

**TOWN OF
GLOCESTER, RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**THOMAS P. MAINVILLE, CPA
DIRECTOR OF FINANCE
PREPARED BY: FINANCE DEPARTMENT**

TOWN OF GLOCESTER, RHODE ISLAND

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(CONCLUDED)

TOWN OF GLOCESTER

INTRODUCTORY SECTION

This section contains the following:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

List of Town Officials

Town of Gloucester Organizational Chart





TOWN OF GLOCESTER
DEPARTMENT OF FINANCE
DEPARTMENT OF HUMAN RESOURCES
GLOCESTER SCHOOL DISTRICT BUSINESS OFFICE
1145 Putnam Pike, P.O. Box B
Chepachet, Rhode Island 02814-0702
(401) 568-6206, Ext. 5 - Fax (401) 568-5850
TTY (Relay RI) 1-800-745-5555

Thomas P. Mainville, CPA
Director
Director
Business Manager

December 23, 2010

To the Honorable President and Members of the Town Council and Citizens of the Town of Gloucester:

We hereby submit the Comprehensive Annual Financial Report for the Town of Gloucester (Town), for the fiscal year ended June 30, 2010. The report has been prepared in accordance with generally accepted accounting principles (GAAP), adhering to the format promulgated through the Governmental Accounting Board's Statement 34. Responsibility for the accuracy of the data presented, as well the fairness of the representations contained within the report, rests with the Town's management. To provide a reasonable basis for making these representations, the Town has established a comprehensive internal control framework that is designed to protect the Town's assets from theft, loss or misuse, and to promote the compilation of reliable financial information for reporting and forecasting purposes. Since the cost of the internal control system should not outweigh its benefits, the Town's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge, and in all material respects, this report is fair, complete, and summarizes the Town's financial position in a comprehensive manner.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains this letter of transmittal, a listing of Town Officials and an organizational chart. The Financial Section contains the independent auditor's report, the Management Discussion and Analysis (which should be read in conjunction with this transmittal letter to provide the reader with a greater understanding of the Town's net assets and fund activity), the government-wide financial statements, the basic financial statements of major and non-major funds, notes to the financial statements, and other supplementary information. The Statistical Section provides selected financial and demographic information presented on a multi-year basis.

In conformity with the Single Audit Act of 1996 and the United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," the Town is required to submit to an annual audit of all federal grant awards. The Single Audit contains the schedule of expenditures of federal grant awards. The Single Audit was filed in a separate report.

Government Profile

The Town of Glocester was founded in 1639, incorporated as a Town in 1731, and is a rural community in northwest Rhode Island located approximately 15 miles northwest from Providence. It is connected to the southeast corridor by a network of highways, including Interstate 295 and Interstate 95. The land area of the Town of Glocester is 54.6 square miles, which includes 2.3 square miles of inland water, and is mainly composed of residential, farm, orchard and woodland areas. The Town attracts many tourists and vacationers to its lake areas and to the village of Chepachet which is listed as a Historic District on the National Register of Historic Places. The businesses in the Town are primarily service or agricultural.

The Town operates under a Home Rule Charter adopted in 1991 providing for a Town Council form of government with a five-member Town Council, elected at-large for terms of two years, and headed by a Council President. All legislative powers of the Town are vested in the Town Council by the Charter including all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government (which include the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, and establishing personnel policies) except such powers as are reserved by State Law to the annual Financial Town Meeting (which include the ordering of any tax, making appropriations, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds, providing for an annual audit of the Town's accounts and transacting any other business pertaining to the financial affairs of the Town).

The Town Council is supported and advised by various Boards and Commissions (members of which are volunteers and are appointed by the Town Council at various intervals) some of which are: Planning Board, Zoning Board, Economic Development Commission, Budget Board, Personnel Board, Board of Contracts & Purchases, Wastewater Management District Board, Board of Canvassers, Recreation Commission, July 4th Ancients & Horribles Parade Committee, and the Juvenile Hearing Board.

Component Unit

The Glocester Land Trust (Land Trust) has been presented as a component unit of the Town in the accompanying government-wide financial statements. Further information regarding the purpose of the Land Trust and the definition of component unit is provided in Note 1 of the financial statements.

Public Education

The public school system of the Town consists of two elementary schools, grades kindergarten through 5, and is served by the Glocester School Department. Grades 6 through 12 are served by the Foster-Glocester Regional School District of which the Town of Glocester and the Town of Foster are member communities. The Foster-Glocester Regional School District was incorporated and its fiscal authority established by Acts of the General Assembly in 1958 and 1959.

The general administration of the Glocester School Department is directed by a six-member School Committee whose members are elected at-large with three members being elected at each regular biennial election. These six members of the Glocester School Committee along with the three School Committee members from the Town of Foster are ex-officio members of the Foster-Glocester School Committee.

The School Committees determine and control all policies affecting the administration, maintenance and operation of the public schools in the Town. The School Committees appoint a Superintendent as their chief administrative agent and such other administrative officers as are considered necessary, and submit detailed budgets of expenditures and revenues to the voters at annual Financial Town Meetings. The Foster-Glocester Regional School District Financial Town Meeting is held on the third Tuesday in March of each year and its budget is adopted at that meeting. The Town of Glocester Financial Town Meeting is held on the first Saturday after the first Friday in May of each year and the budget for the Glocester elementary schools is adopted at that meeting. Once the school budgets have been approved, the School Committees determine the allocations of the amounts appropriated.

The Town Charter provides that, based on budget estimates submitted by the Glocester School Committee, the Town Council establishes the Glocester School Department's appropriation in total only, and that the School Committee determines the allocation of the amounts appropriated.

The Town of Glocester's school system (grades kindergarten through 5) consists of 2 elementary schools (Fogarty Memorial and West Glocester).

Grades 6 through 8 attend the Ponaganset Middle School and grades 9 through 12 attend Ponaganset High School. Both the middle and high schools are physically located in the Town of Glocester near the border joining the Towns of Glocester and Foster.

The cost of operation of the Town's elementary school system (excluding the Foster-Glocester Regional School District) for fiscal year 2010 was \$9,592,254. In fiscal year ending June 30, 2010, the Town paid \$9,328,376 to the Foster-Glocester Regional School District. The Town will pay \$9,453,321 to the Foster-Glocester Regional School District for fiscal year 2011, a 1.3% increase.

The Fogarty Memorial and West Glocester elementary schools were constructed in 1975 and 1991 respectively. There is presently a staff of 92 in both schools, 57 of whom are teachers and professional staff and 26 are teachers' aides. Per 2010 statistics, the average per pupil expenditure amounts to \$16,067.

A new Ponaganset Middle School building was completed in August 2007. The Ponaganset High School South building was constructed in 1960 and the Ponaganset High School North building was constructed in 1965. Both the North and South buildings were recently renovated (completed in 2010). There is presently a staff of 173 in both schools, 117 of whom are teachers, and 13 are teachers' aides. Per 2010 statistics, the average per pupil expenditure amounts to \$13,508. In the graduating class of 2010, 49% and 38% of all high school graduates continued their education by attending four- and two-year colleges, respectively. 4% enlisted in the military.

The following is a summary of the actual school population trends in the Town.

<u>Year</u>	<u>Grades kindergarten through 5 Glocester</u>	<u>Grades 6 through 12 Glocester</u>	<u>Total student population Glocester</u>	<u>Grades 6 through 12 Foster</u>	<u>Total population grades 6 thru 12 F-G Region</u>
Actual enrollment					
1994-95	879	987	1,866	[397	1,384]
1995-96	892	1,009	1,901	[403	1,412]
1996-97	890	1,044	1,934	[417	1,461]
1997-98	886	1,060	1,946	[442	1,502]
1998-99	876	1,130	2,006	[434	1,564]
1999-00	890	1,108	1,998	[478	1,586]
2000-01	893	1,117	2,010	[481	1,598]
2001-02	802	1,134	1,936	[496	1,630]
2002-03	794	1,157	1,951	[542	1,699]
2003-04	813	1,134	1,947	[552	1,686]
2004-05	754	1,140	1,894	[548	1,688]
2005-06	689	980	1,669	[654	1,634]
2006-07	826	1,038	1,864	[559	1,597]
2007-08	639	1,097	1,736	[425	1,522]
2008-09	638	976	1,614	[435	1,411]
2009-10	597	926	1,523	[430	1,356]
Projected enrollment					
2010-11	592	872	1,464	[421	1,293]
2011-12	577	858	1,435	[395	1,253]
2012-13	535	836	1,371	[382	1,218]
2013-14	496	794	1,290	[369	1,163]
2014-15	483	747	1,230	[345	1,092]

During fiscal year 2010, the Glocester School Department expended \$9,592,254. This included \$470,269 for unbudgeted expenditures in several Special Revenue Funds. Their fiscal 2011 expense appropriation for operations is \$9,805,565. The fiscal 2011 State Aid for school operations has been budgeted at \$2,341,030. \$124,779 was received in fiscal 2010 from the American Recovery and Reinvestment Act (ARRA) funding. \$113,177 has been budgeted to be received from ARRA funding in 2011.

Town Services

In addition to its schools, the Town provides major public services, certain of which are described below:

Executive and Administration

The Town Council, with the assistance of the Office of the Town Clerk, the Department of Finance (includes Human Resources), and the Town Solicitor, exercises general oversight of the Town. The Town Clerk's Office is responsible for all record maintenance and also supervision of the probate court. During fiscal 2010, the Central Administration and Financial Administration groups expended \$1,886,627. This amount includes \$1,243,830 in Central Administration expense [page 96], transfers for Central Administration of \$2,500 for Comprehensive Plan 5-year update [page 105] and \$2,582 for Historic Records Trust; \$587,715 in Financial Administration expense [page 97] and transfers for Financial Administration of \$50,000, [page 105] to a revaluation reserve account. The fiscal 2011 budget has been set at \$1,434,920.

Public Safety

Police: The Town Police Department is responsible for Public Safety and has a force of 13 full-time sworn officers, including the Chief, Captain, Lieutenant, 2 Sergeants and 8 police officers. The department also has 5 full- and 1 part-time Dispatchers. The Chief of Police is the Town's Public Safety Officer. The Dispatchers dispatch for both the police and fire departments. The police station, built in 1990, provides facilities for public safety issues. During fiscal 2010, the Police Department expended \$1,652,340. This includes department expense of \$1,642,592 [page 98], and transfers of \$4,480 for grants-matching funds and \$5,268 to police equipment maintenance fund], [page 105]. For fiscal 2011, \$1,755,431 has been designated for operations.

Office of Animal Control: The Police Department is also responsible for the Office of Animal Control which has 1 full- and 3 part-time Animal Control Officers. They are responsible for the care of animals in their control, encouraging their adoption, and protection of the public against stray and wild animals. During fiscal 2010, the Office of Animal Control expended \$80,828 [page 99]. For fiscal 2011, \$92,242 has been designated for operations.

Fire and Rescue: Fire protection and rescue services in the Town of Gloucester are provided by three separate political entities created by State statute: the Harmony Fire District, the Chepachet Fire District and the West Gloucester Fire District. The three fire districts are responsible for the acquisition and maintenance of fire equipment, facilities and stations in the respective areas served by the districts. There is one station in each of the Harmony and Chepachet districts. There are two stations in the West Gloucester district. The districts are independent of the Town of Gloucester and the Town is not directly responsible for their expenditures nor does the Town derive any income from their operations. By statute, the fire districts have separate ad valorem taxing powers on the real property situated in the area served by each district. The fire companies are staffed with 105 volunteers, 41 per diem EMT's, and 1 full-time employee.

Building/Zoning Office

The Building/Zoning Officer and 4 part-time inspectors are responsible for insuring compliance with state and local building code ordinances and laws. The budget for the Building/Zoning Office is included in the Central Administration total budget. Fiscal 2010 expenditures totaled \$173,850 [page 94] for this department and \$165,985 is budgeted for fiscal 2011.

Social Services

Parks and Recreation: The Town employs a part-time Recreation Director who oversees activities at 2 Town beaches, 3 parks and various other locations. Within the parks are 2 little league fields, 2 softball fields, 4 tennis courts, 4 basketball courts, 3 playgrounds, and walking trails. The Town also uses the facilities at the schools for basketball, tennis and baseball programs. A major event in the Town is the 4th of July 'Ancients & Horribles' parade, held in the village of Chepachet, which has been an annual event for 83 years (as of July 4, 2009) and is the second longest running Independence Day parade in Rhode Island. Attendance is estimated to be 10,000 each year. During fiscal 2010, the Recreation Department expended \$101,946. This includes department expense of \$91,946 [page 102], and transfers of \$10,000 for the Independence Day parade], [page 105]. For fiscal 2011, \$102,725 has been designated for operations and \$10,000 has been budgeted for the parade.

Libraries: There are two libraries (Glocester Manton Free Public Library and Harmony Library in the villages of Chepachet and Harmony, respectively) which operate independently from Town government. Each library is governed by a Board of Trustees. The Glocester Manton Free Public Library offers a collection of over 32,000 items and the Harmony Library offers over 44,500 items. As members of Ocean State Libraries, they both provide and promote open access to a broad range of informational, educational, cultural, and recreational materials and services (including wireless access to the internet) to the residents and the business community in Glocester. To further their mission, the libraries maintain membership in the Ponaganset Regional Libraries Network which was established to promote an awareness of library resources and services available to the residents of the towns of Foster and Glocester through resource sharing and inter-library cooperation among the school and public libraries. Total library related expenditures for fiscal 2010 were \$175,138 for Manton Free Public Library and \$235,712 for Harmony Library. The Town contributed \$126,556 to the Manton Free Public Library and \$181,577 to the Harmony Library in 2010. These funds supported the acquisition of books and materials as well as an authorized staff of 5 librarians (2 full and 3 part-time) holding masters degrees in Library and Information Services and support staffs of 9 part-time employees. Both libraries serve a total of 60,000 visitors per year. Budgeted Town aid for fiscal 2011 is \$126,556 for the Manton Free Public Library and \$181,577 for the Harmony Library. Together, both libraries circulate over 94,300 items per year, a per capita circulation of 9.4. Nearly half of Glocester's residents are registered borrowers of its libraries. In addition, Glocester Manton Free Library offered 188 programs that were attended by 2,100 people. Harmony Library offered 321 programs that were attended by 3,720 people. The Glocester Manton Free Public Library has 9 public-use computers and the Harmony Library has 12.

Human Services: The Human Services department provides transportation for Town residents to doctor offices, medical facilities, and for shopping trips for senior citizens and citizens with disabilities. It also operates a food bank. It also provides information assistance and emergency energy funds for residents in need. Fiscal 2010 expenditures totaled \$55,882. This includes department expense of \$44,382 (page 103) and transfers of \$6,500 and \$5,000 (page 105) to the Food Bank and Emergency Energy Fund, respectively. \$62,400 is budgeted for fiscal 2011.

Senior Center: Social services (including a lunch-time meal-site and various daily activities and programs) are provided to the Town's seniors at our senior center building (completed in January 2007). Fiscal 2010 expenditures totaled \$148,053. This includes department expense of \$147,903 (page 102) and a transfer of \$150 for a program grant (page 105). \$136,323 is budgeted for fiscal 2011.

Physical Resources

Planning and Community Development: The Town Planner provides guidance on the physical and social development of the Town. The budget for the Town Planner is included in the Central Administration total budget. Fiscal 2010 expenditures for the Town Planner's Office totaled \$151,966. This includes department expense of \$149,466 (page 94) and a transfer of \$2,500 for Comprehensive Plan 5-year update (page 105). \$153,995 is budgeted for fiscal 2011. The Federal Community Development Block Grant (CDBG) program, which provided \$215,725 to the Town in 2010, is administered by the Western Rhode Island Home Repair Program, a quasi-governmental body and consortium of the Towns of Glocester, Foster and Scituate. The Town has been granted \$284,550 for the CDBG program in fiscal 2011.

Public Works: An authorized staff of 15 full-time and 1 part-time employees maintains 97.6 the Town's 148.8 miles of roads [38.3 miles of the 148.8 miles are state roads] and 3 bridges, monitors the disposal operations of 3,184 tons of trash and 1,146 tons of recyclables per year, maintains the Town's vehicles and equipment, and maintains 10 buildings. During fiscal 2010, the Department expended \$1,753,144. This amount includes \$1,424,133, [page 101] in department expense and a budgeted transfer of \$329,011 [page 105] to the Storm/snow related services reserve account. \$1,895,827 has been allocated for fiscal 2011.

Water and Sewer: There are no Town water or sewer systems. Homes and businesses are served by, and the Town intends to continue to rely on, private wells and septic systems.

Economic Conditions and Outlook

Population

The table below (source: U.S. Census Bureau) shows the Town's population trends. Data from the census taken in 2010 is not yet available.

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1920	1,404	2001	10,109
1930	1,693	2002	10,257
1940	2,099	2003	10,445
1950	2,682	2004	10,551
1960	3,397	2005	10,603
1970	5,160	2006	10,597
1980	7,550	2007	10,536
1990	9,227	2008	10,499
2000	9,948	2009	10,552
		2010	10,552

Employment

In calendar year 2009, the Town had 211 private business and industrial firms and government entities subject to the payment of employment security taxes. During that period, the payrolls for those entities totaled \$54,513,502 and the average number of persons employed was 1,606. The following is a listing of the various types of industry in the Town covered by the Department of Labor and Training for that period.

<u>Industry</u>	<u>Number Of Units</u>	<u>Average No. of Employees</u>	<u>Total Wages .</u>
Construction	57	131	\$ 5,444,356
Wholesale trade	7	6	266,741
Retail trade	20	182	3,576,828
Transportation & warehousing	6	64	2,153,514
Information	5	20	458,023
Finance & insurance	7	22	868,483
Real estate & rental & leasing	4	4	161,808
Professional & technical services	16	77	4,695,864
Administrative support & waste management	12	24	716,764
Health care & social assistance	15	378	11,207,793
Arts, entertainment, & recreation	3	24	688,069
Accommodation & food services	16	138	1,681,277
Other services	24	43	1,248,638
Unclassified establishments	1	0	21,000
Government	<u>18</u>	<u>493</u>	<u>21,324,344</u>
Total	<u>211</u>	<u>1,606</u>	<u>\$ 54,513,502</u>

Income Levels

According to the Rhode Island Public Expenditure Council, the 2000 median family income of the Town of Glocester was \$62,679 compared with \$52,781 for the State of Rhode Island. Median family income in the Town increased by \$19,612 or 45.5% from \$43,067 in 1990. Median family income in the State of Rhode Island increased by \$24,439 or 86.2% from \$28,342 in 1990. Data from the census taken in 2010 is not yet available.

Housing

According to the 2000 U.S. Census, there were 3,786 dwelling units in the Town compared to 3,460 dwelling units in 1990. The additional 326 dwelling units represent an increase of 9.4%.

Economic Development

General: The Town's Economic Development Commission and the Glocester Business Association meet monthly and are engaged in an on-going effort to promote and assist new, existing and expanding businesses.

Net values for all property in the Town decreased to \$1,093,431,623 (assessment date December 31, 2008) for fiscal year 2010 from \$1,100,786,329 (a decrease of \$7,354,706 or .7%) in 2009. The last full Town-wide revaluation was performed as of December 31, 2001. The Town's first statistical revaluation was completed as of December 31, 2004 and the second as of December 31, 2007. Net values for fiscal year 2011 have been assessed at \$1,121,806,916, an increase of \$28,375,293 or 2.6%. The next full Town-wide revaluation is scheduled to be completed as of December 31, 2010.

Factory Mutual Insurance Co.: The Town's largest taxpayer, Factory Mutual Insurance Co. (FMIC), headquartered in Norwood, Massachusetts, is an engineering and research (testing facility) company for insurance companies and businesses. FMIC occupies a 2,500 acre site in the village of West Glocester.

In 2003, the company spent approximately \$89 million in refurbishing and replacement of their facilities and expanded their operations. The number of employees at the site increased from 40 to 88 with that expansion. At that time, they entered into a 20 year payment-in-lieu-of-taxes (PILOT) agreement with the Town. Total payments from that original agreement will amount to \$27,937,500. As part of the original agreement, they paid \$1,150,000 in fiscal 2010, and will pay \$1,180,000 in fiscal 2011. Included in the agreement was the transfer to the Town of 98 acres of land valued (at that time) at \$466,884 to be used for public purposes.

Factory Mutual Insurance Co.: (continued)

The company has expanded their facilities again, spending another \$45 million. The project was completed in the summer of 2009. The project included a new “natural hazard” testing facility (75,000 sq. ft.) which included a 10’ by 10’ earthquake simulation table and other natural disaster testing equipment. A new water treatment plant was constructed which allows reuse of the water used during the testing procedures. A 17,000 sq. ft. warehouse was also constructed. The number of employees increased to 96. With that expansion, the PILOT agreement was amended. FMIC paid an additional amount of \$435,825 in fiscal 2010. They will pay an additional amount of \$448,900 in fiscal 2011. An additional \$6,718,626 will be paid over the remaining twelve years of the agreement and total payments from the PILOT will amount to \$34,656,126.

Major Initiatives

In a report dated January 26, 2009, Standard & Poor’s Ratings Services raised its rating on the Town’s general obligation debt from ‘AA-’ to ‘AA’ with a stable outlook. The report stated that the rating upgrade reflected the Town’s continued strong financial position above policy levels, and above-average income levels. Cited as an additional strength is Gloucester’s access to employment in Providence and along the I-495 technology corridor.

The administration is committed to preserving the Town’s unrestricted fund balance. At the November 2, 2004 general election, the taxpayers approved a change to the town charter to include a policy of maintaining an unreserved, undesignated general fund balance at 12% (minimum) of proposed operating expenditures. The unreserved, undesignated fund balance at June 30, 2010 was \$4,096,583, an increase of \$269,868 or 7.1% from the prior year. The undesignated, unreserved fund balance is 15.3% of general fund expenses budgeted for fiscal year 2011.

Annually, the Town develops a Capital Improvement Plan. This plan serves as a blueprint for major capital projects to be undertaken over a six year period.

The Town remains committed to preserving recreational and open space areas. The Gloucester Land Trust (which, as noted above is presented in the government-wide financial statements as a component unit) purchased an easement in fiscal 2010 with a value of \$154,440. The Land Trust owns a total of 2,057 acres with an estimated value of \$6,522,855 as of June 30, 2010.

The Town is developing 17.6 acres of land along the Chepachet River in the central part of Chepachet Village. When completed, this area will be transformed into an interpretive historic park named “Chepachet River Park.” The work is estimated to cost \$450,000, about \$300,000 of which is expected to be paid for from grants. The park will feature a gravel walking trail of approximately 0.5 miles that will begin and end on Chepachet’s main street. The trail will follow the Chepachet River and will encircle the mill ruins. By installing two bridges and utilizing the existing dam, the trail will cross the river downstream of the mill ruins and then return to Main Street via Oil Mill Lane.

Combined with this project is the cleanup of hazardous materials at the site from its former use as a textile mill. The Town has applied for and received a \$200,000+ grant from Rhode Island Department of Environmental Management (RIDEM) Office of Waste Management. This grant paid for the site assessment and cleanup plan. The Town has also received an additional \$200,000 Brownfields Cleanup Grant from US Environmental Protection Agency. This money will be used to remove contaminants from the site.

The Town received a \$671,000 grant from the United States Environmental Protection Agency (USEPA) in January 2007. This funding is being used to demonstrate the application of innovative, decentralized, on-site septic disposal systems and innovative stormwater management. This project began in 2007 and focuses on these issues to improve water quality and encourage sustainable redevelopment in the village of Chepachet. This project will result in the installation of an innovative stormwater demonstration system to be located on a portion of Chepachet River Park near Oil Mill Lane which will encourage in-fill development and business expansion. It is expected to be completed By September 30, 2011. The stormwater project is being coordinated with the Rhode Island Department of Transportation (RIDOT) to collect and treat runoff water from state owned roads in the village. It will help alleviate stormwater flooding problems as well as better treat runoff water to improve water quality. RIDOT has agreed to pay for half the cost of the project. Cost estimates range from \$250,000 to \$600,000.

Construction on the above will occur in phases as funding is available. It is anticipated that the cleanup and drainage system installation will be completed by September 2011.

The Town remains committed to maintaining the high quality of public education, allocating approximately 69.3% of the operating budget to education. Also, at the November 2, 2004 general election, the voters of the Towns of Foster and Glocester approved a \$45,720,000 bond to finance the acquisition of land for and the construction of a new middle school and for the renovation of the Ponaganset High School and Ponaganset Middle School. The work is scheduled to be completed in September 2010.

At the November 2, 2004 general election the voters approved a \$2,215,000 bond to finance the acquisition of land for and the design, construction, furnishing and equipping of a Senior Center. The Town budgeted \$270,000 for the project and received an additional \$275,000+ in grants and donations to help cover the cost. The 8,000 square foot Senior Center opened in January 2007 and serves as an activity center for the Town's 1,800 senior citizens. Final cost on the project was \$2,711,710.

The CVS Corporation estimates that \$4,500,000 has been spent to construct a state-of-the-art retail store at the intersection of Routes 102 and 44. This store has been designed to mimic the architectural features of the historic structures in Glocester. 26 people were employed at the store when it opened in July 2007.

In a collaborative effort with the Town, the Rhode Island Department of Transportation began construction in 2008 of over \$3,000,000 in infrastructure improvement to Chepachet village. These improvements include drainage reconstruction, new brick treatment sidewalks, benches, period lighting, street trees, road reconstruction and intersection reconfiguration. These improvements will make the village safer, more pedestrian friendly and move traffic safely through the village. It is anticipated that these improvements will spur further investment into the businesses and residences in Chepachet by improving the business climate of the village. The first phase of this project was completed in November 2008 with the installation of a detention pond, landscaping, new sidewalks and curbing. The remaining improvements are scheduled for 2011.

The Town commissioned an actuarial study as required by the Governmental Accounting Standards Board Statement # 45 [Other Post Employment Benefits (GASB 45)]. The study was completed by USI Consulting Group and a report was issued on November 7, 2008. Further information regarding Other Post Employment Benefits is provided in Note 12 on pages 55 through 59 of the financial statements.

Financial Information

The Town's Comprehensive Annual Financial Report provides detailed information on the Town's current financial position. Our Management Discussion and Analysis will provide additional analysis.

Budgetary Control

The legal level of budgetary control is at the fund level. The Town observes the following charter procedures in establishing the General Fund budgeting data reflected in the required supplementary information:

- The Town Council appoints a Budget Board of seven members from the qualified electors of the Town.
- Each Department, Commission, Office and Agency submits a written detailed budget to the Budget Board no later than January 2nd in each year.
- The Budget Board holds budget hearings at which the various Departments, Commissions, Offices and Agencies justify their requests.
- The Budget Board submits to the Town Council, no later than the third Thursday in March, its recommendations regarding all requests for appropriations together with revenue estimates and the projected tax levy required to support the budget recommendation.
- The Town Council reviews recommendations of Budget Board and makes such changes as it deems appropriate.
- The Town Council holds a Public Hearing (at which taxpayers are given an opportunity to comment on the budget) on its preliminary recommended budget at least 21 days prior to the Annual Financial Town Meeting. The Council has the authority to increase or decrease budget line items.
- The Town Council, by affirmative vote of the majority, adopts a recommended budget for presentation to the Financial Town Meeting no later than 15 days preceding its date.
- The final Budget is approved and a Tax Levy set by resolution at the Financial Town Meeting.

Progress against both the expense and revenue operating budgets is tracked using budget-vs.-actual comparison reports. The general ledger tracks expenditures and encumbrances, and revenues, and compares them to budgeted amounts. The comparison report calculates the amount of appropriation and revenues remaining. The Treasurer's Office monitors both spending and revenues and issues monthly reports to departments to assist them in budget management. The Town's Budget Board reviews the progress against the budget quarterly and sends a report regarding its findings to the Town Council.

Cash Management

Cash requirements are strictly monitored, and excess cash is invested in appropriate short term instruments. These investments are intended to maximize investment earnings, while maintaining an appropriate level of security and liquidity.

Risk Management

The Town is a member of the Rhode Island Interlocal Risk Management Trust. This organization was established as a joint venture to provide insurance coverage to local municipalities. The Town of Glocester maintains insurance coverage for property, general liability, public officials' liability, auto liability, and workers compensation. General liability and public officials' liability coverage is \$5,000,000.

Debt Administration

The ratios of net bonded debt to total assessed (property) valuation and net bonded debt per capita provide useful information when evaluating the Town's financial position. These indicators were as follows on June 30, 2009 and June 30, 2010:

	<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
June 30, 2009	\$5,415,000	0.49%	\$513.17
June 30, 2010	5,240,000	0.48%	496.59

(Please see statistical schedules 5, 9 and 14 for additional information)

Independent Audit

Per the Town of Glocester Charter, and the General Laws of the State of Rhode Island, an independent audit of the Town's financial statements and operations has been completed by the firm of Cayer Caccia, LLP. Their opinion is included within this document.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gloucester for its comprehensive annual financial reports for the fiscal year ended June 30, 2009. This was the fifth consecutive year that the Town has achieved this prestigious award. 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.

Acknowledgment

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated efforts of the staff of the Department of Finance and all of the employees of the Town of Gloucester. Their initiative, enthusiasm and proficiency are greatly appreciated. Special thanks to Council President Kevin P. Walsh, and the members of the Town Council for their support in maintaining the highest standards of professionalism in the management of the finances of the Town of Gloucester.

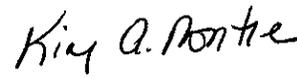
Respectfully submitted,



Thomas P. Mainville, CPA
Director of Finance



Jaclynn M. DiPietro
Administrative Aide



Kim A. Montie
Financial Clerk



Denise J. Cadoret
Clerk I

TOWN OF GLOCESTER, RHODE ISLAND

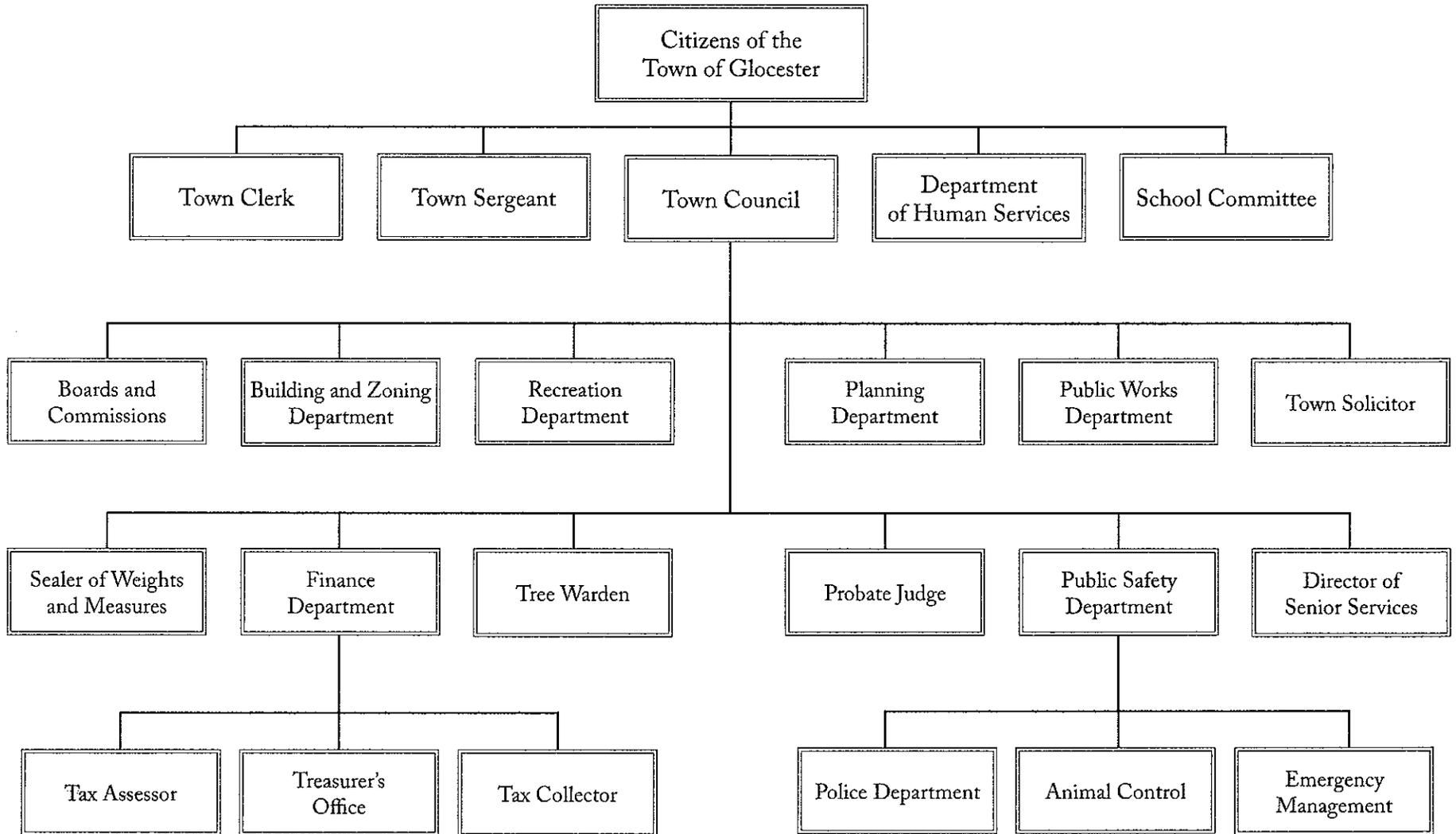
TOWN COUNCIL

Kevin P. Walsh, President
Walter M.O. Steere III, Vice-President
George O. Steere, Jr.
Edward C. Burlingame
Patrick J. Carroll

DIRECTOR OF FINANCE

Thomas P. Mainville, CPA

Town of Glocester, Rhode Island Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gloucester
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

TOWN OF GLOCESTER

FINANCIAL SECTION

This section contains the following:

*Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Other Supplementary Information*



Gerard R. Cayer
CPA, MST, CVA

Mark V. Caccia
CPA, MST, CVA

Donna T. Caccia
CPA, MST, CFP™

INDEPENDENT AUDITOR'S REPORT

To the Honorable Town Council
Glocester, Rhode Island

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, on our consideration of the Town of Glocester, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 17 and 64 through 67 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 the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Glocester, Rhode Island's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, detailed budgetary comparison information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Cayer Caccia, LLP

December 23, 2010

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Our discussion and analysis of the Town of Glocester, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- The Town's net assets increased as a result of this year's operation. On a government-wide basis the assets of the governmental activities of the Town of Glocester exceeded its liabilities at June 30, 2010 by \$21,467,674, an increase of \$2,263,177, or 11.8% from 2009. Net assets of the Town's component unit increased by \$638,535, or 9.6%, to \$7,281,369. Net assets for the Town's business type activities increased by \$19,945, or 85.0%, to \$43,413.
- The Town's Government-wide operating expenses were \$26,120,772, a 5.0% decrease from the prior year due mainly decreases in long-term closure costs for the landfill and decreases in storm related services. Revenues collected were \$28,383,949, a 2.1% increase due mainly to an increase in the tax levy and taxes collected which were offset by a reduction in aid from the State.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,578,560. 99.2% [\$9,499,657] of this amount is unreserved. Within the unreserved amount, \$9,007,657, or 94.0% is undesignated.
- In the Town's general fund, at the end of 2010, the unreserved, undesignated fund balance was \$4,096,583, or 17.0% of the total general fund expenditures and other uses of funds for the fiscal year. The current fiscal year's revenues and other sources of funds exceeded expenditures and other uses of funds by \$331,543. On a budgetary basis, revenues and other sources of funds exceeded expenditures and other uses of funds by \$401,543.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Government-wide financial statements - are designed to provide readers with a broad overview of the Town's finances in a manner similar to that of private-sector businesses. They are presented on the accrual basis of accounting where revenues and expenditures are recognized in the period they occur as opposed to the period in which they are collected or paid.

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

The *Statement of Activities* distinguishes functions of the Town which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government and administration, public safety, public works, education, social services and recreational services. The Town's one component unit is the Gloucester Land Trust. The Gloucester Schools lunch program is a business type activity.

The government-wide financial statements are reported on pages 18 through 20.

Fund financial statements – A *fund* is a grouping and self-balancing set of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. With the exception of the School Lunch Fund, which is a proprietary fund, all of the funds of the Town are governmental funds.

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

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

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

In addition to the 16 funds exhibited here for the School Department, the Town maintains 46 active individual governmental funds and 43 funds within the component unit. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the School Unrestricted Special Revenue Fund, and the Capital Reserve Capital Project Fund which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 68 through 91 in this report. The individual funds within the component unit have been summarized into the data presented.

Proprietary Funds – The Town charges customers for services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Town uses proprietary funds to account for the School Lunch Fund.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 30 through 63.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 64 through 67.

Government-wide Financial Analysis

The Town adopted the provisions of Governmental Accounting Standards Board Statement No. 34 – *Basic financial statements and management's discussion and analysis for State and Local Governments* as of July 1, 2001, one year ahead of the required deadline and four years ahead of the deadline for reporting major general infrastructure assets. The decision to choose early implementation also included financial information regarding our component unit (Glocester Land Trust). Comparative data for the current and prior years is presented on the following pages.

Analysis of the Town of Glocester's Net Assets

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the assets of the Town exceeded its liabilities at June 30, 2010 by \$21,467,674, an increase of \$2,263,177, or 11.8% from 2009.

Current assets increased by \$1,901,963, or 20.6%, from 2009. This is due primarily to an increase in cash and cash equivalents of \$1.8 million. Also, loans receivable increased by \$182,600 and other assets increased \$135,480. *Noncurrent assets* increased by \$127,742 primarily due to an increase in land improvements [\$294k] and machinery and equipment [\$215k], offset by depreciation expense [\$897k].

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Current liabilities increased by \$46,692 due to an increase in Accounts Payable [\$383k] and an increase in the current portion of long-term debt [\$69k] offset by the settlement of a dispute (pertaining to valuations assessed on property) with the Providence Water Board of \$123,369 (taxes and interest) and a decrease in Accrued Payroll [\$267k].

Noncurrent liabilities decreased by \$280,164 due primarily to debt service payments of \$675,000 offset by the issuance of bonds [\$500k].

Listed below is a comparison of the current and prior fiscal years.

Town of Gloucester
Statement of Net Assets

	<u>Governmental activities</u>		
	<u>6-30-10</u>	<u>6-30-09</u>	Increase Decrease
Current assets	\$11,155,696	\$ 9,253,733	\$1,901,963
Noncurrent assets	<u>17,956,137</u>	<u>17,828,395</u>	<u>127,742</u>
Total assets	<u>29,111,833</u>	<u>27,082,128</u>	<u>2,029,705</u>
Current liabilities	1,782,776	1,736,084	46,692
Noncurrent liabilities	<u>5,861,383</u>	<u>6,141,547</u>	(280,164)
Total liabilities	<u>7,644,159</u>	<u>7,877,631</u>	(233,472)
Net Assets:			
Invested in capital assets, net of related debt	13,195,876	12,366,231	829,645
Restricted	3,100	3,100	-
Unrestricted	<u>8,268,698</u>	<u>6,835,166</u>	<u>1,433,532</u>
Total net assets	<u>\$21,467,674</u>	<u>\$19,204,497</u>	<u>\$2,263,177</u>

The school lunch fund is the Town's sole Business-type activity.

	<u>Business-type activities</u>		
	<u>6-30-10</u>	<u>6-30-09</u>	Increase (decrease)
Current assets	\$ 58,286	\$ 35,297	\$ 22,989
Noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>58,286</u>	<u>35,297</u>	<u>22,989</u>
Current liabilities	14,873	11,829	3,044
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,873</u>	<u>11,829</u>	<u>3,044</u>
Net Assets:			
Unrestricted	<u>43,413</u>	<u>23,468</u>	<u>19,945</u>
Total net assets	<u>\$ 43,413</u>	<u>\$ 23,468</u>	<u>\$ 19,945</u>

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Town of Gloucester
Statement of Net Assets

The changes in the Component unit were primarily due to the acquisition of an easement valued at \$154,400. The Town paid \$79,400 and received grants of \$75,000.

	Component unit		Increase (decrease)
	6-30-10	6-30-09	
Current assets	\$ 756,401	\$ 322,030	\$ 434,371
Noncurrent assets	<u>6,529,155</u>	<u>6,366,049</u>	<u>163,106</u>
Total assets	<u>7,285,556</u>	<u>6,688,079</u>	<u>597,477</u>
Current liabilities	4,187	45,245	(41,058)
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,187</u>	<u>45,245</u>	<u>(41,058)</u>
 Net Assets:			
Invested in capital assets, net of related debt	6,529,155	6,366,049	163,106
Restricted	-	-	-
Unrestricted	<u>752,214</u>	<u>276,785</u>	<u>475,429</u>
Total net assets	<u>\$7,281,369</u>	<u>\$6,642,834</u>	<u>\$ 638,535</u>

The largest portion [\$13,195,876] of the Town's net assets consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

An additional portion [\$3,100] of the Town's net assets represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

As of June 30, 2010, the Town of Gloucester reports positive balances in all three categories of Net Assets for the government as a whole.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Analysis of the Town of Gloucester's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2010. Governmental activities increased the Town's net assets by \$2,263,177, or 11.8%, for the current period. Component unit activities increased its net assets by \$638,535, or 9.6%, from 2009.

Total revenues increased by \$591,079, or 2.1%, from 2009.

Charges for services increased by \$103,009 due primarily to an increase in Education of \$108,279. Most of this consisted of an increase in charges for tuitions [\$32k] for out-of-town students attending the Town's schools and rental income [\$59k] for space provided to the Foster-Glocester Regional School District.

Operating grants and contributions decreased by \$55,808 from 2009 due primarily to a decrease in state aid for education [\$160,657] somewhat offset by an increase of \$82,615 in Public Works for FEMA flood reimbursement.

Capital grants and contributions increased by \$184,473 from 2009 due primarily to a \$183,709 increase in Public Works for state funding for road paving and a \$39,651 increase in Public Safety, somewhat offset by a decrease of \$38,887 in Education.

Property taxes increased by \$2,318,370, or 11.2% from 2009. This was due to a change in presentation of receipts of the State's reimbursement to the Town for Vehicle Excise Taxes and a tax levy increase of \$835,408. The State reimbursement was in lieu of taxes which would have been directly assessed by the Town to the Town's taxpayers.

Total expenses decreased by \$1,366,607 or 5.0% from 2009. Significant increases included: Public Works which decreased by \$741,601 due mainly to decreases in long-term closure costs for the landfill and decreases in storm related services. Public Safety which decreased by \$172,972 due to a decrease in the number of Police officers by one and change in co-shares paid by employees for medical reimbursement and payments to employees in lieu of health insurance coverage; Overhead which decreased by \$152,369 due to a settlement with the Providence Water Board [\$123,366] which was recognized in 2009 and did not reoccur in 2010; Social Services which decreased by \$151,574 due primarily to an increase in CDBG expenses of \$142,816, offset by a decrease in Community Septic System Loan Program expenses; and Education which decreased by \$104,799, or 0.5%.

Business-type activities net assets increased by \$19,945. The School Lunch program is the sole business-type activity in the Town.

Component unit net assets increased by \$638,535, or 9.6%, and Capital grants and Contributions decreased by \$363,781, or 81.4%. The Land Trust received \$500,000 in bond proceeds in 2010 to be used toward the purchase of open space. The Town is responsible for payment of the bond. In addition, the Land Trust purchased an easement worth \$154,440 in 2010. The Land Trust received a grant of \$75,000 towards the purchase of the easement.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Town of Gloucester
Statement of Activities

	<u>Governmental activities</u>		
	<u>6-30-10</u>	<u>6-30-09</u>	Increase (decrease)
<i>Revenues</i>			
<i>Program revenues</i>			
Charges for services	\$ 868,332	\$ 765,323	\$ 103,009
Operating grants	4,383,160	4,438,968	(55,808)
Capital grants	610,607	426,134	184,473
<i>General revenues</i>			
Property taxes	22,953,234	20,634,864	2,318,370
State aid	-	1,436,958	(1,436,958)
Interest & investment income	118,156	154,478	(36,322)
Transfers	(549,540)	(63,855)	(485,685)
Total revenues	28,383,949	27,792,870	591,079
<i>Expenses</i>			
Administration	816,185	827,540	(11,355)
Finance	584,712	614,551	(29,839)
Public safety	1,911,181	2,084,153	(172,972)
Public works	2,130,372	2,871,973	(741,601)
Recreation	368,063	328,676	39,387
Social services	383,393	534,967	(151,574)
Overhead	265,543	417,912	(152,369)
Aid requests	317,533	333,083	(15,550)
Education	19,107,353	19,212,152	(104,799)
Interest on long-term debt	236,437	260,885	(24,448)
Glocester Land Trust	-	1,487	(1,487)
Total expenses	26,120,772	27,487,379	(1,366,607)
Change in net assets	2,263,177	305,491	1,957,686
Net assets July 1	<u>19,204,497</u>	<u>18,899,006</u>	<u>305,491</u>
Net assets June 30	<u>\$21,467,674</u>	<u>\$19,204,497</u>	<u>\$ 2,263,177</u>

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Town of Gloucester Statement of Activities <u>Business-type activities</u>			
	<u>6-30-10</u>	<u>6-30-09</u>	Increase (decrease)
<i>Revenues</i>			
<i>Program revenues</i>			
Charges for services	\$ 63,167	\$ 80,130	\$(16,963)
Operating grants	81,002	74,584	6,418
Capital grants	-	-	-
Total revenues	<u>144,169</u>	<u>154,714</u>	<u>(10,545)</u>
<i>Expenses</i>			
School lunch program	<u>124,224</u>	<u>153,610</u>	(29,386)
Total expenses	<u>124,224</u>	<u>153,610</u>	(29,386)
Change in net assets	19,945	1,104	18,841
Net assets July 1	<u>23,468</u>	<u>22,364</u>	<u>1,104</u>
Net assets June 30	\$ <u>43,413</u>	\$ <u>23,468</u>	\$ <u>19,945</u>
<u>Component unit</u>			
	<u>6-30-10</u>	<u>6-30-09</u>	Increase (decrease)
<i>Revenues</i>			
<i>Program revenues</i>			
Charges for services	\$ 17,440	\$ -	\$ 17,440
Operating grants	3,200	-	3,200
Capital grants	83,389	447,170	(363,781)
<i>General revenues</i>			
Interest & investment income	269	2,545	(2,276)
Transfers	<u>549,540</u>	<u>63,855</u>	<u>485,685</u>
Total revenues	<u>653,838</u>	<u>513,570</u>	<u>140,268</u>
<i>Expenses</i>			
Glocester Land Trust	<u>15,303</u>	<u>28,186</u>	<u>(12,883)</u>
Total expenses	<u>15,303</u>	<u>28,186</u>	<u>(12,883)</u>
Change in net assets	638,535	485,384	153,151
Net assets July 1	<u>6,642,834</u>	<u>6,157,450</u>	<u>485,384</u>
Net assets June 30	\$ <u>7,281,369</u>	\$ <u>6,642,834</u>	\$ <u>638,535</u>

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Financial Analysis of the Town of Gloucester's Funds

Governmental Funds - The focus of the Town of Gloucester's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

General Fund - The fund balance reserved for prepaid expenditures decreased by \$18,325. Based on the fiscal year 2011 adopted budget, fund balance designated for subsequent year increased by \$80,000 and was used to provide additional funding for the fiscal 2011 budget and help contain the tax increase. Unreserved, undesignated fund balance increased by \$269,868.

School Unrestricted - The fund balance reserved for prepaid expenditures decreased by \$116,855 due to a payment in June for the July 2009 health care premium for the school [\$100k] and a deposit for heating oil [\$34k]. Based on the fiscal year 2011 adopted budget, fund balance designated for subsequent year increased by \$222,000. For the first time in fiscal year 2010, the School Committee established a fund balance reservation for sick day buyout in the amount of \$54,190. Unreserved, undesignated fund balance increased by \$816,009 which is primarily the result of excess revenues over expenditures for fiscal year 2010 in the amount of \$975,344.

Capital Reserve Fund - Unreserved, undesignated fund balance increased by \$202,407 which is due to the result of excess revenues over expenditures for fiscal year 2010 in the amount of \$202,407.

Governmental Funds
Fund Balances

	<u>June 30, 2010</u>	<u>June 30, 2009</u>	
	Total	Total	
	Governmental	Governmental	Increase
	<u>Funds</u>	<u>Funds</u>	<u>(Decrease)</u>
Reserved:			
Reserved for prepaid expenditures	\$ 21,613	\$ 156,793	\$(135,180)
Reserved for perpetual care	3,100	3,100	0
Reserved for sick day buyout	54,190		54,190
Unreserved:			
Designated for subsequent year budget	492,000	190,000	302,000
Undesignated	4,096,583	3,826,715	269,868
Unreserved, reported in:			
Special Revenue Funds	3,301,687	2,430,974	870,713
Capital Projects Funds	1,600,126	1,381,811	218,315
Permanent Funds	9,261	9,247	14
Total fund balances	<u>\$ 9,578,560</u>	<u>\$ 7,998,640</u>	<u>\$ 1,579,920</u>

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

General Fund Budgetary Highlights

Revenues.

Actual *Total revenues and other financing sources* reported in 2010 were more than budgeted amounts by \$494,076 or 2.1%.

Actual *General Property Taxes* collected exceeded budget by \$51,559 or 0.2%. Included in taxes collected was \$1,585,825 from Factory Mutual Insurance Company from a payment-in-lieu-of-taxes (PILOT) agreement which commenced in 2003.

General State Aid received was less than budget by \$156,257 or 11.5%. The Town budgeted \$1,218,863 in Vehicle Excise Tax, but, due to fiscal problems at the State level, received only \$1,052,490, a difference of \$166,373. The Town received \$29,562 less than budgeted for State Housing Aid for the same reason. The Town received \$9,393 more than budgeted for Public Service Corporation Tax

Revenues from *Licenses, fees and fines* were \$97,533, or 26.0% greater than budget primarily due to an increase in police cruiser rental of \$25,592 and an increase in recycling revenue of \$37,494.

Interest and investment income was greater than budget by \$9,625, or 10.8% primarily due to conservative budgeting.

Expenses.

Total expenditures and other financing uses in the Town's General Fund were more than the amount budgeted by \$92,533, or 0.4%. Significant positive variances were: \$27,867 for *Police officers salaries* and \$61,614 for *Payroll taxes and benefits* in the Police Department due to a decrease in staff and a change in co-shares paid by employees for medical reimbursement and payments to employees in lieu of health insurance coverage; \$37,351 for *Vacation and illness coverage* in the Police Department; \$43,634 in *Salaries* and \$22,734 in *Payroll taxes and benefits* in the Highway Division in the Department of Public Works due to transfers to the Capital Projects Fund for capitalization of labor expended for road paving; \$29,613 for *Salaries* and \$17,341 in *Payroll taxes and benefits* in the Maintenance Division – Vehicles and Equipment in the Department of Public Works due to decreased staffing; and \$62,678 for Gasoline and Diesel due to lower than anticipated fuel prices.

Positive variances realized were somewhat offset by expenses that exceeded budget, primarily due to: \$72,490 for *Insurance - property/liability/other* as a result of a settlement of a dispute over property values in which the Town refunded the sum of \$123,369 to the Providence Water Supply Board; and a transfer of \$45,867 to a Health care reserve to smooth fluctuations in health insurance working rates for employees that may occur as a result of being a member of the RI Interlocal Risk Management Trust's health pool.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

The Town of Glocester's Capital Assets

The Town of Glocester's investment in capital assets for its governmental activities amounts to \$17,956,137, net of accumulated depreciation at June 30, 2010. Included are land, buildings and improvements, construction in progress, motor vehicles, furniture, machinery and equipment, and infrastructure.

Additional information on the Town of Glocester's capital assets is located in note 7 on pages 46 through 47 of the notes to the financial statements.

Town of Glocester
Capital Assets (net of Accumulated Depreciation)

	Governmental activities			Component unit		
	June 30, 2010	June 30, 2009	Increase (decrease)	June 30, 2010	June 30, 2009	Increase (decrease)
Land	\$ 1,697,814	\$ 1,697,814	\$ -	\$ 6,379,229	\$ 6,212,973	\$ 166,256
Historical Building	-	-	-	143,626	143,626	-
Construction in Progress	271,040	471,290	(200,250)	-	-	-
Land Improvements	680,111	425,099	255,012	-	-	-
Buildings & Improvements	10,810,633	11,049,092	(238,459)	-	-	-
Motor Vehicles	685,854	772,890	(87,036)	-	-	-
Office Furniture/Equipment	202,016	87,125	114,891	-	-	-
Machinery & Equipment	732,902	648,021	84,881	6,300	9,450	(3,150)
Infrastructure-roads/bridges	2,875,767	2,643,301	232,466	-	-	-
Total	\$ 17,956,137	\$ 17,794,632	\$ 161,505	\$ 6,529,155	\$ 6,366,049	\$ 163,106

The \$200,250 decrease in *Construction in Progress* was primarily due to completion of the closure of our landfill and transitioning those costs [\$264k] to *Land Improvements*. That decrease was somewhat offset by additional work [\$45k] done on a wastewater/stormwater project in the village of Chepachet. *Land Improvements* was also increased due to paving [\$22k] done at our two elementary schools and resurfacing the tennis courts [\$9k] at Glocester Memorial Park. Increases in *Land Improvements* were somewhat offset by depreciation. The \$238,459 decrease in *Buildings & Improvements* was primarily due to annual depreciation. The \$87,036 decrease in *Motor Vehicles* was due to the addition of two new police cruisers [\$59k] offset by the retirements of a 1985 six ton water truck and a 1997 police cruiser and annual depreciation. The \$114,891 increase in *Office Furniture/Equipment* was due to purchase of computer hardware [\$130k] housed at the police station to service our mobile data terminals. Additionally, two new photocopiers were acquired for the Town Hall and three old photocopiers were retired. Additions were somewhat offset by depreciation. The \$84,881 increase in *Machinery & Equipment* was due to the purchase of a Pelican sweeper [\$157k], a MPH speed trailer [\$16k] for the police department, a dishwasher [\$13k] for one of the elementary schools, a Snow-King plow [\$5k], and a 30 yard roll-off container for recycling for the Department of Public Works. These additions were offset by the retirements of a sweeper, sanders and sander bodies, six plows and depreciation. The \$232,466 increase in *Infrastructure-roads/bridges* was due to the addition of road paving costs for approximately three miles of roads [\$570k] offset by annual depreciation.

The increase in the component unit was due primarily to the acquisition of an easement [\$154k].

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

The Town of Glocester's Debt Administration

The Town issued \$500,000 of new debt in 2010 for Open Space to be administered by the Glocester Land Trust, the Town's component unit. The Town made payments on debt principal of \$675,000. The outstanding bonded (General Obligation Bond) debt decreased to a total of \$5,240,000 at June 30, 2010. 100% of this outstanding debt is backed by the full faith and credit of the government, including the Town's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

The following is a summary of the Town's long-term General Obligation Bond debt.

Town of Glocester Outstanding Debt General Obligation Debt			
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	Increase (decrease)
	<u>Governmental activities</u>	<u>Governmental activities</u>	
Road improvements	\$ 1,420,000	\$ 1,625,000	\$(205,000)
West Glocester Elementary School	595,000	900,000	(305,000)
Open Space (Land Trust)	100,000	150,000	(50,000)
Open Space (Land Trust)	500,000	0	500,000
Senior Center	1,995,000	2,070,000	(75,000)
Fogarty Elementary School roof	<u>630,000</u>	<u>670,000</u>	<u>(40,000)</u>
Total	<u>\$ 5,240,000</u>	<u>\$ 5,415,000</u>	<u>\$(175,000)</u>

In January 2009, Standard & Poor's Ratings Services raised its rating on the Town's general obligation debt from 'AA-' to 'AA' with a stable outlook.

Except as provided below, under Section 45-12-2 of the General Laws of Rhode Island, the Town 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 Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town for 2010 was \$32,802,949 [based on the net assessed valuation at December 31, 2008 of \$1,093,431,623. As of June 30, 2010, the Town had \$630,000 in outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$32,172,949.

The State legislature may by special act permit the Town to incur indebtedness outside the limitations imposed by the 3% debt limit. Special legislation adopted by the Legislature authorizing the Town to incur debt is subject to referendum by the electors of the Town. On June 30, 2010, the total outstanding debt of the Town issued outside the 3% debt limit was \$4,610,000.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

In addition to debt authorized within the 3% debt limit and debt authorized by special act of the Legislature, Rhode Island General Law 45-12-11 authorizes the Rhode Island 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 Town has never requested the State Director of Administration to authorize indebtedness of the Town under section 45-12-11.

Under Rhode Island law, the Town may borrow in each fiscal year in anticipation of the receipt of the proceeds of the property tax due in such fiscal year, an amount which shall not exceed the total tax levy of the then current fiscal year. Tax Anticipation Notes must be payable not later than one year from the date of issuance. The Town has not issued Tax Anticipation Notes since fiscal year 1999.

Additional information on the Town of Glocester's long-term debt can be found in footnote 8 of the financial statements on pages 47 through 50.

Economic Factors and Next Year's Budgets and Rates

- Unemployment rates as of June 30, 2008, June 30, 2009, and June 30, 2010.

<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	
5.7%	13.5%	9.3%	Providence County (includes Town of Glocester)
7.5%	12.2%	12.0%	State of Rhode Island
5.5%	9.7%	9.5%	United States

- Rates of inflation (12 months percent change taken from the Consumer Price Index) as of June 30, 2009 and June 30, 2010.

<u>6/30/2009</u>	<u>6/30/2010</u>	
0.8%	- 0.1%	Northeast Urban area
0.9%	- 0.1%	United States

- Median income for a family for the census year 2000 in Glocester was \$62,679 compared to the State's median income of \$52,781. Census information for 2010 is unavailable.

- For the year ended June 30, 2010, existing single-family home median sale prices were approximately \$210,000 in Glocester (information obtained from the Town Tax Assessor), 8.5% higher than the state median of \$193,500 (information obtained from the Rhode Island Association of Realtors).

- Glocester ranks 30th in population [9,948 per 2000 census] among Rhode Island's 39 cities and towns. Census information for 2010 is unavailable.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

- The Town's total general fund budget for fiscal year 2011 amounts to \$26,843,278 [\$19,515,582, or 72.7%, for education and \$7,327,696, or 27.3%, for other purposes], which reflects a decrease of \$176,499 or .7% from 2010. This is composed of decreases of \$66,083 in education costs and \$110,416 in Town government costs. \$150,000 was appropriated from the Town's fund balance to provide additional funding for the fiscal 2011 budget and help contain the tax increase.
- The unreserved, undesignated fund balance in the general fund increased by \$269,868, or 7.1%, to \$4,096,583 in 2010. The fund balance is 15.3% of proposed expenditures for 2011, which is above the 12% minimum required by the Town Charter.
- Since December 2000, per Rhode Island General Law 44-5-11.6, municipalities in Rhode Island are required to perform full revaluations on all "ratable" property every nine years and statistical revaluations every three years for the year's in-between. The Town's last full revaluation was completed as of December 31, 2001. The Town's first statistical revaluation was completed as of December 31, 2004. The second revaluation was completed as of December 31, 2007. The next full revaluation is scheduled to be completed as of December 31, 2010.

The Town's overall net values increased by \$28,375,294 or 2.6% [from \$1,093,431,623 in 2010 to \$1,121,806,917 in 2011]. This was primarily due to a \$29,826,831 net increase in *Motor vehicle* values. Specifically, vehicle values increased by \$5,458,909 and motor vehicle exemptions decreased by \$24,367,922 from 2010 to 2011. The State was exempting \$6,000 from the values of motor vehicles and reimbursed the related loss in revenues to the Towns. Due to problems with the State budget, the State discontinued most of the reimbursement, decreased [by \$5,500] the mandated exemption to \$500 and allowed the towns to tax the taxpayers for the full value less the \$500 to recoup the difference. Each town had the option not to decrease the exemption by the full \$5,500. The Town chose to establish the exemption at \$2,700.

The Town's tax rates for 2010 and 2011 with their differences are listed below. The tax on *Motor vehicles* has been frozen at \$24.37. The tax on *Inventory* was phased out after fiscal 2008. Rates are per \$1,000 of valuation.

	<u>Tax Rates</u>		
	<u>Fiscal</u> <u>2009-10</u>	<u>Fiscal</u> <u>2010-11</u>	<u>Increase</u> <u>(Decrease)</u>
Residential	\$ 17.98	\$ 17.87	\$(.11)
Commercial/ mixed use	20.43	20.31	(.12)
Motor vehicle	24.37	24.37	-
Tangible	35.80	35.58	(.22)

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Request for Information

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Office, Town of Glocester, 1145 Putnam Pike, PO Drawer B, Glocester, RI 02814, Telephone number (401) 568-6206, extension 5.

Thomas P. Mainville, CPA
Director of Finance

TOWN OF GLOCESTER

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include:

Government-wide Financial Statements

Fund Financial Statements:

Governmental Funds

Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF GLOCESTER, RHODE ISLANDSTATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 9,345,909	\$ 5,713	\$ 9,351,622	\$ 710,827
Receivables:				
Taxes, net	592,481		592,481	
Loans	410,099		410,099	
Other	153,233	77	153,310	
Due from:				
Primary government				705
Other governments	645,333	6,043	651,376	2,429
Internal balances	(46,453)	46,453		
Other assets	21,613		21,613	17,440
Deposit on land				25,000
Total current assets	11,122,215	58,286	11,180,501	756,401
Noncurrent assets:				
Capital assets:				
Non-depreciable	1,968,854		1,968,854	6,522,855
Depreciable, net	15,987,283		15,987,283	6,300
Bond issuance costs, net	33,481		33,481	
Total noncurrent assets	17,989,618	0	17,989,618	6,529,155
TOTAL ASSETS	29,111,833	58,286	29,170,119	7,285,556
LIABILITIES:				
Current liabilities:				
Accounts payable	714,038	14,873	728,911	4,052
Accrued payroll	112,376		112,376	135
Accrued interest	47,691		47,691	
Due to:				
Component unit	705		705	
Current portion of long-term debt	841,605		841,605	
Unearned revenue	1,508		1,508	
Other liabilities	64,853		64,853	
Total current liabilities	1,782,776	14,873	1,797,649	4,187

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLANDSTATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
Noncurrent liabilities:				
Long-term debt, net	5,861,383		5,861,383	
Total noncurrent liabilities	5,861,383	0	5,861,383	0
TOTAL LIABILITIES	7,644,159	14,873	7,659,032	4,187
NET ASSETS:				
Invested in capital assets, net of related debt	13,195,876		13,195,876	6,529,155
Restricted for endowments:				
Nonexpendable	3,100		3,100	
Unrestricted	8,268,698	43,413	8,312,111	752,214
TOTAL NET ASSETS	\$ 21,467,674	\$ 43,413	\$ 21,511,087	\$ 7,281,369

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
Primary Government:								
Governmental activities:								
Administration	\$ 816,185	\$ 329,306	\$ 152,325		\$ (334,554)		\$ (334,554)	
Finance	584,712	10,949			(573,763)		(573,763)	
Public safety	1,911,181	111,540	15,931	\$ 101,248	(1,682,462)		(1,682,462)	
Public works	2,130,372	45,494	82,615	292,414	(1,709,849)		(1,709,849)	
Recreation	368,063	8,826	22,308		(336,929)		(336,929)	
Social services	383,393	53,629	487,188		157,424		157,424	
Overhead	265,543	15,816			(249,727)		(249,727)	
Aid requests	317,533				(317,533)		(317,533)	
Education	19,107,353	292,772	3,622,793	216,945	(14,974,843)		(14,974,843)	
Interest on long-term debt	236,437				(236,437)		(236,437)	
Total governmental activities	26,120,772	868,332	4,383,160	610,607	(20,258,673)		(20,258,673)	
Business-type activities:								
School Lunch	124,224	63,167	81,002			\$ 19,945	19,945	
Total business-type activities	124,224	63,167	81,002	0	0	19,945	19,945	
Total primary government	\$ 26,244,996	\$ 931,499	\$ 4,464,162	\$ 610,607	(20,258,673)	19,945	(20,238,728)	
Component Unit:								
Glocester Land Trust	\$ 15,303	\$ 17,440	\$ 3,200	\$ 83,389				\$ 88,726
General revenues:								
Property taxes					22,953,234		22,953,234	
Unrestricted investment earnings					118,156		118,156	269
Transfers					(549,540)		(549,540)	549,540
Total general revenues and transfers					22,521,850	0	22,521,850	549,809
Change in net assets					2,263,177	19,945	2,283,122	638,535
Net Assets - beginning of year					19,204,497	23,468	19,227,965	6,642,834
Net Assets - end of year					\$ 21,467,674	\$ 43,413	\$ 21,511,087	\$ 7,281,369

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER

**FUND FINANCIAL
STATEMENTS**



TOWN OF GLOCESTER, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	School Unrestricted	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 4,557,190	\$ 2,187,058	\$ 1,303,261	\$ 1,298,400	\$ 9,345,909
Receivables:					
Taxes, net	592,481				592,481
Loans				410,099	410,099
Other	38,119	115,114			153,233
Prepaid expenditures	15,480	6,133			21,613
Due from:					
Other funds	216,171	125,745	4,892	1,616,596	1,963,404
Component unit				288	288
Other governments	18,715	61,985		564,633	645,333
TOTAL ASSETS	\$ 5,438,156	\$ 2,496,035	\$ 1,308,153	\$ 3,890,016	\$ 13,132,360
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 100,881	\$ 266,901	\$ 15,810	\$ 330,446	\$ 714,038
Accrued payroll and benefits	82,870	19,863		9,643	112,376
Due to:					
Other funds	697,170	501,865	544,256	266,566	2,009,857
Component unit	993				993
Deferred revenues	240,076	1,508		410,099	651,683
Other liabilities	54,103			10,750	64,853
TOTAL LIABILITIES	1,176,093	790,137	560,066	1,027,504	3,553,800

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

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

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES (Continued):					
FUND BALANCES:					
Reserved for prepaid expenditures	15,480	6,133			21,613
Reserved for perpetual care				3,100	3,100
Reserved for sick day buyout		54,190			54,190
Unreserved: designated for subsequent year	150,000	342,000			492,000
Unreserved, reported in:					
General fund	4,096,583				4,096,583
Special revenue funds		1,303,575		1,998,112	3,301,687
Capital project funds			748,087	852,039	1,600,126
Permanent funds				9,261	9,261
TOTAL FUND BALANCES	<u>4,262,063</u>	<u>1,705,898</u>	<u>748,087</u>	<u>2,862,512</u>	<u>9,578,560</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,438,156</u>	<u>\$ 2,496,035</u>	<u>\$ 1,308,153</u>	<u>\$ 3,890,016</u>	<u>\$ 13,132,360</u>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Amounts reported for governmental activities in the Statement of Net Assets differ because:

Total Fund Balances (B-1)	\$ 9,578,560
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,956,137
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(6,702,988)
Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	650,175
Accrued interest payable is recorded in governmental activities, but is not recorded in the funds.	(47,691)
Bond issuance costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the government-wide financial statements.	33,481
Total Net Assets (A-1)	<u><u>\$ 21,467,674</u></u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	General Fund	School Unrestricted	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes	\$ 21,898,410				\$ 21,898,410
Intergovernmental	1,396,534	\$ 2,539,921	\$ 16,344	\$ 1,586,931	5,539,730
Licenses, fees, and fines	472,033				472,033
Investment income	99,125	6,484	4,340	8,207	118,156
Other	31,206	292,772		111,141	435,119
Intergovernmental - pension contribution		285,107			285,107
TOTAL REVENUES	23,897,308	3,124,284	20,684	1,706,279	28,748,555
EXPENDITURES:					
Current:					
Administration	694,290			72,255	766,545
Finance	587,715				587,715
Public safety	1,727,039			64,894	1,791,933
Public works	1,424,133			131,461	1,555,594
Recreation and senior center	239,849			34,131	273,980
Social services	44,382			334,671	379,053
Operational expenses	404,529				404,529
Aid requests	317,533				317,533
Education	9,328,376	8,490,597		802,316	18,621,289
Glocester Land Trust	549,540				549,540
Intergovernmental - pension contribution		285,107			285,107
Debt Service:					
Principal	675,000			22,741	697,741
Interest and other costs	227,825			5,844	233,669
Bond issuance costs	5,500				5,500
Capital:					
Capital outlay			271,870	941,509	1,213,379
TOTAL EXPENDITURES	16,225,711	8,775,704	271,870	2,409,822	27,683,107
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	7,671,597	(5,651,420)	(251,186)	(703,543)	1,065,448

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from bond issuance	500,000				500,000
Proceeds from leasing	14,472				14,472
Transfers in		6,626,764	924,595	1,030,879	8,582,238
Transfers out	(7,854,526)		(470,982)	(256,730)	(8,582,238)
NET OTHER FINANCING SOURCES (USES)	(7,340,054)	6,626,764	453,613	774,149	514,472
NET CHANGE IN FUND BALANCES	331,543	975,344	202,427	70,606	1,579,920
FUND BALANCE AT BEGINNING OF YEAR	3,930,520	730,554	545,660	2,791,906	7,998,640
FUND BALANCE AT END OF YEAR	\$ 4,262,063	\$ 1,705,898	\$ 748,087	\$ 2,862,512	\$ 9,578,560

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES (B-2)
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (A-2)
YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ 1,579,920
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 depreciation exceeded capital outlays in the current period.	200,730
Governmental funds do not recognize gains or losses on the sale or disposal of capital assets. The statement of activities includes losses on the disposal of fixed assets during 2010.	(39,225)
Governmental funds report new loans made by the Town as expenditures and principal payments as revenues. However, in the Government-Wide financial statements new loans made are reported as receivables and principal repayments reduce the receivables.	182,600
The issuance of long-term debt 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. This amount is the net effect of these differences.	184,414
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount is shown net of the allowance for uncollectible motor vehicle and tangible taxes.	2,334
Other long-term obligation expenses, including landfill postclosure care costs, other post-employment benefit costs, and accrued compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	26,303
Claims and judgments reported in the Statement of Activities in the prior year did not require the use of current financial resources and therefore were not reported as expenditures in the governmental funds.	123,369
Adjustment to accrued interest payable related to general obligation bonds which is required to be recorded for government-wide financial statement presentation.	3,014
Bond issuance costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-Wide financial statements. This is the amount by which amortization exceeded bond issuance costs in the current period.	<u>(282)</u>
Change in Net Assets of Governmental Activities (A-2)	<u><u>\$ 2,263,177</u></u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLANDSTATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

	<u>School Lunch</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 5,713
Receivables, net	77
Due from:	
Other funds	46,453
Other governments	6,043
Total current assets	<u>58,286</u>
TOTAL ASSETS	<u>58,286</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	14,873
Total current liabilities	<u>14,873</u>
TOTAL LIABILITIES	<u>14,873</u>
NET ASSETS:	
Unrestricted	43,413
TOTAL NET ASSETS	<u>\$ 43,413</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

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

	School Lunch
OPERATING REVENUES:	
Charges for usage and service	\$ 63,167
Total operating revenues	63,167
OPERATING EXPENSES:	
Operations	124,224
Total operating expenses	124,224
OPERATING LOSS	(61,057)
NONOPERATING REVENUES (EXPENSES):	
Intergovernmental	81,002
Net nonoperating revenues	81,002
CHANGE IN NET ASSETS	19,945
TOTAL NET ASSETS - BEGINNING	23,468
TOTAL NET ASSETS - ENDING	\$ 43,413

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2010**

	School Lunch
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 63,306
Cash paid to suppliers	(121,180)
Net cash used for operating activities	(57,874)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	88,374
Decrease in due from other funds	(39,432)
Net cash provided by noncapital financing activities	48,942
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,932)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,645
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,713
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (61,057)
Adjustments to reconcile:	
Decrease in receivables	139
Increase in accounts payable	3,044
Net cash used for operating activities	\$ (57,874)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Glocester, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities. In certain circumstances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

The Town of Glocester was incorporated in 1731. The Town is governed under a Home Rule Charter adopted in November 1991. The Town operates under a Town Council form of government with a five-member Town Council headed by a Council President.

A six-member School committee, all elected at large, is vested with legislative authority over the public school system. The Superintendent of Schools, appointed by the School Committee, is the chief executive officer for the school system. The school system provides elementary education to Town residents.

The accompanying financial statements present the government and its component unit. In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town's discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town. Through the application of GASB Statement No. 39 and No. 14 criteria, the Glocester Land Trust (the Land Trust) has been presented as a component unit of the Town, hereinafter referred to as a "component unit", in the accompanying government-wide financial statements. The Land Trust is included in the Town's reporting entity because of the significance of its operational and financial relationships with the Town.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Unit Disclosure - The following component unit is reported in a separate column to emphasize that it is legally separate from the Town but is included because the Town is financially accountable for and is able to impose its will on the organization. The Town of Glocester is able to impose its will in the component unit as the Town appoints all seven members of the Land Trust Commission. Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit and its relationship with the Town is as follows:

Glocester Land Trust (the Land Trust) - The purpose of the Land Trust is to acquire, hold and manage real property and interests in real property situated in the Town of Glocester, consisting of open space and agricultural property. Upon termination or dissolution of the Land Trust, title to all remaining funds, land and land rights will vest with the Town. The Land Trust does not issue separate financial statements and has a June 30 fiscal year.

Recently Issued Accounting Standards

The Town implemented the following accounting pronouncements for the year ended June 30, 2010:

- GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets.
- GASB Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments.
- GASB Statement No. 57 - OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.

The adoption of these pronouncements did not have an effect on the Town's financial statements.

The Town will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.
- GASB Statement No. 59 - Financial Instruments Omnibus, effective for the Town's fiscal year ending June 30, 2011.

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

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They report information on all the nonfiduciary activities of the primary government and its component units. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Proprietary Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered nonoperating sources of revenue.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. For the year ended June 30, 2010, the Town had no agency funds.

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
General:	See above for description
Special Revenue:	School Unrestricted – This fund accounts for the operation and maintenance of the West Glocester and Fogarty Memorial Elementary Schools.
Capital Project:	Capital Reserve Fund – This fund accounts for monies utilized for capital improvements set forth in the Capital Program approved at the Financial Town Meeting.
Proprietary:	School Lunch – This fund is used to account for the activities of the lunch programs at the West Glocester and Fogarty Memorial Elementary Schools.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Major and Non-Major Funds (Continued)

Non-Major:

Special Revenue:

Town Funds:

Bramley Bill, Law Enforcement Block Grant, Community Development Block Grant, FEMA Grant, Revaluation Reserve, Public Library Grant, Comprehensive Planning, July 4th Parade, MHRH Grant, Accrued Compensated Absences Reserve, School Shooter Training, Pollard Mimosa Trees, Senior Center Program, Central Police Legislative Grant, GASB 45 Actuarial Study, Historic Records Trust, Tree Planting, Food Bank, Livescan, DARE, Health Reserve, Emergency Energy, Matching State Grant Funds, Storm Related Services, Other Post Employment Benefits, Blue Rip Tide Grant, Pollard Legislation, Senior Center Dues, Senior Center Donations, Police Equipment Maintenance, Animal Shelter Amy Angilly Fund, Community Septic System Loan Program, Radio Contract, Computer Systems Maintenance.

School Funds:

Student Equity, Early Childhood, Technology, Professional Development, Literacy, Title I, Title II, Title IV, Title I-ARRA, IDEA Summer School, IDEA Preschool, IDEA Part B, Medicaid, CAST Mini Grant, Other Post Employment Benefits, IDEA-ARRA.

Capital Projects:

Chepachet River Park, Roads, Bridge Replacement, Landfill Closure, Chepachet Wastewater/Stormwater Project, Pine Orchard Road, School Bond, School Capital Improvement, MDT Project, Senior Center Fund and Gloucester Memorial Park.

Permanent:

Perpetual Care Fund.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below, and utilize the accrual basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes, franchise taxes, licenses, and interest as available if they are collected within 60 days after year-end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting, and as such, it is recognized as earned.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

- (b) The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Amounts reported as program revenues include charges to customers or applicants for licenses, fees, goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. 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 in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts totaled \$320,250 for property taxes. Business-type activities report usage fees as its major receivables.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable.

Deposits and Investments

Cash and cash equivalents are carried at cost. The Town'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. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions or collateralized government investment pools, which are available on a daily basis.

Investments are stated at fair value. Investment income is recorded in the fund which it was earned.

Prepaid Items

Prepaid items, where applicable, are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment. Prepaids recorded in governmental funds do not reflect current appropriated resources, resulting in the reservation of fund balance.

Property, Plant, and Equipment

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The capitalization threshold is any individual item with a total cost of greater than \$5,000.

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment (Continued)

Government-Wide Statements (Continued)

Infrastructure assets include primarily roads and bridges. All known infrastructure assets are included in this report and there are no infrastructure assets reported using the modified approach.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Classes</u>	<u>Useful Life</u>
Land improvements.....	5 - 30 years
Buildings and improvements	5 - 100 years
Motor vehicles	4 - 20 years
Machinery and equipment.....	5 - 30 years
Office furniture and equipment.....	3 - 20 years
Infrastructure (roads and bridges).....	3 - 40 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Accrued Compensated Absences

Under the terms of various contracts and policies, Town employees are granted vacation and sick leave based on length of service. The amount recorded is the unused days earned at the current rate of pay. The Town'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. Since the Town's policy is to pay certain accrued compensated absences when employees separate from service with the Town, the amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as a long-term liability in the government-wide financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transfers

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund.

Bond Issuance Costs

In the governmental fund financial statements, bond issuance costs are treated as period costs in the year of issue and shown as an "expenditure". In the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds and are recorded as other assets.

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- (a) Invested in capital assets, net of related debt - Consists of 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 to the acquisition, construction, or improvement of those assets.
- (b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$161,505 difference are as follows:

Capital outlay.....	\$1,097,278
Depreciation expense.....	(896,548)
Loss on disposal of capital assets.....	<u>(39,225)</u>
Net adjustment to increase <i>net change in fund balances- total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 161,505</u>

Another element of that reconciliation states that "Governmental funds report new loans made by the Town as expenditures and principal payments as revenues. However, in the Government-Wide financial statements new loans made are reported as receivables and principal repayments reduce the receivables." Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds and thus are not included in the fund balance. However, in the statement of net assets receivable are recognized when levied or earned.

Adjustment of deferred revenue for:	
CDBG loans receivable.....	\$146,682
Community septic system loans receivable.....	<u>35,918</u>
Net adjustment to increase <i>net change in fund balances- total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 182,600</u>

Another element of that reconciliation states that "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 this \$184,414 difference are as follows:

Proceeds – general obligation debt.....	\$(500,000)
Principal repayments – general obligation debt.....	675,000
Proceeds – capital leases.....	(14,472)
Principal repayments – capital leases.....	7,612
Principal repayments – loan payable.....	<u>16,274</u>
Net adjustment to increase <i>net change in fund balances- total governmental funds</i> to arrive at <i>change in net assets- of governmental activities</i>	<u>\$ 184,414</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of Government-wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The details of this \$2,334 difference are as follows:

Deferred revenue – beginning.....	\$ (237,742)
Deferred revenue – ending.....	<u>240,076</u>
Net adjustment to increase <i>net change in fund balances- total governmental funds</i> to arrive at <i>net change in net assets of governmental activities</i>	<u>\$ 2,334</u>

Another element of that reconciliation states that "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." The details of this \$26,303 difference are as follows:

Decrease in liability for compensated absences.....	\$ 16,603
Increase in liability for landfill closure.....	<u>9,700</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 26,303</u>

Another element of that reconciliation states that "adjustment to accrued interest payable related to general obligation bonds which is required to be recorded for government-wide financial statement presentation". The details of this \$3,014 difference are as follows:

Accrued interest – beginning.....	\$ 50,705
Accrued interest – ending.....	<u>(47,691)</u>
Net adjustment to increase <i>net change in fund balances- total governmental funds</i> to arrive at <i>change in net assets- of governmental activities</i>	<u>\$ 3,014</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

2. BUDGETARY PROCESS

(a) Adoption

The Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. It is the responsibility of the Town Budget Board to: a) Receive and examine all requests for capital and operating expenditures submitted by the Departments, Commissions, Offices and Agencies of Town government, including the School Department; b) Hold such hearings as may be necessary to provide the opportunity for all Department Heads, Town Officials and Agencies submitting estimates to appear before the Board to explain and justify their requests. The Board shall provide opportunity for any citizen who desires to do so to address the Board on any pertinent matter consistent with the procedural rules established by the Board; and c) Submit to the Council no later than the third Thursday in March its recommendations regarding all requests for appropriations which have been submitted for its review together with revenue estimates and the projected tax levy required to support the budget recommendation. The Council shall review the recommendations of the Budget Board and make such changes in the various expenditure requests as it sees fit, provided, however, that the Council shall not have the authority to change any item in the School Department expenditure request except the overall total amount. The Council shall hold a Public Hearing on its preliminary recommended budget prior to its adoption, which hearing must be at least 21 days prior to the Annual Financial Town Meeting. The Council shall adopt a recommended budget for presentation to the Financial Town meeting, not later than 15 days preceding its date. The recommended budget is approved or amended by the voters at the Annual Financial Town Meeting.

The General Fund and School Unrestricted Fund annual operating budget amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The legal level of control for the General Fund is at the fund level and the School Unrestricted Fund is at the fund level. Amendments that would change the total appropriation must be approved by the voters at a Financial Town Meeting. There were no supplemental budgetary appropriations in fiscal year 2010. Appropriations which are not expended or encumbered lapse at year end.

(b) Reconciliation - Budgetary to GAAP

The Town Charter requires annual budgets for the General Fund and Special Revenue - General School Activities. The practices used in the preparation of the 2010 budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues, Expenditures, Other Financing Sources (Uses) - Budget and Actual on a Budgetary Basis - General Fund, and Special Revenue Fund - School Unrestricted Fund, have been adjusted to a basis consistent with the Town's budget for 2010.

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
General Fund:		
Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) (D-2)	\$24,481,780	\$24,080,237
Less: Appropriated fund balance.....	<u>(70,000)</u>	
Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balance (B-2).....	<u>\$24,411,780</u>	<u>\$24,080,237</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

2. BUDGETARY PROCESS (Continued)

(b) Reconciliation - Budgetary to GAAP (Continued)

A reconciliation of the School District's General Fund revenues, expenditures and other financing sources (uses) as reported on schedules B-2 and D-3 is presented below:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
Statement of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual (D-3)	\$9,585,941	\$8,490,597
Less: Appropriation of unrestricted fund balance	(120,000)	
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	<u>285,107</u>	<u>285,107</u>
Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances – Governmental Funds (B-2)	<u>\$9,751,048</u>	<u>\$8,775,704</u>

3. DEPOSITS AND INVESTMENTS

(a) Deposits

Custodial credit risk, deposits - Custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's investment policy does not address custodial credit risk.

The Town's deposits are subject to certain State restrictions. Under Rhode Island general laws, depository institutions must insure deposits of the Town or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities.

The Town maintains deposits at local financial institutions. At year end, the carrying amount of such deposits was \$9,904,603 while the bank balance was \$10,355,070, of which \$750,000 was covered by federal depository insurance and \$9,605,070 was uninsured and collateralized by securities held by the pledging financial institution's trust department in the Town's name.

The following is a reconciliation of the Town's cash and investment balances as of June 30, 2010:

Cash and investments - primary government:

Governmental and business-type (Schedule A-1).....	\$ 9,351,622
Cash and investments - Gloucester Land Trust (Schedule A-1).....	<u>710,827</u>
Total cash and cash equivalents	<u>\$10,062,449</u>

(b) Investments

The Town has implemented the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires that investments be reported at fair value. Fair values are established by quoted market values. Unrealized gains and losses from changes in fair value are recognized as investment income.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

3. DEPOSITS AND INVESTMENTS (Continued)

(b) Investments (Continued)

Interest rate risk - The Town 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. The Town minimizes its exposure to interest rate risk by investing in short-term, highly liquid investments.

Custodial Credit Risk, Investments – The Town does not have a formal custodial credit risk policy. Custodial credit risk is the risk that in the event of financial institution failure, the Town's investments may not be returned or the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2010, the Town had \$140,646 of uncollateralized institutional money market funds which invest in U.S. government obligations.

Concentration of Credit Risk - At June 30, 2010, the Town had 3% of its investments concentrated in collateralized local government investment pools, and 97% concentrated in uncollateralized institutional money market funds. The Collateralized Local Government Investment Pool (LGIP) invests public-sector funds only in U.S. Treasury and other U.S. Government securities permitted under Rhode Island law. The LGIP's provides collateral at a 102% minimum. The LGIP is fully compliant with all Rhode Island laws, investment guidelines and collateral requirements, and is managed within the guidelines of a registered SEC 2-a7-type fund. The fair value of the Town's position in the LGIP is the same as the value of the pool shares. At June 30, 2010, the Town did not have any investments in common stock or other equity investments.

The Town's investments are stated at fair value. The Town does not have a formal investment policy or any other legally contracted agreement that limits the type of investments that may be made. However, the Town takes a conservative approach when making investments.

As of June 30, 2010, the Town had the following investments:

<u>Description</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Institutional Money Market Funds-				
U.S. Treasury	\$ 140,646	Varies (2)	Daily	Aaa/AAAm
Collateralized Local Government Investment Pool	4,273	Varies (1)	Daily	not rated
Total investments	144,919			
Deposits	9,904,603			
Petty cash and cash on hand	12,927			
Total cash and investments	<u>\$10,062,449</u>			

(1) Average daily rate of 0.23% for June 2010.

(2) Annualized 30 day yield of 0% for June 2010.

The carrying value of deposits and investments relate to the combined balance sheet totals (A-1) as follows:

Reconciliation to Government-wide Statement of Net Assets:

Investments	\$ 144,919
Less: investments classified as cash equivalents	(144,919)
Total investments (A-1)	<u>\$ 0</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

4. TAXES RECEIVABLE AND DEFERRED REVENUE

The Town's property tax is levied each July 1, for its next fiscal year on the assessed values listed as of the prior December 31 (lien date), for all real property, tangible property, and motor vehicles located in the Town. Assessed values of real property and tangible personal property were established by the Town Assessor's office at 100% of appraised market value as of December 31, 2008. The assessed value of motor vehicles is determined annually at 100% as established by the State Vehicle Value Commission.

An automatic lien is placed on the taxpayer's property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 8% per annum calculated on the unpaid portion of the total tax. Taxes are due in full by August 1, or at the option of the taxpayer they may be paid in quarterly installments on the first working day of August, November, February, and May following the levy date.

Net property taxes levied for the fiscal year 2010 were based on an net assessed value of approximately \$1,093,431,623 at December 31, 2008 and amounted to \$20,380,911.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2010 (\$912,731) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$320,250. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2010 are recorded as deferred revenue and amounted to \$240,076 at June 30, 2010. Property taxes recognized as revenue for the fiscal year ended June 30, 2010 (due to their collection within the 60 days immediately following June 30, 2010) amounted to \$352,405.

In the government-wide financial statements, deferred revenues represent funds received in advance of being earned, or receivables which will be collected and included in revenues of future fiscal years.

5. INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental receivables and payable consist of amounts due from federal and state governments as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
State of Rhode Island:		
Major funds:		
General Fund.....	\$ 18,715	
Non-major funds	<u>248,853</u>	
Total	<u>267,568</u>	\$0
Federal government:		
Major Funds:		
School Unrestricted.....	61,985	
Non-major funds	<u>287,028</u>	
Total	<u>349,013</u>	0
Other Governments:		
Non-major funds	<u>28,752</u>	
Total governmental activities	<u>\$645,333</u>	\$0
Business-type activities:		
Federal government:		
School Lunch.....	\$ 6,043	
Total business-type activities	<u>\$ 6,043</u>	\$0
Discretely Presented Component Unit:		
Federal government:		
Glocester Land Trust.....	<u>\$ 2,429</u>	\$0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

6. INTERFUND BALANCES

Individual fund and discretely presented component unit receivable and payable balances at June 30, 2010, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities:		
Major funds:		
General Fund.....	\$ 216,171	\$ 697,170
School Unrestricted	125,745	501,865
Capital Reserve Fund.....	4,892	544,256
Non-major funds	<u>1,616,596</u>	<u>266,566</u>
Total governmental activities	<u>1,963,404</u>	<u>2,009,857</u>
Business-type activities:		
School Lunch	<u>46,453</u>	
Total business type activities	<u>46,453</u>	<u>0</u>
Balances at June 30, 2010	<u>\$2,009,857</u>	<u>\$2,009,857</u>

Discretely Presented Component Unit Balances:

Primary government:		
General fund.....		\$ 993
Non-major funds	<u>\$288</u>	
Total primary government	<u>288</u>	<u>993</u>
Discretely presented component unit:		
Glocester Land Trust.....	<u>705</u>	<u>0</u>
Balances at June 30, 2010	<u>\$993</u>	<u>\$ 993</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,697,814			\$ 1,697,814
Construction in progress	471,290	\$ 49,200	\$(249,450)	271,040
Total capital assets not being depreciated	2,169,104	49,200	(249,450)	1,968,854
Other capital assets:				
Land improvements.....	598,106	294,659		892,765
Buildings and improvements	14,433,123	5,526		14,438,649
Motor vehicles	1,981,184	58,818	(66,794)	1,973,208
Office furniture and equipment.....	284,557	150,091	(25,404)	409,244
Machinery and equipment.....	1,345,118	214,572	(176,121)	1,383,569
Infrastructure - roads and bridges	5,635,122	573,862		6,208,984
Total other capital assets	24,277,210	1,297,528	(268,319)	25,306,419
Less: accumulated depreciation for:				
Land improvements.....	(173,007)	(39,647)		(212,654)
Buildings and improvements	(3,384,031)	(243,985)		(3,628,016)
Motor vehicles	(1,208,294)	(145,854)	66,794	(1,287,354)
Office furniture and equipment.....	(197,432)	(33,119)	23,323	(207,228)
Machinery and equipment.....	(697,097)	(92,547)	138,977	(650,667)
Infrastructure - roads and bridges	(2,991,821)	(341,396)		(3,333,217)
Total accumulated depreciation	(8,651,682)	(896,548)	229,094	(9,319,136)
Other capital assets, net.....	15,625,528	400,980	(39,225)	15,987,283
Governmental activities capital assets, net.....	\$17,794,632	\$ 450,180	\$(288,675)	\$17,956,137
Discretely Presented Component Unit:				
Capital assets not being depreciated:				
Land	\$6,212,973	\$166,256		\$6,379,229
Historical building.....	143,626			143,626
Total capital assets not being depreciated	6,356,599	166,256	\$0	6,522,855
Other capital assets:				
Machinery and equipment.....	31,500			31,500
Total other capital assets	31,500	0	0	31,500
Less: accumulated depreciation for:				
Machinery and equipment.....	(22,050)	(3,150)		(25,200)
Total accumulated depreciation	(22,050)	(3,150)	0	(25,200)
Other capital assets, net.....	9,450	(3,150)	0	6,300
Discretely presented component unit capital assets, net	\$ 6,366,049	\$163,106	\$0	\$6,529,155

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Administration.....	\$ 34,735
Finance.....	1,460
Public safety.....	137,493
Public works.....	476,182
Recreation.....	87,630
Social services.....	4,340
Education.....	<u>154,708</u>
Total governmental activities depreciation expense.....	<u>\$896,548</u>
Component Unit:	
Land Trust.....	<u>\$ 3,150</u>
Total component unit depreciation expense.....	<u>\$ 3,150</u>

8. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term debt:					
General obligation debt.....	\$5,415,000	\$500,000	\$ (675,000)	\$5,240,000	\$ 725,000
Loan payable.....	152,845		(16,274)	136,571	
Capital leases payable.....	13,401	14,472	(7,612)	20,261	11,735
Total long-term debt.....	<u>5,581,246</u>	<u>514,472</u>	<u>(698,886)</u>	<u>5,396,832</u>	<u>736,735</u>
Other long-term liabilities:					
Compensated absences.....	936,144	472,191	(488,794)	919,541	95,170
Landfill post-closure costs.....	291,000		(9,700)	281,300	9,700
Net OPEB obligation.....	105,315			105,315	
Total other long-term liabilities.....	<u>\$1,332,459</u>	<u>472,191</u>	<u>(498,494)</u>	<u>1,306,156</u>	<u>104,870</u>
Governmental activities long-term liabilities.....	<u>\$6,913,705</u>	<u>\$986,663</u>	<u>\$(1,197,380)</u>	<u>\$6,702,988</u>	<u>\$841,605</u>

Payments on bonds are made from the General Fund. Payments on the loan are made from the Community Septic System Loan Program Fund. Payments on the capital leases are made from the General Fund and the Livescan Fund. Accrued compensated absences are paid from the General Fund and the School Unrestricted Fund. Payments on the landfill post-closure care costs are made from the General Fund.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds Outstanding

At June 30, 2010, the Town's bonds payable are comprised of the following:

GOVERNMENTAL ACTIVITIES

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2009</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 2010</u>
General refunding:	9/15/97	\$4,565,000	11/1/11	3.85% - 5.15%	\$ 900,000		\$305,000	\$ 595,000
Road improvements:	4/15/01	3,200,000	4/15/16	4.0% - 5.5%	1,625,000		205,000	1,420,000
Open space:	6/1/02	500,000	6/1/12	2.85% - 4.75%	150,000		50,000	100,000
Senior center:	10/1/06	2,215,000	10/1/26	3.5% - 5.0%	2,070,000		75,000	1,995,000
School roof:	5/15/07	750,000	4/1/27	4.0% - 5.5%	670,000		40,000	630,000
Land trust:	5/13/10	\$500,000	5/1/19	4.2%	0	\$500,000	0	500,000
Total general obligation bonds.....					\$5,415,000	\$500,000	\$675,000	\$5,240,000

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds Outstanding (Continued)

The Town has issued the \$750,000 School roof bond issue under the Maximum Aggregate Indebtedness provision (3% Debt Limit) of the Rhode Island General Laws 45-12-2. All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum. The Town is not obligated in any manner for special assessment debt, nor is there any special assessment debt outstanding.

(c) Loan Payable

The Town entered into a loan agreement with RI Clean Water Finance Agency in the amount of \$250,000 on February 22, 2001. The loan is used to establish the Community Septic System Loan Program through which the Town provides subsequent loans to homeowners for the repair or replacement of failed septic systems. Loans are serviced on behalf of the Town by the RI Housing Mortgage Finance Corporation. The loans to the homeowners bear interest of 4% of which RI Clean Water Finance Agency and RI Housing Mortgage Finance Corporation both receive a 1.5% service fee. Payments of principal and service fees are made to RI Clean Water Finance Agency quarterly from the funds collected from the repayment of loans to homeowners less the service fee due to RI Housing Mortgage Finance Corporation. As a result, there is no debt service schedule and the debt service to maturity information has not been provided. The loan must be completely drawdown by April 1, 2011.

The loan is not a general obligation of the Town and is subject to and dependent upon appropriations being made by the Town for such purposes.

(d) Debt Service Requirements

At June 30, 2010, the Town has \$0 remaining authorized but unissued bond authority.

Governmental Activities

Annual principal and interest requirements on general obligation bonds for the year ending June 30 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 725,000	\$ 217,726	\$ 942,726
2012	740,000	185,903	925,903
2013	410,000	159,984	569,984
2014	425,000	143,014	568,014
2015	445,000	124,354	569,354
2016	465,000	103,539	568,539
2017	205,000	82,041	287,041
2018	205,000	73,587	278,587
2019	215,000	64,818	279,818
2020	155,000	55,637	210,637
2021	160,000	48,988	208,988
2022	165,000	42,137	207,137
2023	170,000	35,438	205,438
2024	180,000	28,087	208,087
2025	185,000	20,438	205,438
2026	190,000	12,762	202,762
2027	200,000	4,787	204,787
Total	\$5,240,000	\$1,403,240	\$6,643,240

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

8. **LONG-TERM LIABILITIES (Continued)**

(d) **Capital Leases**

The Town has entered into capital lease agreements for a copier and livescan equipment.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	
	<u>Administration</u>	<u>Public Safety</u>
Assets:		
Machinery and equipment.....		\$50,700
Office furniture and equipment.....	\$14,472	
Less: accumulated depreciation.....	(1,447)	(42,250)
Net	<u>\$13,025</u>	<u>\$ 8,450</u>

The following schedule summarizes the future minimum lease payments under those capital leases, and the present value of the net minimum lease payments at June 30, 2010:

Fiscal year ending <u>June 30:</u>	Governmental <u>Activities</u>
2011	\$12,531
2012	5,331
2013	<u>3,554</u>
Total minimum lease payments	21,416
Less: amount representing interest.....	(1,155)
Present value of future minimum lease payments	<u>\$20,261</u>

9. **FUND EQUITY**

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Fund Balances

Reservations and designations of fund balances at June 30, 2010 were as follows:

General Fund:

Reserved for prepaid expenditures	\$ 15,480
Designated for subsequent year	<u>150,000</u>
Total	<u>\$165,480</u>

Special Revenue Funds:

Reserved for prepaid expenditures	\$ 6,133
Reserved for sick day buyout.....	54,190
Designated for subsequent year	<u>342,000</u>
Total	<u>\$402,323</u>

Permanent Funds:

Reserved for perpetual care.....	<u>\$ 3,100</u>
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(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

10. DEFINED BENEFIT PENSION PLANS

(a) Municipal Employees' Retirement System of the State of Rhode Island

Plan Description

The Town's defined benefit pension plan, Municipal Employees' Retirement System of the State of Rhode Island (MERS), provides retirement and disability benefits, annual cost-of-living adjustments, death and disability benefits to plan members and beneficiaries. MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The schedule of funding progress, presented as required supplementary information following the notes to the 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. The Municipal Employees' Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903.

The payroll for employees covered by the System for the year ended June 30, 2010 was approximately \$2,001,465 and the Town wide payroll (municipal, police, and school) was approximately \$7,518,170.

Funding Policy

MERS members are required to contribute 7.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The rate for 2010 is 9.33% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2008	\$224,786	100%	\$0
2009	\$236,643	100%	\$0
2010	\$186,737	100%	\$0

Annual Pension Cost

For 2010, the Town's annual pension cost of \$186,737 for MERS was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included mortality rates based on the 1994 Group Annuity Mortality Table and the age of 65 or completion of service requirements. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Municipal Police Pension Plan

Plan Description

All full-time police members participate in the same Municipal Employee's Retirement System of the State of Rhode Island (described above).

The payroll for employees covered by the System for the year ended June 30, 2010 was approximately \$828,612.

Funding Policy

Covered police employees are required to contribute 9.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The rate for 2010 is 16.08% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2008	\$198,803	100%	\$0
2009	\$183,488	100%	\$0
2010	\$133,241	100%	\$0

Annual Pension Cost

For 2010, the Town's annual pension cost of \$133,241 for the Police Pension System was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included mortality rates based on the 1994 Group Annuity Mortality Table, and the later of a retirement age of 60, or completion of service requirements. The actuarial value of MERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

The schedule of funding progress, presented as required supplementary information following the notes to the 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. Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 2009 Annual Financial Report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island 02903. This report is the most recent report available from the State, who administers the Plan.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

10. DEFINED BENEFIT PENSION PLANS (Continued)

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>General Municipal Employees Pension Plan</u>	<u>Municipal Police Pension Plan</u>
Valuation date	6/30/08	6/30/08
Actuarial cost method.....	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Percent Closed	Level Percent Closed
Remaining amortization period.....	25 years	25 years
Asset valuation method	5-year Smoothed Market Value	5-year Smoothed Market Value
Actuarial assumptions:		
Investment rate of return	8.25%, compounded annually	8.25%, compounded annually
Projected salary increases	4.5%-8.5%, compounded annually	4.75%-14.75%, compounded annually
Cost-of-living adjustments	1.50% not compounded	2.00% not compounded
Inflation adjustments	3.0%	3.0%

Actuarial Information

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Overfunded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((a-b)/c)</u>
<u>General Employees – Municipal Employees' Retirement System</u>						
6/30/09	\$6,192,776	\$7,649,321	\$(1,456,545)	81.0%	\$2,500,025	(58.3%)
<u>Police Units – Municipal Employees' Retirement System</u>						
6/30/09	\$4,476,658	\$5,162,180	\$(685,522)	86.7%	\$1,003,507	(68.3%)

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(c) Teacher's Pension Plan

Plan Description

All full-time teachers including superintendents, principals, school nurses and certain other school officials ("certified employees") in the Gloucester School District participate in the Employees Retirement System of the State of Rhode Island (ERSRI), a cost-sharing multiple-employer public employee retirement system. In addition to certified employees, the System covers substantially all employees of the State of Rhode Island. The payroll for employees covered by the System for the year ended June 30, 2010, was \$3,817,541. The total payroll for all School employees was \$5,102,836.

The plan issues a stand-alone publicly available financial report that includes financial statements and required supplementary information. A copy of the report can be obtained from the State Employees Retirement Board, 40 Fountain Street, Providence, Rhode Island 02903.

All full-time certified employees of the Gloucester School District are eligible to participate in the System. Certified employees who retire at or after age 60 with 10 years of credited service or at any age with 28 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credit service with a maximum benefit of 80% of "final average" salary. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses, or severance pays. The System also provides death and disability benefits. Benefits are established and may be amended by State statute. The percent of earnings relating to each year of credited service is as follows:

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

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The School District was required to contribute 11.89%, 11.89%, and 13.04%, for all full-time employees for fiscal years 2010, 2009, and 2008 respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1986 over a closed 30-year period; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- A. **Mortality** - 1994 Group Annuity Mortality Tables.
- B. **Investment return** - 8.25 percent, compounded annually.
- C. **Salary increase** - Salaries will increase at a rate of 4.5% - 13.25%.
- D. **Retirement age** - Teachers are assumed to retire at the later of age 61 or completion of the service requirements.
- E. **Cost of living adjustments** - 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(c) Teacher's Pension Plan (Continued)

Funding Policy (Continued)

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School District of 8.18% of non-federally reimbursable payrolls, totaling \$285,107 for fiscal year ended June 30, 2010. This amount was recognized in the School District fund as both a revenue and an expenditure.

The amounts contributed to the plan are as follows:

<u>Years Ending June 30,</u>	<u>Employee</u>	<u>Employer</u>	<u>Percentage Contributed</u>
2010	\$364,775	\$453,906	100%
2009	\$366,606	\$458,682	100%
2008	\$398,413	\$556,162	100%

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

11. CONTINGENT LIABILITIES

Grants

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material.

Self-Insurance

The Town has elected to pay unemployment compensation on a claims-made basis rather than as a percentage of payroll. No accrual has been made for claims expected to arise from service related to fiscal 2010 because Town officials are of the opinion that, based upon prior years' experience, any claims relating to this period will be immaterial.

Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorneys, the resolution of these matters will not have a materially adverse effect on the financial condition of the Town.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The cost of postemployment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB No. 45 during the year ended June 30, 2009, the Town recognizes the cost of postemployment healthcare in the year when the employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

The Town offers a single-employer healthcare benefit plan that is administered by Blue Cross/Blue Shield of Rhode Island (BCBS). The Town provides postemployment healthcare benefits to eligible retirees in accordance with various labor contracts and personnel policies. As of June 30, 2008, 140 employees [123 active and 17 retirees] were eligible to participate. Inasmuch as the plan has no assets, reporting an Other Post Employment Benefit (OPEB) trust fund in the accompanying financial statements is not required. An actuarial consultant, USI Consulting Group, was hired to determine the Town's actuarial valuation of the post retirement benefits that are offered to current and future retirees as of July 1, 2008. This was the first actuarial valuation that the Town has had in regards to its OPEB obligation. The post-employment plan does not issue a stand-alone financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town, subject to applicable labor contracts.

Benefit Provisions and Contributions:

The Town offers individual or family health insurance to its retirees. Employees vest for OPEB when they vest for pension benefits. Employees can choose individual or family health coverage when they are actively employed. These benefits are described by employee group:

School ~ Teachers and Administrators

Eligibility: If vested prior to July 1, 2005 with 28 years of service or at age 60 with 10 years of contributing service. If vested after July 1, 2005, at age 59 with 29 years of service or at age 62 (receiving Social Security) with 10 years of service. Benefits cease at age 65 or when the retiree is eligible for Medicare, whichever occurs first.

Plan Type: Medical - Blue Cross/Blue Shield Classic or Healthmate individual plans only.

Benefit/Cost Sharing: For employees that retired by June 30, 2006, the Town of Glocester School Department pays 100% of the cost of medical insurance for an individual plan. For those that retire after June 30, 2006, retirees contribute the same amount as they contributed during their final year of service.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description (Continued)

School ~ Educational Support

Eligibility: Employees with 10 years of service who have reached age 60. Benefits cease at age 65 or when the retiree is eligible for Medicare, whichever occurs first.

Plan type: Medical - Blue Cross/Blue Shield Classic or Healthmate individual plans only.
Dental - Rhode Island Delta Dental III individual plan only.

Benefit/Cost Sharing: The Town of Glocester School Department pays 100% of the premium cost of individual coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

Town ~ Clerks

Eligibility: Employees with 10 years of service who have reached age 62. Benefits cease at age 65 or when the retiree becomes eligible for Medicare, whichever occurs first.

Plan type: Blue Cross/Blue Shield Classic or Healthmate individual plans only.

Benefit/Cost Sharing: The Town pays 100% of the premium cost of individual medical care coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

Town ~ Police

Eligibility: Members hired before July 1, 2001 must have at least 20 years of service. Members hired after July 1, 2001 must have 25 years of service. Benefits cease at age 65 or when the retiree becomes eligible for Medicare, whichever occurs first. If the spouse becomes eligible for Medicare or reaches age 65 before the retiree, the retiree continues to be eligible for coverage.

Plan type: Medical - Blue Cross/Blue Shield Classic or Healthmate individual plans only.
Dental - Rhode Island Delta Dental III individual plan only.

Benefit/Cost Sharing: The Town pays 100% of the premium cost of individual medical care and dental coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

Town ~ Non-contract

Eligibility: Employees with 10 years of service who have reached age 62. Benefits cease at age 65 or when the retiree becomes eligible for Medicare, whichever occurs first.

Plan type: Blue Cross/Blue Shield Classic or Healthmate individual plans only.

Benefit/Cost Sharing: The Town pays 100% of the premium cost of individual medical care coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

All Employee Groups

Retirees can purchase health insurance for their spouses at their own expense. The Plan does not provide a "surviving spouse benefit" for any of its Plan members.

Classes of Employees Covered

As of July 1, 2008 (date of last actuarial valuation), membership data was as follows.

Active Employees	123
Retirees	<u>17</u>
Total Plan Members	<u>140</u>

Annual OPEB Cost and Net OPEB Obligation

The Town may contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* to a trust. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year ending June 30, 2010, the Town made no contributions to a trust and instead elected to continue funding on a pay-as-you-go basis, which was determined to be \$128,381. These costs are recognized as an expense when claims or premiums are paid. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation.

Annual required contribution (ARC)	\$192,932
Interest on net OPEB obligation	2,592
Adjustment to annual required contribution	<u>(2,384)</u>
Annual OPEB cost (expense)	193,140
Contributions made	<u>152,619</u>
Increase in net OPEB obligation	40,521
 Net OPEB obligation - July 1, 2008	 <u>64,794</u>
Net OPEB obligation - June 30, 2009	<u>\$105,315</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$184,000	64.8%	\$ 64,794
6/30/2009 (1)	193,140	79.0%	105,315

(1) The most recent actuarial valuation date was July 1, 2008.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

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

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded Actuarial Accrued Liability (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	[(A-B)/C] UAAL as a Percentage of Covered Payroll
July 1, 2008	\$0	\$2,199,146	\$2,199,146	0.0%	Not Available	N/A

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

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. 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 are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The annual OPEB cost was determined as part of the actuarial valuation. Additional information and assumptions used as of the last actuarial valuation are summarized below:

Funding Interest Rate.....	4.00%
2008 Medical Trend Rate.....	9.00%
Ultimate Medical Trend Rate.....	5.00%
Year Ultimate Medical Trend Rate Reached.....	2012
Actuarial Cost Method.....	Entry Age Normal
The remaining amortization period at June 30, 2008.....	29 years
Valuation Type	Closed Group

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

13. MAJOR REVENUE SOURCE

The Town has a tax treaty and agreement with Factory Mutual Insurance Company (FM), which requires FM to pay the Town annual fixed payments in lieu of taxes according to the following schedule:

<u>June 30:</u>	<u>Amount</u>
2011	\$ 1,628,900
2012	1,671,975
2013	2,065,050
2014	2,118,625
2015	2,172,200
2016	2,225,775
2017	2,279,350
2018	2,332,925
2019	2,386,500
2020	2,449,760
2021	2,504,667
2022	<u>2,559,574</u>
Total	<u>\$26,395,301</u>

During fiscal year ending June 30, 2010 the Town received \$1,585,825 in payments from FM.

14. FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

The Foster-Glocester Regional School District (Regional School) was created to include the high school and middle schools for the Towns of Foster and Glocester (the Towns). The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect their respective School Committee members who are also ex-officio School Committee members for the Regional School District. The Regional School cannot assess and levy property taxes. Revenues are derived principally from the participating Towns of the Regional School, which contribute funds according to a financial formula based upon each Town's enrollment and from the State of Rhode Island. The Town of Glocester's budgeted contribution for the fiscal year ended June 30, 2010 was \$9,328,376. Financial statements for the Regional School are issued separately and may be obtained from the Foster-Glocester Regional School District Business Office, 1145 Putnam Pike, P.O. Box D, Chepachet, Rhode Island 02814.

15. RISK MANAGEMENT

The Town of Glocester and Glocester School Department are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town and School Department participate in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town and School Department signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town and School Department. The agreement states that for premiums paid by the Town or School Department, the Trust will assume financial responsibility for the losses up to the maximum amount of insurance purchased, minus the deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims for losses that are above the Trust's self-insured retention. Under the participation agreement, the Town is insured for general liability for a maximum of \$5,000,000 per occurrence and the School Department for a maximum of \$3,000,000 per occurrence. There have been no reductions in insurance coverage from coverage in the previous year. Settled claims resulting from these risks have not exceeded the Trust Coverage.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

15. RISK MANAGEMENT (Continued)

The Trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability was exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the Trust policy. As of June 30, 2010, the Town believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

16. INTERFUND TRANSFERS

Interfund transfers for fiscal year ended June 30, 2010 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major funds:		
General Fund		\$7,854,526
School Unrestricted	\$6,626,764	
Capital Reserve Fund	924,595	470,982
Non-major funds	<u>1,030,879</u>	<u>256,730</u>
Total governmental activities	<u>\$8,582,238</u>	<u>\$8,582,238</u>
 Discretely Presented Component Unit:		
Primary Government:		
General Fund	\$ 0	\$ 549,540
 Discretely presented component unit:		
Glocester Land Trust	<u>549,540</u>	
Balance at June 30, 2010	<u>\$ 549,450</u>	<u>\$ 549,540</u>

17. LANDFILL POSTCLOSURE CARE COSTS

The Rhode Island Department of Environmental Management (RIDEM) has identified the Town's former landfill located off Chestnut Hill Road as a Site Remediation Program. The landfill was closed in 1979. The RIDEM performed a Site Investigation in April 2005 and issued their report in May 2005.

The Town complied with RIDEM's remediation requirements by capping the landfill with two feet of clean fill and subsequently stabilizing it by planting grass. A plastic membrane was not deemed necessary.

Cost to date is \$263,634. The work on the project is near completion and it is estimated that it will cost less than \$1,000 to finish. RIDEM submitted a final closure report to the Gloucester Department of Public Works for review. Upon completion of the review and final acceptance by RIDEM, a Certificate of Completion will be issued and the landfill will be deemed closed. The Town utilizes the General Fund to account for post-closure care costs.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

17. LANDFILL POSTCLOSURE CARE COSTS (Continued)

RIDEM regulations require that post-closure monitoring be performed for a period of at least 30 years after the landfill is closed. Monitoring consists of analyzing groundwater samples and measuring landfill gas levels. Other tasks required are mowing the grass twice per year and field inspections to ascertain whether erosion is occurring and that no trees are growing. Annual monitoring is expected to cost \$9,700 per year. After the first year or two of monitoring following final acceptance, we will request that RIDEM relax these requirements if monitoring results are in substantial compliance with the regulations.

The Town has both landfill closure and post closure care costs as follows:

<u>Town Landfill</u>	<u>Year of Closure</u>	<u>Remaining Capping Cost (Estimate)</u>	<u>Annual Monitoring Costs (Estimate)</u>	<u>Years Remaining</u>	<u>Projected Liability</u>	<u>Short-Term Liability</u>	<u>Long-Term Liability</u>
Chestnut Hill Road	1979	\$0	\$9,700	29	\$281,300	\$9,700	\$271,600

18. JOINT VENTURES

The Health Pool (formerly known as the Governmental Health Group of Rhode Island)

The Town participates in a joint venture through the Rhode Island Interlocal Risk Management Trust (the Trust) entitled the Health Pool (the Pool), formerly known as The Governmental Health Group of Rhode Island, Inc. The Pool is part of a not-for-profit organization (the Trust) formed to provide programs of liability, workers compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. The Pool is governed by the Trust Board of Directors (Board).

Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI).

Using the rate calculations prepared by BCBSRI, the Trust sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are deposited in the General Fund, and are used to pay for claims, reinsurance and all administrative expenses. The Pool agreement provides for an annual independent audit of its financial statements.

A member's share of surplus or deficit is equal to the ratio of the member's subscribers (employees and retirees) participating in the Pool's plan for each month of the one-year period immediately prior to the member's effective date of termination, divided by the sum of all subscribers in the Pool for the same period.

The Pool agreement provides the Trust's Board a discretionary, fully allocable assessment feature with respect to specified circumstances.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

18. JOINT VENTURES (Continued)

The Health Pool (formerly known as the Governmental Health Group of Rhode Island)

After it has been a member of the Pool for an initial three-year period, a member may withdraw from the Pool by providing the Trust's Board with 90 days notice; liquidated damages would also be assessed at that time. The Trust may terminate a member's coverage for failure to pay amounts due.

For the year ended June 30, 2010, unaudited results indicate that the Pool generated \$97,124,022 in revenues and excess of expenses over revenues of \$446,522. The Pool had \$21,280,626 in total assets and \$5,363,255 in total equity as of June 30, 2010.

The Pool retains certain levels of insurance risk and acquires reinsurance for specific losses in excess of \$550,000. As of June 30, 2010, the Pool's membership consisted of 37 cities, towns or other governmental units.

Separate financial statements are available at the RI Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

(CONCLUDED)

TOWN OF GLOCESTER

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Schedule of Funding Progress

*Budgetary Comparison Schedules - General Fund
and Gloucester School General Fund*

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

TOWN OF GLOCESTER, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
<u>General Employees – Municipal Employees' Retirement System</u>						
6/30/07	\$5,177,807	\$6,727,948	\$(1,550,141)	77.0%	\$2,284,364	(67.9%)
6/30/08	\$5,888,673	\$7,125,561	\$(1,236,888)	82.6%	\$2,241,463	(55.2%)
6/30/09	\$6,192,776	\$7,649,321	\$(1,456,545)	81.0%	\$2,500,025	(58.3%)
<u>Police Units – Municipal Employees' Retirement System</u>						
6/30/07	\$3,732,717	\$4,610,411	\$(877,694)	81.0%	\$919,906	(95.4%)
6/30/08	\$4,261,420	\$4,841,450	\$(580,030)	88.0%	\$967,190	(60.0%)
6/30/09	\$4,476,658	\$5,162,180	\$(685,522)	86.7%	\$1,003,507	(68.3%)
<u>OPEB</u>						
7/01/08 (1)	\$ 0	\$2,199,146	\$(2,199,146)	0%	Not Available	N/A

(1) First year actuarial valuation was performed.

TOWN OF GLOCESTER, RHODE ISLAND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL**

**GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
General property taxes	\$ 21,846,851	\$ 21,846,851	\$ 21,898,410	\$ 51,559
General state aid	1,361,072	1,361,072	1,204,815	(156,257)
State housing aid	221,281	221,281	191,719	(29,562)
Licenses, fees and fines	374,500	374,500	472,033	97,533
Interest and investment income	89,500	89,500	99,125	9,625
Other revenues	24,500	24,500	31,206	6,706
Total revenues	<u>23,917,704</u>	<u>23,917,704</u>	<u>23,897,308</u>	<u>(20,396)</u>
EXPENDITURES:				
Current:				
Central administration	805,327	805,327	1,243,830	(438,503)
Financial administration	610,517	610,517	587,715	22,802
Public safety	1,900,055	1,900,055	1,727,039	173,016
Public works	1,643,895	1,643,895	1,424,133	219,762
Recreation and senior center	247,346	247,346	239,849	7,497
Social services	50,346	50,346	44,382	5,964
Other operational expenses	378,374	378,374	410,029	(31,655)
Aid requests	329,533	329,533	317,533	12,000
Education	9,328,376	9,328,376	9,328,376	0
Debt service	927,841	927,841	902,825	25,016
Total expenditures	<u>16,221,610</u>	<u>16,221,610</u>	<u>16,225,711</u>	<u>(4,101)</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>7,696,094</u>	<u>7,696,094</u>	<u>7,671,597</u>	<u>(24,497)</u>
Other financing sources (uses):				
Proceeds from bond issuance	0	0	500,000	500,000
Proceeds from leasing	0	0	14,472	14,472
Appropriated fund balance	70,000	70,000	70,000	0
Transfers to other funds	(7,766,094)	(7,766,094)	(7,854,526)	(88,432)
Net other financing uses	<u>(7,696,094)</u>	<u>(7,696,094)</u>	<u>(7,270,054)</u>	<u>426,040</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>401,543</u>	<u>\$ 401,543</u>
Less: appropriated fund balance			(70,000)	
Fund Balance, beginning of year			<u>3,930,520</u>	
Fund Balance, end of year			<u>\$ 4,262,063</u>	

TOWN OF GLOCESTER, RHODE ISLAND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL**

**GLOCESTER SCHOOL GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
State aid	\$ 2,571,398	\$ 2,571,398	\$ 2,415,142	\$ (156,256)
Federal State Fiscal Stabilization Funds	158,102	158,102	124,779	(33,323)
Pension reform	116,091	116,091	0	(116,091)
PK coordinator	30,924	30,924	0	(30,924)
Tuitions	77,708	77,708	174,446	96,738
Rental income	60,912	60,912	59,220	(1,692)
Earnings on investments	12,000	12,000	6,484	(5,516)
Other	0	0	59,106	59,106
Total revenues	3,027,135	3,027,135	2,839,177	(187,958)
EXPENDITURES:				
Current:				
Fogarty Memorial	98,309	98,309	102,665	(4,356)
West Glocester	108,877	108,877	194,126	(85,249)
Central administration	232,886	232,886	167,950	64,936
System-wide	1,800,390	1,800,390	1,654,632	145,758
Salaries and fringes	7,278,708	7,278,708	6,371,224	907,484
Total expenditures	9,519,170	9,519,170	8,490,597	1,028,573
Excess of revenues over (under) expenditures before other financing sources (uses)	(6,492,035)	(6,492,035)	(5,651,420)	840,615
Other financing sources (uses):				
Transfers from Town	6,372,035	6,372,035	6,372,035	0
Transfers from other funds	0	0	254,729	254,729
Appropriated fund balance	120,000	120,000	120,000	0
Net other financing sources	6,492,035	6,492,035	6,746,764	254,729
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 0	\$ 0	1,095,344	\$ 1,095,344
Less: appropriated fund balance			(120,000)	
Fund Balance, beginning of year			730,554	
Fund Balance, end of year			\$ 1,705,898	

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

BUDGETARY TO GAAP BASIS RECONCILIATION

As more fully described in Note 2, the following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2010:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$401,543
Fund balance reappropriated	<u>(70,000)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$331,543</u>

The following reconciliation summarizes the differences for the School District's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2010:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$1,095,344
Fund balance reappropriated	<u>(120,000)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 975,344</u>

TOWN OF GLOCESTER

**OTHER SUPPLEMENTARY
INFORMATION**

**COMBINING FUND FINANCIAL STATEMENTS
FOR NON-MAJOR GOVERNMENTAL FUNDS**

OTHER SUPPLEMENTARY INFORMATION

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Town Special Revenue Funds	School Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Non-major Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 1,145,392		\$ 140,647	\$ 12,361	\$ 1,298,400
Loans receivable	410,099				410,099
Due from:					
Other funds	584,150	\$ 284,495	747,951		1,616,596
Component unit			288		288
Other governments	21,710	108,927	433,996		564,633
TOTAL ASSETS	\$ 2,161,351	\$ 393,422	\$ 1,322,882	\$ 12,361	\$ 3,890,016
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 14,678	\$ 10,117	\$ 305,651		\$ 330,446
Accrued payroll and benefits	78	9,565			9,643
Due to:					
Other funds	11,397	89,977	165,192		266,566
Other liabilities	10,750				10,750
Deferred revenues	410,099				410,099
TOTAL LIABILITIES	447,002	109,659	470,843	\$ 0	1,027,504
FUND BALANCES:					
Reserved for perpetual care				3,100	3,100
Unreserved, reported in:					
Special revenue funds	1,714,349	283,763			1,998,112
Capital project funds			852,039		852,039
Permanent funds				9,261	9,261
TOTAL FUND BALANCES	1,714,349	283,763	852,039	12,361	2,862,512
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,161,351	\$ 393,422	\$ 1,322,882	\$ 12,361	\$ 3,890,016

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Town Special Revenue Funds	School Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Non-major Governmental Funds
REVENUES:					
Intergovernmental	\$ 309,707	\$ 814,750	\$ 462,474		\$ 1,586,931
Investment income	8,193			\$ 14	8,207
Other	111,141				111,141
TOTAL REVENUES	429,041	814,750	462,474	14	1,706,279
EXPENDITURES:					
Current:					
Administration	72,255				72,255
Public safety	61,207		3,687		64,894
Public works	131,461				131,461
Recreation	32,777		1,354		34,131
Social services	334,671				334,671
Education		802,311	5		802,316
Debt service:					
Principal	22,741				22,741
Interest	5,844				5,844
Capital outlay	14,752	14,235	912,522		941,509
TOTAL EXPENDITURES	675,708	816,546	917,568	0	2,409,822
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(246,667)	(1,796)	(455,094)	14	(703,543)
OTHER FINANCING SOURCES (USES):					
Transfers in	559,897		470,982		1,030,879
Transfers out	(2,000)	(254,730)			(256,730)
NET OTHER FINANCING SOURCES (USES)	557,897	(254,730)	470,982	0	774,149
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	311,230	(256,526)	15,888	14	70,606
FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED	1,403,119	540,289	836,151	12,347	2,791,906
FUND BALANCE AT END OF YEAR	\$ 1,714,349	\$ 283,763	\$ 852,039	\$ 12,361	\$ 2,862,512

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Bramley Bill	Law Enforcement Block Grant	Community Development Block Grant	FEMA Grant	Revaluation Reserve	Public Library Grant
ASSETS:						
Cash and cash equivalents			\$ 252,531		\$ 376,781	
Loans receivable			271,843			
Due from:						
Other funds	\$ 35,924					
Other governments	10,174			\$ 7,058		
TOTAL ASSETS	\$ 46,098	\$0	\$ 524,374	\$ 7,058	\$ 376,781	\$0
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable					\$ 12,019	
Accrued payroll and benefits				\$ 78		
Due to:						
Other funds				6,980		
Other liabilities					10,750	
Deferred revenues			\$ 271,843			
TOTAL LIABILITIES	\$ 0	\$0	271,843	7,058	22,769	\$0
FUND BALANCES:						
Unreserved, undesignated	46,098		252,531		354,012	
TOTAL FUND BALANCES	46,098	0	252,531	0	354,012	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,098	\$0	\$ 524,374	\$ 7,058	\$ 376,781	\$0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	<u>Comprehensive Planning</u>	<u>July 4th Parade</u>	<u>MHRH Grant</u>	<u>Accrued Compensated Absences Reserve</u>	<u>School Shooter Training</u>	<u>Pollard Mimosa Trees</u>
ASSETS:						
Cash and cash equivalents				\$ 191,688		
Loans receivable						
Due from:						
Other funds	\$ 10,780	\$ 21,875				\$ 2,000
Other governments			\$ 958			
TOTAL ASSETS	<u>\$ 10,780</u>	<u>\$ 21,875</u>	<u>\$ 958</u>	<u>\$ 191,688</u>	<u>\$0</u>	<u>\$ 2,000</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable		\$ 568	\$ 61			
Accrued payroll and benefits						
Due to:						
Other funds			897			
Other liabilities						
Deferred revenues						
TOTAL LIABILITIES	<u>\$ 0</u>	<u>568</u>	<u>958</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>
FUND BALANCES:						
Unreserved, undesignated	10,780	21,307		191,688		2,000
TOTAL FUND BALANCES	<u>10,780</u>	<u>21,307</u>	<u>0</u>	<u>191,688</u>	<u>0</u>	<u>2,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,780</u>	<u>\$ 21,875</u>	<u>\$ 958</u>	<u>\$ 191,688</u>	<u>\$0</u>	<u>\$ 2,000</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Senior Center Program	Central Police Legislative Grant	GASB 45 Actuarial Study	Historic Records Trust	Tree Planting	Food Bank
ASSETS:						
Cash and cash equivalents				\$ 388		
Loans receivable						
Due from:						
Other funds		\$ 1,381	\$ 6,500	13,421	\$ 1,508	\$ 33,735
Other governments						
TOTAL ASSETS	<u>\$0</u>	<u>\$ 1,381</u>	<u>\$ 6,500</u>	<u>\$ 13,809</u>	<u>\$ 1,508</u>	<u>\$ 33,735</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						\$ 2,000
Accrued payroll and benefits						
Due to:						
Other funds						
Other liabilities						
Deferred revenues						
TOTAL LIABILITIES	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,000</u>
FUND BALANCES:						
Unreserved, undesignated		1,381	6,500	13,809	1,508	31,735
TOTAL FUND BALANCES	<u>0</u>	<u>1,381</u>	<u>6,500</u>	<u>13,809</u>	<u>1,508</u>	<u>31,735</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$0</u>	<u>\$ 1,381</u>	<u>\$ 6,500</u>	<u>\$ 13,809</u>	<u>\$ 1,508</u>	<u>\$ 33,735</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	<u>Livescan</u>	<u>DARE</u>	<u>Health Reserve</u>	<u>Emergency Energy</u>	<u>Matching State Grant Funds</u>	<u>Storm Related Services</u>
ASSETS:						
Cash and cash equivalents						
Loans receivable						
Due from:						
Other funds	\$ 9,010	\$ 618	\$ 45,867	\$ 7,999	\$ 50,000	\$ 203,673
Other governments						
TOTAL ASSETS	\$ 9,010	\$ 618	\$ 45,867	\$ 7,999	\$ 50,000	\$ 203,673
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Accrued payroll and benefits						
Due to:						
Other funds						
Other liabilities						
Deferred revenues						
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Unreserved, undesignated	9,010	618	45,867	7,999	50,000	203,673
TOTAL FUND BALANCES	9,010	618	45,867	7,999	50,000	203,673
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,010	\$ 618	\$ 45,867	\$ 7,999	\$ 50,000	\$ 203,673

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Other Post Employment Benefits	Blue Rip Tide Grant	Pollard Legislation	Senior Center Dues	Senior Center Donations
ASSETS:					
Cash and cash equivalents	\$ 324,004				
Loans receivable					
Due from:					
Other funds				\$ 17,311	\$ 22,452
Other governments		\$ 3,520			
TOTAL ASSETS	\$ 324,004	\$ 3,520	\$0	\$ 17,311	\$ 22,452
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable					\$ 30
Accrued payroll and benefits					
Due to:					
Other funds		\$ 3,520			
Other liabilities					
Deferred revenues					
TOTAL LIABILITIES	\$ 0	3,520	\$0	\$ 0	30
FUND BALANCES:					
Unreserved, undesignated	324,004			17,311	22,422
TOTAL FUND BALANCES	324,004	0	0	17,311	22,422
TOTAL LIABILITIES AND FUND BALANCES	\$ 324,004	\$ 3,520	\$0	\$ 17,311	\$ 22,452

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	<u>Police Equipment Maintenance</u>	<u>Animal Shelter Amy Angilly Fund</u>	<u>Community Septic System Loan Program</u>	<u>Radio Contract</u>	<u>Computer Systems Maintenance</u>	<u>Total Town Special Revenue Funds</u>
ASSETS:						
Cash and cash equivalents						\$ 1,145,392
Loans receivable			\$ 138,256			410,099
Due from:						
Other funds	\$ 24,798	\$ 20,266		\$ 28,782	\$ 26,250	584,150
Other governments						21,710
TOTAL ASSETS	\$ 24,798	\$ 20,266	\$ 138,256	\$ 28,782	\$ 26,250	\$ 2,161,351
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						\$ 14,678
Accrued payroll and benefits						78
Due to:						
Other funds						11,397
Other liabilities						10,750
Deferred revenues			\$ 138,256			410,099
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 138,256	\$ 0	\$ 0	447,002
FUND BALANCES:						
Unreserved, undesignated	24,798	20,266		28,782	26,250	1,714,349
TOTAL FUND BALANCES	24,798	20,266	0	28,782	26,250	1,714,349
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,798	\$ 20,266	\$ 138,256	\$ 28,782	\$ 26,250	\$ 2,161,351

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Bramley Bill	Law Enforcement Block Grant	Community Development Block Grant	FEMA Grant	Revaluation Reserve	Public Library Grant
REVENUES:						
Intergovernmental	\$ 40,698		\$ 170,400	\$ 2,500		\$ 67,170
Investment income			230		\$ 295	
Other			37,355			
TOTAL REVENUES	<u>40,698</u>	<u>\$ 0</u>	<u>207,985</u>	<u>2,500</u>	<u>295</u>	<u>67,170</u>
EXPENDITURES:						
Current:						
Administration					54,590	
Public safety				6,785		
Public works						
Recreation						
Social services	38,565		149,623			67,170
Debt service:						
Principal						
Interest						
Capital outlay		5,867				
TOTAL EXPENDITURES	<u>38,565</u>	<u>5,867</u>	<u>149,623</u>	<u>6,785</u>	<u>54,590</u>	<u>67,170</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>2,133</u>	<u>(5,867)</u>	<u>58,362</u>	<u>(4,285)</u>	<u>(54,295)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	6,253	305		4,285	50,000	
Transfers out	(2,000)					
NET OTHER FINANCING SOURCES (USES)	<u>4,253</u>	<u>305</u>	<u>0</u>	<u>4,285</u>	<u>50,000</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>6,386</u>	<u>(5,562)</u>	<u>58,362</u>	<u>0</u>	<u>(4,295)</u>	<u>0</u>
FUND BALANCE AT BEGINNING OF YEAR	39,712	5,562	194,169	0	358,307	0
FUND BALANCE AT END OF YEAR	<u>\$ 46,098</u>	<u>\$ 0</u>	<u>\$ 252,531</u>	<u>\$ 0</u>	<u>\$ 354,012</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Comprehensive Planning	July 4th Parade	MHRH Grant	Accrued Compensated Absences Reserve	School Shooter Training	Pollard Mimosa Trees
REVENUES:						
Intergovernmental			\$ 1,058		\$ 4,660	\$ 2,000
Investment income				\$ 153		
Other		\$ 10,815				
TOTAL REVENUES	\$ 0	10,815	1,058	153	4,660	2,000
EXPENDITURES:						
Current:						
Administration						
Public safety				40,473	5,644	
Public works				6,123		
Recreation		21,994				
Social services			1,058			
Debt service:						
Principal						
Interest						
Capital outlay						
TOTAL EXPENDITURES	0	21,994	1,058	46,596	5,644	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(11,179)	0	(46,443)	(984)	2,000
OTHER FINANCING SOURCES (USES):						
Transfers in	2,500	10,000		59,000	984	
Transfers out						
NET OTHER FINANCING SOURCES (USES)	2,500	10,000	0	59,000	984	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,500	(1,179)	0	12,557	0	2,000
FUND BALANCE AT BEGINNING OF YEAR	8,280	22,486	0	179,131	0	0
FUND BALANCE AT END OF YEAR	\$ 10,780	\$ 21,307	\$ 0	\$ 191,688	\$ 0	\$ 2,000

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Senior Center Program	Central Police Legislative Grant	GASB 45 Actuarial Study	Historic Records Trust	Tree Planting	Food Bank
REVENUES:						
Intergovernmental	\$ 2,000	\$ 1,000				\$ 4,750
Investment income						
Other				\$ 12,515		17,442
TOTAL REVENUES	2,000	1,000	\$ 0	12,515	\$ 0	22,192
EXPENDITURES:						
Current:						
Administration				17,665		
Public safety		127				
Public works						
Recreation						
Social services	2,000					18,266
Debt service:						
Principal						
Interest						
Capital outlay				3,185		
TOTAL EXPENDITURES	2,000	127	0	20,850	0	18,266
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	873	0	(8,335)	0	3,926
OTHER FINANCING SOURCES (USES):						
Transfers in				2,582		6,500
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	2,582	0	6,500
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	873	0	(5,753)	0	10,426
FUND BALANCE AT BEGINNING OF YEAR	0	508	6,500	19,562	1,508	21,309
FUND BALANCE AT END OF YEAR	\$ 0	\$ 1,381	\$ 6,500	\$ 13,809	\$ 1,508	\$ 31,735

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	<u>Livescan</u>	<u>DARE</u>	<u>Health Reserve</u>	<u>Emergency Energy</u>	<u>Matching State Grant Funds</u>	<u>Storm Related Services</u>
REVENUES:						
Intergovernmental						
Investment income						
Other				\$ 1,070		
TOTAL REVENUES	\$ 0	\$ 0	\$ 0	1,070	\$ 0	\$ 0
EXPENDITURES:						
Current:						
Administration						
Public safety						
Public works						125,338
Recreation						
Social services				5,797		
Debt service:						
Principal	6,467					
Interest	733					
Capital outlay						
TOTAL EXPENDITURES	7,200	0	0	5,797	0	125,338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(7,200)	0	0	(4,727)	0	(125,338)
OTHER FINANCING SOURCES (USES):						
Transfers in	3,192		45,867	5,000		329,011
Transfers out						
NET OTHER FINANCING SOURCES (USES)	3,192	0	45,867	5,000	0	329,011
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,008)	0	45,867	273	0	203,673
FUND BALANCE AT BEGINNING OF YEAR	13,018	618	0	7,726	50,000	0
FUND BALANCE AT END OF YEAR	\$ 9,010	\$ 618	\$ 45,867	\$ 7,999	\$ 50,000	\$ 203,673

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Other Post Employment Benefits	Blue Rip Tide Grant	Pollard Legislation	Senior Center Dues	Senior Center Donations
REVENUES:					
Intergovernmental		\$ 13,471			
investment income	\$ 719				
Other				\$ 6,177	\$ 9,493
TOTAL REVENUES	719	13,471	\$ 0	6,177	9,493
EXPENDITURES:					
Current:					
Administration					
Public safety		7,771			
Public works					
Recreation			1,150	235	9,398
Social services					
Debt service:					
Principal					
Interest					
Capital outlay		5,700			
TOTAL EXPENDITURES	0	13,471	1,150	235	9,398
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	719	0	(1,150)	5,942	95
OTHER FINANCING SOURCES (USES):					
Transfers in			150		
Transfers out					
NET OTHER FINANCING SOURCES (USES)	0	0	150	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	719	0	(1,000)	5,942	95
FUND BALANCE AT BEGINNING OF YEAR	323,285	0	1,000	11,369	22,327
FUND BALANCE AT END OF YEAR	\$ 324,004	\$ 0	\$ 0	\$ 17,311	\$ 22,422

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Police Equipment Maintenance	Animal Shelter Amy Angilly Fund	Community Septic System Loan Program	Radio Contract	Computer Systems Maintenance	Total Town Special Revenue Funds
REVENUES:						
Intergovernmental						\$ 309,707
Investment income			\$ 6,796			8,193
Other			16,274			111,141
TOTAL REVENUES	\$ 0	\$ 0	23,070	\$ 0	\$ 0	429,041
EXPENDITURES:						
Current:						
Administration						72,255
Public safety		407				61,207
Public works						131,461
Recreation						32,777
Social services			52,192			334,671
Debt service:						
Principal			16,274			22,741
Interest			5,111			5,844
Capital outlay						14,752
TOTAL EXPENDITURES	0	407	73,577	0	0	675,708
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(407)	(50,507)	0	0	(246,667)
OTHER FINANCING SOURCES (USES):						
Transfers in	5,268			13,000	16,000	559,897
Transfers out						(2,000)
NET OTHER FINANCING SOURCES (USES)	5,268	0	0	13,000	16,000	557,897
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	5,268	(407)	(50,507)	13,000	16,000	311,230
FUND BALANCE AT BEGINNING OF YEAR	19,530	20,673	50,507	15,782	10,250	1,403,119
FUND BALANCE AT END OF YEAR	\$ 24,798	\$ 20,266	\$ 0	\$ 28,782	\$ 26,250	\$ 1,714,349

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
SCHOOL SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	<u>Student Equity</u>	<u>Early Childhood</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Literacy</u>	<u>Title I</u>
ASSETS:						
Due from:						
Other funds	\$ 21,851	\$ 1,152	\$ 10,910	\$ 65,214	\$ 2,531	
Other governments						\$ 47,632
TOTAL ASSETS	\$ 21,851	\$ 1,152	\$ 10,910	\$ 65,214	\$ 2,531	\$ 47,632
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						\$ 2,186
Accrued payroll and benefits		\$ 732				5,604
Due to:						
Other funds						39,842
TOTAL LIABILITIES	\$ 0	732	\$ 0	\$ 0	\$ 0	47,632
FUND BALANCES:						
Unreserved, undesignated	21,851	420	10,910	65,214	2,531	
TOTAL FUND BALANCES	21,851	420	10,910	65,214	2,531	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,851	\$ 1,152	\$ 10,910	\$ 65,214	\$ 2,531	\$ 47,632

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
SCHOOL SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	<u>Title II</u>	<u>Title IV</u>	<u>Title I - ARRA</u>	<u>IDEA Summer School</u>	<u>IDEA Preschool</u>	<u>IDEA Part B</u>
ASSETS:						
Due from:						
Other funds						
Other governments	\$ 15,524	\$ 631	\$ 16,388			
TOTAL ASSETS	\$ 15,524	\$ 631	\$ 16,388	\$0	\$0	\$0
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable			\$ 7,931			
Accrued payroll and benefits	\$ 2,359		870			
Due to:						
Other funds	13,165	\$ 631	7,587			
TOTAL LIABILITIES	15,524	631	16,388	\$0	\$0	\$0
FUND BALANCES:						
Unreserved, undesignated	0	0	0	0	0	0
TOTAL FUND BALANCES	0	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,524	\$ 631	\$ 16,388	\$0	\$0	\$0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
SCHOOL SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Medicaid	CAST Mini Grant	Other Post Employment Benefits	IDEA - ARRA	Total School Special Revenue Funds
ASSETS:					
Due from:					
Other funds		\$ 2,563	\$ 180,274		\$ 284,495
Other governments				\$ 28,752	108,927
TOTAL ASSETS	\$0	\$ 2,563	\$ 180,274	\$ 28,752	\$ 393,422
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable					\$ 10,117
Accrued payroll and benefits					9,565
Due to:					
Other funds				\$ 28,752	89,977
TOTAL LIABILITIES	\$0	\$ 0	\$ 0	28,752	109,659
FUND BALANCES:					
Unreserved, undesignated		2,563	180,274		283,763
TOTAL FUND BALANCES	0	2,563	180,274	0	283,763
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$ 2,563	\$ 180,274	\$ 28,752	\$ 393,422

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING USES AND CHANGES IN FUND BALANCE
SCHOOL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	<u>Student Equity</u>	<u>Early Childhood</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Literacy</u>	<u>Title I</u>
REVENUES:						
Intergovernmental	\$ 162,222	\$ 71,346	\$ 16,985		\$ 88,582	\$ 107,915
TOTAL REVENUES	<u>162,222</u>	<u>71,346</u>	<u>16,985</u>	<u>\$ 0</u>	<u>88,582</u>	<u>107,915</u>
EXPENDITURES:						
Current:						
Education	170,668	73,170	4,500	1,190	89,828	107,915
Capital outlay			1,575			
TOTAL EXPENDITURES	<u>170,668</u>	<u>73,170</u>	<u>6,075</u>	<u>1,190</u>	<u>89,828</u>	<u>107,915</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING USES	<u>(8,446)</u>	<u>(1,824)</u>	<u>10,910</u>	<u>(1,190)</u>	<u>(1,246)</u>	<u>0</u>
OTHER FINANCING USES:						
Transfers out						
NET OTHER FINANCING USES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(8,446)</u>	<u>(1,824)</u>	<u>10,910</u>	<u>(1,190)</u>	<u>(1,246)</u>	<u>0</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	30,297	2,244	0	66,404	3,777	0
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 21,851</u>	<u>\$ 420</u>	<u>\$ 10,910</u>	<u>\$ 65,214</u>	<u>\$ 2,531</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING USES AND CHANGES IN FUND BALANCE
SCHOOL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Title II	Title IV	Title I - ARRA	IDEA Summer School	IDEA Preschool	IDEA Part B
REVENUES:						
Intergovernmental	\$ 39,868	\$ 716	\$ 31,739	\$ 34,893	\$ 18,059	\$ 162,587
TOTAL REVENUES	39,868	716	31,739	34,893	18,059	162,587
EXPENDITURES:						
Current:						
Education	39,868	716	23,499	34,893	18,059	162,587
Capital outlay			8,240			
TOTAL EXPENDITURES	39,868	716	31,739	34,893	18,059	162,587
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING USES	0	0	0	0	0	0
OTHER FINANCING USES:						
Transfers out						
NET OTHER FINANCING USES	0	0	0	0	0	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	0	0	0	0	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	0	0	0	0	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING USES AND CHANGES IN FUND BALANCE
SCHOOL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010**

	Medicaid	CAST Mini Grant	Other Post Employment Benefits	IDEA - ARRA	Total School Special Revenue Funds
REVENUES:					
Intergovernmental				\$ 79,838	\$ 814,750
TOTAL REVENUES	\$ 0	\$ 0	\$ 0	79,838	814,750
EXPENDITURES:					
Current:					
Education				75,418	802,311
Capital outlay				4,420	14,235
TOTAL EXPENDITURES	0	0	0	79,838	816,546
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING USES	0	0	0	0	(1,796)
OTHER FINANCING USES:					
Transfers out	(254,730)				(254,730)
NET OTHER FINANCING USES	(254,730)	0	0	0	(254,730)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(254,730)	0	0	0	(256,526)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	254,730	2,563	180,274	0	540,289
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 2,563	\$ 180,274	\$ 0	\$ 283,763

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2010**

	Chepachet River Park	Roads	Bridge Replacement	Landfill Closure	Chepachet Wastewater/ Stormwater Project	Pine Orchard Road
ASSETS:						
Cash and cash equivalents						
Due from:						
Other funds	\$ 16,397	\$ 296,358	\$ 121,927	\$ 114,735		
Component unit		288				
Other governments			82,615		\$ 44,519	\$ 247,895
TOTAL ASSETS	\$ 16,397	\$ 296,646	\$ 204,542	\$ 114,735	\$ 44,519	\$ 247,895
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable		\$ 9,306	\$ 45,739	\$ 350	\$ 17,365	\$ 217,150
Due to:						
Other funds		44,796	4,892		27,154	30,745
TOTAL LIABILITIES	\$ 0	54,102	50,631	350	44,519	247,895
FUND BALANCES:						
Unreserved, undesignated	16,397	242,544	153,911	114,385		
TOTAL FUND BALANCES	16,397	242,544	153,911	114,385	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,397	\$ 296,646	\$ 204,542	\$ 114,735	\$ 44,519	\$ 247,895

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2010**

	<u>School Bond</u>	<u>School Capital Improvement</u>	<u>MDT Project</u>	<u>Senior Center Fund</u>	<u>Glocester Memorial Park</u>	<u>Total Capital Project Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 140,647					\$ 140,647
Due from:						
Other funds		\$ 135,148		\$ 59,992	\$ 3,394	747,951
Component unit						288
Other governments			\$ 58,967			433,996
TOTAL ASSETS	\$ 140,647	\$ 135,148	\$ 58,967	\$ 59,992	\$ 3,394	\$ 1,322,882
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable		\$ 14,375	\$ 1,366			\$ 305,651
Due to:						
Other funds			57,601	\$ 4		165,192
TOTAL LIABILITIES	\$ 0	14,375	58,967	4	\$ 0	470,843
FUND BALANCES:						
Unreserved, undesignated	140,647	120,773		59,988	3,394	852,039
TOTAL FUND BALANCES	140,647	120,773	0	59,988	3,394	852,039
TOTAL LIABILITIES AND FUND BALANCES	\$ 140,647	\$ 135,148	\$ 58,967	\$ 59,992	\$ 3,394	\$ 1,322,882

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2010**

	Chepachet River Park	Roads	Bridge Replacement	Landfill Closure	Chepachet Wastewater/ Stormwater Project	Pine Orchard Road
REVENUES:						
Intergovernmental			\$ 82,615		\$ 44,519	\$ 247,895
TOTAL REVENUES	\$ 0	\$ 0	82,615	\$ 0	44,519	247,895
EXPENDITURES:						
Current:						
Public safety						
Recreation						
Education						
Capital outlay		303,398	95,301	17,593	44,519	247,895
TOTAL EXPENDITURES	0	303,398	95,301	17,593	44,519	247,895
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(303,398)	(12,686)	(17,593)	0	0
OTHER FINANCING SOURCES:						
Transfers in		335,320				
NET OTHER FINANCING SOURCES	0	335,320	0	0	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	31,922	(12,686)	(17,593)	0	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	16,397	210,622	166,597	131,978	0	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 16,397	\$ 242,544	\$ 153,911	\$ 114,385	\$ 0	\$ 0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2010**

	School Bond	School Capital Improvement	MDT Project	Senior Center Fund	Glocester Memorial Park	Total Capital Project Funds
REVENUES:						
Intergovernmental		\$ 8,241	\$ 79,204			\$ 462,474
TOTAL REVENUES	\$ 0	8,241	79,204	\$ 0	\$ 0	462,474
EXPENDITURES:						
Current:						
Public safety			3,687			3,687
Recreation				1,354		1,354
Education	5					5
Capital outlay		69,877	129,879	4,060		912,522
TOTAL EXPENDITURES	5	69,877	133,566	5,414	0	917,568
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(5)	(61,636)	(54,362)	(5,414)	0	(455,094)
OTHER FINANCING SOURCES:						
Transfers in		81,300	54,362			470,982
NET OTHER FINANCING SOURCES	0	81,300	54,362	0	0	470,982
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5)	19,664	0	(5,414)	0	15,888
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	140,652	101,109	0	65,402	3,394	836,151
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 140,647	\$ 120,773	\$ 0	\$ 59,988	\$ 3,394	\$ 852,039

(CONCLUDED)

TOWN OF GLOUCESTER, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Real Estate and Personal Property Taxes

Fiscal Year End	Balance July 1, 2009	Current year Assessment	Additions	(Abatements)	Refunds and Adjustments	Amount to be Collected	Collections	Balance June 30, 2010
2010		\$ 20,380,911	\$ 8,595	\$ 16,981	\$ 50,931	\$ 20,423,456	\$ 19,801,648	\$ 621,808
2009	\$ 530,775			1,273	(781)	528,721	460,365	68,356
2008	65,071			342	123	64,852	25,036	39,816
2007	42,144			125		42,019	3,157	38,862
2006	33,188			1,702		31,486	533	30,953
2005	27,938					27,938	111	27,827
2004	27,766					27,766	7	27,759
2003	24,041					24,041	248	23,793
2002	16,352			31		16,323	124	16,197
2001	17,562					17,563	202	17,360
2000	17,515			17,414		101	101	0
	<u>\$ 802,352</u>	<u>\$ 20,380,911</u>	<u>\$ 8,595</u>	<u>\$ 37,868</u>	<u>\$ 50,273</u>	<u>\$ 21,204,266</u>	<u>\$ 20,291,532</u>	<u>\$ 912,731</u>

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Rates	Assessed Valuations	Levy
Real-Property- Residential	\$ 17.98	\$ 1,065,503,820	\$ 17,502,989
Real-Property-Commerical/Industrial	20.43	66,145,300	1,339,663
Motor Vehicles	24.37	79,407,366	871,556
Tangible and Personal Property	35.80	18,620,740	666,703
Total		<u>1,229,677,226</u>	<u>\$ 20,380,911</u>
Exemptions		(136,245,603)	
Net Assessed Values		<u>\$ 1,093,431,623</u>	

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 20,291,532
Adjustments and reversals	
Add: Revenue collected 60 days subsequent to fiscal year ended June 30, 2010	379,605
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2009	(274,860)
Plus: PILOT	1,150,000
Less refunds and adjustments	(50,273)
Current year property tax revenue	<u>\$ 21,496,004</u>

TOWN OF GLOCESTER

BUDGETARY SCHEDULES

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Revenues:				
General property taxes	\$ 21,846,851	\$ 21,846,851	\$ 21,898,410	\$ 51,559
General state aid	1,361,072	1,361,072	1,204,815	(156,257)
State housing aid	221,281	221,281	191,719	(29,562)
Licenses, fees and fines	374,500	374,500	472,033	97,533
Interest and investment income	89,500	89,500	99,125	9,625
Other revenues	24,500	24,500	31,206	6,706
Total revenues	23,917,704	23,917,704	23,897,308	(20,396)
Expenditures:				
Central Administration:				
Town Council:				
Salaries	13,000	13,000	13,000	0
Payroll taxes and benefits	2,416	2,416	1,919	497
Miscellaneous expense	1,000	1,000	573	427
Contingency	10,000	10,000	0	10,000
Total Town Council	26,416	26,416	15,492	10,924
Town Clerk:				
Town clerk salary	59,352	59,352	59,352	0
Deputy salary	39,588	39,588	39,588	0
Clerical salaries	72,467	72,467	72,567	(100)
Longevity	4,524	4,524	4,524	0
Payroll taxes and benefits	73,564	73,564	67,141	6,423
Advertising - general/ordinances	6,500	6,500	2,913	3,587
Printing	2,100	2,100	1,097	1,003
Microfilming	500	500	1,451	(951)
Supplies	400	400	350	50
Education and training	350	350	40	310
Travel and dues	700	700	301	399
Publications and subscriptions	350	350	402	(52)
Office equipment and furniture	500	500	0	500
Purchased services - indexing, restoration, other	750	750	1,846	(1,096)
Miscellaneous expense	500	500	941	(441)
Total Town Clerk	262,145	262,145	252,513	9,632
Board of Canvassers:				
Salaries	975	975	975	0
Police services	1,000	1,000	148	852
Poll workers	2,000	2,000	480	1,520
Transport services	250	250	0	250
Payroll taxes and benefits	218	218	109	109
Advertising	1,500	1,500	1,523	(23)
Miscellaneous expense	500	500	296	204
Total Board of Canvassers	6,443	6,443	3,531	2,912

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Probate Court:				
Probate judge salary	4,205	4,205	4,205	0
Worker's compensation	23	23	15	8
Microfilming	500	500	173	327
Restoration and miscellaneous expense	500	500	45	455
Other services	0	0	590	(590)
Total Probate Court	5,228	5,228	5,028	200
Building and Zoning Office:				
Building/zoning official salary	59,352	59,352	59,352	0
Administrative aide salary	38,779	38,779	38,778	1
Longevity	1,455	1,455	1,454	1
Payroll taxes and benefits	43,237	43,237	43,505	(268)
Fees - electrical inspector	7,300	7,300	8,485	(1,185)
Fees - plumbing inspector	3,620	3,620	4,075	(455)
Fees - mechanical inspector	3,500	3,500	5,130	(1,630)
Fees - building inspector	8,500	8,500	9,430	(930)
Telephone	550	550	421	129
Education and training	2,000	2,000	95	1,905
Travel and dues	200	200	367	(167)
Publications and subscriptions	400	400	0	400
Forms and maps	350	350	438	(88)
Emergency board-ups	1,000	1,000	360	640
Miscellaneous expense	550	550	124	426
Office equipment and furniture	300	300	437	(137)
Software support	1,399	1,399	1,399	0
Total Building and Zoning Office	172,492	172,492	173,850	(1,358)
Planning Office:				
Town planner salary	60,749	60,749	60,749	0
Clerk salary	34,276	34,276	34,276	0
GIS consultant	12,500	12,500	12,355	145
Longevity	1,671	1,671	1,671	0
Payroll taxes and benefits	36,973	36,973	36,683	290
Education and training	750	750	65	685
Dues	328	328	0	328
Forms and maps	100	100	0	100
Publications and subscriptions	300	300	487	(187)
GIS software	2,500	2,500	2,500	0
Engineering and permitting	1,100	1,100	195	905
Advertising	500	500	0	500
Office equipment and furniture	0	0	248	(248)
Miscellaneous expense	100	100	237	(137)
Total Planning Office	151,847	151,847	149,466	2,381

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Wastewater Board:				
Advertising	1,000	1,000	0	1,000
Miscellaneous expense	500	500	0	500
Education program	500	500	0	500
Total Wastewater Board	2,000	2,000	0	2,000
Planning Board:				
Clerk salary	3,770	3,770	2,465	1,305
Payroll taxes and benefits	309	309	224	85
Advertising	0	0	63	(63)
Publications and subscriptions	300	300	0	300
Stenographic services	250	250	0	250
Total Planning Board	4,629	4,629	2,752	1,877
Zoning Board:				
Clerk salary	1,885	1,885	1,450	435
Payroll taxes and benefits	155	155	96	59
Advertising	3,750	3,750	1,639	2,111
Stenographic services	500	500	432	68
Miscellaneous expense	25	25	11	14
Total Zoning Board	6,315	6,315	3,628	2,687
Conservation Commission:				
Advertising	140	140	0	140
Education and training	100	100	0	100
Conferences/travel/dues	175	175	115	60
Forms and maps	20	20	30	(10)
Water watch program	1,200	1,200	2,200	(1,000)
Tree seeding program	750	750	305	445
Miscellaneous expense	0	0	159	(159)
Total Conservation Commission	2,385	2,385	2,809	(424)
Land Trust:				
Land purchase and reconditioning	70,000	70,000	549,540	(479,540)
Total Land Trust	70,000	70,000	549,540	(479,540)
Historic District Commission:				
Forms and maps	80	80	0	80
Consultant services	125	125	0	125
Miscellaneous expense	75	75	22	53
Total Historic District Commission	280	280	22	258

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Town Solicitor:				
Legal services	95,000	95,000	85,053	9,947
Total Town Solicitor	95,000	95,000	85,053	9,947
Town Sergeant:				
Salary	135	135	135	0
Payroll taxes and benefits	12	12	11	1
Total Town Sergeant	147	147	146	1
Total Central Administration	805,327	805,327	1,243,830	(438,503)
Financial Administration:				
Finance Director's Office:				
Finance director salary	74,160	74,160	74,160	0
Longevity	2,225	2,225	2,225	0
Payroll taxes and benefits	20,230	20,230	19,924	306
Education and training	1,990	1,990	1,290	700
Travel and dues	260	260	304	(44)
Office equipment and furniture	150	150	120	30
Publications and subscriptions	250	250	0	250
Total Finance Director's Office	99,265	99,265	98,023	1,242
Treasurer's Office:				
Clerk salaries	107,683	107,683	107,446	237
Longevity	2,501	2,501	2,500	1
Payroll taxes and benefits	47,982	47,982	48,217	(235)
Advertising	1,300	1,300	1,243	57
Printing	680	680	0	680
Computer software support	5,000	5,000	2,900	2,100
Education and training	900	900	40	860
Office equipment and furniture	400	400	1,450	(1,050)
Other purchased services	1,500	1,500	0	1,500
Travel	125	125	53	72
Miscellaneous expense	200	200	0	200
Payroll services	19,900	19,900	15,213	4,687
Audit	26,000	26,000	20,935	5,065
Total Treasurer's Office	214,171	214,171	199,997	14,174
Personnel Office:				
Advertising	1,000	1,000	994	6
Education and training	600	600	0	600
Publications and subscriptions	100	100	0	100
Miscellaneous expense	100	100	0	100
Total Personnel Office	1,800	1,800	994	806

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
<i>Tax Collection Office:</i>				
Tax collector salary	43,912	43,912	43,912	0
Clerk salary	36,234	36,234	36,233	1
Longevity	2,806	2,806	2,805	1
Payroll taxes and benefits	47,378	47,378	45,516	1,862
Advertising	850	850	(337)	1,187
Postage	3,200	3,200	2,606	594
Computer software support	3,500	3,500	3,025	475
Education and training	600	600	146	454
Other purchased services	3,800	3,800	3,661	139
Tax collection fee	14,000	14,000	16,136	(2,136)
Miscellaneous expense	100	100	0	100
<i>Total Tax Collection Office</i>	156,380	156,380	153,703	2,677
<i>Tax Assessor's Office:</i>				
Assessor salary	49,092	49,092	49,092	0
Clerk salary	34,276	34,276	34,276	0
Longevity	2,784	2,784	2,784	0
Payroll taxes and benefits	38,499	38,499	38,781	(282)
Engineering services	1,000	1,000	212	788
Advertising	500	500	0	500
Computer software support	7,500	7,500	6,525	975
Education and training	2,000	2,000	785	1,215
Dues	300	300	230	70
Publications and subscriptions	1,100	1,100	999	101
Office equipment and furniture	250	250	207	43
Other purchased services	850	850	514	336
Miscellaneous expense	750	750	593	157
<i>Total Tax Assessor's Office</i>	138,901	138,901	134,998	3,903
<i>Total Financial Administration</i>	610,517	610,517	587,715	22,802

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Public Safety:				
Police Department:				
Chief salary	72,142	72,142	61,027	11,115
Captain, lieutenant, and sergeant's salaries	237,552	237,552	227,110	10,442
Police officers' salaries	478,715	478,715	450,848	27,867
Administrative aide	48,005	48,005	51,446	(3,441)
Dispatchers	160,985	160,985	182,342	(21,357)
Special and boat patrols	4,375	4,375	1,876	2,499
Court time reimbursement	7,150	7,150	2,368	4,782
Vacation and illness coverage	115,738	115,738	78,387	37,351
Longevity	46,271	46,271	46,406	(135)
Payroll taxes and benefits	542,267	542,267	480,653	61,614
Education and training	12,866	12,866	10,929	1,937
Telephone	4,500	4,500	4,416	84
Postage	729	729	324	405
Other purchased services	3,130	3,130	819	2,311
Communications	1,100	1,100	630	470
Miscellaneous expense	900	900	594	306
Ammunition and range supplies	2,070	2,070	1,983	87
Investigative supplies	2,200	2,200	693	1,507
Fingerprinting expense	2,450	2,450	3,540	(1,090)
Conference, travel and dues	495	495	591	(96)
Heat and electricity	15,200	15,200	14,736	464
Service contracts	16,430	16,430	11,162	5,268
Special equipment - non-office	6,350	6,350	2,652	3,698
Office equipment and furniture	1,900	1,900	6,638	(4,738)
Boat patrol expense	0	0	422	(422)
Juvenile hearing board	500	500	0	500
Total Police Department	1,784,020	1,784,020	1,642,592	141,428
Emergency Management Agency:				
Coordinator salary	6,303	6,303	0	6,303
Payroll taxes and benefits	516	516	23	493
Heat and electricity	3,000	3,000	2,351	649
Education and training	150	150	0	150
Service contracts - radio equipment	14,045	14,045	1,200	12,845
Miscellaneous expense	400	400	45	355
Total Emergency Management Agency	24,414	24,414	3,619	20,795

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUNDSCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Animal Control:				
Animal control officer salary	39,824	39,824	39,824	0
Assistant officer salary	20,000	20,000	11,186	8,814
Longevity	1,394	1,394	1,394	0
Payroll taxes and benefits	14,411	14,411	15,497	(1,086)
Uniforms and equipment	800	800	877	(77)
Telephone	400	400	250	150
Heat and electricity	3,050	3,050	3,387	(337)
Advertising	500	500	0	500
Supplies - animal	1,100	1,100	1,279	(179)
Education and training	600	600	0	600
Other purchased services	4,800	4,800	5,689	(889)
Service contracts	192	192	0	192
Miscellaneous expense	750	750	527	223
Furniture and fixtures	900	900	500	400
Rabies vaccinations	1,500	1,500	0	1,500
Dog damage	250	250	0	250
Equipment - non-office	1,150	1,150	418	732
Total Animal Control	91,621	91,621	80,828	10,793
			0	
Total Public Safety	1,900,055	1,900,055	1,727,039	173,016
Public Works Department:				
Director's Office:				
Director's salary	66,837	66,837	66,837	0
Assistant director's salary	49,298	49,298	49,298	0
Clerk's salary	38,779	38,779	38,778	1
Longevity	2,819	2,819	2,818	1
Payroll taxes and benefits	74,385	74,385	71,954	2,431
Advertising	0	0	318	(318)
Telephone	900	900	498	402
Education and training	200	200	0	200
Uniforms and equipment	462	462	313	149
Dues and travel	110	110	130	(20)
Office furniture and equipment	350	350	475	(125)
Safety equipment	250	250	0	250
Service contracts	350	350	0	350
Miscellaneous expense	300	300	240	60
Mandatory drug testing	250	250	0	250
Total Director's Office	235,290	235,290	231,659	3,631

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Highway Division:				
Salaries	291,146	291,146	247,512	43,634
Overtime	4,000	4,000	1,702	2,298
Longevity	7,007	7,007	6,081	926
Payroll taxes and benefits	174,990	174,990	152,256	22,734
Heat and electricity	28,050	28,050	19,045	9,005
Education and training	250	250	0	250
Safety equipment	1,500	1,500	301	1,199
Uniforms and equipment	3,088	3,088	1,448	1,640
Purchased services	9,000	9,000	5,777	3,223
Road signs and miscellaneous expense	7,500	7,500	6,712	788
Drainage	0	0	3,096	(3,096)
Tools	1,500	1,500	64	1,436
Total Highway Division	528,031	528,031	443,994	84,037
Maintenance Division - Buildings, Grounds and Parks:				
Salaries	81,646	81,646	81,493	153
Salaries - grass cutting	8,521	8,521	3,616	4,905
Salaries - GMP Winsor park support	3,154	3,154	1,837	1,317
Longevity	1,905	1,905	1,904	1
Payroll taxes and benefits	42,897	42,897	40,738	2,159
Supplies	6,700	6,700	5,748	952
Safety equipment	400	400	101	299
Purchased services	10,000	10,000	9,761	239
Uniforms and equipment	600	600	380	220
Miscellaneous expense	4,000	4,000	2,187	1,813
Repairs, maintenance and construction materials	15,000	15,000	16,977	(1,977)
Tools	1,000	1,000	711	289
Heat and electricity - GMP	1,500	1,500	1,139	361
Security - GMP	350	350	341	9
Telephone - GMP	1,020	1,020	1,003	17
Total Maintenance Division - Buildings, Grounds and Parks	178,693	178,693	167,936	10,757

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUNDSCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Maintenance Division - Vehicle and Equipment:				
Salaries	91,497	91,497	61,884	29,613
Overtime	1,300	1,300	0	1,300
Longevity	1,755	1,755	0	1,755
Payroll taxes and benefits	46,202	46,202	28,861	17,341
Safety equipment	600	600	0	600
Purchased services	15,000	15,000	11,691	3,309
Service contracts	650	650	0	650
Uniforms and equipment	1,200	1,200	875	325
Education and training	0	0	65	(65)
Miscellaneous expense	6,500	6,500	6,819	(319)
Gasoline	90,500	90,500	62,466	28,034
Lubricating oil	6,000	6,000	5,072	928
Diesel fuel	90,500	90,500	55,856	34,644
Repair parts	74,000	74,000	70,356	3,644
Equipment	900	900	0	900
Tools	4,500	4,500	5,097	(597)
Tires and tubes	18,000	18,000	13,105	4,895
Total Maintenance Division - Vehicle and Equipment	449,104	449,104	322,147	126,957
Waste Disposal Division:				
Salaries	90,917	90,917	99,993	(9,076)
Overtime	5,000	5,000	5,096	(96)
Longevity	1,387	1,387	2,270	(883)
Youth litter corps	3,000	3,000	2,518	482
Payroll taxes and benefits	34,673	34,673	36,847	(2,174)
Telephone	500	500	226	274
Heat and electricity	3,800	3,800	3,479	321
Safety equipment	300	300	122	178
Advertising	200	200	33	167
Uniforms and equipment	1,000	1,000	331	669
Miscellaneous expense	2,000	2,000	1,844	156
Tipping fees	110,000	110,000	105,638	4,362
Total Waste Disposal Division	252,777	252,777	258,397	(5,620)
Total Public Works	1,643,895	1,643,895	1,424,133	219,762

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Recreation and Senior Center:				
Recreation:				
Director salary	14,716	14,716	14,716	0
Assistant director salary	600	600	600	0
Salaries - swim, tennis, arts and crafts	56,715	56,715	52,088	4,627
Police detail - July 4th	600	600	430	170
Payroll taxes and benefits	9,809	9,809	8,245	1,564
Advertising	400	400	0	400
Telephone	700	700	629	71
Electricity - beaches and Winsor	500	500	503	(3)
Food license - GMP	150	150	0	150
Water testing - beaches and GMP	500	500	300	200
Materials and equipment	2,700	2,700	809	1,891
Miscellaneous expense	0	0	331	(331)
Recreation programs	15,000	15,000	13,295	1,705
Total Recreation	102,390	102,390	91,946	10,444
Senior Center:				
Director's salary	31,438	31,438	31,438	0
Senior meal site - kitchen aid	12,202	12,202	15,206	(3,004)
Maintenance - custodian	20,229	20,229	19,931	298
Salary - information tech, specialist	0	0	2,149	(2,149)
Longevity	965	965	786	179
Payroll taxes and benefits	30,807	30,807	28,053	2,754
Electricity, heat, propane, and diesel	19,100	19,100	20,410	(1,310)
Telephone	1,000	1,000	712	288
Internet and cable	1,000	1,000	802	198
Janitorial supplies	1,500	1,500	1,795	(295)
Repair/maintenance/construction materials	1,200	1,200	2,314	(1,114)
Programs and activities	11,500	11,500	9,852	1,648
Publications and subscriptions	0	0	343	(343)
Supplies	2,000	2,000	1,772	228
Equipment	500	500	0	500
Other purchased services	4,900	4,900	5,296	(396)
License fees	565	565	0	565
Miscellaneous	1,500	1,500	1,460	40
Water testing	1,000	1,000	1,596	(596)
Computer equipment and supplies	2,800	2,800	3,872	(1,072)
Advertising	750	750	116	634
Total Senior Center	144,956	144,956	147,903	(2,947)
Total Recreation and Senior Center	247,346	247,346	239,849	7,497

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Social Services:				
Human Services Department:				
Director's salary	10,300	10,300	10,300	0
Van drivers salary	26,016	26,016	23,119	2,897
Payroll taxes and benefits	11,930	11,930	9,542	2,388
Telephone	600	600	472	128
Advertising	1,000	1,000	783	217
Miscellaneous expense	500	500	166	334
Total Human Services Department	50,346	50,346	44,382	5,964
Total Social Services	50,346	50,346	44,382	5,964
Other Operational Expenses:				
Town Hall:				
Utilities	47,900	47,900	43,983	3,917
Postage, meter and supplies	19,000	19,000	15,249	3,751
Office and computer supplies	22,500	22,500	15,591	6,909
Security	1,600	1,600	1,609	(9)
Computer systems - purchases, support, repairs	73,585	73,585	59,667	13,918
Advertising	9,500	9,500	10,349	(849)
Internet service	5,000	5,000	2,921	2,079
Telephone, modem, fax and TDD	7,000	7,000	5,269	1,731
Copier rental	9,900	9,900	3,144	6,756
RI League of Cities and Towns membership	3,960	3,960	3,960	0
Insurance - property/liability/other	135,000	135,000	207,490	(72,490)
Unemployment compensation	5,000	5,000	5,910	(910)
Retired personnel cost	36,804	36,804	12,300	24,504
Office furniture and equipment	0	0	14,472	(14,472)
Bond issuance cost - disclosure fee	1,625	1,625	8,075	(6,450)
Total Other Operational Expenses	378,374	378,374	409,989	(31,615)
Aid Requests:				
Aid to Libraries:				
Glocester Manton	126,556	126,556	126,556	0
Harmony	181,577	181,577	181,577	0
Total Aid to Libraries	308,133	308,133	308,133	0
Cultural Services:				
Glocester light infantry - Memorial day parade	1,000	1,000	1,000	0
Total Cultural Services	1,000	1,000	1,000	0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Social Services:				
Glocester Little League	3,400	3,400	3,400	0
Glocester Senior Association	1,000	1,000	1,000	0
NW Community Nursing & Health Service	16,000	16,000	4,000	12,000
Total Social Services	20,400	20,400	8,400	12,000
Total Aid Requests	329,533	329,533	317,533	12,000
Chepachet Village Planning Commission	0	0	40	(40)
Education:				
Foster-Glocester Region	9,328,376	9,328,376	9,328,376	0
Total Education	9,328,376	9,328,376	9,328,376	0
Debt Service:				
Non-School Bonds:				
Road bond 2001 - 2016	277,203	277,203	277,203	0
Land trust bond 2003 - 2012	56,150	56,150	56,150	0
Senior center 2007 - 2027	156,132	156,132	156,131	1
Land trust open space	25,000	25,000	0	25,000
Total Non-School Bonds	514,485	514,485	489,484	25,001
School Bonds:				
Building construction 1998 - 2012	342,968	342,968	342,968	0
Fogarty roof reconstruction 2007 - 2027	70,388	70,388	70,373	15
Total School Bonds	413,356	413,356	413,341	15
Total Debt Service	927,841	927,841	902,825	25,016
Total Expenditures	16,221,610	16,221,610	16,225,711	(4,101)
Excess of revenues over (under) expenditures before other financing sources (uses)	7,696,094	7,696,094	7,671,597	(24,497)

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Budgetary <u>Basis</u>	<u>Variance</u>
Other Financing Sources (Uses):				
Proceeds from bond issuance	0	0	500,000	500,000
Proceeds from leasing	0	0	14,472	14,472
Appropriated fund balance	70,000	70,000	70,000	0
Transfer to Glocester School Department	(6,372,035)	(6,372,035)	(6,372,035)	0
Transfer to capital reserve fund	(488,770)	(488,770)	(488,770)	0
Transfer to storm/snow related services	(329,011)	(329,011)	(329,011)	0
Transfer to comprehensive plan 5-year update	(2,500)	(2,500)	(2,500)	0
Transfer to revaluation reserve account	(50,000)	(50,000)	(50,000)	0
Transfer to grants - matching funds	(3,200)	(3,200)	(4,480)	(1,280)
Transfer to food bank	(6,500)	(6,500)	(6,500)	0
Transfer to emergency energy	(5,000)	(5,000)	(5,000)	0
Transfer to Citizens and Students Together	(4,253)	(4,253)	(4,253)	0
Transfer to independence day parade	(10,000)	(10,000)	(10,000)	0
Transfer to accrued compensated absences	(59,000)	(59,000)	(59,000)	0
Transfer to capital - FM Global Phase II	(435,825)	(435,825)	(435,825)	0
Transfer to historic records trust	0	0	(2,582)	(2,582)
Transfer to Pollard legislation	0	0	(150)	(150)
Transfer to FEMA grants	0	0	(4,285)	(4,285)
Transfer to health reserve	0	0	(45,867)	(45,867)
Transfer to computer system maintenance	0	0	(16,000)	(16,000)
Transfer to service contracts - radio equipment	0	0	(13,000)	(13,000)
Transfer to police equipment maintenance	0	0	(5,268)	(5,268)
Net other financing uses	(7,696,094)	(7,696,094)	(7,270,054)	426,040
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 0	\$ 0	\$ 401,543	\$ 401,543

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLANDGLOCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
Revenues:				
State aid	\$ 2,571,398	\$ 2,571,398	\$ 2,415,142	\$ (156,256)
Federal State Fiscal Stabilization Funds	158,102	158,102	124,779	(33,323)
Pension reform	116,091	116,091	0	(116,091)
PK coordinator	30,924	30,924	0	(30,924)
Tuitions	77,708	77,708	174,446	96,738
Rental income	60,912	60,912	59,220	(1,692)
Earnings on investments	12,000	12,000	6,484	(5,516)
Other	0	0	59,106	59,106
Total revenues	3,027,135	3,027,135	2,839,177	(187,958)
Expenditures:				
Fogarty Memorial:				
Classroom instruction	27,386	27,386	22,042	5,344
Kindergarten	770	770	331	439
Art	1,180	1,180	1,173	7
Computer education	9,625	9,625	20,706	(11,081)
English, language arts	11,000	11,000	22,808	(11,808)
Health education	650	650	725	(75)
Mathematics	4,300	4,300	1,646	2,654
Music	990	990	710	280
Science	6,000	6,000	440	5,560
Physical education	750	750	0	750
Curriculum development	3,375	3,375	0	3,375
School library	7,075	7,075	7,164	(89)
Audio-visual services	1,170	1,170	1,156	14
Speech	613	613	321	292
Resource program	1,150	1,150	1,070	80
Self-contained program	500	500	570	(70)
Social work services	200	200	137	63
Psychological services	600	600	310	290
Health services	2,650	2,650	3,236	(586)
School management	18,325	18,325	18,120	205
Total Fogarty Memorial	98,309	98,309	102,665	(4,356)

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLANDGLOUCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	<u>Originally Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
West Gloucester:				
Classroom instruction	19,537	19,537	58,527	(38,990)
Kindergarten	1,000	1,000	740	260
Art	3,000	3,000	2,750	250
Computer education	9,270	9,270	44,974	(35,704)
English, language arts	11,200	11,200	21,805	(10,605)
Health education	895	895	347	548
Mathematics	6,700	6,700	6,866	(166)
Music	1,075	1,075	1,064	11
Science	6,000	6,000	175	5,825
Physical education	400	400	0	400
Curriculum development	3,325	3,325	0	3,325
School library	8,200	8,200	7,718	482
Audio-visual services	1,800	1,800	1,895	(95)
Speech	650	650	1,153	(503)
Resource program	1,900	1,900	979	921
Self-contained program	3,150	3,150	2,910	240
Pre-school program	1,300	1,300	700	600
Social work services	425	425	345	80
Psychological services	900	900	803	97
Health services	2,650	2,650	11,265	(8,615)
School management	25,500	25,500	29,110	(3,610)
Total West Gloucester	108,877	108,877	194,126	(85,249)
Central Administration:				
System-wide management	37,485	37,485	38,240	(755)
Fiscal services	121,041	121,041	28,577	92,464
Data processing	26,020	26,020	20,506	5,514
Policy formation	4,840	4,840	4,658	182
Legal services	40,000	40,000	75,315	(35,315)
Non-public textbooks	3,500	3,500	654	2,846
Total Central Administration	232,886	232,886	167,950	64,936

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGLOCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
System-Wide:				
Curriculum development	1,000	1,000		1,000
Network services	21,650	21,650	3,555	18,095
Special education services	18,350	18,350	145,823	(127,473)
Operations - buildings/grounds	308,900	308,900	220,750	88,150
Food service repair	1,500	1,500	0	1,500
Transportation, regular	1,193,990	1,193,990	1,124,733	69,257
Transportation, special education	255,000	255,000	159,771	95,229
Total System-Wide	1,800,390	1,800,390	1,654,632	145,758
Salaries and Fringes:				
Classroom instruction	2,695,071	2,695,071	2,927,916	(232,845)
Kindergarten instruction	180,634	180,634	173,632	7,002
School library	90,042	90,042	91,874	(1,832)
Resource program	273,024	273,024	144,834	128,190
Self-contained program	376,751	376,751	227,573	149,178
Self-contained S/P/M	102,124	102,124	6,043	96,081
Self education pre-school	82,237	82,237	0	82,237
Social work services	58,488	58,488	58,488	0
Psychological services	70,631	70,631	71,656	(1,025)
Health services	187,621	187,621	91,229	96,392
Operation and maintenance of plant	251,402	251,402	227,261	24,141
Bus transportation, regular	100,000	100,000	78,344	21,656
Bus transportation, special education	46,000	46,000	25,486	20,514
System-wide management	190,517	190,517	126,594	63,923
School management	262,808	262,808	267,672	(4,864)
Policy formation	7,080	7,080	12,984	(5,904)
Fringe benefits	2,304,278	2,304,278	1,839,638	464,640
Total Salaries and Fringes	7,278,708	7,278,708	6,371,224	907,484
Total expenditures	9,519,170	9,519,170	8,490,597	1,028,573
Excess of revenues under expenditures before other financing sources (uses)	(6,492,035)	(6,492,035)	(5,651,420)	840,615

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGLOCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010**

	Originally Adopted <u>Budget</u>	Final Approved <u>Budget</u>	Actual (Budgetary Basis)	<u>Variance</u>
<i>Other Financing Sources (Uses):</i>				
Transfers from Town	6,372,035	6,372,035	6,372,035	0
Transfer from other funds	0	0	254,729	254,729
Appropriated fund balance	120,000	120,000	120,000	0
<i>Net Other Financing Sources</i>	<u>6,492,035</u>	<u>6,492,035</u>	<u>6,746,764</u>	<u>254,729</u>
 <i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 1,095,344</u>	 <u>\$ 1,095,344</u>

(CONCLUDED)

TOWN OF GLOCESTER

STATISTICAL SECTION

This part of the Town of Gloucester'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 government's overall financial health.

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and present non-accounting data such as social and economic data and financial trends of the Town.

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	110-114
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	115-118
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	119-123
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	124-125
Operation Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	126-128

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

TOWN OF GLOCESTER

**REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



Schedule 1
Town of Gloucester, Rhode Island
Net assets by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government									
Governmental activities									
Invested in capital assets, net of related debt	\$ 6,947,682	\$ 6,415,727	\$ 7,458,139	\$ 9,104,096	\$ 11,114,122	\$ 10,596,849	\$ 12,183,517	\$ 12,366,231	\$ 13,195,876
Restricted	1,251,225	1,092,710	636,135	689,700	794,823	1,263,293	1,255,618	571,210	3,100
Unrestricted	3,505,981	5,082,013	5,787,078	5,623,019	4,703,857	5,614,738	5,459,871	6,267,056	8,268,698
Total governmental activities net assets	\$ 11,704,888	\$ 12,590,450	\$ 13,881,352	\$ 15,416,815	\$ 16,612,802	\$ 17,474,880	\$ 18,899,006	\$ 19,204,497	\$ 21,467,674
Business-type activities									
Invested in capital assets, net of related debt									
Restricted									
Unrestricted							\$ 22,364	\$ 23,468	\$ 43,413
Total business-type activities net assets	\$ -	\$ 22,364	\$ 23,468	\$ 43,413					
Primary government									
Invested in capital assets, net of related debt	\$ 6,947,682	\$ 6,415,727	\$ 7,458,139	\$ 9,104,096	\$ 11,114,122	\$ 10,596,849	\$ 12,183,517	\$ 12,366,231	\$ 13,195,876
Restricted	1,251,225	1,092,710	636,135	689,700	794,823	1,263,293	1,255,618	571,210	3,100
Unrestricted	3,505,981	5,082,013	5,787,078	5,623,019	4,703,857	5,614,738	5,482,235	6,290,524	8,312,111
Total primary government net assets	\$ 11,704,888	\$ 12,590,450	\$ 13,881,352	\$ 15,416,815	\$ 16,612,802	\$ 17,474,880	\$ 18,921,370	\$ 19,227,965	\$ 21,511,087

Note: Statement of Net Assets was first instituted in FY 2002

Schedule 2
Town of Glocester, Rhode Island
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
Administration	\$ 1,309,894 (1)	\$ 642,802	\$ 680,183	\$ 781,344	\$ 719,930	\$ 864,730	\$ 962,851	\$ 827,540	\$ 816,185
Finance	462,948	398,665	430,663	451,843	460,801	512,820	564,677	614,551	584,712
Public safety	1,306,576	1,321,545	1,390,182	1,555,487	1,631,389	1,742,763	1,900,041	2,084,153	1,911,181
Public works	1,510,104	1,723,478	1,684,156	2,081,657	2,004,415	2,169,528	2,355,418	2,871,973	2,130,372
Recreation	93,568	98,248	103,619	104,517	138,008	243,353	285,306	328,676	368,063
Social services	391,545	360,349	627,325	403,310	372,878	377,340	386,997	534,967	383,393
Overhead	194,224	240,876	341,745	296,016	277,190	305,365	307,052	417,912	265,543
Aid requests	264,829	280,248	292,304	297,190	307,151	330,853	344,868	333,083	317,533
Education	13,632,027	14,679,977	14,906,109	15,822,821	16,913,683	17,728,396	18,725,978	19,212,152	19,107,353
Interest on debt	306,417	293,954	267,061	236,219	215,994	263,100	295,357	260,885	236,437
Glocester Land Trust	41,936	65,279	65,951	87,810	100,470	90,368	81,473	1,487	-
Total governmental activities expenses	\$ 19,514,068	\$ 20,105,421	\$ 20,789,298	\$ 22,118,214	\$ 23,141,909	\$ 24,628,616	\$ 26,210,018	\$ 27,487,379	\$ 26,120,772
Business-type activities:									
School Lunch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,788	\$ 153,610	\$ 124,224
Total primary government expenses	\$ 19,514,068	\$ 20,105,421	\$ 20,789,298	\$ 22,118,214	\$ 23,141,909	\$ 24,628,616	\$ 26,365,806	\$ 27,640,989	\$ 26,244,996
Program Revenues									
Governmental activities:									
Charges for services:									
Administration	\$ 477,918	\$ 399,872	\$ 412,486	\$ 449,142	\$ 435,853	\$ 407,245	\$ 359,774	\$ 352,433	\$ 329,306
Finance	9,400	-	12,471	17,155	15,816	8,197	12,108	26,214	10,949
Public safety	149,305	109,242	95,018	123,031	133,606	141,522	102,047	129,937	111,540
Public works	6,798	3,783	7,017	8,362	16,699	12,394	21,881	42,477	45,494
Recreation	3,055	-	3,865	2,237	4,184	3,504	4,066	6,662	8,826
Social services	133,476	-	-	-	-	3,230	4,313	23,107	53,629
Overhead	214,469	-	-	115,968	-	-	-	-	15,816
Aid requests	-	-	-	-	-	-	-	-	-
Education	135,498	-	-	76,215	229,229	211,683	148,131	184,493	292,772
Operating grants and contributions:									
Administration	11,446	-	49,693	78,092	8,585	471	68,500	146,712	152,325
Finance	-	-	110	-	-	-	-	-	-
Public safety	35,988	-	36,189	83,829	50,119	75,287	59,752	13,668	15,931
Public works	4,125	-	-	-	24,700	-	-	-	82,615
Recreation	-	-	-	-	25,770	10,079	13,714	20,726	22,308
Social services	427,390	216,392	430,309	147,010	249,169	371,759	263,902	474,412	487,188
Overhead	-	-	66,250	-	-	-	-	-	-
Education	3,642,623	3,656,457	4,141,248	3,640,801	3,957,144	4,208,544	3,995,286	3,783,450	3,622,793
Interest	-	-	-	-	197,070	199,208	206,509	-	-

Schedule 2
Town of Glocester, Rhode Island
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital grants and contributions:									
Administration	-	-	-	526,384	-	-	-	-	-
Public safety	45,149	-	156,193	24,086	119,023	6,000	3,000	61,597	101,248
Public works	-	-	-	118,615	-	-	34,738	108,705	292,414
Recreation and cultural services	82,712	-	-	-	-	46,436	-	-	-
Social services	-	-	-	163,346	149,517	-	-	-	-
Overhead	-	-	13,218	-	-	-	-	-	-
Education	-	11,056	-	221,655	-	-	-	255,832	216,945
Total governmental activities program revenues	\$ 5,379,352	\$ 4,396,802	\$ 5,424,067	\$ 5,795,928	\$ 5,616,484	\$ 5,705,559	\$ 5,297,721	\$ 5,630,425	\$ 5,862,099
Business-type activities:									
Charges for services:									
School Lunch	-	-	-	-	-	-	\$ 84,370	\$ 80,130	\$ 63,167
Operating grants and contributions:									
School Lunch	-	-	-	-	-	-	73,176	74,584	81,002
Total business-type activities program revenues	\$ -	\$ 157,546	\$ 154,714	\$ 144,169					
Total primary government revenues	\$ 5,379,352	\$ 4,396,802	\$ 5,424,067	\$ 5,795,928	\$ 5,616,484	\$ 5,705,559	\$ 5,455,267	\$ 5,785,139	\$ 6,006,268
Net (expenses) revenues:									
Governmental activities	\$(14,134,716)	\$(15,708,619)	\$(15,365,231)	\$(16,322,286)	\$(17,525,425)	\$(18,923,057)	\$(20,912,297)	\$(21,856,954)	\$(20,258,673)
Business-type activities	-	-	-	-	-	-	1,758	1,104	19,945
Total primary government net expense	\$(14,134,716)	\$(15,708,619)	\$(15,365,231)	\$(16,322,286)	\$(17,525,425)	\$(18,923,057)	\$(20,910,539)	\$(21,855,850)	\$(20,238,728)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes, levied for general purposes	\$ 13,539,993	\$ 14,273,271	\$ 14,839,021	\$ 15,959,350	\$ 16,669,163	\$ 17,616,681	\$ 19,114,197	\$ 20,634,864	\$ 22,953,234
Unrestricted investment earnings	309,560	229,431	152,654	182,589	240,483	285,429	279,633	154,478	118,156
Other general revenues	1,375,554	2,091,479	1,664,459	1,746,283	1,811,766	2,025,214	2,785,647	1,436,958	-
Transfers to component unit	-	-	-	-	-	-	-	(63,855)	(549,540)
Total primary government	\$ 15,225,107	\$ 16,594,181	\$ 16,656,134	\$ 17,888,222	\$ 18,721,412	\$ 19,927,324	\$ 22,179,477	\$ 22,162,445	\$ 22,521,850
Change in Net Assets									
Governmental activities	\$ 1,090,391	\$ 885,562	\$ 1,290,903	\$ 1,565,936	\$ 1,195,987	\$ 1,004,267	\$ 1,267,180	\$ 305,491	\$ 2,263,177
Business-type activities	-	-	-	-	-	-	1,758	1,104	19,945
Total primary government	\$ 1,090,391	\$ 885,562	\$ 1,290,903	\$ 1,565,936	\$ 1,195,987	\$ 1,004,267	\$ 1,268,938	\$ 306,595	\$ 2,283,122

Note: Statement of Net Assets was first instituted in FY 2002

(1) \$500,000 transferred to Component Unit

Schedule 3
Town of Glocester, Rhode Island
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ -	\$ 7,868	\$ 9,610	\$ 10,283	\$ 10,528	\$ 9,524	\$ 21,523	\$ 13,960	\$ 33,805	\$ 15,480
Unreserved	2,930,754	3,561,879	3,705,287	3,718,881	4,321,639	4,554,671	4,317,178	4,225,999	3,896,715	4,246,583
Total general fund	<u>\$ 2,930,754</u>	<u>\$ 3,569,747</u>	<u>\$ 3,714,897</u>	<u>\$ 3,729,164</u>	<u>\$ 4,332,167</u>	<u>\$ 4,564,195</u>	<u>\$ 4,338,701</u>	<u>\$ 4,239,959</u>	<u>\$ 3,930,520</u>	<u>\$ 4,262,063</u>
Education										
Reserved	\$ 82,549	\$ 133,290	\$ 221,577	\$ 297,752	\$ 376,072	\$ 149,861	\$ -	\$ 2,435	\$ 122,988	\$ 60,323
Unreserved	403,040	501,792	238,615	157,698	289,086	312,886	415,693	345,913	607,566	1,645,575
Total education fund	<u>\$ 485,589</u>	<u>\$ 635,082</u>	<u>\$ 460,192</u>	<u>\$ 455,450</u>	<u>\$ 665,158</u>	<u>\$ 462,747</u>	<u>\$ 415,693</u>	<u>\$ 348,348</u>	<u>\$ 730,554</u>	<u>\$ 1,705,898</u>
Road Bond Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,947,140	1,648,151	985,706	264,275	12,463	-	-	-	-	-
Total road bond fund	<u>\$ 2,947,140</u>	<u>\$ 1,648,151</u>	<u>\$ 985,706</u>	<u>\$ 264,275</u>	<u>\$ 12,463</u>	<u>\$ -</u>				
Senior Center Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	(697,290)	-	-	-	-
Total senior center fund	<u>\$ -</u>	<u>\$ (697,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Capital Reserve Project Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	749,049	715,966	545,660	748,087
Total capital reserve project fund	<u>\$ -</u>	<u>\$ 749,049</u>	<u>\$ 715,966</u>	<u>\$ 545,660</u>	<u>\$ 748,087</u>					
All Other Governmental Funds										
Reserved:										
Perpetual care	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100
Unreserved, reported in:										
Special revenue funds:										
Education	51,857	133,476	182,141	388,967	285,511	202,841	283,828	407,025	540,289	283,763
Other	270,623	214,469	345,542	612,148	891,479	786,426	1,159,170	1,157,433	1,403,119	1,714,349
Capital projects funds	217,207	250,225	486,481	1,050,171	1,038,794	1,002,637	1,325,501	702,232	836,151	852,039
Permanent Fund	9,166	9,258	9,329	9,391	9,448	9,505	9,202	9,238	9,247	9,261
Total all other governmental funds	<u>\$ 551,953</u>	<u>\$ 610,528</u>	<u>\$ 1,026,593</u>	<u>\$ 2,063,777</u>	<u>\$ 2,228,332</u>	<u>\$ 2,004,509</u>	<u>\$ 2,780,801</u>	<u>\$ 2,279,028</u>	<u>\$ 2,791,906</u>	<u>\$ 2,862,512</u>

Schedule 4
Town of Glocester, Rhode Island
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified basis of accounting)
Unaudited

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
General property taxes	\$ 13,288,344	\$ 13,707,452	\$ 14,336,144	\$ 14,854,992	\$ 15,929,478	\$ 16,617,506	\$ 17,605,367	\$ 19,184,312	\$ 20,575,766	\$ 21,898,410
Intergovernmental and departmental revenue	5,150,630	5,513,480	5,505,830	6,285,993	6,078,886	6,791,868	7,094,716	6,665,094	5,998,069	5,539,730
Licenses and fees	216,266	604,768	518,966	530,857	599,500	583,136	552,183	482,153	510,253	472,033
Interest on investments	391,490	309,560	229,431	152,654	182,589	240,483	285,429	273,633	154,478	118,156
Other revenues	331,075	259,360	342,772	309,898	337,441	56,031	140,634	166,449	308,447	435,119
Intergovernmental-pension contribution	-	-	-	-	-	-	-	-	246,586	285,107
Total revenues	\$ 19,377,805	\$ 20,394,620	\$ 20,933,143	\$ 22,134,394	\$ 23,127,894	\$ 24,289,024	\$ 25,678,329	\$ 26,771,641	\$ 27,793,599	\$ 28,748,555
Expenditures										
Central Administration	\$ 611,910	\$ 1,315,516 (2)	\$ 617,933	\$ 651,535	\$ 746,646	\$ 748,833	\$ 831,213	\$ 988,144	\$ 785,565	\$ 766,545
Finance Administration	343,345	393,814	395,878	427,876	448,282	457,795	509,814	561,671	596,070	587,715
Public Safety Department	1,042,957	1,279,260	1,317,022	1,381,045	1,579,176	1,920,978	1,829,558	1,873,749	1,804,769	1,791,933
Public Works Department	1,297,453	1,206,019	1,436,474	1,329,747	1,640,900	2,330,629	1,858,272	2,273,444	1,871,028	1,555,594
Recreation Department	75,894	79,812	81,806	84,488	85,386	151,231	1,903,600	202,247	230,431	273,980
Social Services (3)	434,615	391,545	360,349	627,325	398,970	1,315,902	483,269	499,160	530,627	379,053
Operational expenses	379,784	209,226	264,411	320,964	253,774	277,190	355,075	307,052	294,543	404,529
Aid Request	251,953	264,829	280,248	292,304	297,190	307,151	330,853	344,868	333,083	317,533
Education-Elementary	7,860,491	7,958,712	8,725,251	8,948,302	9,316,350	10,199,745	10,152,139	10,843,415	9,509,781	9,292,913
Education-Secondary-Regional (1)	5,531,346	5,568,735	5,880,258	5,874,319	6,280,537	6,614,229	7,385,896	8,476,681	9,340,823	9,328,376
Glocester Land Trust	-	41,936	65,279	65,951	87,810	100,470	90,368	81,473	65,342	549,540
Intergovernmental-pension contribution	-	-	-	-	-	-	-	-	246,586	285,107
Capital Outlay	608,237	1,799,091	869,431	920,084	738,299	-	-	-	818,159	1,213,379
Principal	391,611	555,000	615,000	615,000	620,000	597,235	587,677	708,616	689,658	697,741
Interest	183,259	308,053	299,923	270,174	242,071	216,217	235,524	291,458	261,795	233,669
Bond issuance costs	-	-	-	-	-	-	-	-	-	5,500
Total Expenditures	\$ 19,012,855	\$ 21,371,548	\$ 21,209,263	\$ 21,809,114	\$ 22,735,391	\$ 25,237,605	\$ 26,553,258	\$ 27,451,978	\$ 27,378,260	\$ 27,683,107
Excess of revenues over (under) expenditures	\$ 364,950	\$ (976,928)	\$ (276,120)	\$ 325,280	\$ 392,503	\$ (948,581)	\$ (874,929)	\$ (680,337)	\$ 415,339	\$ 1,065,448
Other Financing Sources (uses)										
Proceeds of capital leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,622	\$ -	\$ -	\$ -	\$ 14,472
Transfers from other funds	4,773,045	5,324,135	5,498,652	6,306,080	6,289,430	7,154,328	7,479,823	7,291,361	8,166,617	8,582,238
Transfers to other funds	(4,828,217)	(5,324,135)	(5,498,652)	(6,306,080)	(6,289,430)	(7,154,328)	(7,479,823)	(7,291,361)	(8,166,617)	(8,582,238)
Proceeds from issuance of bonds	3,000,000	500,000	-	-	-	-	2,965,000	-	-	500,000
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,944,828	500,000	-	-	-	44,622	2,965,000	-	-	514,472
Net change in fund balances	\$ 3,309,778	\$ (476,928)	\$ (276,120)	\$ 325,280	\$ 392,503	\$ (903,959)	\$ 2,090,071	\$ (680,337)	\$ 415,339	\$ 1,579,920
Debt service as a percentage of noncapital expenditures	3.1%	4.4%	4.5%	4.2%	3.9%	3.2%	3.4%	3.8%	3.6%	3.5%

Note: This schedule includes revenues and expenditures of the General Fund, Special Revenue Funds and Capital Projects Funds

- (1) This line in the schedule includes only the Town of Glocester's portion of the Foster Glocester Regional School District expenses
- (2) This amount includes \$500,000 of bond proceeds transferred to Component Unit (Land Trust)
- (3) In fiscal 2006, Senior Center construction costs were expended as social services. In fiscal 2007, Senior Center expenditures, including construction costs, were deemed more appropriately classified in the recreation department.

Schedule 5
Town of Glocester, Rhode Island
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2001	\$ 444,639,810	\$ 31,960,190	\$ 56,396,459	\$ 17,936,970	\$ 39,670,102	\$ 511,263,327	\$ 26.12	\$ 633,067,309	80.76%
2002	450,926,660	33,034,970	58,848,158	17,651,150	44,993,619	515,467,319	26.71	716,660,194	71.93%
2003 (1)	639,256,200	40,714,200	61,584,633	20,448,920	71,686,402	690,317,551	19.83	708,453,973	97.44%
2004	636,491,310	41,684,000	66,117,524	18,058,950	72,253,598	690,098,186	19.98	901,255,161	76.57%
2005	646,917,330	42,092,500	66,320,776	20,777,410	73,615,598	702,492,418	20.91	1,020,715,842	68.82%
2006 (2)	1,046,152,900	60,266,600	74,726,668	19,725,790	109,661,463	1,091,210,495	13.56	1,109,291,953	98.37%
2007	1,058,215,120	59,778,900	84,266,684	20,458,860	117,330,916	1,105,388,648	14.24	1,324,707,457	83.44%
2008	1,067,493,900	60,015,000	86,124,833	20,463,280	125,302,544	1,108,794,469	15.66	1,231,235,068	90.06%
2009 (2)	1,059,225,120	65,090,700	88,301,288	18,618,060	130,448,838	1,100,786,330	17.03	1,199,136,425	91.80%
2010	1,065,503,820	66,145,300	79,407,366	18,620,740	136,245,603	1,093,431,623	17.98	1,109,017,190	98.59%

Source: Town of Glocester Tax Assessor

- (1) Full revaluations are performed every nine years. The last full revaluation was performed as of December 31, 2001, which affects fiscal year 2003.
(2) Statistical revaluations are performed every three years, except in the years a full revaluation is performed. Statistical revaluations were performed as of December 31, 2004 and December 31, 2007, which affect fiscal years 2006 and 2009, respectively.

Note: The next full revaluation will be performed as of December 31, 2010.

Schedule 6
Town of Glocester, Rhode Island
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
Unaudited

Fiscal Year	Town Direct Rates (a)					Total Effective Rate (b)	Overlapping Rates (c)		
	Real Property		Motor Vehicles	Tangible Property			Chepachet Fire District	Harmony Fire District	West Glocester Fire District
	Residential	Commercial		Personal	Inventory				
2001	26.12	26.12	24.37	26.12	20.11	25.97	0.90	1.72	1.65
2002	26.71	26.71	24.37	26.71	17.60	26.51	0.90	1.72	1.65
2003	19.83	19.83	24.37	27.00	15.08	20.26	0.90	1.44	1.35
2004	19.98	19.98	24.37	27.20	12.56	20.40	1.00	1.44	1.55
2005	20.91	20.91	24.37	28.46	10.06	21.28	1.00	1.49	1.35
2006	13.56	15.55	24.37	29.65	7.55	14.34	0.75	1.55	1.30
2007	14.24	16.33	24.37	31.14	5.04	15.00	0.75	1.20	1.30
2008	15.66	17.91	24.37	31.32	2.52	16.36	0.75	1.20	1.30
2009	17.03	19.37	24.37	33.92	-	17.75	0.75	1.20	1.30
2010	17.98	20.43	24.37	35.80	-	18.64	0.75	1.20	1.30

- (a) The Direct rates are derived from the records of the Town's Tax Assessor.
(b) The Total Effective Rate = Total Tax levy ÷ Total Assessed Value of all property.
(c) Overlapping rates are those of the local fire districts within the Town of Glocester that apply only to owners within the named districts.
For example, the Chepachet Fire District rates do not apply to property owners in the Harmony Fire District.

Schedule 7
Town of Glocester, Rhode Island
Principal Property Tax Payers,
Current Year and Nine Years Ago
Principal Payers
Unaudited

Taxpayer	2010				2001			
	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxes assessed (3)	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxes assessed (3)
Factory Mutual Insurance Co. (1)	PILOT	1	PILOT	\$ 1,585,825	\$ 10,160,580	1	1.99%	\$ 265,394
Narragansett Electric, Co.	\$ 8,916,540	2	0.82%	265,217	5,278,321	2	1.03%	177,546
CoxCom	5,262,290	3	0.48%	188,390	1,273,010	4	0.25%	33,251
Criterion Atlantic Property	3,473,740	4	0.32%	89,648	861,270	8	0.17%	22,496
Melody Hill Country Club	3,426,120	5	0.31%	71,432	1,044,730	6	0.20%	27,288
Kopeski Realty LLC	2,988,556	6	0.27%	65,017	1,616,250	3	0.32%	42,216
Providence, City of (PWSB) (2)	2,911,100	9	0.27%	47,253	1,108,960	5	0.22%	28,966
Putnam Pike CVS	2,803,270	7	0.26%	65,250	-	-	-	-
Glocester Country Club	2,656,960	8	0.24%	58,609	1,103,790	6	0.22%	28,831
Adler Brothers Construction	2,075,600	10	0.19%	41,844	-	-	-	-
Kojack LLC	-	-	-	-	863,610	7	0.17%	22,557
NYNEX	-	-	-	-	735,090	9	0.14%	19,201
Totals	\$ 34,514,176		3.16%	\$ 2,478,485	\$ 24,045,611		4.71%	\$ 667,746

Sources: Town of Glocester Tax Assessor and Tax Collector

- (1) In 2003, Factory Mutual Insurance Co., (FMIC) the Town's largest taxpayer, entered into a 20 year payment-in-lieu-of-taxes (PILOT) agreement with the Town. Taxes due to the Town will not be based on assessed value during the time the agreement is in place.
- (2) In 2010, the Providence Water Supply Board (PWSB), an enterprise fund of the City of Providence, entered into a 10 year tax treaty with the Town. Taxes due to the Town will not be based on assessed value during the time the agreement is in place.
- (3) The Taxes assessed columns are displayed here to show that, even though the PILOT amount paid by FMIC is not based on assessments of their property, FMIC continues to be the Town's largest taxpayer.

Schedule 8
Town of Glocester, Rhode Island
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	13,301,028	12,835,987	96.50%	447,680	13,283,667	99.87%
2002	13,660,445	13,248,002	96.98%	396,244	13,644,246	99.88%
2003	13,840,762	13,452,836	97.20%	364,134	13,816,970	99.83%
2004	14,089,356	13,639,788	96.81%	421,808	14,061,596	99.80%
2005	14,976,565	14,553,049	97.17%	395,689	14,948,738	99.81%
2006	15,659,038	15,174,996	96.91%	453,089	15,628,085	99.80%
2007	16,582,272	16,062,164	96.86%	481,247	16,543,411	99.77%
2008	18,144,086	17,589,870	96.95%	514,392	18,104,262	99.78%
2009	19,573,969	19,044,425	97.29%	460,365	19,504,790	99.65%
2010	20,380,911	19,801,648	97.16%		19,801,648	97.16%

Source: Town of Glocester Tax Collector

Schedule 9
Town of Glocester, Rhode Island
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
Unaudited

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita
	General Obligation Bonds	Loan Payable	Capital Lease			
2001	6,835,000	250,000	-	7,085,000	3.11%	701
2002	6,780,000	250,000	-	7,030,000	3.08%	685
2003	6,165,000	250,000	-	6,415,000	2.81%	614
2004	5,550,000	250,000	-	5,800,000	2.54%	550
2005	4,930,000	250,000	-	5,180,000	2.27%	489
2006	4,335,000	247,765	37,661	4,620,426	2.03%	436
2007	6,750,000	210,088	29,429	6,989,517	3.07%	663
2008	6,085,000	166,472	20,569	6,272,041	2.75%	597
2009	5,415,000	152,845	13,401	5,581,246	2.45%	529
2010	5,240,000	136,571	20,261	5,396,832	2.37%	511

Notes: · Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
· See Schedule 14 for personal income and population data.

(a) Ratio is calculated using personal income from 2000 census year.

Schedule 10
Town of Gloucester, Rhode Island
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years
Unaudited

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Total		
2001	6,835,000	6,835,000	1.34%	676.13
2002	6,780,000	6,780,000	1.32%	661.01
2003	6,165,000	6,165,000	0.89%	590.23
2004	5,550,000	5,550,000	0.80%	526.02
2005	4,930,000	4,930,000	0.70%	464.96
2006	4,335,000	4,335,000	0.40%	409.08
2007	6,750,000	6,750,000	0.61%	640.66
2008	6,085,000	6,085,000	0.55%	579.58
2009	5,415,000	5,415,000	0.49%	513.17
2010	5,240,000	5,240,000	0.48%	496.59

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

(a) Actual taxable value equals gross assessed value less exemptions.

(b) Population data can be found in Schedule 14.

Schedule 11
Town of Glocester, Rhode Island
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Estimated Share of Overlapping Debt Less Housing Aid (b)
Debt repaid with property taxes				
Foster-Gloster Regional School District	\$ 55,680,000	65.76% (a)	\$ 36,615,168	\$ 14,441,346
Chepachet Fire District	-	100.00%	-	-
Harmony Fire District	196,656	100.00%	196,656	196,656
West Glocester Fire District	337,251	100.00%	337,251	337,251
Subtotal, overlapping debt			37,149,075	14,975,253
Town direct debt			5,240,000	4,701,000
Total direct and overlapping debt			<u>\$ 42,389,075</u>	<u>\$ 19,676,253</u>

Sources: Debt outstanding data provided by each governmental unit.

- (a) Estimated percentage applicable for the Foster-Glocester Regional School District provided by the State of Rhode Island Office of Municipal Affairs.
- (b) It is anticipated that 62.26% [\$36,224,316] of the Foster-Glocester Regional School District debt will be paid by the State of Rhode Island in the form of housing aid. Similarly, \$1,225,000 of the *Town direct debt* is for the Glocester Schools of which it is estimated that 44.00% [\$539,000] will be paid by housing aid. The *Estimated Share of Overlapping Debt less Housing Aid* column is displayed here to show the net anticipated obligation of the Town.

Schedule 12
Town of Gloucester, Rhode Island
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed Value	\$ 1,093,431,623
Debt limit (3% of assessed value)	32,802,949
Debt applicable to limit:	
General obligation bonds	630,000
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>630,000</u>
Legal debt margin	<u>\$ 32,172,949</u>

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 15,337,900	\$ 15,464,020	\$ 20,709,527	\$ 20,702,946	\$ 21,074,773	\$ 32,736,315	\$ 33,161,659	\$ 33,263,834	\$ 33,023,590	\$ 32,802,949
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>710,000</u>	<u>670,000</u>	<u>630,000</u>
Legal debt margin	<u>\$ 15,337,900</u>	<u>\$ 15,464,020</u>	<u>\$ 20,709,527</u>	<u>\$ 20,702,946</u>	<u>\$ 21,074,773</u>	<u>\$ 32,736,315</u>	<u>\$ 32,411,659</u>	<u>\$ 32,553,834</u>	<u>\$ 32,353,590</u>	<u>\$ 32,172,949</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.26%	2.13%	2.03%	1.92%

Note: With certain exceptions, under the General Laws of the State of Rhode Island, the Town 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 Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town.

Schedule 13
Town of Gloucester, Rhode Island
Pledged-Revenue Coverage,
Last Ten Years
Unaudited

The Town of Gloucester, Rhode Island has no non-general obligation long-term debt backed by pledged revenues.

Schedule 14
Town of Glocester, Rhode Island
Demographic and Economic Statistics,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age(1)	School Enrollment (2)	Unemployment Rate (3)
1999	9,358	136,606,002	14,781	33.3	2,006	3.40%
2000	9,948	227,978,472	22,914	38.2	1,998	3.10%
2001	10,109	227,978,472	22,914	38.2	2,010	3.20%
2002	10,257	227,978,472	22,914	38.2	1,936	3.70%
2003	10,445	227,978,472	22,914	38.2	1,951	4.20%
2004	10,551	227,978,472	22,914	38.2	1,947	3.80%
2005	10,603	227,978,472	22,914	38.2	1,894	3.90%
2006	10,597	227,978,472	22,914	38.2	1,669	4.30%
2007	10,536	227,978,472	22,914	38.2	1,864	3.70%
2008	10,499	227,978,472	22,914	38.2	1,736	5.70%
2009	10,552	227,978,472	22,914	38.2	1,614	9.30%
2010	10,552	227,978,472	22,914	38.2	1,523	9.30%

Sources:

- (1) Population, Personal Income, Per Capita Personal Income, and Median Age obtained from U.S. Census Bureau.
- (2) School enrollment provided by the Foster-Glocester Regional and Glocester School Business Offices.
Enrollment includes students in Glocester Public Schools and Glocester students enrolled in Foster-Glocester Regional Schools.
- (3) Unemployment rates obtained from State of Rhode Island Dept. of Labor and Training.

Schedule 15
 Town of Glocester, Rhode Island
 Principal Employers,
 Current Year and Nine Years Ago
 Unaudited

Employer	2010			2001 (1)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster-Glocester Regional School District	173	1	10.77%			
Town of Glocester	168	2	10.46%			
Harmony Hill School Inc.	140	3	8.72%			
Factory Mutual Insurance Co.	126	4	7.85%			
Dino's Park-n-Shop	87	5	5.42%			
Putnam Pike CVS	37	6	2.30%			
Chester's Restaurant	37	7	2.30%			
Dunkin' Donuts	26	8	1.62%			
Iron Mountain Record Management Co.	25	9	1.56%			
Ferrellgas Inc.	20	10	0.87%			
Total	<u>839</u>		<u>51.87%</u>			

Source: Rhode Island Economic Development Corporation, Rhode Island Department of Labor and Training, and survey of Town businesses.

(1) Data is unavailable for 2001

Schedule 16
Town of Gloucester, Rhode Island
Full-time Equivalent Town Government Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Central Administration										
Town Council	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Town Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Board of Canvassers	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Probate Court	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Building/Zoning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wastewater	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Planning Board	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Zoning Board	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Land Trust	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Historic District	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Town Sergeant	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Financial Administration										
Treasurer's Office	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Tax Collection	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Tax Assessor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police										
Officers	12.0	13.0	13.0	13.0	14.0	14.0	14.0	15.0	15.0	14.0
Civilians	4.6	4.6	4.6	4.8	4.8	5.3	5.3	5.3	5.3	5.3
Animal Control										
Officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	0.5	0.5	0.5	0.5	0.5	0.5	0.9	0.9	0.9	0.9
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.1	0.1	0.1
Public Works Department										
Director	1.8	1.8	1.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Transfer Station										
Refuse Collection	2.8	2.4	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Highway										
Driver/Laborer	7.3	7.4	7.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Maintenance										
Building/Grounds	1.0	1.0	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0
Custodial	0.8	0.8	0.8	0.8	1.0	1.5	1.5	1.5	1.5	1.5
Vehicles & Equipment	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Recreation Department										
Director	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Summer Programs	2.7	2.7	2.7	2.7	2.7	2.7	2.9	2.8	2.8	2.8
Human Services Department										
Director	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Senior Van Driver	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Senior Center										
Director		0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Mealsite		0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7

Source: Office of Human Resources, and Town Budgets

Schedule 17
Town of Gloucester, Rhode Island
Operating Indicators by Function/Program,
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety (1)										
Police										
Calls	13,199	13,554	14,045	15,091	15,480	15,007	15,075	15605	15381	8391
Physical arrests	454	525	486	555	415	457	400	353	351	189
Citations	3,125	2,932	3,102	3,780	3,678	3,716	3,303	3260	2803	1399
Accidents	276	304	293	315	286	249	251	249	280	131
Animal Control										
Dog licenses issued	687	670	645	564	515	526	503	473	471	454
Public Works										
Transfer Station										
Refuse collected (avg. tons per month)	320	331	3	306	306	289	285	275	281	221
Recyclables collected (avg. tons per month)	49	52	72	74	80	81	74	79	77	96
Highway										
Street resurfacing (miles)	5.3	25.2	10.9	7.6	3.9	3.6	0.0	0.4	1.5	2.8
Street repairs (miles)	6.9	9.1	2.1	0.0	0.0	6.7	0.2	0.0	0.0	0
Building/Zoning (1)										
Commercial construction permits	15	28	20	27	38	34	25	20	26	14
Residential construction permits - new homes	42	58	47	36	35	24	19	15	13	6
Residential construction permits - other	224	218	262	321	253	252	253	277	177	89
Parks and Recreation										
Athletic field permits	3	3	3	3	3	3	3	3	3	3
Human Services										
Mini-bus passenger transports	780	780	780	785	790	795	676	658	750	700

Sources: Various Town departments.

(1) Statistics for Public Safety and Building Zoning are based on a calendar year. Totals for 2010 are through June 30, 2010.

Schedule 18
Town of Glocester, Rhode Island
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units	15	15	15	17	17	17	17	17	17	16
Animal Control										
Animal Shelters	1	1	1	1	1	1	1	1	1	1
Public Works										
Transfer Station										
Roll-off Truck	2	2	2	2	2	2	2	2	2	2
Streets and Highways (in miles)										
Highways (State owned)	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3
Roads (Town owned)	78.1	78.1	78.1	78.1	78.1	78.1	78.1	78.1	78.1	78.1
Roads - Private (non-Town)	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
Park Access	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Driftway	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total highway and road miles	<u>148.8</u>									
Streetlights										
Traffic Signals (State owned)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks and Recreation										
Acreage	165.3	165.3	165.3	165.3	165.3	165.3	165.3	165.3	165.3	165.3
Playgrounds	3	3	3	3	3	3	3	3	3	3
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Beaches	2	2	2	2	2	2	2	2	2	2
Baseball/Softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/Football fields	1	1	1	1	1	1	1	1	1	1
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Senior Center	-	-	-	-	-	-	1	1	1	1
Human Services										
Transit mini-bus	1	1	1	1	1	1	1	1	1	1

Sources: Various Town Departments



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***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS***

To the Honorable Town Council
Glocester, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Glocester, Rhode Island, as of and for the year ended June 30, 2010, which collectively comprise the Town of Glocester, Rhode Island's basic financial statements and have issued our report thereon dated December 23, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Glocester, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Glocester, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Glocester, Rhode Island's internal control over financial reporting.

A *deficiency in internal control* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gloucester, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Gloucester, Rhode Island in a separate letter dated December 23, 2010.

This report is intended solely for the information and use of the Town Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 23, 2010

Caye Caccia, LLP