

TOWN OF FOSTER RHODE ISLAND



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2014**

TOWN OF FOSTER, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2014

Prepared by: Town Finance Department
Kelli M. Russ, Treasurer/Finance Director

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Excellence in Financial Reporting*

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TOWN OF FOSTER, RHODE ISLAND
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For the Fiscal Year Ended June 30, 2014

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Town of Foster
Est. 1781

TOWN OF FOSTER RHODE ISLAND

KELLI M. RUSS
TREASURER/FINANCE DIRECTOR

February 6, 2015

To the Honorable President and
Members of the Town Council
Foster, Rhode Island

The Comprehensive Annual Financial Report of the Town of Foster, for the fiscal year ended June 30, 2014 is hereby submitted. This report was prepared by the Treasurer's Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town's management. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town; and that all disclosures necessary to enable the reader to gain adequate understanding of the Town's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, the Town's organizational chart, and a list of principal officials. The Financial Section includes the Independent Auditors' Report, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and other supplementary information. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

The Town of Foster is a Rhode Island municipal corporation which provides the following services to its residents: general administrative services, public safety, public works, social services, and education. The Town supports the operations of the Foster-Glocester Regional School District. The Town's support is based on the number of residents attending the Regional Schools and is reported as an expenditure within the Town's General Fund.

GOVERNMENT PROFILE

The Town of Foster was founded in 1636, incorporated as a Town on August 24, 1781, and is located at the southeastern corner of Providence County on the Rhode Island/Connecticut line. It is bounded by Killingly and Sterling, Connecticut on the west, Glocester on the north, Coventry on the south and Scituate on the east. Foster remains sparsely settled with a population density of only 88.2 persons per square mile. It is connected to the southeast corridor by a network of highways including Interstates 295 and 95, and Route 6. It currently occupies 52.21 square miles and serves a population of 4,606.

The Town of Foster has numerous National Historical Districts. In addition to several buildings, the entire hamlets of Foster Center, the seat of Town Government, Hopkins Mills, Clayville, and Moosup Valley are entered in the National Register of Historic Places.

The Town operates under a Home Rule Charter adopted in 1976 providing for a Town Council form of government with five-members, 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 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, 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 different intervals) some of which are: Planning Board, Zoning Board, Board of Canvassers, Recreation Committee, Personnel Board, and the Juvenile Hearing Board.

COMPONENT UNIT

The Foster 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 in Note 1 of the financial statements.

EDUCATION

The public school system of the Town consists of one elementary school, grades kindergarten through 5, maintained by the Foster School Department. Grades 6 through 12 are maintained by the Foster-Glocester Regional School District of which the Town of Foster and the Town of Glocester 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. In fiscal year ending June 30, 2014, the Town of Foster paid \$4,339,266 to the Foster-Glocester Regional School District.

The general administration of the Foster School Department is directed by a 3-member School Committee whose members are elected at-large for two-year terms. The three members of the Foster School Committee along with the six School Committee members from the Town of Glocester 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 Foster's Financial Town Meeting is held on the first Tuesday of the first week in May of each year and the budget for the Foster elementary school is adopted at that meeting. Once the school budgets have been approved, the School Committees determine the allocations of the amounts appropriated. The School Committees direct and control all policies affecting the administration, construction, maintenance and operation of the public schools.

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

The Town of Foster's school system (grades kindergarten through 5) consists of 1 elementary school (Captain Isaac Paine).

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 between the Towns of Foster and Glocester. A new Ponaganset Middle School building was completed in August 2007. The Ponaganset High School South building was constructed in 1960 and the Ponaganset North building was constructed in 1965. Both the North and South buildings were recently renovated (completed in 2010).

As of October at the beginning of each school year, the student enrollment in the Foster School System for the past five years has been and is projected to be as follows:

Actual Enrollment

| <u>Year</u> | |
|-----------------|-----|
| 2004-2005 | 865 |
| 2005-2006 | 963 |
| 2006-2007 | 864 |
| 2007-2008 | 703 |
| 2008-2009 | 694 |
| 2009-2010 | 694 |
| 2010-2011 | 688 |
| 2011-2012 | 695 |
| 2012-2013 | 675 |
| 2013-2014 | 643 |

Projected Enrollment

| <u>Year</u> | |
|-----------------|-----|
| 2014-2015 | 637 |
| 2015-2016 | 629 |
| 2016-2017 | 617 |
| 2017-2018 | 624 |
| 2018-2019 | 622 |

MUNICIPAL SERVICES

The Town provides the following major public services:

PUBLIC WORKS – The Town of Foster’s Public Works Department provides a full range of services including street maintenance, snow removal, and maintenance of Town property.

PUBLIC SAFETY – Police: The Town Police Department is responsible for Public Safety and has a force of ten full-time sworn officers, including the Chief, Lieutenant, Sergeant and seven patrol officers. The 2014 fiscal year budget adopted at the Financial Town Meeting held in May, 2013, includes funding for two additional patrol officers. The department also has four full-time and two part-time Dispatchers. The Dispatchers dispatch for both the police and fire departments.

ANIMAL CONTROL – The Police Department is responsible for Animal Control which has one part-time Animal Control Officer.

FIRE AND RESCUE – Fire protection and rescue services in the Town of Foster are provided by four separate non-profit volunteer entities created by State statute: Foster Center Fire Company, Moosup Valley Fire Company, South Foster Fire Company, and the Foster Ambulance Corp.

BUILDING AND ZONING – The department is made up of one part-time Building Official, one part-time Electrical Inspector and one part-time Plumbing Inspector whose responsibilities include ensuring compliance with state and local building code ordinances and laws.

HUMAN SERVICES – The department provides social services to the Town’s seniors along with operating the Town’s food and clothing bank for residents in need.

ECONOMIC CONDITIONS AND OUTLOOK

Foster is primarily a suburban residential community. Residential property accounts for 87.35% of the total tax roll.

EMPLOYMENT

Most employment opportunities extend outside the Town to the Cities of Hartford, Providence and Boston. The majority of job opportunities offered in town are part-time. The principal employers are the Foster School Department and the Town of Foster, Foster Golf & Country Club, Nancy-Ann Nursing Home, Shady Acres, Little Rhody Farms, Well One Foster, Dr. Daycare and USPS.

Listed below is the Rhode Island Department of Labor and Training Quarterly Census of Employment and Wages – First Quarter 2014 Report:

| Foster | | | |
|--|----------------------------|-------------------------------|------------------------|
| | Number of Units | Average Employment | Total Wages |
| Total Private & Government | 95 | 410 | 3,331,780 |
| Total Private Only | 89 | 306 | 2,400,673 |
| Agriculture, Forestry, Fishing & Hunting | 3 | * | * |
| Construction | 23 | 41 | 311,818 |
| Manufacturing | 3 | * | * |
| Wholesale Trade | 2 | * | * |
| Retail Trade | 6 | 20 | 80,841 |
| Transportation & Warehousing | 3 | * | * |
| Information | 2 | * | * |
| Finance & Insurance | 2 | * | * |
| Real Estate & Rental & Leasing | 0 | * | * |
| Professional & Technical Services | 10 | 18 | 219,634 |
| Management of Companies & Enterprises | 1 | * | * |
| Administrative Support & Waste Mgmt. | 13 | 18 | 96,925 |
| Educational Services | 1 | * | * |
| Health Care & Social Assistance | 8 | 68 | 418,724 |
| Arts, Entertainment, & Recreation | 2 | * | * |
| Accommodation & Food Services | 7 | 29 | 97,868 |
| Other services, | 3 | 11 | 47,595 |
| Unclassified Establishments | 0 | 0 | 0 |
| Government | 6 | 104 | 931,107 |

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

HOUSING

At the end of 2014 sale prices for single family homes in Foster ranged from \$105,000 to more than \$500,000. The 2014 second quarter median sales price for homes in Foster was \$225,000.

POPULATION TRENDS

In 2010 Foster was ranked 37 in population among the thirty-nine cities and towns in Rhode Island. Based on the U.S. Bureau of the Census, Foster experienced a moderate increase in population from 1970 through 2010.

Population in the Town from 1950 to 2010 was as follows:

| <u>Years</u> | <u>Population</u> |
|--------------|-------------------|
| 1950 | 1,630 |
| 1960 | 2,097 |
| 1970 | 2,626 |
| 1980 | 3,370 |
| 1990 | 4,316 |
| 2000 | 4,274 |
| 2010 | 4,606 |

Source: U.S. Bureau of the Census, 1950-2010

MAJOR INITIATIVES

Each year the Town adopts a five-year Capital Improvement Program. This plan helps identify projects that should be undertaken in the next five 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 through annual contributions of 2% of expenditures from the operating budget along with surplus funds above the 10% cap. Also, the Town recently adopted a charter amendment mandating the return of unspent funds allocated for capital expenditures deemed abandoned to the Capital Project Fund.

Even with the funding initiatives the anticipated expenditures for the ongoing replacement, repair, and maintenance of property including infrastructure significantly outweighs the anticipated revenue set aside to fund these projects. The Town is looking into changes in policy, grants, and alternate funding sources for future capital projects.

Ongoing or recently completed projects include:

- Improve security at the Captain Isaac Paine Elementary School. Improvements include new fencing, security cameras and locks, paving/enlarging the parking lot.
- Completed project to replace/repair Plainwoods Road and Mill Road bridges.
- Plan for the repair of Windsor Road bridge
- Begin construction of police impound yard
- Improve handicapped access at Town Hall through repair/installation of handicapped ramps at the main entrance and Human Services entrance. Also, improved handicapped access to the Woody Lowden building.
- Acquired a large military dump truck through the Federal surplus equipment program. This acquisition only cost the Town the price to move the equipment to the Town. The Police Department also requested a Unimog through the program. Both pieces of equipment will assist in the completion of the impound yard and future emergency services projects, such as creating an emergency evacuation point for the school.
- Asphalt overlays on segments of Boswell Trail and Johnson Road

FINANCIAL INFORMATION

A detail understanding of the financial position and operating results of the Town is provided in the Comprehensive Annual Financial Report (CAFR). The Management's Discussion and Analysis starting on page 4 of the CAFR provides additional information to assess the Town's financial condition.

INTERNAL CONTROLS

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization,

procedures, and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently is designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets. Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

In accordance with the Town's Charter and the General Laws of the State of Rhode Island, an audit of the accounts and financial statements has been completed by the Town's independent Certified Public Accountants, Bacon & Company, LLC and their opinion is included herein.

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 Foster for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the second consecutive year that the government had 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 the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the competent staff of the Treasurer's Department. I also express my appreciation to other personnel from various departments who assisted in its preparation. Finally, I would like to thank the Town Council for their support in planning and conducting the financial operation of the Town.

Respectfully,



Kelli M. Russ

Treasurer/Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Foster
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

TOWN OF FOSTER, RHODE ISLAND

TOWN COUNCIL

John Lewis, President
Pamela Fontaine, Vice President
Roger Hawes
Denise Defranco
Neal C. Whitelaw

ACTING TOWN CLERK

Jane Christopher

TREASURER / FINANCE DIRECTOR

Kelli M. Russ

TAX ASSESSOR

Patricia J. Moreau

TAX COLLECTOR

Nancy Delaere

PLANNER

Ann-Marie Ignasher

BUILDING AND ZONING OFFICIAL

Peter Scorio

POLICE CHIEF

William Ziehl

DIRECTOR OF HUMAN SERVICES

Carol Mauro

LIBRARY DIRECTOR

Kristin Chin

SCHOOL SUPERINTENDENT

Dr. Caroline Caswell

SCHOOL COMMITTEE

Kathleen Tegan Swanson, Chair
Shelley D. Pezza
Ron Cervasio

FIRE CHIEF - SOUTH FOSTER

Gordon Brayton

FIRE CHIEF - MOOSUP VALLEY

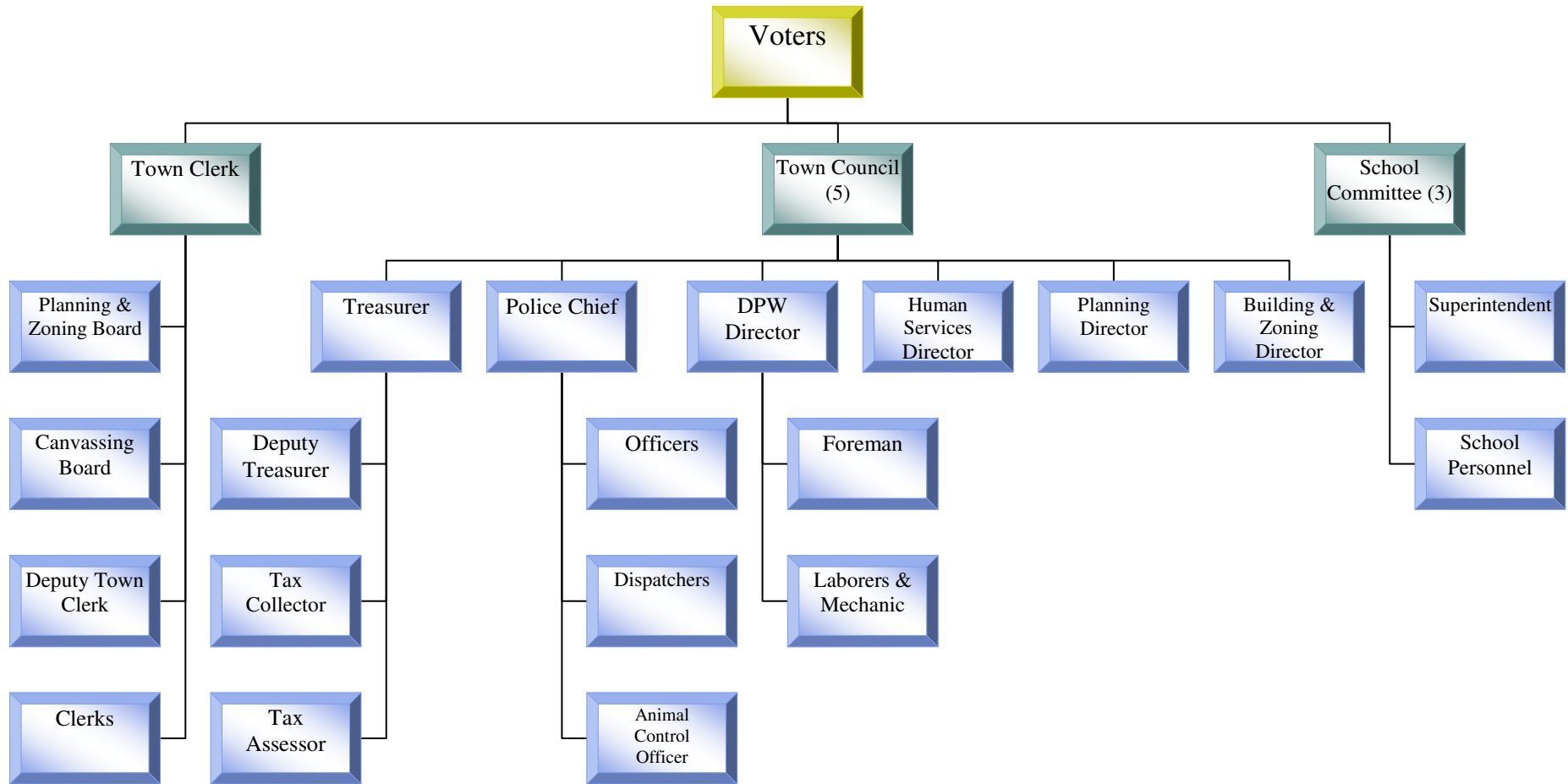
Paul Cunniff

FIRE CHIEF - FOSTER CENTER

Bill Paul

COMMANDER - AMBULANCE CORPS

Sharon Cotter



FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditors' Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information



CERTIFIED PUBLIC ACCOUNTANTS

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886
(401) 586-6565 • Fax (401) 826-1710

Independent Auditor's Report

To the Honorable President and
Members of the Town Council
Town of Foster, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Foster, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 14 and pages 49 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Foster, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial

statements, the combining fiduciary fund financial statements, and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2015 on our consideration of the Town of Foster, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Foster, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
February 6, 2015

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(Un-audited)

Management of the Town of Foster provides this Management's Discussion and Analysis of the Town of Foster's financial statements for the readers of the Town's Comprehensive Annual Financial Report. This narrative overview and analysis of the financial statements of the Town of Foster is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Town's financial statements that follow.

FINANCIAL HIGHLIGHTS

- The Town's governmental funds reported combined ending fund balances of \$3,565,274 of which only (\$7,468) is unassigned.
- At the end of the current fiscal year the committed fund balance in the general fund for the Foster reserve fund was \$1,047,528, or 8.98% of the total 2015 budgeted expenditures and other financing uses less capital transfers and budgeted capital expenditures. This is an increase of \$140,161 from the previous year.
- \$267,000 is reported as assigned fund balance for the budgeted use of the Foster reserve fund in the 2015 fiscal year. This money is assigned for the repair of the Windsor Road bridge only.
- The School unrestricted fund ended the year with a restricted (for education) fund balance of \$196,759. This is an increase of \$177,348 from the prior year. The School lunch fund ended the year with a cumulative deficit of \$7,468.
- The Town ended the fiscal year with a budgetary operating surplus of \$411,913. The underlying causes are discussed later in this document. The School ended with a budgetary operating surplus of \$167,901 primarily due to favorable variances in Medicaid revenue and expenditures for state transportation, legal fees, and outside tuitions.
- On a government-wide basis the assets of the Town of Foster exceeded its liabilities and deferred inflows of resources as of June 30, 2014 by \$10,632,348. Net position of the Town's component unit increased by \$34,011, or 1.64%, to \$2,113,902.
- The Town's Government-wide operating expenses were \$12,849,970 a 0.55% decrease from the prior year mainly due to decreases in spending in legislation, judicial, and general administration as a result of a decrease in personnel. Education expenses decreased due to a population change at the Foster/Glocester Regional School resulting in an overall decrease in the appropriation. These decreases were offset by significant increases in public safety and public works due to an increase in patrolmen, contractual obligations, and maintenance of equipment and roads due to severe weather. Revenues recognized were \$14,021,279, an increase of \$748,446 or 5.64% mainly due to an increase in capital grants from the FEMA program for the replacement/repair of two Town bridges and the increase in property tax revenues.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(Un-audited)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's annual financial statements. The financial section of this report consists of **four** parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that includes combining statements for non-major governmental funds and other fiduciary funds. The basic financial statements consist of three components: government-wide financial statements; fund financial statements and notes to financial statements.

- The first two statements are government-wide statements that provide both long-term and short-term information about the Town's overall status.
- The remaining statements are fund statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - ▶ The *governmental fund* statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - ▶ Fiduciary fund statements provide information about assets that are held by the Town as trustee or agent for the benefit of someone or something other than the Town itself. The Town cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, also included is a section of combining statements that provide details of our non-major governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

Government-wide financial statements – Government-wide financial statements (*Statement of Net Position* and *Statement of Activities*) 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 Position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

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expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

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, social services, and recreational services. The Town's one component unit is the Foster Land Trust. The Town has no business type activities.

The government-wide financial statements are reported on pages 15 and 16 of this report.

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. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – Most of the basic services provided by the Town are financed through 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. This provides the reader with a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains 28 active individual governmental funds. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the School Unrestricted Fund, and the Capital Project Fund which are considered to be major funds. Data from the remaining 25 governmental 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 60 through 71 in this report. The governmental fund financial statements can be found on pages 17 through 21 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The fiduciary funds

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maintained by the Town include 1 other post employment benefit trust fund, 1 private purpose trust fund, and 3 agency funds. The fiduciary funds financial statements can be found on pages 22 and 23 of this report. Individual fund data for the agency funds is provided in the form of combining statements on pages 72 and 73 of this report.

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 follow the basic financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. **This section includes budgetary comparison schedules, which include reconciliation between the statutory fund balance for budgetary purposes and the fund balances for the General Fund as presented in the governmental fund statements.** Required supplementary information follows the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. On a government-wide basis, the assets of the Town exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$10,632,348, an increase of \$1,171,309 or 12.38% from 2013.

The most significant changes noted were:

Current assets increased by \$1,456,799 from 2013. Additionally, *current liabilities* increased by \$18,297 from 2013. Much of the increase in *current assets* is due to an increase in cash and cash equivalents and receivables from federal and state governments. The increase in *current liabilities* from 2013 is net of an increase in accounts payable and accrued expenses and a decrease in claims payable related to our health and dental program. *Noncurrent assets* increased by \$275,597 primarily due to an increase in capital assets funded by capital grants and contributions.

The largest portion of the Town's net position, \$6,672,697 or 62.76%, consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, machinery 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.

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Town of Foster
Statement of Net Position

| | June 30, 2014 | | June 30, 2013 | |
|-----------------------------------|------------------------------------|---------------------------|------------------------------------|---------------------------|
| | <u>Governmental Activities</u> | <u>Component Unit</u> | <u>Governmental Activities</u> | <u>Component Unit</u> |
| Other assets | \$ 5,468,950 | \$ 177,347 | \$ 4,011,289 | \$ 143,336 |
| Capital assets | 6,672,697 | 1,936,555 | 6,397,962 | 1,936,555 |
| Total assets | <u>\$ 12,141,647</u> | <u>\$ 2,113,902</u> | <u>\$ 10,409,251</u> | <u>\$ 2,079,891</u> |
| Current liabilities | \$ 602,845 | \$ - | \$ 584,548 | \$ - |
| Noncurrent liabilities | 301,752 | - | 340,746 | - |
| Total liabilities | <u>\$ 904,597</u> | <u>\$ -</u> | <u>\$ 925,294</u> | <u>\$ -</u> |
| Deferred inflows of resources | <u>\$ 604,702</u> | <u>\$ -</u> | <u>\$ 22,918</u> | <u>\$ -</u> |
| Net Position: | | | | |
| Net investments in capital assets | \$ 6,672,697 | \$ 1,936,555 | \$ 6,372,989 | \$ 1,936,555 |
| Restricted | 906,460 | - | 771,151 | - |
| Unrestricted | 3,053,191 | 177,347 | 2,316,899 | 143,336 |
| Total net position | <u>\$ 10,632,348</u> | <u>\$ 2,113,902</u> | <u>\$ 9,461,039</u> | <u>\$ 2,079,891</u> |

An additional portion of the Town's net position, \$906,460, or 8.53%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current year, the Town reports positive balances in all three categories of net position for the government as a whole.

Changes in Net Position

The government's net position increased by \$1,171,309 during the current fiscal year.

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| Town of Foster | | | | |
|---------------------------------------|--|---------------------------------|--|---------------------------------|
| Statement of Activities | | | | |
| | June 30, 2014 | | June 30, 2013 | |
| | <u>Governmental</u> <u>Activities</u> | <u>Component</u> <u>Unit</u> | <u>Governmental</u> <u>Activities</u> | <u>Component</u> <u>Unit</u> |
| <i>Revenues</i> | | | | |
| <i>Program revenues</i> | | | | |
| Charges for services | \$ 285,703 | \$ 31,734 | \$ 218,976 | \$ 38,180 |
| Operating grants | 1,702,182 | - | 1,624,630 | 1,421 |
| Capital grants | 483,981 | - | - | - |
| <i>General revenues</i> | | | | |
| Property taxes | 11,365,484 | - | 11,266,311 | - |
| State aid | 167,190 | - | 137,081 | - |
| Interest and investment income | 2,725 | 2,737 | 2,585 | 1,288 |
| Miscellaneous | 14,014 | - | 23,250 | - |
| Total revenues | <u>\$ 14,021,279</u> | <u>\$ 34,471</u> | <u>\$ 13,272,833</u> | <u>\$ 40,889</u> |
| <i>Expenses</i> | | | | |
| Legislative, judicial & general admin | \$ 854,734 | \$ - | \$ 919,614 | \$ - |
| Health and welfare | 69,059 | - | 76,821 | - |
| Public Safety | 1,511,646 | - | 1,356,574 | - |
| Public Works | 1,125,289 | - | 1,048,362 | - |
| Building and Zoning | 45,436 | - | 44,735 | - |
| Planning | 50,253 | - | 46,520 | - |
| Conservation | 458 | - | 1,171 | - |
| Recreation | 24,893 | - | 23,255 | - |
| Education | 8,957,305 | - | 9,195,022 | - |
| Food services | 70,678 | - | 68,412 | - |
| Libraries | 140,219 | - | 140,219 | - |
| Land Trust | - | 460 | - | 881 |
| Total expenses | <u>\$ 12,849,970</u> | <u>\$ 460</u> | <u>\$ 12,920,705</u> | <u>\$ 881</u> |
| Change in net position | 1,171,309 | 34,011 | 352,128 | 40,008 |
| Net position - beginning of year | <u>9,461,039</u> | <u>2,079,891</u> | <u>9,108,911</u> | <u>2,039,883</u> |
| Net position - end of year | <u>\$ 10,632,348</u> | <u>\$ 2,113,902</u> | <u>\$ 9,461,039</u> | <u>\$ 2,079,891</u> |

Governmental activities - Governmental activities increased the Town's net position by \$1,171,309. The key elements for this increase are as follows:

- 1) A net increase in capital assets funded by capital grants and contributions.
- 2) A net increase in current assets due to an operating surplus from the Town.
- 3) An increase of property tax revenue
- 4) An increase in operating grants and contributions due in part to the reactivation of the Town's housing rehab program and unanticipated state incentive aid.
- 5) An increase in charges for services due to increased collection of fines and fees in Building and Zoning.

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Component unit activities - Component unit activities increased its net position by \$34,011, or 1.64%, from 2013. The key element for this increase was the receipt of conveyance fees allocated to the preservation of open space.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town'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, unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,565,274 an increase of \$778,687 in comparison with the prior year.

Town of Foster
Governmental Funds
Fund Balances

| | Total General Fund 6/30/2014 | Total Other Funds 6/30/2014 | Total Governmental Funds 6/30/2014 | Total General Fund 6/30/2013 | Total Other Funds 6/30/2013 | Total Governmental Funds 6/30/2013 |
|-----------------------------------|---------------------------------------|--------------------------------------|---|---------------------------------------|--------------------------------------|---|
| Nonspendable: | | | | | | |
| Prepaid expenditures | \$ 45,759 | \$ - | \$ 45,759 | \$ 41,010 | \$ 9,447 | \$ 50,457 |
| Other assets with WB Comm. Health | 619,436 | - | \$ 619,436 | 577,510 | - | \$ 577,510 |
| Restricted: | | | | | | |
| Education | - | 201,293 | \$ 201,293 | - | 34,180 | \$ 34,180 |
| Historical records preservation | - | 63,094 | \$ 63,094 | - | 64,636 | \$ 64,636 |
| Health and welfare programs | - | 9,637 | \$ 9,637 | - | 10,902 | \$ 10,902 |
| Public safety programs | - | 16,565 | \$ 16,565 | - | 12,755 | \$ 12,755 |
| Capital | - | 561,636 | \$ 561,636 | - | 594,918 | \$ 594,918 |
| Other programs | - | 14,502 | \$ 14,502 | - | 14,502 | \$ 14,502 |
| Committed: | | | | | | |
| Student population change | 258,500 | - | \$ 258,500 | 124,946 | - | \$ 124,946 |
| Townhouse maintenance | - | 13,459 | \$ 13,459 | - | 13,436 | \$ 13,436 |
| Recycling programs | - | 11,862 | \$ 11,862 | - | 8,104 | \$ 8,104 |
| Open space and conservation | - | 147,499 | \$ 147,499 | - | 146,020 | \$ 146,020 |
| Capital | 267,210 | - | \$ 267,210 | 201,045 | - | \$ 201,045 |
| Foster reserve fund | 1,047,528 | - | \$ 1,047,528 | 907,367 | - | \$ 907,367 |
| Assigned: | | | | | | |
| 2015 Budget | 267,000 | - | \$ 267,000 | - | - | \$ - |
| Recreation | 16,489 | - | \$ 16,489 | 16,472 | - | \$ 16,472 |
| Other programs | 11,273 | - | \$ 11,273 | 11,392 | - | \$ 11,392 |
| Unassigned: | | | | | | |
| | - | (7,468) | \$ (7,468) | - | (2,055) | \$ (2,055) |
| Total fund balances | <u>\$ 2,533,195</u> | <u>\$ 1,032,079</u> | <u>\$ 3,565,274</u> | <u>\$ 1,879,742</u> | <u>\$ 906,845</u> | <u>\$ 2,786,587</u> |

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The general fund's total fund balance increased by \$653,453 from 2013 overall. This change is the net result of more significant changes in fund balances. Nonspendable fund balance increased by \$46,675 due to an increase in the assets held with West Bay Community Health which administers the town's medical and dental insurance programs. In addition, committed fund balance increased by \$339,880 due to the increases in the commitment for the student population change, the Foster reserve fund, and capital.

The town has two major funds included in the total other funds listed above: school unrestricted fund and capital projects fund. The school unrestricted fund ended the fiscal year with total fund balances of \$196,759, an increase from 2013 of \$167,901. The capital project fund ended the fiscal year with total fund balances of \$561,636, a decrease from 2013 of \$33,282, primarily due to an increasing need to fund capital projects to maintain the Town's infrastructure, buildings, and equipment in excess of the allocation of 2% (of annual operations) to capital mandated by the Homerule Charter adopted in 1976.

General Fund Budgetary Highlights

The Town finished FY 2014 with a budgetary surplus of \$411,913. Much of this surplus was a result of events which could not be anticipated.

Revenues

Budgeted revenues and other financing sources reported in 2014 exceeded actual revenues reported by \$279,107 or 2.39%. This gain in revenues was a result of the following:

A favorable budgetary variance of \$137,559 occurred in *real estate and personal property tax* revenue, specifically collection of prior year taxes. Also as a result, a favorable budgetary variance occurred in the collection of interest and penalties on outstanding taxes levied in the current and prior years. The actual *finances and interest on late payments* exceeded the budgeted estimates by \$53,898, or 82.92%.

Expenses

Budgeted expenditures and other financing uses in the Town's General Fund exceeded actual expenditures by \$132,806 or 1.14%. This was primarily due to favorable variances in miscellaneous administration, public safety, and public works due to savings in casualty and liability insurance, refuse removal, and personnel resulting from unfilled employee positions.

This schedule is located on pages 49 to 53 of this report.

Capital Assets and Debt Administration

Capital Assets

The Town of Foster's investment in capital assets for its governmental activities as of June 30, 2014 amounted to \$6,672,697 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, motor vehicles, machinery and equipment, infrastructure, and construction in progress.

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Additional information on the Town of Foster's capital assets is located in Note 6 on page 34 of the notes to the financial statements.

Town of Foster
Capital Assets (net of Accumulated Depreciation)

| | June 30, 2014 | | June 30, 2013 | |
|------------------------------------|----------------------------|---------------------|----------------------------|---------------------|
| | Governmental Activities | Component Unit | Governmental Activities | Component Unit |
| Land | \$ 161,199 | \$ 1,936,555 | \$ 161,199 | \$ 1,936,555 |
| Construction in progress | - | - | 1,500 | - |
| Land Improvements | 23,649 | - | 14,856 | - |
| Buildings and improvements | 2,001,478 | - | 2,067,956 | - |
| Motor vehicles | 441,229 | - | 513,288 | - |
| Machinery and equipment | 93,265 | - | 131,557 | - |
| Infrastructure - roads and bridges | 3,951,877 | - | 3,507,606 | - |
| Total | \$ 6,672,697 | \$ 1,936,555 | \$ 6,397,962 | \$ 1,936,555 |

Significant capital asset events during the current fiscal year included the following:

- 1) Replaced/repaired bridges at Plainwoods Road and Mill Road \$564,077
- 2) Obtained a military dump truck through the federal surplus equipment program \$17,500
- 3) Security upgrades at Captain Isaac Paine School including cameras, monitors, locks, asphalt, fencing \$37,528

Debt Administration

In fiscal year 2006, the Town of Foster made its final payment on an outstanding debt payment which fully satisfied the Town's obligation. The Town has issued no additional bonded debt.

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 current 3% debt limit of the Town is \$16,267,966 (based on the net assessed valuation at December 31, 2012 of \$542,265,518). As of June 30, 2014, the Town had no outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$16,267,966.

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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, 2014, 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. This would occur whenever the Director determines 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.

Additional information on the Town of Foster's long-term debt can be found in Note 7 of the financial statements on page 35.

Economic Factors and Next Year's Budgets and Rates

- Unemployment rates as of June 30, 2014 and June 30, 2013

| <u>6/30/2014</u> | <u>6/30/2013</u> | |
|------------------|------------------|-----------------------|
| 6.8% | 8.2% | Town of Foster |
| 7.9% | 8.5% | State of Rhode Island |
| 6.1% | 7.8% | United States |

- Median household income in Foster was \$81,651 compared to the State of Rhode Island median income of \$56,361. The median income for the United States was \$53,046.
- Per Capita income in Foster was \$23,442 compared to the State of Rhode Island per capita income of \$17,775. The per capita income for the United States was \$15,943.
- Existing single-family home median sale prices were approximately \$237,500 in Foster, moderately greater than the state average of \$215,000.
- Foster ranks 37th in population (4,628 per ACS 2009-2013 5-year estimate) among Rhode Island's 39 cities and towns.
- The Town's total general fund budget for fiscal year 2015 approved at the May, 2014, Financial Town Meeting is \$12,290,976, allocated as follows:
 - Education - \$7,765,390, or 63.18%
 - Capital - \$624,480, or 5.08% (includes a budgeted transfer to the capital project fund)
 - Other purposes - \$3,901,106, or 31.74%
- The 2015 FTM adopted budget reflects an increase of \$592,419 or 5.06% from 2014. The change is the net result of significant changes in a few departments. These changes include an increase in the police

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budget of \$136,397, or 12.13%, primarily to fund a significant increase in the required pension contribution and contractual obligations; a 4.35% increase in the funding of the Captain Isaac Paine Elementary School in the amount of \$135,356; an net increase in the Foster-Glocester Regional School appropriation of \$48,308, or 1.08%, resulting from a an increase in the appropriation of \$181,862 offset by the elimination of the 2014 increase in the commitment of funds for future student population changes of \$133,554; an increase in the Capital Department in the amount of \$107,750 due to the increasing need for capital repairs and improvements; and an increase in Public Works of \$95,675, or 12.64%, for maintenance of buildings and grounds, equipment, and contractual obligations.

- In 2015 \$267,000 was appropriated from the Town's fund balance to offset capital expenditures. The motor vehicle exemption given to taxpayers per vehicle was decreased to \$2,000.
- State law limits the amount a municipality can raise taxes to 104% of the prior year tax levy.
- The State motor vehicle phase-out reimbursement remains at \$500.
- Municipal revenues, other than taxes, remain flat.
- 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. The last full revaluation was performed as of December 31, 2008, which was the basis of the 2009 tax bills collected in the 2010 fiscal year end. The Town also completed a statistical revaluation that was reflected in the 2012 tax bills collected in the 2013 fiscal year end. The Town's tax rates for 2015 and 2014 with their differences are listed below. The tax on *Motor Vehicles* has been frozen at \$36.95. The tax on *Inventory* has been phased out. Rates are per \$1,000.

Tax Rates

| | Fiscal Year | Fiscal Year | Increase |
|---------------|----------------|----------------|-------------------|
| | <u>2014-15</u> | <u>2013-14</u> | <u>(Decrease)</u> |
| Real Property | \$ 21.06 | \$ 20.40 | \$ 0.66 |
| Motor Vehicle | 36.95 | 36.95 | - |
| Tangible | 28.96 | 28.03 | 0.93 |
| Inventory | - | - | - |

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kelli Russ, Treasurer/Finance Director, Town of Foster, 181 Howard Hill Road, Foster, RI 02825.

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:
- Governmental Funds

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FOSTER, RHODE ISLAND

Statement of Net Position

June 30, 2014

| | <u>Primary Government Governmental Activities</u> | <u>Component Unit Foster Land Trust</u> |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,221,032 | \$ 144,140 |
| Investments | - | 31,282 |
| Property taxes receivable | 617,436 | - |
| Accrued interest receivable | 93,748 | - |
| Due from federal and state governments | 642,557 | - |
| Other receivables | 103,977 | - |
| Due from primary government | - | 1,925 |
| Prepaid expenses | 45,759 | - |
| Total current assets | <u>4,724,509</u> | <u>177,347</u> |
| Noncurrent assets: | | |
| Capital assets: (Note 6) | | |
| Land and other nondepreciable assets | 161,199 | 1,936,555 |
| Depreciable buildings, property, equipment, and infrastructure (net) | 6,511,498 | - |
| Negative net other post employment benefit obligation | 71,015 | - |
| Other assets | 673,426 | - |
| Total noncurrent assets | <u>7,417,138</u> | <u>1,936,555</u> |
| Total assets | <u>12,141,647</u> | <u>2,113,902</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | 501,209 | - |
| Due to component unit | 1,925 | - |
| Claims payable | 53,990 | - |
| Compensated absences payable | 45,721 | - |
| Total current liabilities | <u>602,845</u> | <u>-</u> |
| Noncurrent liabilities: | | |
| Compensated absences payable | 301,752 | - |
| Total noncurrent liabilities | <u>301,752</u> | <u>-</u> |
| Total liabilities | <u>904,597</u> | <u>-</u> |
| Deferred Inflows of Resources: | | |
| Deferred property taxes | 604,702 | - |
| Total deferred inflows of resources | <u>604,702</u> | <u>-</u> |
| Net Position | | |
| Net investment in capital assets | 6,672,697 | 1,936,555 |
| Restricted for: | | |
| Capital purposes | 561,636 | - |
| Specific projects and programs | 344,824 | - |
| Unrestricted | 3,053,191 | 177,347 |
| Total net position | <u>\$ 10,632,348</u> | <u>\$ 2,113,902</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended June 30, 2014

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | |
|--|----------------------|---------------------------------|---|---|--|---------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary</u> | <u>Component</u> |
| | | | | | <u>Governmental Total</u> | <u>Unit</u> |
| | | | | <u>Governmental Activities</u> | <u>Foster Land Trust</u> | |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Legislative, judicial and general administrative | \$ 854,734 | \$ 64,331 | \$ - | \$ - | \$ (790,403) | \$ - |
| Health and Welfare | 69,059 | 1,261 | 30,494 | - | (37,304) | - |
| Public safety | 1,511,646 | 35,846 | 38,990 | 17,500 | (1,419,310) | - |
| Public works | 1,125,289 | - | 3,758 | 466,481 | (655,050) | - |
| Building and zoning | 45,436 | 67,283 | - | - | 21,847 | - |
| Planning | 50,253 | - | - | - | (50,253) | - |
| Conservation | 458 | - | - | - | (458) | - |
| Recreation | 24,893 | 640 | - | - | (24,253) | - |
| Education | 8,957,305 | 81,485 | 1,598,532 | - | (7,277,288) | - |
| Food services | 70,678 | 34,857 | 30,408 | - | (5,413) | - |
| Libraries | 140,219 | - | - | - | (140,219) | - |
| Total primary government | <u>\$ 12,849,970</u> | <u>\$ 285,703</u> | <u>\$ 1,702,182</u> | <u>\$ 483,981</u> | <u>(10,378,104)</u> | <u>-</u> |
| Component Unit: | | | | | | |
| Foster Land Trust | <u>\$ 460</u> | <u>\$ 31,734</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>31,274</u> |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes, levied for general purposes | | | | | 11,365,484 | - |
| State aid, not restricted for a specific purpose | | | | | 167,190 | - |
| Interest and investment income | | | | | 2,725 | 2,737 |
| Miscellaneous | | | | | 14,014 | - |
| Total general revenues | | | | | <u>11,549,413</u> | <u>2,737</u> |
| Change in net position | | | | | 1,171,309 | 34,011 |
| Net position - beginning of year | | | | | 9,461,039 | 2,079,891 |
| Net position - end of year | | | | | <u>\$ 10,632,348</u> | <u>\$ 2,113,902</u> |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF FOSTER, RHODE ISLAND

Balance Sheet
Governmental Funds
June 30, 2014

| | General Fund | School Unrestricted Fund | Capital Projects Fund | Nonmajor Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|-----------------------------|--|--------------------------------|
| ASSETS | | | | | |
| Cash | \$ 2,126,131 | \$ 199,907 | \$ 560,536 | \$ 334,458 | \$ 3,221,032 |
| Property taxes receivable | 617,436 | - | - | - | 617,436 |
| Due from federal and state governments | 537,158 | 20,967 | - | 84,432 | 642,557 |
| Other receivables | 34,768 | 28,690 | - | 40,519 | 103,977 |
| Due from other funds | 20,854 | 236,452 | 1,100 | 25,592 | 283,998 |
| Prepaid expenditures | 45,759 | - | - | - | 45,759 |
| Other assets | 673,426 | - | - | - | 673,426 |
| Total assets | <u>\$ 4,055,532</u> | <u>\$ 486,016</u> | <u>\$ 561,636</u> | <u>\$ 485,001</u> | <u>\$ 5,588,185</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable and accrued expenditures | \$ 195,858 | \$ 284,723 | \$ - | \$ 20,628 | \$ 501,209 |
| Due to other funds | 128,508 | 4,534 | - | 150,956 | 283,998 |
| Due to component unit | 1,925 | - | - | - | 1,925 |
| Claims payable | 53,990 | - | - | - | 53,990 |
| Total liabilities | <u>380,281</u> | <u>289,257</u> | <u>-</u> | <u>171,584</u> | <u>841,122</u> |
| Deferred Inflows of Resources: | | | | | |
| Deferred property taxes | 1,142,056 | - | - | - | 1,142,056 |
| Other deferred revenues | - | - | - | 39,733 | 39,733 |
| Total deferred inflows of resources | <u>1,142,056</u> | <u>-</u> | <u>-</u> | <u>39,733</u> | <u>1,181,789</u> |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Prepaid expenditures | 45,759 | - | - | - | 45,759 |
| Other assets with WB Community Health | 619,436 | - | - | - | 619,436 |
| Restricted for: | | | | | |
| Education programs | - | 196,759 | - | 4,534 | 201,293 |
| Historical records preservation | - | - | - | 63,094 | 63,094 |
| Health and welfare programs | - | - | - | 9,637 | 9,637 |
| Public safety programs | - | - | - | 16,565 | 16,565 |
| Capital expenditures | - | - | 561,636 | - | 561,636 |
| Other programs | - | - | - | 14,502 | 14,502 |
| Committed for: | | | | | |
| Student population change | 258,500 | - | - | - | 258,500 |
| Townhouse maintenance | - | - | - | 13,459 | 13,459 |
| Recycling programs | - | - | - | 11,862 | 11,862 |
| Open space and conservation | - | - | - | 147,499 | 147,499 |
| Capital expenditures | 267,210 | - | - | - | 267,210 |
| Foster reserve fund | 1,047,528 | - | - | - | 1,047,528 |
| Assigned for: | | | | | |
| 2015 Budget | 267,000 | - | - | - | 267,000 |
| Recreation programs | 16,489 | - | - | - | 16,489 |
| Other programs | 11,273 | - | - | - | 11,273 |
| Unassigned | - | - | - | (7,468) | (7,468) |
| Total fund balance | <u>2,533,195</u> | <u>196,759</u> | <u>561,636</u> | <u>273,684</u> | <u>3,565,274</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,055,532</u> | <u>\$ 486,016</u> | <u>\$ 561,636</u> | <u>\$ 485,001</u> | <u>\$ 5,588,185</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014*

| | |
|---|-----------------------------|
| Total Fund Balances - Total Governmental Funds | \$ 3,565,274 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 6 to the financial statements. | 6,672,697 |
| Accrued interest receivable on property taxes is reported as revenue in the Government-Wide Financial Statements in the period earned. In the Governmental Fund Financial Statements, interest on property taxes is reported when received. | 93,748 |
| Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred inflow of resources in the Governmental Fund Financial Statements. | 537,354 |
| Other long-term receivables are not available to pay for current period expenditures and, therefore, are reported as a deferred inflow of resources in Governmental Funds financial statements. | 39,733 |
| Long-term liabilities (including compensated absences) are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements. | (347,473) |
| Negative net other post employment benefit (OPEB) obligations are reported in the Government-Wide financial statements, but do not provide current financial resources. Therefore, negative net OPEB obligations are not reported in Governmental Funds financial statements. | <u>71,015</u> |
| Net Position - Governmental Activities | <u><u>\$ 10,632,348</u></u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

| | <i>General Fund</i> | <i>School Unrestricted Fund</i> | <i>Capital Projects Fund</i> | <i>Nonmajor Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|--|-------------------------|---|--------------------------------------|--|---|
| Revenues | | | | | |
| General property taxes | \$ 11,238,181 | \$ - | \$ - | \$ - | \$ 11,238,181 |
| Intergovernmental and departmental revenues | 634,311 | 1,362,388 | 24,684 | 298,202 | 2,319,585 |
| Licenses and permits | 54,631 | - | - | - | 54,631 |
| Building and zoning fees | 67,283 | - | - | - | 67,283 |
| Fines and interest on late payments | 118,898 | - | - | - | 118,898 |
| Interest on investments | 1,937 | - | 559 | 229 | 2,725 |
| Other revenues | 52,297 | 81,485 | - | 59,254 | 193,036 |
| Total revenues | 12,167,538 | 1,443,873 | 25,243 | 357,685 | 13,994,339 |
| Expenditures | | | | | |
| Current: | | | | | |
| Legislative, judicial and general administrative | 304,925 | - | - | 6,972 | 311,897 |
| Financial administration | 233,211 | - | - | - | 233,211 |
| Miscellaneous administration | 215,083 | - | - | - | 215,083 |
| Health and welfare | 36,239 | - | - | 32,545 | 68,784 |
| Public safety | 1,389,280 | - | - | 35,180 | 1,424,460 |
| Public works | 1,005,484 | - | - | - | 1,005,484 |
| Building and zoning | 45,436 | - | - | - | 45,436 |
| Planning | 50,253 | - | - | - | 50,253 |
| Conservation | 458 | - | - | - | 458 |
| Recreation | 24,132 | - | - | - | 24,132 |
| Education | 4,319,324 | 4,384,878 | - | 221,695 | 8,925,897 |
| Food services | - | - | - | 70,678 | 70,678 |
| Libraries | 140,219 | - | - | - | 140,219 |
| Land trust | 2,043 | - | - | - | 2,043 |
| Capital outlay | 697,617 | - | - | - | 697,617 |
| Total expenditures | 8,463,704 | 4,384,878 | - | 367,070 | 13,215,652 |

(Continued)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Fiscal Year Ended June 30, 2014

| | <u>General Fund</u> | <u>School Unrestricted Fund</u> | <u>Capital Project Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|-------------------------------------|---|---|
| <i>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</i> | 3,703,834 | (2,941,005) | 25,243 | (9,385) | 778,687 |
| <i>Other financing sources (uses)</i> | | | | | |
| Transfers from other funds | 283,400 | 3,108,906 | 224,875 | - | 3,617,181 |
| Transfers to other funds | (3,333,781) | - | (283,400) | - | (3,617,181) |
| <i>Total other financing sources (uses)</i> | <u>(3,050,381)</u> | <u>3,108,906</u> | <u>(58,525)</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balance</i> | 653,453 | 167,901 | (33,282) | (9,385) | 778,687 |
| <i>Fund balances - beginning of year</i> | <u>1,879,742</u> | <u>28,858</u> | <u>594,918</u> | <u>283,069</u> | <u>2,786,587</u> |
| <i>Fund balances - end of year</i> | <u>\$ 2,533,195</u> | <u>\$ 196,759</u> | <u>\$ 561,636</u> | <u>\$ 273,684</u> | <u>\$ 3,565,274</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND
*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2014*

| | |
|---|---------------------------------------|
| <i>Net Changes in Fund Balances - Total Governmental Funds</i> | \$ 778,687 |
| <i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i> | |
| Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in the current period. | 627,505 |
| Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements. | (352,770) |
| Lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases the long-term liabilities in the Government-Wide Statement of Net Position. Repayment of lease principal is an expenditure in the Governmental Funds financial statements, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents long-term debt payments. | 24,973 |
| Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in Governmental Fund Financial Statements. | 36,701 |
| Property taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are recognized as revenue when measurable and available in the Governmental Fund Financial Statements. | (2,759) |
| Revenues in the Government- Wide Statement of Activities that are not available are not reported as revenue in the Governmental Funds. | 12,199 |
| Negative net other post employment benefit (OPEB) obligations are reported in the Government-Wide financial statements, but do not provide current financial resources. Therefore, negative net OPEB obligations are not reported in Governmental Funds financial statements. | 46,773 |
| <i>Change in Net Position of Governmental Activities</i> | <u><u>\$ 1,171,309</u></u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

| | <i>Other Post-Employment Benefits Trust Fund</i> | <i>Private- purpose Trusts Cemetery Fund</i> | <i>Agency Funds</i> |
|---|--|--|-------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 68,120 | \$ 17,905 | \$ 26,199 |
| Contribution receivable | 20,119 | - | - |
| Prepaid expenses | 3,542 | - | - |
| Total assets | <u>91,781</u> | <u>17,905</u> | <u>26,199</u> |
| Liabilities | | | |
| Deposits held in custody for others | - | - | 26,199 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>26,199</u> |
| Net Position | | | |
| Restricted for post employment benefits and other purposes | <u>\$ 91,781</u> | <u>\$ 17,905</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

| | <i>Other Post-Employment Benefits Trust Fund</i> | <i>Private- purpose Trusts Cemetery Fund</i> |
|--|---|---|
| <i>Additions</i> | | |
| Contributions: | | |
| Employer | \$ 75,155 | \$ - |
| Plan members | <u>18,902</u> | <u>-</u> |
| Total contributions | <u>94,057</u> | <u>-</u> |
| Investment earnings: | | |
| Interest and dividends | <u>34</u> | <u>19</u> |
| Total investment earnings | <u>34</u> | <u>19</u> |
| Other revenue | - | 100 |
| <i>Total additions</i> | <u>94,091</u> | <u>119</u> |
| <i>Deductions</i> | | |
| Benefits | <u>55,172</u> | <u>-</u> |
| <i>Total deductions</i> | <u>55,172</u> | <u>-</u> |
| <i>Change in net position</i> | 38,919 | 119 |
| <i>Net position - beginning of year</i> | <u>52,862</u> | <u>17,786</u> |
| <i>Net position - end of year</i> | <u>\$ 91,781</u> | <u>\$ 17,905</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

The financial statements of the Town of Foster, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town is a municipal corporation governed by a Town Council form of government with an elected five member Town Council. The Town of Foster was incorporated in 1781 and operates under a Home Rule Charter adopted in 1976. All legislative powers of the Town, except such powers as reserved by State Law or vested in the Financial Town Meeting by the Charter, are vested in the Town Council by the Charter. The ordering of any tax, making of appropriations and transacting any other business pertaining to the financial affairs of the Town are done at the Financial Town Meeting.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, 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", and GASB Statement No. 61 "Financial Reporting Entity-Omnibus". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or based on the nature and significance of the organization's relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Through the application of GASB Statement Numbers 14, 39, and 61 criteria, the Foster Land Trust (the Land Trust) has been discretely presented as a component unit of the Town in the accompanying government-wide financial statements.

The purpose of the Land Trust is to acquire, hold and manage real property and interests in real property situated in the Town of Foster, 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. Trustees are appointed by the Town Council and the Land Trust can impose a financial burden upon the Town in the form of financial support and financing of operating deficits. The Land Trust holds economic resources (land and land rights) entirely for the direct benefit of the Town. The Land Trust does not issue separate financial statements.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered. The Town has no business-type activities as of June 30, 2014 or for the year then ended.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the Town's governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

Fund Financial Statements

The Fund Financial Statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Town functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. The Town had no proprietary funds as of June 30, 2014 or for the year then ended. Major individual governmental funds and are reported as separate columns in the Fund Financial Statements.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported in another fund.

School Unrestricted Fund – The School Unrestricted Fund accounts for resources to provide primary education to the Town’s children. The School Unrestricted Fund’s major revenue sources are general state aid to education and the General Fund Town appropriation.

Capital Projects Fund – The Capital Projects Fund is used to finance the purchases set forth in the capital program.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s Fiduciary Funds include the Other Post-Employment Benefits Trust Fund, Private Purpose Trust Funds and Agency Funds. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

organizations or other governments. The Fiduciary Funds are accounted for on a spending or “*economic resources*” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

Other Post-Employment Benefits Trust Fund – This fund was established by Town Ordinance effective August 23, 2012 to account for funds to finance other post employment benefits paid by the Town and the payment of these benefits as they come due. The fund presently is accounting for surplus funds derived from the Town’s medical accounts and any dividends derived from the Town’s involvement with WB Community Health in conformance with the Town Ordinance and the payment of retirees’ benefits on a “pay as you go” basis.

Private Purpose Trust Funds – These funds account for assets held by the Town under various trust arrangements for the benefit of certain individuals.

Agency Funds – These funds account for assets held by the Town as an agent for various student groups, funds held in probate, and funds held for performance bonds.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- 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 Pensions Plans - an amendment of GASB Statement No. 25, effective for the Town's fiscal year ending June 30, 2014.
- GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the Town’s fiscal year ending June 30, 2014.

The adoption of these Statements did not have an impact on the Town’s financial position or results of operations.

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

- GASB Statement No. 68 – Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the Town's fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the Town’s fiscal year ending June 30, 2015.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for the Town’s fiscal year ending June 30, 2015.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

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

D. CASH EQUIVALENTS

The Town considers cash and cash equivalents to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

E. INVESTMENTS

Investments are recorded at fair value. Unrealized gains and losses from changes in fair value are recognized as investment income.

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowance is calculated based on the collectability of the individual receivables.

Property taxes which were levied on July 1, of the current year and other delinquent balances are recorded as receivables.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The prepaid items are recorded on the consumption method. Prepayments recorded in the governmental funds do not reflect current appropriated resources and, thus, an equivalent portion of the fund balance is reported as nonspendable.

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position. In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at estimated fair market values as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Useful Lives</u> |
|-------------------------------------|---------------------------------------|
| Land improvements | 20 |
| Buildings and building improvements | 20-50 |
| Motor vehicles | 8-15 |
| Machinery and equipment | 5-15 |
| Infrastructure (roads and bridges) | 20-65 |

I. DEFERRED INFLOWS OF RESOURCES

In the Governmental Fund Financial Statements, deferred inflows of resources is reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources is reported for amounts received before the period for which property taxes are levied.

J. PROPERTY TAXES

Property taxes are levied each July on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days registered. Taxes levied during July are payable in quarterly installments by July 31, October 31, January 31 and April 30. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has the ultimate right to foreclose on properties for which taxes have not been paid by the following July 1 when the next year's tax is levied.

Rhode Island General Laws restrict the Town's ability to increase either its total tax levy or its tax rates to no more than 4.00% over that of the preceding year.

K. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2014.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For the Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

L. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

M. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value which approximates \$16,267,966. As of June 30, 2014, the Town's debt is under the limit by \$16,267,966.

B. DEFICIT FUND BALANCE IN FUND FINANCIAL STATEMENTS

The following individual fund reported a deficit in the unassigned fund balance in the Fund Financial statements at June 30, 2014:

| | |
|--------------|------------|
| School Lunch | \$ (7,468) |
|--------------|------------|

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

NOTE 3 – CASH DEPOSITS

DEPOSITS – are in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and the Statement of Net Position as “Cash and Cash Equivalents”.

| | <u><i>Primary Government</i></u> | <u><i>Component Unit</i></u> |
|--|----------------------------------|------------------------------|
| | <u><i>Carrying</i></u> | <u><i>Carrying</i></u> |
| | <u><i>Amount</i></u> | <u><i>Amount</i></u> |
| Total Deposits | \$3,332,556 | \$144,140 |
| Add: Petty Cash | 700 | - |
| <i>Total Cash and Cash Equivalents Reported in the Financial Statements</i> | <i>\$3,333,256</i> | <i>\$144,140</i> |

CUSTODIAL CREDIT RISK – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2014, \$2,469,314 of the Town’s bank balance of \$3,246,470 was exposed to custodial credit risk as follows:

| | <u><i>Primary Government</i></u> | <u><i>Component Unit</i></u> |
|--|----------------------------------|------------------------------|
| | <u><i>Bank</i></u> | <u><i>Bank</i></u> |
| | <u><i>Balance</i></u> | <u><i>Balance</i></u> |
| Insured (Federal depository insurance funds) | \$ 777,156 | \$ - |
| Collateralized with securities held by pledging financial institution or its agent in the Town’s name | 2,325,174 | 144,140 |
| Uninsured and uncollateralized | - | - |
| <i>Total</i> | <i>\$3,102,330</i> | <i>\$144,140</i> |

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

NOTE 4 – INVESTMENTS

General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as certificate of deposits, money market funds, and obligations guaranteed by the United States Government, etc., with the goal of seeking reasonable income while preserving capital. As of June 30, 2014, the Town had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Component Unit Fair Value</u> | <u>Rating</u> |
|---|-----------------|--|-----------------------|
| RI Health and Educational Building Corporation Revenue Bonds 2006A | 05/15/2032 | \$10,240 | Moody's - A2, S&P-AA |
| RI Health and Educational Building Corporation Revenue Bonds 2012 | 11/01/41 | 5,367 | Moody's - A2, S&P-A |
| Rhode Island Student Loan Authority Revenue Bonds 2010B | 12/01/2024 | 10,495 | Moody's - N/A, S&P-A+ |
| Town of Coventry, RI General Obligation Bonds - 2012 | 04/01/2025 | <u>5,180</u> | Moody's - A1, S&P-N/A |
| Total Investments reported in the Financial Statements | | <u>\$31,282</u> | |

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.

Credit Risk – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). The Town does not have a formal investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Town does not have any policies that limit the amount the Town may invest in any one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy related to custodial credit risk. The Town's investments held by the Town's counterparty are held in the Town's name.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

NOTE 5 – INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2014 are as follows:

| <u><i>Due To:</i></u> | <u><i>Due From:</i></u> | | | <u><i>Total</i></u> |
|---------------------------------|--------------------------------|--|--|--------------------------|
| | <u><i>General Fund</i></u> | <u><i>School Unrestricted Fund</i></u> | <u><i>Other Governmental Funds</i></u> | |
| <i>Governmental activities:</i> | | | | |
| General | \$ - | \$ - | \$ 20,854 | \$ 20,854 |
| School Unrestricted | 106,350 | - | 130,102 | 236,452 |
| Capital Project Fund | 1,100 | - | - | 1,100 |
| Other Governmental Funds | 21,058 | 4,534 | - | 25,592 |
| <i>Total</i> | <u><u>\$ 128,508</u></u> | <u><u>\$ 4,534</u></u> | <u><u>\$ 150,956</u></u> | <u><u>\$ 283,998</u></u> |

The balances primarily result from the time lag between the dates the (1) transactions are recorded in the accounting system and (2) payments between funds are made.

Inter-fund transfer balances at June 30, 2014 are as follows:

| <u><i>Transfer To:</i></u> | <u><i>Transfer From:</i></u> | | <u><i>Total</i></u> |
|----------------------------|--------------------------------|---|----------------------------|
| | <u><i>General Fund</i></u> | <u><i>Capital Projects Fund</i></u> | |
| General | \$ - | \$ 283,400 | \$ 283,400 |
| School Unrestricted | 3,108,906 | - | 3,108,906 |
| Other Governmental Funds | 224,875 | - | 224,875 |
| <i>Total</i> | <u><u>\$3,333,781</u></u> | <u><u>\$ 283,400</u></u> | <u><u>\$ 3,617,181</u></u> |

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them. For example, the \$3,108,906 transfer is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

NOTE 6 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|--------------------|---------------------------|
| Primary Government - | | | | |
| Governmental Activities: | | | | |
| Nondepreciable assets: | | | | |
| Land | \$ 161,199 | \$ - | \$ - | \$ 161,199 |
| Construction in progress | 1,500 | - | 1,500 | - |
| Total nondepreciable assets | <u>162,699</u> | <u>-</u> | <u>1,500</u> | <u>161,199</u> |
| Depreciable assets: | | | | |
| Land improvements | 179,766 | 12,100 | - | 191,866 |
| Buildings and improvements | 4,350,312 | 35,328 | - | 4,385,640 |
| Motor vehicles | 2,848,399 | 17,500 | 29,465 | 2,836,434 |
| Machinery and equipment | 760,046 | - | - | 760,046 |
| Infrastructure - roads and bridges | 7,415,310 | 564,077 | - | 7,979,387 |
| Total capital assets | <u>15,716,532</u> | <u>629,005</u> | <u>30,965</u> | <u>16,314,572</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 164,910 | 3,307 | - | 168,217 |
| Buildings and improvements | 2,282,356 | 101,806 | - | 2,384,162 |
| Motor vehicles | 2,335,111 | 89,559 | 29,465 | 2,395,205 |
| Machinery and equipment | 628,489 | 38,292 | - | 666,781 |
| Infrastructure - roads and bridges | 3,907,704 | 119,806 | - | 4,027,510 |
| Total accumulated depreciation | <u>9,318,570</u> | <u>352,770</u> | <u>29,465</u> | <u>9,641,875</u> |
| Governmental activities capital assets, net | <u>\$ 6,397,962</u> | <u>\$ 276,235</u> | <u>\$ 1,500</u> | <u>\$ 6,672,697</u> |
| Component Unit: | | | | |
| Nondepreciable assets: | | | | |
| Land | \$ 1,936,555 | \$ - | \$ - | \$ 1,936,555 |
| Total nondepreciable assets | <u>1,936,555</u> | <u>-</u> | <u>-</u> | <u>1,936,555</u> |
| Component unit capital assets, net | <u>\$ 1,936,555</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,936,555</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|-------------------|
| Governmental activities: | |
| Legislative | \$ 139,792 |
| Health and Welfare | 275 |
| Public education | 73,608 |
| Public safety | 85,623 |
| Public works | 52,711 |
| Recreation | 761 |
| Total governmental activities depreciation expense | <u>\$ 352,770</u> |

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES

A. LONG TERM LIABILITIES

Long term liabilities for the year ended June 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--------------------------------------|------------------------------|------------------|--------------------|---------------------------|--|
| <i>Governmental Activities:</i> | | | | | |
| Capital lease payable | \$ 24,973 | \$ - | \$ 24,973 | \$ - | \$ - |
| Accrued compensated absences | 384,174 | 65,498 | 102,199 | 347,473 | 45,721 |
| <i>Total Governmental Activities</i> | | | | | |
| <i>Long-Term Liabilities</i> | <u>\$ 409,147</u> | <u>\$ 65,498</u> | <u>\$ 127,172</u> | <u>\$ 347,473</u> | <u>\$ 45,721</u> |

Payments on the capital leases are made from the General Fund. Accrued compensated absences are paid from the General Fund and School Unrestricted Fund.

NOTE 8 – TRANSCATIONS WITH THE FOSTER LAND TRUST

For the year ended June 30, 2014, the Town's General Fund reported the following balances related to the Foster Land Trust:

| | |
|--------------------------|----------------|
| Due to Foster Land Trust | <u>\$1,925</u> |
|--------------------------|----------------|

NOTE 9 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for the Community Development Block Grant loans which are due in accordance with individual loan amortization schedules.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2014, were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Other</u> | <u>Total</u> |
|--------------------------------|-------------------|----------------------------------|------------------|-------------------|
| <i>Governmental activities</i> | | | | |
| General | \$ 96,857 | \$ 69,217 | \$ 29,784 | \$ 195,858 |
| School Unrestricted | 216,263 | 67,224 | 1,236 | 284,723 |
| Other Governmental Funds | 20,628 | - | - | 20,628 |
| <i>Total</i> | <u>\$ 333,748</u> | <u>\$ 136,441</u> | <u>\$ 31,020</u> | <u>\$ 501,209</u> |

NOTE 10 - FUND EQUITY

Government-Wide Financial Statements:

The Government-Wide Financial Statements utilize a net position presentation. Net position is segregated into the following three components:

Net investment in capital assets – represents the net value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted – represents balances limited to uses specified either externally by creditors, grantors, contributors, laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted – represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the Fund Financial Statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. prepaid expenditures).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision- making authority.

Assigned Fund Balance – This classification includes amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by a resolution adopted by the taxpayers at a Financial Town Meeting or an ordinance adopted by the Town Council. Assigned fund balances are authorized by the Financial Town Meeting and/or designee, i.e. the Finance Director. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

NOTE 11 – FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

The Foster-Glocester Regional School District (Regional School) was created to include the high school and middle schools for the Towns of Foster and Glocester (the Towns). The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect the Regional School Committee. 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 Foster’s contribution for the fiscal year ended June 30, 2014 was \$4,339,266. Financial statements for the Regional School are issued separately and may be obtained from the Foster-Glocester Regional School District Business Office, 91 Anan Wade Road, North Scituate, Rhode Island 02857.

NOTE 12 – RISK MANAGEMENT

The Town of Foster is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability and workers’ compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town’s

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

losses up to the maximum amount of insurance purchased, minus the Town's 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 above the losses the Trust retains internally for payment from the pooled contributions of its Members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

The Town also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns and school districts. Upon joining WBCH each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The Town is retaining the risk and it recognizes and measures its claims liabilities and related expenditures in accordance with GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The Town's payments of premiums to WBCH are reported as deposits (other assets) in the General Fund. The claims paid by WBCH on the Town's behalf and the administrative costs paid to WBCH are reported as a reduction of deposits and increase in expenditures in the General Fund. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the Town purchases specific stop loss re-insurance. Under the stop loss re-insurance, the Town is covered for medical claims in excess of \$175,000 per person per contract period.

The claims liability of \$53,990 reported in the General Fund at June 30, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Changes in the Town's claims liability for the past two fiscal years were:

| | <i><u>Beginning Fiscal Year Liability</u></i> | <i><u>Current Year Claims and Changes In Estimate</u></i> | <i><u>Claims Payments</u></i> | <i><u>Balance Fiscal Year End</u></i> |
|-----------|---|---|-----------------------------------|---|
| 2012-2013 | \$30,172 | \$813,252 | \$701,597 | \$141,827 |
| 2013-2014 | \$141,827 | \$682,189 | 770,026 | \$53,990 |

NOTE 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

A. LITIGATION

The Providence Water Supply Board (PWSB) is the Town's largest taxpayer. The PWSB has filed tax appeals with the Town for both tax classification and valuation of their watershed property. The PWSB has taken the position that the watershed property should be taxed as forest land. The Town taxes the land as an integral part of a commercial water-producing system, which is at a higher rate than if it was taxed as forest land. No litigation has been filed against the Town, but the appeals have been filed since the tax treaty/stabilization agreement between the Town and the PWSB expired. The financial impact to the Town from this appeal cannot be determined at the present time.

During the ordinary course of its operations, the Town is a party to various other claims, legal actions and complaints. The potential liability to the Town, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

B. FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Town and School Department participate in various federal financial assistance programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Costs, if any, which may be disallowed by the grantor, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 14 – POST RETIREMENT BENEFITS

Plan Description

The Town of Foster administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note 15. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

between the Town and the respective unions. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 45 in fiscal year 2010 on a prospective basis.

The plan provides the following benefits based on employee group upon retirement:

- Police – Eligible at any age with 20 years of service. The Town pays 40% of individual or family medical until the retiree is Medicare eligible. Employees hired after 7/1/2006 are not eligible for this benefit.
- Dispatch - Eligible at any age with 20 years of service. The Town pays 40% of individual or family medical for 5 years after retirement if date of retirement was prior to 7/1/2007 or for 7 years after retirement if date of retirement was after 7/1/2007.
- Town Labor Union – Eligible at 58 years of age. The Town pays 40% of individual medical until the retiree is Medicare eligible.
School Non-Certified – Eligible at 62 years of age with 5 years of service. The retiree pays 100% of medical and dental until the retiree is Medicare eligible.
- School Certified - Eligible at 62 years of age with 5 years of service. If the date of retirement was prior to 7/1/2007, the Town pays 100% of medical and dental until the retiree is Medicare eligible. If the date of retirement was after 7/1/2007, but before 7/1/2012, the Town pays 90% of medical and dental until the retiree is Medicare eligible. If the date of retirement is after 7/1/2012, the Town pays 80% of medical and dental until the retiree is Medicare eligible.

As of September 1, 2013, the plan membership date is as follows:

| | |
|------------------|------------------|
| Active employees | 53 |
| Retirees | <u>9</u> |
| Total | <u>62</u> |

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the year ended June 30, 2014, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. However, any surplus derived from the Town's medical accounts and any dividends derived from the Town's involvement with WB Community Health as measured by the Treasurer will also be contributed to the Other Post-Employment Benefits Trust Fund until 100% funded in accordance with Town Ordinance. For the fiscal year ended June 30, 2014, the Town contributed \$75,155 to the plan.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Summary of Significant Accounting Policies

Basis of Accounting – The Other Post-Employment Benefits Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Annual OPEB Cost and Net Pension Obligation

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

| | |
|--|--------------------------|
| Annual required contribution (ARC) | \$ 28,249 |
| Interest on net OPEB obligation | (969) |
| Adjustment to annual required contribution | 1,102 |
| Annual OPEB cost (expense) | 28,382 |
| Contributions made | (75,155) |
| Decrease in net OPEB obligation | (46,773) |
| Net OPEB obligation – beginning of year | (24,242) |
| Negative net OPEB obligation – end of year | <u><u>\$(71,015)</u></u> |

The Town’s contribution to the plan was \$75,155, which is 266% of the annual required contribution.

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for past three fiscal years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---|----------------------------|
| June 30, 2012 | \$78,600 | 77.0% | \$40,978 |
| June 30, 2013 | 29,601 | 320.3% | (24,242) |
| June 30, 2014 | 28,382 | 264.8% | (71,015) |

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2012, the most recent actuarial valuation is as follows:

| | |
|---|----------------|
| Actuarial Accrued Liability (AAL) | \$408,554 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability | <u>408,554</u> |
| Funded ratio (Actuarial Value of Plan Assets / AAL) | 0% |
| Annual Covered Payroll (Active Plan Members) | N/A |
| UAAL as a Percentage of Covered Payroll | N/A |

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

Actuarial Methods and Assumptions

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

The annual required contribution for the fiscal 2014 was determined as part of the July 1, 2012 actuarial valuation using the entry age cost method. Under this method, the actuarial valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. The actuarial assumptions included: a) 4% discount rate; b) medical trend rate – 9% per year grading down to an ultimate rate of 5.0% in 2016 and c) dental trend rate - 5%. The unfunded actuarial accrued liability as of the July 1, 2012 is being amortized using level percent of payroll on a closed basis based on 30 year amortization.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

NOTE 15 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Effective July 1, 2012, the Employees' Retirement System of Rhode Island (ERS) was modified to include both defined benefit and defined contribution plan components.

Defined Benefit Plan

Plan Description

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) of the Foster School Department must participate in ERS, a cost-sharing multiple employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The plan also provides a survivor benefit to public school teachers in lieu of Social Security as outlined in sections 16-16-25 through 16-16-38 of the Rhode Island General Laws (RIGL). Spouse, parents, family or children's benefits are payable upon death of a member. In lieu of a survivor benefit, members may opt to receive a lump sum return of their contributions plus interest upon retirement. The benefits may be amended by the Rhode Island General Assembly.

Funding Policy

The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The Foster School Department and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school department, with the exception of teachers who work in federally funded programs where 100% is paid by the school department and reimbursed by the federal government. For fiscal 2014, the total employer rate is 20.68% (8.42% State share and 12.26% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .24% for fiscal 2014.

The Foster School Department contributed \$238,949, \$200,160, and \$257,967 during the fiscal years 2014, 2013 and 2012, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of contributions totaling \$157,313 for fiscal year 2014 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

The cost of the survivor's benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the School Department. These contributions are in addition to the contributions required for regular pension benefits.

The Foster School Department contributed \$2,698, \$2,150, and \$2,400 during the fiscal years 2014, 2013 and 2012, respectively, for survivor's benefits equal to 100% of the required contributions for those respective years.

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

Funding Policy

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 7% of his/her compensation and the employer is required to contribute 3%. The employer contribution is split between the State and the school department. For fiscal 2014, the total employer rate of 3% was split as follows: 0.40% State share and 2.60% local share.

The plan members and Foster School Department contributed \$133,747 and \$57,115, respectively, during the fiscal year ended June 30, 2014. For financial reporting purposes, the State's share of contributions totaling \$7,667 for fiscal year 2014 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

B. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Effective July 1, 2012, the Municipal Employees' Retirement System (MERS) was modified to include both defined benefit and defined contribution plan components. General employees participate in a hybrid plan that combines both a defined benefit plan and a defined contribution plan. Police and fire employees participate only in the defined benefit plan unless they do not participate in Social Security in which case they also participate in the defined contribution plan.

Defined Benefit Plan

Plan Description

All full-time Town of Foster employees, except for those certified employees who participate in the ERS, participate in MERS, an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 and Chapter 45-21.2 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

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

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

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Cost of Living Adjustments – Pursuant to the Rhode Island Retirement Security Act, the Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

Disability Retirement Provisions – The plan also provides nonservice-connected disability benefits after 5 years of service and service-connected disability pensions with no minimum service requirement.

Funding Policy

The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, 45-21-52, and 45-21.2-14 (which can be amended by the Rhode Island General Assembly). Active general employees must contribute 1% of his/her compensation. Active police and fire members must contribute 8% of his/her compensation. The Town is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rates for fiscal year 2014 were as follows: general employees 10.91% and police 11.69%.

Annual Pension Cost

The Town's annual pension cost of \$168,789 for MERS was equal to the Town's required and actual contributions.

Three-Year Trend Information

GENERAL MUNICIPAL EMPLOYEES

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------|---|---|--|
| 2012 | \$ 96,040 | 100% | \$ - |
| 2013 | \$122,719 | 100% | \$ - |
| 2014 | \$123,685 | 100% | \$ - |

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

POLICE OFFICERS

| <i>Fiscal Year</i> | <i>Annual Pension Cost (APC)</i> | <i>Percentage of APC Contributed</i> | <i>Net Pension Obligation</i> |
|------------------------|--|--|---------------------------------------|
| 2012 | \$87,324 | 100% | \$ - |
| 2013 | \$64,583 | 100% | \$ - |
| 2014 | \$45,104 | 100% | \$ - |

The required contribution for fiscal 2014 was determined as part of the actuarial valuation performed as of June 30, 2011. The most recent valuation of the plans within the system was performed as of June 30, 2013. The actuarial methods and assumptions used in those valuations are summarized in the following table.

**Summary of Actuarial Assumptions Used in the MERS
June 30, 2011 and June 30, 2013 Valuations**

| | | |
|--|---|--------------------------|
| Actuarial Cost Method | Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used. | |
| Amortization Method | Level Percent of Payroll – Closed | |
| Equivalent Single Remaining Amortization Period | 24 years as of June 30, 2011 22 years as of June 30, 2013 | |
| Asset Valuation Method | 5 Year Smoothed Market | |
| Actuarial Assumptions: | | |
| Investment Rate of Return | 7.50% | |
| Projected Salary Increases | <u>General Employees</u> | <u>Police & Fire</u> |
| | <u>Employees</u> | |
| | 4.00% to 8.00% | 4.25% to 14.25% |
| Inflation | 2.75% | |

Cost of Living Adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement. For MERS Police and Fire, COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after July 1, 2012. It is known the COLA for calendar years 2013 and 2014 will be 0% and 0.67% respectively, and this is reflected in the June 30, 2013 valuation.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2014

Funded Status and Funding Progress

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

| <i>Actuarial Valuation Date June 30, 2013</i> | <i>Actuarial Value of Assets (a)</i> | <i>Actuarial Accrued Liability (AAL) – Entry Age (b)</i> | <i>Unfunded AAL (UAAL) (b-a)</i> | <i>Funded Ratio (a/b)</i> | <i>Covered Payroll (c)</i> | <i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| General Municipal Employees | \$3,095,302 | \$3,693,568 | \$598,266 | 83.8% | \$1,119,602 | 53.4% |
| Police Officers | \$2,476,109 | \$3,753,507 | \$1,277,398 | 66.0% | \$405,358 | 315.1% |

Defined Contribution Plan

Plan Description

General employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

Funding Policy

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active general employees must contribute 5% of his/her compensation and the Town is required to contribute 1%. The plan members and Town contributed \$56,684 and \$11,337, respectively, during the fiscal year ended June 30, 2014.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedules – General Fund and School Unrestricted Fund

Schedule of Funding Progress – Pension Plan and Other Post-Employment Benefit Plan

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

TOWN OF FOSTER, RHODE ISLAND

General Fund

*Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2014*

| | <i>Budgeted Amounts</i> | | <i>Actual Amounts (Budgetary Basis)</i> | <i>Variance With Final Budget Favorable (Unfavorable)</i> |
|--|-------------------------|----------------------|---|---|
| | <i>Original</i> | <i>Final</i> | | |
| <u>Revenues</u> | | | | |
| Real estate and personal property tax | \$ 11,100,622 | \$ 11,100,622 | \$ 11,238,181 | \$ 137,559 |
| Tax exemption 45-13-51 | 351 | 351 | 372 | 21 |
| Hotel tax | 15,035 | 15,035 | 15,534 | 499 |
| Motor vehicle excise phase-out | 68,286 | 68,286 | 67,222 | (1,064) |
| Public utilities sharing | 55,433 | 55,433 | 62,363 | 6,930 |
| Incentive aid | - | - | 21,699 | 21,699 |
| Licenses and permits | 60,000 | 60,000 | 54,631 | (5,369) |
| Building and zoning fees | 23,000 | 23,000 | 67,283 | 44,283 |
| Fines and interest on late payments | 65,000 | 65,000 | 118,898 | 53,898 |
| Interest on investments | 1,000 | 1,000 | 1,922 | 922 |
| Other revenues | 23,800 | 23,800 | 43,529 | 19,729 |
| <i>Total revenues</i> | 11,412,527 | 11,412,527 | 11,691,634 | 279,107 |
| <u>Other Financing Sources</u> | | | | |
| Transfer from capital projects fund | 283,400 | 283,400 | 283,400 | - |
| <i>Total other financing sources</i> | 283,400 | 283,400 | 283,400 | - |
| <i>Total revenues and other financing sources</i> | \$ 11,695,927 | \$ 11,695,927 | \$ 11,975,034 | \$ 279,107 |
| <u>Expenditures</u> | | | | |
| <i>Legislative, Judicial and General Administrative</i> | | | | |
| Salaries | \$ 214,280 | \$ 214,280 | \$ 207,016 | \$ 7,264 |
| Benefits | 87,062 | 87,062 | 82,162 | 4,900 |
| Unemployment compensation | 8,329 | 8,329 | 6,280 | 2,049 |
| Town council expenses | 850 | 850 | 773 | 77 |
| Town clerk expenses | 3,400 | 3,400 | 6,501 | (3,101) |
| Board of canvassers expenses | 1,500 | 1,500 | 1,984 | (484) |
| Election expenses | - | - | 51 | (51) |
| Education expense | 750 | 750 | 470 | 280 |
| Municipal code maintenance expense | 1,000 | 1,000 | - | 1,000 |
| Equipment | 3,000 | 3,000 | 1,717 | 1,283 |
| Sealer of weights and measures | 275 | 275 | 462 | (187) |
| <i>Total legislative, judicial and general administrative</i> | 320,446 | 320,446 | 307,416 | 13,030 |

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF FOSTER, RHODE ISLAND

General Fund

Schedule of Revenues and Expenditures - Budget and Actual (Continued)

For the Fiscal Year Ended June 30, 2014

| | <i>Budgeted Amounts</i> | | <i>Actual Amounts (Budgetary Basis)</i> | <i>Variance With Final Budget Favorable (Unfavorable)</i> |
|--|-------------------------|----------------|---|---|
| | <i>Original</i> | <i>Final</i> | | |
| <i>Finance Administration</i> | | | | |
| Finance salaries | 132,272 | 132,272 | 132,100 | 172 |
| Finance benefits | 45,304 | 45,304 | 44,893 | 411 |
| Finance department education | 1,200 | 1,200 | 1,308 | (108) |
| Finance department office expenses | 2,200 | 2,200 | 3,321 | (1,121) |
| Finance computer and support | 3,525 | 3,525 | 3,525 | - |
| Tax collector's postage/advertising | 3,000 | 3,000 | 1,782 | 1,218 |
| Assessor's salary | 28,285 | 28,285 | 28,516 | (231) |
| Assessor's benefits | 5,573 | 5,573 | 5,616 | (43) |
| Assessment review board | 300 | 300 | 300 | - |
| Revaluation expense | 15,000 | 15,000 | 15,000 | - |
| Assessor's education expense | 450 | 450 | 255 | 195 |
| Assessor's office supplies | 2,000 | 2,000 | 2,213 | (213) |
| Assessor's postage/tax bills | 4,670 | 4,670 | 4,729 | (59) |
| Assessor's travel | 250 | 250 | - | 250 |
| Assessor's computer and support | 5,625 | 5,625 | 5,525 | 100 |
| <i>Total finance administration</i> | 249,654 | 249,654 | 249,083 | 571 |
| <i>Miscellaneous Administration</i> | | | | |
| Audit | 20,000 | 20,000 | 12,742 | 7,258 |
| Electric | 22,000 | 22,000 | 21,985 | 15 |
| Heating fuel | 21,000 | 21,000 | 18,356 | 2,644 |
| Telephone | 20,000 | 20,000 | 19,937 | 63 |
| Purchased services/contract | 29,300 | 29,300 | 30,780 | (1,480) |
| Contingency | 15,000 | 15,000 | 4,909 | 10,091 |
| OPEB transfer/funding | 27,000 | 27,000 | 27,000 | - |
| Casualty and liability insurance | 92,000 | 92,000 | 81,846 | 10,154 |
| <i>Total miscellaneous administration</i> | 246,300 | 246,300 | 217,555 | 28,745 |
| <i>Health and Welfare</i> | | | | |
| Human service salary | 16,414 | 16,414 | 16,529 | (115) |
| Benefits | 1,295 | 1,295 | 1,303 | (8) |
| Office expense | 600 | 600 | 533 | 67 |
| Travel | 250 | 250 | 138 | 112 |
| Gateway | 2,902 | 2,902 | 2,902 | - |
| Comprehensive Community Action | 12,000 | 12,000 | 12,000 | - |
| CAST | 4,922 | 4,922 | 2,834 | 2,088 |
| <i>Total health and welfare</i> | 38,383 | 38,383 | 36,239 | 2,144 |

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF FOSTER, RHODE ISLAND

General Fund

Schedule of Revenues and Expenditures - Budget and Actual (Continued)

For the Fiscal Year Ended June 30, 2014

| | <i>Budgeted Amounts</i> | | <i>Actual</i> | <i>Variance With</i> |
|---------------------------------|-------------------------|------------------|--|---|
| | <i>Original</i> | <i>Final</i> | <i>Amounts</i> <i>(Budgetary</i> <i>Basis)</i> | <i>Final Budget</i> <i>Favorable</i> <i>(Unfavorable)</i> |
| Public Safety | | | | |
| Police salaries | 545,553 | 545,553 | 522,646 | 22,907 |
| Dispatchers salaries | 209,223 | 209,223 | 207,623 | 1,600 |
| Police/dispatchers - benefits | 266,441 | 266,441 | 254,116 | 12,325 |
| Unemployment compensation | - | - | 5,576 | (5,576) |
| Police - fuel and lube oil | 35,000 | 35,000 | 34,317 | 683 |
| Police - tires | 2,000 | 2,000 | 1,720 | 280 |
| Police - parts and repairs | 10,000 | 10,000 | 5,781 | 4,219 |
| Police radio maintenance | 2,000 | 2,000 | 1,829 | 171 |
| Police department operations | 8,200 | 8,200 | 8,625 | (425) |
| Police - computer services | 16,000 | 16,000 | 14,705 | 1,295 |
| Police uniforms | 17,500 | 17,500 | 18,031 | (531) |
| Police office expense | 3,500 | 3,500 | 2,308 | 1,192 |
| Police education allowance | 5,000 | 5,000 | 895 | 4,105 |
| Police new equipment | 3,800 | 3,800 | 11,455 | (7,655) |
| Foster Ambulance Corps | 66,805 | 66,805 | 66,805 | - |
| South Foster Fire Company | 54,300 | 54,300 | 54,300 | - |
| Foster Center Fire Company | 58,100 | 58,100 | 58,100 | - |
| Moosup Valley Fire Company | 61,075 | 61,075 | 61,075 | - |
| Ambulance Corp. stipend | 21,000 | 21,000 | 20,117 | 883 |
| Public safety training | 10,000 | 10,000 | 6,826 | 3,174 |
| Engineering board | 2,500 | 2,500 | 2,095 | 405 |
| Dog Officer - salary | 15,342 | 15,342 | 15,401 | (59) |
| Dog Officer - fuel and lube oil | 1,500 | 1,500 | - | 1,500 |
| Dog Officer - parts and repairs | 2,000 | 2,000 | 2,060 | (60) |
| Dog Officer - benefits | 5,922 | 5,922 | 6,108 | (186) |
| Dog Officer - uniforms | 400 | 400 | 400 | - |
| Pound fees | 10,000 | 10,000 | 10,135 | (135) |
| Civil defense | 200 | 200 | - | 200 |
| Total public safety | 1,433,361 | 1,433,361 | 1,393,049 | 40,312 |
| Public Works | | | | |
| Salaries | 324,972 | 324,972 | 306,283 | 18,689 |
| Benefits | 153,309 | 153,309 | 147,587 | 5,722 |
| Unemployment compensation | 10,000 | 10,000 | 3,832 | 6,168 |
| Professional services | 4,500 | 4,500 | 7,200 | (2,700) |
| Uniforms | 6,400 | 6,400 | 5,477 | 923 |
| Fuel and oil | 55,000 | 55,000 | 45,888 | 9,112 |
| Parts and repairs | 45,000 | 45,000 | 55,499 | (10,499) |
| Tires | 4,000 | 4,000 | 2,634 | 1,366 |
| Grader and plow blades | 4,000 | 4,000 | 1,948 | 2,052 |
| Sand and salt | 57,000 | 57,000 | 75,077 | (18,077) |
| Road oil | 10,000 | 10,000 | - | 10,000 |

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF FOSTER, RHODE ISLAND

General Fund

Schedule of Revenues and Expenditures - Budget and Actual (Continued)

For the Fiscal Year Ended June 30, 2014

| | <i>Budgeted Amounts</i> | | <i>Actual Amounts (Budgetary Basis)</i> | <i>Variance With Final Budget Favorable (Unfavorable)</i> |
|----------------------------------|-------------------------|------------------|---|---|
| | <i>Original</i> | <i>Final</i> | | |
| Asphalt mix | 5,000 | 5,000 | 6,830 | (1,830) |
| Welding | 1,000 | 1,000 | 1,174 | (174) |
| Rental equipment | 500 | 500 | - | 500 |
| Safety | 750 | 750 | 1,011 | (261) |
| Education expense | 250 | 250 | 195 | 55 |
| Radio repairs | 1,000 | 1,000 | 660 | 340 |
| Office supplies | 1,000 | 1,000 | 1,678 | (678) |
| Gravel | 30,000 | 30,000 | 24,465 | 5,535 |
| Buildings and grounds | 30,000 | 30,000 | 26,976 | 3,024 |
| Equipment | 1,500 | 1,500 | 7,435 | (5,935) |
| Pea stone | 4,000 | 4,000 | - | 4,000 |
| Pipe | 4,000 | 4,000 | 2,959 | 1,041 |
| Road signs | 1,500 | 1,500 | 3,054 | (1,554) |
| Other road material | 1,000 | 1,000 | 174 | 826 |
| Department operation expense | 1,500 | 1,500 | 2,716 | (1,216) |
| RI Resource Recovery | 65,000 | 65,000 | 63,453 | 1,547 |
| Disposal | 227,894 | 227,894 | 215,000 | 12,894 |
| Recycling program | 1,500 | 1,500 | - | 1,500 |
| Total public works | 1,051,575 | 1,051,575 | 1,009,205 | 42,370 |
| Building and Zoning | | | | |
| Salaries | 33,969 | 33,969 | 34,105 | (136) |
| Benefits | 5,773 | 5,773 | 5,597 | (24) |
| Department expense | 5,785 | 5,785 | 5,625 | 160 |
| Total building and zoning | 45,327 | 45,327 | 45,327 | - |
| Planning | | | | |
| Salaries | 29,313 | 29,313 | 29,312 | 1 |
| Benefits | 5,773 | 5,773 | 5,772 | 1 |
| Education expense | 550 | 550 | 365 | 185 |
| Advertising/fees | 500 | 500 | 423 | 77 |
| Professional services | 18,000 | 18,000 | 13,001 | 4,999 |
| Office expense | 1,200 | 1,200 | 680 | 520 |
| Computer software | 1,000 | 1,000 | 700 | 300 |
| Total planning | 56,336 | 56,336 | 50,253 | 6,083 |
| Conservation | | | | |
| Conservation commission | 1,425 | 1,425 | 458 | 967 |
| Total conservation | 1,425 | 1,425 | 458 | 967 |

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF FOSTER, RHODE ISLAND

General Fund

Schedule of Revenues and Expenditures - Budget and Actual (Continued)

For the Fiscal Year Ended June 30, 2014

| | <i>Budgeted Amounts</i> | | <i>Actual Amounts (Budgetary Basis)</i> | <i>Variance With Final Budget Favorable (Unfavorable)</i> |
|--|-------------------------|----------------------|---|---|
| | <i>Original</i> | <i>Final</i> | | |
| Recreation | | | | |
| Salaries | 1,400 | 1,400 | 1,400 | - |
| Travel | 200 | 200 | 200 | |
| Mailing and advertising | 900 | 900 | 909 | (9) |
| Maintenance and repairs | 4,100 | 4,100 | 4,137 | (37) |
| Equipment and rental | 1,800 | 1,800 | 1,673 | 127 |
| Sports/activities | 12,300 | 12,300 | 12,054 | 246 |
| Memorial Day parade | 300 | 300 | - | 300 |
| Senior citizens | 3,000 | 3,000 | 3,000 | - |
| Total recreation | 24,000 | 24,000 | 23,373 | 627 |
| School | | | | |
| Regional operations | 3,697,475 | 3,697,475 | 3,697,475 | - |
| Regional debt service | 641,791 | 641,791 | 641,791 | - |
| Student population change | 133,554 | 133,554 | 133,554 | - |
| Total school | 4,472,820 | 4,472,820 | 4,472,820 | - |
| Libraries | | | | |
| Libraries of Foster | 140,219 | 140,219 | 140,219 | - |
| Total libraries | 140,219 | 140,219 | 140,219 | - |
| Land Trust | | | | |
| Land trust expenditures | - | - | 2,043 | (2,043) |
| Total land trust | - | - | 2,043 | (2,043) |
| Capital Expenditures | | | | |
| Town Hall Human services | 11,000 | 11,000 | 11,000 | - |
| Police | 27,000 | 27,000 | 27,000 | - |
| Public works highway | 90,000 | 90,000 | 90,000 | - |
| Engineering board | 100,000 | 100,000 | 100,000 | - |
| Isaac Paine School | 55,400 | 55,400 | 55,400 | - |
| Total capital expenditures | 283,400 | 283,400 | 283,400 | - |
| Total expenditures | 8,363,246 | 8,363,246 | 8,230,440 | 132,806 |
| Other Financing Uses | | | | |
| Transfer to school department fund | 3,108,906 | 3,108,906 | 3,108,906 | - |
| Transfer to capital projects fund | 223,775 | 223,775 | 223,775 | - |
| Total other financing uses | 3,332,681 | 3,332,681 | 3,332,681 | - |
| Total expenditures and other financing uses | \$ 11,695,927 | \$ 11,695,927 | \$ 11,563,121 | \$ 132,806 |

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF FOSTER, RHODE ISLAND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

School Unrestricted Fund

For the Fiscal Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance With Final Budget Favorable (Unfavorable)</u> |
|---|-------------------------|--------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| State aid | \$ 1,182,244 | \$ 1,182,244 | \$ 1,197,408 | \$ 15,164 |
| Other revenues | 38,654 | 38,654 | 81,485 | 42,831 |
| Total revenues | <u>1,220,898</u> | <u>1,220,898</u> | <u>1,278,893</u> | <u>57,995</u> |
| Expenditures | | | | |
| Education | <u>4,329,804</u> | <u>4,329,804</u> | <u>4,219,898</u> | <u>109,906</u> |
| Total expenditures | <u>4,329,804</u> | <u>4,329,804</u> | <u>4,219,898</u> | <u>109,906</u> |
| Deficiency of revenues under expenditures before other financing sources | <u>(3,108,906)</u> | <u>(3,108,906)</u> | <u>(2,941,005)</u> | <u>167,901</u> |
| Other financing sources | | | | |
| Town appropriation | <u>3,108,906</u> | <u>3,108,906</u> | <u>3,108,906</u> | <u>-</u> |
| Total other financing sources | <u>3,108,906</u> | <u>3,108,906</u> | <u>3,108,906</u> | <u>-</u> |
| Excess of revenues and other financing sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | 167,901 | <u>\$ 167,901</u> |
| Fund balance - beginning of year | | | <u>28,858</u> | |
| Fund balance - end of year | | | <u>\$ 196,759</u> | |

The notes the required supplementary information are an integral part of this schedule.

TOWN OF FOSTER, RHODE ISLAND

*Required Supplementary Information - Pension Plans and Other Post-Employment Benefit Plan
Schedule of Funding Progress (1)
"Unaudited"*

| | <i>Actuarial Valuation Date</i> | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability (AAL) -Entry Age</i> | <i>Unfunded Liability/ (Funding Excess)</i> | <i>Funded Ratio</i> | <i>Covered Payroll</i> | <i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i> |
|--|---|--|---|---|-------------------------|----------------------------|--|
| <i>Police Officers Pension Plan (2) (3)</i> | | | | | | | |
| | 6/30/11 | \$ 2,158,922 | \$ 2,416,065 | \$ 257,143 | 89.4% | \$ 407,423 | 63.1% |
| | 6/30/12 | 2,467,819 | 3,691,408 | 1,223,589 | 66.9% | 382,545 | 319.9% |
| | 6/30/13 | 2,476,109 | 3,753,507 | 1,277,398 | 66.0% | 405,358 | 315.1% |
| <i>General Municipal Employees Pension Plan (2) (3)</i> | | | | | | | |
| | 6/30/11 | \$ 2,964,487 | \$ 3,647,658 | \$ 683,171 | 81.3% | \$ 1,190,587 | 57.4% |
| | 6/30/12 | 3,093,180 | 3,520,649 | 427,469 | 87.9% | 1,060,801 | 40.3% |
| | 6/30/13 | 3,095,302 | 3,693,568 | 598,266 | 83.8% | 1,119,602 | 53.4% |
| <i>Other Post-Employment Benefit Plan</i> | | | | | | | |
| | 7/1/09 | \$ - | \$ 780,502 | \$ 780,502 | 0.0% | N/A | N/A |
| | 7/1/12 | - | 408,554 | 408,554 | 0.0% | N/A | N/A |

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

(2) The 06/30/11 actuarial valuation amounts reflect the comprehensive pension reform changes enacted by the Rhode Island General Assembly in November 2011.

(3) The assumptions used in the 6/30/12 actuarial valuation are consistent with the 2011 valuation, with the exception of certain assumption changes that resulted from the enactment of the RI Retirement Security Act of 2011.

TOWN OF FOSTER, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2014

NOTE 1 - SCHEDULE OF FUNDING PROGRESS

The information presented in the required supplementary schedules was determined as part of the annual actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

| | <i>General Municipal Employees Pension Plan</i> | <i>Police Officers Pension Plan</i> |
|----------------------------|--|--|
| Valuation date | 6/30/2013 | 6/30/2013 |
| Actuarial cost method | Entry Age | Entry Age |
| Amortization method | Level percent of payroll - closed | Level percent of payroll - closed |
| Amortization period | 25 year period from June 30, 2010 or 22 years as of the valuation date | 25 year period from June 30, 2010 or 22 years as of the valuation date |
| Asset valuation method | Market value of assets with a 5-year phase-in of actual investment return in excess of (less than) expected investment income | Market value of assets with a 5-year phase-in of actual investment return in excess of (less than) expected investment income |
| Actuarial assumptions: | | |
| Investment rate of return | 7.5%, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return | 7.5%, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return |
| Projected salary increases | The sum of a 4% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.25% additional general increase) and service related component | The sum of a 4.25% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.5% additional general increase) and service related component |
| Cost-of-living adjustments | Assumed to be 2% per annum for all units. The actual COLA will be determined based on the plan's 5-year average investment rate minus 5.5% and will range from 0% to 4% | Assumed to be 2% per annum for all units. The actual COLA will be determined based on the plan's 5-year average investment rate minus 5.5% and will range from 0% to 4% |
| Participant information | Active employees 34 Retirees and beneficiaries <u>23</u> <u>57</u> | Active employees 9 Retirees and beneficiaries <u>9</u> <u>18</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information (Continued)
 June 30, 2014

NOTE 1 - SCHEDULE OF FUNDING PROGRESS

The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | <u>Other Postemployment Benefit Plan</u> |
|----------------------------|--|
| Valuation date | 7/1/2012 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent of payroll over a closed period |
| Amortization period | 30 years - 24.03 years remaining at 6/30/2013 |
| Asset valuation method | Not applicable - the plan has no assets |
| Actuarial assumptions: | |
| Investment rate of return | Not applicable |
| Discount rate | 4% |
| Projected salary increases | 3.50% annually |
| Medical Trend Rate | 9% graded down 1% per annum to an ultimate rate of 5% for years 2016 and later |
| Dental Trend Rate | 5% |
| Participant information | Active employees 53 |
| | Retirees and beneficiaries <u>9</u> |
| | <u><u>62</u></u> |

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information
 June 30, 2014

NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

The Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. All budget requests must be submitted to the Town Council by March 1. The Town Council shall obtain from the head of each department, office and agency estimates of its revenues and expenditures and supporting data as it may request. The Town Council's proposed budget shall show all anticipated revenues and all proposed expenditures. The Town Council shall hold a public hearing on its preliminary recommended budget, prior to its adoption, at least 30 days prior to the Annual Financial Town Meeting. The Town Council shall adopt its recommended budget for presentation at the Annual Financial Town Meeting not later than fifteen 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 department 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 2014. Appropriations which are not expended or encumbered lapse at year end.

The General Fund and School Unrestricted Fund budgets are in conformity with the legally enacted budgetary basis, which is not in conformity with generally accepted accounting principles. The budget to actual presentations for these funds are reflected on the budgetary basis. The difference between the budgetary basis and the generally accepted accounting principles basis is explained below.

Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures and Other Financing Uses and GAAP Revenues and Other Financing Sources and Expenditures and Other Financing Uses

| <u>Revenues and Other Financing Sources</u> | <u>General Fund</u> | <u>School Unrestricted Fund</u> |
|--|--------------------------------|--|
| Actual amounts (budgetary basis) | \$11,975,034 | \$4,387,799 |
| The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Foster are not reported as budgetary revenue, but are a current year revenue for financial reporting purposes. | - | 164,980 |

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2014

| | <u>General Fund</u> | <u>School Unrestricted Fund</u> |
|---|-------------------------|---|
| <u>Revenues and Other Financing Sources</u> | | |
| Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes. | 475,904 | - |
| <i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i> | <u>\$12,450,938</u> | <u>\$4,552,779</u> |
| | | |
| | <u>General Fund</u> | <u>School Unrestricted Fund</u> |
| <u>Expenditures and Other Financing Uses</u> | | |
| Actual amounts (budgetary basis) | \$11,563,121 | \$4,219,898 |
| Differences – budget to GAAP: Capital appropriations may be carried over for 2 years from the date the appropriation is made. Capital appropriations carried over are reflected as a budgetary expenditure, but are not a current year expenditure for financial reporting purposes. | (51,165) | - |
| Unbudgeted expenditures and transfers not included for budgetary purposes, but included for financial reporting purposes. | 434,083 | - |
| Student population change and revaluation expenditure reserve included for budgetary, purposes, but not included for financial reporting purposes. | (148,554) | - |
| The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Foster are not reported as a budgetary expenditure, but are a current year expenditure for financial reporting purposes. | <u>-</u> | <u>164,980</u> |
| <i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i> | <u>\$11,797,485</u> | <u>\$4,384,878</u> |

OTHER SUPPLEMENTARY INFORMATION

**The information
provided herein contains
schedules which the Town deems
necessary to provide additional disclosures.**

THIS SECTION CONTAINS THE FOLLOWING:

Combining Fund Financial Statements for Nonmajor Governmental Funds

Combining Fund Financial Statements for Fiduciary Funds

Other Supplementary Information

TOWN OF FOSTER, RHODE ISLAND

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2014

| | <i>Town Special Revenue Funds</i> | <i>School Special Revenue Funds</i> | <i>Total Nonmajor Governmental Funds</i> |
|--|---|---|--|
| ASSETS | | | |
| Cash | \$ 258,780 | \$ 75,678 | \$ 334,458 |
| Due from federal and state governments | 22,194 | 62,238 | 84,432 |
| Due from other funds | 15,712 | 9,880 | 25,592 |
| Accounts receivable | 786 | - | 786 |
| Other receivables | 39,733 | - | 39,733 |
| Total assets | <u>\$ 337,205</u> | <u>\$ 147,796</u> | <u>\$ 485,001</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable and accrued expenses | - | 20,628 | 20,628 |
| Due to other funds | 20,854 | 130,102 | 150,956 |
| Total liabilities | <u>20,854</u> | <u>150,730</u> | <u>171,584</u> |
| Deferred Inflows of Resources: | | | |
| Other deferred revenues | 39,733 | - | 39,733 |
| Total deferred inflows of resources | <u>39,733</u> | <u>-</u> | <u>39,733</u> |
| Fund balances | | | |
| Restricted for: | | | |
| Education programs | - | 4,534 | 4,534 |
| Historical records preservation | 63,094 | - | 63,094 |
| Health and welfare programs | 9,637 | - | 9,637 |
| Public safety programs | 16,565 | - | 16,565 |
| Other programs | 14,502 | - | 14,502 |
| Committed for: | | | |
| Townhouse maintenance | 13,459 | - | 13,459 |
| Recycling programs | 11,862 | - | 11,862 |
| Open space and conservation | 147,499 | - | 147,499 |
| Unassigned | - | (7,468) | (7,468) |
| Total fund balances | <u>276,618</u> | <u>(2,934)</u> | <u>273,684</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 337,205</u> | <u>\$ 147,796</u> | <u>\$ 485,001</u> |

TOWN OF FOSTER, RHODE ISLAND
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2014

| | <i>Town Special Revenue Funds</i> | <i>School Special Revenue Funds</i> | <i>Total Nonmajor Governmental Funds</i> |
|--|---|---|--|
| Revenues | | | |
| Intergovernmental and departmental revenue | \$ 61,334 | \$ 236,868 | \$ 298,202 |
| Interest on investments | 229 | - | 229 |
| Other revenue | 19,397 | 39,857 | 59,254 |
| Total revenues | <u>80,960</u> | <u>276,725</u> | <u>357,685</u> |
| Expenditures | | | |
| Legislative, judicial and general administrative | 6,972 | - | 6,972 |
| Health and welfare | 32,545 | - | 32,545 |
| Public safety | 35,180 | - | 35,180 |
| Education | - | 221,695 | 221,695 |
| Food service | - | 70,678 | 70,678 |
| Total expenditures | <u>74,697</u> | <u>292,373</u> | <u>367,070</u> |
| Net change in fund balance | 6,263 | (15,648) | (9,385) |
| Fund balances - beginning of year | 270,355 | 12,714 | 283,069 |
| Fund balances - end of year | <u>\$ 276,618</u> | <u>\$ (2,934)</u> | <u>\$ 273,684</u> |

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

Combining Balance Sheet

June 30, 2014

| | <i>Community Development Block Grant</i> | <i>Historical Records</i> | <i>Technology Recording Fee</i> | <i>DARE</i> | <i>Townhouse Trust</i> |
|--|--|-------------------------------|---|-----------------|----------------------------|
| ASSETS | | | | | |
| Cash | \$ - | \$ 4,650 | \$ 57,971 | \$ 3,719 | \$ 23,588 |
| Due from federal and state governments | - | - | - | - | - |
| Due from other funds | - | 73 | 400 | - | - |
| Accounts receivable | 786 | - | - | - | - |
| Other receivables | 39,733 | - | - | - | - |
| Total assets | <u>\$ 40,519</u> | <u>\$ 4,723</u> | <u>\$ 58,371</u> | <u>\$ 3,719</u> | <u>\$ 23,588</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources: | | | | | |
| Other deferred revenues | 39,733 | - | - | - | - |
| Total deferred inflows of resources | <u>39,733</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | |
| Restricted for: | | | | | |
| Historical records preservation | - | 4,723 | 58,371 | - | - |
| Health and welfare programs | 786 | - | - | - | - |
| Public safety programs | - | - | - | 3,719 | - |
| Other programs | - | - | - | - | 10,129 |
| Committed for: | | | | | |
| Townhouse maintenance | - | - | - | - | 13,459 |
| Recycling programs | - | - | - | - | - |
| Open space and conservation | - | - | - | - | - |
| Total fund balances | <u>786</u> | <u>4,723</u> | <u>58,371</u> | <u>3,719</u> | <u>23,588</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 40,519</u> | <u>\$ 4,723</u> | <u>\$ 58,371</u> | <u>\$ 3,719</u> | <u>\$ 23,588</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND

*Town Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2014*

| | <i>Payments in-Lieu of Land</i> | <i>EMA</i> | <i>Human Services Special Needs</i> | <i>RI Resource Recovery Grant</i> | <i>Police Grants</i> | <i>Total</i> |
|--|---|------------------|---|---------------------------------------|--------------------------|-------------------|
| ASSETS | | | | | | |
| Cash | \$ 147,499 | \$ - | \$ 8,876 | \$ 12,477 | \$ - | \$ 258,780 |
| Due from federal and state governments | - | - | - | - | 22,194 | 22,194 |
| Due from other funds | - | 11,481 | - | 3,758 | - | 15,712 |
| Accounts receivable | - | - | - | - | - | 786 |
| Other receivables | - | - | - | - | - | 39,733 |
| Total assets | <u>\$ 147,499</u> | <u>\$ 11,481</u> | <u>\$ 8,876</u> | <u>\$ 16,235</u> | <u>\$ 22,194</u> | <u>\$ 337,205</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Due to other funds | - | - | 25 | - | 20,829 | 20,854 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>25</u> | <u>-</u> | <u>20,829</u> | <u>20,854</u> |
| Deferred Inflows of Resources: | | | | | | |
| Other deferred revenues | - | - | - | - | - | 39,733 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>39,733</u> |
| Fund balances | | | | | | |
| Restricted for: | | | | | | |
| Historical records preservation | - | - | - | - | - | 63,094 |
| Health and welfare programs | - | - | 8,851 | - | - | 9,637 |
| Public safety programs | - | 11,481 | - | - | 1,365 | 16,565 |
| Other programs | - | - | - | 4,373 | - | 14,502 |
| Committed for: | | | | | | |
| Townhouse maintenance | - | - | - | - | - | 13,459 |
| Recycling programs | - | - | - | 11,862 | - | 11,862 |
| Open space and conservation | 147,499 | - | - | - | - | 147,499 |
| Total fund balances | <u>147,499</u> | <u>11,481</u> | <u>8,851</u> | <u>16,235</u> | <u>1,365</u> | <u>276,618</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 147,499</u> | <u>\$ 11,481</u> | <u>\$ 8,876</u> | <u>\$ 16,235</u> | <u>\$ 22,194</u> | <u>\$ 337,205</u> |

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2014

| | <i>Community Development Block Grant</i> | <i>Historical Records</i> | <i>Technology Recording Fee</i> | <i>DARE</i> | <i>Townhouse Trust</i> |
|--|--|-------------------------------|---|-----------------|----------------------------|
| Revenues | | | | | |
| Intergovernmental and departmental revenues | \$ 9,597 | \$ 869 | \$ 4,499 | \$ - | \$ - |
| Interest on investments | - | 9 | 53 | - | 23 |
| Other revenue | 786 | - | - | 1,034 | - |
| Total revenues | <u>10,383</u> | <u>878</u> | <u>4,552</u> | <u>1,034</u> | <u>23</u> |
| Expenditures | | | | | |
| Legislative, judicial and general administrative | - | 6,972 | - | - | - |
| Health and welfare | 11,989 | - | - | - | - |
| Public safety | - | - | - | 133 | - |
| Total expenditures | <u>11,989</u> | <u>6,972</u> | <u>-</u> | <u>133</u> | <u>-</u> |
| Net change in fund balance | (1,606) | (6,094) | 4,552 | 901 | 23 |
| Fund balances - beginning of year | 2,392 | 10,817 | 53,819 | 2,818 | 23,565 |
| Fund balances - end of year | <u>\$ 786</u> | <u>\$ 4,723</u> | <u>\$ 58,371</u> | <u>\$ 3,719</u> | <u>\$ 23,588</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

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

For the Fiscal Year Ended June 30, 2014

| | <i>Payments in-Lieu of Land</i> | <i>EMA</i> | <i>Human Services Special Needs</i> | <i>RI Resource Recovery Grant</i> | <i>Police Grants</i> | <i>Total</i> |
|--|---|------------------|---|---------------------------------------|--------------------------|-------------------|
| Revenues | | | | | | |
| Intergovernmental and departmental revenues | \$ 1,335 | \$ 4,250 | \$ 7,078 | \$ - | \$ 33,706 | \$ 61,334 |
| Interest on investments | 144 | - | - | - | - | 229 |
| Other revenue | - | - | 13,819 | 3,758 | - | 19,397 |
| Total revenues | <u>1,479</u> | <u>4,250</u> | <u>20,897</u> | <u>3,758</u> | <u>33,706</u> | <u>80,960</u> |
| Expenditures | | | | | | |
| Legislative, judicial and general administrative | - | - | - | - | - | 6,972 |
| Health and welfare | - | - | 20,556 | - | - | 32,545 |
| Public safety | - | 2,706 | - | - | 32,341 | 35,180 |
| Total expenditures | <u>-</u> | <u>2,706</u> | <u>20,556</u> | <u>-</u> | <u>32,341</u> | <u>74,697</u> |
| Net change in fund balance | 1,479 | 1,544 | 341 | 3,758 | 1,365 | 6,263 |
| Fund balances - beginning of year | 146,020 | 9,937 | 8,510 | 12,477 | - | 270,355 |
| Fund balances - end of year | <u>\$ 147,499</u> | <u>\$ 11,481</u> | <u>\$ 8,851</u> | <u>\$ 16,235</u> | <u>\$ 1,365</u> | <u>\$ 276,618</u> |

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

Combining Balance Sheet

June 30, 2014

| | <i>Title I</i> | <i>Title II</i> | <i>Preschool</i> | <i>IDEA Part B</i> | <i>RI Parent Information Network</i> | <i>Small Rural Grant</i> | <i>School Lunch</i> |
|--|----------------------|----------------------|------------------|------------------------|--|----------------------------------|-------------------------|
| ASSETS | | | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 75,678 |
| Due from federal and state governments | 23,097 | 17,316 | - | - | - | 17,882 | 2,101 |
| Due from other funds | - | - | - | - | - | - | 5,346 |
| Total assets | <u>\$ 23,097</u> | <u>\$ 17,316</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,882</u> | <u>\$ 83,125</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,850 | \$ 5,778 |
| Due to other funds | 23,097 | 17,316 | - | - | - | 3,032 | 84,815 |
| Total liabilities | <u>23,097</u> | <u>17,316</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,882</u> | <u>90,593</u> |
| Fund balances | | | | | | | |
| Restricted | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | (7,468) |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,468)</u> |
| Total liabilities and fund balances | <u>\$ 23,097</u> | <u>\$ 17,316</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,882</u> | <u>\$ 83,125</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

Combining Balance Sheet (Continued)

June 30, 2014

| | <i>RTT Standards & Curriculum</i> | <i>RTT Instructional Improvement</i> | <i>RTT Educator Effectiveness</i> | <i>RTT Instructional Improvement Set Aside</i> | <i>RTT Educator Effectiveness Set Aside</i> | <i>RTT Human Capital Development Set Aside</i> |
|--|---|--|---|--|---|--|
| ASSETS | | | | | | |
| Cash | \$ - | \$ - | | \$ - | \$ - | \$ - |
| Due from federal and state governments | 457 | 281 | 1,104 | - | - | - |
| Due from other funds | - | - | - | - | - | - |
| Total assets | <u>\$ 457</u> | <u>\$ 281</u> | <u>\$ 1,104</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| <i>Liabilities</i> | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | 457 | 281 | 1,104 | - | - | - |
| Total liabilities | <u>457</u> | <u>281</u> | <u>1,104</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances</i> | | | | | | |
| Restricted | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 457</u> | <u>\$ 281</u> | <u>\$ 1,104</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

Combining Balance Sheet (Continued)

June 30, 2014

| | <u>CAST</u> | <u>LOWES</u> | <u>Total</u> |
|--|-----------------|-----------------|-------------------|
| ASSETS | | | |
| Cash | \$ - | \$ - | \$ 75,678 |
| Due from federal and state governments | - | - | 62,238 |
| Due from other funds | 1,534 | 3,000 | 9,880 |
| Total assets | <u>\$ 1,534</u> | <u>\$ 3,000</u> | <u>\$ 147,796</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ 20,628 |
| Due to other funds | - | - | 130,102 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>150,730</u> |
| Fund balances | | | |
| Restricted | 1,534 | 3,000 | 4,534 |
| Unassigned | - | - | (7,468) |
| Total fund balances | <u>1,534</u> | <u>3,000</u> | <u>(2,934)</u> |
| Total liabilities and fund balances | <u>\$ 1,534</u> | <u>\$ 3,000</u> | <u>\$ 147,796</u> |

TOWN OF FOSTER, RHODE ISLAND
School Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ending June 30, 2014

| | <i>Title I</i> | <i>Title II</i> | <i>Preschool</i> | <i>IDEA Part B</i> | <i>RI Parent Information Network</i> | <i>Small Rural Grant</i> | <i>School Lunch</i> |
|---|--------------------|---------------------|------------------|------------------------|--|----------------------------------|-------------------------|
| Revenues | | | | | | | |
| Intergovernmental and departmental revenues | \$ 46,860 | \$ 24,387 | \$ 4,942 | \$ 86,423 | \$ - | \$ 27,159 | \$ 30,408 |
| Other revenue | - | - | - | - | - | - | 34,857 |
| Total revenues | <u>46,860</u> | <u>24,387</u> | <u>4,942</u> | <u>86,423</u> | <u>-</u> | <u>27,159</u> | <u>65,265</u> |
| Expenditures | | | | | | | |
| Education | 46,860 | 24,387 | 4,942 | 86,423 | 14,769 | 27,159 | - |
| Food service | - | - | - | - | - | - | 70,678 |
| Total expenditures | <u>46,860</u> | <u>24,387</u> | <u>4,942</u> | <u>86,423</u> | <u>14,769</u> | <u>27,159</u> | <u>70,678</u> |
| Net change in fund balance | - | - | - | - | (14,769) | - | (5,413) |
| Fund balances - beginning of year | - | - | - | - | 14,769 | - | (2,055) |
| Fund balances - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (7,468)</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND
School Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
 For the Fiscal Year Ending June 30, 2014

| | <i>RTT Standards & Curriculum</i> | <i>RTT Instructional Improvement</i> | <i>RTT Educator Effectiveness</i> | <i>RTT Instructional Improvement Set Aside</i> | <i>RTT Educator Effectiveness Set Aside</i> | <i>RTT Human Capital Development Set Aside</i> |
|---|---|--|---|--|---|--|
| Revenues | | | | | | |
| Intergovernmental and departmental revenues | \$ 2,659 | \$ 4,312 | \$ 2,708 | \$ 1,677 | \$ 471 | \$ 4,862 |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>2,659</u> | <u>4,312</u> | <u>2,708</u> | <u>1,677</u> | <u>471</u> | <u>4,862</u> |
| Expenditures | | | | | | |
| Education | 2,659 | 4,312 | 2,708 | 1,677 | 471 | 4,862 |
| Food service | - | - | - | - | - | - |
| Total expenditures | <u>2,659</u> | <u>4,312</u> | <u>2,708</u> | <u>1,677</u> | <u>471</u> | <u>4,862</u> |
| Net change in fund balance | - | - | - | - | - | - |
| Fund balances - beginning of year | - | - | - | - | - | - |
| Fund balances - end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(Continued)

TOWN OF FOSTER, RHODE ISLAND
School Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
 For the Fiscal Year Ending June 30, 2014

| | <i>CAST</i> | <i>LOWES</i> | <i>Total</i> |
|---|-----------------|-----------------|-------------------|
| <i>Revenues</i> | | | |
| Intergovernmental and departmental revenues | \$ - | \$ - | \$ 236,868 |
| Other revenue | 2,000 | 3,000 | 39,857 |
| <i>Total revenues</i> | 2,000 | 3,000 | 276,725 |
| <i>Expenditures</i> | | | |
| Education | 466 | - | 221,695 |
| Food service | - | - | 70,678 |
| <i>Total expenditures</i> | 466 | - | 292,373 |
| <i>Net change in fund balance</i> | 1,534 | 3,000 | (15,648) |
| <i>Fund balances - beginning of year</i> | - | - | 12,714 |
| <i>Fund balances - end of year</i> | \$ 1,534 | \$ 3,000 | \$ (2,934) |

TOWN OF FOSTER, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

| | <u><i>Mageira Performance Bond</i></u> | <u><i>Student Activity Funds</i></u> | <u><i>Probate Escrow Fund</i></u> | <u><i>Total Agency Funds</i></u> |
|-------------------------------------|--|--|---|--|
| <i>Assets</i> | | | | |
| Cash | \$ 540 | \$ 4,803 | \$ 20,856 | \$ 26,199 |
| <i>Total assets</i> | <u>\$ 540</u> | <u>\$ 4,803</u> | <u>\$ 20,856</u> | <u>\$ 26,199</u> |
| <i>Liabilities</i> | | | | |
| Deposits held in custody for others | \$ 540 | \$ 4,803 | \$ 20,856 | \$ 26,199 |
| <i>Total liabilities</i> | <u>\$ 540</u> | <u>\$ 4,803</u> | <u>\$ 20,856</u> | <u>\$ 26,199</u> |

TOWN OF FOSTER, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2014

| | <u>Balance</u> <u>July 1, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2014</u> |
|-------------------------------------|---------------------------------------|------------------|-------------------|--|
| MAGEIRA PERFORMANCE BOND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 540 | \$ - | \$ - | \$ 540 |
| Total assets | <u>\$ 540</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 540</u> |
| <i>Liabilities</i> | | | | |
| Deposits held in custody for others | \$ 540 | \$ - | \$ - | \$ 540 |
| Total liabilities | <u>\$ 540</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 540</u> |
| STUDENT ACTIVITY FUND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 5,067 | \$ 3,473 | \$ 3,737 | \$ 4,803 |
| Total assets | <u>\$ 5,067</u> | <u>\$ 3,473</u> | <u>\$ 3,737</u> | <u>\$ 4,803</u> |
| <i>Liabilities</i> | | | | |
| Deposits held in custody for others | \$ 5,067 | \$ 3,473 | \$ 3,737 | \$ 4,803 |
| Total liabilities | <u>\$ 5,067</u> | <u>\$ 3,473</u> | <u>\$ 3,737</u> | <u>\$ 4,803</u> |
| PROBATE ESCROW ACCOUNT | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 20,835 | \$ 21 | \$ - | \$ 20,856 |
| Total assets | <u>\$ 20,835</u> | <u>\$ 21</u> | <u>\$ -</u> | <u>\$ 20,856</u> |
| <i>Liabilities</i> | | | | |
| Deposits held in custody for others | \$ 20,835 | \$ 21 | \$ - | \$ 20,856 |
| Total liabilities | <u>\$ 20,835</u> | <u>\$ 21</u> | <u>\$ -</u> | <u>\$ 20,856</u> |
| TOTAL AGENCY FUNDS | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 26,442 | \$ 3,494 | \$ 3,737 | \$ 26,199 |
| Total assets | <u>\$ 26,442</u> | <u>\$ 3,494</u> | <u>\$ 3,737</u> | <u>\$ 26,199</u> |
| <i>Liabilities</i> | | | | |
| Deposits held in custody for others | \$ 26,442 | \$ 3,494 | \$ 3,737 | \$ 26,199 |
| Total liabilities | <u>\$ 26,442</u> | <u>\$ 3,494</u> | <u>\$ 3,737</u> | <u>\$ 26,199</u> |

TOWN OF FOSTER, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2014

Real Estate and Personal Property Taxes

| <i>Fiscal Year End</i> | <i>Balance 6/30/2013</i> | <i>Current Year Assessment</i> | <i>Additions</i> | <i>Abatements</i> | <i>Refunds and Adjustments</i> | <i>Amount to be Collected</i> | <i>Collections</i> | <i>Balance 6/30/2014</i> |
|------------------------|--------------------------|--------------------------------|------------------|-------------------|--------------------------------|-------------------------------|----------------------|--------------------------|
| 2014 | \$ - | \$ 11,269,380 | \$ 8,862 | \$ 34,596 | \$ (18,300) | \$ 11,225,346 | \$ 10,861,299 | \$ 364,047 |
| 2013 | 359,767 | - | - | 1,545 | 21,577 | 379,799 | 292,089 | 87,710 |
| 2012 | 112,507 | - | - | 926 | (638) | 110,943 | 62,055 | 48,888 |
| 2011 | 49,956 | - | - | - | - | 49,956 | 12,487 | 37,469 |
| 2010 | 17,662 | - | - | - | - | 17,662 | 117 | 17,545 |
| 2009 | 19,293 | - | - | - | - | 19,293 | 103 | 19,190 |
| 2008 | 13,511 | - | - | - | - | 13,511 | - | 13,511 |
| 2007 | 13,912 | - | - | - | - | 13,912 | 16 | 13,896 |
| 2006 | 13,777 | - | - | - | - | 13,777 | - | 13,777 |
| 2005 | 9,265 | - | - | 7,733 | - | 1,532 | 129 | 1,403 |
| 2004 | 9,432 | - | - | 9,432 | - | - | - | - |
| 2003 | 338 | - | - | 338 | - | - | - | - |
| 2002 | 141 | - | - | 141 | - | - | - | - |
| 2001 and prior | 965 | - | - | 965 | - | - | - | - |
| | <u>\$ 620,526</u> | <u>\$ 11,269,380</u> | <u>\$ 8,862</u> | <u>\$ 55,676</u> | <u>\$ 2,639</u> | <u>\$ 11,845,731</u> | <u>\$ 11,228,295</u> | <u>\$ 617,436</u> |

Schedule of Most Recent Net Assessed Property Value by Category

| <i>Description of Property</i> | <i>Net Assessed Valuations</i> | <i>Levy</i> |
|--------------------------------|--------------------------------|----------------------|
| Real Property - Residential | \$ 502,773,740 | \$ 10,256,584 |
| Motor Vehicles | 47,684,312 | 1,761,935 |
| Tangible and Personal Property | 8,348,910 | 234,020 |
| Total | <u>558,806,962</u> | <u>12,252,539</u> |
| Exemptions and frozen property | (16,541,444) | (983,159) |
| Net assessed value | <u>\$ 542,265,518</u> | <u>\$ 11,269,380</u> |

Reconciliation of Current Year Property Tax Revenue

| | |
|--|----------------------|
| Current year collections | \$ 11,228,295 |
| <u>Adjustments and reversals</u> | |
| Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2014 | 80,082 |
| Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2013 | (80,414) |
| Prepaid taxes June 30, 2014 | (9,718) |
| Prepaid taxes June 30, 2013 | 22,919 |
| Refunds | (2,983) |
| Current year property tax revenue | <u>\$ 11,238,181</u> |

STATISTICAL SECTION

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

Statistical Section

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

| <u>Contents</u> | <u>Page(s)</u> |
|--|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the Town's financial position has changed over time. | 75-78 |
| Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the Town's ability to generate its most significant local revenue sources, the real and personal property tax. | 79-82 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. | 83-87 |
| Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | 88-89 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. | 90-92 |

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

Schedule 1

Town of Foster, Rhode Island
 Net position by Component,
 Last Ten Fiscal Years
 (accrual basis of accounting)
 Unaudited

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Primary Government | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 7,818,191 | \$ 7,554,654 | \$ 7,619,259 | \$ 7,857,376 | \$ 7,753,237 | \$ 7,187,242 | \$ 6,571,739 | \$ 6,413,271 | \$ 6,372,989 | \$ 6,672,697 |
| Restricted | 2,160,845 | 2,754,266 | 2,458,707 | 1,849,009 | 1,454,828 | 1,270,601 | 892,321 | 689,185 | 771,151 | 906,460 |
| Unrestricted | 1,193,936 | 1,188,117 | 990,677 | 59,436 | 94,934 | 248,718 | 1,323,328 | 2,006,455 | 2,316,899 | 3,053,191 |
| Total governmental activities net position | <u>\$ 11,172,972</u> | <u>\$ 11,497,037</u> | <u>\$ 11,068,643</u> | <u>\$ 9,765,821</u> | <u>\$ 9,302,999</u> | <u>\$ 8,706,561</u> | <u>\$ 8,787,388</u> | <u>\$ 9,108,911</u> | <u>\$ 9,461,039</u> | <u>\$10,632,348</u> |

Source: Town of Foster Audited Financial Statements

Schedule 2

Town of Foster, Rhode Island
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)
 Unaudited

| | Fiscal year | | | | | | | | | |
|---|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Legislative, judicial and general administrative | \$ 440,374 | \$ 867,567 | \$ 1,075,154 | \$ 1,035,557 | \$ 1,126,194 | \$ 1,009,170 | \$ 1,012,984 | \$ 937,174 | \$ 919,614 | \$ 854,734 |
| Health and Welfare | 512,292 | 372,732 | 408,234 | 442,529 | 510,792 | 412,545 | 116,495 | 230,321 | 76,821 | 69,059 |
| Public safety | 1,104,600 | 1,101,109 | 1,386,698 | 1,486,792 | 1,482,617 | 1,805,354 | 1,763,769 | 1,353,408 | 1,356,574 | 1,511,646 |
| Public works | 825,897 | 579,346 | 841,178 | 1,456,055 | 890,676 | 1,112,606 | 1,112,112 | 1,009,206 | 1,048,362 | 1,125,289 |
| Building and Zoning | 39,448 | 41,013 | 50,392 | 51,663 | 47,824 | 51,725 | 50,027 | 39,767 | 44,735 | 45,436 |
| Planning | 49,767 | 32,860 | 33,299 | 84,255 | 85,750 | 70,704 | 65,832 | 38,568 | 46,520 | 50,253 |
| Conservation | 2,152 | 2,172 | 1,130 | 2,306 | 2,449 | 1,086 | 714 | 1,103 | 1,171 | 458 |
| Recreation | 31,787 | 65,544 | 43,017 | 58,407 | 65,514 | 59,294 | 30,031 | 25,100 | 23,255 | 24,893 |
| Education | 7,446,108 | 7,678,749 | 8,234,752 | 8,748,262 | 9,348,134 | 9,420,374 | 9,495,482 | 9,353,522 | 9,195,022 | 8,957,305 |
| Food Services | 95,391 | 88,411 | 86,708 | 69,428 | 68,789 | 64,026 | 65,054 | 76,825 | 68,412 | 70,678 |
| Libraries | 117,084 | 128,511 | 145,188 | 151,901 | 156,610 | 140,219 | 133,208 | 140,219 | 140,219 | 140,219 |
| Total governmental activities expenses | <u>\$ 10,664,900</u> | <u>\$ 10,958,014</u> | <u>\$ 12,305,750</u> | <u>\$ 13,587,155</u> | <u>\$ 13,785,349</u> | <u>\$ 14,147,103</u> | <u>\$ 13,845,708</u> | <u>\$ 13,205,213</u> | <u>\$ 12,920,705</u> | <u>\$ 12,849,970</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Legislative, judicial and general administrative | \$ 189,331 | \$ 83,431 | \$ 109,165 | \$ 88,138 | \$ 112,366 | \$ 79,756 | \$ 77,043 | \$ 89,568 | \$ 82,883 | \$ 64,331 |
| Health and Welfare | - | 11,690 | 2,390 | 12,662 | 3,032 | 2,993 | 3,547 | 42,907 | - | 1,261 |
| Public safety | 22,536 | 50,736 | 67,426 | 53,321 | 56,856 | 46,019 | 52,578 | 28,530 | 22,747 | 35,846 |
| Public works | - | - | - | - | - | - | - | 5,226 | - | - |
| Building and Zoning | 50,448 | 108,054 | 69,140 | 41,624 | 39,833 | 46,737 | 34,995 | 32,589 | 27,246 | 67,283 |
| Planning | 7,996 | 24,355 | 25,447 | 24,030 | - | - | - | - | - | - |
| Recreation | - | - | - | 25,503 | 1,135 | 11,393 | 4,576 | 1,753 | 806 | 640 |
| Education | - | 26,925 | 23,871 | 7,911 | 10,516 | 19,767 | 50,914 | 56,004 | 47,465 | 81,485 |
| Food Services | 97,474 | 53,975 | 48,702 | 50,286 | 43,717 | 37,096 | 36,416 | 44,481 | 37,829 | 34,857 |
| Operating grants and contributions: | | | | | | | | | | |
| Legislative, judicial and general administrative | 18,275 | 57,967 | 50,570 | - | 11,880 | - | 31,667 | 18,009 | - | - |
| Health and Welfare | 112,084 | 100,525 | 88,800 | 84,310 | 166,356 | 81,151 | 60,229 | 122,236 | 44,402 | 30,494 |
| Public safety | 6,964 | 36,603 | 58,273 | 37,018 | 94,177 | 44,354 | 16,244 | 24,591 | 12,761 | 38,990 |
| Public works | 22,941 | 56,820 | - | 3,841 | 33,571 | 291,408 | 19,589 | 25,752 | 9,184 | 3,758 |
| Recreation | - | - | - | 18,213 | 11,375 | 3,846 | - | - | - | - |
| Planning | - | - | - | - | - | - | 13,545 | - | - | - |
| Education | 1,630,447 | 1,633,010 | 1,696,003 | 1,739,138 | 1,680,495 | 1,591,304 | 1,894,790 | 1,557,890 | 1,525,859 | 1,598,532 |
| Food Services | - | 25,741 | 23,879 | 19,795 | 19,088 | 19,467 | 25,665 | 30,887 | 32,424 | 30,408 |
| Capital grants and contributions: | | | | | | | | | | |
| Health and Welfare | 2,581 | - | - | - | - | - | - | - | - | - |
| Public safety | 71,533 | - | - | - | - | 13,389 | 37,922 | - | - | 17,500 |
| Public works | - | - | - | - | 30,000 | 21,023 | - | - | - | 466,481 |
| Recreation | - | - | - | 75,000 | - | - | - | - | - | - |
| Total governmental activities program revenues | <u>\$ 2,232,610</u> | <u>\$ 2,269,832</u> | <u>\$ 2,263,666</u> | <u>\$ 2,280,790</u> | <u>\$ 2,314,397</u> | <u>\$ 2,309,703</u> | <u>\$ 2,359,720</u> | <u>\$ 2,080,423</u> | <u>\$ 1,843,606</u> | <u>\$ 2,471,866</u> |
| Total primary government net expense | <u>\$ (8,432,290)</u> | <u>\$ (8,688,182)</u> | <u>\$ (10,042,084)</u> | <u>\$ (11,306,365)</u> | <u>\$ (11,470,952)</u> | <u>\$ (11,837,400)</u> | <u>\$ (11,485,988)</u> | <u>\$ (11,124,790)</u> | <u>\$ (11,077,099)</u> | <u>\$ (10,378,104)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes, levied for general purposes | \$ 7,367,545 | \$ 7,878,820 | \$ 8,262,363 | \$ 8,699,129 | \$ 9,924,717 | \$ 10,407,479 | \$ 10,865,982 | \$ 11,282,490 | \$ 11,266,311 | \$ 11,365,484 |
| Unrestricted investment earnings | 121,179 | 80,694 | 135,913 | 136,655 | 27,872 | 5,070 | 2,250 | 2,616 | 2,585 | 2,725 |
| Other general revenues | 912,658 | 1,052,733 | 1,215,414 | 1,167,759 | 1,055,541 | 828,413 | 143,503 | 161,207 | 160,331 | 181,204 |
| Total primary government | <u>\$ 8,401,382</u> | <u>\$ 9,012,247</u> | <u>\$ 9,613,690</u> | <u>\$ 10,003,543</u> | <u>\$ 11,008,130</u> | <u>\$ 11,240,962</u> | <u>\$ 11,011,735</u> | <u>\$ 11,446,313</u> | <u>\$ 11,429,227</u> | <u>\$ 11,549,413</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Total primary government | <u>\$ (30,908)</u> | <u>\$ 324,065</u> | <u>\$ (428,394)</u> | <u>\$ (1,302,822)</u> | <u>\$ (462,822)</u> | <u>\$ (596,438)</u> | <u>\$ (474,253)</u> | <u>\$ 321,523</u> | <u>\$ 352,128</u> | <u>\$ 1,171,309</u> |

Schedule 3

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 57,169 | \$ 215,354 | \$ 324,771 | \$ 153,470 | \$ 148,568 | \$ 76,748 | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 916,518 | 1,048,051 | 873,576 | 15,998 | (44,553) | 146,681 | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | 599,613 | 736,024 | 618,520 | 665,195 |
| Committed | - | - | - | - | - | - | 328,656 | 1,121,454 | 1,233,358 | 1,573,238 |
| Assigned | - | - | - | - | - | - | 30,535 | 28,018 | 27,864 | 294,762 |
| Unassigned | - | - | - | - | - | - | 283,510 | - | - | - |
| Total general fund | <u>\$ 973,687</u> | <u>\$ 1,263,405</u> | <u>\$ 1,198,347</u> | <u>\$ 169,468</u> | <u>\$ 104,015</u> | <u>\$ 223,429</u> | <u>\$ 1,242,314</u> | <u>\$ 1,885,496</u> | <u>\$ 1,879,742</u> | <u>\$ 2,533,195</u> |
| Education | | | | | | | | | | |
| Reserved | \$ - | \$ 45,361 | \$ 47,443 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 54,025 | 170,225 | 170,425 | 200,043 | 208,711 | 166,663 | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | 3,217 | - | 9,447 | - |
| Restricted | - | - | - | - | - | - | 58,786 | 8,793 | 19,411 | 196,759 |
| Total education fund | <u>\$ 54,025</u> | <u>\$ 215,586</u> | <u>\$ 217,868</u> | <u>\$ 200,043</u> | <u>\$ 208,711</u> | <u>\$ 166,663</u> | <u>\$ 62,003</u> | <u>\$ 8,793</u> | <u>\$ 28,858</u> | <u>\$ 196,759</u> |
| Capital Projects Funds | | | | | | | | | | |
| Unreserved | \$ 1,855,643 | \$ 2,043,158 | \$ 1,679,466 | \$ 1,221,785 | \$ 785,235 | \$ 736,645 | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | 589,053 | 532,577 | 594,918 | 561,636 |
| Total Capital Projects fund | <u>\$ 1,855,643</u> | <u>\$ 2,043,158</u> | <u>\$ 1,679,466</u> | <u>\$ 1,221,785</u> | <u>\$ 785,235</u> | <u>\$ 736,645</u> | <u>\$ 589,053</u> | <u>\$ 532,577</u> | <u>\$ 594,918</u> | <u>\$ 561,636</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved: | | | | | | | | | | |
| Special revenue funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 248,033 | 359,805 | 365,596 | 383,782 | 488,187 | 405,300 | - | - | - | - |
| Restricted | - | - | - | - | - | - | 244,482 | 107,458 | 117,564 | 108,332 |
| Committed | - | - | - | - | - | - | 155,306 | 164,740 | 167,560 | 172,820 |
| Unassigned | - | - | - | - | - | - | (2,727) | (3,896) | (2,055) | (7,468) |
| Total all other governmental funds | <u>\$ 248,033</u> | <u>\$ 359,805</u> | <u>\$ 365,596</u> | <u>\$ 383,782</u> | <u>\$ 488,187</u> | <u>\$ 405,300</u> | <u>\$ 397,061</u> | <u>\$ 268,302</u> | <u>\$ 283,069</u> | <u>\$ 273,684</u> |

Note:
In 2011 the Town implemented GASB No. 54, reserved and unreserved fund balances are no longer used.
Fund Balances are now reported as nonspendable, restricted, committed, assigned, and unassigned.

Source: Town of Foster Audited Financial Statements

Schedule 4

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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | | | | | | |
| General property taxes | \$ 7,414,157 | \$ 7,935,653 | \$ 8,180,828 | \$ 8,671,529 | \$ 9,806,090 | \$ 10,317,293 | \$ 10,779,060 | \$ 11,167,906 | \$ 11,019,525 | \$ 11,238,181 |
| Intergovernmental and departmental revenue | 2,778,954 | 2,951,604 | 3,191,398 | 3,094,718 | 3,079,446 | 2,849,150 | 2,213,391 | 1,924,311 | 1,751,386 | 2,319,585 |
| Licenses and fees | 267,070 | 240,720 | 226,129 | 190,949 | 173,082 | 182,566 | 192,372 | 188,867 | 183,589 | 240,812 |
| Interest on investments | 46,529 | 80,693 | 135,913 | 136,655 | 27,872 | 5,070 | 2,250 | 2,616 | 2,585 | 2,725 |
| Other revenues | 230,026 | 179,752 | 110,166 | 229,959 | 166,420 | 154,207 | 188,375 | 175,905 | 157,529 | 193,036 |
| Total revenues | <u>\$ 10,736,736</u> | <u>\$ 11,388,422</u> | <u>\$ 11,844,434</u> | <u>\$ 12,323,810</u> | <u>\$ 13,252,910</u> | <u>\$ 13,508,286</u> | <u>\$ 13,375,448</u> | <u>\$ 13,459,605</u> | <u>\$ 13,114,614</u> | <u>\$ 13,994,339</u> |
| Expenditures | | | | | | | | | | |
| Legislative, Judicial and general administrative | \$ 289,988 | \$ 348,470 | \$ 428,867 | \$ 368,178 | \$ 396,188 | \$ 356,276 | \$ 387,400 | \$ 341,420 | \$ 373,791 | \$ 311,897 |
| Financial Administration | 163,171 | 211,329 | 253,008 | 252,432 | 235,719 | 242,169 | 241,963 | 225,784 | 222,833 | 233,211 |
| Miscellaneous Administration | 99,974 | 119,173 | 307,650 | 191,239 | 273,910 | 250,997 | 231,064 | 203,208 | 234,050 | 215,083 |
| Health and Welfare | 513,652 | 407,275 | 408,584 | 442,529 | 510,792 | 412,545 | 116,495 | 230,321 | 76,821 | 68,784 |
| Public Safety | 1,022,272 | 986,216 | 1,279,366 | 1,380,447 | 1,387,982 | 1,330,506 | 1,345,703 | 1,306,609 | 1,283,347 | 1,424,460 |
| Public Works | 631,506 | 475,938 | 691,686 | 829,703 | 765,772 | 943,338 | 938,080 | 928,594 | 989,502 | 1,005,484 |
| Building and Zoning | 40,471 | 41,013 | 50,392 | 51,663 | 47,824 | 51,725 | 50,027 | 39,767 | 44,735 | 45,436 |
| Planning | 55,023 | 32,860 | 17,799 | 84,255 | 70,250 | 70,704 | 65,832 | 38,568 | 46,520 | 50,253 |
| Conservation | 2,152 | 2,172 | 1,130 | 2,306 | 2,449 | 1,086 | 714 | 1,103 | 1,171 | 458 |
| Recreation | 31,137 | 33,601 | 34,424 | 70,479 | 64,753 | 58,533 | 29,270 | 24,339 | 22,494 | 24,132 |
| Education | 7,410,610 | 7,583,386 | 8,079,203 | 8,727,508 | 9,275,675 | 9,344,059 | 9,385,056 | 9,260,495 | 9,219,361 | 8,925,897 |
| Food Services | 95,391 | 88,411 | 86,708 | 69,428 | 68,789 | 64,026 | 65,054 | 76,825 | 68,412 | 70,678 |
| Libraries | 117,084 | 128,511 | 145,188 | 151,901 | 156,610 | 140,219 | 133,208 | 140,219 | 140,219 | 140,219 |
| Land Trust | 4,951 | 5,304 | 5,419 | 5,533 | 5,280 | 2,524 | 2,547 | 2,788 | 2,444 | 2,043 |
| Capital Outlay | 471,099 | 132,697 | 549,974 | 1,249,682 | 379,847 | 293,690 | 179,721 | 309,833 | 297,495 | 697,617 |
| Principal | 40,000 | 40,000 | - | - | - | - | - | - | - | - |
| Interest | 4,500 | 1,500 | - | - | - | - | - | - | - | - |
| Total Expenditures | <u>\$ 10,992,981</u> | <u>\$ 10,637,856</u> | <u>\$ 12,339,398</u> | <u>\$ 13,877,283</u> | <u>\$ 13,641,840</u> | <u>\$ 13,562,397</u> | <u>\$ 13,172,134</u> | <u>\$ 13,129,873</u> | <u>\$ 13,023,195</u> | <u>\$ 13,215,652</u> |
| Excess of revenues over (under) expenditures | \$ (256,245) | \$ 750,566 | \$ (494,964) | \$ (1,553,473) | \$ (388,930) | \$ (54,111) | \$ 203,314 | \$ 329,732 | \$ 91,419 | \$ 778,687 |
| Other Financing Sources (uses) | | | | | | | | | | |
| Proceeds from lease | \$ - | \$ - | \$ 74,287 | \$ 67,274 | \$ - | \$ - | \$ - | \$ 75,005 | \$ - | \$ - |
| Transfers from other funds | 3,578,157 | 5,256,142 | 5,020,725 | 5,372,683 | 5,520,260 | 4,882,000 | 3,588,607 | 3,491,283 | 3,610,142 | 3,617,181 |
| Transfers to other funds | (3,578,157) | (5,256,142) | (5,020,725) | (5,372,683) | (5,520,260) | (4,882,000) | (3,588,607) | (3,491,283) | (3,610,142) | (3,617,181) |
| Total other financing sources (uses) | - | - | 74,287 | 67,274 | - | - | - | 75,005 | - | - |
| Net change in fund balances | <u>\$ (256,245)</u> | <u>\$ 750,566</u> | <u>\$ (420,677)</u> | <u>\$ (1,486,199)</u> | <u>\$ (388,930)</u> | <u>\$ (54,111)</u> | <u>\$ 203,314</u> | <u>\$ 404,737</u> | <u>\$ 91,419</u> | <u>\$ 778,687</u> |
| Debt service as a percentage of noncapital expenditures | 0.4% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Note: This schedule includes revenues and expenditures of the General Fund, Special Revenue Funds, and Capital Projects Funds
 Source: Town of Foster Audited Financial Statements

Schedule 5

**Town of Foster, Rhode Island
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

| Fiscal Year Ended June 30, | Real Property Assessed Value | Personal Property Assessed Value | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value | Total Assessed Value Before Exemptions |
|----------------------------|------------------------------|----------------------------------|---------------------------|------------------------------|-----------------------|--------------------------------|--|--|
| 2005 | \$ 450,161,256 | \$ 36,450,788 | \$ 12,935,749 | \$ 473,676,295 | 14.10 | \$ 497,350,163 | 95.24% | \$ 486,612,044 |
| 2006 | \$ 489,847,045 | \$ 41,726,645 | \$ 15,113,214 | \$ 516,460,476 | 14.75 | \$ 542,557,491 | 95.19% | \$ 531,573,690 |
| 2007 | \$ 680,214,030 | \$ 46,545,864 | \$ 20,212,335 | \$ 706,547,559 | 11.24 | \$ 726,759,894 | 97.22% | \$ 726,759,894 |
| 2008 | \$ 686,549,707 | \$ 47,389,999 | \$ 20,490,135 | \$ 713,449,571 | 11.79 | \$ 713,449,571 | 100.00% | \$ 733,939,706 |
| 2009 | \$ 689,960,787 | \$ 49,959,123 | \$ 21,086,252 | \$ 718,833,658 | 13.52 | \$ 718,833,658 | 100.00% | \$ 739,919,910 |
| 2010 | \$ 583,622,371 | \$ 45,607,546 | \$ 22,123,225 | \$ 607,106,692 | 17.12 | \$ 607,106,682 | 100.00% | \$ 629,229,917 |
| 2011 | \$ 585,621,440 | \$ 52,958,176 | \$ 26,354,397 | \$ 612,225,219 | 17.58 | \$ 612,225,219 | 100.00% | \$ 638,579,616 |
| 2012 | \$ 586,684,991 | \$ 55,327,341 | \$ 16,855,973 | \$ 625,156,359 | 17.58 | \$ 625,156,358 | 100.00% | \$ 642,012,332 |
| 2013 | \$ 502,833,441 | \$ 56,028,633 | \$ 16,699,340 | \$ 542,162,734 | 20.32 | \$ 542,162,734 | 100.00% | \$ 558,862,074 |
| 2014 | \$ 502,773,740 | \$ 56,033,222 | \$ 16,541,444 | \$ 542,265,518 | 20.40 | \$ 542,265,518 | 100.00% | \$ 558,806,962 |

Full revaluations are performed every nine years. The last full revaluation was performed as of December 31, 2008, which affects fiscal year 2010.

Statistical revaluations are performed every three years except in the years a full revaluation is performed. A statistical revaluation was performed as of December 31, 2005 which affects fiscal year 2007; and as of December 2011 which affects fiscal year 2013.

Source: Tax Assessor's Annual Report to the State of Rhode Island

Schedule 6

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

| <u>Fiscal Year</u> | <u>General Fund</u> |
|------------------------|-------------------------|
| 2005 | \$14.10 |
| 2006 | \$14.75 |
| 2007 | \$11.24 |
| 2008 | \$11.79 |
| 2009 | \$13.52 |
| 2010 | \$17.12 |
| 2011 | \$17.58 |
| 2012 | \$17.58 |
| 2013 | \$20.32 |
| 2014 | \$20.40 |

Note:

(1) There are no overlapping governments, accordingly the entire tax assessment is applied to the General Fund

Schedule 7

Principal Property Tax Payers
Current Year and Nine Years Ago
Principal Payers
Unaudited

| Taxpayer | 2014 | | | | 2005 | | | |
|--|------------------------|------|--|-------------------|------------------------|------|--|-------------------|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxes Assessed | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxes Assessed |
| City of Providence (PWSB) | \$ 18,989,600 | 1 | 3.50% | \$ 387,388 | \$ 20,914,700 | 1 | 4.42% | \$ 295,106 |
| Narragansett Electric | 7,513,407 a) | 2 | 1.39% | \$ 185,506 | 6,868,436 a) | 2 | 1.45% | \$ 96,914 |
| Providence Public Buildings Authority (PWSB) | 2,841,500 | 3 | 0.52% | \$ 57,967 | 6,485,100 | 3 | 1.37% | \$ 91,505 |
| Foster Country Club (Tykamac Ent. LLC) | 2,262,000 | 4 | 0.42% | \$ 46,145 | 3,473,900 a) | 4 | 0.73% | \$ 49,017 |
| Ginny B Inc | 1,241,700 | 5 | 0.23% | \$ 25,331 | 1,159,600 a) | 6 | 0.24% | \$ 16,362 |
| Foster Senior Housing | 1,175,600 | 6 | 0.22% | \$ 23,982 | 1,309,200 | 5 | 0.28% | \$ 18,473 |
| Walker, Muriel | 818,600 | 7 | 0.15% | \$ 16,699 | 842,400 | 9 | 0.18% | \$ 11,886 |
| Nelson, Robert & Wendy | 793,000 | 8 | 0.15% | \$ 15,085 | 761,600 | 11 | 0.16% | \$ 10,746 |
| Roxannes Holdings LLC | 724,900 | 9 | 0.13% | \$ 14,788 | | | | |
| Femino, John & Leclair, Diane | 699,100 | 10 | 0.13% | \$ 14,262 | 682,200 | 12 | 0.14% | \$ 9,626 |
| Costa, David & Lisa | 691,900 | 11 | 0.13% | \$ 14,115 | 964,100 | 7 | 0.20% | \$ 13,603 |
| Pollard, Scott M & Elisa M | 674,400 | 12 | 0.12% | \$ 13,758 | | | | |
| Stout, Winifred | | | | | 845,800 | 8 | 0.18% | \$ 11,934 |
| Campbell, Bruce | | | | | 776,200 | 10 | 0.16% | \$ 10,952 |
| Totals | <u>\$ 38,425,707</u> | | <u>7.09%</u> | <u>\$ 815,026</u> | <u>\$ 45,083,236</u> | | <u>9.51%</u> | <u>\$ 636,124</u> |

Note: The amounts presented represent the assessed values upon which 2014 and 2005 collections were based

Source: Assessor's Statement of Assessed Values and Tax Levy

a) Includes tangible or motor vehicle assessment also

| | | |
|---------------------|---------------|---------------|
| Total Assesed Value | \$542,265,518 | \$473,676,295 |
| Tax Rate | \$20.40 | \$14.10 |

Schedule 8

**Town of Foster, Rhode Island
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited**

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|------------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2005 | 7,352,142 | 7,173,582 | 97.6% | 166,581 | 7,340,163 | 99.8% |
| 2006 | 7,843,650 | 7,694,094 | 98.1% | 135,281 | 7,829,375 | 99.8% |
| 2007 | 8,225,871 | 8,026,140 | 97.6% | 182,439 | 8,208,579 | 99.8% |
| 2008 | 8,657,612 | 8,435,912 | 97.4% | 150,345 | 8,586,257 | 99.2% |
| 2009 | 9,879,531 | 9,647,829 | 97.7% | 213,381 | 9,861,210 | 99.8% |
| 2010 | 10,345,673 | 10,115,442 | 97.8% | 229,567 | 10,345,009 | 100.0% |
| 2011 | 10,766,802 | 10,552,426 | 98.0% | 202,196 | 10,754,622 | 99.9% |
| 2012 | 11,221,591 | 10,971,590 | 97.8% | 222,245 | 11,193,835 | 99.8% |
| 2013 | 11,206,523 | 10,849,481 | 96.8% | 254,428 | 11,103,909 | 99.1% |
| 2014 | 11,269,380 | 10,921,687 | 96.9% | - | 10,921,687 | 96.9% |

Note: Collection data has been adjusted to reflect accruals for "60 day rule" and prepaid collections

Source: Town of Foster - Tax Collector

Schedule 9

**Town of Foster, 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 Capita |
|-------------|--------------------------|--------------|---------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | Loan Payable | Capital Lease | | | |
| 2005 | 40,000 | - | - | 40,000 | 0.04% (a) | 9 |
| 2006 | - | - | - | - | 0.00% (a) | - |
| 2007 | - | - | 47,879 | 47,879 | 0.05% (a) | 11 |
| 2008 | - | - | 68,311 | 68,311 | 0.07% (a) | 16 |
| 2009 | - | - | 22,401 | 22,401 | 0.02% (a) | 5 |
| 2010 | - | - | 24,060 | 24,060 | 0.03% (a) | 6 |
| 2011 | - | - | - | - | 0.00% (a) | - |
| 2012 | - | - | 48,533 | 48,533 | 0.05% (b) | 11 |
| 2013 | - | - | 24,973 | 24,973 | 0.03% (b) | 5 |
| 2014 | - | - | - | - | 0.00% (b) | - |

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 U.S. Census Bureau's 2008-2012 American Community Survey.

Schedule 10

**Town of Foster, Rhode Island
 Ratios of General Bonded Debt Outstanding,
 Last Ten Fiscal Years
 Unaudited**

| Fiscal Year | General Bonded Debt Outstanding | | Percentage of Actual Taxable Value (a) of Property | Per Capita (b) |
|----------------|---------------------------------|--------|---|-------------------|
| | General Obligation Bonds | Total | | |
| 2005 | 40,000 | 40,000 | 0.01% | 9.36 |
| 2006 | - | - | 0.00% | - |
| 2007 | - | - | 0.00% | - |
| 2008 | - | - | 0.00% | - |
| 2009 | - | - | 0.00% | - |
| 2010 | - | - | 0.00% | - |
| 2011 | - | - | 0.00% | - |
| 2012 | - | - | 0.00% | - |
| 2013 | - | - | 0.00% | - |
| 2014 | - | - | 0.00% | - |

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 Foster, Rhode Island
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
Unaudited**

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---------------------|---------------------------------------|--|
| Debt repaid with property taxes | | | |
| Foster-Glocester Regional School District (a) | \$ 45,460,966 | 36.31% (a) | \$ 16,506,877 |
| Town of Foster | - | 100.00% | - |
| Other debt | | | |
| Foster-Glocester Regional School District - BAN (a) | - | 36.31% (a) | - |
| Subtotal, overlapping debt | | | 16,506,877 |
| Town direct debt | | | - |
| Total direct and overlapping debt | | | <u>\$ 16,506,877</u> |

Sources: Debt outstanding data provided by each governmental unit.

(a) Estimated percentage applicable for the Foster-Glocester Regional School District provided by the Foster-Glocester Regional School percentage of population.

Schedule 12

Town of Foster, Rhode Island
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2014

| | |
|--|----------------------|
| Assessed Value | \$542,265,518 |
| Debt limit (3% of assessed value) | 16,267,966 |
| Debt applicable to limit: | |
| General obligation bonds | - |
| Less: Amount set aside for repayment of general obligation debt | - |
| Total net debt applicable to limit | - |
| Legal debt margin | <u>\$ 16,267,966</u> |

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Debt limit | \$14,210,289 | \$15,493,814 | \$21,196,427 | \$21,403,487 | \$21,565,010 | \$18,213,201 | \$18,366,757 | \$18,754,691 | \$16,264,882 | \$ 16,267,966 |
| Total net debt applicable to limit | <u>(40,000)</u> | - | - | - | - | - | - | - | - | - |
| Legal debt margin | <u>\$14,170,289</u> | <u>\$15,493,814</u> | <u>\$21,196,427</u> | <u>\$21,403,487</u> | <u>\$21,565,010</u> | <u>\$18,213,201</u> | <u>\$18,366,757</u> | <u>\$18,754,691</u> | <u>\$16,264,882</u> | <u>\$ 16,267,966</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.28% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: Finance Department, Foster, Rhode Island

(1) The Town's legal debt margin as set forth by Rhode Island State Statute is limited to three percent of total taxable assessed value.

Schedule 13

**Town of Foster, Rhode Island
Pledged-Revenue Coverage,
Last Ten Years
Unaudited**

The Town of Foster, Rhode Island does not have non-general obligation long-term debt backed by pledged revenues.

Schedule 14

**Town of Foster, Rhode Island
Demographic and Economic Statistics,
Last Ten Fiscal Years
Unaudited**

| <u>Fiscal Year Ended June 30</u> | <u>Population (1)</u> | <u>Family Income (1)</u> | <u>Per Capita Income (1)</u> | <u>Median Age(1)</u> | <u>School Enrollment (2)</u> | <u>Unemployment Rate (3)</u> |
|--|-----------------------|------------------------------|----------------------------------|--------------------------|----------------------------------|----------------------------------|
| 2005 | 4,274 | 94,660,552 | 22,148 | 39.8 | 941 | 5.40% |
| 2006 | 4,274 | 94,660,552 | 22,148 | 39.8 | 963 | 5.50% |
| 2007 | 4,274 | 94,660,552 | 22,148 | 39.8 | 858 | 5.70% |
| 2008 | 4,274 | 94,660,552 | 22,148 | 39.8 | 708 | 6.14% |
| 2009 | 4,274 | 94,660,552 | 22,148 | 39.8 | 694 | 12.40% |
| 2010 | 4,274 | 94,660,552 | 22,148 | 39.8 | 703 | 11.40% |
| 2011 | 4,606 | 159,648,566 | 34,661 | 43.8 | 689 | 10.80% |
| 2012 | 4,606 | 97,499,808 | 21,168 | 46.0 | 649 | 10.30% |
| 2013 | 4,606 | 92,087,758 | 19,993 | 44.8 | 655 | 8.20% |
| 2014 | 4,628 | 108,493,116 | 23,443 | 45.2 | 643 | 6.80% |

Sources:

- (1) Population, Family Income, Per Capita Income, and Median Age obtained from U.S. Census Bureau-2009-2013 ACS 5-year estimate**
- (2) School enrollment provided by the Foster-Glocester Regional and Foster School Business Offices. Enrollment includes students in Foster Public Schools and Foster students enrolled in Foster-Glocester Regional Schools.**
- (3) Unemployment rates obtained from State of Rhode Island Dept. of Labor and Training, unadjusted.**

Schedule 15

**Town of Foster, Rhode Island
Principal Employers,
Current Year and Nine Years Ago
Unaudited**

| Employer | 2014 | | | 2005 | | |
|---------------------------------|------------|------|-------------------------------------|------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Foster Town & School Department | 84 | 1 | 18.75% | 120 | 1 | 29.70% |
| Foster Golf & Country Club | 45 | 2 | 10.04% | 50 | 2 | 12.38% |
| Nancy-Ann Nursing Home | 30 | 3 | 6.70% | N/A | N/A | N/A |
| Shady Acres | 20 | 4 | 4.46% | 15 | 4 | 3.71% |
| Little Rhody Farms | 14 | 5 | 3.13% | N/A | N/A | N/A |
| Well One Foster | 14 | 6 | 3.13% | N/A | N/A | N/A |
| Dr. Daycare | 12 | 7 | 2.68% | N/A | N/A | N/A |
| USPS | 10 | 8 | 2.23% | N/A | N/A | N/A |
| Turnquist Lumber Co., Inc. | N/A | N/A | N/A | 18 | 3 | 4.46% |
| Total | 229 | | 51.12% | 203 | | 50.25% |

Source: Municipal tax roll and survey of Town businesses.

Schedule 16

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

| Function/Program | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|---------------------------|--|------|------|------|------|------|------|------|------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Central Administration | | | | | | | | | | |
| Town Council | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Town Clerk | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Probate Court | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Building/Zoning | 1.0 | 1.0 | 1.0 | 0.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.3 |
| Planning | 1.5 | 1.5 | 1.5 | 2.0 | 2.0 | 2.0 | 1.6 | 1.6 | 1.6 | 1.3 |
| Financial Administration | | | | | | | | | | |
| Treasurer's Office | 1.5 | 1.5 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Tax Collection | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Tax Assessor | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.3 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 7.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 10.0 |
| Civilians | 4.8 | 4.8 | 4.8 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| Animal Control | | | | | | | | | | |
| Officers | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Emergency Management | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Public Works Department | | | | | | | | | | |
| Director | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Highway | | | | | | | | | | |
| Driver/Laborer | 5.0 | 5.0 | 6.5 | 6.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Maintenance | | | | | | | | | | |
| Building/Grounds | 1.0 | 1.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Custodial | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Recreation Department | | | | | | | | | | |
| Director | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Summer Programs | 6.0 | 6.0 | 5.0 | 5.0 | 3.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Human Services Department | | | | | | | | | | |
| Director | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |

Source: Office of Human Resources and Town Budgets

Schedule 17

**Town of Foster, Rhode Island
Operating Indicators by Function/Program,
Last Ten Fiscal Years
Unaudited**

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Calls | 3,392 | 7,020 | 11,796 | 13,748 | 19,488 | 18,232 | 19,673 | 14,862 | 13,364 | 21,062 |
| Physical Arrests | 85 | 102 | 161 | 164 | 224 | 208 | 186 | 92 | 71 | 129 |
| Citations | 623 | 1,166 | 1,971 | 1,533 | 1,479 | 1,270 | 1,391 | 740 | 574 | 1,217 |
| Accidents | 132 | 134 | 134 | 129 | 138 | 133 | 106 | 109 | 121 | 142 |
| Animal Control | | | | | | | | | | |
| Dog Licenses Issued | 625 | 483 | 587 | 479 | 343 | 439 | 452 | 509 | 440 | 408 |
| Public Works (Pickup Outsourced) | | | | | | | | | | |
| Transfer Station | | | | | | | | | | |
| Refuse Collected (avg. tons per month) | 188 | 181 | 176 | 177 | 164 | 167 | 157 | 148 | 144 | 128 |
| Recyclables Collected (avg. tons per month) | 41 | 39 | 43 | 48 | 49 | 44 | 47 | 40 | 41 | 40 |
| Highway | | | | | | | | | | |
| Street resurfacing/chipsealing (miles) | 0.0 | 4.0 | 0.0 | 7.0 | 4.6 | 5.8 | 6.3 | 0.0 | 0.0 | 0.4 |
| Street repairs/crack sealing (miles) | 0.0 | 0.0 | 0.0 | 5.4 | 9.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Building/Zoning | | | | | | | | | | |
| Commercial Construction Permits | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Residential Construction Permits | 23 | 22 | 14 | 9 | 6 | 5 | 5 | 8 | 3 | 5 |
| Parks and Recreation | | | | | | | | | | |
| Athletic Field Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Various Town departments

Schedule 18

**Town of Foster, Rhode Island
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years
Unaudited**

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|------|------|------|------|------|------|------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Zone Offices | - | - | - | - | - | - | - | - | - | - |
| Patrol Units/Motorcycles/ Radar Trailers | 7 | 7 | 7 | 11 | 11 | 9 | 9 | 9 | 9 | 10 |
| Animal Control | | | | | | | | | | |
| Animal Shelters | - | - | - | - | - | - | - | - | - | - |
| Animal Patrol Unit | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Transfer Station | | | | | | | | | | |
| Roll-off Truck | - | - | - | - | - | - | - | - | - | - |
| Streets and Highways | | | | | | | | | | |
| Street (miles) | 113 | 113 | 113 | 113 | 113 | 113 | 113 | 113 | 113 | 113 |
| Highways (miles, Town owned) | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| Highways (miles, State owned) | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| Private Paved (miles) | - | - | - | - | - | - | - | - | - | - |
| Park Access (miles) | - | - | - | - | - | - | - | - | - | - |
| Driftway (miles) | - | - | - | - | - | - | - | - | - | - |
| Streetlights | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Traffic Signals | 2 | 2 | 2 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 |
| Playgrounds | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis Courts | - | - | - | - | - | - | - | - | - | - |
| Beaches | - | - | - | - | - | - | - | - | - | - |
| Baseball/Softball diamonds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Soccer/Football fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Basketball Courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks and Public Squares | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable President and
Members of the Town Council
Town of Foster, Rhode Island

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Foster, Rhode Island's basic financial statements, and have issued our report thereon dated February 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Foster, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Foster Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Foster, Rhode Island's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Foster, Rhode Island's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Warwick, Rhode Island
February 6, 2015