
TOWN OF GLOCESTER

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2012***

GLOCESTER, RHODE ISLAND

**TOWN OF
GLOCESTER
RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials

Certificate of Achievement for Excellence in Financial Reporting



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
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Thomas P. Mainville, CPA
Director
Director
Business Manager

January 18, 2013

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, 2012. 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 four sections: Introductory, Financial, Statistical and Single Audit Section. The Introductory Section contains this letter of transmittal, the Town's Organizational Chart, a listing of Town Officials and the prior years Certificate of Achievement for Excellence in Financial Reporting. 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. The Single Audit Section reflects the Town's 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.

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, retail and construction.

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, Budget Board, Economic Development Commission, Personnel Board, Board of Contracts & Purchases, Community Resource and Wastewater Advisory Commission, Board of Canvassers, Recreation Commission, July 4th Ancients & Horribles Parade Committee, Senior Center Board of Directors, 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, page 29 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 [FGRSD]) for fiscal year 2012 was \$9,968,963. In fiscal year ending June 30, 2012, the Town paid \$9,349,077 to the FGRSD. The Town will pay \$9,330,162 to the FGRSD for fiscal year 2012, a 0.2% decrease. The Town's share of the FGRSD 2013 budget decreased by \$18,915 primarily due to a shift in the student population attending FGRSD. Cost of operations is based on the census of enrollment of the students attending FGRSD from the Town of Glocester and the Town of Foster. A change or shift in actual enrollment from the estimate used to prepare the budget causes an increase or decrease in the budget.

The Fogarty Memorial and West Glocester elementary schools were constructed in 1975 and 1991 respectively. There is presently a staff of 85 in both schools, 55 of whom are teachers and professional staff and 21 are teachers' aides. The average per pupil expenditure in 2012, excluding amounts spent for capital outlay, amounts to \$14,476. The average per pupil expenditure, including amounts spent for capital outlay, amounts to \$14,979.

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 169 in both schools, 112 of whom are teachers, and 14 are teachers' aides. Per 2012 statistics, the average per pupil expenditure amounts to approximately \$13,700. In the graduating class of 2012, 52% and 36% of all high school graduates continued their education by attending four- and two-year colleges, respectively. 3% 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]
2010-11	598	868	1,466	[410	1,278]
2011-12	626	873	1,499	[403	1,276]

Projected enrollment

2012-13	572	811	1,383	[383	1,194]
2013-14	564	788	1,352	[369	1,157]
2014-15	551	763	1,314	[347	1,110]
2015-16	555	724	1,279	[346	1,070]
2016-17	544	693	1,237	[344	1,037]

During fiscal year 2012, the Glocester School Department expended \$9,968,963. This included \$1,028,442 for unbudgeted expenditures, specifically: \$314,784 in the School Capital Improvement Fund; \$332,744 for pension expense for Certified employees, offset by an equivalent contribution to the school from the State of RI; and \$380,914 in several special revenue funds, offset by grants and other resources. Their fiscal 2013 expense appropriation for operations is \$9,537,111. The fiscal 2013 State Aid for school operations has been budgeted at \$2,706,632.

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 2012, the Central Administration and Financial Administration groups expended \$1,312,355. This amount includes \$691,758 in Central Administration expense [page 108]; \$620,597 in Financial Administration expense [page 109] and transfers for Financial Administration of \$14,700, [page 115] to a revaluation reserve account. The fiscal 2013 budget has been set at \$1,511,350.

Public Safety

Police: The Town Police Department is responsible for Public Safety and has a force of 15 full-time sworn officers, including the Chief, Captain, Lieutenant, 2 Sergeants and 10 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 2012, the Police Department expended \$1,732,599. This includes department expense of \$1,728,477 [page 110], and transfers of \$4,021 to a bullet proof vest grant and \$101 to a Blue Riptide grant, [page 115]. For fiscal 2013, \$1,887,386 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 2012, the Office of Animal Control expended \$79,124 [page 110]. For fiscal 2013, \$90,510 has been designated for operations.

Fire and Rescue: Fire protection and rescue services in the Town of Glocester are provided by three separate political entities created by State statute: the Harmony Fire District, the Chepachet Fire District and the West Glocester 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 Glocester district. The districts are independent of the Town of Glocester 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 92 volunteers, 23 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 2012 expenditures totaled \$139,633 [page 107] for this department and \$158,044 is budgeted for fiscal 2013.

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 85 years (as of July 4, 2011) and is the second longest running Independence Day parade in Rhode Island. Attendance is estimated to be 10,000 each year. During fiscal 2012, the Recreation Department expended \$101,501. This includes department expense of \$91,501 [page 112], and transfers of \$10,000 for the Independence Day parade], [page 115]. For fiscal 2013, \$106,254 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 27,847 items and the Harmony Library offers over 51,252 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 2012 were \$174,833 for Manton Free Public Library and \$216,668 for Harmony Library. The Town contributed \$128,101 to the Manton Free Public Library and \$185,249 to the Harmony Library in 2012. These funds supported the acquisition of books and materials as well as an authorized staff of 4 librarians (2 full- and 2 part-time) holding masters degrees in Library and Information Services and support staffs of 10 part-time employees. Both libraries serve a total of 59,000 visitors per year. Budgeted Town aid for fiscal 2013 is \$128,101 for the Manton Free Public Library and \$185,249 for the Harmony Library. Together, both libraries circulate over 74,546 items per year, a per capita circulation of 7.4. Nearly half of Glocester's residents are registered borrowers of its libraries. In addition, Glocester Manton Free Library offered 155 programs that were attended by 1,779 people. Harmony Library offered 314 programs that were attended by 3,389 people. The Glocester Manton Free Public Library has 13 public-use computers and the Harmony Library has 19.

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 and provides information assistance and emergency energy funds for residents in need. Fiscal 2012 expenditures totaled \$50,229. This includes department expense of \$38,729 (page 113) and transfers of \$1,000 and \$10,500 (page 115) to the Food Bank and Emergency Energy Fund, respectively. \$59,904 is budgeted for fiscal 2013.

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 2012 expenditures totaled \$149,786 (page 113). \$156,628 is budgeted for fiscal 2013.

Physical Resources

Planning and Community Development: The Town Planner provides guidance on the physical development of the Town. The budget for the Town Planner is included in the Central Administration total budget. Fiscal 2012 expenditures for the Town Planner's Office totaled \$153,155 (page 107). \$160,325 is budgeted for fiscal 2013. The Federal Community Development Block Grant (CDBG) program, which provided \$176,500 to the Town in 2012, is administered by the Western Rhode Island Home Repair Program, a quasi-governmental body and consortium of the Towns of Gloucester, Foster and Scituate. The Town has been granted \$106,000 for the CDBG program in fiscal 2013.

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 2,732 tons of trash and 1,480 tons of recyclables per year, maintains the Town's vehicles and equipment, and maintains 10 buildings. During fiscal 2012, the Department expended \$1,841,213. This amount includes \$1,530,902, [page 112] in department expense and a budgeted transfer of \$310,311 [page 115] to the Storm/snow related services reserve account. \$1,786,660 has been allocated for fiscal 2013.

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.

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1920	1,404	1980	7,550
1930	1,693	1990	9,227
1940	2,099	2000	9,948
1950	2,682	2010	9,746
1960	3,397	2011	9,746
1970	5,160	2012	9,746

Employment

In calendar year 2011, the Town had 209 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 \$48,782,144 and the average number of persons employed was 1,486. 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>
Agriculture, forestry, fishing & hunting	2	*	*
Mining	-	-	-
Construction	58	123	\$ 4,527,049
Manufacturing	1	*	*
Wholesale trade	7	5	215,641
Retail trade	21	194	3,990,233
Transportation & warehousing	6	56	1,913,472
Information	4	19	408,135
Finance & insurance	8	25	978,904
Real estate & rental & leasing	3	*	*
Professional & technical services	12	64	4,668,835
Management of companies & enterprises	1	*	*
Administrative support & waste management	10	27	752,082
Educational services	1	*	-
Health care & social assistance	15	278	6,899,362
Arts, entertainment, & recreation	3	*	*
Accommodation & food services	19	169	2,059,321
Other services	21	39	1,305,077
Unclassified establishments	-	-	-
Government	17	487	21,064,033
Total	<u>209</u>	<u>1,486</u>	\$ <u>48,782,144</u>

* Data not shown due to the possibility of identifying data of a specific employer.

Income Levels

According to the U.S. Census, the median family incomes for the Town and the State of Rhode Island were as follows for the census years listed:

Census year	Glocester			State of Rhode Island		
	Median family income	Increase from prior census	% increase from prior census	Median family income	Increase from prior census	% increase from prior census
1990	\$43,067			\$28,342		
2000	\$62,679	\$19,612	45.5%	\$52,781	\$24,439	86.2%
2010	\$86,044	\$23,365	37.3%	\$62,790	\$10,009	19.0%

Housing

According to the U.S. Census, the number of dwelling units in the Town were as follows for the census years listed:

Census year	Number of dwelling units	Increase from prior census	% increase from prior census
1990	3,460		
2000	3,786	336	9.4%
2010	4,025	239	6.3%

Economic Development

General: The Glocester Business Association meets monthly and is engaged in an on-going effort to promote and assist new, existing and expanding businesses.

A full Town-wide revaluation was completed as of December 31, 2010 which affected values for fiscal year 2012. Net values for all property in the Town decreased to \$931,603,083 for fiscal year 2012 from \$1,121,806,917 in 2011. This was a decrease of \$190,203,834 or 17.0%. Net values for fiscal year 2013 have been assessed at \$934,164,821, an increase of \$2,561,738 or 0.3%. The decrease from 2011 to 2012 is due primarily to a downturn in the residential and commercial real estate markets. The reduction in net residential and commercial real estate values of \$199,371,405 and \$7,866,299, respectively, mirror the general decline in property values throughout Rhode Island and New England. The next statistical revaluation is scheduled to be completed as of December 31, 2013.

Navigant Credit Union: The Town has been successful in attracting Navigant Credit Union of Smithfield to develop a new branch in Chepachet. This new branch opened in August 2012 and employs approximately 8 people. Navigant Credit Union helps provide residents with additional opportunities for personal and business financing. The Credit Union spent an estimated \$1,000,000 to construct this new branch. They reused an existing site so that no greenspace was disturbed in order to create the facility.

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 \$1,210,000 in fiscal 2012, and will pay \$1,590,000 in fiscal 2013. 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.

The company expanded their facilities again in the summer of 2009, spending another \$45 million. 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 \$461,975 in fiscal 2012. They will pay an additional amount of \$475,050 in fiscal 2013. An additional \$6,718,626 will be paid from this phase of the agreement and total payments from the PILOT will amount to \$34,656,126.

The company is presently spending another \$2 million to build an addition to the hydraulics laboratory and office space. The work is expected to be completed by April 2013. The PILOT agreement will be amended upon completion.

CVS Corporation: 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.

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 Glocester'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 unassigned general fund balance at 12% (minimum) of proposed operating expenditures. The unassigned fund balance at June 30, 2012 was \$4,302,080, an increase of \$398,016 or 10.2% from the prior year. The unassigned fund balance is 16.3% of general fund expenses budgeted for fiscal year 2013.

Annually, the Town develops a six year Capital Improvement Plan. This plan helps identify and serves as a blueprint for major capital projects expected to be undertaken in the next six years. This long-range planning is essential in addressing the future development and growth of the Town. The Town has continually funded its capital requirements aggressively and maintains a pay-as-you-go funding for most of its capital needs, which limits its borrowing requests.

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 25.6 acres in fiscal 2012 with a value of \$26,081 and an easement with a value of \$40,000. The Land Trust also made improvements of \$25,546 to the Hawkins dam and \$5,595 to a parking lot on the Steere Hill Farm property. The Land Trust owns a total of 2,200.3 acres with an estimated value of \$6,919,678 as of June 30, 2012.

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. All necessary approvals to complete the cleanup have been received and work can begin soon.

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 stormwater management techniques. This project began in 2007 and focuses on issues to improve water quality and encourage sustainable redevelopment in the village of Chepachet. This project will result in the installation of a wet vegetated treatment system to be located adjacent to a portion of Chepachet River Park near Oil Mill Lane which will improve drainage and encourage in-fill development and business expansion. It is expected to be completed by December 31, 2012. 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.

The Town remains committed to maintaining the high quality of public education, allocating approximately 71.6% of the operating budget to education. Also, at the November 2, 2004 general election, the voters of the Towns of Foster and Gloucester 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 was 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. In addition, the Town budgeted \$270,000 for the project and also received \$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.

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 in one area of the village. The remaining improvements have begun and are scheduled to be completed by fall 2013.

The Gloucester Town Hall, built in 1935, has, since 2008, undergone numerous improvements in order to improve energy efficiency, improve comfort for occupants and to remedy years of deferred maintenance. The improvements cost approximately \$626,356. In 2008, the exterior trim was repainted, the brick exterior was re-pointed, and the exterior doors were replaced with energy efficient doors with interior grids that resemble the original doors for the building. The original insulation in the attic was removed and new insulation installed in 2010. In 2011, new floors were installed in the main hall and Town Council Chambers. Additionally, ceiling tiles in the halls, restrooms, conference room and Town Council Chambers were replaced. The main hall, Town Council Chambers, restrooms and copy room were painted in 2011. Rooms in the southern wing were renovated. One room was converted to a conference room and the Town's Human Services Director and the Gloucester food pantry, and the Building & Zoning and Planning offices now enjoy larger space from which they can serve the public. In 2012, new recording equipment was installed in two conference rooms and upgraded in the Town Council Chambers. A generator was purchased and installed to power the Town Hall during electric power outages. Also, the bathrooms were refurbished and modernized, the building interior common areas were repainted, and new exterior doors were installed at the south wing handicap entrance door.

In addition to the above, the Town installed a geothermal heating/cooling system to replace the existing steam boiler system. The geothermal system is projected to save the Town over 40 percent on heating and cooling costs. The innovative approach to building comfort was supported by a \$300,000 grant from the U.S. Department of Energy. The remaining cost of approximately \$40,000 was contributed by the Town. The system has been operating since February 2012.

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 October 25, 2011. Further information regarding Other Post Employment Benefits is provided in Note 14 on pages 64 through 68 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.

Reserves and Fund Balance

The Town adopted a Fund Balance Policy on June 16, 2011 to comply with GASB Statement No. 54 which required new categories for fund balance. The categories are nonspendable, restricted, assigned and unassigned which are more fully described in Note 1 of the financial statements. The policy authorizes and directs the Department of Finance to prepare financial reports which accurately categorize the assigned fund balance.

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 public entity risk pool to provide insurance coverage to local municipalities. The Town of Glocester maintains insurance coverage for property, general liability, public officials' liability, auto liability, workers compensation, and medical and dental coverage. General liability and public officials' liability coverage is \$5,000,000. Further information regarding risk management is provided in Note 17 on page 69 and Note 20 on page 71 of the financial statements.

Debt Administration

The ratios of net debt service to budget, 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, 2010, June 30, 2011, and June 30, 2012:

	<u>Net Direct Bonded Debt</u>	<u>Ratio of Net Debt Service to Budget</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Debt per Capita</u>
June 30, 2010	\$5,240,000	2.61%	0.48%	\$537.66
June 30, 2011	\$4,515,000	2.75%	0.40%	\$463.27
June 30, 2012	\$3,775,000	2.67%	0.41%	\$387.34

(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 Baxter Dansereau & Associates, 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 Glocester for its comprehensive annual financial reports for the fiscal year ended June 30, 2011. This was the seventh 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.

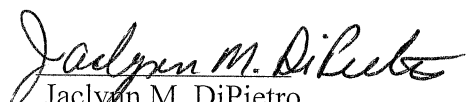
Acknowledgment

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 Walter M. O. Steere III 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.

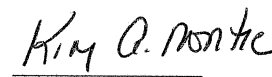
Respectfully submitted,



Thomas P. Mainville, CPA
Director of Finance



Jaclyn M. DiPietro
Administrative Aide



Kim A. Montie
Financial Clerk

TOWN OF GLOCESTER, RHODE ISLAND

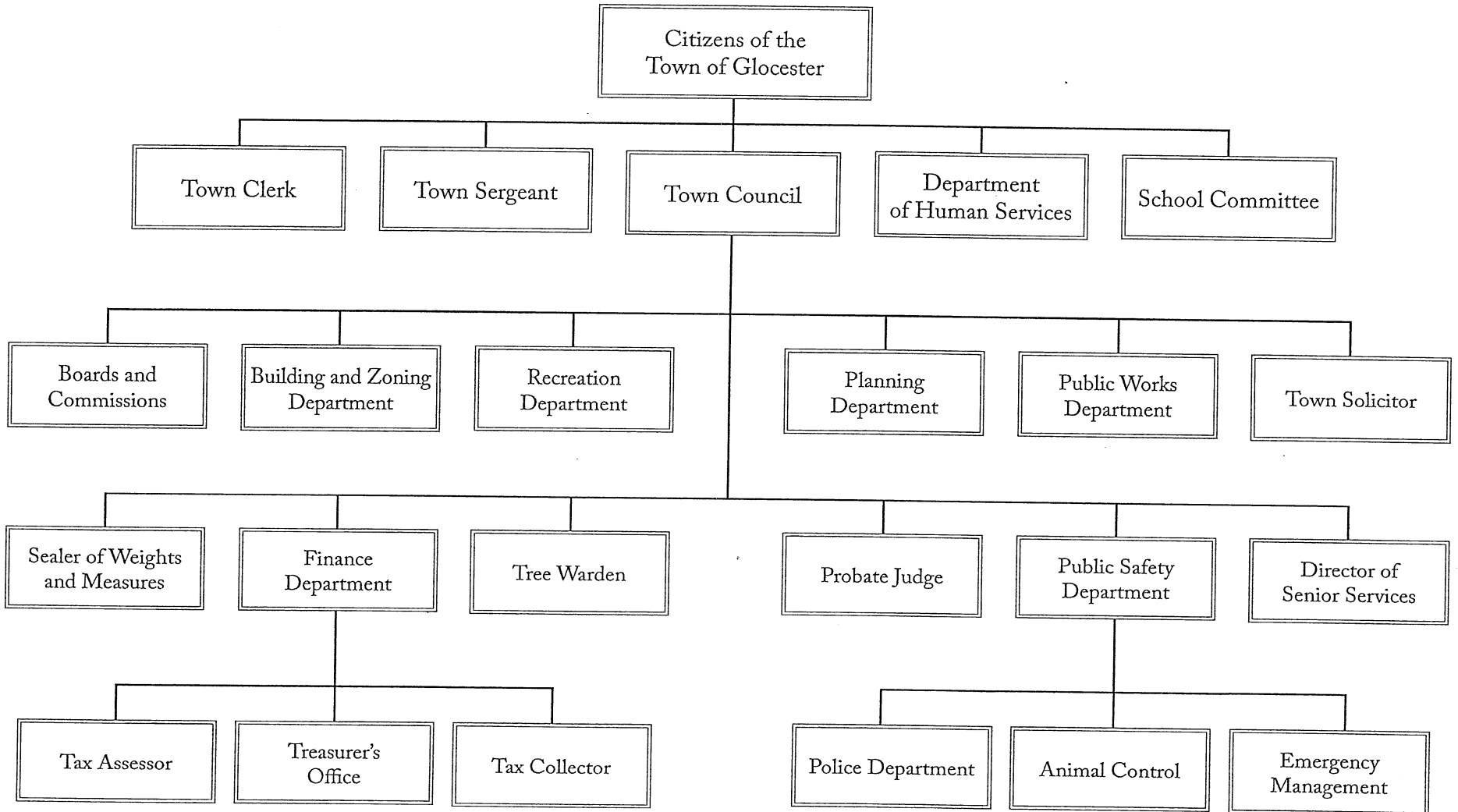
TOWN COUNCIL

Walter M. O. Steere III, President
George O. Steere, Jr., - Vice-President
Edward C. Burlingame
Jamie A. Hainsworth
William E. Reichert

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, 2011

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.



Linda C. Davison

President

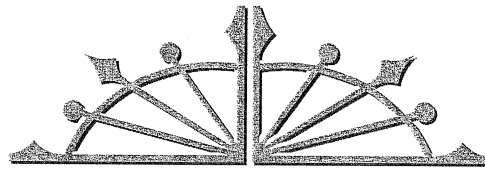
Jeffrey R. Enew

Executive Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

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



BAXTER DANSEREAU & ASSOCIATES, LLP
Accounting, Consulting & Tax Services

Partners
William J. Baxter, Jr., CPA
Paul L. Dansereau, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Town Council
Town of Glocester
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 (Town) as of and for the year ended June 30, 2012, 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 an opinion 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 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 financial position of the governmental activities, 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, 2012, 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 a report dated January 18, 2013 on our consideration of the Town of Glocester, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 19 and 75 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management discussion and analysis 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's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements, the budgetary comparison schedules on pages 75-78 and the schedule of expenditures of federal awards 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.


Baxter Dansereau & Associates, LLP
January 18, 2013

Management's Discussion and Analysis

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2012
(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, 2012. 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, 2012 by \$25,860,409 an increase of \$2,219,662, or 9.4% from 2011. Net assets of the Town's component unit decreased by \$28,708, or 0.4%, to \$7,384,069. Net assets for the Town's business type activities increased by \$7,143, or 14.1%, to \$57,785.
- The Town's Government-wide operating expenses were \$26,545,901, a 0.3% [\$75k] increase from the prior year due mainly to an increase in Public Safety of \$198,942 and a decrease in Public Works of \$111,846. The increase in Public Safety is due to expenditures in two new funds for 2012, the BHDDH Cast and Tropical Storm Irene funds. The decrease in Public Works is due primarily to a decrease in expenditures in the Storm Related Services fund.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,361,014. 34.5% [\$3,922,174] of this amount is unassigned. 109.6% [\$4,302,080] of the Unassigned combined ending fund balances is in the General fund.
- In the Town's general fund, the unassigned fund balance was \$4,302,080 or 18.1% of the total general fund expenditures and other uses of funds [\$23,738,968] for fiscal year 2012. The current fiscal year's revenues and other financing sources of funds exceeded expenditures and other uses of funds (net change in fund balances) by \$308,981. On a budgetary basis, revenues and other sources of funds exceeded expenditures and other uses of funds by \$462,467.

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.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2012
(Un-audited)

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.

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 the Town's only business type activity.

The government-wide financial statements are reported on pages 20 through 21

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

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2012
(Un-audited)

balances provide a reconciliation to facilitate this comparison between the government-wide financial statements and the fund financial statements (governmental funds).

Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the School Unrestricted Special Revenue Fund, the Capital Reserve Fund and the Community Development Block Grant Fund, which are considered 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 79 through 98 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 School Lunch Fund is the Town's sole proprietary 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 28 through 73.

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 74 through 78.

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.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2012
(Un-audited)

Analysis of the Town of Gloucester'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, 2012 by \$25,860,409, an increase of \$2,219,662, or 9.4% from 2011.

Current assets increased by \$725,918 or 5.8%, from 2011. This is due primarily to an increase in cash and cash equivalents of \$365,986. *Capital assets* decreased by \$958,268 primarily due to an increase in building improvements [\$798k] and infrastructure [\$548k] offset by depreciation expense [\$972k].

Other liabilities decreased by \$162,506 due to a decrease in the current portion of long term liabilities which was offset by an increase in unearned revenue.

Long-term liabilities decreased by \$372,970 due primarily to debt service payments.

Listed below is a comparison of the current and prior fiscal years. The amounts reported for fiscal year 2011 have been retroactively reported to comply with the implementation of GASB Statement No. 54.

Town of Gloucester
Net Assets

	<i>June 30, 2011</i>				<i>June 30, 2012</i>			
	Govern- mental Activities	Business Type Activities	Total	Component Unit	Govern- mental Activities	Business Type Activities	Total	Component Unit
Current and Other Assets	\$ 12,481,716	\$ 63,089	\$ 12,544,805	605,081	\$13,207,634	\$ 66,744	\$ 13,274,378	\$ 586,027
Capital assets	<u>17,911,047</u>	-	<u>17,911,047</u>	<u>6,808,166</u>	<u>18,869,315</u>	-	<u>18,869,315</u>	<u>6,852,037</u>
Total Assets	<u>30,392,763</u>	<u>63,089</u>	<u>30,455,852</u>	<u>7,413,247</u>	<u>32,076,949</u>	<u>66,744</u>	<u>32,143,693</u>	<u>7,438,064</u>
Other Liabilities	1,610,412	12,447	1,622,859	470	1,447,906	8,959	1,456,865	53,995
Long-Term Liabilities	<u>5,141,604</u>	-	<u>5,141,604</u>	-	<u>4,768,634</u>	-	<u>4,768,634</u>	-
Total Liabilities	<u>6,752,016</u>	<u>12,447</u>	<u>6,764,463</u>	<u>470</u>	<u>6,216,540</u>	<u>8,959</u>	<u>6,225,499</u>	<u>53,995</u>
Net Assets:								
Invested in Capital								
Net of Related Debt	13,815,360	-	13,815,360	6,808,166	15,094,315	-	15,094,315	6,852,037
Nonspendable	-	-	-	-	460,701	-	460,701	-
Restricted	3,438,859	-	3,438,859	-	4,278,023	-	4,278,023	-
Unrestricted	<u>6,386,528</u>	<u>50,642</u>	<u>6,437,170</u>	<u>604,611</u>	<u>6,027,370</u>	<u>57,785</u>	<u>6,085,155</u>	<u>532,032</u>
Total Net Assets	<u>\$ 23,640,747</u>	<u>\$ 50,642</u>	<u>\$ 23,691,389</u>	<u>\$ 7,412,777</u>	<u>\$ 25,860,409</u>	<u>\$ 57,785</u>	<u>\$ 25,918,194</u>	<u>\$ 7,384,069</u>

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The largest portion [\$15,094,315] 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 [\$4,738,724] 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, 2012, the Town of Gloucester reports positive balances in all three categories of Net Assets for the government as a whole.

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, 2012. Governmental activities increased the Town's net assets by \$2,219,662, or 9.4%, for the current period. Component unit activities decreased its net assets by \$28,708, or 0.4%, from 2011.

Total revenues increased by \$121,304, or 0.4%, from 2011. Revenues from *Operating Grants and Contributions* were \$301,141 less than 2011 due primarily to the prior year in which \$300,000 in receipts were received in the Community Septic Loan Program which did not reoccur in 2012. *Capital Grants and Contributions* increased by \$500,914 due primarily to the receipt of two large grants in the Geothermal Project and the Chepachet Wastewater/Stormwater capital project funds. *Charges for Services* decreased by \$246,467 due primarily to a decrease in the School Unrestricted Tuition and Federal revenue – Medicaid reimbursement. In addition, \$133,688, or 0.6% more in property taxes was received in 2012 than 2011.

Total expenses increased by \$74,715 or 0.3% from 2011. This increase is due primarily to an increase in Public Safety of \$198,942 and a decrease in Public Works of \$111,846. The increase in Public Safety is due to expenditures in two new funds for 2012, the BHDDH Cast and Tropical Storm Irene funds. The decrease in Public Works is due primarily to a decrease in expenditures in the Storm Related Services fund.

Business-type activities net assets increased by \$7,143. The School Lunch program is the sole business-type activity in the Town.

Component unit net assets decreased by \$28,708, or 0.4%, and Capital Grants and Contributions decreased by \$56,231, while expenses increased by \$49,754. The increase in the component unit was due primarily to the acquisition of an additional 25.6 acres of land for \$26,081, an easement for \$40,000, and improvements of \$25,546 to the Hawkins dam and \$5,595 to a parking lot on the Steere Hill Farm property, offset somewhat by the razing of a building on the Hawkins property.

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Town of Gloucester, Rhode Island
Changed in Net Assets

	June 30, 2011				June 30, 2012			
	Govern- mental Activities	Business Type Activities	Total	Component Unit	Govern- mental Activities	Business Type Activities	Total	Component Unit
<i>Revenues</i>								
<i>Program revenues</i>								
Charges for services	\$ 905,111	\$ 59,975	\$ 965,086	\$ -	\$ 658,644	\$ 67,556	\$ 726,200	\$ -
Operating grants	4,627,793	81,890	4,709,683	3,575	4,326,652	87,336	4,413,988	-
Capital grants	348,780	-	348,780	162,530	849,694	-	849,694	106,299
<i>General Revenues</i>								
Property taxes	22,650,126	-	22,650,126	-	22,783,814	-	22,783,814	-
Investment earnings	112,449	-	112,449	407	126,759	-	126,759	51
Gain (loss)	-	-	-	-	20,000	-	20,000	(50,200)
Total revenues	<u>28,644,259</u>	<u>141,865</u>	<u>28,786,124</u>	<u>166,512</u>	<u>28,765,563</u>	<u>154,892</u>	<u>28,920,455</u>	<u>56,150</u>
<i>Expenses</i>								
Administration	856,404	-	856,404	-	839,967	-	839,967	-
Finance	587,175	-	587,175	-	652,595	-	652,595	-
Public Safety	1,952,522	-	1,952,522	-	2,151,464	-	2,151,464	-
Public Works	2,207,085	-	2,207,085	-	2,095,239	-	2,095,239	-
Recreation and senior center	388,751	-	388,751	-	344,940	-	344,940	-
Social Services	399,230	-	399,230	-	506,408	-	506,408	-
Operational expenses	312,695	-	312,695	-	315,689	-	315,689	-
Aid Requests	318,533	-	318,533	-	322,750	-	322,750	-
Education	19,165,949	-	19,165,949	-	19,118,861	-	19,118,861	-
Interest	224,607	-	224,607	-	197,988	-	197,988	-
School Lunch Program	-	134,636	134,636	-	-	147,749	147,749	-
Gloucester Land Trust	58,235	-	58,235	35,104	-	-	-	84,858
Total expenses	<u>26,471,186</u>	<u>134,636</u>	<u>26,605,822</u>	<u>35,104</u>	<u>26,545,901</u>	<u>147,749</u>	<u>26,693,650</u>	<u>84,858</u>
Change in net assets	2,173,073	7,229	2,180,302	131,408	2,219,662	7,143	2,226,805	(28,708)
Net assets beginning	21,467,674	43,413	21,511,087	7,281,369	23,640,747	50,642	23,691,389	7,412,777
Net assets ending	<u>\$ 23,640,747</u>	<u>\$ 50,642</u>	<u>\$ 23,691,389</u>	<u>\$ 7,412,777</u>	<u>\$ 25,860,409</u>	<u>\$ 57,785</u>	<u>\$ 25,918,194</u>	<u>\$ 7,384,069</u>

TOWN OF GLOCESTER, RHODE ISLAND
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Financial Analysis of the Town of Gloucester's Funds

Governmental Funds

The Town implemented the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in fiscal year 2012. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies the definitions for governmental funds. GASB 54 defines the following five categories of fund balance:

Nonspendable – items that cannot be spent because they are not in a spendable form or legally or contractually required to be maintained intact..

Restricted – items that are restricted by external parties or imposed by grants, laws or legislation.

Committed – items that have been committed by formal action by the entity's highest level of decision-making authority.

Assigned – items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose.

Unassigned – items that have no restrictions placed on them.

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 unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. The Fund Balance section of the Balance Sheet for Governmental Funds is presented in the format required by GASB Statement 54.

General Fund

Nonspendable

Prepays: This amount consists of cash payments made in 2012 for expenses to be incurred and recorded in 2013, specifically \$27,015 for annual software maintenance fees for the Tax Assessor's Office, Building/Zoning Office, Police Department, and the Treasurer's Office, and \$205 for the alarm system at the Town Hall.

Committed

Education: Operating expenses for the Foster-Glocester Regional School District are shared by the towns of Gloucester and Foster based on the number of students attending from each town. Shifts in student count from one year to the next can cause significant variances in the amounts paid by each town. It is intended (by committing this amount [\$104,244]) to mitigate those variances when they occur.

Subsequent year's expenditures: This amount [\$45,000] will be used to offset a tax increase in 2013.

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Assigned

Administration: The assignment for Revaluation Reserve decreased by \$16,831 from \$245,003 in 2011 to \$228,172 in 2012 due to the payment of the remaining expense of the full revaluation of Town property as of 12/31/2010 (occurs every nine years). The remaining balance is being held to pay for the two statistical revaluations which will occur over the next six years. Other assigned amounts [\$13,280 for the

Comprehensive Plan, \$1,508 for Tree Planting, and \$39,263 for Computer Systems Maintenance], remain unchanged from 2011.

Public safety: The assignment for Radio Equipment increased by \$13,640 from \$39,329 to \$52,969. The \$28,430 assigned for Police Equipment Maintenance remains unchanged from 2011. Rather than pay (what the Town considers to be exorbitant) annual maintenance fees, the Town self-insures for damage to equipment on radio towers and police equipment.

Public Works: The assignment for Storm Related Services increased by \$255,304 from \$351,869 in 2011 to \$607,173 due to less expense than anticipated for snow and ice removal because of the mild winter of 2011-2012.

Recreation: The assignment for Senior Center Dues increased by \$4,682 from \$17,000 in 2011 to \$21,682 in 2012. Amounts are used to pay for activities and events at the Senior Center not funded through their General Fund budget.

Matching state grant funds: The \$50,000 reserve did not change from 2011.

Contractual obligations: The assignment for Accrued Compensated Absences increased by \$37,924 from \$255,148 in 2011 to \$293,072 due to anticipated future expenses. The \$324,598 assigned for OPEB obligations increased by \$195 from \$324,403 in 2011. This amount exceeds the amount needed to cover the Town's cumulative Net OPEB Obligation.

Employee benefits: The amount assigned for Health Insurance increased by \$27,316 from \$114,455 in 2011 to \$141,771 in 2012. This amount is intended to smooth fluctuations in health insurance working rates that may occur as a result of being a member of the RI Interlocal Risk Management Trust's health pool.

Unassigned

The General Fund Unassigned fund balance in 2012 is \$4,302,080. This is an increase of \$398,016 from the Unassigned fund balance of \$3,904,064 in 2011 due primarily to the \$308,981 Net Change in Fund Balances in the General Fund.

School Unrestricted

Restricted

Education: This amount increased from \$0 in the prior year to \$2,370,412 in the current year due to a GASB 54 reclassification. See the unassigned category for a further description.

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Committed

Subsequent year's expenditures: This amount decreased by \$180,000 from \$180,000 in 2011 to \$0 in 2012. The budget for 2013 was level funded and increases in expenses were offset by increases in expenses.

Assigned

Contractual obligations: The assigned amount of \$180,274 for OPEB did not change from 2011 to 2012. This amount exceeds the amount needed to cover the School's cumulative Net OPEB Obligation.

Employee benefits: The assigned amount for Sick Day Buy-Out for certified employees increased by \$219,727 from \$155,523 in 2011 to \$375,250 in 2012. This amount is intended to smooth fluctuations in sick day buy-out payments to certified staff when they retire.

Medicaid expenditures: This amount decreased by \$6,150 from \$199,426 in 2011 to \$193,276 due to utilizing some of the balance for Medicaid expenditures in 2012.

Unassigned

The School Unrestricted Unassigned fund balance in 2012 is \$ 0. This is a decrease of \$1,690,484 from the Unassigned School Unrestricted fund balance of \$1,690,484 in 2011. This reflects a change in the fund balance category classification due to the Government Accounting Standards Board Statement No. 54 requirement. The current year's amount of \$2,370,412 has now been classified as restricted.

Capital Reserve Fund

Restricted

Capital projects: This restricted fund balance decreased by \$121,617 from \$759,820 in 2011 to \$638,203 in 2012 due to the completion of numerous capital projects.

Community Development Block Grant

Nonspendable

Noncurrent portion of loans receivable: This amount increased by \$96,946 from \$333,435 in 2011 to \$430,381 in 2012 due to new projects being completed.

Other Governmental Funds

Restricted

Administration: The amount restricted for Historic Records Trust increased by \$3,922 from \$15,636 in 2011 to \$19,558 in 2012. This fund is used to preserve records in the Town Clerk's Office. The \$2,000 restricted for Pollard Mimosa Trees remains unchanged from 2011.

Public safety: The amounts restricted in *Public safety* [\$80,055] remain relatively unchanged from 2011. Significant components include: Bramley Bill ~ \$57,625 for drug and alcohol prevention; Amy Angilly Fund ~ \$20,266 for care and maintenance of animals at the Town's animal shelter.

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Recreation: Components include a fund to account for donations to the Town's annual July 4th Ancients & Horribles parade [\$36,805]; and another to account for amounts contributed to the Senior Center Donations fund [\$19,624].

Social Services: \$211,950 of this restricted fund balance is due to the Town's obtaining a loan from RI Clean Water for its Community Septic loan Program. The fund balance was \$274,000 in 2011. The remainder is comprised of amounts contributed to the Town's Food Bank [\$36,486] and the Town's Emergency Energy fund [\$9,900] which provide food and heating fuel for Town residents who qualify for these services.

Education: This restricted fund balance represents a myriad of Federal title and State grant awards and decreased \$125,069 from \$203,353 in 2011 to \$78,284 in 2012.

Capital Projects: This restricted fund balance increased by \$40,838 from \$724,628 in 2011 to \$765,466 in 2012 and is used to account for capital improvements approved in the Town's Capital Projects plan.

Town of Gloucester
Fund Balances

	<u>June 30, 2011</u>	<u>June 30, 2012</u>	
	Total	Total	
	Governmental	Governmental	Increase
	Funds	Funds	(Decrease)
	<hr/>	<hr/>	<hr/>
Nonspendable	344,304	460,701	116,397
Restricted	3,094,555	4,278,023	1,183,468
Committee	753,460	149,244	(604,216)
Assigned	1,305,811	2,550,872	1,245,061
Unassigned	5,504,997	3,922,174	(1,582,823)
Total	<hr/> <u>11,003,127</u>	<hr/> <u>11,361,014</u>	<hr/> <u>357,887</u>

General Fund Budgetary Highlights

Revenues

Actual *Total revenues and other financing sources* reported in 2012 were more than budgeted amounts by \$3,549 or 0.0%.

Actual *General Property Taxes* collected exceeded budget by \$22,456 or 0.1%. Included in taxes collected was \$1,671,975 from Factory Mutual Insurance Company from a payment-in-lieu-of-taxes (PILOT) agreement, which commenced in 2003.

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The Town received \$159,364 [84.8%] less than budgeted in *State housing aid*. The State's current practice is to pay housing aid for debt service for school construction projects in the year after the (housing aid eligible) project is completed. In fiscal 2012, it was determined that the State had started making its required housing aid payments on the debt service for the West Glocester Elementary school bond one year earlier twenty years ago and consequently had made all of its required housing aid payments by the end of fiscal 2011.

Revenues from *Licenses, fees and fines* were \$115,877, or 28.3% greater than budget primarily due to an increase in police cruiser rental of \$61,165 and an increase in recycling revenue of \$38,303 due to stepped-up recycling efforts.

Interest and investment income was greater than budget by \$26,347, or 28.3% due to receiving \$19,146 more than budgeted in interest on taxes and an unbudgeted dividend of \$12,501 from the Town's insurance company, somewhat offset due to receipts for interest on investments being \$5,300 less than budgeted due to lower than expected interest rates.

Expenses

Total expenditures and other financing uses in the Town's General Fund were less than the amount budgeted by \$458,918, or 1.9%. Significant positive variances were: \$23,659 in the *Building and Zoning Office* salary accounts due to a decrease in the number of hours worked by the Building/Zoning Official position and the replacement of the Administrative Aide position with a lower paid Clerk position; \$15,961 in the *Land purchase and reconditioning* account [the funds paid from this account are dependent and calculated on the dollar amount of real estate sales. There were less sales due to the decline in the real estate market]; \$45,694 in *Vacation and illness coverage* and \$23,486 in *Payroll taxes and benefits* in the *Police Department*; \$15,877 for *Tipping fees* [fees paid to the State's trash disposal site] due to increased recycling efforts, \$9,240 in *Inkind services* for *DPW* services billed out, and \$14,879 for *Heat and electricity* due to a milder than anticipated winter, all in the *Department of Public Works*; \$28,626 in *Utilities* due to a milder than anticipated winter, and \$46,487 in *Insurance – property/liability/other* due to low incident experience and less than anticipated premiums in *Other operation expenses*.

Positive variances realized were somewhat offset by some minor negative variances. Other items of note: the positive variances of \$35,509 in *Clerk salaries* and \$25,226 in *Payroll taxes and benefits* in the *Treasurer's Office* were somewhat offset by the \$46,228 negative variance in *Other purchased services* (in the same department) as one of the budgeted clerk positions was filled by an outside temporary agency; similarly, the positive variances seen in some of the salary accounts in the various divisions of the Department of Public Works are offset by negative variances in salary accounts elsewhere in the Department due to allocation of actual time worked to the appropriate labor accounts.

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The Town of Gloucester's Capital Assets

The Town of Gloucester's investment in capital assets for its governmental activities amounts to \$18,869,315, net of accumulated depreciation at June 30, 2012. Included are land, buildings and improvements, construction in progress, motor vehicles, furniture, machinery and equipment, and infrastructure.

Additional information on the Town of Gloucester's capital assets is located in notes 6 & 7 on pages 43 through 44 of the notes to the financial statements.

Town of Gloucester
Capital Assets (Net of Accumulated Depreciation)

	June 30, 2011		June 30, 2012	
	Govern- mental Activities	Component Unit	Govern- mental Activities	Component Unit
Land	\$ 1,697,814	\$ 6,661,390	\$ 1,697,814	\$ 6,758,611
Historical Building	-	143,626	-	93,426
Construction in Progress	357,028	-	658,716	-
Land Improvements	634,979	-	636,079	-
Buildings & Improvements	10,785,703	-	11,339,823	-
Motor Vehicles	613,209	-	602,525	-
Office Furniture/Equipment	212,775	-	235,431	-
Machinery & Equipment	733,203	3,150	636,097	-
Infrastructure	2,849,175	-	3,062,830	-
Total	\$ 17,883,886	\$ 6,808,166	\$ 18,869,315	\$ 6,852,037

The \$301,688 increase in *Construction in Progress* was primarily due to additional work done on a stormwater/drainage project in the village of Chepachet [\$334k].

The \$1,100 increase in *Land Improvements* was due to the installation of a new water well [\$23k] and extending the sidewalks [\$25k] at the West Gloucester Elementary school, offset by annual depreciation.

The \$554,120 increase in *Buildings & Improvements* was due to improvements at the:

- Town Hall: installation of a geothermal heating and cooling system [\$345k], general improvements to the south wing [\$119k], and the purchase of a generator [\$29k],
- Fogarty Memorial Elementary school: replacement of the heating system boilers [\$123k], replacement of the windows [\$29k], replacement and updating of HVAC controls [\$29k], replacement of electrical and plumbing fixtures [\$41k], and refurbishing the cafeteria, corridors and classrooms [\$41k],

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- W. Gloucester Elementary school: replacement and updating of HVAC controls [\$33k], replacement of gym floor [\$28k], replacement of electrical and plumbing fixtures [\$14k], and refurbishing classrooms [\$5k], offset by depreciation.

The \$10,684 decrease in *Motor Vehicles* was due primarily to the purchase of a 2005 Mack 10 wheel dump truck [\$84k], a 2012 Crowne Victoria police cruiser [\$29k], and refurbishing vehicle #8 – a 1992 Ford 350 [\$10,837], offset by depreciation.

The \$22,655 increase in *Office Furniture/Equipment* was due to capital leases incurred for two new photocopiers at each of the two elementary schools [\$58k], and purchase of a new sound system [\$10k] at the Town Hall, offset by depreciation.

The \$97,106 decrease in *Machinery & Equipment* was due to the purchase of two waste disposal storage containers for the Department of Public Works [\$11k], offset by depreciation.

The \$213,655 increase in *Infrastructure* was due to the addition of road paving costs for approximately three miles of roads [\$548k] offset by annual depreciation.

The increase in the component unit was due primarily to the acquisition of an additional 25.6 acres of land for \$26,081, an easement for \$40,000, and improvements of \$25,546 to the Hawkins dam and \$5,595 to the parking lot on the Steere Hill Farm property, offset somewhat by the razing of a building on the Hawkins property.

The Town of Gloucester's Debt Administration

The Town did not issue any new debt in 2012. The Town made payments on debt principal of \$740,000. The outstanding bonded (General Obligation Bond) debt decreased to a total of \$3,775,000 at June 30, 2012. 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.

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

Town of Gloucester
Outstanding Debt
General Obligation Debt

	<i>June 30, 2011</i>	<i>June 30, 2012</i>
	Govern- mental Activities	Govern- mental Activities
Road Improvements	\$ 1,210,000	\$ 990,000
West Gloucester Elementary School	295,000	-
Open Space (Land Trust)	50,000	-
Open Space (Land Trust)	455,000	405,000
Senior Center	1,915,000	1,830,000
Fogarty Elementary School Roof	590,000	550,000
Totals	\$ 4,515,000	\$ 3,775,000

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 2012 was \$27,948,092 [based on the net assessed valuation at December 31, 2010 of \$931,603,082. As of June 30, 2012, the Town had \$3,775,000 in outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$24,173,092.

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, 2012, the total outstanding debt of the Town issued outside the 3% debt limit was \$-0-.

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.

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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 that 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 44-47.

Economic Factors and Next Year's Budgets and Rates

- Unemployment rates as of June 30, 2009, June 30, 2010, June 30, 2011, and June 30, 2012.

<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	
8.8%	9.6%	7.0%	8.1%	Town of Glocester
12.2%	12.0%	10.8%	10.9%	State of Rhode Island
9.7%	9.5%	9.2%	8.2%	United States

- Rates of inflation (12 months percent change taken from the Consumer Price Index, Bureau of Labor Statistics Data) as of June 30, 2009, June 30, 2010, June 30, 2011, and June 30, 2012.

<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	
-1.2%	1.7%	3.4%	1.5%	Northeast Urban area
-1.4%	1.1%	3.6%	1.7%	United States

- Median income for a family for the census year 2010 in Glocester was \$86,044 compared to the State's median income of \$62,790.

- For fiscal year 2012, existing single-family home median sale prices were approximately \$194,500 in Glocester (information obtained from the Town Tax Assessor), 0.3% lower than the state median of \$195,000 (information obtained from the Rhode Island Association of Realtors).

- Glocester ranks 30th in population [9,746 per 2010 census] among Rhode Island's 39 cities and towns.

- The Town's total general fund budget for fiscal year 2013 amounts to \$26,426,577 [\$18,932,861, or 71.6%, for education and \$7,493,716, or 28.4%, for other purposes], which reflects a decrease of \$1,172,782 or 4.2% from 2012. This is comprised for the most part of decreases of \$373,116 in elementary school education costs and a payoff of \$295,000 for bonded debt for West Glocester Elementary School and a reduction in transfers from surplus to capital [for road construction] of \$350,000. \$45,000 was appropriated from the Town's fund balance to provide additional funding for the fiscal 2013 budget and help contain the tax increase.

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- The unassigned fund balance in the general fund increased by \$398,016, or 10.2%, to \$4,302,080 in 2012. The fund balance is 16.3% of proposed expenditures for 2013, 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 years in-between. Full revaluations were performed as of December 31, 2001 and December 31, 2010, which affected fiscal years 2003 and 2012, respectively. The first statistical revaluation was completed as of December 31, 2004 and the second as of December 31, 2007. The next statistical revaluation is scheduled to be completed on December 31, 2013 which will affect values for fiscal year 2015.

Net values for fiscal year 2013 have been assessed at \$934,164,821, an increase of \$2,561,738 or 0.3%. The decrease is due primarily to an increase in motor vehicle values. 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 \$500.

The Town's tax rates for 2011, 2012, and 2013 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.

	Tax Rates				
	<u>Fiscal</u> <u>2010-11</u>	<u>Increase</u> <u>(decrease)</u>	<u>Fiscal</u> <u>2011-12</u>	<u>Increase</u> <u>(decrease)</u>	<u>Fiscal</u> <u>2012-13</u>
Residential	\$ 17.87	\$ 3.79	\$ 21.66	\$(0.41)	\$ 21.25
Commercial/ mixed use	20.31	4.31	24.62	(0.47)	24.15
Motor vehicle	24.37	-	24.37	-	24.37
Tangible	35.58	7.55	43.13	(0.82)	42.31

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2012
(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, Chepachet, RI 02814, Telephone number (401) 568-6206, extension 5.

Thomas P. Mainville, CPA
Director of Finance

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Proprietary Funds

Government-Wide Financial Statements

TOWN OF GLOCESTER, RHODE ISLAND
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
ASSETS				
Cash and cash equivalents	11,100,221	4,441	11,104,662	545,878
Accounts receivable:				
Taxes receivable - net	765,849	-	765,849	-
Loans receivables	618,602	-	618,602	-
Due from other governments	357,829	5,477	363,306	6,472
Due from primary government				16,237
Other receivables	292,233	-	292,233	-
Prepaid expenses	68,645	-	68,645	-
Due from component unit	38,659	-	38,659	-
Internal balances	(56,826)	56,826	-	-
Other Assets - net	22,422	-	22,422	17,440
Capital assets:				
Property, plant and equipment - net	16,512,785	-	16,512,785	6,852,037
Non-depreciable	2,356,530	-	2,356,530	-
Total capital assets	<u>18,869,315</u>	<u>-</u>	<u>18,869,315</u>	<u>6,852,037</u>
TOTAL ASSETS	<u>32,076,949</u>	<u>66,744</u>	<u>32,143,693</u>	<u>7,438,064</u>
 LIABILITIES				
Accounts payable	442,609	8,959	451,568	8,864
Accrued expenses	195,898	-	195,898	-
Due to other governments	-	-	-	6,472
Due to primary government	-	-	-	38,659
Due to component unit	16,237	-	16,237	-
Deferred revenue	118,801	-	118,801	-
Other liabilities	75,864	-	75,864	-
Long-term liabilities				
Due within one year	598,497	-	598,497	-
Due in more than one year	4,768,634	-	4,768,634	-
Total liabilities	<u>6,216,540</u>	<u>8,959</u>	<u>6,225,499</u>	<u>53,995</u>
 NET ASSETS				
Invested in capital assets, net of related debt	15,094,315	-	15,094,315	6,852,037
Restricted - nonspendable	460,701	-	460,701	-
Restricted for:				
Administration	21,558	-	21,558	-
Public safety	80,055	-	80,055	-
Recreation	56,429	-	56,429	-
Social services	258,336	-	258,336	-
Capital projects	1,403,669	-	1,403,669	-
Educational programs	2,448,696	-	2,448,696	-
Perpetual care	9,280	-	9,280	-
Unrestricted	6,027,370	57,785	6,085,155	532,032
Total net assets	<u>25,860,409</u>	<u>57,785</u>	<u>25,918,194</u>	<u>7,384,069</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF GLOCESTER, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Functions/ Programs	Program revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Glocester Land Trust
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities:								
Administration	\$ 839,967	\$ 154,714	\$ 258,723	\$ -	\$ (426,530)		\$ (426,530)	
Finance	652,595	34,987	-	-	(617,608)		(617,608)	
Public safety	2,151,464	154,708	67,705	-	(1,929,051)		(1,929,051)	
Public works	2,095,239	78,603	152,886	620,013	(1,243,737)		(1,243,737)	
Recreation and senior center	344,940	-	21,776	-	(323,164)		(323,164)	
Social services	506,408	26,929	223,833	-	(255,646)		(255,646)	
Operational expenses	315,689	-	-	-	(315,689)		(315,689)	
Aid requests	322,750	12,501	-	159,363	(150,886)		(150,886)	
Education	19,118,861	196,202	3,601,729	70,318	(15,250,612)		(15,250,612)	
Interest	197,988	-	-	-	(197,988)		(197,988)	
Total governmental activities	<u>26,545,901</u>	<u>658,644</u>	<u>4,326,652</u>	<u>849,694</u>	<u>(20,710,911)</u>		<u>(20,710,911)</u>	
Business type activities:								
School Lunch	147,749	67,556	87,336	-		\$ 7,143	7,143	
Total business-type activities	<u>147,749</u>	<u>67,556</u>	<u>87,336</u>		<u>7,143</u>	<u>7,143</u>	<u>7,143</u>	
Total primary government	<u>\$ 26,693,650</u>	<u>\$ 726,200</u>	<u>\$ 4,413,988</u>	<u>\$ 849,694</u>	<u>(20,703,768)</u>	<u>7,143</u>	<u>(20,696,625)</u>	
Component Unit								
Glocester Land Trust	\$ 84,858	\$ -	\$ -	\$ 106,299				\$ 21,441
General revenues:								
Taxes:								
Property taxes, levied for general purposes					22,783,814	-	22,783,814	-
Unrestricted investment earnings					126,759	-	126,759	51
Special item - gain on confiscation of equipment					20,000	-	20,000	-
Special item - loss on demolition of building					-	-	-	(50,200)
Total general revenues					<u>22,930,573</u>	<u>-</u>	<u>22,930,573</u>	<u>(50,149)</u>
Change in net assets					2,219,662	7,143	2,226,805	(28,708)
Net assets-beginning					<u>23,640,747</u>	<u>50,642</u>	<u>23,691,389</u>	<u>7,412,777</u>
Net assets-ending					<u>\$ 25,860,409</u>	<u>\$ 57,785</u>	<u>\$ 25,918,194</u>	<u>\$ 7,384,069</u>

See auditor's report and accompanying notes to these financial statements

Fund Financial Statements

Governmental Funds
Proprietary Funds

TOWN OF GLOCESTER, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	School Unrestricted	Capital Reserve Fund	Community Development Block Grant	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 6,244,777	\$ 3,408,208	\$ 1,296,706	\$ 50,475	\$ 100,055	\$ 11,100,221
Accounts receivable:						
Taxes, net	765,849	-	-	-	-	765,849
Loans	-	-	-	463,666	154,936	618,602
Other	50,025	68,312	-	-	173,896	292,233
Prepaid expenses	27,220	41,425	-	-	-	68,645
Due from other funds	1,206,229	354,532	24,773	-	1,156,688	2,742,222
Due from other governments	-	-	-	-	357,829	357,829
Due from component unit	38,371	-	-	-	288	38,659
TOTAL ASSETS	<u>\$ 8,332,471</u>	<u>\$ 3,872,477</u>	<u>\$ 1,321,479</u>	<u>\$ 514,141</u>	<u>\$ 1,943,692</u>	<u>\$ 15,984,260</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 49,267	\$ 133,242	\$ 3,800	\$ -	\$ 256,300	\$ 442,609
Accrued payroll and benefits	114,584	37,104	-	-	7,953	159,641
Due to component unit	16,237	-	-	-	-	16,237
Due to other funds	1,295,588	571,989	679,476	-	251,995	2,799,048
Deferred revenue	509,737	1,508	-	463,666	154,936	1,129,847
Other liabilities	66,596	9,268	-	-	-	75,864
TOTAL LIABILITIES	<u>2,052,009</u>	<u>753,111</u>	<u>683,276</u>	<u>463,666</u>	<u>671,184</u>	<u>4,623,246</u>
FUND BALANCES:						
Nonspendable for:						
Perpetual care	-	-	-	-	3,100	3,100
Noncurrent portion of loans receivable	-	-	-	430,381	-	430,381
Prepays	27,220	-	-	-	-	27,220
Restricted for:						
Administration	-	-	-	-	21,558	21,558
Public safety	-	-	-	-	80,055	80,055
Recreation	-	-	-	-	56,429	56,429
Social services	-	-	-	-	258,336	258,336
Capital projects	-	-	638,203	-	765,466	1,403,669
Educational programs	-	2,370,412	-	-	78,284	2,448,696
Perpetual care	-	-	-	-	9,280	9,280
Committed for:						
Education	104,244	-	-	-	-	104,244
Subsequent year's expenditures	45,000	-	-	-	-	45,000
Assigned for:						
Administration	282,223	-	-	-	-	282,223
Public safety	81,399	-	-	-	-	81,399
Public works programs	607,173	-	-	-	-	607,173
Recreation	21,682	-	-	-	-	21,682
Matching state grant funds	50,000	-	-	-	-	50,000
Contractual obligations	617,670	180,274	-	-	-	797,944
Employee benefits	141,771	375,250	-	-	-	517,021
Medicaid expenditures	-	193,276	-	-	-	193,276
Education	-	154	-	-	-	154
Unassigned:	4,302,080	-	-	(379,906)	-	3,922,174
TOTAL FUND BALANCES	<u>6,280,462</u>	<u>3,119,366</u>	<u>638,203</u>	<u>50,475</u>	<u>1,272,508</u>	<u>11,361,014</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,332,471</u>	<u>\$ 3,872,477</u>	<u>\$ 1,321,479</u>	<u>\$ 514,141</u>	<u>\$ 1,943,692</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 9)	18,869,315
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 9)	997,211
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 9)	(5,367,131)
Net assets of governmental activities	<u>\$ 25,860,409</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF GLOCESTER, RHODE ISLAND
Statement of Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General Fund	School Unrestricted	Capital Reserve Fund	Community Development Block Grant	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Property tax	\$ 22,537,037	\$ -	\$ -	\$ -	\$ -	\$ 22,537,037
Intergovernmental and departmental revenue	287,360	2,725,783	-	-	1,458,849	4,471,992
Federal revenue - Medicaid reimbursement	-	83,112	-	-	-	83,112
Tuitions	-	101,616	-	-	-	101,616
Licenses, fees, and fines	525,877	-	-	-	-	525,877
Investment Income	119,589	2,340	796	64	3,970	126,759
Other	27,470	11,474	-	45,718	234,987	319,649
Intergovernmental - pension contribution	-	332,744	-	-	-	332,744
TOTAL REVENUES	<u>23,497,333</u>	<u>3,257,069</u>	<u>796</u>	<u>45,782</u>	<u>1,697,806</u>	<u>28,498,786</u>
EXPENDITURES:						
Current:						
Administration	771,912	-	22,784	-	8,970	803,666
Finance	620,597	-	-	-	-	620,597
Public safety	1,815,577	-	-	-	220,987	2,036,564
Public works	1,585,909	-	-	-	-	1,585,909
Recreation & senior center	242,440	-	-	-	-	242,440
Social services	38,729	-	-	242,779	13,394	439,399
Operational expenses	315,689	-	-	-	157,891	473,580
Aid requests	322,750	-	-	-	-	322,750
Education	9,349,077	8,653,164	-	-	-	18,002,241
Intergovernmental - pension contribution	-	332,744	-	-	668,271	1,003,015
Debt service:						
Principal	700,000	-	-	-	59,960	759,960
Interest	172,305	-	-	-	31,484	203,789
Capital:						
Capital outlay	-	-	244,507	-	1,548,979	1,793,486
TOTAL EXPENDITURES	<u>15,934,985</u>	<u>8,985,908</u>	<u>267,291</u>	<u>242,779</u>	<u>2,709,936</u>	<u>28,140,899</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>7,562,348</u>	<u>(5,728,839)</u>	<u>(266,495)</u>	<u>(196,997)</u>	<u>(1,012,130)</u>	<u>357,887</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	550,616	6,372,035	848,940	2,500	908,954	8,683,045
Transfers out	(7,803,983)	(175,000)	(704,062)	-	-	(8,683,045)
NET OTHER FINANCING SOURCES (USES)	<u>(7,253,367)</u>	<u>6,197,035</u>	<u>144,878</u>	<u>2,500</u>	<u>908,954</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>308,981</u>	<u>468,196</u>	<u>(121,617)</u>	<u>(194,497)</u>	<u>(103,176)</u>	<u>357,887</u>
FUND BALANCES - BEGINNING	<u>5,971,481</u>	<u>2,651,170</u>	<u>759,820</u>	<u>244,972</u>	<u>1,375,684</u>	<u>11,003,127</u>
FUND BALANCES - ENDING	<u>\$ 6,280,462</u>	<u>\$ 3,119,366</u>	<u>\$ 638,203</u>	<u>\$ 50,475</u>	<u>\$ 1,272,508</u>	<u>\$ 11,361,014</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF GLOCESTER, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Net change in fund balances-total governmental funds \$ 357,887

Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceed depreciation expense in the current period.

Capital Outlay	1,880,266	
Gain on donation/confiscation of fixed assets	20,000	
Depreciation Expense	<u>(972,673)</u>	927,593

Reductions in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the statement of activities. 246,777

Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities. This is the net effect of those activities. 5,801

Amortization of bond issuance costs (4,739)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which principal was reduced.

Net decrease in compensated absences	\$ (33,816)	
Net increase in OPEB obligation	2,254	
Issuance of debt	(62,670)	
Principal payments on long term debt	769,660	
Payments on leases payable	<u>10,915</u>	686,343

Change in net assets of governmental activities \$ 2,219,662

Please see Note 9 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

See auditor's report and accompanying notes to these financial statements

TOWN OF GLOCESTER, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2012

	School Lunch
<i>ASSETS:</i>	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 4,441
Due from other funds	56,826
Due from other governments	5,477
<i>Total current assets</i>	66,744
<i>TOTAL ASSETS</i>	66,744
 <i>LIABILITIES:</i>	
<i>Current liabilities:</i>	
Accounts payable	8,959
<i>Total current liabilities</i>	8,959
<i>TOTAL LIABILITIES</i>	8,959
 <i>NET ASSETS:</i>	
Unrestricted	57,785
<i>TOTAL NET ASSETS</i>	\$ 57,785

See auditor's report and accompanying notes to these financial statements

TOWN OF GLOCESTER, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	School Lunch
<i>OPERATING REVENUES:</i>	
Charges for usage and service	\$ 67,556
<i>Total operating revenues</i>	67,556
<i>OPERATING EXPENSES:</i>	
Operations	147,749
<i>Total operating expenses</i>	147,749
<i>OPERATING INCOME (LOSS)</i>	(80,193)
<i>NON-OPERATING REVENUES:</i>	
Intergovernmental	87,336
<i>Total non-operating revenues</i>	87,336
<i>CHANGE IN NET ASSETS</i>	7,143
<i>TOTAL NET ASSETS - BEGINNING</i>	50,642
<i>TOTAL NET ASSETS - ENDING</i>	\$ 57,785

See auditor's report and accompanying notes to these financial statements

TOWN OF GLOCESTER, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	<u>School Lunch</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>	
Cash received from customers	\$ 69,635
Cash payments to suppliers	(151,237)
<i>Net cash provided by (used for) operating activities</i>	<u>(81,602)</u>
<i>CASH FLOWS FROM NONO-CAPITAL FINANCING ACTIVITIES:</i>	
Non-operating grants received	87,336
Increase in due from other funds	(7,183)
<i>Net cash provided (used for) non-capital and related financing activities</i>	<u>80,153</u>
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	(1,449)
<i>CASH AND CASH EQUIVALENTS - BEGINNING</i>	5,890
<i>CASH AND CASH EQUIVALENTS - ENDING</i>	<u>\$ 4,441</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income (Loss)	\$ (80,193)
<i>Changes in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	2,079
Increase (decrease) in accounts payable	(3,488)
<i>Total adjustments</i>	<u>(1,409)</u>
<i>Net cash provided by (used for) operating activities</i>	<u>\$ (81,602)</u>

See auditor's report and accompanying notes to these financial statements

Notes to Financial Statements

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Unit Disclosure – The Gloucester Land Trust is a component unit and 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 Gloucester is able to impose its will in the component unit as the Town appoints all seven trustees of the Gloucester Land Trust. 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:

Gloucester Land Trust (the Land Trust) – Established July 1, 1987 the purpose of the Land trust is to acquire, hold and manage real property and interests in real property situated in the Town of Gloucester, 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, 2012:

- GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple – Employer Plans
- GASB Statement No. 64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions.

The adoption of this pronouncement 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. 60 - Accounting and Financial Reporting for Service Concession Arrangements, effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 61 - The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34, effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities effective for the Town's fiscal year ending June 30, 2014.
- GASB Statement No. 66 – Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62 effective for the Town's fiscal year ending June 30, 2014.
- GASB Statement No. 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 effective for the Town's fiscal year ending June 30, 2014.
- GASB Statement No. 68 - Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27 effective for the Town's fiscal year ending June 30, 2015.

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

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. 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 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (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 (Le. assets equal liabilities), they do not involve the measurement of results of operations. For the year ended June 30, 2012, 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>
Major:	
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. Community Development Block Grant – This fund is used to account for grant monies received and used to provide resources to address a wide variety of community development needs.
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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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

Basis of Presentation (continued)

Non-Major:

Special Revenue: Town Funds:

Bramley Bill, The Meds Plan, Bullet Proof Vest, Public Library Grant, July 4th Parade, MHRH Grant, Emergency Energy, School Shooter Training, Pollard Mimosa Trees, Police Grant JAG, Central Police Legislative Grant, Blue Rip Tide Grant, Historic Records Trust, Senior Center Donations, Food Bank, Animal Shelter, Amy Angilly Fund, Community Septic System Loan Program, BHDDH CAST, DARE, Tropical Storm Irene, Meal Site Senate Grant, and RI Interlocal Safety Grant.

School Funds:

Student Equity, Performing Arts, Technology, Professional Development, Literacy, Title I, Common Core Standards, Title II, Title IV, Title I-ARRA, IDEA Preschool, IDEA Part B, Rural Education Grant, Race to the Top, Donations-Library, CAST Mini Grant, IDEA-ARRA and Instructional Teachers.

Capital Projects: Chepachet River Park, Roads, Senior Center Fund, Chepachet River Cleanup, Chepachet Wastewater / Stormwater Project, Geothermal Project, School Bond, School Capital Improvement, MDT Project, and Animal Control Project.

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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 non-operating 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 \$309,000 for property taxes. Business-type activities report usage fees as its major receivables.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 nonspendable 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

The Town has adopted and implemented the provisions and requirements of the Governmental Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the Town's presentation of the elements of fund balances, a key indicator of inter-period equity. Listed below are the new fund balance categories and their definitions.

- ***Non-spendable*** – are balances that are not in a spendable form or are legally or contractually required to be maintained intact or are permanently precluded from conversion to cash. Examples are prepaid amounts, inventories, endowments and permanent funds.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Financial Statements (Continued)

- **Restricted** – requires that inflows and outflows of resources and balances be constrained to a specific purpose of enabling legislation, external parties or constitutional provisions.
- **Committed** – are balances with constraints imposed by the government using the highest level of decision-making authority. These constraints can only be removed or changed by the same decision making authority taking the same type of action.
- **Assigned** – are balances intended for a specific purpose and are constrained by the government’s management but are neither restricted nor committed.
- **Unassigned** – is the amount of fund balance in the General Fund that has not been restricted, committed, or assigned to a specific purpose within the General Fund. It includes spendable amounts not subject to any intended use or constraint. It is the residual classification for general fund and is available for any purpose. The balance is not precluded by a management decision, law or constitutional provision in the general fund.

The Town adopted a Fund Balance policy on June 16, 2011. The Gloucester School Department adopted a Fund Balance policy on May 17, 2011. Both set classification policies and procedures for the above noted level of fund balance reporting for the funds for which they are responsible.

- a) For committed fund balances: the Town Financial Meeting is the highest level of decision making authority and formal action at a Financial Town Meeting is required to establish, modify or rescind a fund balance commitment.
- b) For assigned fund balances in the General Fund: The Town Council is authorized to assign amounts to a purpose. For assigned fund balances in the School Unrestricted Fund: The Gloucester School Committee is authorized to assign amounts to a purpose.
- c) Order of expenditure of funds by classifications: Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance is determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first [as allowed and in compliance with stated and specified terms or requirements], followed by committed amounts, followed by assigned amounts, and then unassigned amounts.
- d) Minimum unassigned fund balance: An adequate level of unassigned fund balance is essential to mitigate current and future risks and to ensure service levels. Specifically, amounts are and will be held in unassigned fund balance for:
 - Economic uncertainty (i.e., to cushion the Town against fluctuations in revenues and costs due to economic conditions),
 - Extreme events (i.e., allows the Town to respond quickly and decisively to events such as natural disasters, catastrophic accidents, etc.)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Financial Statements (Continued)

- Working capital (i.e., to cushion the Town against revenue shortfalls or expenditure fluctuations associated with routine Town business (e.g., property tax revenues are received quarterly, but the Town delivers police services year-round.

Per the Town's *Home Rule Charter, Article VIII, Financial Procedures, Section C8-13 Minimum cash reserve*: "The minimum unreserved general fund balance the Town shall maintain shall be not less than 12% of the total annual Town proposed expenditures for the next fiscal year."

It is anticipated that this is a level sufficient to provide for the required resources to ensure short-term cash availability when revenue is unavailable or unanticipated expenditures (including emergencies) occur. If the unassigned fund balance falls below the minimum parameter, the Town Council will adopt a plan and a time frame in which to bring the unassigned fund balance into compliance with the Town's Home Rule Charter.

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 2012. Appropriations which are not expended or encumbered lapse at year end.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

2. BUDGETARY PROCESS (Continued)

(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 2012 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 2012. See Pages 77 and 78.

3. DEPOSITS AND INVESTMENTS

Deposits: The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents".

Investments: Investment of all idle funds is made through national banks or trust companies, providing that the financial conditions and integrity of the institution or institutions are verifiable and can be monitored. The investment of funds must be in direct obligations of the United States Government and "money market instruments" rated "A" or better. All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital.

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.

Concentrations: The Town practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2012, \$ -0- of the Town's balance of \$11,650,541 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

**TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Cash and investments of the Town consist of the following at June 30, 2012:

<i>Cash and Cash Equivalents</i>	
Deposits with financial institutions	\$ 11,552,428
Petty cash and cash on hand	11,052
Total cash and cash equivalents	11,563,480
 <i>Investments</i>	
Institutional Money Market Funds - U.S. Treasury	87,060
Total Investments	87,060
Total Cash and Investments	\$ 11,650,540

Cash and investments are classified in the accompanying financial statements as follows:

<i>Statement of Net Assets</i>	
Cash and cash equivalents	\$ 11,650,540
Total Cash and Investments	\$ 11,650,540

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2012.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Town did not have any debt type investments that were exposed to credit risk as defined by GASB 40 as of June 30, 2012.

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, 2010. 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

4. TAXES RECEIVABLE AND DEFERRED REVENUE (Continued)

Net property taxes levied at the May 8, 2011 Financial Town Meeting for the fiscal year 2012 were based on a net assessed value of approximately \$931,603,082 at December 31, 2010 and amounted to \$20,971,276.

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, 2012 (\$1,074,850) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$309,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2012 are recorded as deferred revenue and amounted to \$392,444 at June 30, 2012. Property taxes recognized as revenue for the fiscal year ended June 30, 2012 (due to their collection within the 60 days immediately following June 30, 2012) amounted to \$373,405.

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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

5. INTERFUND BALANCES

Individual fund and discretely presented component unit receivable and payable balances at June 30, 2012 are as follows:

	Due From Other Funds	Due To Other Funds
<i>Governmental Activities:</i>		
<i>Major Funds:</i>		
General Fund	\$ 1,206,229	\$ 1,295,588
School Unrestricted Fund	354,532	571,989
Capital Reserve Fund	24,773	679,476
<i>Non-major Funds:</i>		
Town Special Revenue Funds	206,173	11,132
School Special Revenue Funds	78,964	106,086
Capital Projects Funds	871,551	134,777
Permanent Funds	-	-
<i>Total Governmental Activities</i>	2,742,222	2,799,048
<i>Business Type Activities:</i>		
School Lunch	56,826	-
<i>Total Business Type Activities</i>	56,826	-
<i>TOTALS</i>	\$ 2,799,048	\$ 2,799,048

Discretely Presented Component Unit Balances:

	Due From Other Funds	Due To Other Funds
<i>Primary government:</i>		
General fund	\$ 38,371	\$ 16,237
Non-major funds	288	-
<i>Total primary government</i>	38,659	16,237
<i>Discretely presented component unit:</i>		
Glocester Land Trust	16,237	38,659
<i>Balances at June 30, 2012</i>	\$ 54,896	\$ 54,896

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

6. CAPITAL ASSETS

Capital Asset Activity for the year ended June 30, 2012 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,697,814	\$ -	\$ -	\$ -	\$ 1,697,814
Construction in Progress	357,028	340,485	-	(38,797)	658,716
Total capital assets not being depreciated	<u>2,054,842</u>	<u>340,485</u>	<u>-</u>	<u>(38,797)</u>	<u>2,356,530</u>
Other capital assets:					
Land improvements	892,765	47,319	-	-	940,084
Buildings and improvements	14,667,458	798,501	-	38,797	15,504,756
Infrastructure	6,508,476	548,630	-	-	7,057,106
Machinery and equipment	1,491,525	11,100	-	-	1,502,625
Motor vehicles	1,954,253	143,799	(26,612)	-	2,071,440
Office furniture and equipment	446,552	68,268	-	-	514,820
Total other capital assets at historical cost	<u>25,961,029</u>	<u>1,617,617</u>	<u>(26,612)</u>	<u>38,797</u>	<u>27,590,831</u>
Less accumulated depreciation for:					
Land improvements	257,786	46,219	-	-	304,005
Buildings and improvements	3,881,755	283,178	-	-	4,164,933
Infrastructure	3,659,301	334,975	-	-	3,994,276
Machinery and equipment	758,322	108,206	-	-	866,528
Motor vehicles	1,341,044	154,483	(26,612)	-	1,468,915
Office furniture and equipment	233,777	45,612	-	-	279,389
Total accumulated depreciation	<u>10,131,985</u>	<u>972,673</u>	<u>(26,612)</u>	<u>-</u>	<u>11,078,046</u>
Governmental activities capital assets, net	<u>\$ 17,883,886</u>	<u>\$ 985,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,869,315</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Administration	\$ 53,215
Public safety	124,600
Public works	509,330
Recreation	89,106
Social services	4,339
Public education	192,083
Total governmental activities depreciation expense	<u>\$ 972,673</u>

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

7. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Discretely presented component unit:					
Capital assets not being depreciated:					
Historical building	\$ 143,626	\$ -	\$ (50,200)	\$ -	\$ 93,426
Land	6,661,390	97,221	-	-	6,758,611
Total capital assets not being depreciated	<u>6,805,016</u>	<u>97,221</u>	<u>(50,200)</u>	<u>-</u>	<u>6,852,037</u>
Other capital assets:					
Machinery and equipment	31,500	-	-	-	31,500
Total other capital assets at historical cost	<u>31,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,500</u>
Less accumulated depreciation for:					
Historical building	-	-	-	-	-
Machinery and equipment	28,350	3,150	-	-	31,500
Total accumulated depreciation	<u>28,350</u>	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>31,500</u>
Business-type activities capital assets, net	<u>\$ 6,808,166</u>	<u>\$ 94,071</u>	<u>\$ (50,200)</u>	<u>\$ -</u>	<u>\$ 6,852,037</u>
Depreciation expense was charged to functions as follows:					
Discretely presented 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, 2012 is as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Amounts Due within One Year
Governmental Activities					
General obligation debt	\$ 4,515,000	\$ -	\$ 740,000	\$ 3,775,000	\$ 410,000
Loan payable	112,226	62,670	19,960	154,936	-
Capital leases	8,526	57,836	10,915	55,447	18,900
Total bonds payable	<u>4,635,752</u>	<u>120,506</u>	<u>770,875</u>	<u>3,985,383</u>	<u>428,900</u>
Other liabilities:					
Accrued compensated absences	965,594	635,994	602,178	999,410	159,897
Net OPEB Obligation	122,692	-	2,254	120,438	-
Landfill post-closure costs	271,600	-	9,700	261,900	9,700
Total other liabilities	<u>1,359,886</u>	<u>635,994</u>	<u>614,132</u>	<u>1,381,748</u>	<u>169,597</u>
Governmental Activities long-term liabilities	<u>\$ 5,995,638</u>	<u>\$ 756,500</u>	<u>\$ 1,385,007</u>	<u>\$ 5,367,131</u>	<u>\$ 598,497</u>

The following schedule summarizes the Town's bonds and notes:

	Interest Rates	Principal	Due Dates
Governmental bonds and notes payable	2.58% - 5.50%	\$ 3,775,000	2013-2027
Total All Funds		<u>\$ 3,775,000</u>	

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. LONG-TERM LIABILITIES (Continued)

The Town is not obligated in any way for special assessment debt. Neither is there any outstanding special assessment debt.

(a) Long-Term Liability Activity (Continued)

Payments on bonds are made from the general fund. Payments on the loan are made from the Community Septic System Loan Program. Payments on the capital leases are made from the General 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.

(b) Bonds Outstanding

At June 30, 2012, The Town's Government Activities bonds payable are comprised of the following:

PURPOSE	DATE	INTEREST	DATE	AUTHORIZED	OUTSTANDING		MATURITIES	
	OF		OF		AND	June 30, 2011	ADDITIONS	DURING
	ISSUANCE	RATE	MATURITY	ISSUED			YEAR	June 30, 2012
GENERAL OBLIGATION BONDS PAYABLE								
General refunding	9/15/1997	3.85-5.15%	11/1/2011	\$ 4,565,000	\$ 295,000	\$ -	\$ 295,000	\$ -
Road improvements	4/15/2001	4.00-5.50%	4/15/2016	3,200,000	1,210,000	-	220,000	990,000
Open space	6/1/2002	2.58-4.75%	6/1/2012	500,000	50,000	-	50,000	-
Senior center	10/1/2006	3.50-5.00%	10/1/2026	2,215,000	1,915,000	-	85,000	1,830,000
School roof	5/15/2007	4.00-5.50%	4/1/2027	750,000	590,000	-	40,000	550,000
Land trust	5/13/2010	4.200%	5/1/2019	500,000	455,000	-	50,000	405,000
TOTAL GENERAL OBLIGATION BONDS PAYABLE				11,730,000	4,515,000	-	740,000	3,775,000
TOTAL BONDS PAYABLE - GOVERNMENTAL ACTIVITIES				\$ 11,730,000	\$ 4,515,000	\$ -	\$ 740,000	\$ 3,775,000

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, which was completely drawn down by April 1, 2011. 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. LONG-TERM LIABILITIES (Continued)

(c) Loan Payable (Continued)

The Town entered into another loan agreement with RI Clean Water Finance Agency in the amount of \$300,000 on October 7, 2010 to further fund the Community Septic System Loan Program. Loans are serviced on behalf of the Town by the RI Housing Mortgage Finance Corporation. The loans to the homeowners bear interest of 2% of which RI Clean Water Finance Agency receives a 0.5% service fee and RI Housing Mortgage Finance Corporation receives a 1.5% service fee. The loan must be completely drawn down by January 1, 2021.

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

(d) Debt Service Requirements

At June 30, 2012, 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, 2012 are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
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	82,111	287,111
2018	205,000	73,588	278,588
2019	215,000	64,818	279,818
2020	155,000	55,638	210,638
Thereafter	1,250,000	192,641	1,442,641
TOTALS	\$ 3,775,000	\$ 999,687	\$ 4,774,687

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. LONG-TERM LIABILITIES (Continued)

(e) 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>Administration</u>	<u>Public Safety</u>
Governmental Activities		
Assets:		
Machinery & equipment	\$ -	\$ 50,700
Office furniture & equipment	72,308	
Less: accumulated depreciation	<u>(15,906)</u>	<u>(50,700)</u>
Net	<u>\$ 56,402</u>	<u>\$ -</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, 2012:

<u>ENDED JUNE 30,</u>	<u>FISCAL YEAR</u> <u>PAYMENTS</u>
2013	\$ 18,962
2014	15,408
2015	15,408
2016	15,408
2017	<u>5,170</u>
<i>Future Minimum Rental Payments</i>	70,356
Interest Portion of Payments	<u>(14,909)</u>
<i>Obligation Under Capital Leases</i>	<u><u>\$ 55,447</u></u>

TOWN OF GLOCESTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9: DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS.

"Total fund balances" of the town's governmental funds \$11,361,014 differs from "net assets" of governmental activities \$25,860,409 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

	<u>Total Governmental Funds</u>	<u>Long-term Assets/ Liabilities (1)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement Net Assets Totals</u>
Assets				
Cash and cash equivalents	\$ 11,100,221	\$ -	\$ -	\$ 11,100,221
Accounts receivable:				
Taxes receivable net	765,849	-	-	765,849
Loans receivable	618,602	-	-	618,602
Other receivables	292,233	-	-	292,233
Prepaid expenses	68,645	-	-	68,645
Due from other governments	357,829	-	-	357,829
Due from component unit	38,659	-	-	38,659
Internal balances	2,742,222	-	(2,799,048)	(56,826)
Other Assets - net	-	22,422	-	22,422
Capital assets - net	-	18,869,315	-	18,869,315
Total assets	<u>15,984,260</u>	<u>18,891,737</u>	<u>(2,799,048)</u>	<u>32,076,949</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	442,609	-	-	442,609
Accrued expenses	159,641	36,257	-	195,898
Due to component unit	16,237	-	-	16,237
Internal balances	2,799,048	-	(2,799,048)	-
Deferred revenue	1,129,847	(1,011,046)	-	118,801
Other liabilities	75,864	-	-	75,864
Long-term liabilities				
Due within one year	-	598,497	-	598,497
Due in more than one year	-	4,768,634	-	4,768,634
Total liabilities	<u>4,623,246</u>	<u>4,392,342</u>	<u>(2,799,048)</u>	<u>6,216,540</u>
Fund Balances/Net Assets				
Total fund balances/net assets	<u>11,361,014</u>	<u>14,499,395</u>	<u>-</u>	<u>25,860,409</u>
Total liabilities and fund balances/net assets	<u>\$ 15,984,260</u>	<u>\$ 18,891,737</u>	<u>\$ (2,799,048)</u>	<u>\$ 32,076,949</u>

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the town as a whole.

Cost of capital assets	\$ 29,947,361
Accumulated depreciation	(11,078,046)
	<u>\$ 18,869,315</u>

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 revenues in the governmental funds and thus are not included in the fund balance.

Accrued interest	\$ (36,257)
Bond issuance costs	22,422
Adjustment of deferred revenue	1,011,046
	<u>\$ 997,211</u>

Long-term liabilities applicable to the town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.

Bonds & loans payable	\$ 3,929,936
Capital leases	55,447
Landfill post-closure costs	261,900
Accrued compensated absences	999,410
Net OPEB obligation	120,438
	<u>\$ 5,367,131</u>

TOWN OF GLOCESTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

10. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds \$357,887 differs from the "change in net assets" for governmental activities of \$2,219,662 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities verses the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 22,537,037	\$ 246,777	\$ -	\$ -	\$ 22,783,814
Intergovernmental and departmental revenues	4,804,736	-	-	-	4,804,736
Federal revenue - State fiscal stabilization	83,112	-	-	-	83,112
Tuitions	101,616	-	-	-	101,616
License and permits	525,877	-	-	-	525,877
Interest on investments	126,759	-	-	-	126,759
Other revenues	319,649	-	-	-	319,649
Total revenues	<u>28,498,786</u>	<u>246,777</u>	<u>-</u>	<u>-</u>	<u>28,745,563</u>
Expenditures					
Current:					
Administration	803,666	4,739	-	31,562	839,967
Finance	620,597	-	31,998	-	652,595
Public safety	2,036,564	-	124,600	(9,700)	2,151,464
Public works	1,585,909	-	509,330	-	2,095,239
Recreation and senior center	255,834	-	89,106	-	344,940
Social services	439,399	-	4,339	62,670	506,408
Operational expenses	315,689	-	-	-	315,689
Aid requests	322,750	-	-	-	322,750
Education	19,003,256	-	115,605	-	19,118,861
Capital outlay	1,793,486	-	(1,793,486)	-	-
Debt service:					
Principal	759,960	-	-	(759,960)	-
Interest	203,789	(5,801)	-	-	197,988
Total expenditures	<u>28,140,899</u>	<u>(1,062)</u>	<u>(918,508)</u>	<u>(675,428)</u>	<u>26,545,901</u>
Other financing uses/changes in net assets					
Gain on donated/confiscated equipment	-	-	20,000	-	20,000
Net change for the year	<u>\$ 357,887</u>	<u>\$ 247,839</u>	<u>\$ 938,508</u>	<u>\$ 675,428</u>	<u>\$ 2,219,662</u>

TOWN OF GLOCESTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

10. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (Continued)

(1) Because some property taxes will not be collected for several months after the town's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Also, non-monetary transaction such as Town acquisition of tax sale properties are not recorded on the fund statements but are recorded in the statement of activities.

Property taxes	\$ 246,777
	<u>\$ 246,777</u>

Interest expense in the statement of activities differs from the amount reported in the governmental funds because interest payments are recognized as an expenditure when paid in the governmental funds while in the statement of activities they are recognized when accrued.

Accrued interest	5,801
	<u>\$ 5,801</u>

(2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 1,880,266
Depreciation expense	(972,673)
Difference	<u>\$ 907,593</u>

When a loss is realized for the disposal of capital assets the loss is not recognized on the governmental funds and is only recorded on the statement of activities.

Gain on donated/confiscated equipment	20,000
	<u>\$ 20,000</u>

(3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Cost associated with the refinancing of debt are expensed in the fund financials but are long-term assets and liabilities in the statement of activities

Amortization bond issuance costs	(4,739)
Capital leases	10,915
Issuance of debt	(62,670)
Landfill post-closure costs	9,700
Principal payments on bonds and loans	759,960
	<u>\$ 713,166</u>

Certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the in statement of activities these accrued expenses are recognized and charged to current activities.

Net increase in compensated absences	\$ (33,816)
Decrease in the OPEB obligation	2,254
Change	<u>\$ (31,562)</u>

TOWN OF GLOCESTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

11. FUND EQUITY

(a) Fund Balance Constraints

The constraints on fund balance as listed in the aggregate in the Governmental Funds Balance Sheet are detailed according to balance classification and fund.

	General Fund	School Unrestricted	Capital Reserve Fund	Community Development Grant	Other Non-Major Governmental Funds	Total Governmental Funds
<i>Nonspendable for:</i>						
Perpetual care	\$ -	\$ -	\$ -	\$ -	\$ 3,100	\$ 3,100
Noncurrent portion of loans receivables	-	-	-	430,381	-	430,381
Prepaid expenditures	27,220	-	-	-	-	27,220
<i>Restricted for:</i>						
Administration	-	-	-	-	21,558	21,558
Public safety	-	-	-	-	80,055	80,055
Recreation	-	-	-	-	56,429	56,429
Social services	-	-	-	-	258,336	258,336
Capital projects	-	-	638,203	-	765,466	1,403,669
Educational programs	-	2,370,412	-	-	78,284	2,448,696
Perpetual care	-	-	-	-	9,280	9,280
<i>Committed to:</i>						
Education	104,244	-	-	-	-	104,244
Subsequent year's expenditures	45,000	-	-	-	-	45,000
<i>Assigned for:</i>						
Administration	282,223	-	-	-	-	282,223
Public safety	81,399	-	-	-	-	81,399
Public works	607,173	-	-	-	-	607,173
Recreation	21,682	-	-	-	-	21,682
Matching state grant funds	50,000	-	-	-	-	50,000
Contractual obligations	617,670	180,274	-	-	-	797,944
Employee benefits	141,771	375,250	-	-	-	517,021
Medicaid expenditures	-	193,276	-	-	-	193,276
Education	-	154	-	-	-	154
<i>Unassigned:</i>	4,302,080	-	-	(379,906)	-	3,922,174
TOTAL FUND BALANCES	\$ 6,280,462	\$ 3,119,366	\$ 638,203	\$ 50,475	\$ 1,272,508	\$ 11,361,014

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS

(a) Municipal Employees' Retirement System of Rhode Island

Plan Description

The Town of Glocester, Rhode Island participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System. The System issues a publicly available financial report that includes financial statements and required supplementary information for the Town. The financial report may be obtained by writing to Employees Retirement System of Rhode Island, 50 Service Avenue, Warwick, Rhode Island 02886, by calling (401) 462-7600 or by accessing their website at www.ersri.org.

Legislative Changes

In November 2011, the State enacted The Rhode Island Retirement Security Act of 2011 (the Act), as described in S1111A and H6319A. The Act makes broad changes to ERSRI effective July 1, 2012. The most significant changes include:

- Changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan.
- Changing the automatic COLA to a formula contingent on the actual investment performance over time.
- Suspension/reduction of the COLA during times when the funded ratio is lower than the targeted 80% levels. This is applied by individual MERS unit.
- Re-amortization of the significantly reduced Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19 year schedule as of June 30, 2010.
- Public safety personnel not covered by social security will participate in additional defined contribution allocations equal to 3% member plus 3% employer.

Included within the significant changes noted above, there are certain rules for transitioning from the prior defined benefit structure to the smaller defined benefit plan going forward. Most notably:

- The accumulated benefit multiplier as of June 30, 2012 will be preserved and any changes to accruals will only be made prospectively.
- The final average compensation as calculated on June 30, 2012 will be preserved and any changes to the definition of salary or to the averaging period will not impact the final average compensation used to determine the retirement benefit until after the new calculation is greater than the preserved calculation.
- The calculated accrued benefit as of June 30, 2012 using the accumulated benefit multiplier as of that date and the final average compensation as of that date can be commenced on the date the member would have reached retirement eligibility prior to the Act if the member retires on that retirement date.
- Any past post-retirement benefit adjustments that have been given will be preserved. Only future adjustments will be modified and/or suspended.
- All members currently eligible to retire will retain the ability to retire in accordance with the provisions prior to the Act.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

(a) Municipal Employees' Retirement System of Rhode Island (Continued)

Legislative Changes (Continued)

- Current municipal employees who have five years of service as of June 30, 2012 will have a new retirement age delayed in proportion to the amount of service they have earned as of June 30, 2012 and to their current expected retirement age, but not less than age 59. In no circumstances will the retirement age of the member reduce from the retirement age prior to the Act.
- Current Public Safety personnel who are age 45 with ten years of service as of June 30, 2012, and had a retirement age prior to the Act based on continued service prior to age 52, will have unreduced retirement eligibility at age 52.
- A plan that has had four consecutive benefit adjustments suspended due to the 80% funding criteria will be eligible to receive an adjustment in the fifth year of the funding level.

The changes to the defined benefit plan instituted by the Act have been fully reflected in this actuarial valuation as of June 30, 2012 as the contribution rates from this valuation will be applicable after the new provisions are effective. As noted above for further information the financial report may be obtained by writing to Employees Retirement System of Rhode Island, 50 Service Avenue, Warwick, Rhode Island 02886, by calling (401) 462-7600 or by accessing their website at www.ersri.org.

Eligibility: General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System of Rhode Island, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Certain elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be classified as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be classified as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a separate unit from the general employees, with separate contribution rates applicable.

Employee Contributions: General employees, police officers and firefighters contribute 7.00% of their salary per year. In addition, if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1.00% of salary is required. If a municipality elects the optional 20-year retirement provision for its police officers and/or its firefighters, an additional contribution of 1.00% of salary will be required from these members. The municipality, at its election, may choose to "pick up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(a) Municipal Employees' Retirement System of Rhode Island (Continued)

Legislative Changes (Continued)

Employer Contributions: Each participating unit's contribution rate is determined actuarially. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the highest three consecutive annual salaries. Effective July 1, 2012, the average of the member's highest five consecutive annual salaries will be used. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Retirement Benefits

General employees: Eligibility

- Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age.
- Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described in Section (e) below, and the retirement age applicable to members hired after June 30, 2012 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.
- Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If that option is elected, the retirement benefit will be calculated using the benefits you have accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.
- A member who is within five years of reaching their retirement eligibility date, described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.
- Prior to July 1, 2012, member were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service.
- Members designated as police officers or firefighters may retire at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members may retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elects to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member may retire at any age with 20 or more years of service.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(a) Municipal Employees' Retirement System of Rhode Island (Continued)

Retirement Benefits (Continued)

General employees: Monthly Benefit

- For service prior to July 1, 2012, 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). For service after July 1, 2012, 1.00% of the members monthly FAC for each year of service.

Police and Fire employees: Eligibility

- Members are eligible to retire when they are at least 55 years old and have a minimum of 25 years of contribution service. Members with at least 10 years of service, had achieved age 45, and had a retirement age prior to age 52 as of June 30, 2012 may retire at age 52.

Police and Fire employees: Monthly Benefit

- 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012 and the member has attained 20 years of service, the benefit is 2.50% of the members monthly FAC for each year of service prior to July 1, 2012.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees - Municipal Employees Retirement System (MERS)						
2008	5,888,673	7,125,561	(1,236,888)	83%	2,241,463	-55%
2009	6,192,776	7,649,321	(1,456,545)	81%	2,500,025	-58%
2010	6,471,874	8,937,697	(2,465,823)	72%	2,442,616	-101%
2011	6,723,988	7,777,950	(1,053,962)	86%	2,454,369	-43%
2012	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Police Employees - Municipal Employees Retirement System (MERS)						
2008	4,261,420	4,841,450	(580,030)	88%	967,190	-60%
2009	4,476,658	5,162,180	(685,522)	87%	1,003,507	-68%
2010	4,516,760	6,498,931	(1,982,171)	70%	904,047	-219%
2011	4,656,616	5,696,880	(1,040,264)	82%	900,604	-116%
2012	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A

* Unavailable at time of report.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

(a) Municipal Employees' Retirement System of Rhode Island (Continued)

Retirement Benefits (Continued)

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation date	June 30, 2011
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period	17 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%, Compounded Annually
Projected salary increases	4.00-8.00%
Cost-of-living adjustments	2.75%
Inflation Rate	2.75% Annually
Post Retirement Benefit Increases	2.00% Of Original Retirement Benefit

Annual Pension Cost - For 2012, the Town contributed \$327,430 for MERS. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal cost method with frozen initial liability. 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 three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 30-year period.

Required contributions:

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Police	General	Total Annual Pension Cost	Total Amount Contributed	Total Percentage Contributed
2009	183,488	236,643	420,131	420,131	100%
2010	133,241	186,737	319,978	319,978	100%
2011	145,220	150,186	295,406	295,406	100%
2012	159,441	167,989	327,430	327,430	100%

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island

Plan Description

All Town of Gloucester, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Employees Retirement System of Rhode Island, 50 Service Avenue, Warwick, Rhode Island, 02886, by calling (401) 462-7600 or by accessing their website at www.ersri.org.

Legislative Changes

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 (the Act), as described in S1111A and H6319A. The Act makes broad changes to ERSRI effective July 1, 2012. The most significant changes include:

- Changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan.
- Changing the automatic COLA from a CPI related formula to a formula contingent on the actual investment performance over time.
- Suspension/reduction of the COLA during times when funded ration is lower than targeted 80% levels. State employees, teachers, BHDDH nurses, correctional officers, judges (including pay as you go), and state police (including pay as you go) will be aggregated to determine if the 80% requirement has been reached.
- Re-amortization of the significantly reduced Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19 year schedule as of June 30, 2010.
- Teachers and Public Safety personnel not covered by Social Security (except State Police) will participate in additional defined contribution allocations equal to 2% member plus 2% employer for Teachers and 3% member plus 3% employer for Public Safety.

Included within the significant changes noted above, there are certain rules for transitioning from the prior defined benefit structure to the smaller defined benefit plan going forward. Most notably:

- The accumulated benefit multiplier as of June 30, 2012 will be preserved and any changes to accruals will only be made prospectively.
- The final average compensation as calculated on June 30, 2012 will be preserved and any changes to the definition of salary or to the averaging period will not impact the final average compensation used to determine the retirement benefit until after the new calculation is greater than the preserved calculation.
- The calculated accrued benefit as of June 30, 2012 using the accumulated benefit multiplier as of that date and the final average compensation as of that date can be commenced on the date the member would have reached retirement eligibility prior to the Act if the member retires on that retirement date.
- Any past post-retirement benefit adjustments that have been given will be preserved. Only future adjustments will be modified and/or suspended.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island (Continued)

Legislative Changes (Continued)

- All members currently eligible to retire will retain the ability to retire in accordance with the provisions prior to the Act.
- Current State Employees and Teachers who have five years of service as of June 30, 2012 will have a new retirement age delayed in proportion to the amount of service they have earned as of June 30, 2012 and to their current expected retirement age, but not less than age 59. In no circumstance will the retirement age of the member reduce from the retirement age prior to the Act.
- Current Public Safety personnel who are age 45 with ten years of service as of June 30, 2012, and had a retirement age prior to the act based on continued service prior to age 52, will have unreduced retirement eligibility at age 52.
- A plan that has had four consecutive benefit adjustments suspended due to the 80% funding criteria will be eligible to receive an adjustment in the fifth year regardless of the funding level.

The changes to the defined benefit plan instituted by the Act have been fully reflected in this actuarial valuation as of June 30, 2011 as the contribution rates from this valuation will be applicable after the new provisions are effective. As noted above for further information the financial report may be obtained by writing to Employees Retirement System of Rhode Island, 50 Service Avenue, Warwick, Rhode Island, 02886, by calling (401) 462-7600 or by accessing their website at www.ersri.org.

Plan Year: A twelve-month period ending June 30th.

Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.

Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation, and the Narragansett Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members as of their date of employment.

Employee Contributions: State Employees generally contribute 8.75% of their salary per year. Teachers contribute 9.50% per year. The state "picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a Teacher may also pick up their members' contributions.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island (Continued)

Legislative Changes (Continued)

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Employer Contributions: For Teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the State bears the cost of repaying certain amounts taken from the trust in the early 1990's.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation. In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of State Employees decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, by making an additional contribution to purchase the additional service and those costs will be determined at full actuarial value, except for purchases of military service and redeposits of previously refunded contributions. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): For members eligible to retire as of September 30, 2009, their Final Average Compensation (FAC) will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount.

Retirement Benefits

Eligibility: As of July 1, 2012, retirement eligibility dates will be as follows.

- Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement date.
- Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's Article 7 Retirement Date, described in Section 11(c) below, and the retirement age applicable to members hired after June 30, 2012 in (i) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's Article 7 Retirement Date. The minimum retirement age is 59.
- Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their Article 7 Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits the member has accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

**TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island (Continued)

Retirement Benefits (Continued)

- A member who is within five years of reaching their retirement eligibility date, described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Article 7 Retirement Date (member's retirement date as of September 30, 2009):

- Grandfathered Schedule A members – members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009 – are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.
- Schedule B members – members with less than 10 years of contributory service at June 30, 2005 and members hired on or after that date – are eligible for retirement on or after age 65 if they have credit for 10 years of service, on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.
- Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (iv) above. The interpolation is based on service as of September 30, 2009 divided by projected service at the retirement age under (i) above.

Monthly Benefit: Upon retirement, members are eligible to commence a benefit determined as the sum of:

- Benefit accrual of 1.0% per year for all service after June 30, 2012 and
- Benefit accruals earned as of June 30, 2012, described in Section (d) below.

For purposes of calculating benefit accruals for service after June 30, 2012, the FAC is determined through retirement.

Benefit accruals earned as of June 30, 2012: The retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service as described below. For purposes of determining the benefit accruals earned as of June 30, 2012, the service and FAC are frozen as of June 30, 2012.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island (Continued)

Retirement Benefits (Continued)

- For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009), benefits are based under this schedule (Schedule A):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.7% per year
The next 10 years of service	11 – 20	1.9% per year
The next 14 years of service	21 – 34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

- For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.6% per year
The next 10 years of service	11 – 20	1.8% per year
The next 5 years of service	21 – 25	2.0% per year
The next 5 years of service	26 – 30	2.25% per year
The next 7 years of service	31 – 37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

- For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island (Continued)

Retirement Benefits (Continued)

Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available.

Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

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 Department of 9.09% of non-federally reimbursable payrolls totaling \$332,744 for the fiscal year ended June 30, 2012. These on-behalf payments of fringe benefits have been recognized as revenues and expenditures in the fiscal period. The School Department does not have any investments or related party investment with the State Plan.

Required Contributions:

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Employee	Employer	Total	Total	Total
			Annual Pension Cost	Amount Contributed	Percentage Contributed
2009	366,606	458,682	825,288	825,288	100%
2010	364,776	453,906	818,682	818,682	100%
2011	354,595	439,716	794,311	794,311	100%
2012	366,228	473,347	839,575	839,575	100%

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the Town has determined that there are no assets or liabilities relating to the funding requirements of the plan.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

(b) Employees' Retirement System of Rhode Island (Continued)

Retirement Benefits (Continued)

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period 1	8 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%, Compounded Annually
Projected salary increases	3.00-7.00%
Cost-of-living adjustments	2.75%
Inflation Rate	2.75% Annually

13. 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 2012 because Town officials are of the opinion that 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

14. 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. The Town adopted the requirements of GASB No. 45 during the year ended June 30, 2009, and 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 health care benefits to eligible retirees in accordance with various labor contracts and personnel policies. As of June 30, 2011, 143 employees [122 active and 21 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, 2010. This was the second 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 2, 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. Employees hired after July 10, 2010 are not eligible.

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 Gloucester 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.

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. New hires after January 1, 2009 are not eligible.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefit Provisions and Contributions (Continued)

School - Educational Support (Continued)

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: For employees retired as of January 1, 2009 the Town of Gloucester School Department pays 100% of the premium cost of individual coverage until the retiree reaches age 65 or is eligible for Medicare, whichever comes first. Employees retiring after January 1, 2009 pay the same co-payment as current employees.

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. New hires after December 15, 2011 are not eligible

Plan type: Medical - Blue Cross/Blue Shield or Healthmate individual plan 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 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 or Healthmate individual plan 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. New hires after July 1, 2009 are not eligible.

Plan type: Blue Cross/Blue Shield 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 coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Benefit Provisions and Contributions (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 June 30, 2012, membership data was as follows.

Active Employees	122
Retirees	<u>21</u>
Total Plan Members	<u>143</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, 2012, 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 \$126,780. 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	\$ 197,220
Interest on OPEB	4,908
Adjustment to annual required contribution	<u>(5,655)</u>
Annual OPEB cost	196,473
Anticipated Contributions per actuarial report	<u>(198,727)</u>
Increase (decrease) in net OPEB obligation	<u>(2,254)</u>
Net OPEB beginning of year	<u>122,692</u>
Net OPEB obligation end of year	<u><u>\$ 120,438</u></u>

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/10	193,139	152,581	79.00%	105,315
06/30/11	191,559	174,182	90.93%	122,692
06/30/12	196,473	198,727	101.15%	120,438

(1) The most recent actuarial valuation date was July 1, 2011.

Funded Status and Funding Progress

<u>Actuarial Valuation Date</u> <u>July 1,</u>	<u>Actuarial Value of Assets</u> <u>(a)</u>	<u>Accrued Liability (AAL)</u> <u>(b)</u>	<u>Unfunded AAL (UAAL)</u> <u>(b-a)</u>	<u>Funded Ratio</u> <u>(a/b)</u>	<u>UAAL as a Percentage of Covered Payroll</u> <u>(c)</u>	<u>Percentage of Covered Payroll</u> <u>((b-a)/c)</u>
7/1/2008	-	2,199,146	2,199,146	0.00%	7,518,170	29.25%
7/1/2010	-	2,307,873	2,307,873	0.00%	7,219,268	31.97%
7/1/2011	-	2,314,731	2,314,731	0.00%	7,046,823	32.85%

Although the Town has not established a trust to fund its OPEB obligation nor made any contributions to a trust, the Town has assigned \$530,274 of its fund balance to fund its OPEB obligation. This amount exceeds the net OPEB obligation of \$120,438 at June 30, 2012 by \$409,836. The Town intends to establish an irrevocable trust in compliance with GASB Statement No. 45 in fiscal year 2013.

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 above 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

14. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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%
2010 Medical Trend Rate.....	10.0%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2015
Actuarial Cost Method.....	Entry Age Normal
The remaining amortization period at June 30, 2011	26 years
Valuation Type.....	Closed Group

15. 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>	
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		2,559,574
Total	<u>\$</u>	<u>23,094,426</u>

During fiscal year ending June 30, 2012 the Town received \$1,671,975 in payments from FM.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

16. FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

The Foster-Glocester Regional School District (Regional School) was created to include the high school (Grades 9-12) and middle schools (Grades 6-8) for the Towns of Foster and Glocester (the Towns). The Regional School is a separate legal entity from the Towns. 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, 2012 was \$9,349,077. Financial statements for the Regional School are issued separately and may be obtained from the Foster-Glocester Regional School District Business Office, P.O. Box D, Chepachet, Rhode Island 02814.

17. 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; 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 on October 1, 1986, 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.

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, 2012, the Town believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

18. INTERFUND TRANSFERS

Interfund transfers for fiscal year ended June 30, 2012 are as follows:

<u>Governmental Activities</u>	Transfers in	Transfers out
<u>Major Funds</u>		
General Fund	\$ 550,616	\$ (7,803,983)
School Unrestricted Fund	6,372,035	(175,000)
Capital Projects Fund	879,062	-
Capital Reserve-Major Fund	848,940	(704,062)
Community Development	2,500	-
Non-Major Funds	<u>29,892</u>	<u>-</u>
Total Governmental Activities	<u>\$ 8,683,045</u>	<u>\$ (8,683,045)</u>

19. 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. 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. The work on the project is complete. The total cost was \$246,000. RIDEM has reviewed the Closure Certification Report and determined that it is in substantial compliance with Rule 2.1.09(C) of the Solid Waste Regulation NO.2.

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. Actual costs may be higher due to inflation, changes in technology or changes in regulation. After the first few years of monitoring following final acceptance, the Town will request that RIDEM relax these requirements if monitoring results are in substantial compliance with the regulations. The Town has landfill post closure care costs as follows:

Town	Year of	Capping	Monitoring	Years	Projected	Short-Term	Long-Term
Landfill	Closure	Cost	Costs	Remaining	Liability	Liability	Liability
		(Estimate)	(Estimate)				
Chestnut Hill Rd.	1979	\$ -	\$ 9,700	27	\$ 261,900	\$ 9,700	\$ 252,200

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

20. PUBLIC ENTITY RISK POOL

The Health Pool

The Town participates in a public entity risk pool 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. (through June 22, 2010). 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 the Trust, 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:

1. At a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool, and
2. With the intent that over the long term each member is contributing its fair share.

The contributions of each member 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 a policy year 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.

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, 2012, unaudited results indicate that the Pool generated \$104,605,126 in revenues and excess of expenses over revenues of \$7,906,970. The Pool had \$39,912,159 in total assets and \$20,220,772 in total equity as of June 30, 2012.

The Pool retains certain levels of insurance risk. Specific losses in excess of \$1 million to a limit of \$2 million are covered by a Backstop Account internal to the Trust that is funded by annual Backstop Account payments from the Health Pool. As of June 30, 2012, the Pool's membership consisted of 43 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.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

21. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federally Assisted Programs - Compliance Audits

The Town participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2012 were audited in connection with the accompanying financial statements under the Single Audit Concept and the auditor's reports thereon are presented in the Single Audit Report. Management believes that the amounts, if any, of expenditures, which may be disallowed, will not be material to the financial position of the Town.

22. STATE FISCAL STABILIZATION FUNDS

State education aid to school districts was reduced for fiscal year 2012 as part of a State budget crisis. To offset this reduction, Federal State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2. School Departments were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the General Fund. For fiscal year 2012, Gloucester School Department was awarded and received \$656 in Stabilization Funds.

23. GASB 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

The Town has adopted the requirements of the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the Town's presentation of the elements of fund balances, a key indicator of inter-period equity. It has also changed the presentation of the Town's fund reporting. By definition Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. In prior years before the issuance of GASB 54, the Town presented the School Department's revenue and expenditure activity as special revenue funds in their basic financial statements. GASB 54 states that the restricted or committed proceeds of a specific revenue source should be expected to comprise a "substantial portion" of the inflows reported in the special revenue funds. Governments should discontinue reporting a special revenue fund, and instead report the funds remaining resources in the General Fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources such as Rhode Island State Aid to Schools. Guidance on what defines "substantial" has not been clear.

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 24 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 18, 2013, the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

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 information

Such information includes:

Schedule of Funding Progress

Budgetary Comparison Schedules – General Fund
And Gloucester School General Fund

TOWN OF GLOCESTER, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION
UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees - Municipal Employees Retirement System (MERS)						
2008	5,888,673	7,125,561	(1,236,888)	83%	2,241,463	-55.2%
2009	6,192,776	7,649,321	(1,456,545)	81%	2,500,025	-58.3%
2010	6,471,874	8,937,697	(2,465,823)	72%	2,442,616	-101.0%
2011	6,723,988	7,777,950	(1,053,962)	86%	2,454,369	-42.9%
2012	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Police Employees - Municipal Employees Retirement System (MERS)						
2008	4,261,420	4,841,450	(580,030)	88%	967,190	-60.0%
2009	4,476,658	5,162,180	(685,522)	87%	1,003,507	-68.3%
2010	4,516,760	6,498,931	(1,982,171)	70%	904,047	-219.3%
2011	4,656,616	5,696,880	(1,040,264)	82%	900,604	-115.5%
2012	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
* Unavailable at the time of the report						
Other Post Employment Benefits (OPEB)						
7/1/2008 (1)	-	2,199,146	(2,199,146)	0%	7,518,170	-29.3%
7/1/2010	-	2,307,873	(2,307,873)	0%	7,219,268	-32.0%
7/1/2011	-	2,314,731	(2,314,731)	0%	7,046,823	-32.8%

(1) First year actuarial valuation was performed

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2012

	GENERAL FUND			
	Original Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
Property tax	\$ 22,514,581	\$ 22,514,581	\$ 22,537,037	\$ 22,456
General state aid	257,626	257,626	258,724	1,098
State housing aid	188,000	188,000	28,636	(159,364)
License, fees and fines	410,000	410,000	525,877	115,877
Interest and investment income	93,000	93,000	119,347	26,347
Other revenues	24,500	24,500	21,635	(2,865)
TOTAL REVENUES	<u>23,487,707</u>	<u>23,487,707</u>	<u>23,491,256</u>	<u>3,549</u>
EXPENDITURES:				
Current:				
Central administration	791,869	791,869	691,758	100,111
Financial administration	638,740	638,740	620,597	18,143
Public safety	1,920,157	1,920,157	1,815,172	104,985
Public works	1,620,133	1,620,133	1,530,902	89,231
Recreation and senior center	254,597	254,597	241,287	13,310
Social services	48,474	48,474	38,729	9,745
Other operational expenses	413,738	413,738	315,689	98,049
Aid requests	322,750	322,750	322,750	-
Education	9,349,077	9,349,077	9,349,077	-
Debt service:				
Principal	740,000	740,000	700,000	40,000
Interest	185,904	185,904	172,305	13,599
TOTAL EXPENDITURES	<u>16,285,439</u>	<u>16,285,439</u>	<u>15,798,266</u>	<u>487,173</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>7,202,268</u>	<u>7,202,268</u>	<u>7,692,990</u>	<u>490,722</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	573,460	573,460	573,460	-
Transfers to other funds	<u>(7,775,728)</u>	<u>(7,775,728)</u>	<u>(7,803,983)</u>	<u>(28,255)</u>
TOTAL OTHER FINANCING USES	<u>(7,202,268)</u>	<u>(7,202,268)</u>	<u>(7,230,523)</u>	<u>(28,255)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,467</u>	<u>\$ 462,467</u>
Less: appropriated fund balance			(573,460)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with the Glocester General Fund for purposes of GASB Statement No. 54			419,974	
Fund Balance, beginning of year			<u>5,971,481</u>	
Fund Balance, end of year			<u>\$ 6,280,462</u>	

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - School Department Operations
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2012

	Original Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
State aid	\$ 2,985,089	\$ 2,985,089	\$ 2,725,127	\$ (259,962)
Federal revenue - Medicaid reimbursement	-	-	83,112	83,112
Tuitions	146,356	146,356	101,616	(44,740)
Earnings on investments	6,000	6,000	2,340	(3,660)
Other	34,000	34,000	11,474	(22,526)
TOTAL REVENUES	3,171,445	3,171,445	2,923,669	(247,776)
 EXPENDITURES:				
Fogarty Memorial	124,160	124,160	119,271	4,889
West Glocester	119,400	119,400	103,713	15,687
Central administration	156,488	156,488	100,914	55,574
System-wide	1,933,722	1,933,722	1,796,307	137,415
Salaries and fringes	7,389,710	7,389,710	6,531,994	857,716
TOTAL EXPENDITURES	9,723,480	9,723,480	8,652,199	1,071,281
 <i>Excess of revenues over (under) expenditures before other financing sources (uses)</i>				
	(6,552,035)	(6,552,035)	(5,728,530)	823,505
 OTHER FINANCING SOURCES (USES):				
Transfers from Town	6,372,035	6,372,035	6,372,035	-
Appropriated fund balance	180,000	180,000	180,000	-
Transfers to other funds	-	-	(175,000)	(175,000)
NET OTHER FINANCING SOURCES	6,552,035	6,552,035	6,377,035	(175,000)
 <i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>				
	\$ -	\$ -	\$ 648,505	\$ 648,505
Less: appropriated fund balance			(180,000)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with the Glocester School General Fund for purposes of GASB Statement No. 54			(309)	
Fund Balance, beginning of year			2,651,170	
Fund Balance, end of year			\$ 3,119,366	

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary to GAAP basis reconciliation

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, 2012:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$	462,467
Fund balance reappropriated.....		(573,460)
Excess of revenues and other sources over expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54.....		419,974
Excess of revenues and other sources over expenditures and other uses (GAAP).....	\$	308,981

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

A reconciliation of the General Fund's revenues and expenditures and other financing sources (uses) is presented below.

	Revenues and Transfers	Expenditures and Transfers
<i>General Fund:</i>		
<i>Schedule of Revenues, Expenditures and Other Financing Sources</i>		
<i>(Non-GAAP Budgetary Basis) Budget and Actual</i>	\$ 24,064,716	\$ 23,602,249
Adjustment for pension contribution made by State of Rhode Island on behalf of employees.....	-	-
Fund balance reappropriated.....	(573,460)	-
Revenues and other sources and expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54.....	556,693	136,719
<i>Statement of Revenues, Expenditures and Changes in Fund Balances</i>	\$ 24,047,949	\$ 23,738,968

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary to GAAP basis reconciliation

The following reconciliation summarizes the differences for the School Unrestricted Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2012:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$	648,505
Fund balance reappropriated.....		(180,000)
Excess of revenues and other sources over expenditures and other uses of funds classified with the School Unrestricted Fund for purposes of GASB Statement No. 54.....		(309)
Stabilization Stimulus.....		-
Excess of revenues and other sources over expenditures and other uses (GAAP).....	\$	<u>468,196</u>

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

A reconciliation of the School Unrestricted Fund's revenues and expenditures and other financing sources (uses) is presented below.

	Revenues and Transfers	Expenditures and Transfers
<i>School Unrestricted Fund:</i>		
<i>Schedule of Revenues, Expenditures and Other Financing Sources</i>		
<i>(Non-GAAP Budgetary Basis) Budget and Actual</i>	\$ 9,475,704	\$ 8,827,199
Fund balance reappropriated.....	(180,000)	
Revenues and other sources and expenditures and other uses of funds classified with the School Unrestricted Fund for purposes of GASB Statement No. 54.....	-	309
Adjustment for pension contribution made by State of Rhode Island on behalf of employees.....	332,744	332,744
Stabilization Stimulus.....	656	656
	<u>656</u>	<u>656</u>
<i>Statement of Revenues, Expenditures and Changes in Fund</i>		
<i>Balances</i>	\$ 9,629,104	\$ 9,160,908

OTHER SUPPLEMENTARY INFORMATION

Combining Fund Financial Statements for Non-major Governmental Funds

Other Supplementary Information

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
JUNE 30, 2012

	Town Special Revenue Funds	School Special Revenue Funds	Capital Projects Funds	Permanent Funds	Totals
ASSETS:					
Cash and cash equivalents	\$ 615	\$ -	\$ 87,060	\$ 12,380	\$ 100,055
Loans receivable	154,936	-	-	-	154,936
Other receivables	5,000	-	168,896	-	173,896
Due from other governments	230,791	120,735	6,303	-	357,829
Due from other funds	206,173	78,964	871,551	-	1,156,688
Due from component unit	-	-	288	-	288
TOTAL ASSETS	\$ 597,515	\$ 199,699	\$ 1,134,098	\$ 12,380	\$ 1,943,692
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 15,069	\$ 7,376	\$ 233,855	\$ -	\$ 256,300
Accrued expenses	-	7,953	-	-	7,953
Due to other funds	11,132	106,086	134,777	-	251,995
Deferred revenues	154,936	-	-	-	154,936
TOTAL LIABILITIES	181,137	121,415	368,632	-	671,184
FUND BALANCES (DEFICITS):					
Nonspendable for:					
Perpetual care	-	-	-	3,100	3,100
Restricted for:					
Administration	21,558	-	-	-	21,558
Public safety	80,055	-	-	-	80,055
Recreation	56,429	-	-	-	56,429
Social services	258,336	-	-	-	258,336
Education	-	78,284	-	-	78,284
Capital projects	-	-	765,466	-	765,466
Perpetual care	-	-	-	9,280	9,280
Unassigned:	-	-	-	-	-
FUND BALANCES (DEFICITS)	416,378	78,284	765,466	12,380	1,272,508
TOTAL LIABILITIES AND FUND BALANCES	\$ 597,515	\$ 199,699	\$ 1,134,098	\$ 12,380	\$ 1,943,692

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Combining Statement of Revenues, Expenditures, Other Financing Source (Uses)
and Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Town Special Revenue Funds	School Special Revenue Funds	Capital Projects Funds	Permanent Funds	Totals
REVENUES:					
Intergovernmental	\$ 225,316	\$ 543,202	\$ 690,331	\$ -	\$ 1,458,849
Interest on investments	3,962	-	-	8	3,970
Other	82,101	-	152,886	-	234,987
TOTAL REVENUES	<u>311,379</u>	<u>543,202</u>	<u>843,217</u>	<u>8</u>	<u>1,697,806</u>
EXPENDITURES:					
<i>Current:</i>					
Administration	8,970	-	-	-	8,970
Public Safety	156,047	-	64,940	-	220,987
Recreation	13,394	-	-	-	13,394
Social Services	157,891	-	-	-	157,891
Education	-	668,271	-	-	668,271
<i>Debt service:</i>					
Principal	19,960	-	40,000	-	59,960
Interest	3,962	-	27,522	-	31,484
<i>Capital:</i>	-	-	1,548,979	-	1,548,979
TOTAL EXPENDITURES	<u>360,224</u>	<u>668,271</u>	<u>1,681,441</u>	<u>-</u>	<u>2,709,936</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(48,845)	(125,069)	(838,224)	8	(1,012,130)
OTHER FINANCING SOURCES (USES)					
Transfers in	29,892	-	879,062	-	908,954
NET OTHER FINANCING SOURCES (USES)	<u>29,892</u>	<u>-</u>	<u>879,062</u>	<u>-</u>	<u>908,954</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(18,953)	(125,069)	40,838	8	(103,176)
FUND BALANCE AT BEGINNING OF YEAR	<u>435,331</u>	<u>203,353</u>	<u>724,628</u>	<u>12,372</u>	<u>1,375,684</u>
FUND BALANCE AT END OF YEAR	<u>\$ 416,378</u>	<u>\$ 78,284</u>	<u>\$ 765,466</u>	<u>\$ 12,380</u>	<u>\$ 1,272,508</u>

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2012

	Bramley Bill	The Meds Plan	RI Interlocal Safety Grant	Bullet Proof Vests	Public Library Grant	July 4th Parade	MHRH Grant
ASSETS:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -
Loans receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	5,000	-
Due from other governments	3,391	-	-	2,933	-	-	203
Due from other funds	58,064	500	-	2,933	-	31,884	-
TOTAL ASSETS	<u>\$ 61,455</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 5,866</u>	<u>\$ -</u>	<u>\$ 37,184</u>	<u>\$ 203</u>
LIABILITIES AND FUND BALANCE:							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 3,830	\$ -	\$ -	\$ 5,866	\$ -	\$ 379	\$ 40
Due to other funds	-	-	-	-	-	-	163
Deferred revenues	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>3,830</u>	<u>-</u>	<u>-</u>	<u>5,866</u>	<u>-</u>	<u>379</u>	<u>203</u>
FUND BALANCE:							
Restricted for:							
Administration	-	-	-	-	-	-	-
Public safety	57,625	500	-	-	-	-	-
Recreation	-	-	-	-	-	36,805	-
Social services	-	-	-	-	-	-	-
Unassigned:	-	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>57,625</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,805</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 61,455</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 5,866</u>	<u>\$ -</u>	<u>\$ 37,184</u>	<u>\$ 203</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2012

	Emergency Energy	School Shooter Training	Pollard Mimosa Trees	Police Grant JAG	Central Police Legislative Grant	Blue Rip Tide Grant	Historic Records Trust
ASSETS:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255
Loans receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	3,535	-	2,208	-
Due from other funds	10,454	-	2,000	-	1,481	-	19,303
TOTAL ASSETS	<u>\$ 10,454</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 3,535</u>	<u>\$ 1,481</u>	<u>\$ 2,208</u>	<u>\$ 19,558</u>
LIABILITIES AND FUND BALANCE:							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 554	\$ -	\$ -	\$ -	\$ -	\$ 163	\$ -
Due to other funds	-	-	-	3,535	-	2,045	-
Deferred revenues	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>554</u>	<u>-</u>	<u>-</u>	<u>3,535</u>	<u>-</u>	<u>2,208</u>	<u>-</u>
FUND BALANCE:							
Restricted for:							
Administration	-	-	2,000	-	-	-	19,558
Public safety	-	-	-	-	1,481	-	-
Recreation	-	-	-	-	-	-	-
Social services	9,900	-	-	-	-	-	-
Unassigned:	-	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>9,900</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>1,481</u>	<u>-</u>	<u>19,558</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,454</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 3,535</u>	<u>\$ 1,481</u>	<u>\$ 2,208</u>	<u>\$ 19,558</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2012

	Senior Center Donations	Food Bank	Animal Shelter Amy Angilly Fund	Community Septic System Loan Program	BHDDH CAST	DARE	Tropical Storm Irene
ASSETS:							
Cash and cash equivalents	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivable	-	-	-	154,936	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	211,950	6,571	-	-
Due from other funds	20,074	36,912	20,266	-	-	1,182	-
TOTAL ASSETS	<u>\$ 20,134</u>	<u>\$ 36,912</u>	<u>\$ 20,266</u>	<u>\$ 366,886</u>	<u>\$ 6,571</u>	<u>\$ 1,182</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE:							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 510	\$ 426	\$ -	\$ -	\$ 1,182	\$ 999	\$ -
Due to other funds	-	-	-	-	5,389	-	-
Deferred revenues	-	-	-	154,936	-	-	-
TOTAL LIABILITIES	<u>510</u>	<u>426</u>	<u>-</u>	<u>154,936</u>	<u>6,571</u>	<u>999</u>	<u>-</u>
FUND BALANCE:							
Restricted for:							
Administration	-	-	-	-	-	-	-
Public safety	-	-	20,266	-	-	183	-
Recreation	19,624	-	-	-	-	-	-
Social services	-	36,486	-	211,950	-	-	-
Unassigned:	-	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>19,624</u>	<u>36,486</u>	<u>20,266</u>	<u>211,950</u>	<u>-</u>	<u>183</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,134</u>	<u>\$ 36,912</u>	<u>\$ 20,266</u>	<u>\$ 366,886</u>	<u>\$ 6,571</u>	<u>\$ 1,182</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2012

	Meal Site Senate Grant	TOTAL
ASSETS:		
Cash and cash equivalents	\$ -	\$ 615
Loans receivable	-	154,936
Other receivables	-	5,000
Due from other governments	-	230,791
Due from other funds	1,120	206,173
TOTAL ASSETS	\$ 1,120	\$ 597,515
LIABILITIES AND FUND BALANCE:		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,120	\$ 15,069
Due to other funds	-	11,132
Deferred revenues	-	154,936
TOTAL LIABILITIES	1,120	181,137
FUND BALANCE:		
Restricted for:		
Administration	-	21,558
Public safety	-	80,055
Recreation	-	56,429
Social services	-	258,336
Unassigned:	-	-
TOTAL FUND BALANCE	-	416,378
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,120	\$ 597,515

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures Other Financing Sources (Uses), and
Changes in Fund Balances
For the Fiscal year Ended June 30, 2012

	Bramley Bill	The Meds Plan	RI Interlocal Safety Grant	Bullet Proof Vests	Public Library Grant	July 4th Parade	MHRH Grant
REVENUES:							
Intergovernmental revenue	\$ 40,698	\$ -	\$ 1,000	\$ 2,933	\$ 70,307	\$ 3,000	\$ 859
Investment income	-	-	-	-	-	-	-
Other revenue	4,922	-	-	-	-	18,776	-
TOTAL REVENUES	<u>45,620</u>	<u>-</u>	<u>1,000</u>	<u>2,933</u>	<u>70,307</u>	<u>21,776</u>	<u>859</u>
EXPENDITURES:							
<i>Current:</i>							
Administration	-	-	-	-	-	-	-
Public safety	44,547	-	1,017	5,866	-	-	-
Recreation	-	-	-	-	-	9,716	-
Social Services	-	-	-	-	70,307	-	859
<i>Debt service:</i>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<i>Capital:</i>							
TOTAL EXPENDITURES	<u>44,547</u>	<u>-</u>	<u>1,017</u>	<u>5,866</u>	<u>70,307</u>	<u>9,716</u>	<u>859</u>
<i>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	<u>1,073</u>	<u>-</u>	<u>(17)</u>	<u>(2,933)</u>	<u>-</u>	<u>12,060</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	4,253	-	17	4,021	-	10,000	-
Transfers out	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	<u>4,253</u>	<u>-</u>	<u>17</u>	<u>4,021</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	<u>5,326</u>	<u>-</u>	<u>-</u>	<u>1,088</u>	<u>-</u>	<u>22,060</u>	<u>-</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>52,299</u>	<u>500</u>	<u>-</u>	<u>(1,088)</u>	<u>-</u>	<u>14,745</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 57,625</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,805</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
 Special Revenue Restricted Funds - Town
 Combining Statement of Revenues, Expenditures Other Financing Sources (Uses), and
 Changes in Fund Balances
 For the Fiscal year Ended June 30, 2012

	<u>Emergency Energy</u>	<u>School Shooter Training</u>	<u>Pollard Mimosa Trees</u>	<u>Police Grant JAG</u>	<u>Central Police Legislative Grant</u>	<u>Blue Rip Tide Grant</u>	<u>Historic Records Trust</u>
REVENUES:							
Intergovernmental revenue	\$ -	\$ 686	\$ -	\$ 3,535	\$ 1,000	\$ 11,931	\$ -
Investment income	-	-	-	-	-	-	-
Other revenue	3,750	-	-	-	-	-	12,892
TOTAL REVENUES	<u>3,750</u>	<u>686</u>	<u>-</u>	<u>3,535</u>	<u>1,000</u>	<u>11,931</u>	<u>12,892</u>
EXPENDITURES:							
<i>Current:</i>							
Administration	-	-	-	-	-	-	8,970
Public safety	-	686	-	3,535	998	12,032	-
Recreation	-	-	-	-	-	-	-
Social Services	10,064	-	-	-	-	-	-
<i>Debt service:</i>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<i>Capital:</i>	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>10,064</u>	<u>686</u>	<u>-</u>	<u>3,535</u>	<u>998</u>	<u>12,032</u>	<u>8,970</u>
<i>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	<u>(6,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>(101)</u>	<u>3,922</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	10,500	-	-	-	-	101	-
Transfers out	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>-</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	<u>4,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>3,922</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>5,714</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>1,479</u>	<u>-</u>	<u>15,636</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,900</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 1,481</u>	<u>\$ -</u>	<u>\$ 19,558</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures Other Financing Sources (Uses), and
Changes in Fund Balances
For the Fiscal year Ended June 30, 2012

	Senior Center Donations	Food Bank	Animal Shelter Amy Angilly Fund	Community Septic System Loan Program	BHDDH CAST	DARE	Tropical Storm Irene
REVENUES:							
Intergovernmental revenue	\$ -	\$ 1,000	\$ -	\$ -	\$ 39,422	\$ -	\$ 46,945
Investment income	-	-	-	3,962	-	-	-
Other revenue	6,968	13,832	-	19,961	-	1,000	-
TOTAL REVENUES	<u>6,968</u>	<u>14,832</u>	<u>-</u>	<u>23,923</u>	<u>39,422</u>	<u>1,000</u>	<u>46,945</u>
EXPENDITURES:							
<i>Current:</i>							
Administration	-	-	-	-	-	-	-
Public safety	-	-	-	-	39,422	999	46,945
Recreation	3,678	-	-	-	-	-	-
Social Services	-	12,610	-	62,051	-	-	-
<i>Debt service:</i>							
Principal	-	-	-	19,960	-	-	-
Interest	-	-	-	3,962	-	-	-
<i>Capital:</i>	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>3,678</u>	<u>12,610</u>	<u>-</u>	<u>85,973</u>	<u>39,422</u>	<u>999</u>	<u>46,945</u>
<i>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	<u>3,290</u>	<u>2,222</u>	<u>-</u>	<u>(62,050)</u>	<u>-</u>	<u>1</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	1,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	<u>3,290</u>	<u>3,222</u>	<u>-</u>	<u>(62,050)</u>	<u>-</u>	<u>1</u>	<u>-</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>16,334</u>	<u>33,264</u>	<u>20,266</u>	<u>274,000</u>	<u>-</u>	<u>182</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 19,624</u>	<u>\$ 36,486</u>	<u>\$ 20,266</u>	<u>\$ 211,950</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures Other Financing Sources (Uses), and
Changes in Fund Balances
For the Fiscal year Ended June 30, 2012

	Meal Site Senate Grant	TOTAL
REVENUES:		
Intergovernmental revenue	\$ 2,000	\$ 225,316
Investment income	-	3,962
Other revenue	-	82,101
TOTAL REVENUES	2,000	311,379
EXPENDITURES:		
<i>Current:</i>		
Administration	-	8,970
Public safety	-	156,047
Recreation	-	13,394
Social Services	2,000	157,891
<i>Debt service:</i>		
Principal	-	19,960
Interest	-	3,962
<i>Capital:</i>	-	-
TOTAL EXPENDITURES	2,000	360,224
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	-	(48,845)
OTHER FINANCING SOURCES (USES):		
Transfers in	-	29,892
Transfers out	-	-
NET OTHER FINANCING SOURCES (USES)	-	29,892
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(18,953)
FUND BALANCE AT BEGINNING OF YEAR	-	435,331
FUND BALANCE AT END OF YEAR	\$ -	\$ 416,378

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - School
Combining Balance Sheet
June 30, 2012

	Student Equity	Performing Arts	Technology	Professional Development	Literacy	Title I	Common Core Standards
ASSETS:							
Due from federal and state governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,254	\$ 19,596
Due from other funds	4,242	-	18,888	51,024	-	-	-
TOTAL ASSETS	\$ 4,242	\$ -	\$ 18,888	\$ 51,024	\$ -	\$ 43,254	\$ 19,596
LIABILITIES AND FUND BALANCE:							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92	\$ -
Accrued expenses	-	-	-	-	-	5,604	-
Due to other funds	-	-	-	-	-	37,558	19,596
TOTAL LIABILITIES	-	-	-	-	-	43,254	19,596
FUND BALANCE:							
Restricted for:							
Education	4,242	-	18,888	51,024	-	-	-
TOTAL FUND BALANCE	4,242	-	18,888	51,024	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,242	\$ -	\$ 18,888	\$ 51,024	\$ -	\$ 43,254	\$ 19,596

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - School
Combining Balance Sheet
June 30, 2012

	Title II	Title IV	Title I - ARRA	IDEA Preschool	IDEA Part B	Rural Education Grant	Race to the Top
ASSETS:							
Due from federal and state governments	\$ 24,643	\$ -	\$ -	\$ -	\$ 24,070	\$ 2,356	\$ 2,469
Due from other funds	-	-	680	-	-	-	-
TOTAL ASSETS	\$ 24,643	\$ -	\$ 680	\$ -	\$ 24,070	\$ 2,356	\$ 2,469
LIABILITIES AND FUND BALANCE:							
LIABILITIES:							
Accounts payable	\$ 783	\$ -	\$ -	\$ -	\$ 4,032	\$ -	\$ 2,469
Accrued expenses	2,349	-	-	-	-	-	-
Due to other funds	21,511	-	680	-	20,038	2,356	-
TOTAL LIABILITIES	24,643	-	680	-	24,070	2,356	2,469
FUND BALANCE:							
<i>Restricted for:</i>							
Education	-	-	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,643	\$ -	\$ 680	\$ -	\$ 24,070	\$ 2,356	\$ 2,469

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - School
Combining Balance Sheet
June 30, 2012

	<u>Donations - Library</u>	<u>CAST Mini Grant</u>	<u>IDEA - ARRA</u>	<u>Instructional Teachers</u>	<u>TOTAL</u>
ASSETS:					
Due from federal and state governments	\$ -	\$ -	\$ 100	\$ 4,247	\$ 120,735
Due from other funds	1,986	2,144	-	-	78,964
TOTAL ASSETS	<u>\$ 1,986</u>	<u>\$ 2,144</u>	<u>\$ 100</u>	<u>\$ 4,247</u>	<u>\$ 199,699</u>
LIABILITIES AND FUND BALANCE:					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,376
Accrued expenses	-	-	-	-	7,953
Due to other funds	-	-	100	4,247	106,086
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>100</u>	<u>4,247</u>	<u>121,415</u>
FUND BALANCE:					
Restricted for:					
Education	1,986	2,144	-	-	78,284
TOTAL FUND BALANCE	<u>1,986</u>	<u>2,144</u>	<u>-</u>	<u>-</u>	<u>78,284</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,986</u>	<u>\$ 2,144</u>	<u>\$ 100</u>	<u>\$ 4,247</u>	<u>\$ 199,699</u>

(Concluded)

**SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - School
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012**

	<u>Student Equity</u>	<u>Performing Arts</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Literacy</u>	<u>Title I</u>	<u>Common Core Standards</u>
REVENUES:							
Intergovernmental	\$ -	\$ 685	\$ -	\$ -	\$ -	\$ 108,664	\$ 19,596
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,664</u>	<u>19,596</u>
EXPENDITURES:							
Education	91,565	685	-	9,547	23,943	108,664	19,596
TOTAL EXPENDITURES	<u>91,565</u>	<u>685</u>	<u>-</u>	<u>9,547</u>	<u>23,943</u>	<u>108,664</u>	<u>19,596</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(91,565)</u>	<u>-</u>	<u>-</u>	<u>(9,547)</u>	<u>(23,943)</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>95,807</u>	<u>-</u>	<u>18,888</u>	<u>60,571</u>	<u>23,943</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,242</u>	<u>\$ -</u>	<u>\$ 18,888</u>	<u>\$ 51,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - School
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	<u>Title II</u>	<u>Title IV</u>	<u>Title I - ARRA</u>	<u>IDEA Preschool</u>	<u>IDEA Part B</u>	<u>Rural Education Grant</u>	<u>Race to the Top</u>
REVENUES:							
Intergovernmental	\$ 53,041	\$ 597	\$ 8,994	\$ 19,711	\$ 175,842	\$ 8	\$ 17,064
Other revenue	-	-	-	-	-	-	-
TOTAL REVENUES	<u>53,041</u>	<u>597</u>	<u>8,994</u>	<u>19,711</u>	<u>175,842</u>	<u>8</u>	<u>17,064</u>
EXPENDITURES:							
Education	53,041	597	8,994	19,711	175,842	8	17,064
TOTAL EXPENDITURES	<u>53,041</u>	<u>597</u>	<u>8,994</u>	<u>19,711</u>	<u>175,842</u>	<u>8</u>	<u>17,064</u>
<i>Excess of Revenues Over (Under)</i>							
<i>Expenditures</i>	-	-	-	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Special Revenue Restricted Funds - School
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012**

	<u>Donations - Library</u>	<u>CAST Mini Grant</u>	<u>IDEA - ARRA</u>	<u>Instructional Teachers</u>	<u>TOTAL</u>
REVENUES:					
Intergovernmental	\$ 1,000	\$ -	\$ 1,227	\$ 136,773	\$ 543,202
Other revenue	-	-	-	-	-
TOTAL REVENUES	<u>1,000</u>	<u>-</u>	<u>1,227</u>	<u>136,773</u>	<u>543,202</u>
EXPENDITURES:					
Education	1,014	-	1,227	136,773	668,271
TOTAL EXPENDITURES	<u>1,014</u>	<u>-</u>	<u>1,227</u>	<u>136,773</u>	<u>668,271</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,069)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>2,000</u>	<u>2,144</u>	<u>-</u>	<u>-</u>	<u>203,353</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,986</u>	<u>\$ 2,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,284</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	Chepachet River Park	Roads	Senior Center Fund	Chepachet River Cleanup	Chepachet Wastewater / Stormwater Project	Geothermal Project	Fogarty School Roof
ASSETS:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,060
Other receivables	-	-	-	-	168,896	-	-
Due from other funds	16,397	495,783	3,004	23,697	-	37,811	-
Due from other government	-	-	-	6,303	-	-	-
Due from component unit	-	288	-	-	-	-	-
TOTAL ASSETS	<u>\$ 16,397</u>	<u>\$ 496,071</u>	<u>\$ 3,004</u>	<u>\$ 30,000</u>	<u>\$ 168,896</u>	<u>\$ 37,811</u>	<u>\$ 87,060</u>
LIABILITIES AND FUND BALANCE:							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,828	\$ 34,398	\$ -
Due to other funds	-	75,277	825	-	49,068	3,413	-
TOTAL LIABILITIES	<u>-</u>	<u>75,277</u>	<u>825</u>	<u>-</u>	<u>58,896</u>	<u>37,811</u>	<u>-</u>
FUND BALANCE:							
Restricted for:							
Capital projects	16,397	420,794	2,179	30,000	110,000	-	87,060
TOTAL FUND BALANCE	<u>16,397</u>	<u>420,794</u>	<u>2,179</u>	<u>30,000</u>	<u>110,000</u>	<u>-</u>	<u>87,060</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 16,397</u>	<u>\$ 496,071</u>	<u>\$ 3,004</u>	<u>\$ 30,000</u>	<u>\$ 168,896</u>	<u>\$ 37,811</u>	<u>\$ 87,060</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	School Capital Improvement	MDT Project	Animal Control Project	TOTAL
ASSETS:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 87,060
Other receivables	-	-	-	168,896
Due from other funds	258,665	6,194	30,000	871,551
Due from other government	-	-	-	6,303
Due from component unit	-	-	-	288
	TOTAL ASSETS	\$ 6,194	\$ 30,000	\$ 1,134,098
LIABILITIES AND FUND BALANCE:				
LIABILITIES:				
Accounts payable	\$ 189,629	\$ -	\$ -	\$ 233,855
Due to other funds	-	6,194	-	134,777
	TOTAL LIABILITIES	6,194	-	368,632
FUND BALANCE:				
Restricted for:				
Capital projects	69,036	-	30,000	765,466
	TOTAL FUND BALANCE	-	30,000	765,466
	TOTAL LIABILITIES AND FUND BALANCE	\$ 6,194	\$ 30,000	\$ 1,134,098

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Non-Major Capital Projects Funds
Combining Statement of Revenues, Expenditures, Other Financing Sources (Uses) and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	<u>Chepachet River Park</u>	<u>Roads</u>	<u>Senior Center Fund</u>	<u>Chepachet River Cleanup</u>	<u>Chepachet Wastewater / Stormwater Project</u>	<u>Geothermal Project</u>	<u>Fogarty School Roof</u>
REVENUES:							
Intergovernmental	\$ -	\$ 111,231	\$ -	\$ 6,303	\$ 181,295	\$ 307,265	\$ 13,919
Other	-	-	-	-	152,886	-	-
TOTAL REVENUES	<u>-</u>	<u>111,231</u>	<u>-</u>	<u>6,303</u>	<u>334,181</u>	<u>307,265</u>	<u>13,919</u>
EXPENDITURES:							
Current:							
Public safety	-	64,940	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	40,000
Interest	-	-	-	-	-	-	27,522
Capital outlay:	-	548,635	-	6,303	334,181	345,076	-
TOTAL EXPENDITURES	<u>-</u>	<u>613,575</u>	<u>-</u>	<u>6,303</u>	<u>334,181</u>	<u>345,076</u>	<u>67,522</u>
Excess of Revenues Over (Under)							
Expenditures Before Other Financing Sources (Uses)	<u>-</u>	<u>(502,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,811)</u>	<u>(53,603)</u>
OTHER FINANCING SOURCES:							
Transfers in	-	635,940	-	-	-	18,122	-
Transfers out	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>635,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,122</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>133,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,689)</u>	<u>(53,603)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>16,397</u>	<u>287,198</u>	<u>2,179</u>	<u>30,000</u>	<u>110,000</u>	<u>19,689</u>	<u>140,663</u>
FUND BALANCE AT END OF YEAR	<u>\$ 16,397</u>	<u>\$ 420,794</u>	<u>\$ 2,179</u>	<u>\$ 30,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 87,060</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Non-Major Capital Projects Funds
Combining Statement of Revenues, Expenditures, Other Financing Sources (Uses) and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	<u>School Capital Improvement</u>	<u>MDT Project</u>	<u>Animal Control Project</u>	<u>TOTAL</u>
REVENUES:				
Intergovernmental	\$ 70,318	\$ -	\$ -	\$ 690,331
Other	-	-	-	152,886
TOTAL REVENUES	<u>70,318</u>	<u>-</u>	<u>-</u>	<u>843,217</u>
EXPENDITURES:				
<i>Current:</i>				
Public safety	-	-	-	64,940
<i>Debt service:</i>				
Principal	-	-	-	40,000
Interest	-	-	-	27,522
<i>Capital outlay:</i>	314,784	-	-	1,548,979
TOTAL EXPENDITURES	<u>314,784</u>	<u>-</u>	<u>-</u>	<u>1,681,441</u>
Excess of Revenues Over (Under)				
<i>Expenditures Before Other Financing Sources (Uses)</i>	<u>(244,466)</u>	<u>-</u>	<u>-</u>	<u>(838,224)</u>
OTHER FINANCING SOURCES:				
Transfers in	195,000	-	30,000	879,062
Transfers out	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	<u>195,000</u>	<u>-</u>	<u>30,000</u>	<u>879,062</u>
Excess of revenues and other financing sources				
<i>over (under) expenditures and other financing uses</i>	<u>(49,466)</u>	<u>-</u>	<u>30,000</u>	<u>40,838</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>118,502</u>	<u>-</u>	<u>-</u>	<u>724,628</u>
FUND BALANCE AT END OF YEAR	<u>\$ 69,036</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 765,466</u>

(Concluded)

Funds Combined for GASB 54

General Fund

School General Fund

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Town General Fund Balance Sheet
Funds Combined with Town General Fund for GASB 54 Purposes
June 30, 2012

	General Fund	Revaluation Reserve	Comprehensive Plan	Accrued Compensated Absences Reserve	GASB 45 Actuarial Study	Tree Planting	Health Reserve	Matching State Grant Funds
ASSETS:								
Cash and cash equivalents	\$ 5,388,186	\$ 238,922	\$ -	\$ 293,071	\$ -	\$ -	\$ -	\$ -
Receivables:								
Taxes, net	765,849	-	-	-	-	-	-	-
Other	50,024	-	-	1	-	-	-	-
Prepaid expenditures	27,220	-	-	-	-	-	-	-
Due from:								
Other funds	145,874	-	13,280	-	-	1,508	141,771	50,000
Component unit	38,371	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,415,524</u>	<u>\$ 238,922</u>	<u>\$ 13,280</u>	<u>\$ 293,072</u>	<u>\$ -</u>	<u>\$ 1,508</u>	<u>\$ 141,771</u>	<u>\$ 50,000</u>
LIABILITIES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable	\$ 49,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	114,584	-	-	-	-	-	-	-
Due to:								
Other funds	1,284,838	10,750	-	-	-	-	-	-
Component Unit	16,237	-	-	-	-	-	-	-
Deferred revenues	509,737	-	-	-	-	-	-	-
Other Liabilities	66,596	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>2,041,224</u>	<u>10,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:								
Nonspendable for:								
Prepaid expenditures	27,220	-	-	-	-	-	-	-
Committed to:								
Education	-	-	-	-	-	-	-	-
Subsequent year's expenditures	45,000	-	-	-	-	-	-	-
Assigned for:								
Administration	-	228,172	13,280	-	-	1,508	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Matching state grant funds	-	-	-	-	-	-	-	50,000
Contractual obligations	-	-	-	293,072	-	-	-	-
Employee benefits	-	-	-	-	-	-	141,771	-
Unassigned:	4,302,080	-	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>4,374,300</u>	<u>228,172</u>	<u>13,280</u>	<u>293,072</u>	<u>-</u>	<u>1,508</u>	<u>141,771</u>	<u>50,000</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,415,524</u>	<u>\$ 238,922</u>	<u>\$ 13,280</u>	<u>\$ 293,072</u>	<u>\$ -</u>	<u>\$ 1,508</u>	<u>\$ 141,771</u>	<u>\$ 50,000</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Town General Fund Balance Sheet
Funds Combined with Town General Fund for GASB 54 Purposes
June 30, 2012

	Storm Related Services	Other Post Employment Benefits	Police Equipment Maintenance	Senior Center Dues	Radio Equipment	Computer Systems Maintenance	Proation Adjustment from FG Regional School District	TOTAL
ASSETS:								
Cash and cash equivalents	\$ -	\$ 324,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,244,777
Receivables:								
Taxes, net	-	-	-	-	-	-	-	765,849
Other	-	-	-	-	-	-	-	50,025
Prepaid expenditures	-	-	-	-	-	-	-	27,220
Due from:								
Other funds	607,173	-	28,430	21,717	52,969	39,263	104,244	1,206,229
Component unit	-	-	-	-	-	-	-	38,371
TOTAL ASSETS	<u>\$ 607,173</u>	<u>\$ 324,598</u>	<u>\$ 28,430</u>	<u>\$ 21,717</u>	<u>\$ 52,969</u>	<u>\$ 39,263</u>	<u>\$ 104,244</u>	<u>\$ 8,332,471</u>
LIABILITIES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable	\$ -	\$ -	\$ -	\$ 35	\$ -	\$ -	\$ -	\$ 49,267
Accrued payroll and benefits	-	-	-	-	-	-	-	114,584
Due to:								
Other funds	-	-	-	-	-	-	-	1,295,588
Component Unit	-	-	-	-	-	-	-	16,237
Deferred revenues	-	-	-	-	-	-	-	509,737
Other Liabilities	-	-	-	-	-	-	-	66,596
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,052,009</u>
FUND BALANCE:								
Nonspendable for:								
Prepaid expenditures	-	-	-	-	-	-	-	27,220
Committed to:								
Education	-	-	-	-	-	-	104,244	104,244
Subsequent year's expenditures	-	-	-	-	-	-	-	45,000
Assigned for:								
Administration	-	-	-	-	-	39,263	-	282,223
Public safety	-	-	28,430	-	52,969	-	-	81,399
Public works	607,173	-	-	-	-	-	-	607,173
Recreation	-	-	-	21,682	-	-	-	21,682
Matching state grant funds	-	-	-	-	-	-	-	50,000
Contractual obligations	-	324,598	-	-	-	-	-	617,670
Employee benefits	-	-	-	-	-	-	-	141,771
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,302,080</u>
TOTAL FUND BALANCE	<u>607,173</u>	<u>324,598</u>	<u>28,430</u>	<u>21,682</u>	<u>52,969</u>	<u>39,263</u>	<u>104,244</u>	<u>6,280,462</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 607,173</u>	<u>\$ 324,598</u>	<u>\$ 28,430</u>	<u>\$ 21,717</u>	<u>\$ 52,969</u>	<u>\$ 39,263</u>	<u>\$ 104,244</u>	<u>\$ 8,332,471</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Revenues, Expenditures, Other Financing Sources (Uses) and
Changes in Fund Balance
Funds Combined with Town General Fund for GASB 54 Purposes
June 30, 2012

	General Fund	Revaluation Reserve	Comprehensive Plan	Accrued Compensated Absences Reserve	GASB 45 Actuarial Study	Tree Planting	Health Reserve	Matching State Grant Funds
REVENUES:								
General property taxes	\$ 22,537,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	287,360	-	-	-	-	-	-	-
Licenses, fees and fines	525,877	-	-	-	-	-	-	-
Investment income	119,347	23	-	24	-	-	-	-
Other revenue	21,635	-	-	-	-	-	-	-
TOTAL REVENUES	23,491,256	23	-	24	-	-	-	-
EXPENDITURES:								
<i>Current:</i>								
Administration	691,758	31,554	-	42,100	6,500	-	-	-
Finance	620,597	-	-	-	-	-	-	-
Public safety	1,815,172	-	-	-	-	-	-	-
Public works	1,530,902	-	-	-	-	-	-	-
Recreation and senior center	241,287	-	-	-	-	-	-	-
Social services	38,729	-	-	-	-	-	-	-
Operational expenses	315,689	-	-	-	-	-	-	-
Aid requests	322,750	-	-	-	-	-	-	-
Education	9,349,077	-	-	-	-	-	-	-
<i>Debt service:</i>								
Principal	700,000	-	-	-	-	-	-	-
Interest and other costs	172,305	-	-	-	-	-	-	-
TOTAL EXPENDITURES	15,798,266	31,554	-	42,100	6,500	-	-	-
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	7,692,990	(31,531)	-	(42,076)	(6,500)	-	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	14,700	-	80,000	-	-	27,316	-
Transfers out	(7,803,983)	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	(7,803,983)	14,700	-	80,000	-	-	27,316	-
NET CHANGE IN FUND BALANCE	(110,993)	(16,831)	-	37,924	(6,500)	-	27,316	-
FUND BALANCE AT BEGINNING OF YEAR	4,485,293	245,003	13,280	255,148	6,500	1,508	114,455	50,000
FUND BALANCE AT END OF YEAR	\$ 4,374,300	\$ 228,172	\$ 13,280	\$ 293,072	\$ -	\$ 1,508	\$ 141,771	\$ 50,000

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Revenues, Expenditures, Other Financing Sources (Uses) and
Changes in Fund Balance
Funds Combined with Town General Fund for GASB 54 Purposes
June 30, 2012

	Storm Related Services	Other Post Employment Benefits	Police Equipment Maintenance	Senior Center Dues	Radio Equipment	Computer Systems Maintenance	Proation Adjustment from FG Regional School District	TOTAL
REVENUES:								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,537,037
Intergovernmental revenue	-	-	-	-	-	-	-	287,360
Licenses, fees and fines	-	-	-	-	-	-	-	525,877
Investment income	-	195	-	-	-	-	-	119,589
Other revenue	-	-	-	5,835	-	-	-	27,470
TOTAL REVENUES	-	195	-	5,835	-	-	-	23,497,333
EXPENDITURES:								
<i>Current:</i>								
Administration	-	-	-	-	-	-	-	771,912
Finance	-	-	-	-	-	-	-	620,597
Public safety	-	-	-	-	405	-	-	1,815,577
Public works	55,007	-	-	-	-	-	-	1,585,909
Recreation and senior center	-	-	-	1,153	-	-	-	242,440
Social services	-	-	-	-	-	-	-	38,729
Operational expenses	-	-	-	-	-	-	-	315,689
Aid requests	-	-	-	-	-	-	-	322,750
Education	-	-	-	-	-	-	-	9,349,077
<i>Debt service:</i>								
Principal	-	-	-	-	-	-	-	700,000
Interest and other costs	-	-	-	-	-	-	-	172,305
TOTAL EXPENDITURES	55,007	-	-	1,153	405	-	-	15,934,985
<i>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</i>	(55,007)	195	-	4,682	(405)	-	-	7,562,348
OTHER FINANCING SOURCES (USES)								
Transfers in	310,311	-	-	-	14,045	-	104,244	550,616
Transfers out	-	-	-	-	-	-	-	(7,803,983)
NET OTHER FINANCING SOURCES (USES)	310,311	-	-	-	14,045	-	104,244	(7,253,367)
NET CHANGE IN FUND BALANCE	255,304	195	-	4,682	13,640	-	104,244	308,981
FUND BALANCE AT BEGINNING OF YEAR	351,869	324,403	28,430	17,000	39,329	39,263	-	5,971,481
FUND BALANCE AT END OF YEAR	\$ 607,173	\$ 324,598	\$ 28,430	\$ 21,682	\$ 52,969	\$ 39,263	\$ 104,244	\$ 6,280,462

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
School Balance Sheet
Funds Combined with School Unrestricted (School General Fund) for GASB 54 Purposes
June 30, 2012

	School Unrestricted	Donations/ Gifts	Other Post Employment Benefits	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 3,408,208	\$ -	\$ -	\$ 3,408,208
Receivables:				
Other	68,312	-	-	68,312
Prepaid expenditures	41,425	-	-	41,425
Due from:				
Other funds	174,104	154	180,274	354,532
TOTAL ASSETS	\$ 3,692,049	\$ 154	\$ 180,274	\$ 3,872,477
 LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 133,242	\$ -	\$ -	\$ 133,242
Accrued payroll and benefits	37,104	-	-	37,104
Due to:				
Other funds	571,989	-	-	571,989
Deferred revenues	1,508	-	-	1,508
Other Liabilities	9,268	-	-	9,268
TOTAL LIABILITIES	753,111	-	-	753,111
 FUND BALANCE:				
Nonspendable for:				
Restricted for:				
Restricted for:				
Education	2,370,412	-	-	2,370,412
Assigned for:				
Education	-	154	-	154
Medicaid expenditures	193,276	-	-	193,276
Employee benefits	375,250	-	-	375,250
Contractual obligations	-	-	180,274	180,274
Unassigned:	-	-	-	-
TOTAL FUND BALANCE	2,938,938	154	180,274	3,119,366
 TOTAL LIABILITIES AND FUND BALANCE	\$ 3,692,049	\$ 154	\$ 180,274	\$ 3,872,477

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Revenues, Expenditures, Other Financing Sources (Uses) and
Changes in Fund Balance
Funds Combined with School Unrestricted (School General Fund) for GASB 54 Purposes
June 30, 2012

	<u>School Unrestricted</u>	<u>Donations/ Gifts</u>	<u>Other Post Employment Benefits</u>	<u>Total Governmental Funds</u>
REVENUES:				
Intergovernmental revenue	\$ 2,725,783	\$ -	\$ -	\$ 2,725,783
Federal revenue-Medicaid reimbursement	83,112			83,112
Tuitions	101,616			101,616
Investment income	2,340	-	-	2,340
Other revenue	11,474	-	-	11,474
Intergovernmental - pension contribution	332,744	-	-	332,744
TOTAL REVENUES	<u>3,257,069</u>	<u>-</u>	<u>-</u>	<u>3,257,069</u>
EXPENDITURES:				
<i>Current:</i>				
Education	8,652,855	309	-	8,653,164
Intergovernmental - pension contribution	332,744	-	-	332,744
TOTAL EXPENDITURES	<u>8,985,599</u>	<u>309</u>	<u>-</u>	<u>8,985,908</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(5,728,530)</u>	<u>(309)</u>	<u>-</u>	<u>(5,728,839)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,372,035	-	-	6,372,035
Transfers out	(175,000)	-	-	(175,000)
NET OTHER FINANCING SOURCES (USES)	<u>6,197,035</u>	<u>-</u>	<u>-</u>	<u>6,197,035</u>
NET CHANGE IN FUND BALANCE	<u>468,505</u>	<u>(309)</u>	<u>-</u>	<u>468,196</u>
FUND BALANCE BEGINNING OF YEAR	<u>2,470,433</u>	<u>463</u>	<u>180,274</u>	<u>2,651,170</u>
FUND BALANCE END OF YEAR	<u>\$ 2,938,938</u>	<u>\$ 154</u>	<u>\$ 180,274</u>	<u>\$ 3,119,366</u>

TOWN OF GLOCESTER, RHODE ISLAND
SCHEDULE OF TAX COLLECTIONS
For the Fiscal Year Ended June 30, 2012

FISCAL YEAR END	BALANCE July 1, 2011	CURRENT YEAR ASSESSMENT	REFUNDS	ADDITIONS AND ADJUSTMENTS	ABATEMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE June 30, 2011
2012	\$ -	\$ 20,971,276	\$ 7,829	\$ (19,662)	\$ 18,608	\$ 20,940,835	\$ 20,211,714	\$ 729,121
2011	685,937	-	165	2,612	2,324	686,390	577,349	109,041
2010	82,518	-	82	(96)	-	82,504	42,559	39,945
2009	40,359	-	-	-	962	39,397	6,651	32,746
2008	35,202	-	-	-	946	34,256	3,347	30,909
2007	34,401	-	-	-	861	33,540	849	32,691
2006	29,518	-	-	-	819	28,699	714	27,985
2005	25,886	-	-	-	1,181	24,705	521	24,184
2004	27,199	-	-	-	1,161	26,038	230	25,808
2003	23,762	-	-	-	1,186	22,576	156	22,420
2002	16,128	-	-	-	16,128	-	-	-
	<u>\$ 1,000,910</u>	<u>\$ 20,971,276</u>	<u>\$ 8,076</u>	<u>\$ (17,146)</u>	<u>\$ 44,176</u>	<u>\$ 21,918,940</u>	<u>\$ 20,844,090</u>	<u>\$ 1,074,850</u>

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY VALUE BY CATEGORY

DESCRIPTION OF PROPERTY	VALUATIONS	LEVY
Real property - Residential	\$ 855,150,110	\$ 18,522,551
Real property - Commercial/Industrial	\$ 57,855,300	\$ 1,424,397
Motor vehicles	96,931,960	2,362,232
Tangible personal	18,641,800	804,021
TOTAL	<u>1,028,579,170</u>	<u>23,113,202</u>
Less exemptions	<u>96,976,087</u>	<u>(2,141,926)</u>
NET ASSESSED VALUE	<u>\$ 931,603,083</u>	<u>\$ 20,971,276</u>

RECONCILIATION OF CURRENT YEAR PROPERTY TAX REVENUE

Current year collections	\$ 20,844,090
Less: Refunds, adjustments	25,222
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2012	373,405
Prior year revenue received in current year	(367,148)
Plus: Pilot	1,671,975
Miscellaneous adjustment	(10,507)
CURRENT YEAR RE PROPERTY TAX & EXCISE TAX REVENUE	<u>\$ 22,537,037</u>

Budgetary Schedules

General Fund (Non-GAAP Basis)

School General Fund (Non-GAAP Basis)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	Original Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
Property tax	\$ 22,514,581	22,514,581	\$ 22,537,037	22,456
General state aid	257,626	257,626	258,724	1,098
State housing aid	188,000	188,000	28,636	(159,364)
License, fees and fines	410,000	410,000	525,877	115,877
Interest and investment income	93,000	93,000	119,347	26,347
Other revenues	24,500	24,500	21,635	(2,865)
TOTAL REVENUES	23,487,707	23,487,707	23,491,256	3,549
EXPENDITURES:				
CENTRAL ADMINISTRATION:				
Town Council:				
Salaries	13,000	13,000	13,000	-
Payroll taxes and benefits	2,148	2,148	1,858	290
Miscellaneous expense	3,000	3,000	2,150	850
Contingency	8,000	8,000	-	8,000
Total Town Council	26,148	26,148	17,008	9,140
Town Clerk:				
Town clerk salary	61,751	61,751	61,751	-
Deputy salary	41,188	41,188	41,188	-
Clerical salaries	71,880	71,880	73,616	(1,736)
Longevity	5,512	5,512	5,554	(42)
Payroll taxes and benefits	61,885	61,885	60,602	1,283
Advertising - general/ordinances	1,500	1,500	1,962	(462)
Printing	1,500	1,500	1,152	348
Microfilming	500	500	3,669	(3,169)
Supplies	400	400	184	216
Education and training	500	500	100	400
Travel and dues	400	400	375	25
Publications and subscriptions	400	400	1,187	(787)
Office equipment and furniture	500	500	152	348
Purchased services - indexing, restoration, other	7,100	7,100	4,210	2,890
Miscellaneous expense	500	500	1,328	(828)
Total Town Clerk	255,516	255,516	257,030	(1,514)
Board of Canvassers:				
Salaries	975	975	975	-
Police services	1,055	1,055	847	208
Poll workers	5,600	5,600	2,390	3,210
Payroll taxes and benefits	190	190	158	32
Advertising	2,100	2,100	2,297	(197)
District realignment	3,500	3,500	4,336	(836)
Miscellaneous expense	2,000	2,000	2,153	(153)
Total Board of Canvassers	15,420	15,420	13,156	2,264
Probate Court:				
Probate judge salary	4,205	4,205	4,205	-
Worker's compensation	23	23	13	10
Microfilming	300	300	593	(293)
Restoration and miscellaneous expense	250	250	45	205
Other services	300	300	-	300
Total Probate Court	5,078	5,078	4,856	222

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<i>Building and Zoning Office:</i>				
Building/zoning official salary	55,000	55,000	44,000	11,000
Administrative aide salary	39,464	39,464	26,805	12,659
Longevity	1,480	1,480	-	1,480
Payroll taxes and benefits	43,219	43,219	45,721	(2,502)
Fees - electrical inspector	10,000	10,000	8,575	1,425
Fees - plumbing inspector	4,000	4,000	3,510	490
Fees - mechanical inspector	8,400	8,400	6,980	1,420
Telephone	550	550	402	148
Education and training	2,000	2,000	68	1,932
Travel and dues	397	397	35	362
Publications and subscriptions	1,000	1,000	102	898
Forms and maps	400	400	307	93
Emergency board-ups	1,000	1,000	485	515
Miscellaneous expense	550	550	317	233
Office equipment and furniture	300	300	751	(451)
Software support	1,575	1,575	1,575	-
<i>Total Building and Zoning Office</i>	<u>169,335</u>	<u>169,335</u>	<u>139,633</u>	<u>29,702</u>
<i>Planning Office:</i>				
Town planner salary	63,204	63,204	63,204	-
Clerk salary	33,004	33,004	33,708	(704)
GIS consultant	12,500	12,500	12,408	92
Longevity	1,897	1,897	1,896	1
Payroll taxes and benefits	39,626	39,626	38,385	1,241
Engineering and permitting	-	-	293	(293)
Advertising	-	-	247	(247)
Education and training	750	750	-	750
Dues	483	483	225	258
Forms and maps	100	100	-	100
Publications and subscriptions	300	300	143	157
GIS software	2,500	2,500	2,500	-
Miscellaneous expense	100	100	146	(46)
<i>Total Planning Office</i>	<u>154,464</u>	<u>154,464</u>	<u>153,155</u>	<u>1,309</u>
<i>Wastewater Board:</i>				
Advertising	250	250	-	250
Miscellaneous expense	750	750	-	750
<i>Total Wastewater Board</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<i>Planning Board:</i>				
Clerk salary	3,770	3,770	2,175	1,595
Payroll taxes and benefits	309	309	166	143
Publications and subscriptions	-	-	139	(139)
Stenographic services	600	600	-	600
<i>Total Planning Board</i>	<u>4,679</u>	<u>4,679</u>	<u>2,480</u>	<u>2,199</u>
<i>Zoning Board:</i>				
Clerk salary	1,740	1,740	435	1,305
Payroll taxes and benefits	143	143	50	93
Advertising	3,750	3,750	321	3,429
Stenographic services	500	500	-	500
<i>Total Zoning Board</i>	<u>6,133</u>	<u>6,133</u>	<u>806</u>	<u>5,327</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
Conservation Commission:				
Advertising	69	69	71	(2)
Dues	130	130	140	(10)
Water watch program	1,100	1,100	-	1,100
Tree seeding program	650	650	529	121
Total Conservation Commission	<u>1,949</u>	<u>1,949</u>	<u>740</u>	<u>1,209</u>
Land Trust:				
Land purchase and reconditioning	55,000	55,000	39,039	15,961
Total Land Trust	<u>55,000</u>	<u>55,000</u>	<u>39,039</u>	<u>15,961</u>
Economic Development:				
Advertising	500	500	-	500
Miscellaneous expense	500	500	50	450
Total Economic Development	<u>1,000</u>	<u>1,000</u>	<u>50</u>	<u>950</u>
Community Resource Commission:				
Travel	-	-	40	(40)
Advertising	500	500	-	500
Miscellaneous expenses	500	500	532	(32)
Total Community Resource Commission	<u>1,000</u>	<u>1,000</u>	<u>572</u>	<u>428</u>
Town Solicitor:				
Legal services	95,000	95,000	63,087	31,913
Total Town Solicitor	<u>95,000</u>	<u>95,000</u>	<u>63,087</u>	<u>31,913</u>
Town Sergeant:				
Salary	135	135	135	-
Payroll taxes and benefits	12	12	11	1
Total Town Sergeant	<u>147</u>	<u>147</u>	<u>146</u>	<u>1</u>
TOTAL CENTRAL ADMINISTRATION	<u>791,869</u>	<u>791,869</u>	<u>691,758</u>	<u>100,111</u>
FINANCIAL ADMINISTRATION:				
Finance Director's Office:				
Finance director salary	77,157	77,157	77,157	-
Longevity	2,701	2,701	2,701	-
Payroll taxes and benefits	21,196	21,196	20,467	729
Education and training	1,990	1,990	3,020	(1,030)
Travel and dues	260	260	225	35
Office equipment and furniture	250	250	-	250
Publications and subscriptions	150	150	-	150
Total Finance Director's Office	<u>103,704</u>	<u>103,704</u>	<u>103,570</u>	<u>134</u>
Treasurer's Office:				
Clerk salaries	115,258	115,258	79,749	35,509
Longevity	2,742	2,742	2,791	(49)
Payroll taxes and benefits	62,771	62,771	37,545	25,226
Advertising	1,450	1,450	1,115	335
Printing	300	300	86	214
Computer software support	5,000	5,000	6,757	(1,757)
Education and training	900	900	228	672
Office equipment and furniture	400	400	131	269
Other purchased services	-	-	46,228	(46,228)
Travel	125	125	23	102
Miscellaneous expense	200	200	743	(543)
Payroll services	17,000	17,000	6,710	10,290
Audit	22,500	22,500	24,685	(2,185)
Total Treasurer's Office	<u>228,646</u>	<u>228,646</u>	<u>206,791</u>	<u>21,855</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<i>Personnel Office:</i>				
Advertising	700	700	283	417
Education and training	300	300	-	300
Publications and subscriptions	100	100	-	100
Miscellaneous expense	100	100	-	100
Total Personnel Office	<u>1,200</u>	<u>1,200</u>	<u>283</u>	<u>917</u>
<i>Tax Collection Office:</i>				
Tax collector salary	45,687	45,687	45,687	-
Clerk salary	36,919	36,919	37,623	(704)
Longevity	3,098	3,098	3,124	(26)
Payroll taxes and benefits	49,720	49,720	47,558	2,162
Advertising	400	400	322	78
Postage	3,500	3,500	3,472	28
Computer software support	3,600	3,600	3,255	345
Education and training	400	400	230	170
Other purchased services	4,600	4,600	3,984	616
Tax collection fee	14,000	14,000	25,603	(11,603)
Miscellaneous expense	100	100	16	84
Total Tax Collection Office	<u>162,024</u>	<u>162,024</u>	<u>170,874</u>	<u>(8,850)</u>
<i>Tax Assessor's Office:</i>				
Assessor salary	51,076	51,076	51,076	-
Clerk salary	34,961	34,961	35,665	(704)
Longevity	2,965	2,965	2,985	(20)
Payroll taxes and benefits	40,114	40,114	37,673	2,441
Cartography Services	1,000	1,000	510	490
Advertising	500	500	90	410
Computer software support	7,700	7,700	6,755	945
Education and training	1,500	1,500	934	566
Dues	300	300	205	95
Publications and subscriptions	1,100	1,100	1,381	(281)
Office equipment and furniture	350	350	144	206
Other purchased services	850	850	617	233
Miscellaneous expense	750	750	1,044	(294)
Total Tax Assessor's Office	<u>143,166</u>	<u>143,166</u>	<u>139,079</u>	<u>4,087</u>
TOTAL FINANCIAL ADMINISTRATION	<u>638,740</u>	<u>638,740</u>	<u>620,597</u>	<u>18,143</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
PUBLIC SAFETY:				
Police Department:				
Chief salary	72,828	72,828	72,828	-
Captain, lieutenant, and sergeant's salaries	241,864	241,864	241,863	1
Police officers' salaries	516,551	516,551	519,227	(2,676)
Administrative aide	51,543	51,543	56,706	(5,163)
Dispatchers	170,677	170,677	161,667	9,010
Special and boat patrols	4,375	4,375	4,668	(293)
Court time reimbursement	7,150	7,150	4,337	2,813
Vacation and illness coverage	115,738	115,738	70,044	45,694
Longevity	42,682	42,682	42,963	(281)
Payroll taxes and benefits	518,235	518,235	494,749	23,486
Education and training	11,000	11,000	3,550	7,450
Telephone	4,500	4,500	3,370	1,130
MTD wireless internet air time	6,240	6,240	6,194	46
Postage	500	500	217	283
Other purchased services	2,000	2,000	1,093	907
Communications	1,100	1,100	249	851
Miscellaneous expense	900	900	862	38
Ammunition and range supplies	2,070	2,070	2,102	(32)
Investigative supplies	1,500	1,500	1,043	457
Fingerprinting expense	2,450	2,450	2,798	(348)
Conference, travel and dues	800	800	1,270	(470)
Heat and electricity	16,000	16,000	15,498	502
Service contracts	18,000	18,000	17,263	737
Special equipment - non-office	4,995	4,995	3,611	1,384
Office equipment and furniture	3,000	3,000	305	2,695
Total Police Department	<u>1,816,698</u>	<u>1,816,698</u>	<u>1,728,477</u>	<u>88,221</u>
Emergency Management Agency:				
Coordinator salary	6,559	6,559	5,177	1,382
Payroll taxes and benefits	537	537	415	122
Heat and electricity	3,000	3,000	1,979	1,021
Education and training	150	150	-	150
Miscellaneous expense	400	400	-	400
Total Emergency Management Agency	<u>10,646</u>	<u>10,646</u>	<u>7,571</u>	<u>3,075</u>
Animal Control:				
Animal control officer salary	41,434	41,434	41,434	-
Assistant officer salary	19,654	19,654	12,636	7,018
Longevity	1,554	1,554	1,554	-
Payroll taxes and benefits	15,529	15,529	14,399	1,130
Telephone	400	400	247	153
Heat and electricity	3,550	3,550	2,772	778
Advertising	250	250	-	250
Supplies - animal	1,100	1,100	925	175
Education and training	300	300	859	(559)
Other purchased services	4,800	4,800	3,237	1,563
Service contracts	192	192	-	192
Miscellaneous expense	750	750	645	105
Furniture and fixtures	900	900	-	900
Rabies vaccinations	1,000	1,000	-	1,000
Dog damage	250	250	-	250
Equipment - non-office	1,150	1,150	416	734
Total Animal Control	<u>92,813</u>	<u>92,813</u>	<u>79,124</u>	<u>13,689</u>
TOTAL PUBLIC SAFETY	<u>1,920,157</u>	<u>1,920,157</u>	<u>1,815,172</u>	<u>104,985</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<i>PUBLIC WORKS DEPARTMENT:</i>				
<i>Director's Office</i>				
Director's salary	69,538	69,538	69,567	(29)
Assistant director's salary	51,198	51,198	51,198	-
Clerk's salary	39,464	39,464	40,168	(704)
Longevity	3,006	3,006	3,024	(18)
Payroll taxes and benefits	78,004	78,004	69,489	8,515
Telephone	900	900	617	283
Electricity	1,000	1,000	753	247
Education and training	200	200	125	75
Dues and travel	110	110	130	(20)
Office furniture and equipment	350	350	-	350
Safety equipment	250	250	-	250
Service contracts	350	350	-	350
Miscellaneous expense	300	300	53	247
Mandatory drug testing	250	250	-	250
<i>Total Director's Office</i>	<u>244,920</u>	<u>244,920</u>	<u>235,124</u>	<u>9,796</u>
<i>Highway Division</i>				
Salaries	301,048	301,048	276,114	24,934
Overtime	2,000	2,000	443	1,557
Longevity	9,408	9,408	9,614	(206)
Payroll taxes and benefits	186,394	186,394	150,715	35,679
Heat and electricity	27,050	27,050	13,171	13,879
Education and training	250	250	625	(375)
Safety equipment	1,500	1,500	600	900
Inkind services	-	-	(9,240)	9,240
Purchased services	9,000	9,000	8,248	752
Road signs and miscellaneous expense	7,500	7,500	3,888	3,612
Tools	1,500	1,500	8,675	(7,175)
<i>Total Highway Division</i>	<u>545,650</u>	<u>545,650</u>	<u>462,853</u>	<u>82,797</u>
<i>Maintenance Division - Buildings, Grounds & Parks:</i>				
Salaries	84,941	84,941	84,571	370
Salaries - grass cutting	8,868	8,868	-	8,868
Salaries - GMP Winsor park support	3,284	3,284	1,811	1,473
Overtime	-	-	1,108	(1,108)
Longevity	2,519	2,519	2,526	(7)
Payroll taxes and benefits	45,769	45,769	40,158	5,611
Supplies	6,700	6,700	5,852	848
Safety equipment	400	400	36	364
Other purchased services	10,000	10,000	7,572	2,428
Service contracts	300	300	541	(241)
Miscellaneous expense	4,000	4,000	1,549	2,451
Repairs, maintenance and construction material	15,000	15,000	22,609	(7,609)
Tools	1,000	1,000	3,887	(2,887)
Electricity - GMP	1,500	1,500	1,728	(228)
Security - GMP	350	350	-	350
Telephone - GMP	-	-	25	(25)
<i>Total Maintenance Division - Building, Grounds & Parks</i>	<u>184,631</u>	<u>184,631</u>	<u>173,973</u>	<u>10,658</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<i>Maintenance Division - Vehicle & Equipment</i>				
Salaries	48,609	48,609	63,217	(14,608)
Overtime	1,300	1,300	-	1,300
Longevity	1,216	1,216	1,215	1
Payroll taxes and benefits	21,234	21,234	18,808	2,426
Safety equipment	600	600	49	551
Purchased services	15,000	15,000	17,348	(2,348)
Service contracts	650	650	-	650
Propane - paver	-	-	320	(320)
Miscellaneous expense	6,500	6,500	5,283	1,217
Gasoline	90,500	90,500	87,728	2,772
Lubricating oil	6,000	6,000	7,585	(1,585)
Diesel Fuel	85,500	85,500	91,904	(6,404)
Repair parts	80,000	80,000	78,792	1,208
Equipment	900	900	-	900
Tools	4,500	4,500	3,471	1,029
Tires and tubes	14,000	14,000	15,419	(1,419)
<i>Total Maintenance Division - Vehicle & Equipment</i>	<u>376,509</u>	<u>376,509</u>	<u>391,139</u>	<u>(14,630)</u>
<i>Waste Disposal Division:</i>				
Salaries	96,111	96,111	112,104	(15,993)
Overtime	5,000	5,000	4,845	155
Longevity	2,840	2,840	2,575	265
Youth litter corps	3,000	3,000	2,366	634
Payroll taxes and benefits	36,972	36,972	42,278	(5,306)
Telephone	500	500	230	270
Heat and electricity	3,800	3,800	1,772	2,028
Purchased services	9,700	9,700	4,522	5,178
Advertising	200	200	1,391	(1,191)
Safety equipment	300	300	149	151
Transfer station license renewal	3,000	3,000	3,000	-
Miscellaneous expense	2,000	2,000	3,458	(1,458)
Tipping fees	105,000	105,000	89,123	15,877
<i>Total Waste Disposal Division</i>	<u>268,423</u>	<u>268,423</u>	<u>267,813</u>	<u>610</u>
TOTAL PUBLIC WORKS	<u>1,620,133</u>	<u>1,620,133</u>	<u>1,530,902</u>	<u>89,231</u>
RECREATION AND SENIOR CENTER				
<i>Recreation:</i>				
Director salary	15,312	15,312	15,312	-
Assistant director salary	600	600	380	220
Salaries - swim, tennis, arts & crafts	56,715	56,715	50,381	6,334
Police detail - July 4th	600	600	453	147
Payroll taxes and benefits	9,872	9,872	7,580	2,292
Advertising	400	400	-	400
Telephone	700	700	641	59
Electricity - beaches & Winsor	500	500	524	(24)
Food license - GMP	150	150	-	150
Water testing - beaches and GMP	500	500	200	300
Materials and equipment	2,000	2,000	2,434	(434)
Recreation programs	15,700	15,700	13,596	2,104
<i>Total Recreation</i>	<u>103,049</u>	<u>103,049</u>	<u>91,501</u>	<u>11,548</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<i>Senior Center:</i>				
Director's salary	32,710	32,710	32,710	-
Senior meal site - kitchen aid	14,643	14,643	16,838	(2,195)
Maintenance - custodian	21,051	21,051	20,596	455
Salary - information tech, specialist	2,000	2,000	923	1,077
Longevity	1,426	1,426	1,418	8
Payroll taxes and benefits	33,103	33,103	30,508	2,595
Electricity, heat, propane and diesel	21,800	21,800	23,846	(2,046)
Telephone	850	850	924	(74)
Internet and cable	1,000	1,000	1,339	(339)
Janitorial supplies	2,000	2,000	1,746	254
Repair/maintenance/construction material	1,200	1,200	651	549
Programs and activities	6,000	6,000	6,497	(497)
Supplies	2,000	2,000	1,637	363
Other purchased services	4,900	4,900	6,924	(2,024)
License fees	565	565	-	565
Miscellaneous	1,500	1,500	722	778
Water testing	1,800	1,800	585	1,215
Computer equipment and supplies	2,800	2,800	1,725	1,075
Advertising	200	200	197	3
Total Senior Center	<u>151,548</u>	<u>151,548</u>	<u>149,786</u>	<u>1,762</u>
TOTAL RECREATION AND SENIOR CENTER	<u>254,597</u>	<u>254,597</u>	<u>241,287</u>	<u>13,310</u>
SOCIAL SERVICES:				
<i>Human Services Department:</i>				
Director's salary	10,717	10,717	10,717	-
Van driver's salary	27,059	27,059	20,325	6,734
Payroll taxes and benefits	8,598	8,598	5,264	3,334
Office furniture	-	-	300	(300)
Telephone	600	600	823	(223)
Advertising	1,000	1,000	668	332
Miscellaneous expense	500	500	632	(132)
Total Human Services Department	<u>48,474</u>	<u>48,474</u>	<u>38,729</u>	<u>9,745</u>
TOTAL SOCIAL SERVICES	<u>48,474</u>	<u>48,474</u>	<u>38,729</u>	<u>9,745</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
OTHER OPERATION EXPENSES:				
<i>Town Hall:</i>				
Utilities	76,500	76,500	47,874	28,626
Water	900	900	386	514
Postage, meter and supplies	19,300	19,300	16,276	3,024
Office and computer supplies	20,000	20,000	13,713	6,287
Security	1,600	1,600	2,487	(887)
Computer systems - purchase, support, repairs	76,500	76,500	81,212	(4,712)
Advertising	9,500	9,500	6,810	2,690
Internet service	5,000	5,000	3,041	1,959
Telephone, modem, fax and TDD	7,000	7,000	4,080	2,920
Copier rental	6,500	6,500	6,179	321
RI League of Cities & Towns dues	3,960	3,960	3,960	-
Insurance - property/liability/other	147,155	147,155	100,668	46,487
Unemployment compensation	5,000	5,000	1,935	3,065
Retired personnel cost	32,823	32,823	25,593	7,230
Bond disclosure fees	2,000	2,000	1,475	525
Total Town Hall	<u>413,738</u>	<u>413,738</u>	<u>315,689</u>	<u>98,049</u>
TOTAL OTHER OPERATION EXPENSES	<u>413,738</u>	<u>413,738</u>	<u>315,689</u>	<u>98,049</u>
AID REQUESTS:				
<i>Aid to Libraries:</i>				
Glocester Manton	128,101	128,101	128,101	-
Harmony	185,249	185,249	185,249	-
Total Aid to Libraries	<u>313,350</u>	<u>313,350</u>	<u>313,350</u>	<u>-</u>
<i>Cultural Services:</i>				
Glocester light infantry - Memorial day parade	1,000	1,000	1,000	-
Total Cultural Services	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<i>Social Services:</i>				
Glocester Little League	3,400	3,400	3,400	-
Glocester Senior Association	1,000	1,000	1,000	-
NW Community Nursing & Health Service	3,000	3,000	3,000	-
Retired Senior Volunteer Program	1,000	1,000	1,000	-
Total Social Services	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>	<u>-</u>
TOTAL AID REQUESTS	<u>322,750</u>	<u>322,750</u>	<u>322,750</u>	<u>-</u>
EDUCATION:				
<i>Foster-Glocester Region</i>	9,349,077	9,349,077	9,349,077	-
TOTAL EDUCATION	<u>9,349,077</u>	<u>9,349,077</u>	<u>9,349,077</u>	<u>-</u>
DEBT SERVICE:				
<i>Non-School Bonds:</i>				
Road bond 2001 - 2016	274,565	274,565	274,565	-
Land trust bond 2003 - 2012	52,100	52,100	52,100	-
Senior center 2007 - 2027	160,344	160,344	160,344	-
Land trust open space	69,110	69,110	69,110	-
Total Non-School Bonds	<u>556,119</u>	<u>556,119</u>	<u>556,119</u>	<u>-</u>
<i>School Bonds:</i>				
Building construction 1998 - 2012	302,597	302,597	302,596	1
Fogarty roof reconstruction 2007 - 2027	67,188	67,188	13,590	53,598
Total School Bonds	<u>369,785</u>	<u>369,785</u>	<u>316,186</u>	<u>53,599</u>
TOTAL DEBT SERVICE	<u>925,904</u>	<u>925,904</u>	<u>872,305</u>	<u>53,599</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
TOTAL EXPENDITURES	<u>16,285,439</u>	<u>16,285,439</u>	<u>15,798,266</u>	<u>487,173</u>
<i>Excess of revenues over (under) expenditures before other financing sources (uses):</i>	<u>\$ 7,202,268</u>	<u>\$ 7,202,268</u>	<u>\$ 7,692,990</u>	<u>\$ 490,722</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	573,460	573,460	573,460	-
Transfer to Glocester School Department	(6,372,035)	(6,372,035)	(6,372,035)	-
Transfer to capital projects fund	(848,940)	(848,940)	(848,940)	-
Transfer to storm/snow related services	(310,311)	(310,311)	(310,311)	-
Transfer to revaluation reserve account	(14,700)	(14,700)	(14,700)	-
Transfer to comprehensive plan - 5 year update	(2,500)	(2,500)	-	2,500
Transfer to grants - matching funds	(3,200)	(3,200)	-	3,200
Transfer to service contracts - radio equipment	(14,045)	(14,045)	(14,045)	-
Transfer to emergency energy	(10,500)	(10,500)	(10,500)	-
Transfer to food bank	(1,000)	(1,000)	(1,000)	-
Transfer to Citizens and Students Together	(4,253)	(4,253)	-	4,253
Transfer to accrued compensated absences	(80,000)	(80,000)	(80,000)	-
Transfer to proration adjustment from FG regional	(104,244)	(104,244)	(104,244)	-
Transfer to independence day parade	(10,000)	(10,000)	(10,000)	-
Transfer to bullet proof vests	-	-	(4,021)	(4,021)
Transfer to Bramley fund	-	-	(4,253)	(4,253)
Transfer to blue rip tide	-	-	(101)	(101)
Transfer to RI Interlocal Trust	-	-	(17)	(17)
Transfer to health reserve	-	-	(27,316)	(27,316)
Transfer to Community Development Block Grant	-	-	(2,500)	(2,500)
NET OTHER FINANCING SOURCES (USES)	<u>(7,202,268)</u>	<u>(7,202,268)</u>	<u>(7,230,523)</u>	<u>(28,255)</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,467</u>	<u>\$ 462,467</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - School General Fund
For the Fiscal Year Ended June 30, 2012

	Original Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
State Aid	\$ 2,985,089	\$ 2,985,089	\$ 2,725,127	\$ (259,962)
Federal revenue-Medicaid reimbursement	-	-	83,112	83,112
Tuitions	146,356	146,356	101,616	(44,740)
Earnings on investments	6,000	6,000	2,340	(3,660)
Other	34,000	34,000	11,474	(22,526)
TOTAL REVENUES	<u>3,171,445</u>	<u>3,171,445</u>	<u>2,923,669</u>	<u>(247,776)</u>
EXPENDITURES				
<i>Fogarty Memorial:</i>				
Kindergarten	2,075	2,075	586	1,489
Art	3,200	3,200	5,984	(2,784)
Computer education	25,000	25,000	32,837	(7,837)
English, language arts	8,500	8,500	3,970	4,530
Health/physical education	1,500	1,500	1,771	(271)
Mathematics	4,300	4,300	3,330	970
Music	1,450	1,450	2,014	(564)
Science	4,000	4,000	160	3,840
School library	7,050	7,050	8,961	(1,911)
Audio-visual services	1,400	1,400	-	1,400
Speech	605	605	170	435
Resource program	1,000	1,000	1,317	(317)
Self-contained program	1,900	1,900	1,012	888
Social work services	1,300	1,300	1,401	(101)
Psychological services	700	700	149	551
Health services	3,500	3,500	2,207	1,293
Telephone	6,000	6,000	2,050	3,950
Police and fire details	800	800	-	800
School management/general	49,880	49,880	51,352	(1,472)
Total	<u>124,160</u>	<u>124,160</u>	<u>119,271</u>	<u>4,889</u>
<i>West Gloucester:</i>				
Kindergarten	1,650	1,650	1,185	465
Art	4,000	4,000	4,418	(418)
Computer education	21,285	21,285	25,585	(4,300)
English, language arts	6,800	6,800	2,986	3,814
Health/physical education	1,000	1,000	1,026	(26)
Mathematics	4,300	4,300	2,477	1,823
Music	1,300	1,300	1,461	(161)
Science	4,000	4,000	381	3,619
School library	6,100	6,100	6,330	(230)
Audio-visual services	1,000	1,000	55	945
Speech	550	550	669	(119)
Resource program	600	600	231	369
Self-contained program	2,200	2,200	2,761	(561)
Pre-school program	975	975	332	643
Social work services	700	700	1,838	(1,138)
Psychological services	2,500	2,500	1,318	1,182
Health services	3,650	3,650	9,659	(6,009)
Telephone	7,120	7,120	2,654	4,466
Police and fire details	1,000	1,000	-	1,000
School management/general	48,670	48,670	38,347	10,323
Total	<u>\$ 119,400</u>	<u>\$ 119,400</u>	<u>\$ 103,713</u>	<u>\$ 15,687</u>

(Continued)

TOWN OF GLOCESTER, RHODE ISLAND
Budgetary Comparison Schedule - Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis) - School General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Original Adopted Budget</u>	<u>Final Approved Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance</u>
<i>Central administration:</i>				
Systemwide Management	\$ 38,750	38,750	\$ 37,417	1,333
Fiscal services	43,398	43,398	15,308	28,090
Data processing	23,000	23,000	23,821	(821)
Policy formulation	4,840	4,840	3,940	900
Legal services	44,000	44,000	19,990	24,010
Non-public textbooks	2,500	2,500	438	2,062
Total	<u>156,488</u>	<u>156,488</u>	<u>100,914</u>	<u>55,574</u>
<i>Systemwide:</i>				
Network Services	10,408	10,408	5,258	5,150
Special education services	162,914	162,914	163,842	(928)
Food service repairs	750	750	-	750
Operations - buildings and grounds	349,400	349,400	383,324	(33,924)
Transportation, regular	572,000	572,000	516,807	55,193
Transportation, special education	167,863	167,863	134,897	32,966
Transportation, Foster-Glocester Regional	670,387	670,387	592,179	78,208
Total	<u>1,933,722</u>	<u>1,933,722</u>	<u>1,796,307</u>	<u>137,415</u>
<i>Salaries and fringes:</i>				
Classroom instruction	2,729,611	2,729,611	2,746,278	(16,667)
Kindergarten instruction	221,962	221,962	250,578	(28,616)
School library	101,484	101,484	99,063	2,421
Resource program	153,788	153,788	151,388	2,400
Self-contained program	846,009	846,009	441,621	404,388
Self-contained S/P/M	37,586	37,586	37,586	-
Social work services	66,843	66,843	66,659	184
Psychological services	75,072	75,072	40,712	34,360
Health services	120,765	120,765	114,500	6,265
Operation and maintenance of plant	266,043	266,043	254,360	11,683
Bus transportation, regular	100,000	100,000	78,418	21,582
Bus transportation, special education	46,000	46,000	16,545	29,455
Systemwide management	163,368	163,368	175,548	(12,180)
School management	277,034	277,034	291,015	(13,981)
Policy formulation	7,080	7,080	18,656	(11,576)
Fringe benefits	2,177,065	2,177,065	1,749,067	427,998
Total Salaries and Fringes	<u>7,389,710</u>	<u>7,389,710</u>	<u>6,531,994</u>	<u>857,716</u>
TOTAL EXPENDITURES	<u>9,723,480</u>	<u>9,723,480</u>	<u>8,652,199</u>	<u>1,071,281</u>
<i>Excess of revenues over (under) expenditures before other financing sources (uses)</i>	<u>(6,552,035)</u>	<u>(6,552,035)</u>	<u>(5,728,530)</u>	<u>823,505</u>
OTHER FINANCING SOURCES (USES):				
Transfers from Town	6,372,035	6,372,035	6,372,035	-
Appropriated fund balance	180,000	180,000	180,000	-
Transfers to other funds	-	-	(175,000)	(175,000)
NET OTHER FINANCING SOURCES (USE)	<u>6,552,035</u>	<u>6,552,035</u>	<u>6,377,035</u>	<u>(175,000)</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,505</u>	<u>\$ 648,505</u>

(Concluded)

STATISTICAL SECTION

This part of the Town of Glocester, Rhode Island'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 governments overall financial health.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the governments most significant local revenue source, property taxes.

Debt Capacity

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.

Demographic and Economic Information

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Government										
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,415,727	\$ 7,458,139	\$ 9,104,096	\$11,114,122	\$ 10,596,849	\$ 12,183,517	\$ 12,366,231	\$ 13,195,876	\$ 13,815,360	\$ 15,094,315
Restricted	1,092,710	636,135	689,700	794,823	1,263,293	1,255,618	571,210	3,100	3,438,859	4,738,724
Unrestricted	5,082,013	5,787,078	5,623,019	4,703,857	5,614,738	5,459,871	6,267,056	8,268,698	6,386,528	6,027,370
Total governmental activities net assets	<u>\$ 12,590,450</u>	<u>\$13,881,352</u>	<u>\$15,416,815</u>	<u>\$16,612,802</u>	<u>\$17,474,880</u>	<u>\$18,899,006</u>	<u>\$19,204,497</u>	<u>\$21,467,674</u>	<u>\$23,640,747</u>	<u>\$ 25,860,409</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	22,364	23,468	43,413	50,642	57,785
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,364</u>	<u>\$ 23,468</u>	<u>\$ 43,413</u>	<u>\$ 50,642</u>	<u>\$ 57,785</u>
Primary government										
Invested in capital assets, net of related debt	\$ 6,415,727	\$ 7,458,139	\$ 9,104,096	\$ 11,114,122	\$ 10,596,849	\$ 12,183,517	\$ 12,366,231	\$ 13,195,876	\$ 13,815,360	\$ 15,094,315
Restricted	1,092,710	636,135	689,700	794,823	1,263,293	1,255,618	571,210	3,100	3,438,859	4,738,724
Unrestricted	5,082,013	5,787,078	5,623,019	4,703,857	5,614,738	5,482,235	6,290,524	8,312,111	6,437,170	6,085,155
Total primary government net assets	<u>\$ 12,590,450</u>	<u>\$13,881,352</u>	<u>\$15,416,815</u>	<u>\$16,612,802</u>	<u>\$17,474,880</u>	<u>\$18,921,370</u>	<u>\$19,227,965</u>	<u>\$21,511,087</u>	<u>\$23,691,389</u>	<u>\$ 25,918,194</u>

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Administration	\$ 642,802	\$ 680,183	\$ 781,344	\$ 719,930	\$ 864,730	\$ 962,851	\$ 827,540	\$ 816,185	\$ 856,404	\$ 839,967
Finance	398,665	430,663	451,843	460,801	512,820	564,677	614,551	584,712	585,586	652,595
Public safety	1,321,545	1,390,182	1,555,487	1,631,389	1,742,763	1,900,041	2,084,153	1,911,181	1,954,111	2,151,464
Public works	1,723,478	1,684,156	2,081,657	2,004,415	2,169,528	2,355,418	2,871,973	2,130,372	2,207,085	2,095,239
Recreation	98,248	103,619	104,517	138,008	243,353	285,306	328,676	368,063	388,751	344,940
Social services	360,349	627,325	403,310	372,878	377,340	386,997	534,967	383,393	399,230	506,408
Operational expenses	240,876	341,745	296,016	277,190	305,365	307,052	417,912	265,543	312,695	315,689
Aid requests	280,248	292,304	297,190	307,151	330,853	344,868	333,083	317,533	318,533	322,750
Education	14,679,977	14,906,109	15,822,821	16,913,683	17,728,396	18,725,978	19,212,152	19,107,353	19,165,949	19,118,861
Interest on debt	293,954	267,061	236,219	215,994	263,100	295,357	260,885	236,437	224,607	197,988
Gloucester Land Trust	65,279	65,951	87,810	100,470	90,368	81,473	1,487	-	58,235	84,858
Total governmental activities expenses	<u>\$ 20,105,421</u>	<u>\$ 20,789,298</u>	<u>\$ 22,118,214</u>	<u>\$ 23,141,909</u>	<u>\$ 24,628,616</u>	<u>\$ 26,210,018</u>	<u>\$ 27,487,379</u>	<u>\$ 26,120,772</u>	<u>\$ 26,471,186</u>	<u>\$ 26,630,759</u>
Business-type activities:										
School Lunch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,788	\$ 153,610	\$ 124,224	\$ 134,636	\$ 147,749
Total primary government expenses	<u>\$ 20,105,421</u>	<u>\$ 20,789,298</u>	<u>\$ 22,118,214</u>	<u>\$ 23,141,909</u>	<u>\$ 24,628,616</u>	<u>\$ 26,365,806</u>	<u>\$ 27,640,989</u>	<u>\$ 26,244,996</u>	<u>\$ 26,605,822</u>	<u>\$ 26,778,508</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administration	\$ 399,872	\$ 412,486	\$ 449,142	\$ 435,853	\$ 407,245	\$ 359,774	\$ 352,433	\$ 329,306	\$ 284,709	\$ 154,714
Finance	-	12,471	17,155	15,816	8,197	12,108	26,214	10,949	15,571	34,987
Public safety	109,242	95,018	123,031	133,606	141,522	102,047	129,937	111,540	94,781	154,708
Public works	3,783	7,017	8,362	16,699	12,394	21,881	42,477	45,494	71,203	78,603
Recreation	-	3,865	2,237	4,184	3,504	4,066	6,662	8,826	8,415	-
Social services	-	-	-	-	3,230	4,313	23,107	53,629	90,273	26,929
Operational expenses	-	-	115,968	-	-	-	-	15,816	6,437	-
Aid requests	-	-	-	-	-	-	-	-	-	12,501
Education	-	-	76,215	229,229	211,683	148,131	184,493	292,772	333,722	196,202
Operating grants and contributions:										
Administration	-	49,693	78,092	8,585	471	68,500	146,712	152,325	170,684	258,723
Finance	-	110	-	-	-	-	-	-	-	-
Public safety	-	36,189	83,829	50,119	75,287	59,752	13,668	15,931	61,899	67,705
Public works	-	-	-	24,700	-	-	-	82,615	-	152,886
Recreation	-	-	-	25,770	10,079	13,714	20,726	22,308	26,234	21,776
Social services	216,392	430,309	147,010	249,169	371,759	263,902	474,412	487,188	591,912	223,833
Operational expenses	-	66,250	-	-	-	-	-	-	-	-
Education	3,656,457	4,141,248	3,640,801	3,957,144	4,208,544	3,995,286	3,783,450	3,622,793	3,777,064	3,601,729
Interest	-	-	-	197,070	199,208	206,509	-	-	-	-

(Continued)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Capital grants and contributions:										
Administration	-	-	526,384	-	-	-	-	-	-	-
Public safety	-	156,193	24,086	119,023	6,000	3,000	61,597	101,248	1,087	-
Public works	-	-	118,615	-	-	34,738	108,705	292,414	85,422	620,013
Recreation and cultural services	-	-	-	-	46,436	-	-	-	-	106,299
Social services	-	-	163,346	149,517	-	-	-	-	-	-
Operational expenses	-	13,218	-	-	-	-	-	-	-	-
Aid requests	-	-	-	-	-	-	-	-	-	159,363
Education	11,056	-	221,655	-	-	-	255,832	216,945	262,271	70,318
Total governmental activities program revenues	\$ 4,396,802	\$ 5,424,067	\$ 5,795,928	\$ 5,616,484	\$ 5,705,559	\$ 5,297,721	\$ 5,630,425	\$ 5,862,099	\$ 5,881,684	\$ 5,941,289
Business-type activities:										
Charges for services:										
School Lunch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,370	\$ -80,130	\$ 63,167	\$ 59,975	\$ 67,556
Operating grants and contributions:										
School Lunch	-	-	-	-	-	73,176	74,584	81,002	81,890	87,336
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,546	\$ 154,714	\$ 144,169	\$ 141,865	\$ 154,892
Total primary government revenues	\$ 4,396,802	\$ 5,424,067	\$ 5,795,928	\$ 5,616,484	\$ 5,705,559	\$ 5,455,267	\$ 5,785,139	\$ 6,006,268	\$ 6,023,549	\$ 6,096,181
Net (expenses) revenues:										
Governmental activities	\$ (15,708,619)	\$ (15,365,231)	\$ (16,322,286)	\$ (17,525,425)	\$ (18,923,057)	\$ (20,912,297)	\$ (21,856,954)	\$ (20,258,673)	\$ (20,589,502)	\$ (20,689,470)
Business-type activities	-	-	-	-	-	1,758	1,104	19,945	7,229	7,143
Total primary government net expense	\$ (15,708,619)	\$ (15,365,231)	\$ (16,322,286)	\$ (17,525,425)	\$ (18,923,057)	\$ (20,910,539)	\$ (21,855,850)	\$ (20,238,728)	\$ (20,582,273)	\$ (20,682,327)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	\$ 14,273,271	\$ 14,839,021	\$ 15,959,350	\$ 16,669,163	\$ 17,616,681	\$ 19,114,197	\$ 20,634,864	\$ 22,953,234	\$ 22,650,126	\$ 22,783,814
Unrestricted investment earnings	229,431	152,654	182,589	240,483	285,429	279,633	154,478	118,156	112,449	126,810
Other revenues	2,091,479	1,664,459	1,746,283	1,811,766	2,025,214	2,785,647	1,436,958	-	-	(30,200)
Transfers to component unit	-	-	-	-	-	-	(63,855)	(549,540)	-	-
Total primary government	\$ 16,594,181	\$ 16,656,134	\$ 17,888,222	\$ 18,721,412	\$ 19,927,324	\$ 22,179,477	\$ 22,162,445	\$ 22,521,850	\$ 22,762,575	\$ 22,880,424
Change in Net Assets										
Governmental activities	\$ 885,562	\$ 1,290,903	\$ 1,565,936	\$ 1,195,987	\$ 1,004,267	\$ 1,267,180	\$ 305,491	\$ 2,263,177	\$ 2,173,073	\$ 2,190,954
Business-type activities	-	-	-	-	-	1,758	1,104	19,945	7,229	7,143
Total primary government	\$ 885,562	\$ 1,290,903	\$ 1,565,936	\$ 1,195,987	\$ 1,004,267	\$ 1,268,938	\$ 306,595	\$ 2,283,122	\$ 2,180,302	\$ 2,198,097

(Concluded)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 9,610	\$ 10,283	\$ 10,528	\$ 9,524	\$ 21,523	\$ 13,960	\$ 33,805	\$ 15,480	\$ -	\$ -
Unreserved	3,705,287	3,718,881	4,321,639	4,554,671	4,317,178	4,225,999	3,896,715	4,246,583	-	-
Nonspendable	-	-	-	-	-	-	-	-	7,769	27,220
Restricted	-	-	-	-	-	-	-	-	961,063	-
Committed	-	-	-	-	-	-	-	-	573,460	149,244
Assigned	-	-	-	-	-	-	-	-	525,125	1,801,918
Unassigned	-	-	-	-	-	-	-	-	3,904,064	4,302,080
Total general fund	<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>	<u>\$ 5,971,481</u>	<u>\$ 6,280,462</u>
Education										
Reserved	\$ 221,577	\$ 297,752	\$ 376,072	\$ 149,861	\$ -	\$ 2,435	\$ 122,988	\$ 60,323	\$ -	\$ 2,370,412
Unreserved	238,615	157,698	289,086	312,886	415,693	345,913	607,566	1,645,575	-	-
Committed	-	-	-	-	-	-	-	-	180,000	-
Assigned	-	-	-	-	-	-	-	-	780,686	748,954
Unassigned	-	-	-	-	-	-	-	-	1,690,484	-
Total education fund	<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>	<u>\$ 2,651,170</u>	<u>\$ 3,119,366</u>
Road Bond Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	985,706	264,275	12,463	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total road bond fund	<u>\$ 985,706</u>	<u>\$ 264,275</u>	<u>\$ 12,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Senior Center Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	(697,290)	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total senior center fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (697,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Reserve Project Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	749,049	715,966	545,660	748,087	-	-
Restricted	-	-	-	-	-	-	-	-	759,820	638,203
Unassigned	-	-	-	-	-	-	-	-	-	-
Total capital reserve project fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,049</u>	<u>\$ 715,966</u>	<u>\$ 545,660</u>	<u>\$ 748,087</u>	<u>\$ 759,820</u>	<u>\$ 638,203</u>
Community Development Block Grant										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,381
Unassigned	-	-	-	-	-	-	-	-	-	(379,906)
Total community development block grant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,475</u>
All Other Governmental Funds										
Reserved:										
Perpetual care	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds:										
Education	182,141	388,967	285,511	202,841	283,828	407,025	540,289	283,763	-	-
Other	345,542	612,148	891,479	786,426	1,159,170	1,157,433	1,403,119	1,714,349	-	-
Capital projects funds	486,481	1,050,171	1,038,794	1,002,637	1,325,501	702,232	836,151	852,039	-	-
Permanent Fund	9,329	9,391	9,448	9,505	9,202	9,238	9,247	9,261	-	-
Nonspendable	-	-	-	-	-	-	-	-	336,535	3,100
Restricted	-	-	-	-	-	-	-	-	1,373,672	1,269,408
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned,	-	-	-	-	-	-	-	-	(89,551)	-
Total all other governmental funds	<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>	<u>\$ 1,620,656</u>	<u>\$ 1,272,508</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
General property taxes	\$ 14,336,144	\$ 14,854,992	\$ 15,929,478	\$ 16,617,506	\$ 17,605,367	\$ 19,184,312	\$ 20,575,766	\$ 21,898,410	\$ 22,495,323	\$ 22,537,037
Intergovernmental and departmental revenue	5,505,830	6,285,993	6,078,886	6,791,868	7,094,716	6,665,094	5,998,069	5,539,730	4,692,744	4,656,720
Licenses and fees	518,966	530,857	599,500	583,136	552,183	482,153	510,253	472,033	442,361	525,877
Interest on investments	229,431	152,654	182,589	240,483	285,429	273,633	154,478	118,156	112,449	126,759
Other revenues	342,772	309,898	337,441	56,031	140,634	166,449	308,447	435,119	523,108	319,649
Intergovernmental-pension contribution	-	-	-	-	-	-	246,586	285,107	264,180	332,744
Total revenues	<u>\$ 20,933,143</u>	<u>\$ 22,134,394</u>	<u>\$ 23,127,894</u>	<u>\$ 24,289,024</u>	<u>\$ 25,678,329</u>	<u>\$ 26,771,641</u>	<u>\$ 27,793,599</u>	<u>\$ 28,748,555</u>	<u>\$ 28,530,165</u>	<u>\$ 28,498,786</u>
Expenditures										
Central Administration	\$ 617,933	\$ 651,535	\$ 746,646	\$ 748,833	\$ 831,213	\$ 988,144	\$ 785,565	\$ 766,545	\$ 831,297	\$ 803,666
Finance Administration	395,878	427,876	448,282	457,795	509,814	561,671	596,070	587,715	590,140	620,597
Public Safety Department	1,317,022	1,381,045	1,579,176	1,920,978	1,829,558	1,873,749	1,804,769	1,791,933	1,787,760	2,036,564
Public Works Department	1,436,474	1,329,747	1,640,900	2,330,629	1,858,272	2,273,444	1,871,028	1,555,594	1,727,750	1,585,909
Recreation Department	81,806	84,488	85,386	151,231	1,903,600	202,247	230,431	273,980	291,048	255,834
Social Services (3)	360,349	627,325	398,970	1,315,902	483,269	499,160	530,627	379,053	366,945	439,399
Operational expenses	264,411	320,964	253,774	277,190	355,075	307,052	294,543	404,529	313,737	315,689
Aid Request	280,248	292,304	297,190	307,151	330,853	344,868	333,083	317,533	318,533	322,750
Education-Elementary	8,725,251	8,948,302	9,316,350	10,199,745	10,152,139	10,843,415	9,509,781	9,292,913	9,360,130	9,321,435
Education-Secondary-Regional (1)	5,880,258	5,874,319	6,280,537	6,614,229	7,385,896	8,476,681	9,340,823	9,328,376	9,453,321	9,349,077
Glocester Land Trust	65,279	65,951	87,810	100,470	90,368	81,473	65,342	549,540	58,235	-
Intergovernmental-pension contribution	-	-	-	-	-	-	246,586	285,107	264,180	332,744
Capital Outlay	869,431	920,084	738,299	-	-	-	818,159	1,213,379	734,378	1,793,486
Principal	615,000	615,000	620,000	597,235	587,677	708,616	689,658	697,741	784,224	759,960
Interest	299,923	270,174	242,071	216,217	235,524	291,458	261,795	233,669	222,645	203,789
Bond issuance costs	-	-	-	-	-	-	-	5,500	1,275	-
Total Expenditures	<u>\$ 21,209,263</u>	<u>\$ 21,809,114</u>	<u>\$ 22,735,391</u>	<u>\$ 25,237,605</u>	<u>\$ 26,553,258</u>	<u>\$ 27,451,978</u>	<u>\$ 27,378,260</u>	<u>\$ 27,683,107</u>	<u>\$ 27,105,598</u>	<u>\$ 28,140,899</u>
Excess of revenues over (under) expenditures	\$ (276,120)	\$ 325,280	\$ 392,503	\$ (948,581)	\$ (874,929)	\$ (680,337)	\$ 415,339	\$ 1,065,448	\$ 1,424,567	\$ 357,887
Other Financing Sources (uses)										
Proceeds of capital leases	\$ -	\$ -	\$ -	\$ 44,622	\$ -	\$ -	\$ -	\$ 14,472	\$ -	\$ -
Transfers from other funds	5,498,652	6,306,080	6,289,430	7,154,328	7,479,823	7,291,361	8,166,617	8,582,238	7,703,474	8,683,045
Transfers to other funds	(5,498,652)	(6,306,080)	(6,289,430)	(7,154,328)	(7,479,823)	(7,291,361)	(8,166,617)	(8,582,238)	(7,703,474)	(8,683,045)
Proceeds from issuance of bonds	-	-	-	-	2,965,000	-	-	500,000	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,622</u>	<u>2,965,000</u>	<u>-</u>	<u>-</u>	<u>514,472</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (276,120)</u>	<u>\$ 325,280</u>	<u>\$ 392,503</u>	<u>\$ (903,959)</u>	<u>\$ 2,090,071</u>	<u>\$ (680,337)</u>	<u>\$ 415,339</u>	<u>\$ 1,579,920</u>	<u>\$ 1,424,567</u>	<u>\$ 357,887</u>
Debt service as a percentage of noncapital expenditures	4.5%	4.2%	3.9%	3.2%	3.4%	3.8%	3.6%	3.5%	3.8%	3.7%

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 Gloucester, 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 Effective Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2003 (1)	639,256,200	40,714,200	61,584,633	20,448,920	71,686,402	690,317,551	20.26	708,453,973	97.44%
2004	636,491,310	41,684,000	66,117,524	18,058,950	72,253,598	690,098,186	20.40	901,255,161	76.57%
2005	646,917,330	42,092,500	66,320,776	20,777,410	73,615,598	702,492,418	21.28	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	14.34	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	15.00	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	16.36	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	17.75	1,199,136,425	91.80%
2010	1,065,503,820	66,145,300	79,407,366	18,620,740	136,245,602	1,093,431,624	18.64	1,109,017,190	98.59%
2011	1,071,062,920	65,889,900	94,392,665	18,600,760	128,139,328	1,121,806,917	18.68	992,719,368	113.00%
2012 (1)	855,150,110	57,855,300	96,931,960	18,641,800	96,976,087	931,603,083	22.51	946,415,571	98.43%

Source: Town of Gloucester Tax Assessor

- (1) Full revaluations are performed every nine years. A full revaluation was performed as of December 31, 2001 which affected fiscal year 2003. The last full revaluation was performed as of December 31, 2010 which affected fiscal year 2012.
- (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 affected fiscal years 2006 and 2009, respectively. The next statistical revaluation will be performed as of December 31, 2013 and will affect fiscal year 2015.

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				
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
2011	17.87	20.31	24.37	35.58	-	18.68	0.75	1.20	1.30
2012	21.66	24.62	24.37	43.13	-	22.51	0.95	1.48	1.55

- (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. [Town only - excludes overlapping rates]
- (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	Fiscal Year				Fiscal Year			
	2012				2003			
	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)(4)	PILOT	1	PILOT	\$ 1,671,975	\$ 17,898,725	1	2.59%	\$ 370,832
Narragansett Electric, Co.	\$ 8,776,180	2	0.94%	323,970	9,007,438	2	1.30%	228,596
CoxCom	5,054,580	3	0.54%	218,004	4,347,314	3	0.63%	117,377
Criterion Atlantic Property	2,790,430	4	0.30%	82,857	2,825,215	4	0.41%	62,211
Melody Hill Country Club	2,866,820	5	0.31%	72,329	2,702,160	5	0.39%	54,203
CVS	2,445,720	6	0.26%	67,126	-	-	-	-
Kopeski Stephen M.	2,467,950	7	0.26%	63,036	2,101,080	6	0.30%	42,347
Glocester Country Club	2,255,520	8	0.24%	60,290	1,805,670	7	0.26%	36,548
Providence, City of (PWSB) (2)	2,093,942	9	0.22%	51,553	1,568,800	9	0.23%	31,109
Bella Sand, LLC	1,764,050	10	0.19%	49,311	-	-	-	-
Tillanghast, Anna	-	-	-	-	1,796,100	8	0.26%	35,794
Watmough Jr., Roy P.	-	-	-	-	1,222,400	10	0.18%	24,240
Totals	<u>\$ 30,515,192</u>		<u>3.26%</u>	<u>\$ 2,660,451</u>	<u>\$ 45,274,902</u>		<u>6.55%</u>	<u>\$ 1,003,257</u>

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.
- (4) Factory Mutual Insurance Co. changed the name on the property owned in the Town of Glocester to West Glocester LLC in 2010.

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 (as originally certified)	Collected within the Fiscal Year of the Levy		Subsequent abatements and additions	Total Tax Levy for Fiscal Year (adjusted for all subsequent abatements and additions)	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy				Amount	Percentage of adjusted Levy
2003	\$ 13,987,000	\$ 13,452,836	96.18%	\$ (147,424)	\$ 13,839,576	\$ 364,320	\$ 13,817,157	99.84%
2004	14,077,498	13,639,790	96.89%	10,697	14,088,195	422,597	14,062,387	99.82%
2005	14,949,359	14,553,049	97.35%	26,024	14,975,383	398,150	14,951,199	99.84%
2006	15,647,919	15,174,996	96.98%	10,400	15,658,319	455,338	15,630,334	99.82%
2007	16,578,703	16,062,164	96.88%	2,927	16,581,630	486,774	16,548,938	99.80%
2008	18,134,554	17,589,870	97.00%	8,780	18,143,334	522,556	18,112,426	99.83%
2009	19,541,335	19,044,425	97.46%	29,969	19,571,304	494,133	19,538,558	99.83%
2010	20,380,911	19,767,563	96.99%	9,045	20,389,956	582,448	20,350,011	99.80%
2011	20,960,378	20,285,517	96.78%	9,943	20,970,321	575,763	20,861,280	99.48%
2012	20,971,376	20,211,714	96.38%	(30,441)	20,940,935	632,376	20,844,090	99.54%

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	Per Ca
	General Obligation Bonds	Loan Payable	Capital Lease			
2003	6,165,000	250,000	-	6,415,000	2.81% (a)	645
2004	5,550,000	250,000	-	5,800,000	2.54% (a)	583
2005	4,930,000	250,000	-	5,180,000	2.27% (a)	521
2006	4,335,000	247,765	37,661	4,620,426	2.03% (a)	464
2007	6,750,000	210,088	29,429	6,989,517	3.07% (a)	703
2008	6,085,000	166,472	20,569	6,272,041	2.75% (a)	630
2009	5,415,000	152,845	13,401	5,581,246	2.45% (a)	561
2010	5,240,000	136,571	20,261	5,396,832	1.74% (b)	554
2011	4,515,000	112,226	8,526	4,635,752	1.50% (b)	476
2012	3,775,000	154,936	55,447	3,985,383	1.29% (b)	409

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.
- (b) Ratio is calculated using personal income from 2010 census year.
- (c) Ratio is calculated using population from 2000 census year.
- (d) Ratio is calculated using population from 2010 census year.

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

<u>General Bonded Debt Outstanding</u>				
<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Total</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value (a) of</u> <u>Property</u>	<u>Per</u> <u>Capita (b)</u>
2003	6,165,000	6,165,000	0.89%	619.72
2004	5,550,000	5,550,000	0.80%	557.90
2005	4,930,000	4,930,000	0.70%	495.58
2006	4,335,000	4,335,000	0.40%	435.77
2007	6,750,000	6,750,000	0.61%	678.53
2008	6,085,000	6,085,000	0.55%	611.68
2009	5,415,000	5,415,000	0.49%	544.33
2010	5,240,000	5,240,000	0.48%	537.66
2011	4,515,000	4,515,000	0.40%	463.27
2012	3,775,000	3,775,000	0.41%	387.34

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, 2012
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-Glocester Regional School District	\$ 50,075,000	64.28% (a)	\$ 32,188,210	\$ 12,875,284
Chepachet Fire District	-	100.00%	-	-
Harmony Fire District	176,071	100.00%	176,071	176,071
West Glocester Fire District	187,035	100.00%	187,035	187,035
Subtotal, overlapping debt			32,551,316	13,238,390
Town direct debt			3,775,000	3,544,000
Total direct and overlapping debt			\$ 36,326,316	\$ 16,782,390

Sources: Debt outstanding data provided by each governmental unit.

- (a) Estimated percentage applicable for the Foster-Glocester Regional School District portion of the debt is from the Foster-Glocester Regional School District Fiscal 2013 budget.
- (b) It is anticipated that approximately 60% [\$30,045,000] of the Foster-Glocester Regional School District debt will be paid by the State of Rhode Island in the form of housing aid. Similarly, \$550,000 of the *Town direct debt* is for the Glocester Schools of which it is estimated that 42% 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 2012	
Assessed Value	\$ 931,603,082
Debt limit (3% of assessed value)	27,948,092
Debt applicable to limit:	
General obligation bonds	3,775,000
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>3,775,000</u>
Legal debt margin	<u>\$ 24,173,092</u>

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 20,709,527	\$ 20,702,946	\$ 21,074,773	\$ 32,736,315	\$ 33,161,659	\$ 33,263,834	\$ 33,023,590	\$ 32,802,949	\$ 33,654,208	\$ 27,948,092
Total net debt applicable to limit	<u>6,165,000</u>	<u>5,550,000</u>	<u>4,930,000</u>	<u>4,335,000</u>	<u>6,750,000</u>	<u>6,085,000</u>	<u>5,415,000</u>	<u>5,240,000</u>	<u>4,515,000</u>	<u>3,775,000</u>
Legal debt margin	<u>\$ 26,874,527</u>	<u>\$ 26,252,946</u>	<u>\$ 26,004,773</u>	<u>\$ 37,071,315</u>	<u>\$ 26,411,659</u>	<u>\$ 27,178,834</u>	<u>\$ 27,608,590</u>	<u>\$ 27,562,949</u>	<u>\$ 29,139,208</u>	<u>\$ 24,173,092</u>
Total net debt applicable to the limit as a percentage of debt limit	29.77%	26.81%	23.39%	13.24%	20.35%	18.29%	16.40%	15.97%	13.42%	13.51%

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

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age(1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2003	9,948	227,948,472	22,914	38.2	1,951	4.2%
2004	9,948	227,948,472	22,914	38.2	1,947	3.9%
2005	9,948	227,948,472	22,914	38.2	1,894	3.9%
2006	9,948	227,948,472	22,914	38.2	1,669	4.0%
2007	9,948	227,948,472	22,914	38.2	1,864	4.2%
2008	9,948	227,948,472	22,914	38.2	1,736	6.1%
2009	9,948	227,948,472	22,914	38.2	1,614	8.8%
2010	9,746	310,049,498	31,813	42.7	1,523	9.6%
2011	9,746	310,049,498	31,813	42.7	1,466	7.0%
2012	9,746	310,049,498	31,813	42.7	1,499	8.1%

Sources:

- (1) Population, Personal Income, Per Capita Personal Income, and Median Age obtained from U.S. Census Bureau.
- (2) School enrollment provided by the Glocester School District Business Office and the Foster-Glocester Regional School District Business Office. Enrollment includes students in Glocester Public Schools [grades K - 5] and Glocester students enrolled in the Foster Glocester-Regional School District [grades 6 - 12].
- (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	Fiscal Year			Fiscal Year		
	2012			2003 (1)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Glocester	180	1	2.94%			
Foster-Glocester Regional School District	176	2	2.88%			
Harmony Hill School Inc.	140	3	2.29%			
Factory Mutual Insurance Co.	105	4	1.72%			
Dino's Park-n-Shop	85	5	1.39%			
Chester's Restaurant	32	6	0.52%			
Putnam Pike CVS	30	7	0.49%			
Dunkin' Donuts	28	8	0.46%			
Iron Mountain	25	9	0.41%			
Concrete Products	18	10	0.29%			
Total	<u>819</u>		<u>13.39%</u>			

Source: U.S. Census Bureau and survey of Town businesses.

(1) Data is unavailable for 2003

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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 office	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Town Sergeant	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Building/Zoning office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
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	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Historic District Commission	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-
Land Trust	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Planning Board	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Wastewater Commission	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-
Zoning Board	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	4.0	4.0	4.0	4.0
Tax Collection office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Tax Assessor office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police										
Officers	13.0	13.0	14.0	14.0	14.0	15.0	15.0	14.0	15.0	15.0
Dispatchers [civilians]	4.6	4.8	4.8	5.3	5.3	5.3	5.3	5.3	5.3	5.3
Animal Control										
Officer	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	0.9	0.9	0.9	0.9	0.9	0.9
Emergency Management	1.0	1.0	1.0	1.0	1.0	0.1	0.1	0.1	0.1	0.1
Public Works Department										
Director	1.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Transfer Station										
Refuse collection	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.3	2.3
Highway										
Driver/laborer	7.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.2	6.2
Maintenance										
Building/grounds	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0
Custodial	0.8	0.8	1.0	1.5	1.5	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	1.0	1.0	1.1
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	2.9	2.8	2.8	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	1.0	1.0	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	0.7

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety (1)										
Police										
Calls	14,045	15,091	15,480	15,007	15,075	15,605	15,381	16,969	20,222	12,495
Physical arrests	486	555	415	457	400	353	351	346	380	167
Citations	3,102	3,780	3,678	3,716	3,303	3,260	2,803	2,482	2,897	1,695
Accidents	293	315	286	249	251	249	280	236	258	112
Animal Control										
Dog licenses issued	645	564	515	526	503	473	471	470	395	333
Public Works										
Transfer Station										
Refuse collected (avg. tons per month)	3	306	306	289	285	275	281	221	250	232
Recyclables collected (avg. tons per month)	72	74	80	81	74	79	77	96	129	123
Highway										
Street resurfacing (miles)	10.9	7.6	3.9	3.6	0.0	0.4	1.5	2.8	3.9	2.5
Street repairs (miles)	2.1	0.0	0.0	6.7	0.2	0.0	0.0	0.0	0.0	0.0
Building/Zoning (1)										
Commercial construction permits	20	27	38	34	25	20	26	20	14	2
Residential construction permits - new homes	47	36	35	24	19	15	13	17	20	5
Residential construction permits - other	262	321	253	252	253	277	177	205	190	108
Parks and Recreation										
Athletic field permits	3	3	3	3	3	3	3	3	3	3
Human Services										
Mini-bus passenger transports	780	785	790	795	676	658	750	700	711	746

Sources: Various Town departments.

(1) Statistics for Public Safety and Building/Zoning are based on a calendar year. Totals for 2012 are for the period January 1, 2012 through June 30, 2012.

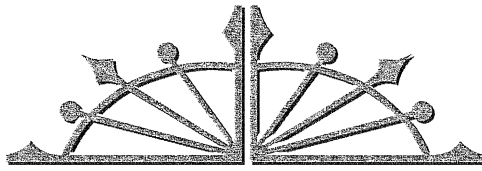
Schedule 18
Town of Glocester, Rhode Island
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	-	-	-	-	-	-	-	-	-	-
Police patrol vehicles	11	11	11	11	11	11	11	11	11	11
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>	<u>148.8</u>	<u>148.8</u>	<u>148.8</u>	<u>148.8</u>	<u>148.8</u>	<u>148.8</u>	<u>148.8</u>	<u>148.8</u>	<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	1	1
Human Services										
Transit mini-bus	1	1	1	1	1	1	1	1	1	1

Sources: Various Town Departments

TOWN OF GLOCESTER, RHODE ISLAND

SINGLE AUDIT SECTION



BAXTER DANSEREAU & ASSOCIATES, LLP
Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA
Paul L. Dansereau, CPA

**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***

The Honorable President
and Members of the Town Council
Town of 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 fiscal ended June 30, 2012, and have issued our report thereon dated January . 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

Management of the Town of Glocester, Rhode Island is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists 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 Town'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.

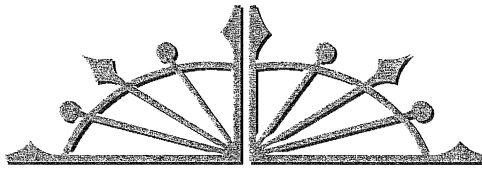
Compliance and Other Matter

As part of obtaining reasonable assurance about whether Town'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 in a separate letter dated January 18, 2013.

This report is intended solely for the information and use of management, the Town Council, 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.


Baxter Dansereau & Associates, LLP
January 18, 2013



BAXTER DANSEREAU & ASSOCIATES, LLP

Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA

Paul L. Dansereau, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

The Honorable President
and Members of the Town Council
Town of Glocester, Rhode Island

Compliance

We have audited the Town of Glocester, Rhode Island, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2012. The Town of Glocester's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Glocester's management. Our responsibility is to express an opinion on the Town of Glocester's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Town Council, 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.

Handwritten signature in cursive script that reads "Baxter Dansereau & Associates, LLP".

Baxter Dansereau & Associates, LLP

January 18, 2013

TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the State of Rhode Island Department of Education			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 24,121
National School Lunch Program	10.555	N/A	52,352
Special Milk Program for Children	10.556	N/A	1,161
Food Donation (Note 4)	10.550	N/A	6,916
Total U.S. Department of Agriculture			<u>\$ 84,550</u>
U.S. Department of Housing and Urban Development			
Passed through the State of Rhode Island Office of Housing and Community Development			
Community Development Block Grant/States Program	14.228	N/A	\$ 242,779
Total U.S. Department of Housing and Urban Development			<u>\$ 242,779</u>
U.S. Department of Justice			
Passed through the State of Rhode Island Department of Mental Health			
Enforcing Underage Drinking Laws Program	16.727	N/A	\$ 859
Passed through the State of Rhode Island Department of Public Safety			
<i>Department of Justice Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	3,535
Bulletproof Vest Partnership Program	16.607	N/A	5,866
Total U.S. Department of Justice			<u>\$ 10,260</u>
U.S. Department of Transportation:			
Pass-Through State of Rhode Island Department of Transportation, Governor's Office on Highway Safety			
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	N/A	7,257
<i>Transportation Cluster:</i>			
State and Community Highway Safety	20.600	N/A	1,615
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	N/A	3,058
Total U.S. Department of Transportation			<u>\$ 11,930</u>
U.S. Department of Environmental Management			
Passed through the State of Rhode Island Department of Environmental Management			
Congressionally Mandated Projects	66.202	N/A	\$ 181,294
ARRA - Brownfield's Assessment and Cleanup Cooperative Agreements	66.618	N/A	6,302
Total U.S. Department of Environmental Management			<u>\$ 187,596</u>
U.S. Department of Energy			
Passed-through the State of Rhode Island Office of Energy Resources			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	\$ 307,265
Total U.S. Department of Energy			<u>\$ 307,265</u>
U.S. Department of Education			
Passed-through the State of Rhode Island Department of Education			
<i>Education Cluster:</i>			
Title I Grants to Local Education Agencies	84.010	2725-11702-001	\$ 108,664
ARRA - Title I Grants to Local Education Agencies	84.389	4572-10102-001	8,994
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	2725-13202-001	175,842
Special Education - Preschool Grants	84.173A	2725-13502-001	19,711
ARRA- Special Education - Grants to States	84.391	4572-10202-101	1,227
Safe and Drug Free Schools and Communities State Grants	84.186A	2725-12602-001	597
Rural Education Grant	84.358	N/A	8
Improving Teacher Quality State Grants	84.367A	2725-16402-001	53,041
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	4572-10502-001	656
ARRA - Education Jobs Fund	84.410	4572-13102-101	136,773
Total U.S. Department of Education			<u>\$ 505,513</u>
U.S. Department of Health and Human services			
Passed-through the State of Rhode Island Department of Behavioral Healthcare			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	\$ 39,422
Total U.S. Department of Health and Human Services			<u>\$ 39,422</u>
U.S. Department of Homeland Security			
Passed-through the State of Rhode Island Department of Administration			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 42,737
Homeland Security Grant program	97.067	N/A	686
Total U.S. Department of Homeland Security			<u>\$ 43,423</u>
Total Federal Expenditures			<u>\$ 1,432,738</u>

TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
81.128	ARRA – Energy Efficiency and Conversion Block Grant Program
84.410	ARRA – Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? X yes no

TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012
(continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

___ yes X none

**SECTION III – FEDERAL AWARDS FINDINGS AND
QUESTIONED COSTS**

___ yes X none

TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012
(continued)

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

A. Significant Deficiency in Internal Control

None Reported

B. Compliance

None Reported

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF GLOCESTER, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2012

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

U.S. Department of Housing and Urban Development

Community Development Block Grant- Small Cities Program- CFDA # 14.228

2011 -1 Condition and Criteria: Semi-Annual reports are required to be submitted to the State of Rhode Island. We could not ascertain if the first Semi-Annual report was timely filed. We determined that the second Semi-Annual report was not filed on a timely basis.

Auditor's Recommendation: Oversight procedures should be established which track the timely filing of all required reports.

Grantee's Response: Town Administration agrees that the late filing was an unintentional oversight and efforts will be made to ensure that reports are submitted timely in the future.

Current Status: It has been reported to us by the Community Development Block Grant grant manager that the first Semi-Annual report for fiscal year 2012 was filed on time. The second Semi-Annual report was not filed as the Community Development Block Grant program is currently suspended and is being reviewed by the Auditor General of the State of Rhode Island.

IDEA - Special Education Cluster

CFDA No. 84.027, 84.173 and No. 84.391

2011 - 2 Condition and Criteria: Interim financial status reports are due 15 days after each calendar quarter end. We noted that three of the interim financial status reports were not timely filed. Final financial status reports for special education grants tested were due on July 31, 2011 and October 31, 2011, respectively. We noted that two final financial status reports due on July 31, 2011 were not filed timely.

Auditor's Recommendation: Oversight procedures should be established which track the timely filing of all required reports.

Grantee's Response: School Department Administration agrees that the late filings were due to staff workload limitations and efforts will be made to ensure that reports are submitted timely in the future.

Current Status: It has been reported to us by the IDEA – Special Education Cluster grant manager that all financial reports for fiscal year 2012 were filed on time.

B. Questioned Costs

None Reported

TOWN OF GLOCESTER, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2012

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of Glocester, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of Glocester, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2012, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

<u>CFDA</u>	<u>Program Name</u>
81.128	ARRA – Energy Efficiency and Conversion Block Grant
84.410	ARRA – Education Jobs Fund

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$6,916 represents the market value of such commodities used during the period.