665,000
Capital leases.....	578,515
<b>Total.....</b>	<b>(8,190,178)</b>

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

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 (net).....	\$	(651,235)
Net pension obligation.....		(401,331)
Net OPEB asset.....		(90,652)
Net OPEB obligation.....		(554,048)
Amortization of bond issuance costs.....		(188,460)
Amortization of bond premium.....		150,351
Accrued interest payable.....		(90,463)
		(1,825,838)
 Total .....		 (1,825,838)
 Internal Service Funds are used by management to charge costs of property insurance deductibles to individual departments.....		 189,980
 The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....		 38,612
 CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) .....	\$	(3,362,458)
		(Concluded)

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS		NONMAJOR FUND		INTERNAL SERVICE FUND
	SEWER	PUBLIC FACILITIES MANAGEMENT FOUNDATION	SCHOOL LUNCH PROGRAM	TOTALS	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents.....	\$ 5,739,608	\$	\$ 147,114	\$ 5,886,722	\$ 1,152,193
Receivables (net):					
Sewer assessments and user fees, net.....	531,815			531,815	
Other.....			1,797	1,797	
Capital lease.....		335,000		335,000	
Intergovernmental.....	3,693,959		79,503	3,773,462	
Due from other funds.....					207,471
Inventory.....			42,244	42,244	
<b>Total Current Assets.....</b>	<b>9,965,382</b>	<b>335,000</b>	<b>270,658</b>	<b>10,571,040</b>	<b>1,359,664</b>
<b>Noncurrent Assets:</b>					
Restricted cash.....		502,594		502,594	
Capital lease receivable.....		2,860,000		2,860,000	
Other assets.....	47,783	129,097		176,880	
<b>Subtotal Noncurrent Assets.....</b>	<b>47,783</b>	<b>3,491,691</b>	<b>-</b>	<b>3,539,474</b>	<b>-</b>
<b>Capital Assets:</b>					
Capital assets, net of accumulated depreciation.....	69,365,999	101,622	51,869	69,519,490	
<b>Total Noncurrent Assets.....</b>	<b>69,413,782</b>	<b>3,593,313</b>	<b>51,869</b>	<b>73,058,964</b>	<b>-</b>
<b>TOTAL ASSETS.....</b>	<b>79,379,164</b>	<b>3,928,313</b>	<b>322,527</b>	<b>83,630,004</b>	<b>1,359,664</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable.....	2,334,562	4,956	58,635	2,398,153	8,969
Accrued payroll.....	1,392			1,392	1,450
Accrued interest.....	21,458	26,797		48,255	
Due to other funds.....	140,147		544,762	684,909	
Claims payable.....				-	383,823
Unearned revenue.....	2,281,852			2,281,852	
Bonds, notes payable and compensated absences.....	804,433	335,000	2,949	1,142,382	
<b>Total Current Liabilities.....</b>	<b>5,583,844</b>	<b>366,753</b>	<b>606,346</b>	<b>6,556,943</b>	<b>394,242</b>
<b>Noncurrent Liabilities:</b>					
Unearned revenue, net of current portion.....	24,960,000			24,960,000	
Bonds, notes payable and compensated absences.....	8,423,654	2,839,743	26,542	11,289,939	
<b>Total Noncurrent Liabilities.....</b>	<b>33,383,654</b>	<b>2,839,743</b>	<b>26,542</b>	<b>36,249,939</b>	<b>-</b>
<b>TOTAL LIABILITIES.....</b>	<b>38,967,498</b>	<b>3,206,496</b>	<b>632,888</b>	<b>42,806,882</b>	<b>394,242</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt.....	60,185,695	101,622	51,869	60,339,186	
Restricted:					
Commitments.....	5,000			5,000	
Debt service.....		502,594		502,594	
Unrestricted.....	(19,779,029)	117,601	(362,230)	(20,023,658)	965,422
<b>TOTAL NET ASSETS.....</b>	<b>\$ 40,411,666</b>	<b>\$ 721,817</b>	<b>\$ (310,361)</b>	<b>\$ 40,823,122</b>	<b>\$ 965,422</b>

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, 2008

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS		NONMAJOR FUND		INTERNAL SERVICE FUND
	SEWER	PUBLIC FACILITIES MANAGEMENT FOUNDATION	SCHOOL LUNCH PROGRAM	TOTALS	
OPERATING REVENUES:					
Charges for usage and service.....	\$ 16,509,405	\$ 38,500	\$ 1,173,903	\$ 17,721,808	\$ 942,000
Miscellaneous.....	1,008,490	149,349	155,649	1,313,488	96,770
TOTAL OPERATING REVENUES.....	17,517,895	187,849	1,329,552	19,035,296	1,038,770
OPERATING EXPENSES:					
Operations.....	628,377	45,848	1,641,852	2,316,077	557,091
Personnel.....	76,923		1,358,952	1,435,875	78,892
Claims.....				-	212,807
Contract payments.....	13,031,684			13,031,684	
Depreciation.....	2,366,878	13,304	22,609	2,402,791	
TOTAL OPERATING EXPENSES.....	16,103,862	59,152	3,023,413	19,186,427	848,790
OPERATING INCOME (LOSS).....	1,414,033	128,697	(1,693,861)	(151,131)	189,980
NONOPERATING REVENUES (EXPENSES):					
Interest expense.....	(62,724)	(165,902)		(228,626)	
Investment income.....	198,745	16,384	1,956	217,085	38,612
Amortization.....	(7,554)	(20,975)		(28,529)	
Intergovernmental grants.....			1,436,380	1,436,380	
NET NONOPERATING REVENUES (EXPENSES).....	128,467	(170,493)	1,438,336	1,396,310	38,612
CHANGE IN NET ASSETS.....	1,542,500	(41,796)	(255,525)	1,245,179	228,592
NET ASSETS - JULY 1, 2007.....	38,869,166	763,613	(54,836)	39,577,943	736,830
NET ASSETS - JUNE 30, 2008.....	\$ 40,411,666	\$ 721,817	\$ (310,361)	\$ 40,823,122	\$ 965,422

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, 2008

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS		NONMAJOR FUND		INTERNAL SERVICE FUND
	SEWER	PUBLIC FACILITIES MANAGEMENT FOUNDATION	SCHOOL LUNCH PROGRAM	TOTALS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers.....	\$ 14,715,096	\$ 187,849	\$ 1,590,226	\$ 16,493,171	\$ 768,126
Cash paid to suppliers.....	(13,031,684)		(1,606,958)	(14,638,642)	
Cash paid to employees.....	(76,612)		(1,358,524)	(1,435,136)	(78,615)
Cash paid for claims.....					(158,532)
Cash paid for other operating expenses.....	(777,039)	(40,892)		(817,931)	(562,925)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>829,761</b>	<b>146,957</b>	<b>(1,375,256)</b>	<b>(398,538)</b>	<b>(31,946)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Nonoperating grants received.....			1,433,628	1,433,628	
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>-</b>	<b>-</b>	<b>1,433,628</b>	<b>1,433,628</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets.....	(1,272,773)	(8,150)	(6,676)	(1,287,599)	
Collection of capital lease payment.....		315,000		315,000	
Bond proceeds.....	3,000,000			3,000,000	
Principal paid on bonds.....	(803,165)	(315,000)		(1,118,165)	
Interest paid on bonds.....	(64,670)	(168,462)		(233,132)	
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>859,392</b>	<b>(176,612)</b>	<b>(6,676)</b>	<b>676,104</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Income from investments.....	198,745	16,384	1,956	217,085	38,612
<b>NET INCREASE (DECREASE) IN CASH.....</b>	<b>1,887,898</b>	<b>(13,271)</b>	<b>53,652</b>	<b>1,928,279</b>	<b>6,666</b>
<b>CASH - JULY 1, 2007 (INCLUDING RESTRICTED CASH).....</b>	<b>3,851,710</b>	<b>515,865</b>	<b>93,462</b>	<b>4,461,037</b>	<b>1,145,527</b>
<b>CASH - JUNE 30, 2008 (INCLUDING RESTRICTED CASH).....</b>	<b>\$ 5,739,608</b>	<b>\$ 502,594</b>	<b>\$ 147,114</b>	<b>\$ 6,389,316</b>	<b>\$ 1,152,193</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ 1,414,033	\$ 128,697	\$ (1,693,861)	\$ (151,131)	\$ 189,980
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation.....	2,366,878	13,304	22,609	2,402,791	
(Increase) decrease in accounts receivable.....	535,932		(306)	535,626	
(Increase) decrease in inventory.....			(422)	(422)	
(Increase) decrease in intergovernmental receivables.....	(1,848,508)			(1,848,508)	
(Increase) decrease due from other funds.....					(207,471)
Increase (decrease) in accounts payable.....	(148,662)	4,956	45,376	(98,330)	(5,834)
Increase (decrease) in accrued payroll.....	311		(10,060)	(9,749)	277
Increase (decrease) in prepaid assessments.....	342,932			342,932	
Increase (decrease) in due to other funds.....	86,845		260,980	347,825	(63,173)
Decrease in claims payable.....					54,275
Increase in unearned revenue.....	(1,920,000)			(1,920,000)	
Decrease in compensated absences.....			428	428	
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>\$ 829,761</b>	<b>\$ 146,957</b>	<b>\$ (1,375,256)</b>	<b>\$ (398,538)</b>	<b>\$ (31,946)</b>

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

## CITY OF CRANSTON, RHODE ISLAND

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	PENSION AND OTHER POST- EMPLOYMENT BENEFIT TRUST FUNDS	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
<b>ASSETS:</b>			
Cash and cash equivalents.....	\$ 982,755	\$ 1,139	\$ 1,543,595
Investments:			
Real Estate Investment Trust.....	2,104,939		
Equity Mutual Funds.....	26,995,896		
Fixed income Index Mutual Fund.....	10,818,185		
Bond Mutual Funds.....	10,316,127		
Total Investments.....	50,235,147	-	-
Due from other funds.....	275,669		
<b>TOTAL ASSETS.....</b>	<b>51,493,571</b>	<b>1,139</b>	<b>1,543,595</b>
<b>LIABILITIES:</b>			
Accounts payable.....	27,245		
Deposits held in custody for others.....			1,543,595
Due to other funds.....		3,643	
<b>TOTAL LIABILITIES.....</b>	<b>27,245</b>	<b>3,643</b>	<b>1,543,595</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS AND OTHER PURPOSES.....</b>	<b>\$ 51,466,326</b>	<b>\$ (2,504)</b>	<b>\$ -</b>

CITY OF CRANSTON, RHODE ISLANDSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	PENSION AND OTHER POST- EMPLOYMENT BENEFIT TRUST FUNDS	PRIVATE PURPOSE TRUST FUND
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 23,404,766	\$
Plan member contributions.....	841,076	
Other contributions.....		11,561
Total contributions.....	24,245,842	11,561
Investment income (loss):		
Interest and dividends.....	77,753	
Net depreciation in the fair value of investments.....	(2,321,479)	
Total investment income (loss).....	(2,243,726)	-
TOTAL ADDITIONS.....	22,002,116	11,561
DEDUCTIONS:		
Benefits.....	21,555,270	14,460
Administrative expenses.....	479,892	
TOTAL DEDUCTIONS.....	22,035,162	14,460
CHANGE IN NET ASSETS.....	(33,046)	(2,899)
NET ASSETS - JULY 1, 2007.....	51,499,372	395
NET ASSETS - JUNE 30, 2008.....	\$ 51,466,326	\$ (2,504)

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

**CITY OF CRANSTON, RHODE ISLAND**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**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 Unit – 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. 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.

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

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

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

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

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

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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:

The *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.

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

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

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

The *Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business, primarily through user charges.

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.

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.

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

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

**D. 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.

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 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.

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

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

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

**2. Receivables and Payables (Continued)**

**b. Property Taxes and Other Receivables (Continued)**

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. Taxes are considered overdue on the 6<sup>th</sup> day of each quarter taxes and are assessed penalties and will be collected through the sale of tax titles if required. The City has a tax lien on the property as a matter of law on the date the roll is certified, which is December 31 of the previous year.

**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.

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

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

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

**5. Capital Assets (Continued)**

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

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

**6. Compensated Absences**

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

**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.

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

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

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

**8. Fund Equity and Net Assets (Continued)**

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.

**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 of the annual Financial City Council Meeting and is legally enforced at the department level. The resolution authorizes the City Council to spend within the total sum appropriated for municipal purposes. While this restriction prohibits spending in excess of the authorized budget, the policy enables the City Council to use surplus funds within the overall appropriations budget to offset over expenditures that may arise within a specific budgeted account. Amendments to the budget during the year totaled a decrease of \$1,067,427, due to cutbacks in education grants from the state of Rhode Island.

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

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

**A. Budgets and Budgetary Accounting (Continued)**

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 nonmajor 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.

**B. Capital Projects Authorizations**

The following is a summary of projects recorded in the Capital Projects Fund at June 30, 2008:

PROJECT NAME	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2008
<b>GOVERNMENTAL FUNDS:</b>				
School bond fund.....	\$ 17,918,772	\$ 3,914,979	\$ 17,665,548	\$ 253,224
Police and Fire bond fund.....	10,442,166	2,635,308	9,504,755	937,411
Public building bond fund .....	1,680,000	46,193	1,142,374	537,626
Recreation bond fund .....	6,863,932	1,756,480	5,113,080	1,750,852
Highway bond fund .....	5,699,674	302,132	4,787,091	912,583
Neighborhood infrastructure fund	1,531,223	56,666	1,382,717	148,506
Open space bond fund .....	481,090	100,000	436,760	44,330
<b>ENTERPRISE FUNDS:</b>				
Sewer System Project .....	1,266,575	438,175	1,266,575	-
Sewer System Project .....	3,000,000	834,600	834,600	2,165,400

**C. Deficit Fund Balance**

During the year ended June 30, 2008, the City had a deficit fund balance in the following funds:

Nonmajor Governmental Funds

Community Development Block Grant.....	\$ 26,954
WIA Job Development Fund.....	24,278
School Bond Fund.....	198,990
Storm Drains Bond Fund.....	15,007

The deficits will be eliminated through future intergovernmental grant receipts, repayment of program loans or interfund contributions.

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

**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 \$100,000 and rated "well capitalized" on the institution's most recent audited financial statements/SEC filings, if deposits exceed \$100,000. As of June 30, 2008, the City's bank balance of \$22,975,015 was insured and collateralized as follows:

Insured.....	\$ 608,199
Collateralized:	
Collateral held by the pledging banks' trust departments, not in the City's name.....	<u>22,366,816</u>
Total amount subject to custodial credit risk.....	<u>\$ 22,975,015</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.

At June 30, 2008, 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
Mutual Funds:				
Equity Mutual Funds .....	\$ 26,995,896	\$ 26,995,896	\$	\$
Bond Mutual Funds .....	10,316,127			10,316,127
Fixed Income index Mutual fund .....	10,818,185			10,818,185
Money Market Mutual Funds .....	17,695		17,695	
Real Estate Investment Trust.....	2,104,939	2,104,939		
Certificates of Deposit.....	<u>7,167,561</u>		<u>7,167,561</u>	
TOTAL .....	<u>\$ 57,420,403</u>	<u>\$ 29,100,835</u>	<u>\$ 7,185,256</u>	<u>\$ 21,134,312</u>

Additionally the City records a US Government money market account used on a transactional basis as cash on the financial statements. The amount reflected in cash at June 30, 2008 was \$18,239,975. This fund is rated AAA and has a average duration of less than one year.

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.

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.

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

**III. DETAILED NOTES (CONTINUED)**

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

The City's investments subject to credit risk had average ratings by Standard & Poor's as follows:

AVERAGE RATING	MONEY MARKET MUTUAL FUNDS	BOND MUTUAL FUNDS	FIXED INCOME INDEX FUND
Unrated .....	\$ 17,695	\$10,316,127	\$10,818,185

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.

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Real Estate Investment Trust .....	\$ 2,104,939	\$ 500,000	\$ 1,604,939

**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 .....	\$ 2,298,306	\$ 1,144,718	\$ 3,443,024	
Long-term Portion.....	\$ 5,519,513	\$ 2,278,295	\$ 7,797,808	
Less Allowance for Uncollectibles .....	( 3,398,000)	( 1,221,632)	( 4,619,632)	
Net Long-term Portion.....	\$ 2,121,513	\$ 1,056,663	\$ 3,178,176	
Total Receivable.....	\$ 4,419,819	\$ 2,201,381	\$ 6,621,200	
	CONNETTA PARK LOAN	ECONOMIC DEVELOPMENT LOANS	CDBG LOANS	TOTAL
Gross Receivable.....	\$ 88,687	\$ 871,658	\$ 1,264,100	\$ 2,224,445

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

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

	<u>SEWER USE CHARGES</u>
Gross Receivable.....	\$ 914,815
Less Allowance for Uncollectibles.....	<u>( 383,000)</u>
Net Receivable .....	<u>\$ 531,815</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:

Delinquent property taxes receivable (general fund).....	\$ 4,267,553
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UNEARNED REVENUE:

Advance tax collections .....	2,633,817
Unearned developer security deposits .....	56,312
Grant draw-downs prior to meeting all eligibility requirements .....	2,373,135
Unearned charges for services .....	<u>5,036</u>

TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS .....	<u>\$ 9,335,853</u>
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CITY OF CRANSTON, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	BALANCE JULY 1, 2007	INCREASES	DECREASES	BALANCE JUNE 30, 2008
<b>Governmental Activities:</b>				
<u>Capital Assets, not being Depreciated:</u>				
Land .....	\$ 11,051,635	\$	\$	\$ 11,051,635
Construction in progress .....	5,031,380	869,883	(5,031,380)	869,883
Total Capital Assets, not being Depreciated .....	16,083,015	869,883	(5,031,380)	11,921,518
<u>Capital Assets, being Depreciated:</u>				
Land improvements .....	10,936,038	430,510		11,366,548
Buildings .....	62,493,394	16,097,144		78,590,538
Machinery and equipment .....	3,457,344	241,576	(9,350)	3,689,570
Office furniture and equipment .....	5,865,535	248,518	(29,508)	6,084,545
Vehicles .....	14,850,124	1,100,903	(548,952)	15,402,075
Infrastructure .....	82,232,540	516,956		82,749,496
Total Capital Assets, being Depreciated .....	179,834,975	18,635,607	(587,810)	197,882,772
Total Capital Assets .....	195,917,990	19,505,490	(5,619,190)	209,804,290
<u>Less Accumulated Depreciation for:</u>				
Land improvements .....	6,097,615	561,039		6,658,654
Buildings .....	31,977,955	1,293,098	(154,221)	33,116,832
Machinery and equipment .....	1,875,970	327,931	(8,982)	2,194,919
Office furniture and equipment .....	5,009,407	282,008	(37,174)	5,254,241
Vehicles .....	10,583,084	1,382,141	(574,192)	11,391,033
Infrastructure .....	28,114,294	1,284,609		29,398,903
Total Accumulated Depreciation .....	83,658,325	5,130,826	(774,569)	88,014,582
Total Capital Assets, being Depreciated, net .....	96,176,650	13,504,781	186,759	109,868,190
Governmental Activities Capital Assets, net .....	\$112,259,665	\$14,374,664	\$(4,844,621)	\$121,789,708
<u>Business-Type Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land .....	\$ 342,712	\$	\$	\$ 342,712
Construction in progress .....	1,116,978	1,226,128		2,343,106
Total Capital Assets, not being Depreciated .....	1,459,690	1,226,128		2,685,818
<u>Capital Assets, being Depreciated:</u>				
Land improvements .....	266,795			266,795
Leasehold improvements .....	114,160	8,150		122,310
Collection systems .....	46,553,813	46,647		46,600,460
Treatment and pumping plant .....	81,064,977			81,064,977
Machinery and equipment .....	1,051,225	6,674	(565,090)	492,809
Total Capital Assets, being Depreciated .....	129,050,970	61,471	(565,090)	128,547,351
Total Capital Assets .....	130,510,660	1,287,599	(565,090)	131,233,169
<u>Less Accumulated Depreciation for:</u>				
Land improvements .....	180,323	13,340		193,663
Leasehold improvements .....	16,939	11,484		28,423
Collection systems .....	26,773,531	618,363		27,391,894
Treatment and pumping plant .....	31,992,260	1,730,359		33,722,619
Machinery and equipment .....	912,925	29,245	(565,090)	377,080
Total Accumulated Depreciation .....	59,875,978	2,402,791	(565,090)	61,713,679
Total Capital Assets, being Depreciated, net .....	69,174,992	(2,341,320)	-	66,833,672
Business-Type Capital Assets, net .....	\$ 70,634,682	\$(1,115,192)	\$ -	\$ 69,519,490

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

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets (Continued)**

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

<u>Governmental Activities:</u>	
General government.....	\$3,155,822
Public safety.....	1,009,310
Public works.....	505,064
Education.....	356,996
Parks and recreation.....	86,831
Public libraries.....	8,873
Senior services.....	<u>7,930</u>
 Total Depreciation Expense - Governmental Activities.....	 <u>\$5,130,826</u>

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

<u>Business-Type Activities:</u>	
Sewer.....	\$2,366,878
Public facilities management foundation.....	13,304
School lunch.....	<u>22,609</u>
 Total Depreciation Expense - Business-Type Activities.....	 <u>\$2,402,791</u>

**Construction Commitments**

The City has active construction projects as of June 30, 2008. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
<u>Governmental Activities:</u>	
School construction.....	\$ 2,752,554
Playgrounds.....	<u>314,356</u>
 Total.....	 <u>\$ 3,066,910</u>
 <u>Business-Type Activities:</u>	
Sewer Plainfield Pike project.....	<u>\$ 5,000</u>

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

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2008 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO
<b>MAJOR FUNDS:</b>			
<b>GENERAL FUND:</b>			
School Unrestricted Fund .....	N/A	\$ 1,316,385	\$
Senior Services Fund .....	N/A	2,819	
Community Development Fund .....	N/A	64,552	
Public Service Funds .....	N/A	145,986	
Economic Development Fund .....	N/A	29,740	
WIA Job Development Fund .....	N/A	49,298	
Budget Stabilization Fund .....	N/A	268,144	
Hospital Stabilization Fund .....	N/A		1,186,860
Private Purpose Trust Funds .....	N/A	3,643	
OPEB Trust Fund .....	N/A		275,669
Internal Service Fund .....	N/A		207,471
Sewer Fund .....	N/A	140,147	
<b>TOTAL GENERAL FUND .....</b>		<b>2,020,714</b>	<b>1,670,000</b>
<b>SCHOOL SPECIAL REVENUE</b>			
<b>UNRESTRICTED:</b>			
General Fund .....	N/A		1,316,385
School Lunch Fund .....	N/A	544,762	
Restricted School Funds .....	N/A	891,826	187,436
<b>TOTAL SCHOOL SPECIAL REVENUE</b>		<b>1,436,588</b>	<b>1,503,821</b>
<b>UNRESTRICTED .....</b>			
<b>SEWER:</b>			<b>140,147</b>
General Fund .....	N/A		140,147
<b>NONMAJOR FUNDS:</b>			
Restricted School Funds .....	School Unrestricted Fund	187,436	891,826
Budget Stabilization Fund .....	General Fund		268,144
Community Development Block Grant Fund	General Fund		64,552
Public Service Funds .....	General Fund		145,986
Hospital Stabilization Fund .....	General Fund	1,186,860	
WIA Job Development Fund .....	General Fund		49,298
Economic Development Fund .....	General Fund		29,740
Senior Services Funds .....	General Fund		2,819
Senior Services Funds .....	N/A	10,000	10,000
<b>TOTAL NONMAJOR FUNDS .....</b>		<b>1,384,296</b>	<b>1,462,365</b>
<b>ENTERPRISE FUND:</b>			
School Lunch Fund .....	School Unrestricted Fund		544,762
<b>INTERNAL SERVICE FUND:</b>			
Insurance Risk Management Fund .....	General Fund	207,471	
<b>FIDUCIARY FUNDS:</b>			
OPEB Trust Fund .....	General Fund	275,669	
Private Purpose Trust Education			
Scholarships .....	General Fund		3,643
<b>TOTAL FIDUCIARY FUNDS .....</b>		<b>275,669</b>	<b>3,643</b>
<b>GRAND TOTAL .....</b>		<b>\$ 5,324,738</b>	<b>\$ 5,324,738</b>

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

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**1. Interfund Payables and Receivables (Continued)**

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

**2. Interfund Transfers**

A summary of interfund transfers as of June 30, 2008 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
GENERAL FUND:			
Excise Tax Phase Out Fund.....	N/A	\$ 12,245,917	\$
School Unrestricted Fund .....	N/A		85,413,637
Budget Stabilization Fund .....	N/A		1,186,860
Public Service Funds .....	N/A	154,256	
TOTAL GENERAL FUND .....		12,400,173	86,600,497
SCHOOL UNRESTRICTED:			
General Fund.....	N/A	85,413,637	
NONMAJOR FUNDS:			
Budget Stabilization Fund .....	General Fund	1,186,860	
Public Service Funds .....	Public Service Funds	1,963	156,219
Excise Tax Phase Out Fund .....	General Fund		12,245,917
TOTAL NONMAJOR FUNDS .....		1,188,823	12,402,136
GRAND TOTAL		\$ 99,002,633	\$ 99,002,633

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.

**3. Advances**

ADVANCE FROM:	CORRESPONDING FUND	AMOUNT
General Fund	School Special Revenue Unrestricted	\$3,193,052

The City's General Fund advanced the School Special Revenue Unrestricted Fund, \$3,193,052 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.

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

**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.

Short-term obligation activity for the year ended June 30, 2008 was as follows:

TYPE OF OBLIGATION	BALANCE			BALANCE JUNE 30, 2008
	JULY 1, 2007	ADDITIONS	REDUCTIONS	
Bond Anticipation Note.....	\$ -	\$ 6,700,000	\$ 6,700,000	\$ -

**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, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008	CURRENT PORTION
<b>GENERAL OBLIGATION:</b>									
Public improvement	\$ 17,540,000	06/15/98	07/15/18	4.4-6.0%	\$ 1,600,000	\$	\$ 780,000	\$ 820,000	\$ 820,000
Public improvement	16,115,000	11/15/99	11/15/19	4.5-5.45%	2,100,000		660,000	1,440,000	700,000
Refunding .....	13,320,000	12/01/00	07/01/15	4.5-5.5%	7,660,000		960,000	6,700,000	955,000
Public improvement	27,050,000	02/15/04	02/15/24	2.0-5.0%	22,985,000		1,355,000	21,630,000	1,355,000
Advance refunding	22,280,000	05/13/05	07/15/19	3.0-5.0%	22,215,000		105,000	22,110,000	110,000
Public improvements	23,900,000	6/14/06	4/1/2026	4.0-5.0%	22,905,000		805,000	22,100,000	840,000
Public improvements	13,075,000	6/18/08	7/1/2028	4.0-5.0%		13,075,000		13,075,000	
Total General Obligation Bonds.....					79,465,000	13,075,000	4,665,000	87,875,000	4,780,000
Bond Premiums.....					2,720,025	358,693	150,351	2,928,367	
TOTAL BONDS AND RELATED LIABILITIES.....					82,185,025	13,433,693	4,815,351	90,803,367	4,780,000
<b>LEASES PAYABLE:</b>									
Public Facilities Management									
Foundation Lease	5,130,000	11/01/00	11/01/15	4.75 - 5.25%	3,510,000		315,000	3,195,000	335,000
Musical Instruments	114,811	10/16/06	12/01/10	7.81%	89,153		19,840	69,313	21,390
Modular buildings	189,573	09/01/02	09/01/07	4.85%	7,185		7,185	-	-
Telephone equipment	95,484	08/01/02	08/01/07	0.0%	1,591		1,591	-	-
Vehicle - trucks.....	1,478,889	10/31/01	10/31/07	5.4%	234,899		234,899	-	-
Total Leases Payable.....					3,842,828		578,515	3,264,313	356,390
TOTAL BONDS AND NOTES AND RELATED LIABILITIES.....					86,027,853	13,433,693	5,393,866	94,067,680	5,136,390
COMPENSATED ABSENCES.....					9,722,401	3,883,490	3,179,015	10,426,876	2,359,556
DEFERRED SALARY.....					349,214		53,240	295,974	29,600
NET PENSION OBLIGATION.....					87,541,920	401,331		87,943,251	
NET OPEB OBLIGATION.....					-	554,048		554,048	
CLAIMS AND JUDGMENTS.....					60,000			60,000	30,000
TOTAL LONG-TERM OBLIGATIONS.....					\$ 183,701,388	\$ 18,272,562	\$ 8,626,121	\$ 193,347,829	\$ 7,555,546

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

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

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, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008	CURRENT PORTION
ENTERPRISE FUNDS									
SEWER:									
RI Clean Water.....	\$ 3,242,000	09/01/93	09/01/15	3.0%	\$ 1,458,900	\$	\$ 162,100	\$ 1,296,800	\$ 162,100
RI Clean Water.....	700,000	08/25/99	09/01/15	3.0%	454,352		45,065	409,287	46,333
RI Clean Water.....	2,000,000	11/13/03	09/01/24	0.0%	1,800,000		100,000	1,700,000	100,000
RI Clean Water.....	3,400,000	12/30/04	09/01/11	0.0%	2,428,000		486,000	1,942,000	486,000
RI Clean Water.....	900,000	09/01/05	09/01/25	3.0%	890,000		10,000	880,000	10,000
RI Clean Water.....	3,000,000	09/01/07	09/01/28	3.0%		3,000,000		3,000,000	
TOTAL SEWER.....					7,031,252	3,000,000	803,165	9,228,087	804,433
PUBLIC FACILITIES MANAGEMENT FOUNDATION:									
Certificates of participation.....	5,130,000	11/01/00	11/01/15	4.75-5.25%	3,510,000		315,000	3,195,000	335,000
Certification of participation unamortized discount.....					(25,157)		(4,900)	(20,257)	
TOTAL BONDS AND RELATED LIABILITIES.....					10,516,095	3,000,000	1,113,265	12,402,830	1,139,433
COMPENSATED ABSENCES.....					27,563	428		27,991	2,799
DEFERRED SALARY.....					1,500			1,500	150
TOTAL ENTERPRISE FUNDS.....					\$ 10,545,158	\$ 3,000,428	\$ 1,113,265	\$ 12,432,321	\$ 1,142,382

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
2009	\$ 4,780,000	\$ 3,716,435	\$ 356,390	\$ 158,032	\$ 335,000	\$ 152,618	\$ 804,433	\$ 120,928
2010	5,285,000	3,813,838	373,061	139,795	350,000	136,053	955,737	128,927
2011	5,425,000	3,588,898	389,862	120,652	365,000	118,710	957,077	117,078
2012	5,575,000	3,343,489	385,000	100,143	385,000	100,143	956,454	105,161
2013	5,725,000	3,091,524	405,000	80,393	405,000	80,393	523,870	93,904
2014-2018	28,395,000	11,401,537	1,355,000	108,410	1,355,000	108,410	2,200,516	321,283
2019-2023	21,050,000	5,259,895					1,550,000	177,662
2024-2028	10,650,000	1,284,553					1,130,000	62,028
2019	990,000	23,513					150,000	1,598
TOTALS	\$ 87,875,000	\$ 35,523,682	\$ 3,264,313	\$ 707,425	\$ 3,195,000	\$ 696,327	\$ 9,228,087	\$ 1,128,569

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

**III. DETAILED NOTES (CONTINUED)**

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

**2. 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 \$259 million based on taxable property as of December 31, 2006, of approximately \$8.6 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, 2008, the City had \$87,875,000 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.

**3. Prior Year Debt Refundings**

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. 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 Town's financial statements. As of June 30, 2008, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$12,180,000.

**4. Authorized/Unissued Bonds**

The amount of authorized, unissued bonds is as follows:

General purposes	\$ 25,225,022
Schools	<u>19,401,228</u>
TOTAL	<u>\$ 44,626,250</u>

**5. 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, 2008, there were 242 teachers eligible for the benefit, with an outstanding balance of \$295,974. During the fiscal year ended June 30, 2008, \$53,240 was paid for these benefits from the school unrestricted fund.

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

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**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 2008 under this plan.

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

In order to avoid catastrophic losses, the City "reinsures" the program by purchasing insurance known as "stop-loss insurance" from 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 of claims for individual employees or dependents. Any charges accrued by an individual in excess of \$200,000 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). The aggregate stop-loss limit is \$2,000,000 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.

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

**IV. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

Changes in the self-insurance liability for the fiscal years ended June 30, 2008 and June 30, 2007 are as follows:

	<u>2008</u>	<u>2007</u>
July 1 .....	\$ 8,158,240	\$ 3,345,795
Add: incurred claims.....	28,648,341	33,970,653
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health and life .....	29,865,301	28,781,177
Other claims .....	<u>4,016,608</u>	<u>377,031</u>
June 30.....	<u>\$ 2,924,672</u>	<u>\$ 8,158,240</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.

**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, 2008, the balance of unearned revenue related to this was \$26,880,000, which is comprised of a short-term portion of \$1,920,000 and a long-term portion of \$24,960,000.

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 2008, the City paid service fees totaling \$13 million. The City also recognized 4% of the lease payment (\$1,920,000) as revenue for the year ended June 30, 2008.

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

**IV. OTHER INFORMATION (CONTINUED)**

**C. Commitments and Litigation**

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

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

The City is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the City attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**D. Employee Retirement 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. A separate report on the Police and Fire Employees' Pension Plan is not available; it is audited as part of the City's audit. 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. Administrative costs are generally financed through investment earnings.

**(ii) Valuation of Investments**

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

**b. Plan Description and Contribution Information**

As of July 1, 2008, the plans' membership consists of:

	<u>Fire</u>	<u>Police</u>	<u>Total</u>
Retirees, disability retirees and beneficiaries			
receiving benefits.....	217	201	418
Active plan members vested.....	56	25	81
Active plan members non vested.....	-	-	-
TOTALS.....	<u>273</u>	<u>226</u>	<u>499</u>

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

**b. Plan Description and Contribution Information (Continued)**

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.

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.

**c. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2008 (the date of the most recent actuarial valuation) was as follows:

Actuarial accrued liability (AAL)	\$ 278,857,000
Actuarial value of plan assets	<u>50,961,000</u>
Unfunded actuarial accrued liability (UAAL)	227,896,000
Funded ratio (actuarial value of plan assets/AAL)	18.3%
Covered payroll (active plan members)	\$ 6,093,000
UAAL as a percentage of covered payroll	3,740.3%

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, and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

**d. Annual Pension Costs and Net Pension Obligation**

PERIOD ENDED	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
June 30, 2003	\$24,945,408	\$14,949,999	60%
June 30, 2004	21,877,449	23,876,569	109%
June 30, 2005	22,147,958	20,024,158	90%
June 30, 2006	21,723,021	21,339,876	98%
June 30, 2007	21,723,021	21,723,021	100%
June 30, 2008	20,785,343	19,889,000	96%

A Summary of Annual Pension Costs, Contributions and Net Pension Obligation (NPO) follows:

The changes in the net pension obligation of PFERS as of June 30, 2008, were as follows:

Annual required contribution.....	\$ 20,785,343
Interest on net pension obligation.....	7,003,353
Adjustments to ARC.....	( 7,498,365)
Annual pension cost.....	20,290,331
Contribution made.....	(19,889,000)
Change in net pension obligation.....	( 401,331)
Net pension obligation - July 1, 2007.....	<u>87,541,920</u>
Net pension obligation - June 30, 2008.....	<u>\$ 87,943,251</u>

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
2008	\$ 20,290,331	98%	\$ 87,943,251
2007	20,709,227	105%	87,541,920
2006	20,788,384	100%	88,555,714

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

**e. 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, 2008
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 ....	26 YEARS

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

**IV. OTHER INFORMATION (CONTINUED)**

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

**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. 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**

Covered 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. Normal cost is determined using the entry age normal cost method. 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 2008, the City's contribution rate for police personnel was 18.46% and 19.02% for fire personnel, resulting in a net contribution by the City for fire personnel of 17.52%.

**c. Contributions**

The City's contribution rate for general employees was 3.14%.

YEAR ENDED JUNE30	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
<u>General Employees</u>			
2006	\$ 9,541	\$ 9,541	100%
2007	395,156	395,156	100%
2008	705,295	705,295	100%
<u>Police</u>			
2006	\$ 823,426	\$ 823,426	100%
2007	1,024,180	1,024,180	100%
2008	1,108,565	1,108,565	100%
<u>Fire</u>			
2006	\$ 952,013	\$ 952,013	100%
2007	1,247,321	1,247,321	100%
2008	1,313,050	1,313,050	100%

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

**d. Actuarial Methods and Significant Assumptions**

The State used the entry age normal method to determine both the actuarial accrued liabilities and annual required contributions to each member of the plan. Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets, and annual required contributions for the Municipal Plan are performed annually as of June 30.

Significant actuarial assumptions used in each valuation are summarized as follows:

Asset appreciation:	8.25% annually
Salary increases:	3.00% annually
Cost of living adjustments:	3.00%, not compounded

Retirement probability:  
 100% at age 70 or upon eligibility (100% at age 60 or upon eligibility - police)

Mortality:  
 Healthy members – 1994 Group Annuity Mortality Table  
 Disabled members – PBGC Table Va for disabled members eligible for Social Security disability benefits

Disability: Probabilities ranging from .05% at age 25 to .71% at age 60

**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).

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:

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (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)**

<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%

For classified employees who were hired after July 1, 2005, or for 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%

**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.

**c. Contributions**

The School Department's required contributions and actual contributions made for the years ended June 30, 2008, 2007, and 2006 were as follows:

<u>PERIOD ENDED JUNE 30,</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTION</u>
2006	\$ 6,163,913	\$ 6,163,913	100%
2007	7,951,182	7,951,182	100%
2008	9,374,331	9,374,331	100%

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

**IV. OTHER INFORMATION (CONTINUED)**

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

**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, 2008, the City was required to contribute \$1.09 per hour, and the School Department was required to contribute \$.54 per hour for each hour worked by the employees to the Plan.

**c. Contributions**

Contributions for the past three years were as follows:

<u>YEAR ENDED JUNE30,</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTION</u>
<u>City</u>			
2006	\$ 132,843	\$ 132,843	100%
2007	139,661	139,661	100%
2008	155,080	155,080	100%
<u>School Department</u>			
2006	\$ 70,905	\$ 70,905	100%
2007	85,540	85,540	100%
2008	92,833	92,833	100%

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

**IV. OTHER INFORMATION (CONTINUED)**

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

**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, 2008, the City was required to contribute \$.60 per hour for each hour worked by the employees to the Plan.

**c. Contributions**

YEAR ENDED JUNE 30.	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTION
2006	\$ 160,662	\$ 160,662	100%
2007	165,352	165,352	100%
2008	176,198	176,198	100%

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

**1. Plan Description**

The City maintains and administers a single-employer OPEB benefit plan that covers all public safety employees. The plan provides health benefits and life insurance benefits to eligible retired police and fire employees and their beneficiaries. The plans provisions may be amended by the City and the Trustees of the plan. The trust is accounted for as an OPEB trust fund in the City's financial statements. A separate report on the OPEB Plan is not available.

**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. Administrative costs are generally financed through investment earnings.

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

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**IV. OTHER INFORMATION (CONTINUED)**

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

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

**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, 2008 (date of the last actuarial valuation) membership data was as follows:

Active employees	327
Inactive Employees:	
Retirees	204
Spouses	166
Retiree (Life only)	<u>120</u>
Total plan members	<u>817</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 member dies before reaching normal retirement age in the line of duty, the City pays the full cost of family medical coverage (as in effect at the time of the member's death) until the member's normal retirement date. In addition, the City pays the life insurance premium for its retirees on a plan ranging from \$17,000 to \$25,000, depending on the date of retirement.

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

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

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

Annual required contribution	\$ 3,606,418
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	3,606,418
Contributions made	<u>3,515,766</u>
Decrease in net OPEB obligation	( 90,652)
Net OPEB asset - July 1, 2007	<u>176,411</u>
Net OPEB asset - June 30, 2008	<u>\$ 85,759</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 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</u>
6/30/07	\$ 3,515,765	105%	\$ 176,411
6/30/08	3,606,418	102%	259,371

**5. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2008 (the date of the most recent actuarial valuation) was as follows:

Actuarial accrued liability (AAL)	\$52,191,492
Actuarial value of plan assets	<u>505,545</u>
Unfunded actuarial accrued liability (UAAL)	51,685,947
Funded ratio (actuarial value of plan assets/AAL)	1.0 %
Covered payroll (active plan members)	n/a
UAAL as a percentage of covered payroll	n/a

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

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

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefits (OPEB) – Public Safety 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. Assets are valued at fair market value. 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, 2008 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 6% for 2008 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. A separate report on the OPEB Plan is not available.

CITY OF CRANSTON, RHODE ISLAND  
 NOTES TO BASIC FINANCIAL STATEMENTS (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**

**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, 2007 (date of the last actuarial valuation) membership data was as follows:

Active employees	1,051
Inactive Employees:	
Retirees	<u>344</u>
Total plan members	<u>1,395</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. No benefits are paid for employees retiring prior to 1988.

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

**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. The following table shows the components of the Board of Education's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board of Education's net OPEB obligation.

Annual required contribution	\$ 2,676,269
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	2,676,269
Contributions made	<u>2,122,221</u>
Decrease in net OPEB obligation	554,048
Net OPEB asset - July 1, 2007	<u>-</u>
Net OPEB asset - June 30, 2008	<u>\$ 554,048</u>

The Board of Education's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	\$ 2,676,269	79%	\$ 554,048

**5. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2007 (the date of the most recent actuarial valuation) was as follows:

Actuarial accrued liability (AAL)	\$29,950,366
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	25,950,366
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	n/a
UAAL as a percentage of covered payroll	n/a

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

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**IV. OTHER INFORMATION (CONTINUED)**

**F. Other Post-Employment Benefits (OPEB) – Board of Education 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. Assets are valued at fair market value. 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, 2007 actuarial valuation. Actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses). Only assets that have been contributed to an 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 5% for 2008. The 5% growth is used on a go-forward basis. The UAAL will be amortized over a closed thirty year period.

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

**IV. OTHER INFORMATION (CONTINUED)**

**G. Police and Fire Employees' Pension Plan and Other Post Employment Benefit (OPEB) Public Safety Employees Plan – Financial Information**

**Pension and OPEB Statements**

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS  
 JUNE 30, 2008

	PENSION TRUST FUNDS	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	TOTAL PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS
ASSETS			
Cash and cash equivalents	\$ 725,634	\$ 257,121	\$ 982,755
Investments:			
Real Estate Investment Trust	2,104,939		2,104,939
Equity Mutual Funds	26,995,896		26,995,896
Fixed income Index Mutual Fund	10,818,185		10,818,185
Bond Mutual Funds	10,316,127		10,316,127
Total Investments	50,235,147		50,235,147
Due from other funds		275,669	275,669
TOTAL ASSETS	50,960,781	532,790	51,493,571
LIABILITIES			
Accounts payable		27,245	27,245
Deposits held in custody for others			-
TOTAL LIABILITIES	-	27,245	27,245
NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS AND OTHER PURPOSES	\$ 50,960,781	\$ 505,545	\$ 51,466,326

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

**IV. OTHER INFORMATION (CONTINUED)**

**G. Police and Fire Employees' Pension Plan and Other Post Employment Benefit (OPEB) Public Safety Employees Plan – Financial Information**

**Pension and OPEB Statements (Continued)**

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING SCHEDULE OF CHANGES IN PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008

	PENSION TRUST FUNDS	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	TOTAL PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS
ADDITIONS:			
Contributions:			
Employer contributions	\$ 19,889,000	\$ 3,515,766	\$ 23,404,766
Plan member contributions	667,464	173,612	841,076
Total contributions	20,556,464	3,689,378	24,245,842
Investment income (loss):			
Interest and dividends	66,483	11,270	77,753
Net depreciation in the fair value of investments	(2,321,479)		(2,321,479)
Total investment income (loss)	(2,254,996)	11,270	(2,243,726)
TOTAL ADDITIONS	18,301,468	3,700,648	22,002,116
DEDUCTIONS:			
Benefits	18,250,257	3,305,013	21,555,270
Administration expenses	462,132	17,760	479,892
TOTAL DEDUCTIONS	18,712,389	3,322,773	22,035,162
CHANGE IN NET ASSETS	(410,921)	377,875	(33,046)
NET ASSETS - JULY 1, 2007	51,371,702	127,670	51,499,372
NET ASSETS - JUNE 30, 2008	\$ 50,960,781	\$ 505,545	\$ 51,466,326

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

**IV. OTHER INFORMATION (CONTINUED)**

**H. 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 \$5,810,883.

**I. Required Supplementary Information**

The Schedules of Revenues, Expenditures and Changes in Fund Balance Budget and Actual for the General Fund and the School Unrestricted Fund are presented using the modified accrual basis of accounting.

**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:

	<u>GENERAL FUND</u>		<u>SCHOOL DEPARTMENT FUND</u>		
	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS					
JUNE 30, 2008 .....	\$ 230,405,440	\$ 22,103,405	\$ 39,351,886	\$ 130,548,041	\$ (5,183,930)
Expenditures accounted for on the budgetary basis associated with Education funds.....	(125,328,548)				
Encumbrances outstanding at June 30, 2007 liquidated during the year ended June 30, 2008 ...	170,709				
Encumbrances outstanding at June 30, 2008 charged to budgetary expenditures.....				(573,226)	573,226
Reclassifications to transfers out.....	(1,186,860)				
State Teachers' Retirement on-behalf payment .....			5,810,883	5,810,883	
BALANCE, GAAP BASIS - JUNE 30, 2008 .....	<u>\$ 104,060,741</u>	<u>\$ 22,103,405</u>	<u>\$ 45,162,769</u>	<u>\$ 135,785,698</u>	<u>\$( 4,610,704)</u>

Reclassifications to transfers out represents transfers to other funds that are budgeted as a line item in the general fund.

**J. Subsequent Events**

On August 7, 2008, the Rhode Island Health and Education Building Corporation issued \$24,675,000 of Revenue Bonds of which \$7,000,000 were on behalf of the City of Cranston. These Bonds have an interest rate ranging from 3.75% to 6.0% and are maturing on April 1, 2029. These bonds were issues to fund school capital projects.

On December 15, 2008, the City Council ratified a three-year contract for Fiscal Years 09-11 with the Laborer’s International Union of North America. The contract calls for a 0%, 2.9% and 3.0% increase in wages for each of the fiscal years, respectively.

Subsequent to June 30, 2008, the stock market experienced a significant decline in value. The pension committee and Legislative Council continue to monitor its investments closely in accordance with its investment policy and asset allocation.

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.

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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, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>				
General property taxes.....	\$ 154,041,432	\$ 154,041,432	\$ 155,213,411	\$ 1,171,979
Intergovernmental .....	22,522,973	22,722,973	21,141,131	(1,581,842)
Charges for Services:				
Licenses and permits.....	4,022,580	4,022,580	2,808,754	(1,213,826)
Fines and forfeitures.....	1,550,000	1,550,000	1,767,805	217,805
Departmental.....	9,151,918	9,151,918	6,955,672	(2,196,246)
Investment income.....	2,000,000	2,000,000	1,823,841	(176,159)
Education.....	40,982,338	39,914,911	39,914,911	-
Other.....	420,675	220,675	390,096	169,421
<b>TOTAL REVENUES.....</b>	<b>234,691,916</b>	<b>233,624,489</b>	<b>230,015,621</b>	<b>(3,608,868)</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Executive.....	513,467	513,467	483,138	30,329
City Council.....	994,431	300,283	226,934	73,349
Law.....	467,300	467,300	503,807	(36,507)
Personnel.....	187,429	217,429	216,118	1,311
City Clerk.....	1,450,500	1,450,500	1,118,316	332,184
Probate Court.....	19,339	19,339	19,046	293
Municipal Court.....	269,175	269,175	259,468	9,707
Board of Canvassers.....	227,207	227,207	212,921	14,286
City Planning.....	369,407	369,407	363,229	6,178
Economic Development.....	345,917	345,917	173,987	171,930
Finance.....	4,599,198	4,739,198	4,500,031	239,167
Fire.....	25,085,861	25,265,861	25,181,412	84,449
Inspections.....	1,212,125	1,212,125	953,611	258,514
Police.....	20,221,844	20,471,844	20,391,816	80,028
Public works.....	13,762,802	13,856,950	13,686,856	170,094
Parks and recreation.....	2,161,209	2,161,209	2,114,610	46,599
Public libraries.....	3,070,340	3,070,340	3,070,340	-
Community Grants.....	140,500	140,500	140,500	-
Senior services.....	2,963,110	2,963,110	2,931,862	31,248
Municipal Debt.....	8,750,370	8,750,370	8,738,387	11,983
Long-Term Debt.....	18,185,121	18,185,121	18,185,121	-
Boards and Commissions.....	22,010	22,010	19,417	2,593
Harbor Master.....	4,690	4,690	3,885	805
Rescue Fund.....	3,266,500	3,266,500	1,582,080	1,684,420
Education.....	126,395,975	125,328,548	125,328,548	-
<b>TOTAL EXPENDITURES.....</b>	<b>234,685,827</b>	<b>233,618,400</b>	<b>230,405,440</b>	<b>3,212,960</b>
<b>OTHER FINANCING SOURCES:</b>				
Issuance of debt.....			4,000,000	4,000,000
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ 6,089</b>	<b>\$ 6,089</b>	<b>3,610,181</b>	<b>3,604,092</b>
FUND BALANCE - JULY 1, 2007.....			18,493,224	
FUND BALANCE - JUNE 30, 2008.....			<u>\$ 22,103,405</u>	

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, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
State aid.....	\$ 36,648,338	\$ 36,648,338	\$ 35,636,308	\$ (1,012,030)
Federal through State.....	1,900,000	1,900,000	1,840,548	(59,452)
Tuition.....	2,031,500	2,031,500	1,579,427	(452,073)
Miscellaneous.....	402,500	402,500	295,603	(106,897)
<b>TOTAL REVENUES.....</b>	<b>40,982,338</b>	<b>40,982,338</b>	<b>39,351,886</b>	<b>(1,630,452)</b>
<b>EXPENDITURES:</b>				
Salaries.....	81,776,650	82,690,683	84,323,356	(1,632,673)
Employee benefits.....	30,455,939	29,621,268	31,011,913	(1,390,645)
Purchased services.....	9,036,166	9,036,166	9,348,866	(312,700)
Supplies and materials.....	4,354,053	4,337,053	4,529,841	(192,788)
Capital outlay.....	526,244	519,644	472,909	46,735
Other.....	246,923	191,161	861,156	(669,995)
<b>TOTAL EXPENDITURES.....</b>	<b>126,395,975</b>	<b>126,395,975</b>	<b>130,548,041</b>	<b>(4,152,066)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES...</b>	<b>(85,413,637)</b>	<b>(85,413,637)</b>	<b>(91,196,155)</b>	<b>(5,782,518)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in City of Cranston.....	85,413,637	85,413,637	85,413,637	-
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(5,782,518)</b>	<b>\$ (5,782,518)</b>
FUND BALANCE - JULY 1, 2007.....			598,588	
FUND BALANCE - JUNE 30, 2008.....			<u>\$ (5,183,930)</u>	

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

CRANSTON RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

**POLICE AND FIRE PLAN**

ACTUARIAL VALUATION DATE	A	B	(A-B)	(A/B)	C	[(A-B)/C]
JULY 1,	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY 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
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%)

**PUBLIC SAFETY OPEB TRUST PLAN**

ACTUARIAL VALUATION DATE	A	B	(A-B)	(A/B)	C	[(B-A)/C]
JULY 1,	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY 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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

CRANSTON RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS

DEPARTMENT OF EDUCATION OPEB TRUST PLAN						
ACTUARIAL VALUATION DATE JULY,	A	B	(A-B)	(A/B)	C	[(B-A)/C]
	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY 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	\$ -	\$ 25,950,366	(25,950,366)	0.0%	N/A	N/A

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM						
ACTUARIAL VALUATION DATE JULY,	A	B	(A-B)	(A/B)	C	[(A-B)/C]
	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY 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
2002	\$ 115,259,090	\$ 91,029,401	\$ 24,229,689	126.6%	\$ 23,440,036	- (0,103.4%)
2003	110,439,637	92,892,158	17,547,479	118.9%	21,675,306	- (0,081.0%)
2004	106,967,754	97,050,042	9,917,712	110.2%	23,035,308	- (0,043.1%)
2005	105,082,284	102,678,224	2,404,060	102.3%	23,531,717	- (0,010.2%)
2006	108,693,423	107,772,769	920,654	100.9%	24,701,259	- (0,003.7%)
2007	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available

CITY OF CRANSTON, RHODE ISLANDREQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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POLICE AND FIRE PENSION PLAN

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<u>Year Ended June 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>% of ARC Contributed</u>
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	19,898,000	96%

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PUBLIC SAFETY OPEB TRUST PLAN

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<u>Year Ended June 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>% of ARC Contributed</u>
2007	\$ 3,515,765	\$ 3,692,176	105%
2008	3,606,418	3,515,766	97%

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DEPARTMENT OF EDUCATION OPEB TRUST PLAN

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<u>Year Ended June 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>% of ARC Contributed</u>
2008	\$ 2,676,269	\$ 2,122,221	79%

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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.

*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 Fund* - 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.

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Special Revenue Funds				
	Education	Budget Stabilization	Hospital Stabilization	Community Development Block Grant	Public Service
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 307,428	\$ 869,925	\$ 369,839	\$ 43,467	\$ 553,577
Investments					
Receivables:					
Intergovernmental	864,959			1,264,100	35,000
Loans					
Other	22,247				105,145
Prepays	24,384				
Due from other funds	187,436		1,186,860		
<b>TOTAL ASSETS</b>	<b>\$ 1,406,454</b>	<b>\$ 869,925</b>	<b>\$ 1,556,699</b>	<b>\$ 1,307,567</b>	<b>\$ 693,722</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 10,994	\$ 26,400	\$	\$ 252	\$ 43,289
Accrued payroll		111,026		5,617	2,540
Retainage payable					
Due to other funds	891,826	268,144		64,552	145,986
Deferred and unearned revenues	148,690			1,264,100	546
Other liabilities	347,000				
<b>TOTAL LIABILITIES</b>	<b>1,398,510</b>	<b>405,570</b>	<b>-</b>	<b>1,334,521</b>	<b>192,361</b>
<b>FUND BALANCES:</b>					
Reserved for commitments					
Reserved for prepaid items	24,384				
Unreserved, reported in:					
Special revenue funds	(16,440)	464,355	1,556,699	(26,954)	501,361
Capital project funds					
<b>TOTAL FUND BALANCES</b>	<b>7,944</b>	<b>464,355</b>	<b>1,556,699</b>	<b>(26,954)</b>	<b>501,361</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,406,454</b>	<b>\$ 869,925</b>	<b>\$ 1,556,699</b>	<b>\$ 1,307,567</b>	<b>\$ 693,722</b>

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Special Revenue Funds						Economic Development Revolving Loan
	Restitution	Cultural Services	Public Works	Excise Tax Phase-out	Governmental Special Revenue Funds		
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 94,252	\$ 236,113	\$ 278,802	\$ 292	\$ 743,479	\$ 733,057	
Investments							
Receivables:							
Intergovernmental					88,687	871,658	
Loans							
Other							
Prepays							
Due from other funds							
<b>TOTAL ASSETS</b>	<b>\$ 94,252</b>	<b>\$ 236,113</b>	<b>\$ 278,802</b>	<b>\$ 292</b>	<b>\$ 832,166</b>	<b>\$ 1,604,715</b>	
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable		\$ 1,281	\$	\$	\$ 37,139	\$	
Accrued payroll							
Retainage payable						29,740	
Due to other funds						871,658	
Deferred and unearned revenues					115,000		
Other liabilities							
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,281</b>	<b>-</b>	<b>-</b>	<b>240,826</b>	<b>901,398</b>	
<b>FUND BALANCES:</b>							
Reserved for commitments							
Reserved for prepaid items							
Unreserved, reported in:							
Special revenue funds	94,252	234,832	278,802	292	591,340	703,317	
Capital project funds							
<b>TOTAL FUND BALANCES</b>	<b>94,252</b>	<b>234,832</b>	<b>278,802</b>	<b>292</b>	<b>591,340</b>	<b>703,317</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 94,252</b>	<b>\$ 236,113</b>	<b>\$ 278,802</b>	<b>\$ 292</b>	<b>\$ 832,166</b>	<b>\$ 1,604,715</b>	

**SCHEDULE 1**  
**(3 of 4)**

**CITY OF CRANSTON, RHODE ISLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	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	\$ 1,663,244	\$ 33,060	\$ 230,272	\$ 362,088	\$ 313,888	\$ 37,626
Investments			17,695		1,300,000	500,000
Receivables:						
Intergovernmental						
Loans						
Other						318,893
Prepays			10,000			
Due from other funds						
<b>TOTAL ASSETS</b>	<b>\$ 1,663,244</b>	<b>\$ 33,060</b>	<b>\$ 257,967</b>	<b>\$ 362,088</b>	<b>\$ 1,613,888</b>	<b>\$ 856,519</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 1,215	\$ 446	\$ 3,484	\$ 512,154	\$ 681,357	\$
Accrued payroll		7,594				
Retainage payable				48,924		
Due to other funds		49,298	12,819			
Deferred and unearned revenues	4,490					
Other liabilities						
<b>TOTAL LIABILITIES</b>	<b>5,705</b>	<b>57,338</b>	<b>16,303</b>	<b>561,078</b>	<b>681,357</b>	<b>-</b>
<b>FUND BALANCES:</b>						
Reserved for commitments				2,752,554		
Reserved for prepaid items						
Unreserved, reported in:						
Special revenue funds	1,657,539	(24,278)	241,664		932,531	856,519
Capital project funds				(2,951,544)		
<b>TOTAL FUND BALANCES</b>	<b>1,657,539</b>	<b>(24,278)</b>	<b>241,664</b>	<b>(198,990)</b>	<b>932,531</b>	<b>856,519</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,663,244</b>	<b>\$ 33,060</b>	<b>\$ 257,967</b>	<b>\$ 362,088</b>	<b>\$ 1,613,888</b>	<b>\$ 856,519</b>

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	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	\$ 278,319	\$ 191,316	\$ 93	\$ 231,368	\$ 557,549	\$ 8,129,054
Investments	1,600,000	750,000				4,167,695
Receivables:						
Intergovernmental						899,959
Loans						2,224,445
Other		2,989,624				3,435,909
Prepays						24,384
Due from other funds						1,384,296
<b>TOTAL ASSETS</b>	<b>\$ 1,878,319</b>	<b>\$ 3,930,940</b>	<b>\$ 93</b>	<b>\$ 231,368</b>	<b>\$ 557,549</b>	<b>\$ 20,265,742</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 190,260	\$ 72,550	\$	\$ 55,865	\$	\$ 1,636,686
Accrued payroll						126,777
Retainage payable	10,893		15,100			74,917
Due to other funds						1,462,365
Deferred and unearned revenues						2,378,171
Other liabilities						462,000
<b>TOTAL LIABILITIES</b>	<b>201,153</b>	<b>72,550</b>	<b>15,100</b>	<b>55,865</b>	<b>-</b>	<b>6,140,916</b>
<b>FUND BALANCES:</b>						
Reserved for commitments	314,356					3,066,910
Reserved for prepaid items						24,384
Unreserved, reported in:						
Special revenue funds	1,362,810	3,858,390	(15,007)	175,503	557,549	6,256,781
Capital project funds	1,677,166	3,858,390	(15,007)	175,503	557,549	4,776,751
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,878,319</b>	<b>\$ 3,930,940</b>	<b>\$ 93</b>	<b>\$ 231,368</b>	<b>\$ 557,549</b>	<b>\$ 20,265,742</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, 2008**

	Special Revenue Funds				
	Education	Budget Stabilization	Hospital Stabilization	Community Development Block Grant	Public Service
<b>REVENUES:</b>					
Intergovernmental	\$ 7,888,940	\$	\$	\$ 760,057	\$ 103,305
Charges for services	806,902				959,911
Investment income	3,211			204,925	24,158
Other	177,364				
<b>TOTAL REVENUES</b>	<b>8,876,417</b>	<b>-</b>	<b>-</b>	<b>964,982</b>	<b>1,087,374</b>
<b>EXPENDITURES:</b>					
Current:					
General government		4,524			
Public safety		794,360	1,750,000		1,078,788
Education	8,973,259				
Parks and recreation					
Public libraries					
Senior services					
Community development				876,379	
Debt service:					
Interest and other costs					
Capital:					
Capital expenditures					
<b>TOTAL EXPENDITURES</b>	<b>8,973,259</b>	<b>798,884</b>	<b>1,750,000</b>	<b>876,379</b>	<b>1,078,788</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(96,842)</b>	<b>(798,884)</b>	<b>(1,750,000)</b>	<b>88,603</b>	<b>8,586</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of general obligation bond					
Bond premium					1,963
Transfers in			1,186,860		(156,219)
Transfers out					
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>1,186,860</b>	<b>-</b>	<b>(154,256)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(96,842)</b>	<b>(798,884)</b>	<b>(563,140)</b>	<b>88,603</b>	<b>(145,670)</b>
<b>FUND BALANCES - JULY 1, 2007</b>	<b>104,786</b>	<b>1,263,239</b>	<b>2,119,839</b>	<b>(115,557)</b>	<b>647,031</b>
<b>FUND BALANCES - JUNE 30, 2008</b>	<b>\$ 7,944</b>	<b>\$ 464,355</b>	<b>\$ 1,556,699</b>	<b>\$ (26,954)</b>	<b>\$ 501,361</b>

(Continued)

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds					Economic Development Revolving Loan
	Restitution	Cultural Services	Public Works	Excise Tax Phase-out	Governmental Special Revenue Funds	
REVENUES:						
Intergovernmental						
Charges for services		\$ 26,938		\$ 12,241,745	\$ 166,905	\$
Investment income	3,404	20,036	10,071	292	25,624	63,032
Other		67,000				
<b>TOTAL REVENUES</b>	<b>3,404</b>	<b>113,974</b>	<b>10,071</b>	<b>12,242,037</b>	<b>192,529</b>	<b>63,032</b>
EXPENDITURES:						
Current:						
General government		10,982			140,885	104,330
Public safety						
Education						
Parks and recreation		9,064				
Public libraries		92,756				
Senior services						
Community development						
Debt service:						
Interest and other costs						
Capital:						
Capital expenditures						
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>112,802</b>	<b>-</b>	<b>-</b>	<b>140,885</b>	<b>104,330</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,404</b>	<b>1,172</b>	<b>10,071</b>	<b>12,242,037</b>	<b>51,644</b>	<b>(41,298)</b>
OTHER FINANCING SOURCES (USES):						
Issuance of general obligation bond						
Bond premium						
Transfers in				(12,245,917)		
Transfers out				(12,245,917)		
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,245,917)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,404</b>	<b>1,172</b>	<b>10,071</b>	<b>(3,880)</b>	<b>51,644</b>	<b>(41,298)</b>
FUND BALANCES - JULY 1, 2007	90,848	233,660	268,731	4,172	539,696	744,615
FUND BALANCES - JUNE 30, 2008	\$ 94,252	\$ 234,832	\$ 278,802	\$ 292	\$ 591,340	\$ 703,317

(Continued)

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	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	239,385	\$ 326,545	93,245				\$
Investment income	70,625	1,059	10,655				
Other							
TOTAL REVENUES	310,010	327,604	103,900	-	-	-	-
EXPENDITURES:							
Current:							
General government	152,280	384,161					
Public safety	72,378						
Education							
Parks and recreation	402,938						
Public libraries							
Senior services			154,498				
Community development							
Debt service:							
Interest and other costs							
Capital:							
Capital expenditures	140,000			3,914,979	2,635,308	9,190	46,193
TOTAL EXPENDITURES	767,596	384,161	154,498	3,914,979	2,685,614	55,383	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(457,586)	(56,557)	(50,598)	(3,914,979)	(2,685,614)	(55,383)	
OTHER FINANCING SOURCES (USES):							
Issuance of general obligation bond							
Bond premium					1,541,000	320,000	
Transfers in					45,426	8,083	
Transfers out							
NET OTHER FINANCING SOURCES (USES)	-	-	-	-	1,586,426	328,083	
NET CHANGE IN FUND BALANCES	(457,586)	(56,557)	(50,598)	(3,914,979)	(1,099,188)	272,700	
FUND BALANCES - JULY 1, 2007	2,115,125	32,279	292,262	3,715,989	2,031,719	583,819	
FUND BALANCES - JUNE 30, 2008	\$ 1,657,539	\$ (24,278)	\$ 241,664	\$ (198,990)	\$ 932,531	\$ 856,519	

(Continued)

**CITY OF CRANSTON, RHODE ISLAND**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	Capital Project Funds				Total Nonmajor Governmental Funds
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Neighborhood Infrastructure Bond Fund	
REVENUES:					
Intergovernmental	\$	\$	\$	\$	\$
Charges for services					20,994,047
Investment income					2,619,831
Other					437,092
					244,364
<b>TOTAL REVENUES</b>					<b>24,295,334</b>
EXPENDITURES:					
Current:					
General government					797,162
Public safety					3,695,526
Education					8,973,259
Parks and recreation					412,002
Public libraries					92,756
Senior services					154,498
Community development					876,379
Debt service:					
Interest and other costs	88,473	118,427			14,789
Capital:					
Capital expenditures	1,756,480	302,132	3,689	56,666	100,000
	1,844,953	420,559	3,689	56,666	114,789
<b>TOTAL EXPENDITURES</b>	<b>(1,844,953)</b>	<b>(420,559)</b>	<b>(3,689)</b>	<b>(56,666)</b>	<b>24,238,214</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					<b>57,120</b>
OTHER FINANCING SOURCES (USES):					
Issuance of general obligation bond	2,710,000	3,989,000			515,000
Bond premium	79,886	104,928			13,008
Transfers in					
Transfers out					
	2,789,886	4,093,928			528,008
<b>NET OTHER FINANCING SOURCES (USES)</b>					<b>(1,886,982)</b>
<b>NET CHANGE IN FUND BALANCES</b>	944,933	3,673,369	(3,689)	(56,666)	413,219
<b>FUND BALANCES - JULY 1, 2007</b>	732,233	185,021	(11,318)	232,169	144,330
<b>FUND BALANCES - JUNE 30, 2008</b>	\$ 1,677,166	\$ 3,858,390	\$ (15,007)	\$ 175,503	\$ 557,549
					\$ 14,124,826

(Concluded)

**CITY OF CRANSTON, RHODE ISLAND**

NONMAJOR BUDGETARY FUNDS  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET BASIS  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2008

**COMMUNITY DEVELOPMENT BLOCK GRANT**

	ORIGINALLY ADOPTED BUDGET	FINAL APPROVED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES:				
Program Income	\$ 160,000	\$ 160,000	\$ 204,925	\$ 44,925
Federal Grants	1,088,883	1,088,883	760,057	(328,826)
Total Revenues	1,248,883	1,248,883	964,982	(283,901)
EXPENDITURES:				
Program Activities	1,248,883	1,248,883	876,379	372,504
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 88,603	\$ 88,603

**WORKFORCE INVESTMENT ACT JOB DEVELOPMENT**

	ORIGINALLY ADOPTED BUDGET	FINAL APPROVED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES:				
Program Income	\$ 340,188	\$ 386,098	\$ 326,545	\$ (59,553)
Investment Income			1,059	1,059
Total Revenues	340,188	386,098	327,604	(58,494)
EXPENDITURES:				
Program Activities	340,188	386,098	384,161	(1,937)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (56,557)	\$ (56,557)

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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 was established to account for funds set aside to pay land developers who perform services for the City.

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

## CITY OF CRANSTON, RHODE ISLAND

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS  
JUNE 30, 2008

	PENSION TRUST FUNDS	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	TOTAL PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 725,634	\$ 257,121	\$ 982,755	\$ 1,543,595
Investments:				
Real Estate Investment Trust	2,104,939		2,104,939	
Equity Mutual Funds	26,995,896		26,995,896	
Fixed income Index Mutual Fund	10,818,185		10,818,185	
Bond Mutual Funds	10,316,127		10,316,127	
Total Investments	50,235,147		50,235,147	
Due from other funds		275,669	275,669	
<b>TOTAL ASSETS</b>	<b>50,960,781</b>	<b>532,790</b>	<b>51,493,571</b>	<b>1,543,595</b>
<b>LIABILITIES</b>				
Accounts payable		27,245	27,245	
Deposits held in custody for others			-	1,543,595
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>27,245</b>	<b>27,245</b>	<b>1,543,595</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OPEB BENEFITS AND OTHER PURPOSES</b>	<b>\$ 50,960,781</b>	<b>\$ 505,545</b>	<b>\$ 51,466,326</b>	<b>\$ -</b>

CITY OF CRANSTON, RHODE ISLAND

COMBINING SCHEDULE OF CHANGES IN PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	PENSION TRUST FUNDS	OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	TOTAL PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS
<b>ADDITIONS:</b>			
<b>Contributions:</b>			
Employer contributions	\$ 19,889,000	\$ 3,515,766	\$ 23,404,766
Plan member contributions	667,464	173,612	841,076
<b>Total contributions</b>	<b>20,556,464</b>	<b>3,689,378</b>	<b>24,245,842</b>
<b>Investment income (loss):</b>			
Interest and dividends	66,483	11,270	77,753
Net depreciation in the fair value of investments	(2,321,479)		(2,321,479)
<b>Total investment income (loss)</b>	<b>(2,254,996)</b>	<b>11,270</b>	<b>(2,243,726)</b>
<b>TOTAL ADDITIONS</b>	<b>18,301,468</b>	<b>3,700,648</b>	<b>22,002,116</b>
<b>DEDUCTIONS:</b>			
Benefits	18,250,257	3,305,013	21,555,270
Administration expenses	462,132	17,760	479,892
<b>TOTAL DEDUCTIONS</b>	<b>18,712,389</b>	<b>3,322,773</b>	<b>22,035,162</b>
<b>CHANGE IN NET ASSETS</b>	<b>(410,921)</b>	<b>377,875</b>	<b>(33,046)</b>
<b>NET ASSETS - JULY 1, 2007</b>	<b>51,371,702</b>	<b>127,670</b>	<b>51,499,372</b>
<b>NET ASSETS - JUNE 30, 2008</b>	<b>\$ 50,960,781</b>	<b>\$ 505,545</b>	<b>\$ 51,466,326</b>

**CITY OF CRANSTON, RHODE ISLAND**

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE JULY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
<b>ASSETS</b>				
<b>CASH:</b>				
Unclaimed estates in probate	\$ 144,957	\$ 301	\$ 17,481	\$ 127,777
Performance bonds	463,091	803,466	364,132	902,425
Student activity funds	602,296	1,838,670	1,927,573	513,393
<b>TOTAL ASSETS</b>	<b>\$ 1,210,344</b>	<b>\$ 2,642,437</b>	<b>\$ 2,309,186</b>	<b>\$ 1,543,595</b>
<b>LIABILITIES</b>				
<b>DEPOSITS HELD IN CUSTODY FOR OTHERS:</b>				
Unclaimed estates in probate	\$ 144,957	\$ 301	\$ 17,481	\$ 127,777
Performance bonds	463,091	803,466	364,132	902,425
Student activity funds	602,296	1,838,670	1,927,573	513,393
<b>TOTAL LIABILITIES</b>	<b>\$ 1,210,344</b>	<b>\$ 2,642,437</b>	<b>\$ 2,309,186</b>	<b>\$ 1,543,595</b>

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

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SCHEDULE 7

CITY OF CRANSTON, RHODE ISLAND

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2008

	LAND	LAND IMPROVEMENTS	BUILDINGS *	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
General government.....	\$ 11,051,635	\$ 11,366,548	\$ 69,949,122	\$ 770,789	\$ 344,078	\$ 82,749,496	\$ 176,231,668
Public safety.....				2,756,711	8,226,217		10,982,928
Public works.....				738,212	3,837,067		4,575,279
Education.....			9,511,299	1,017,991	2,193,487		12,722,777
Parks and recreation.....				1,072,628	423,588		1,496,216
Public libraries.....				3,319,444	8,700		3,328,144
Senior services.....				98,340	368,938		467,278
<b>TOTAL.....</b>	<b>\$ 11,051,635</b>	<b>\$ 11,366,548</b>	<b>\$ 79,460,421</b>	<b>\$ 9,774,115</b>	<b>\$ 15,402,075</b>	<b>\$ 82,749,496</b>	<b>\$ 209,804,290</b>

\* Includes construction in progress.

**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, 2008**

	BALANCE JULY 1, 2006	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2007
General government.....	\$ 162,279,329	\$ 5,746,019	\$ 351,740	\$ 167,673,608
Public safety.....	9,644,645	1,858,293	340,247	11,162,691
Public works.....	4,061,466	1,176,056	815,222	4,422,300
Education.....	1,857,698	5,200,483	98,475	6,959,706
Parks and recreation.....	1,625,785			1,625,785
Public libraries.....	3,605,000			3,605,000
Senior services.....	468,900			468,900
<b>TOTAL CAPITAL ASSETS .....</b>	<b>\$ 183,542,823</b>	<b>\$ 13,980,851</b>	<b>\$ 1,605,684</b>	<b>\$ 195,917,990</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 SEVEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$ 27,722,028	\$ 28,499,098	\$ 12,863,084	\$ 36,731,439	\$ 36,571,258	\$ 65,847,258	\$ (35,603,725)
Restricted	3,219,448	2,530,430	9,468,021			621,085	5,963,118
Unrestricted	(62,598,154)	(59,323,748)	(42,514,069)	(60,538,517)	(67,245,897)	(127,626,157)	(132,708,572)
<b>Total Governmental activities</b>	<b>(31,656,678)</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	60,339,186	63,828,596	63,684,992	61,785,287	61,892,799	61,013,636	61,364,446
Restricted	507,594	954,040	504,624	500,267	500,267	820,751	819,358
Unrestricted	(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>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	88,061,214	92,327,694	76,548,076	98,516,726	98,464,057	126,860,894	25,760,721
Restricted	3,727,042	3,484,470	9,972,645	500,267	500,267	1,441,836	6,782,476
Unrestricted	(82,621,812)	(84,528,441)	(67,116,199)	(88,400,499)	(97,970,541)	(157,117,029)	(171,834,214)
<b>Total City</b>	<b>\$ 9,166,444</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 SEVEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
<b>EXPENSES:</b>							
Governmental activities:							
General government	\$ 12,007,487	\$ 14,667,120	\$ 10,038,244	\$ 15,849,140	\$ 12,264,371	\$ 14,054,259	\$ 11,315,504
Public safety	65,517,492	69,816,686	66,103,904	61,212,863	58,737,753	48,600,836	54,311,983
Public works	13,603,612	13,111,503	12,353,799	12,500,813	11,556,583	8,428,595	8,492,030
Education	145,897,708	139,954,890	128,470,859	123,345,770	115,118,837	114,486,888	104,666,500
Parks and recreation	2,604,501	2,617,354	2,384,414	2,059,016	1,848,297	1,801,404	2,007,121
Public libraries	3,159,253	3,142,534	2,824,696	2,761,476	2,790,619	2,662,535	2,559,200
Senior services	3,122,575	2,913,263	2,611,039	2,564,049	2,564,641	2,959,335	3,040,382
Community development	866,181	1,901,604	1,962,445	1,606,187	1,273,293	1,293,739	1,459,680
Interest expense	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>251,097,304</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>
Business-type activities:							
Sewer	16,174,140	16,233,984	16,221,383	15,052,454	15,612,521	13,553,258	15,305,821
Public Facilities Management Foundation	246,029	270,154	275,798	309,662	78,078	357,990	324,228
Water							18,608
School lunch	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>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>270,540,886</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>

(Continued)

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

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

**CITY OF CRANSTON, RHODE ISLAND**

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

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
<b>PROGRAM REVENUES:</b>							
Governmental activities:							
Charges for services:							
General government	\$ 5,474,802	\$ 8,725,161	\$ 9,339,781	\$ 10,094,738	\$ 14,279,624	\$ 7,167,456	\$ 3,835,199
Public safety	5,475,823	3,131,896	3,364,334	3,250,181	2,930,328	1,138,141	2,531,055
Public works	523,339	166,623	124,564	79,485	110,771		
Education	2,859,296	3,069,830	2,719,123		2,267,150	2,992,832	4,598,157
Parks and recreation	277,125	229,801	192,971	218,346	214,878		
Public libraries	68,500	85,000	82,500	179,232	124,987		
Senior services	1,580,788	1,442,583	1,392,072	1,264,135	1,461,805		
Other activities						3,622,184	1,126,311
Operating grants and contributions	55,043,215	55,006,239	51,704,145	53,592,333	49,494,352	46,172,804	45,397,783
Capital grants and contributions	103,305	694,453	114,596	342,051			243,949
Total Governmental activities program revenues	71,406,193	72,551,586	69,034,086	69,020,501	70,883,895	61,093,417	57,732,454
Business-type activities:							
Charges for services:							
Sewer	17,517,895	17,259,536	18,411,799	16,133,909	16,456,479	17,478,196	16,053,597
Public Facilities Management Foundation	187,849	256,199	247,419	304,306	45,000	319,699	452,161
Water							3,118
School lunch	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	1,436,380	1,170,646	1,101,082	1,036,970	939,419	911,614	886,491
Capital grants and contributions			2,030,980	836,249			
Total Business-type activities program revenues	20,471,676	20,272,900	23,208,623	19,801,714	18,924,453	20,280,979	18,932,004
Total City revenues	91,877,869	92,824,486	92,242,709	88,822,215	89,808,348	81,374,396	76,664,458
Net (expenses) revenues:							
Governmental activities	(179,691,111)	(179,446,507)	(164,387,363)	(156,082,194)	(137,525,350)	(138,363,857)	(133,596,651)
Business-type activities	1,028,094	811,741	4,023,299	1,853,196	745,088	3,821,964	889,998
Total City net expense	(178,663,017)	(178,634,766)	(160,364,064)	(154,228,998)	(136,780,262)	(134,541,893)	(132,706,653)

**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 SEVEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:</b>							
Governmental activities:							
General Revenues:							
Property taxes and other	\$ 169,279,075	\$ 162,010,764	\$ 158,960,204	\$ 158,547,041	\$ 155,870,057	\$ 140,791,381	\$ 118,179,277
Grants and contributions not restricted to specific programs	4,599,682	5,473,326	5,599,200	3,199,670	3,293,868	2,898,349	2,662,371
State revenue sharing				1,203,044	477,653	346,950	327,699
Unrestricted investment earnings	2,449,896	3,851,161	2,323,533				4,908,858
Miscellaneous Transfers				1,450,000		(495,919)	
Total Governmental activities	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	217,085	188,091	131,240	253,271	29,819	49,403	119,581
Transfers					(1,450,000)	495,919	
Total Business-type activities	217,085	188,091	131,240	253,271	(1,420,181)	545,322	119,581
Total City	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	(3,362,458)	(8,111,256)	2,495,574	6,867,561	23,566,228	5,176,904	(7,518,446)
Business-type activities	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	\$ (2,117,279)	\$ (7,111,424)	\$ 6,650,113	\$ 8,974,028	\$ 22,891,135	\$ 9,544,190	\$ (6,508,867)

(Concluded)

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

**TABLE 3**

**CITY OF CRANSTON, RHODE ISLAND**

**FUND BALANCES, GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
(UNAUDITED)**

	FISCAL YEAR						
	2008	2007	2006	2005	2004	2003	2002
General Fund:							
Reserved	\$ 3,193,052	\$ 170,709	\$	\$	\$	\$ 211,806	\$ 3,027,829
Unreserved	18,910,353	18,493,224	19,932,283	19,599,361	16,098,058	5,465,068	(4,454,508)
Total General Fund	22,103,405	18,663,933	19,932,283	19,599,361	16,098,058	5,676,874	(1,426,679)
All Other Governmental Funds:							
Reserved	3,792,674	2,359,721	9,468,021	449,705	770,552	409,279	2,935,289
Unreserved, designated	450,000	450,000	900,000	667,588	942,942	(4,193,715)	(2,871,535)
Unreserved, reported in:							
Special revenue funds	494,697	8,405,339	15,449,182	12,269,184	8,155,009	4,423,779	5,948,959
Capital project funds	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	9,514,122	16,553,276	38,713,274	14,624,685	12,312,972	(21,027,737)	(6,295,422)
<b>GRAND TOTAL</b>	<b>\$ 31,617,527</b>	<b>\$ 35,217,209</b>	<b>\$ 58,645,557</b>	<b>\$ 34,224,046</b>	<b>\$ 28,411,030</b>	<b>\$ (15,350,863)</b>	<b>\$ (7,722,101)</b>

**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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues:</b>										
Property taxes	\$ 155,213,411	\$ 147,243,054	\$ 145,906,925	\$ 146,687,442	\$ 142,444,687	\$ 130,881,284	\$ 108,564,553	\$ 103,540,505	\$ 102,322,000	\$ 100,353,000
Intergovernmental revenue	73,022,744	75,289,523	69,768,119	61,446,056	59,413,263	55,200,184	52,692,416	47,639,030	46,612,000	37,457,000
Charges for services	15,731,489	14,030,153	14,460,130	3,630,513	3,196,325	2,127,280	1,688,575	1,595,317	1,255,000	1,445,000
Licenses and permits				1,680,163	1,727,841	1,168,927	1,244,372	1,142,520	938,000	4,255,000
Fines and interest on late payments	2,260,933	3,635,196	2,111,701	1,104,514	449,364	346,950	327,699	826,411	1,462,000	1,214,000
Interest on investments				2,194,673	2,191,986	3,111,410				
Departmental				13,049,659	18,247,736	20,182,135	18,971,771	11,665,144	12,508,000	13,043,000
Other revenues	822,701	2,468,895	2,352,465	229,793,020	227,671,202	213,018,170	183,489,386	166,408,927	165,097,000	157,767,000
<b>Total revenues</b>	<b>247,051,278</b>	<b>242,656,821</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>165,097,000</b>	<b>157,767,000</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	8,874,157	11,427,653	9,237,728	10,222,585	9,173,000	12,714,754	10,061,207	8,154,772	5,331,000	5,864,000
Public safety	69,339,328	67,854,283	61,030,024	59,779,344	57,502,834	48,209,827	43,597,698	42,976,586	37,229,000	33,665,000
Public works	13,320,943	12,544,966	12,486,760	12,242,411	11,130,019	8,243,944	8,400,200	8,374,354	9,394,000	9,335,000
Education	144,758,957	139,538,319	128,541,976	123,115,632	114,916,387	114,225,766	105,030,656	98,363,576	91,703,000	86,306,000
Parks and recreation	2,526,612	2,316,148	2,347,676	1,945,381	1,730,551	1,775,134				
Public libraries	3,163,096	3,039,202	2,822,353	2,690,940	2,659,809	2,638,217				
Senior services	3,086,360	2,852,395	2,486,770	2,576,829	2,503,444	2,883,992				
Community development	876,379	1,916,946	1,974,504	1,606,187	1,273,293	1,293,739				
Other	163,802	175,183	156,257	771,881	470,759	8,142,700	9,787,400	10,382,250	15,949,000	10,321,000
Capital outlay	8,955,447	15,970,638	3,229,249	1,977,655	4,452,313	10,414,157	7,065,558	8,875,169	9,102,000	7,185,000
Debt service:										
Principal	4,980,000	4,520,000	3,845,000	3,820,000	2,954,563	4,398,667	4,995,383	3,819,234	4,888,000	5,102,000
Interest	4,039,572	3,719,436	6,103,447	5,779,525	2,385,125	3,595,173	3,564,541	2,738,431	2,976,000	2,417,000
<b>Total expenditures</b>	<b>264,084,633</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>176,372,000</b>	<b>160,195,000</b>
<b>Excess of revenues over expenditures</b>	<b>(17,033,375)</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>(11,475,000)</b>	<b>(2,428,000)</b>
<b>Other financing sources (uses):</b>										
Issuance of debt	13,075,000	23,900,000	23,900,000	22,280,000	27,050,000			13,320,000	15,023,000	
Bond premium	358,693	273,974	1,933,307	877,652						
Proceeds from leasing						705,057	2,521,436			
Transfers in	99,002,633	98,534,821	94,700,327	88,857,289	86,467,243	70,382,293	68,211,228	55,535,987	54,482,000	51,829,000
Repayment of debt to escrow agent				(21,755,000)				(13,141,029)		
Transfers out	(99,002,633)	(98,534,821)	(94,700,327)	(88,857,289)	(87,473,612)	(73,178,212)	(68,211,228)	(55,535,987)	(54,482,000)	(51,829,000)
<b>Net other financing sources (uses)</b>	<b>13,433,693</b>	<b>24,173,974</b>	<b>24,173,974</b>	<b>2,458,307</b>	<b>26,921,283</b>	<b>(2,090,862)</b>	<b>2,521,436</b>	<b>178,971</b>	<b>15,023,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(3,599,682)</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>\$ 3,548,000</b>	<b>\$ (2,428,000)</b>
<b>Debt service as a percentage of noncapital expenditures</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>	<b>4.7%</b>	<b>4.9%</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	
1999	\$ 3,349,781,100	32	N/A	N/A	\$ 3,793,282,852	\$ 587,224,419	32	42	N/A	\$ 587,224,419	\$ 3,937,005,519	\$ 4,380,507,271	0.899
2000	3,387,033,100	32	N/A	N/A	4,354,329,990	672,320,596	32	42	\$29	672,320,596	4,059,353,696	5,026,650,586	0.808
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	8,246,198,668	1.111

(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)

NAME	NATURE OF BUSINESS	GRAND LIST YEAR					
		2008		1999			
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (2)
Carponato Alfred	Real Estate Management	\$ 97,299,690.	1	1.06%	\$		
Gateway Woodside Inc.	Real Estate Management	81,933,306	2	0.89%	35,240,433	1	0.90%
Picorne Properties	Real Estate Management	63,387,611	3	0.69%	8,659,002	9	0.22%
National Grid	Utility	52,056,508	4	0.57%	36,626,317	2,3	0.94%
Brewery Parkade	Real Estate Management	38,468,700	5	0.42%			
Cox Communications Inc.	Cable Communications	34,043,100	6	0.37%	8,392,150	10	0.22%
Independence Way	Real Estate Management	27,515,500	7	0.30%			
BEMIT II Cranston LLC	Real Estate Management	23,770,330	8	0.26%			
Lowes	Retail Hardware	22,971,626	9	0.25%			
Independence Park Property	Real Estate Management	18,842,000	10	0.21%	10,597,500	6	0.27%
Amalgamated Financials Equities	Real Estate				12,036,400	4	0.31%
Providence Water	Utility				11,177,761	5	0.29%
RWF Inc. - Supervalue	Real Estate				8,687,742	8	0.22%
Eppley Realty Co. - Stop & Shop	Real Estate				8,752,707	7	0.22%
TOTAL		\$ 460,288,371		5.02%	\$ 140,170,012		3.59%

Source: Town Assessor Department.

(1) Based on a net taxable Grand List of \$9,162,442,964

(2) Based on a net taxable Grand List of \$3,897,081,200

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	PERCENTAGE OF DELINQUENT TAXES TO TOTAL TAX LEVY
1999	\$ 102,041,174	\$ 98,913,349	96.9%	\$ 2,752,338	\$ 101,665,687	99.6%	0.4%
2000	102,313,877	98,472,257	96.2%	1,303,148	99,775,405	97.5%	2.5%
2001	101,763,544	100,124,698	98.4%	254,212	100,378,910	98.6%	0.1%
2002	105,644,501	102,588,301	97.1%	1,010,001	103,598,302	98.1%	0.1%
2003	129,179,767	125,690,321	97.3%	1,299,936	126,990,257	98.3%	0.0%
2004	136,756,194	135,075,140	98.8%	1,011,689	136,086,829	99.5%	0.1%
2005	142,694,201	140,405,075	98.4%	1,233,935	141,639,010	99.3%	0.3%
2006	145,337,455	140,893,257	96.9%	1,364,890	142,258,147	97.9%	0.2%
2007	144,155,093	141,859,549	98.4%	975,227	142,834,776	99.1%	0.7%
2008	151,718,441	150,177,124	99.0%		150,177,124	99.0%	1.5%

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			
1999	\$ 42,287,000	\$ 1,520,000	\$ 43,807,000	\$ 6,344,000	\$	\$ 2,756,000	\$ 9,100,000	\$ 52,907,000	N/A	\$ 705	
2000	53,716,000	1,318,000	55,034,000	4,094,101		3,293,600	7,387,701	62,421,701	N/A	821	
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	1,222	
2007	79,465,000	3,842,828	83,307,828		3,510,000	7,031,252	10,541,252	93,849,080	N/A	1,152	
2008	87,875,000	3,264,313	91,139,313		3,195,000	9,228,087	12,423,087	103,562,400	N/A	1,271	

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

**TABLE 9****CITY OF CRANSTON, RHODE ISLAND****RATIOS OF GENERAL DEBT OUTSTANDING  
LAST TEN YEARS  
(UNAUDITED)**

YEAR ENDED JUNE 30	GENERAL DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL		
1999	\$ 42,287,000	\$ 1,520,000	\$ 43,807,000	1.11%	\$ 584
2000	53,716,000	1,318,000	55,034,000	1.36%	724
2001	50,853,542	7,106,668	57,960,210	1.42%	730
2002	46,098,154	7,459,150	53,557,304	1.28%	669
2003	42,025,156	7,065,400	49,090,556	1.14%	606
2004	66,360,000	6,202,345	72,562,345	1.24%	889
2005	63,340,000	5,322,425	68,662,425	1.16%	837
2006	83,685,000	4,436,836	88,121,836	1.47%	1,080
2007	79,465,000	3,842,828	83,307,828	1.39%	1,022
2008	87,875,000	3,264,313	91,139,313	1.52%	1,119

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, 2008  
(UNAUDITED)**

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Assessed value	\$ 9,162,442,964
Less: exemptions	<u>(532,619,312)</u>
<b>NET TOTAL TAXABLE ASSESSED VALUE</b>	<b><u>\$ 8,629,823,652</u></b>
Debt limit - 3 percent of total assessed value	\$ 258,894,710
Amount of debt applicable to debt limit:	
Total bonded debt	<u>-</u>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 258,894,710</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.

**TABLE 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>
1999	\$ 93,088,678	\$ -	\$ 93,088,678
2000	93,672,789	-	93,672,789
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

## CITY OF CRANSTON, RHODE ISLAND

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(5) PERSONAL INCOME	(2) PER CAPITA INCOME	(1) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
1999	75,009	N/A	\$ 15,922	39	N/A	10,785	4.4%
2000	76,060	N/A	15,922	39	N/A	10,906	4.0%
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	81,614	N/A	21,978	39	N/A	11,018	5.5%
2007	81,479	N/A	21,978	39	N/A	10,911	4.9%
2008	81,479	N/A	21,978	39	N/A	10,718	4.9%

(1) Rhode Island Economic Development Corporation.

(2) PER CAPITA INCOME - Figures obtained from the Rhode Island Census Data Center derived from the 1990 and 2000 census.

(3) Cranston School Department

(4) Rhode Island Department of Labor and Training.

N/A - Information not available

TABLE 13

CITY OF CRANSTON, RHODE ISLAND

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

EMPLOYER	2008			1999		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
State of Rhode Island	3,927	1	10.69%	3,370	1	9.65%
City of Cranston	2,503	2	6.82%	2,000	2	5.73%
Citizens Bank	1,641	3	4.47%			
US Security Associates	500	4	1.36%			
North Safety Products	400	5	1.09%	350	10	1.00%
Taco, Inc.	393	6	1.07%	500	6	1.43%
CranstonARC	354	7	0.96%			
Swarovski Consumer Goods Ltd.	300	8	0.82%	450	7	1.29%
The Stop & Shop Co., Inc.	300	9	0.82%			
Ross-Simons of Warwick	285	10	0.78%	600	9	1.72%
JanCo				1,200	3	3.44%
Swarovski Jewelry US Ltd.				800	4	2.29%
Davol Square Partners				580	5	1.66%
Wetterau, Inc.				365	8	1.05%
<b>TOTAL</b>	<b>10,603</b>		<b>28.88%</b>	<b>10,215</b>		<b>29.26%</b>

SOURCE: State Department of Labor

TABLE 14

## CITY OF CRANSTON, RHODE ISLAND

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30				
	2008	2007	2006	2005	2004
<b>GENERAL GOVERNMENT:</b>					
Mayor.....	7	7	7	7	7
City Council.....	2	2	2	2	2
Information Technology.....	8	8	8	7	7
Department of Personnel.....	2	3	3	4	4
City Clerk.....	9	9	9	9	9
Probate Court.....	1	1	1	1	1
Municipal Court.....	5	5	4	5	5
Board of Canvassers.....	6	6	6	6	6
City Planning.....	5	5	5	5	5
Economic Development.....	2	2	2	2	2
Finance.....	4	4	4	4	4
Division of Accounting & Control.....	5	5	5	4	4
Division of Assessment.....	9	9	9	9	9
Division of Contracts & Purchasing.....	4	4	4	5	5
Division of Treasury & Collection.....	7	7	7	7	7
<b>POLICE:</b>					
Officers.....	153	153	151	150	149
Civilians.....	30	30	30	32	30
Animal Control.....	5	5	5	5	5
<b>FIRE:</b>					
Chief.....	1	1	1	1	1
Uniformed.....	200	200	200	201	201
Civilians.....	7	7	7	6	6
INSPECTIONS.....	16	13	13	12	12
<b>PUBLIC WORKS:</b>					
Administration.....	4	4	4	5	5
Engineering.....	8	8	8	8	8
Highway.....	41	41	41	39	39
Building.....	26	26	26	26	26
Fleet Management.....	10	10	10	10	10
Traffic Safety.....	4	4	4	5	5
PARKS AND RECREATION.....	21	21	21	22	22
PUBLIC LIBRARIES.....	32	32	32	32	32
SENIOR SERVICES.....	32	32	32	32	32
COMMUNITY DEVELOPMENT.....	4	4	4	4	4
OTHER.....	7	9	10	11	11
EDUCATION.....	<u>1,486</u>	<u>1,546</u>	<u>1,635</u>	<u>1,626</u>	<u>1,669</u>
TOTAL.....	<u>2,163</u>	<u>2,223</u>	<u>2,310</u>	<u>2,304</u>	<u>2,344</u>

SOURCE: City Budget

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30				
	2008	2007	2006	2005	2004
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b>PUBLIC SAFETY:</b>					
<b>Fire:</b>					
Total incidents.....	13,991	13,980	11,872	12,144	12,019
Rescue/medical calls.....	9,568	10,148	10,706	10,973	10,721
Rescue/non-medical calls.....	4,423	3,832	1,166	1,171	1,298
<b>Police:</b>					
Number of calls.....	N/A	N/A	N/A	N/A	N/A
Total 911 calls received.....	N/A	N/A	N/A	N/A	N/A
Formal investigations.....	N/A	N/A	N/A	N/A	N/A
<b>TOWN CLERK:</b>					
Number of documents recorded.....	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
New homes built.....	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
Total commercial applications approved.....	N/A	N/A	N/A	N/A	N/A
<b>BUILDING:</b>					
Residential permits issued.....	36	48	73	150	147
Commercial permits issued.....	12	19	19	8	10
Total permits.....	48	67	92	158	157
<b>PUBLIC WORKS:</b>					
<b>Highway department</b>					
<b>Streets (miles) .....</b>					
Paved Town roads.....	315	315	315	313	313
Paved State roads.....	64	64	64	64	64
Private roads.....	N/A	N/A	N/A	N/A	N/A
<b>Roads under construction (maintained</b>					
by Town .....	N/A	N/A	N/A	N/A	N/A
Sidewalks (miles) .....	N/A	N/A	N/A	N/A	N/A
<b>Water department</b>					
<b>Water mains (miles).....</b>					
Fire hydrants.....	1,903	1,903	1,914	2,156	1,850
Storage capacity (thousands of gallons).....	N/A	N/A	N/A	N/A	N/A
<b>EDUCATION:</b>					
<b>Enrollment:</b>					
High School Grades 9-12.....	3,469	3,657	3,646	3,633	3,514
Middle School Grades 6-8.....	2,620	2,627	2,672	2,707	2,764
Elementary Schools Grades K-5.....	4,629	4,627	4,614	4,759	4,944

**BUSINESS-TYPE ACTIVITIES**

SOURCES: Various City Departments

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

N/A - Information not available

TABLE 16

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

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30				
	2008	2007	2006	2005	2004
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b>PARKS AND RECREATION:</b>					
Acreage (includes all open space)					
Parks and Public Squares.....	11	11	10	10	10
Marinas.....	3	3	3	3	3
Playgrounds.....	35	35	35	35	35
Walking tracks.....	8	8	7	7	7
Basketball courts.....	21	21	21	21	17
Tennis courts.....	24	24	24	24	24
Baseball fields.....	27	27	27	27	27
Softball fields.....	11	11	11	11	11
Other fields.....	22	22	22	22	22
Ice Rink.....	2	2	1	1	1
Stadium and Field House.....	1	1	1	1	1
<b>PUBLIC SAFETY:</b>					
Fire Stations	6	6	6	6	6
Fire alarm boxes.....	149	149	149	139	146
Fire hydrants.....	1,903	1,903	1,914	2,156	1,850
Police department:					
Stations.....	4	4	4	4	4
Animal Control Building.....	1	1	1	1	1
<b>PUBLIC WORKS:</b>					
Highway department:					
Streets (miles).....	N/A	N/A	N/A	N/A	N/A
Sidewalks (miles).....	N/A	N/A	N/A	N/A	N/A
<b>PUBLIC LIBRARIES:</b>					
Number of branches	6	6	6	6	6
<b>EDUCATION:</b>					
Number of High Schools.....	2	2	2	2	2
Number of Middle Schools.....	3	3	3	3	3
Number of Elementary Schools.....	17	17	18	19	19
Number of Charter Schools.....	1	1	1	1	1
Number of Adult Education Buildings.....	1	1	1	1	1
<b>SENIOR SERVICES:</b>					
Senior Citizens Center.....	1	1	1	1	1
<b>COMMUNITY DEVELOPMENT:</b>					
Number of loans issued.....	N/A	N/A	N/A	N/A	N/A
<b><u>BUSINESS TYPE ACTIVITIES</u></b>					
<b>SEWER FUND</b>					
Sewer mains (miles).....	N/A	N/A	N/A	N/A	N/A
Treatment capacity (thousands of gallons)....	N/A	N/A	N/A	N/A	N/A
Sewerage Disposal Plant.....	1	1	1	1	1
Pumping Stations.....	22	22	22	22	22

SOURCES: Various Town Departments

N/A - Information not available