COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF CRANSTON, RHODE ISLAND

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY:

DEPARTMENT OF FINANCE

ROBERT F. STROM, DIRECTOR OF FINANCE

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CITY OF CRANSTON, RHODE ISLAND

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CITY OF CRANSTON, RHODE ISLAND

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Allan W. Fung
MAYOR

Robert F. Strom
FINANCE DIRECTOR

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

December 29, 2017

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Cranston, Rhode Island for the year ended June 30, 2017. The report includes the independent auditors' report as required by Rhode Island Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

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

Marcum LLP, 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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Cranston's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CITY OF CRANSTON

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

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

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

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

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

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

LOCAL ECONOMY

Population

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

LONG-TERM FINANCIAL PLANNING

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

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

Industrial Park

The Western Cranston Industrial Area – Currently, this is not only Cranston's but one of the State of Rhode Island's fastest developing industrial parks, located centrally in the State at the interchange of Interstate 295 and Route 14. This area continues to develop as one of the most important parts of the City's industrial tax base. National recognized companies like Penske, Cadence Science, Con-Way Trucking, Electro Standards, MPC Corp, Design Fabricators, Jewelry Concepts, GoGo Cast, TASCA Automotive Parts Warehouse and Bay State Florist are just a few of the industrial tenants that have been attracted to this ever growing industrial area.

Garden City Center

Garden City Center, Rhode Island's premiere outdoor shopping venue has been a shopping destination of choice for five generations. The Center opened in 1948 and was the first suburban shopping center in the state with 500,000 square feet of retail and office space. Its well-manicured landscapes and enhanced gardens frame the architecturally unique shops and restaurants. The Center has national retailers such as LL Bean, Fat Face, Pottery Barn, Crate & Barrel, J Crew, LA Fitness, New Balance, Banana Republic, William Sonoma, Ann Taylor Co, Chico's, Jos A Banks, Talbots, The Container Store, GAP, Anthropologie, Destination Maternity, Soma-Intimates, The Loft, Mel and Me, Clarkes Shoes, L'Occitane, Sephora, White House/Black Market, Anthony's Coal Fired Pizza and Z-Gallerie. The Center also has regional and local retailers and restaurants such as Providence Diamond Company, Applebee's, Barrington Books, Edible Arrangements, Ethan Allen Design Center, The Corner Bakery, Bistro 22, Starbucks, B. Goode, Pinkberry, and Whole Foods Market. In addition, Garden City has announced construction of two new buildings under Phase 4 development consisting of 37,000 square feet of total space at the site of Ameriprise in 2018.

Chapel View Shopping Center

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

Recent Development Initiatives

Dave's Fresh Marketplace has opened their first Cranston location at the former Seabra Market site on Pontiac Avenue. Dave's Fresh Marketplace has established an outstanding reputation for quality products and superior customer service. This distinguished quality and service dates back to 1969 when they opened a small roadside fruit and vegetable stand originally called Dave's Fruitland.

A Caring Experience and DBS Building Solutions have moved their corporate headquarters into the $1.5 million dollar newly renovated former Domestic Bank Building on Reservoir Avenue. They have over 300 employees based at this location.

Cedar Crest Nursing, Rehabilitation and Home Care has expanded their current building footprint to add 14 new single occupancy rooms. As part of this expansion they will also be converting 14 double occupancy rooms to single occupancy.

Dean Warehouse Services, Inc. one of the largest privately held supply chain management firms in the United States has purchased the former Honeywell building on Plainfield Pike. They provide customers with warehousing, distribution, and fulfillment solutions. Their network of facilities contains upwards of two million square feet nationwide and the Cranston location is their third facility located in the state of Rhode Island.

Aldi's Market has their own unique style when it comes to grocery shopping. And being unique has helped make them one of the fastest growing retailers in the US. Aldi's has completed two expansions, an 824 SF expansion to their Cranston Street facility and a 1,102 SF expansion to their Pontiac Avenue facility.

In 2016 / 2017, there has been a host of other new business development and re-development in the city. Planet Fitness has opened a new facility in a major portion of the old Rojak's Market building in the Walmart Plaza on Plainfield Pike, Lou Umberto's Italian Kitchen opened at 1606 Cranston Street. The Gentleman Cigar and Cocktails opened at 100 East Avenue. Lang's Bowlarama expanded their facility at 225 Niantic Avenue adding a new lounge. The Carolina Barbeque Co. has opened a family friendly barbeque restaurant at the previous site of Cilantro's on Reservoir Avenue. Williams & Stuart Real Estate has purchased and moved their offices to 170-176 Mayfield Avenue. RI Medical Imaging has purchased The Imaging Institution and has opened on Reservoir Avenue. Benvenuto's Restaurant opened at the former Rossi's Restaurant on Cranston Street. Kochi Sushi Steak House opened in the Walmart Plaza on Plainfield Pike and the Korean American Association of RI moved their headquarters to Park Avenue.

Revolving Loan Fund

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cranston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

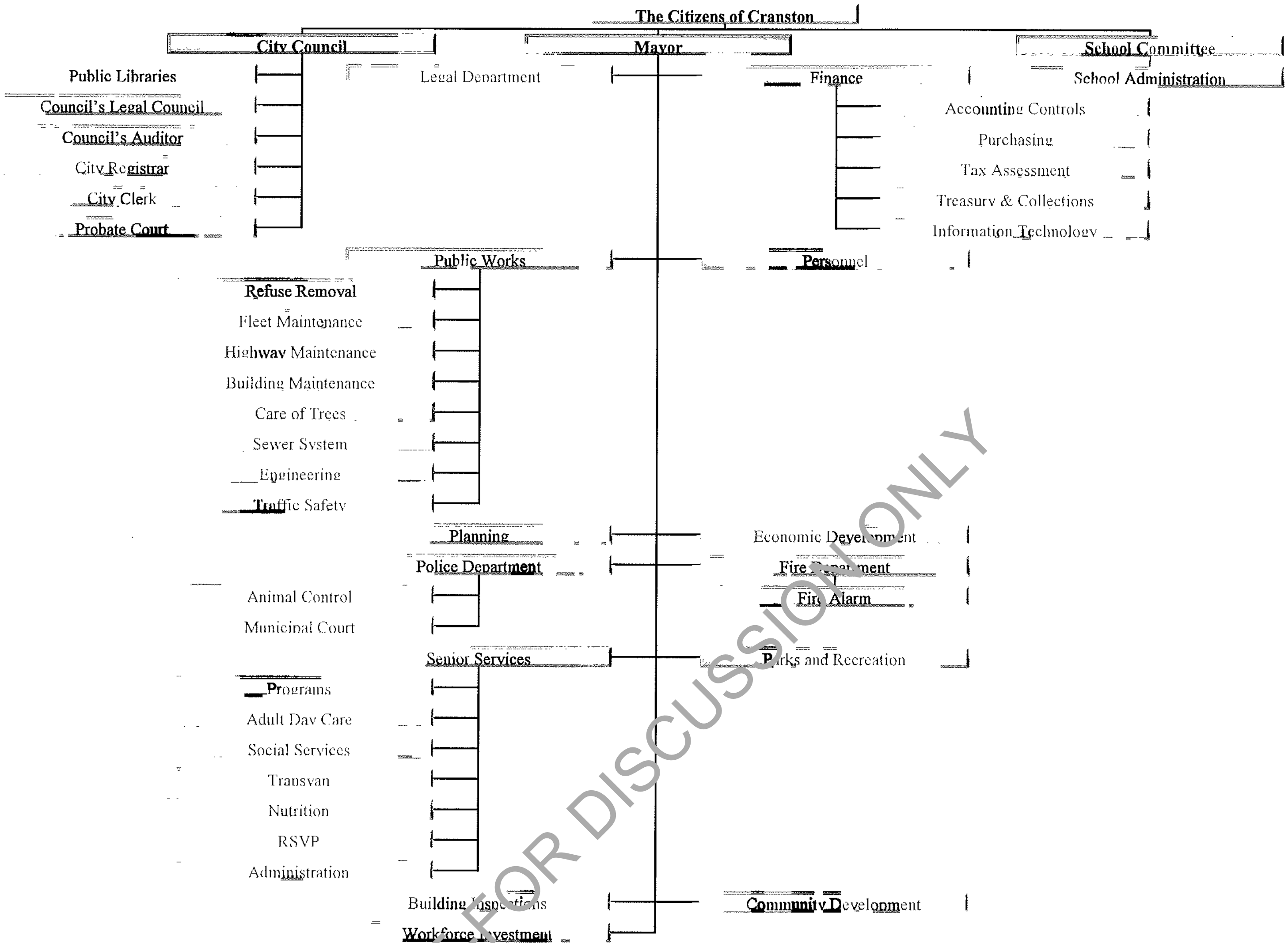
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase, Assessment and Management Information Systems for their diligence and cooperation on a daily basis in carrying out the duties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

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

Sincerely,

Robert F. Strom

Robert F. Strom,
Finance Director



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

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

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

CITY OF CRANSTON, RHODE ISLAND

PRINCIPAL OFFICIALS
JUNE 30, 2017

MAYOR

Allan Fung

FINANCE DEPARTMENT

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

CITY COUNCIL

Michael J. Farina - Council President
Michael W. Favicchio – Council Vice President
Christopher G. Paplauskas
Paul H. Archetto
John E. Lanni Jr.
Steven A. Stycos
Paul J. McAuley
Kenneth J. Hopkins
Trent M. Colford, Sr.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cranston
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

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

Other Information

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

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

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December xx, 2017, on our consideration of the City of Cranston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cranston, Rhode Island's internal control over financial reporting and compliance.

Providence, RI
December xx, 2017

Basic Financial Statements

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT A (1 OF 2)

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 29,465,868	$ 13,545,503	$ 43,011,371
Receivables:			
Property taxes	9,045,006	--	9,045,006
Sewer assessments and user fees, net		1,252,719	1,252,719
Intergovernmental	9,820,731	2,374,118	12,194,849
Loans	3,050,132	--	3,050,132
Other	2,589,163	73,485	2,662,648
Prepaids	3,792	24,304	28,096
Advance deposits - hospitalization	3,021,003		3,021,003
Inventory		56,718	56,718
Other assets	121,304	--	121,304
Internal balances	(3,151,207)	3,151,207	--
Total Current Assets	53,965,792	20,478,054	74,443,846
Noncurrent Assets			
Advance deposits - hospitalization	175,456	--	175,456
Net pension asset	17,101,640	217,041	17,318,681
Restricted cash - debt service reserve	--	1,195,219	1,195,219
Held in escrow	--	459,633	459,633
Other assets	--	459,633	459,633
Total Receivables and Other Assets	17,277,096	2,331,526	19,608,622
Capital Assets			
Nondepreciable:			
Land	14,920,308	342,712	15,263,020
Construction in progress	1,889,168	18,949,685	20,838,853
Depreciable (net of accumulated depreciation):			
Land improvements	14,940,640	--	14,940,640
Buildings and leasehold improvements	61,509,273	--	61,509,273
Sewer service to customers	--	17,137	17,137
Treatment and pumping plant	--	35,244,349	35,244,349
Vehicles	5,585,663	5,248	5,590,911
Machinery, equipment and furniture	2,915,606	111,019	3,026,625
Infrastructure	13,501,323	17,356,153	30,857,476
Total Net Capital Assets	115,261,981	72,026,303	187,288,284
Total Noncurrent Assets	132,539,077	74,357,829	206,896,906
Total Assets	186,504,869	94,835,883	281,340,752
Deferred Outflows of Resources			
Deferred charge on refunding	1,070,724	--	1,070,724
Pension funding	80,197,643	482,535	80,680,178
	81,268,367	482,535	81,750,902
Total Assets and Deferred Outflows of Resources	267,773,236	95,318,418	363,091,654

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT A (2 OF 2)

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	6,507,937	2,056,826	8,564,763
Accrued liabilities	64,876	--	64,876
Accrued payroll	976,094	1,556	977,650
Compensated absences		40,397	40,397
Accrued interest payable	945,657	183,358	1,129,015
Retainage payable	--	808,790	808,790
Unearned revenue	6,093,863	1,968,375	8,062,238
Claims payable	811,893	--	811,893
Long-term liabilities due within one year	9,065,183	1,069,532	10,134,715
Total Current Liabilities	24,465,503	6,128,834	30,594,337
Noncurrent Liabilities			
Unearned revenue	--	--	--
Net pension liability	--	1,900,633	1,900,633
Net OPEB obligation	--	107,600	107,600
Long-term liabilities due in more than one year	542,391,515	19,373,467	561,764,982
Total Noncurrent Liabilities	542,391,515	21,381,700	563,773,215
Total Liabilities	566,857,018	27,510,534	594,367,552
Deferred Inflows of Resources			
Deferred sewer lease arrangement	--	7,727,404	7,727,404
Pension funding	31,309,732	149,583	31,459,315
	31,309,732	7,876,987	39,186,719
Total Liabilities and Deferred Inflows of Resources	598,166,750	35,387,521	633,554,271
Net Position			
Net investment in capital assets	38,710,586	70,956,771	109,667,357
Restricted for:			
Debt Service		459,633	459,633
Unrestricted	(369,104,099)	(11,485,507)	(380,589,606)
Total Net Position	(330,393,513)	59,930,897	(270,462,616)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 267,773,237	$ 95,318,418	$ 363,091,655

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	$ 16,238,060	$ 7,216,284	$ 10,896,813	$ --	$ 1,875,037	$ --	$ 1,875,037
Public safety	78,350,514	6,116,849	990,042	77,484	(71,166,139)	--	(71,166,139)
Public works	14,976,564	1,056,208	--	--	(13,920,356)	--	(13,920,356)
Education	203,437,510	25,931,408	71,524,492	--	(105,981,610)	--	(105,981,610)
Parks and recreation	3,450,619	355,064	--	--	(3,095,555)	--	(3,095,555)
Public libraries	3,836,411	99,100	1,725,444	--	(2,011,867)	--	(2,011,867)
Senior services	3,077,015	1,646,558	--	--	(1,430,457)	--	(1,430,457)
Community development	1,042,849	--	747,995	--	(294,854)	--	(294,854)
Interest expense	2,609,611	--	--	--	(2,609,611)	--	(2,609,611)
Total Governmental Activities	327,019,153	42,421,471	85,884,786	77,484	(198,635,412)	--	(198,635,412)
Business-Type Activities							
Sewer fund	19,111,340	23,182,878	--	--	--	4,071,538	4,071,538
Non-major funds	6,107,972	3,573,946	--	2,668,371	--	134,345	134,345
Total Business-Type Activities	25,219,312	26,756,824	--	2,668,371	--	4,205,883	4,205,883
Totals	$ 352,238,465	$ 69,178,295	$ 85,884,786	$ 2,745,855	(198,635,412)	4,205,883	(194,429,529)

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property taxes	186,383,002	--	186,383,002
State special funding for pension	8,021,762	105,988	8,127,750
Other income	3,862,424		3,862,424
Investment income	772,132	456,385	1,228,517
Transfers in (out)	(18,900)	18,900	--
Total General Revenues	199,020,420	581,273	199,601,693
Change in Net Position	385,008	4,787,156	5,172,164
Net Position - July 1, 2016 (As Restated)	(330,778,521)	55,143,741	(275,634,780)
Net Position - June 30, 2017	$ (330,393,513)	$ 59,930,897	$ (270,462,616)

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT C (1 of 2)

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 23,150,865	$ 729	$ 6,314,191	$ 29,465,785
Receivables:				
Property taxes, net	6,830,942	--	--	6,830,942
Intergovernmental	6,738,400	--	3,082,331	9,820,731
Loans	--	--	3,050,132	3,050,132
Other	274,008	1,431,880	868,444	2,574,332
Security deposits	--		3,792	3,792
Prepaids		116,183	5,121	121,304
Advance deposits - hospitalization	207,000	--	--	207,000
Due from City of Cranston	--	2,610,687	--	2,610,687
Due from other funds	994,335	4,915,636	496,704	6,406,675
Total Assets	$ 38,195,550	$ 9,075,115	$ 13,820,715	$ 61,091,380
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 1,986,389	$ 3,087,237	$ 1,422,985	$ 6,496,611
Accrued payroll	889,431	--	85,387	974,818
Accrued liabilities	53,266	6,923	4,687	64,876
Retainage payable	--	--	--	--
Due to other funds	5,553,511	95,147	2,357,209	8,005,867
Unearned revenue	2,237,344	--	3,856,519	6,093,863
Claims payable	508,410	--	--	508,410
Total Liabilities	11,228,351	3,189,307	7,726,787	22,144,445
Deferred Inflows				
Unavailable revenue	6,098,221	--	--	6,098,221
Total Liabilities and Deferred Inflows	17,326,572	3,189,307	7,726,787	28,242,666
Fund Balances				
Nonspendable	207,000	116,183	--	323,183
Restricted	468,363	4,480,199	6,742,262	11,690,824
Committed	44,025	1,289,426	2,308	1,335,759
Assigned	--	--	--	--
Unassigned	20,149,590	--	(650,642)	19,498,948
Total Fund Balances	20,868,978	5,885,808	6,093,928	32,848,714
Total Liabilities, Deferred Inflows and Fund Balances	$ 38,195,550	$ 9,075,115	$ 13,820,715	$ 61,091,380

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT C (1 OF 2)

RECONCILIATION OF FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position (Exhibit A) are Different from the Governmental Fund Balance Sheet. The Details of this Difference are as Follows:

Total Fund Balance (Exhibit C, Page 1)	$ 32,848,714
Capital Assets Used In Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds:	
Total capital assets	276,530,617
Accumulated depreciation	(161,268,636)
Other Long-Term Assets are not Available to Pay for Current Period Expenditures and, Therefore, are Deferred in the Funds:	
Net pension asset	17,101,640
Property tax, interest and lien accrual, (net)	2,214,064
Unearned tax revenues (net of an allowance for uncollectible) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position	6,098,210
Deferred charge on refunding	1,070,724
Deferred outflows of net pension liability	80,197,643
Internal Service Fund is Used by Management to Charge the Cost of Self-Insurance to Individual Departments:	
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	(1,387,210)
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	(79,751,395)
Compensated absences	(12,844,051)
Deferred salary	(114,042)
Net pension liability	(405,571,685)
Net OPEB liability	(53,075,525)
Claims and judgements	(100,000)
Deferred inflows of net pension liability	(31,309,732)
Claims payable	(87,202)
Accrued interest payable	(945,647)
Net Position of Governmental Activities	$ (330,393,513)

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT D

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	$ 187,047,423	$ --	$ --	$ 187,047,423
Intergovernmental	14,106,884	55,372,381	9,896,609	79,375,874
Charges for services	13,913,934	1,730,174	1,720,529	17,364,637
Investment income	241,059	--	531,030	772,089
State on-behalf pension contributions		7,639,642	--	7,639,642
Other	2,084,735	1,567,323	135,912	3,787,970
Total Revenues	217,394,035	66,309,520	12,284,080	295,987,635
Expenditures				
Current:				
General government	9,813,541	--	914,692	10,728,233
Public safety	80,660,435	--	1,741,892	82,402,327
Public works	14,574,335	--	--	14,574,335
Education	--	159,753,692	8,287,159	168,040,851
Parks and recreation	3,318,164	--	--	3,318,164
Public libraries	3,336,344	--	528,010	3,864,354
Senior services	2,938,588	--	106,527	3,045,115
Community development	--	--	1,144,284	1,144,284
Other	179,589	--	--	179,589
Debt Service:				
Principal	7,035,000	--	--	7,035,000
Interest and other costs	2,848,486	--	8,907	2,857,393
Capital Outlay:				
Capital expenditures	--	--	10,211,687	10,211,687
Total Expenditures	124,704,482	159,753,692	22,943,158	307,401,332
Excess (Deficiency) of Revenues Over Expenditures	92,689,553	(93,444,172)	(10,659,078)	(11,413,697)
Other Financing Sources (Uses)				
Issuance of debt	--	--	5,440,000	5,440,000
Transfers in	--	93,155,894	--	93,155,894
Transfers out for full day kindergarten	(65,000)	65,000	--	--
Transfers out	(92,501,553)	--	(673,241)	(93,174,794)
Net Other Financing Sources (Uses)	(92,566,553)	93,220,894	4,766,759	5,421,100
Net Change in Fund Balances	123,000	(223,278)	(5,892,319)	(5,992,597)
Fund Balances - July 1, 2016	20,745,978	6,109,086	11,986,247	38,841,311
Fund Balances - June 30, 2017	$ 20,868,978	$ 5,885,808	$ 6,093,928	$ 32,848,714

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Amounts reported for Governmental Activities in the Statement of Activities (Exhibit B) are due to:	
Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	$ (5,992,597)
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	10,585,693
Depreciation expense	(5,835,762)
Total	4,749,931
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the Statement of Activities:	
Change in unearned tax revenues that are recorded in the funds, but are not deferred under the measurement employed	(1,722,058)
Increase in property tax interest and lien revenue	4,391
Total	(1,717,667)
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 and capital lease	(5,440,000)
Principal repayments:	
General obligation bonds	7,035,000
Total	1,595,000

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT E (2 OF 2)

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, 2017

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	(309,783)
Net pension asset	(126,339)
Net pension liability	(25,568,521)
Net OPEB obligation	359,552
Changes in deferred inflows	4,877,172
Changes in deferred outflows	22,749,182
Amortization of deferred charge on refunding	(265,908)
Bond premium amortized	375,375
Accrued interest payable	138,315
Total	2,229,045
The net revenue of the activities of the Internal Service Fund is reported with Governmental Activities	(478,704)
Change in Net Assets of Governmental Activities (Exhibit B)	$ 385,008

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT F

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Fund			
	Sewer	Nonmajor Programs	Totals	Internal Service Fund
Assets				
Current Assets				
Cash and cash equivalents	$12,433,549	$ 1,111,954	$13,545,503	$ 83
Prepaid expenses	--	24,304	24,304	--
Inventory	--	56,718	56,718	
Receivables:				
Sewer assessments and user fees, net	1,252,719	--	1,252,719	--
Other	--	73,485	73,485	14,831
Due from other funds	2,766,002	385,205	3,151,207	--
Capital lease	--	--	--	--
Intergovernmental	1,844,025	530,093	2,374,118	--
Claims deposits	--	--	--	2,814,003
Total Current Assets	18,296,295	2,181,759	20,478,054	2,828,917
Noncurrent Assets				
Capital lease receivable	--	--	--	--
Advance deposits - medical	--	--	--	175,456
Loan origination fees, net of current portion	--	--	--	
Restricted cash - debt service reserve	1,195,219	--	1,195,219	--
Held in escrow	459,633	--	459,633	--
Net pension asset	--	217,041	217,041	--
Other assets	459,633	--	459,633	--
Subtotal Noncurrent Assets	2,114,485	217,041	2,331,526	175,456
Capital Assets				
Capital assets, net of accumulated depreciation	71,915,284	111,019	72,026,303	--
Total Noncurrent Assets	74,029,769	328,060	74,357,829	175,456
Total Assets	92,326,064	2,509,819	94,835,883	3,004,373
Deferred Outflow of Resources				
Pension liability	--	482,535	482,535	--
Total Assets and Deferred Outflow of Resources	92,326,064	2,992,354	95,318,418	3,004,373
Liabilities				
Current Liabilities				
Accounts payable	1,699,511	357,315	2,056,826	11,325
Accrued payroll	1,556	--	1,556	1,276
Compensated absences	--	--	--	--
Retainage payable	808,790	--	808,790	--
Compensated absences	--	40,397	40,397	--
Accrued interest	183,358	--	183,358	--
Due to other funds	--	--	--	4,162,702
Claims payable	--	--	--	216,280
Unearned revenue	1,920,000	48,375	1,968,375	--
Long-term liabilities due within one year	1,069,532	--	1,069,532	--
Total Current Liabilities	5,682,747	446,087	6,128,834	4,391,583
Noncurrent Liabilities				
Compensated absences, net of current portion	--	--	--	--
Net OPEB obligation	--	107,600	107,600	--
Net pension liability	--	1,900,633	1,900,633	--
Long-term liabilities due in more than one year	19,373,467	--	19,373,467	--
Total Noncurrent Liabilities	19,373,467	2,008,233	21,381,700	--
Total Liabilities	25,056,214	2,454,320	27,510,534	4,391,583
Deferred Inflows of Resources				
Pension liability	--	149,583	149,583	--
Deferred sewer lease arrangement	7,727,404	--	7,727,404	--
	7,727,404	149,583	7,876,987	--
Total Liabilities and Deferred Inflow of Resources	32,783,618	2,603,903	35,387,521	4,391,583
Net Position				
Net Investment in capital assets	70,845,752	111,019	70,956,771	--
Restricted:				
Debt service	459,633	--	459,633	--
Unrestricted (deficit)	(11,762,939)	277,432	(11,485,507)	(1,387,210)
Total Net Position	59,542,446	388,451	59,930,897	(1,387,210)
Total Liabilities, Deferred Inflows of Resources and Net Position	$92,326,064	$ 2,992,354	$95,318,418	$ 3,004,373

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT G

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Fund			
	Sewer	Nonmajor Programs	Totals	Internal Service Fund
Operating Revenues				
Charges for usage and service	$ 22,174,468	$ 1,073,099	$ 23,247,567	$ 25,056,834
Tuition	--	2,478,093	2,478,093	--
On-behalf pension contribution	--	105,988	105,988	--
Miscellaneous	1,008,410	22,754	1,031,164	74,454
Total Operating Revenues	23,182,878	3,679,934	26,862,812	25,131,288
Operating Expenses				
Operations	889,339	4,165,336	5,054,675	571,511
Personnel	109,096	1,886,667	1,995,763	99,221
Claims	--	14,100	14,100	466,029
Contract payments	15,348,273	--	15,348,273	--
Health care management	--	--	--	24,473,273
Depreciation	2,211,923	41,869	2,253,792	--
Total Operating Expenses	18,558,631	6,107,972	24,666,603	25,610,034
Operating Income	4,624,247	(2,428,038)	2,196,209	(478,746)
Nonoperating Revenues (Expenses)				
Interest expense	(552,709)	--	(552,709)	--
Investment income	456,356	29	456,385	43
Grant income	--	2,668,371	2,668,371	--
Amortization	--	--	--	--
Total Nonoperating Revenues (Expenses)	(96,353)	2,668,400	2,572,047	43
Transfer in	--	18,900	18,900	--
Net Nonoperating Revenues (Expenses)	(96,353)	2,687,300	2,590,947	43
Change in Net Position	4,527,894	259,262	4,787,156	(478,703)
Net Position - July 1, 2016	55,014,552	129,189	55,143,741	(908,507)
Net Position - June 30, 2017	$ 59,542,446	$ 388,451	$ 59,930,897	$ (1,387,210)

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT H

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			Governmental Activities
	Major Fund			
	Sewer	Nonmajor Programs	Totals	Internal Service Fund
Cash Flows from Operating Activities				
Cash received from customers	$ 22,412,603	$ 3,801,991	$ 26,214,594	$ 25,122,709
Cash received from other sources	--	--	--	--
Cash received from providing services	--	--	--	--
Cash paid to suppliers	(15,348,273)	(855,332)	(16,203,605)	--
Cash paid to employees	(108,837)	(1,836,265)	(1,945,102)	(99,001)
Cash paid for claims	--		--	(24,896,903)
Cash paid for other operating expenses	(535,374)	(3,627,350)	(4,162,724)	(566,143)
Net Cash Provided by (Used in) Operating Activities	6,420,119	(2,516,956)	3,903,163	(439,339)
Cash Flows from NonCapital Financing Activities				
Non-operating grant	20,267	2,668,371	2,688,638	--
Advances from interfund loans	(2,891,807)	237,170	(2,654,637)	361,102
Net Cash Provided by (Used in) NonCapital Financing Activities	(2,871,540)	2,905,541	34,001	361,102
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(4,003,413)	(29,919)	(4,033,332)	--
Collection of capital lease payment	--	--	--	--
Transfer in	--	18,900	18,900	--
Principal paid on bonds	(1,082,000)	--	(1,082,000)	--
Interest paid on bonds	(558,972)	--	(558,972)	--
Net Cash Used in Capital and Related Financing Activities	(5,644,386)	(11,019)	(5,655,405)	--
Cash Flows from Investing Activities				
Income from investments	456,356	29	456,385	43
Net Cash Provided by Investing Activities	456,356	29	456,385	43
Net (Decrease) Increase in Cash	(1,639,451)	377,595	(1,261,856)	(78,193)
Cash - July 1, 2016 (Including Restricted Cash)	15,268,219	734,359	16,002,578	78,277
Cash - June 30, 2017 (Including Restricted Cash)	$ 13,628,768	$ 1,111,954	$ 14,740,722	$ 83
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 4,624,247	$ (2,428,038)	$ 2,196,209	$ (478,746)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,211,923	41,869	2,253,792	--
Increase in net pension asset	--	(126)	(126)	--
Increase in deferred outflows related to pension plans	--	(103,359)	(103,359)	--
Decrease in deferred inflows related to pension plans	--	(90,774)	(90,774)	--
(Increase) decrease in accounts receivable	240,121	53,473	293,594	(8,579)
Decrease in claims deposit	--	--	--	61,701
Decrease in inventory	--	8,192	8,192	--
(Increase) decrease in intergovernmental receivables	1,646,464	(343,885)	1,302,579	--
Increase in accounts payable	353,965	35,754	389,719	5,368
Increase in accrued payroll	259	--	259	220
Increase in compensated absences	--	--	--	--
Increase (decrease) in prepaid assessments	(736,860)	500	(736,360)	--
Increase in OPEB	--	14,100	14,100	--
Decrease in claims payable	--	--	--	(19,302)
(Decrease) increase in unearned revenue	(1,920,000)	6,401	(1,913,599)	--
Increase in net pension liability	--	288,937	288,937	--
Net Cash Provided by (Used in) Operating Activities	$ 6,420,119	$ (2,516,956)	$ 3,903,163	$ (439,339)

The accompanying notes are an integral part of these financial statements

Fiduciary Funds

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

Pension Trust Funds

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

Postemployment Healthcare Trust Fund

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

Private-Purpose Trust Funds

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

Agency Funds

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

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

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

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

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT I

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Private Purpose Trust Fund	Agency Funds
Assets					
Cash and cash equivalents	$ 3,771,391	$ 1,267,607	$ --	$ 110,960	$ 1,060,526
Investments:					
Real Estate Investment Trust	416,243	29,534	45,372	--	--
Common Stock	6,420,438	--	--	--	--
Pooled Equity Index Funds	--	--	300,586	--	--
Pooled Fixed Income Index Funds	--	--	221,186	--	--
International Equity Mutual Funds	9,042,343	1,128,260	--	--	--
U.S. Equity Mutual Funds	27,360,617	1,670,180	--	--	--
Fixed Income Mutual Funds	19,322,817	1,149,020	--	--	--
Total Investments	62,562,458	3,976,994	567,144	--	--
Accounts receivable	--	1,021,079	--	--	--
Total Assets	66,333,849	6,265,680	567,144	110,960	1,060,526
Liabilities					
Accounts payable	--	133,826	500,000	--	--
Deposits held in custody for others	--	--	--	--	1,060,526
Total Liabilities	--	133,826	500,000	--	1,060,526
Net Position Held in Trust for Pensions and Opeb Benefits and Other Purposes	$ 66,333,849	$ 6,131,854	$ 67,144	$ 110,960	$ --

The accompanying notes are an integral part of these financial statements.

CITY OF CRANSTON, RHODE ISLAND

EXHIBIT J

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Pension Trust Fund	City OPEB Trust Fund	School OPEB Trust Fund	Private Purpose Trust Fund
Additions				
Contributions:				
Employer contributions	$ 21,403,849	$ 5,055,716	$ --	$ --
Plan member contributions	279,548	362,505	--	243,579
Other	435,851	--	--	--
Total Contributions	22,119,248	5,418,221	--	243,579
Investment Income (Loss):				
Interest and dividends	1,108,814	174,088	50,615	47
Net appreciation in the fair value of investments	5,224,186	--	--	--
Total Investment Income (Loss)	6,333,000	174,088	50,615	47
Total Additions	28,452,248	5,592,309	50,615	243,626
Deductions				
Benefits	24,455,521	4,467,496	--	244,914
Administrative expenses	379,136	17,471	1,348	--
Total Deductions	24,834,657	4,484,967	1,348	244,914
Change in Net Position	3,617,591	1,107,342	49,267	(1,288)
Net Position - July 1, 2016	62,716,256	5,024,512	17,877	112,248
Net Position - June 30, 2017	$ 66,333,847	$ 6,131,854	$ 67,144	$ 110,960

The accompanying notes are an integral part of these financial statements

History and Organization

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

I. Summary of Significant Accounting Policies

A - Reporting Entity

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

Blended Component Units:

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

B - Recently Issued Accounting Standards

During the fiscal year ended June 30, 2017 the City implemented the following new accounting pronouncements:

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the fiscal year ending June 30, 2017.

- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the fiscal year ending June 30, 2017.

- GASB Statement No. 80 – Blending requirements for certain component units for the fiscal year ending June 30, 2017. There has been no effect on these financial statements due to the adoption of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B - RECENTLY ISSUED ACCOUNTING STANDARDS (CONTINUED)

- GASB Statement No. 82 – Pension issues effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 85 – Omnibus 2017 effective for the fiscal year ending June 30, 2017. There has been no effect on these financial statements due to the adoption of this statement.
- GASB Statement No. 86 – Certain Debt Extinguishment Issues effective for the fiscal year ending June 30, 2017.

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

- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year ending June 30, 2018.
- GASB Statement No. 81 – Irrevocable split-interest agreements effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 83 – Certain Asset Retirement Obligations effective for the fiscal year ending June 30, 2019.
- GASB Statement No. 84 – Fiduciary Activities effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 87 – Leases effective for the fiscal year ending June 30, 2019.

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

I. Summary of Significant Accounting Policies (Continued)

C - Government-Wide and Fund Financial Statements

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D - MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The *Agency Funds* account for monies held as a custodian on behalf of students, amounts held for unclaimed estates in probate court and amounts held for performance bonds.

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

1 - Deposits and Investments

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

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

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

Investments for the City are reported at fair value.

2 - Receivables and Payables

Interfunds

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

Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, and sewer use amounts are shown net of an allowance for uncollectibles. Allowance percentages range from 10 to 100% of outstanding receivable balances at June 30, 2017, and are calculated based upon prior collection history.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E - *ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE (CONTINUED)*

2 - Receivables and Payables (Continued)

Property Taxes and Other Receivables (Continued)

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

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

3 - Inventories and Prepaid Items

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

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

4 - Restricted Assets

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

I. Summary of Significant Accounting Policies (Continued)

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

5 - Capital Assets

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

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

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

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

Assets	Years
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.

I. Summary of Significant Accounting Policies (Continued)

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

7 - Long-Term Obligations

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

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

8 - Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2017 the City of Cranston, Rhode Island had two items that qualified as deferred outflows of resources; fiscal year 2016 employer contributions for six pension plans and deferred charge on refunding reported in the government-wide statement of net position. The fiscal year 2017 employer contributions totaling $80,680,178. The deferred charge on the refunding totaling $1,070,724 is the unamortized balance of the difference between the carrying value of the refunded debt and the new debt.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E - *ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE (CONTINUED)*

8 - Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2017 the City of Cranston, Rhode Island had two items that qualify as deferred inflows of resources. The deferred inflow consists of a deferred sewer lease arrangement and the amount deferred as of June 30, 2017 was $7,727,404. The other deferred inflow, pension funding amounts totaling $31,459,315 were reported as of June 30, 2017. These amounts are deferred and will be recognized inflows of resources in the years in which the amounts become available.

9 - Fund Balance and Net Position

Net Position

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

(a) Net investment in capital assets – consists of all capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable by the acquisition, construction, or improvement of those assets.

(b) Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws, or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

(c) Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E - *ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE (CONTINUED)*

9 - Fund Balance and Net Position (Continued)

Fund Balance

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

(a) Nonspendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

(b) Restricted Fund Balance – includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

(c) Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The highest level of decision-making authority for the City of Cranston is the City Council which can commit fund balance through the adoption of resolutions. Similar action must be taken to remove or revise commitments.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E - *ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/ FUND BALANCE (CONTINUED)*

9 - Fund Balance and Net Position (Continued)

Stabilization Arrangements

(a) Budget Stabilization Fund – this fund shall be created, into which the City shall transfer such funds as are available to provide for capital expenditures and other one-time expenditures. The fund was established by a City ordinance. Any such transfer shall not create an operating deficit in the General Fund. Any expenditure from or transfer to this fund must first be approved by the City Council. As of June 30, 2017, the remaining fund balance included in this fund was $39,268 and is reported in the totals of the City's general fund on the governmental funds balance sheet within the committed fund balance.

(b) Healthcare Budget Stabilization Fund – this fund shall be created, into which the excess of departmental health care expenses over actual health care claims and related expenses shall be transferred. The fund was established by a City ordinance. Any additions are considered to be approved by the original City ordinance. Any such transfer shall not create an operating deficit in the General Fund. In the event that health care claims and related expenses exceed the budgeted appropriation, then funds may be transferred from the health care budget stabilization fund to cover the deficit. Any expenditure or transfer from this fund must first be approved by the City Council. As of June 30, 2017, the remaining fund balance included in this fund was $3,624 and is reported in the totals of the City's General Fund on the governmental funds balance sheet within the committed fund balance.

10 - Estimates

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

II. Stewardship, Compliance and Accountability

A - Capital Projects Authorizations

The following is a summary of projects recorded in the Capital Projects Fund at June 30, 2017:

Project Name	Project Authorization	CurrentYear Expenditures	Cumulative Expenditures	Balance June 30, 2017
Governmental Funds:				
School bond fund	$ 24,828,772	$ 6,738,466	$ 24,831,758	$ (2,986)
Police and fire bond fund	$ 11,627,166	$ 951,867	$ 10,963,206	$ 663,960
Public building bond fund	$ 1,500,000	$ 54,297	$ 1,499,998	$ 2
Recreation bond fund	$ 4,718,932	$ 1,737,792	$ 4,482,183	$ 236,749
Highway bond fund	$ 12,979,674	$ 5,579,721	$ 13,987,690	$ (1,008,016)
Storm drains bond fund	$ 1,881,893	$ 3,165,290	$ 1,777,431	$ 104,462
Library bond fund	$ 590,000	$ 533,132	$ 584,757	$ 5,243
Neighborhood infrastructure fund	$ 3,336,223	$ 1,951,369	$ 1,681,225	$ 1,654,998
Open space bond fund	$ 2,491,090	$ 537,546	$ 2,407,769	$ 83,321
Enterprise Funds:				
Sewer system project	$ 22,000,000	$ 15,130,982	$ 22,000,000	$ --

B - Deficit Fund Balance

During the year ended June 30, 2017, the City had a deficit fund balance in the following funds:

<u>Non-Major Governmental Funds</u>	
Community Development Block Grant	$ 26,826
WIA Job Development Fund	$ 85,553
School Bond Fund	$ 2,986
Public Building Bond Fund	$ 42,540
Highway Bond Fund	$ 492,737
<u>Internal Service Funds</u>	
Claims Committee	$ 412,034
School Department Health Insurance Fund	$ 975,176

The non–major fund deficits will be eliminated through future intergovernmental grant receipts, repayment of program loans or inter-fund contributions. The internal service fund deficits will be eliminated through the monitoring of these fund activities and adjusting working rates for healthcare costs.

III. Detailed Notes

A - Cash and Investments

1- Deposits – Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires that deposits be placed in financial institutions that are FDIC insured up to $250,000 and rated "well capitalized" on the institution's most recent audited financial statements/SEC filings, if deposits exceed $250,000. As of June 30, 2017, the City's bank balance of $52,889,417 was insured and collateralized as follows:

Insured	$ 10,373,807
Uninsured	23,443,205
Collateralized	
Collateral held by Pledging Banks' Trust Department, not in the City's name	18,556,676
Total Amount Subject to Custodial Risk	$ 52,373,688

The City's carrying value of cash and cash equivalents at June 30, 2017 was $50,397,238, and is presented within the following in the financial statements:

Governmental Activities	$ 29,445,949
Business Type Activities	14,740,722
Pension Trust Funds	3,771,391
OPEB Trust Funds	1,267,607
Internal Service Funds	83
Private Purpose Trust Funds	110,960
Agency Funds	1,060,526
Total	$ 50,397,238

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

III. Detailed Notes (Continued)

A - Cash and Investments (Continued)

At June 30, 2017, the City's investments, all of which are in the City's Pension Trust Funds, (including restricted investments) consisted of the following:

Type of Investment	Fair Value	N/A	Maturity Less Than 1	Maturity 1 - 5 Years
U.S. Equity Mutual Funds	$29,030,797	$29,030,797	$ --	$ --
International Equity Mutual Funds	10,170,603	10,170,603	--	--
Common Stock	2,859,966	2,859,966	--	--
Hedge funds	3,560,472	3,560,472	--	--
Pooled Equity Index Funds	300,586	300,586	--	--
Pooled Fixed Income Index Funds	221,186	--	221,186	--
Fixed Income Mutual Funds	20,471,837	--	20,471,837	--
Real Estate Investment Trusts	491,149	491,149	--	--
Total	$67,106,596	$46,413,573	$20,693,023	$ --

Interest rate risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As noted above, 100% of the City's investments are in mutual funds. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions. These investments are not rated by Standard & Poor's as of June 30, 2017.

At June 30, 2017 the City's investments totaled $67,106,596 (held in Fiduciary Funds) and those investment options representing 5% or more of the total investment balance are as follows:

Investment	Percentage	Fair Value
Russell US Small Cap Equity CL A	5.89%	$ 3,901,151
Skybridge Mutli-Advisor Hedge Fund Port LLC Ser G	5.38%	$ 3,560,472

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

III. Detailed Notes (Continued)

A - Cash and Investments (Continued)

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

Fair Value of Financial Instruments - GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

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

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

III. Detailed Notes (Continued)

A - Cash and Investments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in valuation methodology used at 2017.

Description	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Fair Value
June 30, 2017:			
U.S. Equity Mutual Funds	$ 29,030,797	$ --	$ 29,030,797
International Equity Mutual Funds	10,170,603	--	10,170,603
Common Stock	2,859,966	--	2,859,966
Pooled Equity Index Funds	--	300,586	300,586
Pooled Fixed Income Index Funds	--	221,186	221,186
Fixed Income Mutual Funds	20,471,837	--	20,471,837
Real Estate Investment Trusts	491,149	--	491,149
Total assets in the fair value hierarchy	63,024,352	521,772	63,546,124
Investments measured at net asset value*	--	--	3,560,472
Investments at fair value	$ 63,024,352	$ 521,772	$ 67,106,596

	Investments Measured at Net Asset Value as of June 30, 2017			
	Fair Value	Redemption Frequency	Redemption Notice Period	Funding Commitments
Hedge fund				
Fund of funds (a)	$ 3,560,472	Quarterly	65 Days	None

There were no transfers between any levels during the year ended June 30, 2017.

III. DETAILED NOTES (CONTINUED)

B - RECEIVABLES

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

	Property Taxes		
	Taxes	Interest & Liens	Total
Current Portion	$ 8,894,305	$ 4,286,602	$ 13,180,907
Less Allowance for Uncollectibles	(2,063,364)	(2,072,638)	(4,136,002)
Total Receivable	$ 6,830,941	$ 2,213,964	$ 9,044,905

	Economic Development Loans	CDBG Loans	Total
Loans Receivable	$ 681,774	$ 2,368,358	$ 3,050,132

	Sewer Use Charges		
	Use Charges	Interest & Liens	Total
Current Portion	$ 1,435,220	$ 529,521	$ 1,964,741
Less Allowance for Uncollectibles	(469,597)	(242,425)	(712,022)
Total Receivable	$ 965,623	$ 287,096	$ 1,252,719

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

Unearned Revenue	
Unearned Developer Security Deposits	$ 132,656
Tax collections in advance	2,104,688
Grant draw-downs prior to meeting all eligibility requirements	3,856,519
	$ 6,093,863

III. Detailed Notes (Continued)

C - Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	BALANCE JULY 1, 2016	INCREASES	DECREASES	BALANCE JUNE 30, 2017
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	$ 14,920,308	$ -	-	$ 14,920,308
Construction in progress	5,326,760	2,650,591	$ (6,088,183)	1,889,168
Total capital assets, not being depreciated	20,247,068	2,650,591	(6,088,183)	16,809,476
Capital Assets, being depreciated:				
Land improvements	26,597,491	2,388,670	-	28,986,161
Buildings	101,991,012	6,017,617	-	108,008,629
Machinery and equipment	6,568,173	236,454	(26,986)	6,777,641
Office furniture and equipment	7,278,221	1,255,672	-	8,533,893
Vehicles	20,599,571	1,415,929	(1,259,224)	20,756,276
Infrastructure	83,949,599	2,708,942	-	86,658,541
Total capital assets, being depreciated	246,984,067	14,023,284	(1,286,210)	259,721,141
Total capital assets	267,231,135	16,673,875	(7,374,393)	276,530,617
Less accumulated depreciation for:				
Land improvements	13,021,272	1,024,250	-	14,045,522
Buildings	44,758,476	1,740,880	-	46,499,356
Machinery and equipment	5,122,749	362,174	(26,986)	5,457,937
Office furniture and equipment	6,741,433	196,558	-	6,937,991
Vehicles	14,808,370	1,621,467	(1,259,224)	15,170,613
Infrastructure	72,266,785	890,433	-	73,157,218
Total accumulated depreciation	156,719,084	5,835,762	(1,286,210)	161,268,636
Total Capital Assets, being depreciated, net	90,264,983	8,187,522	-	98,452,505
Governmental Activities Capital Assets, net	$ 110,512,051	$ 10,838,113	$ (6,088,183)	$ 115,261,981

III. Detailed Notes (Continued)

C - Capital Assets (Continued)

		BALANCE JULY 1, 2016		INCREASES		DECREASES		BALANCE JUNE 30, 2017
Business-Type Activities:								
Capital Assets, not being depreciated:								
Land	$	342,712	$	-	$	-	$	342,712
Construction in progress		14,946,271		4,003,414		-		18,949,685
Total capital assets, not being depreciated		15,288,983		4,003,414		-		19,292,397
Capital Assets, being depreciated/amortized:								
Land improvements		266,795		-		-		266,795
Leasehold improvements		187,562		-		(187,562)		-
Machinery and Equipment		557,243		29,920		(12,740)		574,423
Office furniture and equipment		1,124		-		-		1,124
Vehicles		35,838		-		-		35,838
Service to customers		98,337		-		-		98,337
Pumping plant and equipment		3,721,906		-		-		3,721,906
GIS project		1,103,834		-		-		1,103,834
Treatment plant and equipment		78,955,615		-		-		78,955,615
Infrastructure		50,555,977		-		-		50,555,977
Total capital assets, being depreciated/amortized		135,484,231		29,920		(200,302)		135,313,849
Total capital assets		150,773,214		4,033,334		(200,302)		154,606,246
Less accumulated depreciation/amortization for:								
Land improvements		263,684		3,111		-		266,795
Leasehold improvements		172,228		-		(172,228)		-
Machinery and Equipment		448,986		27,189		(12,740)		463,435
Office furniture and equipment		1,029		63		-		1,092
Vehicles		25,340		5,250		-		30,590
Service to customers		79,308		1,892		-		81,200
Pumping plant and equipment		2,172,769		70,348		-		2,243,117
GIS project		1,103,833		-		-		1,103,833
Treatment plant and equipment		43,672,019		1,518,038		-		45,190,057
Infrastructure		32,587,256		612,568		-		33,199,824
Total accumulated depreciation/amortization		80,526,453		2,238,459		(184,968)		82,579,943
Total Capital Assets, being depreciated/amortized, net		54,957,778		(2,208,539)		(15,334)		52,733,906
Business-Type Activities Capital Assets, net	$	70,246,761	$	1,794,875	$	(15,334)	$	72,026,303

III. DETAILED NOTES (CONTINUED)

C - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	$ 3,733,989
Public Safety	1,183,007
Public Works	351,075
Education	378,990
Parks and Recreation	120,548
Public Libraries	36,729
Senior Services	31,424
Total Depreciation Expense - Governmental Activities	$ 5,835,762

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

Business-Type Activities:	
Sewer	$ 2,211,923
Charter School	3,257
School Lunch	23,279
Total Depreciation Expense - Business-Type Activities	$ 2,238,459

Construction Commitments

The City has active construction projects as of June 30, 2017. At year end, the City's commitments with contractors are as follows:

Project	Commitment
Governmental-Type Activities:	
School Bond Fund	$ 27,608
Business-Type Activities:	
Sewer	1,550,368
Total	$ 1,577,976

III. Detailed Notes (Continued)

D - Interfund Accounts

1 - **Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2017 is as follows:

	Corresponding Fund	Due From	Due To
Major Funds			
General Fund:			
School Unrestricted Fund		$ --	$ 2,610,687
Emergency Management Fund		230	--
Community Development Fund		22,139	--
Police Evidence		--	2,038
Economic Development Revolving Loan		3,000	--
Police State Seizure		--	801
Special Police Duty		361,424	--
Special Fire Duty		6,554	--
Public Libraries		--	2,582
WIA Job Development Fund		209,176	--
Police Federal Seizure		27,150	--
School Bond Fund		10,025	--
Internal Service Fund		183,236	--
Sewer Fund		--	2,766,002
Total General Fund		822,934	5,382,110
School Department Unrestricted:			
General Fund - City		2,610,687	--
Internal Service Fund		3,979,466	--
Education SR Fund		1,348,808	126,230
Charter School Fund		--	385,136
Total School Special Revenue Unrestricted		7,938,961	511,366
Proprietary Funds:			
Sewer Fund	General Fund	2,766,002	--
Charter School Fund	School General Fund	385,136	--
Total Enterprise Funds		3,151,138	--

III. Detailed Notes (Continued)

D - Interfund Accounts (Continued)

1 - Interfund Payables and Receivables (Continued)

	Corresponding Fund	Due From	Due To
Nonmajor Funds			
Emergency Management Fund	General Fund	--	230
Community Development Block	General Fund		
Grant Fund	General Fund	--	22,139
Police Evidence	General Fund	2,038	--
Economic Development Revolving Loan	General Fund	--	3,000
Restricted School Funds	School Bond Fund	--	10,026
Police State Seizure	General Fund	801	--
Public Libraries	General Fund	2,582	--
Special Duty Fire Fund	General Fund	--	6,554
Special Duty Police Fund	General Fund	--	361,424
Police Federal Forfeiture - Justice	General Fund	--	27,150
Restricted School Funds	School General Fund	126,231	1,348,808
Storm Drains Fund	General Fund	42,543	--
Open Space Fund	General Fund	322,509	--
Public Building Bond Fund	General Fund		42,543
Highway Bond Fund	General Fund		322,509
WIA Job Development Fund	General Fund	--	209,176
Total Nonmajor Funds		496,704	2,353,559
Internal Service Fund			
Self Insurance Fund	General Fund	--	183,236
Health Insurance Fund	School General Fund	--	3,979,466
Total Internal Service Funds		--	4,162,702
Total		$ 12,409,737	$ 12,409,737

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

III. Detailed Notes (Continued)

D - Interfund Accounts (Continued)

2 - Interfund Transfer

A summary of interfund transfers as of June 30, 2017 is as follows:

	Transfers In	Transfers Out
General Fund		
School Unrestricted Fund	$ --	$ 92,547,652
Public Facilities Management Foundation		18,900
Total General Fund	--	92,566,552
Enterprise Fund		
Public Facilities Management Foundation	18,900	--
Other Governmental Funds		
School Bond Fund	--	459,675
School Education Fund	--	213,567
Total Other Governmental Funds	--	673,242
School Unrestricted		
General Fund	92,547,652	--
School Bond Fund	459,675	--
School Education Fund	213,567	--
	93,220,894	--
Grant Total	$ 93,239,794	$ 93,239,794

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

E - Short-Term Obligations – Bond Anticipation Notes

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

There were no bond anticipation notes issued during the fiscal year ending June 30, 2017.

III. DETAILED NOTES (CONTINUED)

F - CHANGES IN LONG-TERM OBLIGATION

1 - Summary of Changes

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

Description	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding 7/1/2016	Additions	Retirements	Balance Outstanding 6/30/2017	Current Portion
Governmental Activities:									
General obligation debt:									
158 Public improvements	06/18/08	$ 13,075,000	4.00-5.00%	7/1/2028	$ 9,825,000		$ 445,000	$ 9,380,000	$ 585,000
159 School Borrowing-159	8/7/2008	$ 7,000,000	3.75-6.00%	4/1/2029	5,245,000		335,000	4,910,000	310,000
160 Public improvements	7/8/2010	$ 3,000,000	2.00-4.3%	7/1/2030	2,250,000		150,000	2,100,000	150,000
161 School Borrowing-161	1/15/2011	$ 700,000	2.00-4.3%	5/15/2031	350,000		70,000	280,000	70,000
162A Public improvements	3/29/2012	$ 3,430,000	2.00-4.37%	2/1/1933	2,905,000		175,000	2,730,000	175,000
162B Public improvements - refunding	4/10/2012	$ 15,955,000	2.00-5.00%	7/1/2023	11,300,000		1,420,000	9,880,000	1,410,000
163 Public improvements	7/30/2013	$ 10,210,000	3.00-4.75%	8/1/2033	9,360,000		520,000	8,840,000	520,000
164B Public improvements - refunding	7/15/2015	$ 21,985,000	3.00-5.00%	7/15/2025	21,985,000		3,435,000	18,550,000	3,545,000
164A Public improvements	7/15/2015	$ 8,730,000	1.25-5.00%	7/15/2035	8,730,000		320,000	8,410,000	330,000
166 Public improvements	4/9/2016	$ 1,755,000	0.40-2.41%	9/1/2036	1,755,000			1,755,000	79,000
165 School improvements	05/15/16	$ 4,565,000	2.00-5.00%	5/15/2036	4,565,000		165,000	4,400,000	170,000
167 Public improvements	07/15/16	$ 2,240,000	0.986-2.32%	9/2/2032		$ 2,240,000		2,240,000	-
Total general obligation bonds					78,270,000	2,240,000	7,035,000	73,475,000	7,344,000
Bond premiums					3,451,770	-	375,375	3,076,395	375,374
TOTAL BONDS AND RELATED LIABILITIES					81,721,770	2,240,000	7,410,375	76,551,395	7,719,374
Capital lease:									
Energy Lease Obligations	11/03/16	3,200,000	1.73%	7/15/2023	-	3,200,000		3,200,000	-
Total leases payable					-	3,200,000	-	3,200,000	-
TOTAL BONDS, NOTES AND RELATED LIABILITIES					81,721,770	5,440,000	7,410,375	79,751,395	7,719,374
COMPENSATED ABSENCES					12,524,689	7,393,208	7,073,846	12,844,051	1,284,405
DEFERRED SALARY					123,621		9,579	114,042	11,404
NET PENSION LIABILITY									
Municipal Employees' Retirement System - City of Cranston					6,576,672	7,824,141		14,400,813	N/A
Municipal Employees' Retirement System - Police					3,418,713	2,484,705		5,903,418	N/A
Employees' Retirement System					124,148,324	13,988,459		138,136,783	N/A
Police and Fire Employees' Retirement System					245,859,456	1,271,215		247,130,671	N/A
NET OPEB LIABILITY - SCHOOL DEPARTMENT (AS RESTATED)					8,677,363	494,661		9,172,024	N/A
NET OPEB LIABILITY - CITY (AS RESTATED)					44,757,713		854,212	43,903,501	N/A
CLAIMS AND JUDGEMENTS					100,000		-	100,000	50,000
Total General Long-Term Obligations					$ 527,908,321	$ 38,896,389	$ 15,348,012	$ 551,456,698	$ 9,065,183

III. DETAILED NOTES (CONTINUED)

F - CHANGES IN LONG-TERM OBLIGATION (CONTINUED)

1 - Summary of Changes (Continued)

Description	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Outstanding 7/1/2016	Additions	Retirements	Outstanding 6/30/2017	Current Portion
Business-Type Activities:									
Enterprise funds:									
SEWER									
RI Infrastructure Bank	11/13/2003	$ 2,000,000	3.00%	9/1/2027	$ 900,000	$ -	$ 100,000	$ 800,000	$ 100,000
RI Infrastructure Bank	9/1/2005	$ 900,000	3.00%	9/1/2025	600,000	-	60,000	540,000	60,000
RI Infrastructure Bank	9/1/2007	$ 3,000,000	1.43%	9/1/2028	1,950,000	-	150,000	1,800,000	150,000
RI Infrastructure Bank	2/20/2014	$ 18,000,000	0.35% - 3.14%	9/1/1934	17,275,000	-	709,733	16,565,267	716,533
RI Infrastructure Bank	9/1/2010	$ 1,000,000	0.52% - 3.19%	9/1/2030	800,000	-	42,000	758,000	43,000
TOTAL BONDS AND RELATED LIABILITIES					21,525,000	-	1,061,733	20,463,267	1,069,533
NET OPEB OBLIGATION					93,520	14,080	-	107,600	-
NET PENSION LIABILITY					1,611,696	288,937	-	1,900,633	-
COMPENSATED ABSENCES					40,397	-	-	40,397	40,397
Total Enterprise funds					$ 21,658,917	$ 303,017	$ 1,061,733	$ 20,611,264	$ 1,109,930

Capital assets obtained from capital leases totaled $5,078,757.

III. Detailed Notes (Continued)

F - Changes in Long-Term Obligation (Continued)

1 - Summary of Changes (Continued)

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

Year Ending June 30,	Governmental Activities General Obligation Debt Principal	Governmental Activities General Obligation Debt Interest	Business-Type Activities Clean Water Bonds Principal	Business-Type Activities Clean Water Bonds Interest
2018	$ 7,344,000	$ 2,817,973	$ 1,069,533	$ 542,560
2019	7,668,000	2,543,040	1,079,300	527,552
2020	6,460,000	2,247,143	1,091,967	509,691
2021	5,403,000	1,997,027	1,107,567	489,157
2022	5,455,000	1,771,032	1,125,100	466,053
2023-2027	23,425,000	5,724,000	5,718,233	1,908,147
2028-2032	11,773,000	2,197,612	5,430,767	1,060,964
2033-2037	5,302,000	423,797	3,360,900	179,501
Totals	$ 72,830,000	$ 19,721,624	$ 19,983,367	$ 5,683,625

III. Detailed Notes (Continued)

F - Changes in Long-Term Obligation (Continued)

1 - Summary of Changes (Continued)

Compensated absences

The obligation represents the employee (vested and nonvested) compensated absences expected to be paid in the future, aggregating approximately $12,844,000 as of June 30, 2017. This amount is recorded in the government wide statements, and paid out of the General Fund.

2 - Lease Commitment

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

Year Ended June 30	
2018	$ 1,074,306
2019	1,074,306
2020	1,072,535
2021	1,065,000
2022-2025	5,325,000
2026-2033	4,171,250
Totals	$ 13,782,397

Lease expenditures approximated $1,070,766 for fiscal year ended June 30, 2017.

III. Detailed Notes (Continued)

F - Changes in Long-Term Obligation (Continued)

3 - Statutory Debt Limitations

Debt Limit

Except as explained below, under Rhode Island law the City may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the City. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the City. There is currently no outstanding debt of the City subject to the 3% debt limit. The current 3% debt limit of the City is $220.7 million based on taxable property as of December 31, 2015, of approximately $7.4 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, 2017, the City had $72,830,000 of debt outstanding, none of which is subject to the 3% debt limit.

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

4 - In-Substance Defeasance – Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2017, the in-substance defeased bonds, which remain outstanding was $35,830,000.

III. DETAILED NOTES (CONTINUED)

F - CHANGES IN LONG-TERM OBLIGATION (CONTINUED)

5 - Authorized/Unissued Bonds

The amount of authorized, unissued bonds is as follows:

General	$ 57,955,022
Schools	17,946,228
Total	$ 75,901,250

6 - Unearned Salary

Unearned salary represents an agreement Cranston Public Schools made with the teachers union in 1992. Under the agreement any teacher who was employed by the school system prior to and inclusive of the 1991-1992 school year is eligible, upon departure from the Cranston Public School system, for a stipend. The amount of the stipend is based on the salary step held by the teacher during the 1991-1992 school year. The unearned, not to exceed $1,500 per teacher will be paid in a lump sum upon each teacher's separation from service. In the event a teacher dies while in the employ of the Cranston Public Schools the benefit will be paid to the teacher's estate. As of June 30, 2017, there were 96 teachers eligible for the benefit, with an outstanding balance of $114,042.

G - FUND BALANCE

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

III. Detailed Notes (Continued)

G - Fund Balance (Continued)

At June 30, 2017 Restricted Fund Balance consisted of the following:

To Fund Future Library Expenses	$ 69,953
To Fund Education Expenses	500,733
To Fund Recreation Bond Expenditures	236,749
To Fund Future Fire Expenses	250,093
To Fund Library Expenses	5,243
To Fund Police and Fire Capital Projects	663,960
To Fund Storm Drain Projects	426,971
To Fund Neighborhood Infrastructure Capital Projects	1,654,998
To Fund Open Space	125,864
To Fund Future Community Development Expenditures	1,476,977
To Fund Future Public Service Expenditures	508,476
To Fund Future Senior Services Expenditures	163,649
To Fund Future Ice Rink	148,317
To Fund Future Parks and Recreation Expenditures	1,747
Long-Term Receivable From Health Insurance Fund	3,979,466
To Fund Future Grant Expenditures	100,519
To Fund Future Capital Facilities Impact Expenditures	652,883
To Fund Future Cemetery Trust Expenditures	5,166
To Fund Future Historical Record Expenditures	719,060
Total Restricted Fund Balance	$ 11,690,824

III. DETAILED NOTES (CONTINUED)

G - FUND BALANCE (CONTINUED)

At June 30, 2017 Committed Fund Balance consisted of the following:

Capital and One-Time Expenditures	$ 39,259
Self-Insurance Healthcare Reserve Fund	4,766
School Department Grants	2,308
Encumbrances for Education Supplies	1,289,426
Total Committed Fund Balance	$ 1,335,759

At June 30, 2017 Nonspendable Fund Balance consisted of the following:

General Fund:	
Advance Deposits-Hospitalization	$ 207,000
School Department:	
Long-Term Receivable From Health Insurance Fund	116,183
Total Nonspendable Fund Balance	$ 323,183

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

IV. OTHER INFORMATION

A - RISK MANAGEMENT

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

IV. Other Information (Continued)

A - Risk Management (Continued)

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 $35 million for fiscal year 2017 under this plan.

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

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

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

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

IV. Other Information (Continued)

A - Risk Management (Continued)

Changes in the self-insurance liability for the fiscal years ended June 30, 2017 are as follows:

	2017	2016
July 1	$ 850,837	$ 2,751,985
Add: incurred claims	34,667,579	33,200,111
Less: payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	34,592,136	35,049,305
Other claims	--	51,954
June 30	$ 926,280	$ 850,837

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years. The liability at June 30, 2017 has been recorded on the statement of net position under the claims payable line, within the government-wide statements ($926,280).

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

B - Lease of Wastewater Treatment Facility

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

IV. OTHER INFORMATION (CONTINUED)

B - LEASE OF WASTEWATER TREATMENT FACILITY (CONTINUED)

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

At June 30, 2017, the balance of unearned revenue related to this was $9,600,000 which is comprised of a short-term portion of $1,920,000 and a long-term portion of $7,680,000.

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 2017, the City paid service fees totaling $15 million. The City also recognized 4% of the lease payment ($1,920,000) as revenue for the year ended June 30, 2017.

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.

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEM

Summary

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

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

a. Summary of Significant Accounting Policies and Plan Asset Matters

(i) Basis of Accounting

PFERS' financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contract requirements and investment income is recognized when earned and expenses (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the plan. As of June 30, 2017, there are no separate financial statements available for the PFERS plan.

(ii) Valuation of Investments

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

IV. Other Information (Continued)

D - Employee Retirement System (Continued)

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

b. Classes of Employees Covered

As of June 30, 2016, the plans' membership consists of:

	Fire	Police	Total
Retirees, disability retirees and beneficiaries receiving benefits	217	207	424
Active plan members vested	23	5	28
Totals	240	212	452

c. Benefit Provisions

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

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.

IV. Other Information (Continued)

D - Employee Retirement System (Continued)

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

d. *Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2016 (the date of the most recent actuarial valuation) was as follows:

Actuarial accrued liability (AAL)	$(309,848,047)
Actuarial value of plan assets	62,717,376
Unfunded actuarial accrued liability (UAAL)	$(247,130,671)
Funded ratio (actuarial value of plan assets/AAL)	-20.24%
Covered payroll (active plan members)	$ 2,663,974
UAAL as a percentage of covered payroll	-9276.77%

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

e. *Schedule of Employer Contributions*

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
6/30/2014	$ 21,006,057	$ 22,376,109	106.52%
6/30/2015	$ 22,353,591	$ 22,376,110	100.10%
6/30/2016	$ 21,316,456	$ 21,316,456	100.00%

IV. Other Information (Continued)

D - Employee Retirement System (Continued)

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

f. Actuarial Assumptions

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

Valuation Date	July 1, 2017	
Actuarial Cost Method	Attained age normal with the UAAL funded on a level dollar basis over a closed period. For court approved plan provisions the closed period is through FYE 2042. For the opt out plan the closed period is through FYE 2037.	
Asset Valuation Method	Market Value of Assets	
Actuarial Assumptions:		
Investment Rate of Return		7.9%
Projected Salary Increases:		
Merit		3%
Cost-of-living adjustment		0%
Inflation		3%
Amortization Method	Level Dollar Over a Closed Period	
Remaining Amortization Period		22 Years
Administrative Expenses		Paid by the City

g. *GASB 68 Information*

i. <u>Summary of Significant Accounting Policies</u>

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

g. *GASB 68 Information (Continued)*

ii. <u>Plan Description</u>

Plan Administration

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

Contributions

The City establishes contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, the City contributed $21,316,456 to the Plan, including $0 from the State.

iii. <u>Investments</u>

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -3.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

iv. <u>Net Pension Liability</u>

Components of Net Pension Liability

Total pension liability	$ 309,848,047
Plan fiduciary net position	(62,717,376)
Net pension liability	$ 247,130,671
Plan fiduciary net position as a percentage of the Total pension liability	20.24%

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

g. *GASB 68 Information (Continued)*

v. Actuarial Assumptions

The June 30, 2017 total pension liability was determined by rolling forward the June 30, 2016 valuation results, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	3.00%	
Investment rate of return	7.90%	comprised on average inflation rate of 3% and a real rate of return of 4.9%

Census data was collected as of July 1, 2017. Liabilities measured as of the census date were projected to June 30, 2017 assuming no demographic gains or losses.

Mortality rates for health lives were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment and improvements projected to 2026 with Scale AA. The same tables were used for disabled lives but set forward three years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table (note that the rates shown below include the inflation component):

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

g. *GASB 68 Information (Continued)*

v. Actuarial Assumptions (Continued)

Asset Class	Long-Term Expected Rate of Return	Targeted Allocation
Domestic Equity (large cap)	11.13%	35.00%
Domestic Equity (mid cap)	13.16%	5.00%
Domestic Equity (small cap)	13.22%	5.00%
International Equity	9.86%	15.00%
Fixed income	4.16%	35.00%
Real estate	8.35%	5.00%
		100.00%

Discount Rate

The assumed discount rate used to measure liabilities for valuation purposes is 7.90%. The projection of cash flows used to determine the discount rate for GASB 67 purposes assumed that future City contributions will follow the contribution pattern of the most recent five years (see table below), which results in an assumption that the City will contribute approximately 95.3% of the actuarially determined contributions. Based on these assumptions, the pension plan's fiduciary net position is projected to fall short of meeting all future benefit obligations to current plan members. From the point where assets are projected to be depleted, a municipal bond rate of 2.71%, based on the S&P Municipal Bond 20 Year High Grade Rate Index, was used in the development of the blended GASB discount rate. The resulting blended rate of 7.90% was used to measure the Plan's total pension liability.

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

g. *GASB 68 Information (Continued)*

v. <u>Actuarial Assumptions (Continued)</u>

Discount Rate (Continued)

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed
2014	$ 21,006,057	$ 22,376,109	106.52%
2015	$ 22,353,591	$ 22,376,110	100.10%
2016	$ 21,316,456	$ 21,316,456	100.00%

The ARC for the fiscal year ending June 30, 2016 was based on the results of the July 1, 2013 valuation, updated to reflect the benefit provisions of the Funding Improvement Plan. An ordinance of such provision changes was passed by the City Council and signed into law by the Mayor in April 2013.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability, calculated using the discount rate of 7.90%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.90%) or 1-percentage-point higher (8.90%) than the current rate:

	1% Decrease (6.90%)	Current Discount Rate (7.90%)	1% Increase (8.90%)
Net Pension Liability	$ 279,612,967	$ 247,130,671	$ 219,797,065

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

g. *GASB 68 Information (Continued)*

v. <u>Actuarial Assumptions (Continued)</u>

Police and Fire Units

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

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

For the year ended June 30, 2017 the employer recognized pension expense of $16,034,265. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subject to measurement date	$ 21,403,849	$ --
Changes in assumptions	--	(4,978,421)
Differences between expected and actual liability experience	--	1,233,114
Differences between expected and actual earnings	6,931,388	--
Total	$ 28,335,237	$ (3,745,307)

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

g. *GASB 68 Information (Continued)*

vi. Actuarial Assumptions (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2017	$ 17,882,890
2018	377,984
2019	1,610,625
2020	1,386,276
2021	
Total	$ 21,257,775

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

Plan Description

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

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

General Employee Units

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

Benefits Provided

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

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

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Benefits Provided (Continued)

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

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

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

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

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

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

General Employee Units

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	From Employer Specific Valuation
Inactive, Nonretired Members	316
Retirees and Beneficiaries	570
Active Members	682
Total	1,568

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The City of Cranston contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City of Cranston contributed $2,403,173 in the year ended June 30, 2017 which was 9.92% of annual covered payroll.

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

General Employee Units (Continued)

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

General Employee Units (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	7.94%
Private Equity	7%	10.15%
Equity Hedge Funds	8%	4.10%
Absolute Return Hedge	7%	4.10%
Real Return	11%	3.90%
Real Estate	8%	5.33%
Core Fixed	15%	2.37%
Infrastructure	3%	5.58%
Asset	3%	0.82%
	100%	

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

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

General Employee Units (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2015	$ 139,759,544	$ 133,128,907	$ 6,630,637
Changes for the Year			
Service cost	2,362,034	--	
Interest on the total pension liability	10,231,218	--	
Changes in benefits	--	--	
Difference between expected and actual experience	(1,706,718)	--	
Changes in assumptions	--	--	
Employer contributions	--	2,403,173	
Employee contributions	--	847,508	
Net investment income	--	30,596	
Benefit payments, including employee refunds	(9,048,633)	(9,048,633)	
Administrative expense	--	(193,515)	
Other changes	--	28,596	
Net changes	1,837,901	(5,932,275)	
Balances as of June 30, 2016	$ 141,597,445	$ 127,196,632	$ 14,400,813

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

General Employee Units (Continued)

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

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
$ 29,507,632	$ 14,400,813	$ 2,034,995

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

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

For the year ended June 30, 2017 the employer recognized pension expense of $2,542,586. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 2,186,314	$ --
Difference in Experience	--	(2,669,960)
Differences in Assumptions	68,624	--
Excess (Deficit) Investment Returns	11,881,446	(3,601,040)
Total	$ 14,136,384	$ (6,271,000)

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

General Employee Units (Continued)

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

Year Ending June 30,	Net Deferred Outflows/(Inflows) of Resources
2018	$ 2,579,297
2019	401,450
2020	2,938,545
2021	1,946,092
2022	--
Total	$ 7,865,384

General Employee (Non-Certified) Defined Contribution Plan

Certain employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees with less than 20 years of service contribute 5% of their annual covered salary. Employers contribute 1.25% for employees with at least 10 years of service but less than 15 years of service as of June 30, 2012 of annual covered salary. Employers contribute 1.50% for employees with at least 15 years of service but less than 20 years of service as of June 30, 2012 of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

General Employee (Non-Certified) Defined Contribution Plan (Continued)

The City of Cranston recognized pension expense of $166,775 for the fiscal year ended June 30, 2017.

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

Police Units

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	From Employer Specific Valuation
Inactive, Nonretired Members	9
Retirees and Beneficiaries	14
Active Members	143
Total	166

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 10% of their salaries. The City contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City contributed $1,109,071 in the year ended June 30, 2017 which was 10.57% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Police Units (Continued)

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Police Units (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	7.94%
Private Equity	7%	10.15%
Equity Hedge funds	8%	4.10%
Absolute return hedge	7%	4.10%
Real Return	11%	3.90%
Infrastructure	3%	5.58%
Real Estate	8%	5.33%
Core Fixed	15%	2.37%
Asset	3%	0.82%
	100%	

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

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Police Units (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2015	$ 35,996,105	$ 32,577,392	$ 3,418,713
Changes for the Year			
Service cost	1,964,581	--	
Interest on the total pension liability	2,735,086	--	
Changes in benefits	--	--	
Difference between expected and actual experience	(61,897)	--	
Changes in assumptions	--	--	
Employer contributions	--	1,109,071	
Employee contributions	--	1,087,172	
Net investment income	--	(11,700)	
Benefit payments, including employee refunds	(1,021,160)	(1,021,160)	
Administrative expense	--	(31,476)	
Other changes	--	(2)	
Net changes	3,616,610	1,131,905	
Balances as of June 30, 2016	$ 39,612,715	$ 33,709,297	$ 5,903,418

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Police Units (Continued)

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

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
$ 9,972,641	$ 5,903,418	$ 2,573,796

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

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

For the year ended June 30, 2017 the employer recognized pension expense of $1,517,382. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 1,040,242	$ --
Difference in Experience	317,737	(56,199)
Differences in Assumptions	--	(470,779)
Excess (Deficit) Investment Returns	2,951,998	(853,835)
Total	$ 4,309,977	$ (1,380,813)

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Police Units (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2018	$ 1,399,841
2019	350,600
2020	786,515
2021	468,621
2022	(30,957)
Thereafter	(53,456)
Total	$ 2,921,164

Defined Contribution Plan Description:

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Police Units (Continued)

Defined Contribution Plan Description (Continued):

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

The City recognized pension expense of $296,993 for the fiscal year ended June 30, 2017.

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

Fire Units

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	From Employer Specific Valuation
Inactive, Nonretired Members	1
Retirees and Beneficiaries	13
Active Members	159
Total	173

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 10% of their salaries. The City contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City contributed $991,610 in the year ended June 30, 2017 which was 8.15% of annual covered payroll.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Fire Units (Continued)

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Fire Units (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	7.94%
Private Equity	7%	10.15%
Equity Hedge Funds	8%	4.10%
Absolute Eeturn Hedge	7%	4.10%
Real Return	11%	3.90%
Real Estate	8%	5.33%
Infrastructure	3%	5.58%
Core Fixed	15%	2.37%
Asset	3%	0.82%
	100%	

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

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Fire Units (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2015	$ 51,467,852	$ 54,049,733	$ (2,581,881)
Changes for the Year			
Service cost	2,326,126	--	
Interest on the total pension liability	3,925,426	--	
Changes in benefits	--	--	
Difference between expected and actual experience	(2,398,843)	--	
Changes in assumptions	--	--	
Employer contributions	--	991,610	
Employee contributions	--	1,189,766	
Net investment income	--	(19,290)	
Benefit payments, including employee refunds	(583,801)	(583,801)	
Administrative expense	--	(51,895)	
Other changes	--	786	
Net changes	3,268,908	1,527,176	
Balances as of June 30, 2016	$ 54,736,760	$ 55,576,909	$ (840,149)

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

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
$ 4,691,007	$ (840,149)	$ (5,365,254)

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Fire Units (Continued)

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

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

For the year ended June 30, 2017 the employer recognized pension expense of $1,309,819. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 969,395	$ --
Difference in Experience	--	(2,345,776)
Difference in Assumptions	--	(475,211)
Excess(deficit) Investment	--	--
Returns	4,883,204	(1,416,560)
Total	$ 5,852,599	$ (4,237,547)

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

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2018	$ 1,278,041
2019	308,648
2020	1,016,943
2021	490,813
2022	(335,391)
Thereafter	(1,144,032)
Total	$ 1,615,022

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Fire Units (Continued)

Defined Contribution Plan Description:

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

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

The City recognized pension expense of $353,286 for the fiscal year ended June 30, 2017.

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

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

Plan Description

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Plan Description (Continued)

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

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

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

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

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Plan Description (Continued)

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, Cranston School District teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Cranston School District are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Cranston School Department; the rates were 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2017 for the state and Cranston School Department, respectively. The Cranston School District contributed $9,213,704, $8,971,511 and $10,096,904 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2017, the Cranston School District reported a liability of $138,136,783 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Cranston School District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Cranston School District were as follows:

Cranston School District proprionate share of net pension liability:	$ 138,136,783
State's proportionate share of the net pension liability associated with the Cranston District:	94,603,413
Total net pension liability	$ 232,740,196

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The Cranston School District proportion of the net pension liability was based on a projection of the Cranston School District long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2016 the Cranston School District's proportion was 4.62990426%.

For the year ended June 30, 2017 the Cranston School District recognized gross pension expense of $19,940,628 and revenue of $7,918,917 for support provided by the State. At June 30, 2017 the Cranston School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources	
Contributions subsequent to the measurement date:	$ 9,213,704
Net difference between projected and actual earnings on pension plan investments:	18,555,303
Total	$ 27,769,007
Deferred inflows of resources	
Difference between expected and actual experience:	$ (2,725,515)
Changes of assumptions	(2,861,431)
Changes in proportion and differences between employer contributions and proportionate share of contributions:	(158,483)
Net difference between projected and actual earnings on pension plan investments:	(4,851,989)
Total	$ (10,597,418)

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Funding Policy

$9,213,704 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2018	$	1,355,125
2019	$	1,355,125
2020		3,781,119
2021		1,985,663
2022		(575,631)
Thereafter		56,484
Total	$	7,957,885

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

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

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

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Funding Policy (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	7.94%
Private Equity	7%	10.15%
Equity Hedge Funds	8%	4.10%
Absolute Return Hedge	7%	4.10%
Real Return	11%	3.90%
Real Estate	8%	5.33%
Infrastructure	3%	5.58%
Core Fixed	15%	2.37%
Asset	3%	0.82%
	100%	

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

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Funding Policy (Continued)

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

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
$ 170,586,840	$ 138,136,783	$ 111,571,546

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

Defined Contribution Plan Description:

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Cranston School District recognized pension expense of $2,167,116 for the fiscal year ended June 30, 2017.

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Plan Description

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

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

Eligibility and Plan Benefits

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

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

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Eligibility and Plan Benefits (Continued)

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

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

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

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

Parent and One Child	Parent and Two or More Children	One Child Alone	Two Children Alone	Three or More Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions

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

The Cranston School District contributed $102,845, $100,039 and $97,925 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

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

At June 30, 2017 the Cranston School District reported an asset of $16,261,491 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The Cranston School District proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Cranston School District proportion was 16.33140696%.

For the year ended June 30, 2017 the Cranston School District recognized pension expense of $302,616 – an increase in the net pension asset. At June 30, 2017 the Cranston School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources		
Contributions subsequent to the measurement date:	$	102,845
Difference between expected and actual experience:		3,095,650
Net difference between projected and actual earnings on pension plan investments:		4,302,990
Total	$	7,274,897

Deferred inflows of resources		
Difference between expected and actual experience:	$	(3,232,752)
Net difference between projected and actual earnings on pension plan investments:		(1,328,565)
Changes in proportion and differences between employer contributions and proportionate share of contributions:		(226,588)

IV. OTHER INFORMATION (CONTINUED)

D - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Funding Policy

$102,845 reported as deferred outflows of resources related to pensions resulting from the Cranston School District contributions in fiscal year 2016 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2018	$	543,790
2019		543,790
2020		1,208,073
2021		723,754
2022		11,245
Thereafter		(419,912)
Total	$	2,610,740

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

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

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

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

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Funding Policy (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Target Allocation	Long-term expected real rate of return
Global Equity	38%	7.94%
Private Equity	7%	10.15%
Equity Hedge funds	8%	4.10%
Absolute return hedge	7%	4.10%
Real Return	11%	4.97%
Real Estate	8%	5.33%
Infrastructure	3%	5.58%
Core Fixed	15%	2.37%
Asset	3%	0.82%
	100%	

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

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

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

Funding Policy (Continued)

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

1.00% Decrease 6.50%	Current Discount Rate (7.5%)	1% Increase (8.5%)
$ (12,903,678)	$ (16,261,491)	$ (19,008,790)

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

5 - National (Industrial) Pension Plan

Plan Description

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

5 - National (Industrial) Pension Plan (Continued)

Funding Policy

Covered employees are not required to contribute to the Plan. For Fiscal Year ended June 30, 2017 the City was required to contribute $1.87 per hour, and the School Department was required to contribute $.99 per hour for each hour worked by the employees to the Plan.

Contributions

Contributions for the past three years were as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
City			
6/30/2015	$ 238,153	$ 238,153	100%
6/30/2016	$ 259,382	$ 259,382	100%
6/30/2017	$ 301,375	$ 301,375	100%
School Department			
6/30/2015	$ 115,668	$ 115,668	100%
6/30/2016	$ 124,272	$ 124,272	100%
6/30/2017	$ 136,018	$ 136,018	100%

6 - New England Teamsters & Trucking Industry Pension Plan

Plan Description

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

IV. Other Information (Continued)

D - Employee Retirement Systems (Continued)

6. - New England Teamsters & Trucking Industry Pension Plan

Funding Policy

Covered employees are currently not required to contribute to the Plan. For the Fiscal Year ended June 30, 2017, the City was required to contribute $1.35 per hour for each hour worked by the employees to the Plan.

Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contribution
6/30/2015	$ 276,354	$ 276,354	100%
6/30/2016	$ 296,407	$ 296,407	100%
6/30/2017	$ 327,411	$ 327,411	100%

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

1 - Plan Description

The City maintains and administers a single-employer OPEB benefit plan that covers all public safety employees. The plan provides health benefits and life insurance benefits to eligible retired police and fire employees and their beneficiaries. The plans provisions may be amended by the City and the Trustees of the plan. The trust is accounted for as an OPEB trust fund in the City's financial statements. As of June 30, 2016, there are no separate financial statements available for the Public Safety Employees OPEB plan.

2 - Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

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)

Valuation of Investments

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

Classes of Employees Covered

As of July 1, 2017 (date of the last actuarial valuation) membership data was as follows:

Active employees	322
Retirees	356
Total plan members	678

3 - Funding Policy

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

IV. OTHER INFORMATION (CONTINUED)

E - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – PUBLIC SAFETY EMPLOYEES (CONTINUED)

4 - Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 5,108,841
Interest on net OPEB obligation	195,925
Adjustment to annual required contribution	(189,330)
Annual OPEB cost (expense)	5,115,436
Contributions made	5,055,716
Decrease in net OPEB obligation	59,720
Net OPEB obligation - July 1, 2016	2,480,057
Net OPEB obligation - June 30, 2017	$ 2,539,777

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset/(Obligation)
6/30/2015	$ 4,763,264	107%	$ (2,162,040)
6/30/2016	$ 5,066,627	94%	$ (2,480,057)
6/30/2017	$ 5,115,436	99%	$ (2,539,777)

IV. OTHER INFORMATION (CONTINUED)

E - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – PUBLIC SAFETY EMPLOYEES (CONTINUED)

5 - Funded Status and Funding Progress

The required supplementary information, which follows the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB – Public Safety Employees with a valuation date of July 1, 2016, which is the most recent report available.

Actuarial accrued liability (AAL)	$ (49,560,795)
Actuarial value of plan assets	6,131,852
Unfunded actuarial accrued liability (UAAL)	$ (43,428,943)
Funded ratio (actuarial value of plan assets/AAL)	-12.37%
Covered payroll (active plan members)	$ 23,228,198
UAAL as a percentage of covered payroll	186.97%

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.

IV. OTHER INFORMATION (CONTINUED)

E - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – PUBLIC SAFETY EMPLOYEES (CONTINUED)

6 - Actuarial Methods and Assumptions (Continued)

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

The projected unit credit cost method was used in the July 1, 2017 actuarial valuation. Actuarial assumptions included a 7.5% investment rate of return (net of investment expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time.

The actuarial assumptions for medical and re-insurance inflation are growth of 7.00% for 2017 and declining by 0.25% per year until 5.0% is reached. The 5.0% growth is used on a go-forward basis. The UAAL will be amortized over a closed thirty year period with 21 years remaining. Amortization amounts are assumed to increase with overall salary increases of 3.75%. The actuarial assumption for CPI is 3% per year.

F - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – SCHOOL DEPARTMENT EMPLOYEES

1 - Plan Description

The City maintains and administers a single-employer OPEB benefit plan that covers all School Department employees. The plan provides health benefits and dental insurance benefits to eligible retired employees and their beneficiaries. The plans provisions may be amended by the Cranston School Committee and the Trustees of the plan. The OPEB activity is accounted for in the School Unrestricted Fund in the City's financial statements. As of June 30, 2016, there are no separate, audited GAAP-basis financial statements available for the Board of Education Employees OPEB plan.

IV. Other Information (Continued)

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

2 - Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Valuation of Investment

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

Classes of Employees Covered

As of July 1, 2017 (date of the last actuarial valuation) membership data was as follows:

Active employees	1,081
Inactive employees	-
Retirees	89
Total plan members	1,170

3 - Funding Policy

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

IV. Other Information (Continued)

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

3 - Funding Policy (Continued)

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

The School Department funds post-retirement benefits on a pay-as-you-go basis. Expenditures for the benefits described above for the year ended June 30, 2017 were $346,887.

4 - Annual OPEB Cost and Net OPEB Obligation

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

	Total	School	Charter
Annual required contribution	$ 1,393,297	$ 1,369,480	$ 23,817
Interest on net OPEB obligation	252,583	248,265	4,318
Amortization	(475,810)	(467,676)	(8,134)
Annual OPEB cost (expense)	1,170,070	1,150,069	20,001
Contributions made	346,887	340,957	5,930
Increase in net OPEB obligation	823,183	809,112	14,071
Net OPEB obligation - July 1, 2016	7,216,664	7,123,145	93,519
Net OPEB obligation - June 30, 2017	$ 8,039,847	$ 7,932,257	$ 107,590

IV. OTHER INFORMATION (CONTINUED)

F - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – SCHOOL DEPARTMENT EMPLOYEES (CONTINUED)

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset/(Obligation)
6/30/2015	$ 1,146,559	38%	$ 6,250,243
6/30/2016	$ 1,311,195	26%	$ 7,216,664
6/30/2017	$ 1,170,070	30%	$ 8,039,847

5 - Funded Status and Funding Progress

The required supplementary information, which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB – Board of Education Employees with a valuation date of July 1, 2017, which is the most recent report available.

Actuarial accrued liability (AAL)	$ (16,210,694)
Actuarial value of plan assets	567,144
Unfunded actuarial accrued liability (UAAL)	$ (15,643,550)
Funded ratio (actuarial value of plan assets/AAL)	-3.50%
Covered payroll (active plan members)	$ 82,578,112
UAAL as a percentage of covered payroll	-18.94%

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.

IV. OTHER INFORMATION (CONTINUED)

F - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – SCHOOL DEPARTMENT EMPLOYEES (CONTINUED)

6. Actuarial Methods and Assumptions

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

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

The projected unit credit cost method was used in the July 1, 2017 actuarial valuation. Actuarial assumptions included a 3.80% partial refunding (net of investment expenses) and 7.50% full refunding (net of investment expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time. The actuarial assumptions for medical and re-insurance inflation are growth of 5.50% for 2017 and declining by 0.50% per year until 5.0% is reached. The 5.0% growth is used on a go-forward basis. The UAAL will be amortized over a closed twenty one year period assuming 3.75% aggregate annual payroll growth, closed basis.

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

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

IV. Other Information (Continued)

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

6. Actuarial Methods and Assumptions (Continued)

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

G - City of Cranston Defined Contribution Plan

1. Plan Description

The Plan name is " City of Cranston Defined Contribution Plan ", ID # is 05-6000110, Determination Letter Form 5300 is filed with IRS, and ING Specimen Adoption Agreement for 401A Defined Contribution Plan. Defined Contribution Plan for the Teamsters Bargaining Union where the employee and the employer contribute 3% of earnings all stated in Form 5300 and the ING Plan Document. Plan based on approved enabling legislation presented in January 2010 and approved in that session. Total employer contributions made to the plan during June 30, 2017 were $56,701. Total employee contributions made to the plan during June 30, 2017 were $56,701.

H - School Department Defined Contribution Plan

1. Plan Description

The Plan name is "Cranston Public Schools 401(a) Retirement Plan". ID # is 801343, effective July 1, 2012. Defined Contribution Plan for the Local Rhode Island 153 Bargaining Union where the employee and employer contribute 3% of earnings all stated in the Security Benefit Plan Document. Total employer contributions made to the plan during the fiscal year ending June 30, 2017 was $19,961. Total employee contributions made to the plan during the fiscal year ending June 30, 2017 was $19,928.

I - On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the City's teachers to the Employees' Retirement System of the State of Rhode Island was $7,639,642.

J - Tax Abatements

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

IV. OTHER INFORMATION (CONTINUED)

J - TAX ABATEMENTS (CONTINUED)

For the fiscal year ended June 30, 2017, the City of Cranston abated property taxes totaling $264,809 under this program, including the following tax abatement agreements to new businesses locating in a commercially zoned property or existing businesses that are expanding:

Purpose	Percentage of taxes abated during the Fiscal Year		Amount of Taxes Abated during the Fiscal Year
Increase size and employment of manufacturing business	17%	$	52,859
Warehouse and distribution facility	7%	$	10,816
New building for medical office	8%	$	6,916
Truck leasing and maintenance facility for metal frame and masonry	15%	$	10,648
Renovcation of building for medical device company	16%	$	21,645
Renovation of theater	29%	$	27,897
Warehouse facility	20%	$	8,072
New building for medical office	7%	$	1,094
Masonry block and steel for yoga studio and welness center	25%	$	9,124
Additional manufacturing factility for medical device company	19%	$	26,160
Renovation of restaurant	20%	$	2,840
Wholesale distribution faciltiy for restaurant supplies company	53%	$	86,738

A ten year property tax abatement for a manufacturing business increasing the size of its headquarters as an innovation and development center for its employees and business partners. The incentive requires an increase in employment over the course of five years. The abatement amounted to $52,859.

A ten year property tax abatement for the construction of a new commercial facility for warehousing and distribution in an industrial area. The abatement amounted to $10,816.

A ten year property tax abatement for the construction of three story building for a medical company in a central business location. The abatement amounted to $6,916.

A ten year property tax abatement for the construction of a truck leasing and maintenance facility for a metal frame and masonry in an industrial area. The abatement amounted to $10,648.

IV. Other Information (Continued)

J - Tax Abatements (Continued)

A ten year property tax abatement to a medical device and scientific production company for purchasing and renovating an existing facility in an industrial area. The abatement amounted to $21,645.

A ten year property tax abatement to a theater for the renovation of an existing building in a commercial area. The abatement amounted to $27,897.

A ten year property tax abatement for the construction of a warehouse facility in an industrial area. The abatement amounted to $8,072.

A five year tax abatement for use of existing office space for a Medical Office in a commercially zoned area. The abatement amounted to $1,094.

A five year tax abatement for a yoga studio and wellness center to construct a masonry block and steel in an industrial area. The abatement amounted to $9,124.

A ten year tax abatement to a medical device and scientific production company for the construction of an additional manufacturing facility. The abatement amounted to $26,160.

A five year tax abatement for the renovation of a restaurant in a central business area. The abatement amounted to $2,840.

A ten year tax abatement to a restaurant supplies for constructing a wholesale distribution facility in an industrial area. The abatement amounted to $86,738.

Required Supplementary Information

CITY OF CRANSTON, RHODE ISLAND

RSI-1

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Favorable/ (Unfavorable)
Revenues				
General property taxes	$ 186,315,425	$ 186,315,425	$ 187,047,423	$ 731,998
Intergovernmental	16,552,558	17,632,558	13,956,884	(3,675,674)
Charges for Services:				
Licenses and permits	3,322,087	3,322,087	3,023,686	(298,401)
Fines and forfeitures	1,525,000	1,525,000	1,620,000	95,000
Departmental	8,153,041	8,415,349	8,448,914	33,565
Investment income	130,000	130,000	238,697	108,697
Education	57,046,878	58,069,381	58,069,381	--
Other	2,186,450	2,186,450	2,079,004	(107,446)
Total Revenues	275,231,439	277,596,250	274,483,989	(3,112,261)
Expenditures				
Current:				
Executive	533,284	533,284	527,471	5,813
City Council	304,747	304,747	273,639	31,108
Law	480,500	930,500	961,549	(31,049)
Personnel	51,191	51,191	47,723	3,468
City Clerk	1,203,941	1,403,941	1,295,371	108,570
Probate Court	19,339	19,339	19,328	11
Municipal Court	240,328	320,328	305,192	15,136
Board of Canvassers	378,487	378,487	345,587	32,900
City Planning	1,952,931	1,952,931	410,068	1,542,863
Economic Development	172,646	172,646	173,126	(480)
Inspections	975,588	975,588	852,198	123,390
Finance	4,357,628	4,557,628	4,602,289	(44,661)
Fire	30,320,407	30,320,407	30,517,260	(196,853)
Rescue Fund	2,175,000	2,175,000	1,144,248	1,030,752
Police	22,956,815	22,956,815	23,006,028	(49,213)
Long-Term Debt	25,398,438	25,398,438	25,898,438	(500,000)
Public works	15,129,209	15,329,209	14,574,335	754,874
Parks and recreation	2,482,947	2,632,947	2,627,912	5,035
Public libraries	3,274,036	3,336,344	3,336,344	--
Senior services	2,960,632	2,960,632	2,938,588	22,044
Municipal Debt	10,149,856	10,149,856	9,948,477	201,379
Education	149,529,530	150,552,033	150,552,033	--
Community Grants	156,000	156,000	156,000	--
Boards and Commissions	22,189	22,189	18,410	3,779
Harbor Master	5,770	5,770	5,180	590
Transfers to Other Funds	--	--	18,900	(18,900)
Total Expenditures	275,231,439	277,596,250	274,555,694	3,040,556
Excess (Deficiency) of Budgeted Revenues Over Expenditures	--	--	(71,705)	(71,705)
Net Change in Fund Balance	$ --	$ --	(71,705)	$ (71,705)
Fund Balance - July 1, 2016			20,135,889	
Fund Balance - June 30, 2017			$ 20,064,184	

CITY OF CRANSTON, RHODE ISLAND

RSI-2

REQUIRED SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND - SCHOOL UNRESTRICTED
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Favorable/ (Unfavorable)
Revenues				
State aid	$ 55,431,576	$ 55,431,576	$ 55,372,381	$ (59,195)
Federal through State	1,350,000	1,350,000	1,567,321	217,321
Tuition	820,000	820,000	920,225	100,225
Miscellaneous	527,000	527,000	149,066	(377,934)
Total Revenues	58,128,576	58,128,576	58,008,993	(119,583)
Expenditures				
Salaries	95,075,817	92,850,073	93,436,419	(586,346)
Employee benefits	34,536,531	35,411,829	34,421,309	990,520
Purchased services	15,761,562	15,723,580	15,772,298	(48,718)
Supplies and materials	4,339,901	4,387,081	4,480,609	(93,528)
Capital outlay	2,160,257	2,163,757	2,147,128	16,629
Other	(1,262,840)	74,908	111,811	(36,903)
Total Expenditures	150,611,228	150,611,228	150,369,574	241,654
Excess (Deficiency) of Revenues Over Expenditures	(92,482,652)	(92,482,652)	(92,360,581)	122,071
Other Financing Sources				
Transfers in City of Cranston	92,482,652	92,482,652	92,482,652	--
Transfers in City of Cranston - All day kindergarten	--	--	65,000	65,000
Transfers from other funds	--	--	213,566	213,566
Transfers out to capital reserve	--	--	(200,000)	(200,000)
	92,482,652	92,482,652	92,561,218	78,566
Net Change in Fund Balance	$ --	$ --	200,637	$ 200,637
Fund Balance - July 1, 2016			2,386,343	
Fund Balance - June 30, 2017			$ 2,586,980	

CITY OF CRANSTON, RHODE ISLAND

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability			
1. Service Cost	$ 2,362,034	$ 2,346,927	$ 2,376,369
2. Interest on the Total Pension Liability	10,231,218	9,977,843	9,687,460
3. Changes of benefit terms	--	2,581,501	--
4. Difference between expected and actual experience of the Total Pension Liability	(1,706,718)	--	--
5. Changes of assumptions	--	(2,865,321)	233,636
6. Benefit payments, including refunds of employee contributions	(9,048,633)	(8,291,699)	(8,530,234)
7. Net change in total pension liability	1,837,901	3,749,251	3,761,231
8. Total pension liability – beginning	139,759,544	136,010,293	132,243,062
9. Total pension liability – ending (a)	$ 141,597,445	$ 139,759,544	$ 136,010,293
B. Plan fiduciary net position			
1. Contributions – employer	$ 2,403,173	$ 2,479,865	$ 2,276,531
2. Contributions – employee	847,508	488,592	478,002
3. Net investment income	30,596	3,119,891	18,017,830
4. Benefit payments, including refunds of employee contributions	(9,048,633)	(8,291,699)	(8,530,234)
5. Pension Plan Administrative Expense	(193,515)	(124,435)	(112,827)
6. Other	28,596	176,372	7,388
7. Net change in plan fiduciary net position	(5,932,275)	(2,151,414)	12,136,690
8. Plan fiduciary net position – beginning	133,128,907	135,280,321	123,143,631
9. Plan fiduciary net position – ending (b)	$ 127,196,632	$ 133,128,907	$ 135,280,321
C. Net pension liability - ending (a) - (b)	$ 14,400,813	$ 6,630,637	$ 729,972
D. Plan fiduciary net position as a percentage of the total pension liability	90%	95%	99%
E. Covered employee payroll	24,225,987	24,170,205	23,528,405
F. Net pension liability as a percentage of covered payroll	59%	27%	3.10%

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended June 30, 2015	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability			
1. Service Cost	$ 2,326,126	$ 2,143,259	$ 2,109,017
2. Interest on the Total Pension Liability	3,925,426	3,436,541	3,126,099
3. Changes of benefit terms	--	1,629,797	--
4. Difference between expected and actual experience of the Total Pension Liability	(2,398,843)	(249,261)	--
5. Changes of assumptions			(649,235)
6. Benefit payments, including refunds of employee contributions	(583,801)	(428,813)	(444,721)
7. Net change in total pension liability	3,268,908	6,477,523	4,141,160
8. Total pension liability – beginning	51,467,852	44,990,329	40,849,169
9. Total pension liability – ending (a)	$ 54,736,760	$ 51,467,852	$ 44,990,329
B. Plan fiduciary net position			
1. Contributions – employer	$ 991,610	$ 1,226,727	$ 1,006,080
2. Contributions – employee	1,189,766	943,698	933,528
3. Net investment income	(19,290)	1,266,662	6,811,997
4. Benefit payments, including refunds of employee contributions	(583,801)	(482,813)	(444,721)
5. Pension Plan Administrative Expense	(51,895)	(50,779)	(42,657)
6. Other	786	830	727
7. Net change in plan fiduciary net position	1,527,176	2,904,325	8,264,954
8. Plan fiduciary net position – beginning	54,049,733	51,145,398	42,880,444
9. Plan fiduciary net position – ending (b)	$ 55,576,909	$ 54,049,723	$ 51,145,398
C. Net pension asset - ending (a) - (b)	$ (840,149)	$ (2,581,871)	$ (6,155,069)
D. Plan fiduciary net position as a percentage of the total pension liability	101.53%	105.02%	113.68%
E. Covered employee payroll	$ 12,165,930	$ 11,750,323	$ 11,626,334
F. Net pension liability as a percentage of covered payroll	-6.91%	-21.97%	-52.94%

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Employer's proportion of the net pension liability	4.63%	4.51%	4.52%
Employer's proportionate share of the net pension liability	$ 138,136,783	$ 124,172,981	$ 109,977,503
State's proportionate share of the net pension liability associated with the school district	94,603,413	84,831,083	75,416,640
Total	$ 232,740,196	$ 209,004,064	$ 185,394,143
Employer's covered employee payroll	$ 69,906,707	$ 65,342,396	$ 75,293,840
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.60%	190.03%	146.06%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.55%	61.40%

Notes:

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Employer's proportion of the net pension asset	16.33%	15.92%	16.15%
Employer's proportionate share of the net pension asset	$ (16,261,491)	$ (14,863,013)	$ (20,076,310)
Employer's covered employee payroll	$ 69,906,707	$ 65,342,396	$ 75,293,840
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	-23.26%	-22.75%	-26.66%
Plan fiduciary net position as a percentage of the total pension liability	153.30%	146.60%	173.30%

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability			
1. Service Cost	$ 550,317	$ 696,010	$ 802,841
2. Interest on the Total Pension Liability	23,368,984	22,826,090	22,844,850
3. Changes of benefit terms	--	--	--
4. Difference between Expected and Actual Liability Experience	1,233,114	(2,386,467)	--
5. Changes of assumptions	(4,978,421)	(8,277,796)	--
6. Benefit payments	(24,053,360)	(24,067,694)	(23,747,994)
7. Net change in total pension liability	(3,879,366)	(11,209,857)	(100,303)
8. Total pension liability – beginning	313,727,413	324,937,270	325,037,573
9. Total pension liability – ending (a)	$ 309,848,047	$ 313,727,413	$ 324,937,270
B. Plan fiduciary net position			
1. Contributions – employer	$ 21,316,456	$ 21,994,344	$ 21,994,344
2. Contributions – employee	257,734	336,937	368,575
3. Net investment income	(2,072,781)	2,983,286	9,690,430
4. Benefit payments, including refunds of employee contributions	(24,053,360)	(24,067,694)	(23,747,994)
5. Pension Plan Administrative Expense	(598,630)	(451,177)	(629,880)
6. Other	--	429,963	381,765
7. Net change in plan fiduciary net position	(5,150,581)	1,225,659	8,057,240
8. Plan fiduciary net position – beginning	67,867,957	66,642,298	58,585,058
9. Plan fiduciary net position – ending (b)	$ 62,717,376	$ 67,867,957	$ 66,642,298
C. Net pension liability - ending (a) - (b)	$ 247,130,671	$ 245,859,456	$ 258,294,972
D. Plan fiduciary net position as a percentage of the total pension liabili	20.24%	21.63%	20.51%
E. Covered employee payroll	$ 2,663,974	$ 2,940,734	$ 2,905,865
F. Net pension liability as a percentage of covered payroll	9276.77%	8360.48%	8888.75%

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

2.) No benefit changes

3.) Changes of assumpations include:

The assumptions used in the valuation were based upon the recommendations from the August 25, 2015
with White Collar adjustments, projected generationally with Scale AA from 2000 for healthy retirees and beneficiaries.. For females, reflect 95% of the

- Increase the overall interest rate from 7.50% to 7.90%

- The Discount Rate was changed from 7.29% at June 30, 2014 to 7.74% at June 30, 2015 to reflect the change in the expected rate of return on plan assets and the Municipal Bond Rate of 3.73% at that date as noted above.

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST EMPLOYMENT RETIREMENT BENEFITS
SCHEDULE OF CHANGES IN THE CITY OF CRANSTON'S NET PENSION LIABILITY AND RELATED RATIOS

	Year Ended June 30, 2017
A. Total pension liability	
1. Service Cost	$ 890,585
2. Interest on the Total Pension Liability	3,830,040
3. Changes of benefit terms	--
4. Difference between expected and actual experience of the Total Pension Liability	--
5. Changes of assumptions	--
6. Benefit payments, including refunds of employee contributions	(4,467,496)
7. Net change in total pension liability	253,129
8. Total pension liability – beginning	49,782,225
9. Total pension liability – ending (a)	$ 50,035,354
B. Plan fiduciary net position	
1. Contributions – employer	$ 5,055,716
2. Contributions – employee	362,505
3. Net investment income	433,099
4. Asset (Gain) / Loss Amortization	(51,802)
5. OPEB Plan Administrative Expense	(17,471)
6. Other	--
7. Net change in OPEB net position	5,782,047
8. Plan fiduciary net position – beginning	5,024,412
9. Plan fiduciary net position – ending (b)	$ 6,131,853
C. Net OPEB liability - ending (a) - (b)	$ 43,903,501
D. Plan fiduciary net position as a percentage of the total OPEB liability	12.30%
E. Covered employee payroll	$ 23,228,198
F. Net OPEB liability as a percentage of covered payroll	189.00%

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

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Actuarially determined contribution	$ 2,186,314	$ 2,182,984	$ 2,461,428
Contributions in relation to the actuarially determined contribution	2,186,314	2,182,984	2,461,428
Contribution deficiency (excess)	$ --	$ --	$ --
Covered-employee payroll	$ 24,225,987	$ 24,170,205	$ 23,528,405
Contributions as a percentage of covered-employee payroll	9.02%	9.03%	10.46%

Notes:

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Actuarially determined contribution	$ 1,040,242	$ 1,114,188	$ 825,550
Contributions in relation to the actuarially determined contribution	1,040,242	1,114,188	825,550
Contribution deficiency (excess)	$ --	$ --	$ --
Covered-employee payroll	$ 10,494,555	$ 8,021,870	$ 7,745,546
Contributions as a percentage of covered-employee payroll	9.91%	13.89%	10.66%

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Actuarially determined contribution	$ 969,395	$ 999,841	$ 1,181,419
Contributions in relation to the actuarially determined contribution	969,395	999,841	1,181,419
Contribution deficiency (excess)	$ --	$ --	$ --
Covered-employee payroll	$ 12,165,930	$ 11,750,323	$ 11,626,334
Contributions as a percentage of covered-employee payroll	7.97%	8.51%	10.16%

Notes:

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Actuarially determined contribution	$ 9,213,704	$ 8,971,511	$ 10,096,904
Contributions in relation to the actuarially determined contribution	9,213,704	8,971,511	10,096,904
Contribution deficiency (excess)	$ --	$ --	$ --
Covered-employee payroll	$ 69,906,707	$ 65,343,396	$ 75,293,840
Contributions as a percentage of covered- employee payroll	13.[illegible]8%	13.73%	13.41%

Notes:

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Statutorily determined contribution	$ 97,925	$ 100,039	$ 97,925
Contributions in relation to the statutorily determined contribution	97,925	100,039	97,925
Contribution deficiency (excess)	$ --	$ --	$ --
Covered-employee payroll	$ 69,906,707	$ 65,343,396	$ 75,293,840
Contributions as a percentage of covered-employee payroll	0.14%	0.15%	0.13%

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

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

CITY OF CRANSTON, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

CRANSTON RETIREMENT SYSTEM - POLICE AND FIRE PENSION
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

	2017	2016	2015	2014
Actuarially determined contribution	$ 21,403,849	$ 21,316,456	$ 21,353,591	$ 21,006,057
Contributions in relation to the actuarially determined contribution	21,403,849	21,316,456	22,376,110	22,376,109
Contribution deficiency (excess)	$ --	$ --	$ (1,022,519)	$ (1,370,052)
Covered-employee payroll	$ 2,697,374	$ 2,663,974	$ 2,940,734	$ 2,905,865
Contributions as a percentage of covered-employee payroll	794%	800%	761%	770%

Notes:

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

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

3.) Actuarially determined contribution rates are caluclated as of July 1, in the following fiscal year in which contributions are reported. That is, the contribution calculated as of July 1, 2015 will be made during the fiscal year ending June 30, 2017.

CITY OF CRANSTON, RHODE ISLAND

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION

(7 of 7)

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF CITY OF CRANSTON'S CONTRIBUTIONS

		2017
Actuarially determined contribution	$	5,055,716
Contributions in relation to the actuarially determined contribution		5,055,716
Contribution deficiency (excess)	$	--
Covered-employee payroll	$	23,228,198
Contributions as a percentage of covered-employee payroll		22%

GASB68

Municipal Employees' Retirement System

Notes to Schedule	
Actuarial cost method	Entry age normal-the Individual Entry Age Actuarial Cost methodology is used.
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Varies depending on Years of Service and Age
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

Employees' Retirement System

Notes to Schedule	
Actuarial cost method	Entry age normal-the individual entry age actuarial cost methodology
Amortization method	Level percentage of payroll, closed
Equivalent single remaining amortization period	20 years at June 30, 2015
Inflation	2.75%
Salary Increases	State Employees - 3.50% to 6.50% Teachers - 3.50% to 13.50%
Investment rate of return	7.50%
Cost of living adjustments	Post-retirement benefit increases are assumed to be 2.2%, per annum, while the plan has a funding level that exceeds 80%; however, an interim COLA will be granted in four-year intervals while the COLA is suspended. The first such COLA will be applicable in Calendar Year 2017. As of June 30, 2015, it is assumed that the COLAs will be suspended for 12 years due to the current funding level of the plans. The actual amount of the COLA is determined based on 50% of the plan's five-year average investment rate of return minus 5.5% which will range from zero to 4.0%, and 50% of the lesser of 3% or last year's CPI-U increase for a total maximum increase of 3.50%.
Mortality	Teachers: Male and Female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

Fire and Police Benefit Plan

Notes to Schedule	
Actuarial cost method	Entry age normal, level percent of payroll
Amortization method	Level dollar basis
Amortization period	Court approved plan: Closed 28-year period beginning with the July 1, 2013 valuation. Opted out of Court approved plan: Closed 23-year period beginning with the July 1, 2013 valuation.
Asset valuation method	Market value of assets
Inflation	2.75%
Salary Increases	3%
Investment rate of return	7.90%
Cost of living adjustments	COLA is based on the Court approved plan.

Teachers' Survivors Benefit Plan

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

Budgets and Budgetary Accounting

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

The level of budgetary control for the General Fund (that is, the level at which expenditures cannot legally exceed appropriations) is fixed by resolution as part of the annual budget adoption process at the Financial City Council Meeting. Although the resolution prohibits spending in excess of the authorized budget, it does allow management the right to create intradepartmental transfers at any time during the fiscal year. Interdepartmental transfers and supplemental appropriations are restricted to the fourth quarter and must be approved by the City Council in the form of an ordinance. Interdepartmental transfers reallocate surplus funds from one department to another. Supplemental appropriations increase both revenue appropriation and expenditure appropriation by an equal amount. For the fiscal year ended June 30, 2017 there were no interdepartmental transfers or supplemental appropriations to the original adopted budget.

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

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

Budget - GAAP Reconciliation

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

	General Fund			School Department Fund		
	Revenues	Expenditures	Fund Balance	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis, June 30, 2017	$ 274,483,989	$ 274,555,694	$ 20,064,184	$ 58,008,993	$ 150,363,072	$ 2,593,482
Revenues/Expenditures accounted for on the budgetary basis associated with Education funds	(58,069,381)	(150,552,033)				
Encumbrances outstanding at June 30, 2016 liquidated during the year June 30, 2017					(1,845,754)	1,845,754
Encumbrances outstanding at June 30, 2017 charged to budgetary expenditures		(36,102)			(1,288,278)	1,288,278
Transfers to the school department not included in the City's general fund budget						
Expenditures in the school department capital reserve fund - not budgeted in general fund				287,538	808,533	(520,995)
Fund balance restricted for capital reserve and other purposes and removed from budgetary fund balance.			-			3,586,984
Transfer out to Public Facilities Management Foundation not included in the City's general fund budget		(18,900)				
Transfer out to budget stabilization fund not included in the City's general fund budget						
Opening balances for funds that do not meet the GASB 54 definition for a special revenue fund			2,685,910			
Deficit reduction payment						
Current year activity for funds that do not meet the GASB 54 definition for a special revenue fund	1,163,433	3,239,254	(2,075,821)			
Revenue/Expenditure pass-thru				373,346	377,263	(3,917)
State Teachers' Retirement on-behalf payment				7,639,642	7,639,642	
BALANCE, GAAP BASIS, JUNE 30, 2017 EXHIBIT	$ 217,578,041	$ 127,187,913	$ 20,674,273	$ 66,309,519	$ 156,054,478	$ 8,789,586

Supplemental Schedules

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Project Funds

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

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

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

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

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

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

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

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

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

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 1 (1 OF 3)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds
Assets					
Cash and cash equivalents	$ 1,050,677	$ 1,479,337	$ 656,856	$ 164,736	$ 1,462,597
Receivables:					
Intergovernmental	1,402,200	--	--	--	--
Loans	--	681,774	--	--	--
Other	14,495	--	338,670	--	--
Security deposits	3,792				
Prepaids	5,121	--	--	--	--
Due from:					
Other funds	126,231	2,582	2,839	--	--
Total Assets	$ 2,602,516	$ 2,163,693	$ 998,365	$ 164,736	$ 1,462,597
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 344,494	$ 1,942	$ 16,649	$ 1,087	$ 83,741
Accrued payroll	--	--	77,882	--	--
Accrued expenses	--	--	--	--	--
Retainage payable	--	--	--	--	
Due to other funds	1,348,808	3,000	395,358	--	--
Unearned revenues	806,387	681,774	--		--
Total Liabilities	2,499,689	686,716	489,889	1,087	83,741
Fund Balances					
Restricted	100,519	1,476,977	508,476	163,649	1,378,856
Committed	2,308	--	--	--	--
Unassigned	--	--	--	--	--
Total Fund Balances	102,827	1,476,977	508,476	163,649	1,378,856
Total Liabilities and Fund Balances	$ 2,602,516	$ 2,163,693	$ 998,365	$ 164,736	$ 1,462,597

CITY OF CRANSTON, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds		Capital Project Funds		
	Community Development Block Grant	WIA Job Development	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund
Assets					
Cash and cash equivalents	$ --	$ 131,128	$ 19,836	$ 663,960	$ 3
Receivables:					
Intergovernmental	--	--	33,749	--	--
Loans	2,368,358	--	--	--	--
Other	--	--	--	--	--
Security deposits					
Prepaids	--	--	--	--	--
Due from:					
Other funds	--	--	--	--	--
Total Assets	$ 2,368,358	$ 131,128	$ 53,585	$ 663,960	$ 3
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ --	$ --	$ 46,545	$ --	$ --
Accrued payroll	--	7,505	--	--	--
Accrued expenses	4,687	--	--	--	--
Retainage payable	--	--	--	--	--
Due to other funds	22,139	209,176	10,026	--	42,543
Unearned revenues	2,368,358	--	--	--	--
Total Liabilities	2,395,184	216,681	56,571	--	42,543
Fund Balances					
Restricted	--	--	--	663,960	--
Committed	--	--	--	--	--
Unassigned	(26,826)	(85,553)	(2,986)	--	(42,540)
Total Fund Balances	(26,826)	(85,553)	(2,986)	663,960	(42,540)
Total Liabilities and Fund Balances	$ 2,368,358	$ 131,128	$ 53,585	$ 663,960	$ 3

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 1 (3 OF 3)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Project Funds						
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Library Bond Fund	Neighborhood Infrastructure Bond Fund	Open Space Bond Fund	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	$ 236,749	$ 25,521	$ 315,747	$ 11,043	$ 12,680	$ 83,321	$ 6,314,191
Receivables:							
Intergovernmental	--	--	--	--	1,642,732	--	3,078,681
Loans	--	--	--	--	--	--	3,050,132
Other	--	515,279	--	--	--	--	868,444
Security deposits							3,792
Prepaids	--	--	--	--	--	--	5,121
Due from:							
Other funds	--	--	322,509	--	--	42,543	496,704
Total Assets	$ 236,749	$ 540,800	$ 638,256	$ 11,043	$ 1,655,412	$ 125,864	$ 13,817,065
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ --	$ 711,028	$ 211,285	$ 5,800	$ 414	$ --	$ 1,422,985
Accrued payroll	--	--	--	--	--	--	85,387
Accrued expenses	--	--	--	--	--	--	4,687
Retainage payable	--	--	--	--	--	--	--
Due to other funds	--	322,509	--	--	--	--	2,353,559
Unearned revenues	--	--	--	--	--	--	3,856,519
Total Liabilities	--	1,033,537	211,285	5,800	414	--	7,723,137
Fund Balances							
Restricted	236,749	--	426,971	5,243	1,654,998	125,864	6,742,262
Committed	--	--	--	--	--	--	2,308
Unassigned	--	(492,737)	--	--	--	--	(650,642)
Total Fund Balances	236,749	(492,737)	426,971	5,243	1,654,998	125,864	6,093,928
Total Liabilities and Fund Balances	$ 236,749	$ 540,800	$ 638,256	$ 11,043	$ 1,655,412	$ 125,864	$ 13,817,065

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 2 (1 OF 3)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Education	Community Services	Public Service	Senior Services	Governmental Special Revenue Funds
Revenues					
Intergovernmental	$ 8,512,469	$ --	$ 77,484	$ --	$ --
Charges for services	--	--	1,309,860	65,740	344,929
Investment income	--	198,605	1,166	364	8,308
Other	--	48,738	87,174	--	--
Total Revenues	8,512,469	247,343	1,475,684	66,104	353,237
Expenditures					
Current:					
General government	--	5,604	--	--	411,857
Public safety	--	--	1,651,438	--	90,454
Education	8,287,159	--	--	--	--
Parks and recreation	--	--	--	--	--
Public libraries	--	234,390	--	--	293,620
Senior services	--	--	--	106,527	--
Community development	--	71,724	--	--	--
Debt service:					
Interest and other costs	--	--	--	--	--
Capital:					
Capital expenditures	--	--	--	--	--
Total Expenditures	8,287,159	311,718	1,651,438	106,527	795,931
Excess (Deficiency) of Revenues Over Expenditures	225,310	(64,375)	(175,754)	(40,423)	(442,694)
Other Financing Sources (Uses)					
Issuance of general obligation bond	--	--	--	--	--
Bond premium	--	--	--	--	--
Transfer out	(213,566)	--	--	--	--
Net Other Financing Sources (Uses)	(213,566)	--	--	--	--
Net Change in Fund Balances	11,744	(64,375)	(175,754)	(40,423)	(442,694)
Fund Balances - July 1, 2016	91,083	1,541,352	684,230	204,072	1,821,550
Fund Balances - June 30, 2017	$ 102,827	$ 1,476,977	$ 508,476	$ 163,649	$ 1,378,856

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CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		Capital Project Funds		
	Community Development Block Grant	WIA Job Development	School Bond Fund	Police and Fire Bond Fund	Public Building Bond Fund
Revenues					
Intergovernmental	$ 747,995	$ 558,661	$ --	$ --	$ --
Charges for services	--	--	--	--	--
Investment income	322,548	39	--	--	--
Other	--	--	--	--	--
Total Revenues	1,070,543	558,700	--	--	--
Expenditures					
Current:					
General government	--	497,231	--	--	--
Public safety	--	--	--	--	--
Education	--	--	--	--	--
Parks and recreation	--	--	--	--	--
Public libraries	--	--	--	--	--
Senior services	--	--	--	--	--
Community development	1,072,560	--	--	--	--
Debt service:					
Interest and other costs	--	--	1,500	3	6
Capital:					
Capital expenditures	--	--	3,830,869	106,864	96,834
Total Expenditures	1,072,560	497,231	3,832,369	106,867	96,840
Excess (Deficiency) of Revenues Over Expenditures	(2,017)	61,469	(3,832,369)	(106,867)	(96,840)
Other Financing Sources (Uses)					
Issuance of general obligation bond	--	--	2,240,000	--	--
Bond premium	--	--	--	--	--
Transfer out	--	--	(459,675)	--	--
Net Other Financing Sources (Uses)	--	--	1,780,325	--	--
Net Change in Fund Balance	(2,017)	61,469	(2,052,044)	(106,867)	(96,840)
Fund Balances - July 1, 2016	(24,809)	(147,022)	2,049,058	770,827	54,300
Fund Balances - June 30, 2017	$ (26,826)	$ (85,553)	$ (2,986)	$ 663,960	$ (42,540)

CITY OF CRANSTON, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Project Funds						
	Recreation Bond Fund	Highway Bond Fund	Storm Drains Bond Fund	Library Bond Fund	Neighborhood Infrastructure Bond Fund	Open Space Bond Fund	Total Non-Major Governmental Funds
Revenues							
Intergovernmental	$ --	$ --	$ --	$ --	$ --	$ --	$ 9,896,609
Charges for services	--	--	--	--	--	--	1,720,529
Investment income	--	--	--	--	--	--	531,030
Other	--	--	--	--	--	--	135,912
Total Revenues	--	--	--	--	--	--	12,284,080
Expenditures							
Current:							
General government	--	--	--	--	--	--	914,692
Public safety	--	--	--	--	--	--	1,741,892
Education	--	--	--	--	--	--	8,287,159
Parks and recreation	--	--	--	--	--	--	--
Public libraries	--	--	--	--	--	--	528,010
Senior services	--	--	--	--	--	--	106,527
Community development	--	--	--	--	--	--	1,144,284
Debt service:							
Interest and other costs	60	7,134	163	29	9	3	8,907
Capital:							
Capital expenditures	347,732	4,382,307	1,157,618	143,103	146,360	--	10,211,687
Total Expenditures	347,792	4,389,441	1,157,781	143,132	146,369	3	22,943,158
Excess (Deficiency) of Revenues Over Expenditures	(347,792)	(4,389,441)	(1,157,781)	(143,132)	(146,369)	(3)	(10,659,078)
Other Financing Sources (Uses)							
Issuance of general obligation bond	--	3,200,000	--	--	--	--	5,440,000
Bond premium	--	--	--	--	--	--	--
Transfer out	--	--	--	--	--	--	(673,241)
Net Other Financing Sources (Uses)	--	3,200,000	--	--	--	--	4,766,759
Net Change in Fund Balances	(347,792)	(1,189,441)	(1,157,781)	(143,132)	(146,369)	(3)	(5,892,319)
Fund Balances - July 1, 2016	584,541	696,704	1,584,752	148,375	1,801,367	125,867	11,986,247
Fund Balances - June 30, 2017	$ 236,749	$ (492,737)	$ 426,971	$ 5,243	$ 1,654,998	$ 125,864	$ 6,093,928

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 3

NONMAJOR BUDGETARY FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

COMMUNITY DEVELOPMENT BLOCK GRANT

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues				
Program Income	$ 160,000	$ 160,000	$ 322,548	$ 162,548
Federal Grants	1,168,012	1,168,012	747,995	(420,017)
Total Revenues	1,328,012	1,328,012	1,070,543	(257,469)
Expenditures				
Current:				
Program Activities	1,328,012	1,328,012	1,072,560	255,452
Excess (Deficiency) of Revenues Over Expenditures	$ --	$ --	$ (2,017)	$ (2,017)

WORKFORCE INVESTMENT ACT

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance with Final Budget
Revenues				
Program Income	$ 543,505	$ 543,505	$ 558,661	$ 15,156
Investment Income	--	--	39	39
Total Revenues	543,505	543,505	558,700	15,195
Expenditures				
Current:				
Program Activities	543,505	543,505	497,231	46,274
Excess (Deficiency) of Revenues Over Expenditures	$ --	$ --	$ 61,469	$ 61,469

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 4

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Unclaimed Estates in Probate Court				
Asset				
Cash	$ 96,835	$ 11	$ --	$ 96,846
Liabilitiy				
Deposits Held in Custody for Others	$ 96,835	$ 11	$ --	$ 96,846
Performance Bonds				
Asset				
Cash	$ 238,184	$ 3,469	$ 9,000	$ 232,652
Liability				
Deposits Held in Custody for Others	$ 238,184	$ 3,469	$ 9,000	$ 232,652
Student Activity Funds				
Asset				
Cash	$ 676,400	$ 1,381,943	$ 1,327,315	$ 731,028
Liability				
Deposits Held in Custody for Others	$ 676,400	$ 1,381,943	$ 1,327,315	$ 731,028
Totals				
Asset				
Cash	$ 1,011,419	$ 1,385,422	$ 1,336,315	$ 1,060,526
Liability				
Deposits Held in Custody for Others	$ 1,011,419	$ 1,385,422	$ 1,336,315	$ 1,060,526

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 5

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
JUNE 30, 2017

	School Department Internal Service Fund	Governmental Activities City Internal Service Fund	Totals
Assets			
Current Assets			
Cash and cash equivalents	$ --	$ 83	$ 83
Receivables:			
Other	14,831		14,831
Claims deposit	2,814,003	--	2,814,003
Total Current Assets	2,828,834	83	2,828,917
Noncurrent Assets			
Advance deposits - medical	175,456	--	175,456
Total Noncurrent Assets	175,456	--	175,456
Total Assets	3,004,290	83	3,004,373
Liabilities			
Current Liabilities			
Accounts payable		11,325	11,325
Accrued payroll		1,276	1,276
Due to other funds	3,979,466	183,236	4,162,702
Claims payable	--	216,280	216,280
Total Current Liabilities	3,979,466	412,117	4,391,583
Total Noncurrent Liabilities	--	--	--
Total Liabilities	3,979,466	412,117	4,391,583
Net Position			
Unrestricted	(975,176)	(412,034)	(1,387,210)
Total Net Position	$ (975,176)	$ (412,034)	$ (1,387,210)

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 6

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITON
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities		
	School Department Internal Service Fund	City Internal Service Fund	Totals
Operating Revenues			
Charges for usage and service	$ 24,201,234	$ 855,600	$ 25,056,834
Miscellaneous	--	74,454	74,454
Total Operating Revenues	24,201,234	930,054	25,131,288
Operating Expenses			
Operations	--	571,511	571,511
Personnel	--	99,221	99,221
Claims	--	466,029	466,029
Health care management	24,473,273	--	24,473,273
Total Operating Expenses	24,473,273	1,136,761	25,610,034
Operating (Loss) Income	(272,039)	(206,707)	(478,746)
NonOperating Revenues			
Investment income	--	43	43
NonOperating Revenues	--	43	43
Change in Net Position	(272,039)	(206,664)	(478,703)
Net Position - July 1, 2016	(703,137)	(205,370)	(908,507)
Net Position - June 30, 2017	$ (975,176)	$ (412,034)	$ (1,387,210)

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 7

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities		
	School Department Internal Service Fund	City Internal Service Fund	Totals
Cash Flows from Operating Activities			
Cash received from customers	$ 24,192,655	$ 930,054	$ 25,122,709
Cash received from providing service	--	--	--
Cash paid to employees	--	(99,001)	(99,001)
Cash paid for claims	(24,411,572)	(485,331)	(24,896,903)
Cash paid for other operating expenses	--	(566,143)	(566,143)
Net Cash Used in Operating Activities	(218,917)	(220,422)	(439,339)
Cash Flows from NonCapital Financing Activities			
Change in interfund loans	218,917	142,185	361,102
Net Cash Provided by NonCapital Financing Activities	218,917	142,185	361,102
Cash Flows from Investing Activities			
Income from investments	--	43	43
Net Decrease in Cash	--	(78,193)	(78,193)
Cash - July 1, 2016 (Including Restricted Cash)	--	78,277	78,277
Cash - June 30, 2017 (Including Restricted Cash)	$ --	$ 83	$ 83
Reconciliation of Operating Income to Net Cash Cash Used in Operating Activities			
Operating income (loss)	$ (272,039)	$ (206,707)	$ (478,746)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Increase in accounts receivable	(8,579)	--	(8,579)
Increase in claims deposits	61,701	--	61,701
Decrease in accounts payable	--	5,368	5,368
Decrease in accrued payroll	--	220	220
(Increase) decrease in claims payable	--	(19,302)	(19,302)
Net Cash Used in Operating Activities	$ (218,917)	$ (220,422)	$ (439,339)

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 8

COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
JUNE 30, 2017

	Business-Type Activities			
	School Lunch	Charter School	Public Facilities Management Foundation	Totals
Assets				
Current Assets				
Cash and cash equivalents	$ 544,418	$ 567,536	$ --	$ 1,111,954
Prepaid expenses		24,304	--	24,304
Inventory	56,718	--	--	56,718
Receivables:				
Other	53,663	19,822	--	73,485
Due from other funds	69	385,136	--	385,205
Intergovernmental	530,093	--	--	530,093
Total Current Assets	1,184,961	996,798	--	2,181,759
Noncurrent Assets				
Net pension asset	--	217,041	--	217,041
Other assets	--	--	--	--
Subtotal Noncurrent Assets	--	217,041	--	217,041
Capital Assets				
Capital assets, net of accumulated depreciation	83,068	27,951	--	111,019
Total Noncurrent Assets	83,068	244,992	--	328,060
Total Assets	1,268,029	1,241,790	--	2,509,819
Deferred Outflow of Resources				
Pension liability	--	482,535	--	482,535
Total Assets and Deferred Outflow of Resources	1,268,029	1,724,325	--	2,992,354
Liabilities				
Current Liabilities				
Accounts payable	340,585	16,730	--	357,315
Compensated absences	--	40,397	--	40,397
Unearned revenue	27,302	21,073	--	48,375
Total Current Liabilities	367,887	78,200	--	446,087
Noncurrent Liabilities				
Compensated abscences	--	--	--	--
Net OPEB obligation	--	107,600	--	107,600
Net pension liability	--	1,900,633	--	1,900,633
Total Noncurrent Liabilities	--	2,008,233	--	2,008,233
Total Liabilities	367,887	2,086,433	--	2,454,320
Deferred Inflows of Resources				
Pension liability	--	149,583	--	149,583
Deferred sewer lease arrangement	--	--	--	--
	--	149,583	--	149,583
Total Liabilities and Deferred Inflows of Resources	367,887	2,236,016	--	2,603,903
Net Position				
Unrestricted				
Net position from operations-before effect of GASB 68 and OPEB	900,142	(511,691)	--	388,451
Net position resulting from GASB 68 reporting and OPEB	--	--	--	--
Total Net Position	900,142	(511,691)	--	388,451
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,268,029	$ 1,724,325	$ --	$ 2,992,354

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 9

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities			
	School Lunch	Charter School	Public Facilities Management Foundation	Totals
Operating Revenues				
Charges for usage and service	$ 1,073,099	$ --	$ --	$ 1,073,099
Tuition	--	2,478,093	--	2,478,093
On-behalf pension contribution	--	105,988	--	105,988
Miscellaneous	22,754	--	--	22,754
Total Operating Revenues	1,095,853	2,584,081	--	3,679,934
Operating Expenses				
Operations	3,304,700	841,236	19,400	4,165,336
Personnel	51,404	1,835,263	--	1,886,667
Claims	--	14,100	--	14,100
Depreciation	23,279	3,257	15,333	41,869
Total Operating Expenses	3,379,383	2,693,856	34,733	6,107,972
Operating Income	(2,283,530)	(109,775)	(34,733)	(2,428,038)
NonOperating Revenues (Expenses)				
Interest expense	--	--	--	--
Investment income	29	--	--	29
Grant income	2,668,371	--	--	2,668,371
Total NonOperating Revenues (Expenses)	2,668,400	--	--	2,668,400
Transfer in	--	--	18,900	18,900
Net NonOperating Revenues (Expenses)	2,668,400	--	18,900	2,687,300
Change in Net Position	384,870	(109,775)	(15,833)	259,262
Net Position - July 1, 2016	515,272	(401,916)	15,833	129,189
Net Position - June 30, 2017	$ 900,142	$ (511,691)	$ --	$ 388,451

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 10

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities			
	School Lunch	Charter School	Public Facilities Management Foundation	Totals
Cash Flows from Operating Activities				
Cash received from customers	$ 1,149,915	$ 2,652,076	$ --	$ 3,801,991
Cash received from other sources	--	--	--	--
Cash paid to suppliers	--	(855,332)	--	(855,332)
Cash paid to employees	(51,404)	(1,784,861)	--	(1,836,265)
Cash paid for other operating expenses	(3,608,450)	--	(18,900)	(3,627,350)
Net Cash Provided by (Used in) Operating Activities	(2,509,939)	11,883	(18,900)	(2,516,956)
Cash Flows from NonCapital Financing Activities				
Non-operating grant	2,668,371	--	--	2,668,371
Advances from interfund loans	(69)	237,239	--	237,170
Net Cash Provided by NonCapital Financing Activities	2,668,302	237,239	--	2,905,541
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(24,682)	(5,237)	--	(29,919)
Collection of capital lease payment	--	--	--	--
Transfer in	--	--	18,900	18,900
Principal paid on bonds	--	--	--	--
Interest paid on bonds	--	--	--	--
Net Cash Provided by (Used in) Capital and Related Financing Activities	(24,682)	(5,237)	18,900	(11,019)
Cash Flows from Investing Activities				
Income from investments	29	--	--	29
Net Cash Provided by Investing Activities	29	--	--	29
Net Increase in Cash	133,710	243,885	--	377,595
Cash - July 1, 2016 (Including Restricted Cash)	410,708	323,651	--	734,359
Cash - June 30, 2017 (Including Restricted Cash)	$ 544,418	$ 567,536	$ --	$ 1,111,954
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ (2,283,530)	$ (109,775)	$ (34,733)	$ (2,428,038)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	23,279	3,257	15,333	41,869
Decrease in net pension asset	--	(126)	--	(126)
Increase in deferred outflows related to pension plans	--	(103,359)	--	(103,359)
Decrease in deferred inflows related to pension plans	--	(90,774)	--	(90,774)
(Increase) decrease in accounts receivable	54,062	(589)	--	53,473
Increase in claims deposit	--	--	--	--
Increase in inventory	8,192	--	--	8,192
(Increase) decrease in intergovernmental receivables	(343,885)	--	--	(343,885)
Increase (decrease) in accounts payable	26,198	9,556	--	35,754
Increase (decrease) in accrued payroll	--	--	--	--
Increase in compensated absences	--	--	--	--
Increase (decrease) in prepaid assessments	--	--	500	500
Decrease in OPEB	--	14,100	--	14,100
Decrease in claims payable	--	--	--	--
Decrease in unearned revenue	5,745	656	--	6,401
Increase in net pension liability	--	288,937	--	288,937
Net Cash Provided by (Used in) Operating Activities	$ (2,509,939)	$ 11,883	$ (18,900)	$ (2,516,956)

Capital Assets
Used in the Operation of Governmental Funds

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 11

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2017

	Land	Land Improvements	Infrastructure	Buildings	Vehicles	Office Furniture & Equipment	Machinery And Equipment	Total
General government	$ 14,920,308	$ 28,986,161	$ 86,658,541	$ 107,193,909	$ 142,477	$ 1,394,171	$ --	$ 239,295,567
Public safety	--	--	--	--	11,204,345	1,229,810	4,432,596	16,866,751
Public works	--	--	--	--	4,930,823	34,093	899,035	5,863,951
Education	--	--	--	814,719	1,751,936	1,149,146	--	3,715,801
Parks and recreation	--	--	--	--	771,006	--	1,339,566	2,110,572
Public libraries	--	--	--	--	17,458	3,542,660	63,806	3,623,924
Senior services	--	--	--	--	509,124	65,363	42,638	617,125
Total	$ 14,920,308	$ 28,986,161	$ 86,658,541	$ 108,008,628	$ 19,327,169	$ 7,415,243	$ 6,777,641	$ 272,093,691

CITY OF CRANSTON, RHODE ISLAND

SCHEDULE 12

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
General government	$ 228,380,744	$ 6,134,819	$ 6,300	$ 234,509,263
Public safety	16,475,304	1,031,486	853,602	16,653,188
Public works	5,801,603	476,207	413,858	5,863,952
Education	5,043,245	132,000	--	5,175,245
Parks and recreation	2,099,850	23,172	12,450	2,110,572
Public libraries	3,486,504	137,418	--	3,623,922
Senior services	617,125	--	--	617,125
Total Capital Assets	$ 261,904,375	$ 7,935,102	$ 1,286,210	$ 268,553,267

Statistical Section

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.