

# TOWN OF FOSTER RHODE ISLAND



COVERED BRIDGE: BY MICHELE MAY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015

# **TOWN OF FOSTER, RHODE ISLAND**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ending June 30, 2015**

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

## **INTRODUCTORY SECTION**

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*Letter of Transmittal*

*Certificate of Achievement for  
Excellence in Financial Reporting*

*List of Town Officials*

*Town of Foster Organizational Chart*

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*For the Fiscal Year Ended June 30, 2015*

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# TOWN OF FOSTER RHODE ISLAND

KELLI M. RUSS  
TREASURER/FINANCE DIRECTOR

January 28, 2016

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, 2015, 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 four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, a reproduction of the 2014 GFOA Certificate of Achievement for Excellence in Financial Reporting, the Town's organizational chart, and a list of principal officials. The Financial Section includes the Independent Auditor's 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 was required to undergo an annual Single Audit in conformance with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". The Schedule of Expenditures of Federal Awards and Independent Auditors' Report on the internal control

structure and compliance with laws and regulation are included in the Single Audit Section of this report.

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, human services, building and zoning, planning, and education. The Town supports the operations of the Foster-Glocester Regional School District; 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 land area that is now the Town of Foster was founded in 1636 and considered part of Providence, Rhode Island; was later divided from Providence and included in the Town of Scituate, Rhode Island; and was separated from Scituate and incorporated as a Town on August 24, 1781. The Town of Foster 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, and remains sparsely settled with a population density of only 88.9 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 4,642.

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, 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 a 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, 2015, the Town of Foster paid \$4,521,128 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. According to the Town Charter, 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.

As previously noted, the Town of Foster's school system (grades kindergarten through 5) consists of one 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 ten years has been and for the next five years is projected to be as follows:

**Actual Enrollment**

<b>School Year</b>	<b>Captain Isaac Paine School</b>	<b>Foster-Glocester Regional School</b>	<b>Total</b>
2005-2006	302	661	963
2006-2007	300	564	864
2007-2008	272	431	703
2008-2009	253	441	694
2009-2010	257	437	694
2010-2011	274	414	688
2011-2012	283	412	695
2012-2013	275	400	675
2013-2014	287	356	643
2014-2015	285	352	637

**Projected Enrollment**

<b>School Year</b>	<b>Captain Isaac Paine School</b>	<b>Foster-Glocester Regional School</b>	<b>Total</b>
2015-2016	278	358	636
2016-2017	258	358	616
2017-2018	254	364	618
2018-2019	234	360	594
2019-2020	229	352	581

## **MUNICIPAL SERVICES**

The Town provides the following major public services:

**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, Captain, Sergeant, and seven patrol officers. The department also has four full-time and three 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 Corps.

**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.

**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.

**BUILDING AND ZONING/PLANNING –** The departments are made up of one part-time Building Official, one part-time Planner, one part-time Electrical Inspector, and one part-time Plumbing & Mechanical Inspector whose responsibilities include ensuring compliance with state and local building code, ordinances and laws, subdivision regulations, and the Town's Comprehensive Plan.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Foster is primarily a suburban residential community. Residential property accounts for 78.33% 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 – Fourth Quarter 2014 Report.

<b>Foster</b>			
	<b>Number of Units</b>	<b>Average Employment</b>	<b>Total Wages</b>
<b>Total Private &amp; Government</b>	<b>98</b>	<b>494</b>	<b>4,124,950</b>
<b>Total Private Only</b>	<b>92</b>	<b>393</b>	<b>3,115,070</b>
Agriculture, Forestry, Fishing & Hunting	3	24	227,125
Construction	23	40	335,785
Manufacturing	2	*	*
Wholesale Trade	3	*	*
Retail Trade	6	29	123,209
Transportation & Warehousing	4	*	*
Information	2	*	*
Finance & Insurance	2	*	*
Real Estate & Rental & Leasing	0	0	0
Professional & Technical Services	12	20	237,424
Management of Companies & Enterprises	2	*	*
Administrative Support & Waste Mgmt.	13	65	459,154
Educational Services	0	0	0
Health Care & Social Assistance	8	67	506,996
Arts, Entertainment, & Recreation	2	*	*
Accommodation & Food Services	7	36	110,857
Other services,	3	10	32,681
Unclassified Establishments	0	0	0
Government	6	101	1,009,880

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

## **HOUSING**

At the end of 2015 sale prices for single family homes in Foster ranged from \$79,900 to more than \$585,000. The 2015 third quarter median sales price for homes in Foster was \$227,500.

## **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 which 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 and 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 windows and doors, updated locks, lot paving, and initial funding of a new entranceway.
- Completed emergency turnarounds on Hemlock Road
- Extended Luther Road to completion
- Completed the repair of Winsor Road bridge
- Begin repair of the Johnston Road bridge culvert
- Begin site improvement for vehicle wash bay and police impound yard
- Improved handicapped access at Town Hall through repair/installation of handicapped ramps and rails at the main entrance and the Foster Town House. Also, improved handicapped access to the Woody Lowden building.
- Additional exterior safety lights at Woody Lowden and adult exercise equipment
- Acquired four new police vehicles through a three year capital lease
- Initiative to update and improve the aging Public Works fleet of equipment. In the current year the Town acquired two Dodge 5500 dump trucks with a full plow package for Public Works.
- Acquired a Freightliner dump truck, a Unimog, and a CAT bulldozer through the Federal surplus equipment program. These acquisitions only cost the Town the price to transport the equipment to the Town. All pieces of equipment will assist in the completion of the impound yard and future emergency service projects, such as creating an emergency evacuation point for the Captain Isaac Paine School.
- Plan for new youth athletic fields
- Asphalt overlays on segments of Plainwoods, Gene Allen, and Johnson Roads

## **FINANCIAL INFORMATION**

A detailed 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**

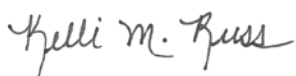
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Foster for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **ACKNOWLEDGMENT**

The preparation of 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, 2014**

Executive Director/CEO

**TOWN OF FOSTER, RHODE ISLAND**

**TOWN COUNCIL**

John L. Lewis, Jr., President  
Denise DiFranco, Vice President  
Roger Hawes  
John Restivo  
Gordon Rogers

**TOWN CLERK**

Jane Christopher

**TREASURER / FINANCE DIRECTOR**

Kelli M. Russ

**ASSESSOR**

Patricia J. Moreau

**TAX COLLECTOR**

Nancy Delaere

**PLANNER**

Juliana King

**BUILDING AND ZONING OFFICIAL**

Rhett Bishop

**POLICE CHIEF**

William Ziehl

**DIRECTOR OF HUMAN SERVICES**

Carol Mauro

**LIBRARY DIRECTOR**

Katherine Chansky

**SCHOOL SUPERINTENDENT**

Dr. Michael Barnes

**SCHOOL COMMITTEE**

Kathleen Tegan Swanson, Chair  
Shelley D. Pezza  
Ron Cervasio

**FIRE CHIEF - SOUTH FOSTER**

Gordon Brayton

**FIRE CHIEF - MOOSUP VALLEY**

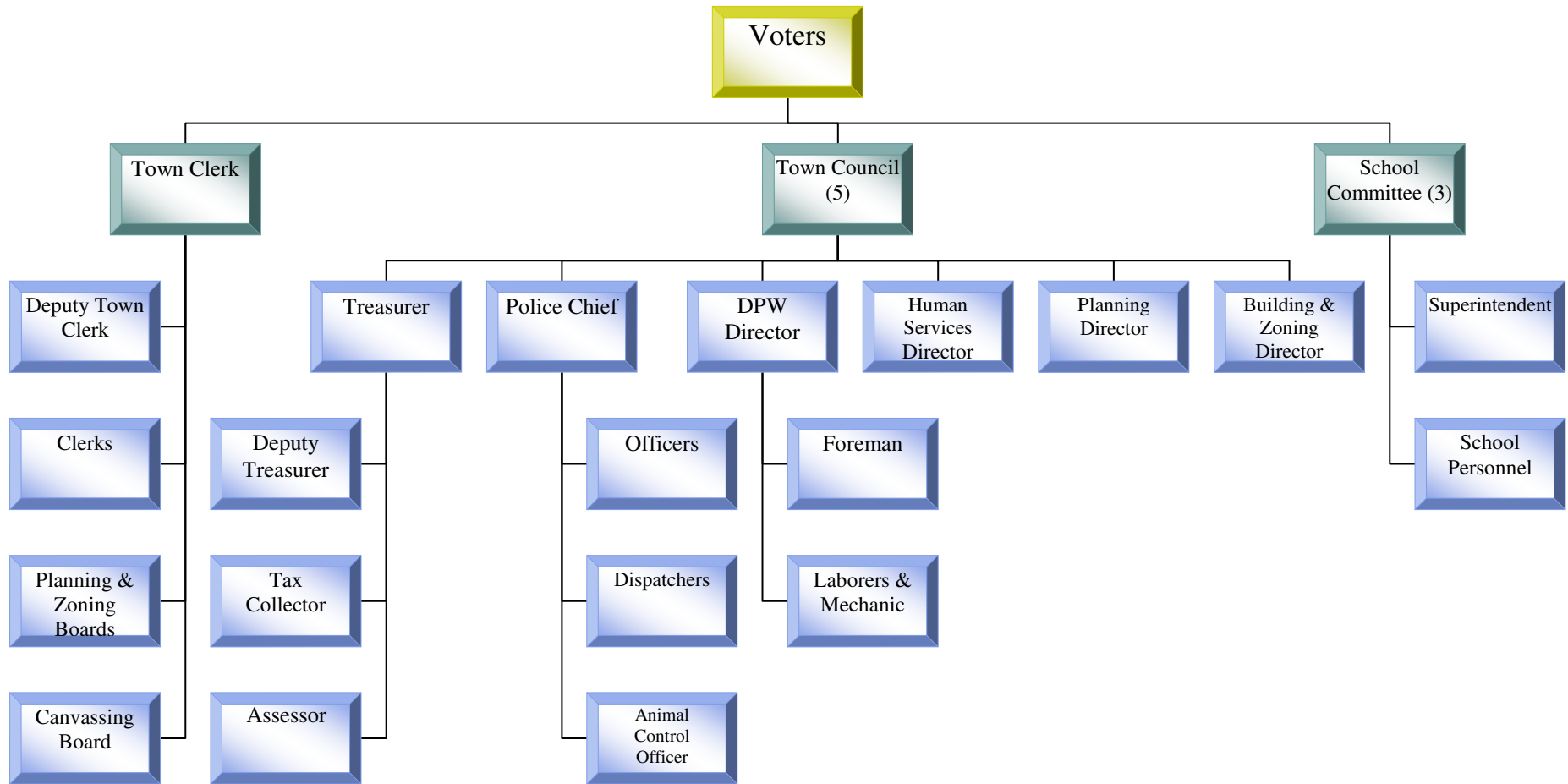
Paul Cunniff

**FIRE CHIEF - FOSTER CENTER**

Aaron Marsland

**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

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, 2015, 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, 2015, 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the Town implemented GASB Statement No.68, “Financial Reporting for Pensions – An Amendment of GASB Statement No. 27”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, during fiscal year 2015. Our opinion was not modified with respect to this matter.

### ***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 15 and pages 65 through 82 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 schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-profit Organizations*”, 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, other supplementary information, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-profit Organizations*”, 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, other supplementary information, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-profit Organizations*”, 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 January 28, 2016 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.



Warwick, Rhode Island  
January 28, 2016

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**  
**(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, 2015. 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 \$4,096,743 of which only (\$8,242) is unassigned.
- At the end of the current fiscal year the committed fund balance in the general fund for the Foster reserve fund was \$1,189,983, or 10.00% of the total 2015 budgeted expenditures and other financing uses less budgeted capital expenditures. This is an increase of \$142,455 from the previous year.
- \$175,000 is reported as assigned fund balance for the budgeted use of the Foster reserve fund in the 2016 fiscal year. This money is assigned for the first payment of the settlement agreement with the Providence Water Supply Board only. Additional information regarding the settlement agreement and the resulting liability is provided in Note 7 of the notes to the financial statements.
- The School unrestricted fund ended the year with a restricted (for education) fund balance of \$479,388. This is an increase of \$282,629 from the prior year. The School lunch fund ended the year with a cumulative deficit of \$8,242.
- The Town ended the fiscal year with a budgetary operating surplus of \$340,603. The underlying causes are discussed later in this document. The School ended with a budgetary operating surplus of \$282,629 primarily due to favorable expenditure variances in heating fuel, state transportation, legal fees, outside tuitions, and personnel due to retirements.
- On a government-wide basis the assets and deferred outflows of resources of the Town of Foster exceeded its liabilities and deferred inflows of resources as of June 30, 2015 by \$5,346,032. Net position of the Town's component unit increased by \$29,484, or 1.39%, to \$2,143,386.
- The town implemented GASB Statement No. 68, "Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", during fiscal year 2015. This resulted in a restatement of net position as of June 30, 2014 to \$5,961,770, a decrease of \$4,670,578, resulting from transactions to record activity in the town's pension plans, including a \$5,461,661 net pension liability as of June 30, 2014. The net pension liability as of June 30, 2015 is \$4,832,125.
- The Town's Government-wide operating expenses were \$14,872,682 an increase of \$2,022,712, or 15.74%, from the prior year mainly due to the settlement agreement between the Town of Foster and the Providence Water Supply Board in the amount of \$1,604,528 recognized in



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legislation, judicial, and general administration. In addition, the town entered into a lease-purchase agreement for the acquisition of four new police vehicles resulting in a net increase in public safety expenses of \$81,572; health and welfare expenses increased by \$100,149 due to the implementation of a new federal grant, Partnership for Success, and an increase in Community Development Block Grant program expenses; and public works expenses increased due to an increase in maintenance of equipment, and roads, and bridges. Revenues recognized were \$14,256,944, an increase of \$235,665 or 1.68% mainly due to an increase in property tax revenues.

## **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.

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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 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 16 and 17 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 23 active individual governmental funds. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures,*

**TOWN OF FOSTER, RHODE ISLAND**  
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*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 20 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 83 through 92 in this report. The governmental fund financial statements can be found on pages 18 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 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 93 and 94 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 and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$5,346,032, a decrease of \$615,738 or 10.32% from 2014, restated.

The most significant changes noted were:

*Current assets* decreased by \$152,448 from 2014. Additionally, *current liabilities* increased by \$216,225 from 2014. Much of the decrease in *current assets* is due to a decrease in cash and cash equivalents and receivables from federal and state governments. The increase in *current liabilities* from 2014 is net of increases in claims payable related to our health and dental program; the current portion of long-term debt for the police vehicles; and settlement payable due to the Providence Water Supply Board, and a decrease in accounts payable and accrued expenses. *Noncurrent assets* increased by \$684,449 primarily due to an increase in capital assets funded by taxes and capital grants and contributions, and the addition of net pension assets.

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The largest portion of the Town's net position, \$6,984,060 or 130.64%, 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.

**Town of Foster**  
**Statement of Net Position**

	<b>June 30, 2015</b>		<b>June 30, 2014</b>	
	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
Other assets	\$ 5,979,288	\$ 208,351	\$ 5,839,071	\$ 177,347
Capital assets	7,064,481	1,936,555	6,672,697	1,936,555
Total assets	<u>\$ 13,043,769</u>	<u>\$ 2,144,906</u>	<u>\$ 12,511,768</u>	<u>\$ 2,113,902</u>
 Deferred outflows of resources	 <u>\$ 535,219</u>	 <u>\$ -</u>	 <u>\$ 420,962</u>	 <u>\$ -</u>
Current liabilities	\$ 819,070	\$ 1,520	\$ 602,845	\$ -
Noncurrent liabilities	6,622,225	-	5,763,413	-
Total liabilities	<u>\$ 7,441,295</u>	<u>\$ 1,520</u>	<u>\$ 6,366,258</u>	<u>\$ -</u>
 Deferred inflows of resources	 <u>\$ 791,661</u>	 <u>\$ -</u>	 <u>\$ 604,702</u>	 <u>\$ -</u>
 Net Position:				
Net investments in capital assets	\$ 6,984,060	\$ 1,936,555	\$ 6,672,697	\$ 1,936,555
Restricted	1,042,540	-	906,460	-
Unrestricted	(2,680,568)	206,831	(1,617,387)	177,347
Total net position	<u><u>\$ 5,346,032</u></u>	<u><u>\$ 2,143,386</u></u>	<u><u>\$ 5,961,770</u></u>	<u><u>\$ 2,113,902</u></u>

An additional portion of the Town's net position, \$1,042,540, or 19.50%, 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.

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At the end of the current year, the Town reports positive balances in only two of the three categories of net position for the government as a whole. The unrestricted deficit is largely due to net pension liabilities of \$4,832,125 and a settlement payable to the Providence Water Supply Board in the amount of \$1,604,528.

**Changes in Net Position**

The government's net position decreased by \$615,738 during the current fiscal year.

<b>Town of Foster</b>				
<b>Statement of Activities</b>				
	<b>June 30, 2015</b>		<b>June 30, 2014</b>	
	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
<i>Revenues</i>				
Program revenues				
Charges for services	\$ 249,956	\$ 35,712	\$ 285,703	\$ 31,734
Operating grants	1,772,539	-	1,702,182	-
Capital grants	301,854	-	483,981	-
General revenues				
Property taxes	11,774,289	-	11,365,484	-
State aid	152,748	-	167,190	-
Interest and investment income	3,097	1,611	2,725	2,737
Miscellaneous	2,461	-	14,014	-
Total revenues	<u>\$ 14,256,944</u>	<u>\$ 37,323</u>	<u>\$ 14,021,279</u>	<u>\$ 34,471</u>
<i>Expenses</i>				
Legislative, judicial & general admin	\$ 2,536,722	\$ -	\$ 854,734	\$ -
Health and welfare	169,208	-	69,059	-
Public Safety	1,593,218	-	1,511,646	-
Public Works	1,247,726	-	1,125,289	-
Building and Zoning	41,819	-	45,436	-
Planning	38,280	-	50,253	-
Conservation	809	-	458	-
Recreation	27,604	-	24,893	-
Education	8,995,528	-	8,957,305	-
Food services	76,051	-	70,678	-
Libraries	145,717	-	140,219	-
Land Trust	-	7,839	-	460
Total expenses	<u>\$ 14,872,682</u>	<u>\$ 7,839</u>	<u>\$ 12,849,970</u>	<u>\$ 460</u>
Change in net position	(615,738)	29,484	1,171,309	34,011
Net position - beginning of year-restated	<u>5,961,770</u>	<u>2,113,902</u>	<u>4,790,461</u>	<u>2,079,891</u>
Net position - end of year	<u><u>\$ 5,346,032</u></u>	<u><u>\$ 2,143,386</u></u>	<u><u>\$ 5,961,770</u></u>	<u><u>\$ 2,113,902</u></u>

**TOWN OF FOSTER, RHODE ISLAND**  
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**Governmental activities** – As previously stated, the Governmental activities decreased the Town's net position by \$615,738. The key elements for this decrease, offset by an increase in property tax revenues, are as follows:

- 1) An increase in expenses for legislation, judicial, and general administration largely due to a settlement agreement in the amount of \$1,604,528
- 2) A net increase in public safety expenses due to the lease-purchase of new vehicles.
- 3) An increase in health and welfare expenses due to increased spending for the town's housing rehab program and the initiation of a new federal grant called Partnership for Success.

**Component unit activities** - Component unit activities increased its net position by \$29,484, or 1.39%, from 2014. 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 \$4,096,743 an increase of \$531,469 in comparison with the prior year.

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**Town of Foster**  
**Governmental Funds**  
**Fund Balances**

	Total General Fund 6/30/2015	Total Other Funds 6/30/2015	Total Governmental Funds 6/30/2015	Total General Fund 6/30/2014	Total Other Funds 6/30/2014	Total Governmental Funds 6/30/2014
Nonspendable:						
Prepaid expenditures	\$ 138,407	\$ -	\$ 138,407	\$ 45,759	\$ -	\$ 45,759
Other assets with WB Comm. Health	732,538	-	732,538	619,436	-	619,436
Restricted:						
Education	-	481,694	481,694	-	201,293	201,293
Historical records preservation	-	67,364	67,364	-	63,094	63,094
Health and welfare programs	-	10,999	10,999	-	9,637	9,637
Public safety programs	-	15,848	15,848	-	16,565	16,565
Capital	-	414,801	414,801	-	561,636	561,636
Other programs	10,574	4,373	14,947	-	14,502	14,502
Committed:						
Student population change	258,500	-	258,500	258,500	-	258,500
Townhouse maintenance	-	11,046	11,046	-	13,459	13,459
Recycling programs	-	17,586	17,586	-	11,862	11,862
Open space and conservation	-	152,986	152,986	-	147,499	147,499
Capital	350,258	-	350,258	267,210	-	267,210
Revaluation	56,924	-	56,924	-	-	-
Foster reserve fund	1,189,983	-	1,189,983	1,047,528	-	1,047,528
Assigned:						
2015 Budget	-	-	-	267,000	-	267,000
2016 Budget	175,000	-	175,000	-	-	-
Recreation	9,767	-	9,767	16,489	-	16,489
Other programs	6,337	-	6,337	11,273	-	11,273
Unassigned:						
	-	(8,242)	(8,242)	-	(7,468)	(7,468)
Total fund balances	<u>\$ 2,928,288</u>	<u>\$ 1,168,455</u>	<u>\$ 4,096,743</u>	<u>\$ 2,533,195</u>	<u>\$ 1,032,079</u>	<u>\$ 3,565,274</u>

The general fund's total fund balance increased by \$395,093 from 2014 overall. This change is the net result of more significant changes in fund balances. Nonspendable fund balance increased by \$205,750 primarily due to an increase in the assets held with West Bay Community Health which administers the town's medical and dental insurance programs, and an increase in prepaid expenditures. In addition, committed fund balance increased by \$282,427 due to the increases in the Foster reserve fund, capital, and the commitment for future revaluations.

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 \$479,388, an increase from 2014 of \$282,629. The capital project fund ended the fiscal year with total fund balances of \$414,801, a decrease from 2014 of \$146,835, 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.

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**General Fund Budgetary Highlights**

The Town finished FY 2015 with a budgetary surplus of \$340,603. Much of this surplus was a result of events which could not be anticipated.

**Revenues**

Budgeted revenues and other financing sources reported in 2015 exceeded actual revenues reported by \$180,200 or 1.46%. This gain in revenues was a result of the following:

A favorable budgetary variance of \$92,434 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 \$28,683, or 40.97%.

**Expenses**

Budgeted expenditures and other financing uses in the Town's General Fund exceeded actual expenditures by \$160,403 or 1.30%. This was primarily due to favorable variances in miscellaneous administration, public safety, and public works due to savings in casualty and liability insurance, fuel for heating and motor vehicles/equipment, refuse removal, and personnel resulting from unfilled employee positions.

This schedule is located on pages 65 to 69 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, 2015 amounted to \$7,064,481 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, motor vehicles, machinery and equipment, infrastructure, and construction in progress.

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.



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**Town of Foster**  
**Capital Assets (net of Accumulated Depreciation)**

	June 30, 2015		June 30, 2014	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Land	\$ 161,199	\$ 1,936,555	\$ 161,199	\$ 1,936,555
Land Improvements	20,141	-	23,649	-
Buildings and improvements	1,955,727	-	2,001,478	-
Motor vehicles	587,507	-	441,229	-
Machinery and equipment	341,773	-	93,265	-
Infrastructure - roads and bridges	3,998,134	-	3,951,877	-
<b>Total</b>	<b>\$ 7,064,481</b>	<b>\$ 1,936,555</b>	<b>\$ 6,672,697</b>	<b>\$ 1,936,555</b>

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

- |   |           |
|---|-----------|
| 1) Replaced/repaired Winsor Road Bridge   | \$177,650 |
| 2) Obtained a military dump truck and a bulldozer through the federal surplus equipment program-recorded at fair market value | \$249,500 |
| 3) Acquired four police vehicles  | \$124,285 |
| 4) Acquired two Dodge 5500 with snow plow packages  | \$118,862 |
| 5) Completed security upgrades at Captain Isaac Paine School including fire safety doors and windows                          | \$34,232  |
| 6) Installed wireless internet at Captain Isaac Paine School  | \$24,123  |
| 7) Acquired and installed an industrial dishwasher in the School cafeteria  | \$11,725  |

**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 \$16,379,578 (based on the net assessed valuation at December 31, 2013 of \$545,985,937). As of June 30, 2015, the Town had no outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$16,379,578.

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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, 2015, 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, 2015 and June 30, 2014 (not seasonally adjusted)

<u>6/30/2015</u>	<u>6/30/2014</u>	
6.3%	6.8%	Town of Foster
6.6%	7.9%	State of Rhode Island
5.7%	6.1%	United States

- Median household income in Foster was \$80,720 compared to the State of Rhode Island median income of \$56,423. The median income for the United States was \$53,482.
- Per Capita family income in Foster was \$36,184 compared to the State of Rhode Island per capita family income of \$30,765. The per capita family income for the United States was \$28,555.
- Existing single-family home median sale prices were approximately \$281,225 in Foster, moderately greater than the state average of \$214,875.
- Foster ranks 37<sup>th</sup> in population (4,642 per ACS2009-2013 2014 5-year estimate) among Rhode Island's 39 cities and towns.
- The Town's total general fund budget for fiscal year 2016 approved at the May, 2015, Financial Town Meeting is \$12,948,010, allocated as follows:
  - Education - \$7,896,709, or 60.99%
  - Capital - \$979,137, or 7.56% (includes a budgeted transfer to the capital project fund)
  - Other - \$4,072,164, or 31.45%
- In 2016, \$175,000 was appropriated from the Town's fund balance to fund the first installment of the settlement agreement between the Providence Water Supply Board and the Town of Foster. Additional information on this settlement can be found in Note 7 of the financial statements.

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- The 2016 FTM adopted budget reflects an increase of \$657,034 or 5.34% from 2015. The increase is the net result of significant changes in a few departments. These changes include an increase in the Capital Departments in the amount of \$354,657 due to the increasing need for capital repairs and improvements; a net increase in the Foster-Glocester Regional School appropriation of \$131,319, or 2.90%, resulting from an increase in the appropriation of \$203,656 offset by the use of the 2015 commitment of funds for future student population changes of \$72,337; an increase in the police budget of \$57,580, or 4.57%, primarily to fund personnel expenditures resulting from contractual obligations; and an increase in Public Works of \$25,560, or 3.00%, for maintenance of buildings and grounds, equipment, and contractual obligations.
- 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.
- The motor vehicle exemption given to taxpayers per vehicle was decreased to \$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 2015 tax bills to be collected in the 2016 fiscal year end. The Town's tax rates for 2016 and 2015 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 <u>2015-16</u>	Fiscal Year <u>2014-15</u>	Increase <u>(Decrease)</u>
Real Property	\$ 21.42	\$ 21.06	\$ 0.36
Motor Vehicle	36.95	36.95	-
Tangible	29.46	28.96	0.50
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, 2015

	<u>Primary Governmental Activities</u>	<u>Component Unit Foster Land Trust</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,164,014	\$ 168,686
Investments	-	36,146
Property taxes receivable	699,632	-
Accrued interest receivable	99,194	-
Due from federal and state governments	368,114	-
Other receivables	102,700	-
Due from primary government	-	3,519
Prepaid expenses	138,407	-
<b>Total current assets</b>	<u>4,572,061</u>	<u>208,351</u>
<b>Noncurrent assets:</b>		
Capital assets: (Note 6)		
Land and other nondepreciable assets	161,199	1,936,555
Depreciable buildings, property, equipment, and infrastructure (net)	6,903,282	-
Negative net other post employment benefit obligation	128,609	-
Net pension assets	470,207	-
Other assets	808,411	-
<b>Total noncurrent assets</b>	<u>8,471,708</u>	<u>1,936,555</u>
<b>Total assets</b>	<u>13,043,769</u>	<u>2,144,906</u>
<b>Deferred outflows of resources:</b>		
Deferred pension amounts	535,219	-
<b>Total deferred outflows of resources</b>	<u>535,219</u>	<u>-</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	473,632	1,520
Due to component unit	3,519	-
Claims payable	73,873	-
Compensated absences payable	60,305	-
Settlement payable- due within one year	168,702	-
Long-term debt- due within one year (Note 7)	39,039	-
<b>Total current liabilities</b>	<u>819,070</u>	<u>1,520</u>
<b>Noncurrent liabilities:</b>		
Compensated absences payable	312,892	-
Settlement payable- due in more than one year	1,435,826	-
Long-term debt- due in more than one year (Note 7)	41,382	-
Net pension liabilities	4,832,125	-
<b>Total noncurrent liabilities</b>	<u>6,622,225</u>	<u>-</u>
<b>Total liabilities</b>	<u>7,441,295</u>	<u>1,520</u>
<b>Deferred inflows of resources:</b>		
Deferred property taxes	33,884	-
Deferred pension amounts	757,777	-
<b>Total deferred inflows of resources</b>	<u>791,661</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	6,984,060	1,936,555
Restricted for:		
Capital purposes	414,801	-
Specific projects and programs	627,739	-
Unrestricted	(2,680,568)	206,831
<b>Total net position</b>	<u>\$ 5,346,032</u>	<u>\$ 2,143,386</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, 2015*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</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>	
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
Legislative, judicial and general administrative	\$ 2,536,722	\$ 73,093	\$ 1,461	\$ -	\$ (2,462,168)	\$ -
Health and Welfare	169,208	-	126,648	-	(42,560)	-
Public safety	1,593,218	36,709	20,489	261,805	(1,274,215)	-
Public works	1,247,726	-	41,520	29,605	(1,176,601)	-
Building and zoning	41,819	25,401	-	-	(16,418)	-
Planning	38,280	-	-	-	(38,280)	-
Conservation	809	-	-	-	(809)	-
Recreation	27,604	210	-	-	(27,394)	-
Education	8,995,528	78,671	1,543,016	10,444	(7,363,397)	-
Food services	76,051	35,872	39,405	-	(774)	-
Libraries	145,717	-	-	-	(145,717)	-
<b>Total primary government</b>	<b>\$ 14,872,682</b>	<b>\$ 249,956</b>	<b>\$ 1,772,539</b>	<b>\$ 301,854</b>	<b>(12,548,333)</b>	<b>-</b>
<b>Component Unit:</b>						
<b>Foster Land Trust</b>	<b>\$ 7,839</b>	<b>\$ 35,712</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>27,873</b>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes						
					11,774,289	-
State aid, not restricted for a specific purpose						
					152,748	-
Interest and investment income						
					3,097	1,611
Miscellaneous						
					2,461	-
<b>Total general revenues</b>						
					<b>11,932,595</b>	<b>1,611</b>
<b>Change in net position</b>						
					(615,738)	29,484
<b>Net position - beginning of year-restated</b>						
					5,961,770	2,113,902
<b>Net position - end of year</b>						
					<b>\$ 5,346,032</b>	<b>\$ 2,143,386</b>

*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, 2015*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 1,987,935	\$ 462,903	\$ 414,801	\$ 298,375	\$ 3,164,014
Property taxes receivable	699,632	-	-	-	699,632
Due from federal and state governments	219,164	20,571	-	128,379	368,114
Other receivables	11,993	25,529	-	44,344	81,866
Due from other funds	72,882	250,868	-	28,921	352,671
Prepaid expenditures	138,407	-	-	-	138,407
Other assets	806,411	-	-	2,000	808,411
<b>Total assets</b>	<u>\$ 3,936,424</u>	<u>\$ 759,871</u>	<u>\$ 414,801</u>	<u>\$ 502,019</u>	<u>\$ 5,613,115</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenditures	\$ 167,227	\$ 278,177	\$ -	\$ 28,079	\$ 473,483
Due to other funds	166,894	2,306	-	162,787	331,987
Due to component unit	3,519	-	-	-	3,519
Claims payable	73,873	-	-	-	73,873
<b>Total liabilities</b>	<u>411,513</u>	<u>280,483</u>	<u>-</u>	<u>190,866</u>	<u>882,862</u>
<b>Deferred Inflows of Resources:</b>					
Deferred property taxes	596,623	-	-	-	596,623
Other deferred revenues	-	-	-	36,887	36,887
<b>Total deferred inflows of resources</b>	<u>596,623</u>	<u>-</u>	<u>-</u>	<u>36,887</u>	<u>633,510</u>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid expenditures	138,407	-	-	-	138,407
Other assets with WB Community Health	732,538	-	-	-	732,538
Restricted for:					
Education programs	-	479,388	-	2,306	481,694
Historical records preservation	-	-	-	67,364	67,364
Health and welfare programs	-	-	-	10,999	10,999
Public safety programs	-	-	-	15,848	15,848
Capital expenditures - Town	-	-	379,673	-	379,673
Capital expenditures - School	-	-	35,128	-	35,128
Other programs	10,574	-	-	4,373	14,947
Committed for:					
Student population change	258,500	-	-	-	258,500
Townhouse maintenance	-	-	-	11,046	11,046
Recycling programs	-	-	-	17,586	17,586
Open space and conservation	-	-	-	152,986	152,986
Capital expenditures	350,258	-	-	-	350,258
Revaluation	56,924	-	-	-	56,924
Foster reserve fund	1,189,983	-	-	-	1,189,983
Assigned for:					
2016 Budget	175,000	-	-	-	175,000
Recreation programs	9,767	-	-	-	9,767
Other programs	6,337	-	-	-	6,337
Unassigned	-	-	-	(8,242)	(8,242)
<b>Total fund balance</b>	<u>2,928,288</u>	<u>479,388</u>	<u>414,801</u>	<u>274,266</u>	<u>4,096,743</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 3,936,424</u>	<u>\$ 759,871</u>	<u>\$ 414,801</u>	<u>\$ 502,019</u>	<u>\$ 5,613,115</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, 2015*

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<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 4,096,743</b>
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
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.	7,064,481
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.	99,194
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.	562,739
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.	36,887
Long-term liabilities (including settlement payable, capital lease payable, compensated absences and net pension liabilities) 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)	(6,890,271)
Net pension assets and negative net other post employment benefit obligations are not available to pay for current period expenditures and, therefore are not reported in Governmental Funds financial statements.	598,817
Deferred pension amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:	
Deferred outflows of resources	535,219
Deferred inflows of resources	(757,777)
 <b>Net Position - Governmental Activities</b>	 <b><u>\$ 5,346,032</u></b>

*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, 2015*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
General property taxes	\$ 11,646,195	\$ -	\$ -	\$ -	\$ 11,646,195
Intergovernmental and departmental revenues	218,081	1,354,012	10,444	395,568	1,978,105
Licenses and permits	54,122	-	-	-	54,122
Building and zoning fees	25,401	-	-	-	25,401
Fines and interest on late payments	98,683	-	-	-	98,683
Interest on investments	2,321	-	541	235	3,097
Other revenues	46,246	78,671	-	50,725	175,642
<b>Total revenues</b>	<u>12,091,049</u>	<u>1,432,683</u>	<u>10,985</u>	<u>446,528</u>	<u>13,981,245</u>
<b>Expenditures</b>					
Current:					
Legislative, judicial and general administrative	304,883	-	-	13,089	317,972
Financial administration	254,178	-	-	-	254,178
Miscellaneous administration	258,285	-	-	-	258,285
Health and welfare	40,584	-	-	126,458	167,042
Public safety	1,483,870	-	-	21,206	1,505,076
Public works	1,093,994	-	-	2,145	1,096,139
Building and zoning	41,665	-	-	-	41,665
Planning	38,084	-	-	-	38,084
Conservation	809	-	-	-	809
Recreation	26,843	-	-	-	26,843
Education	4,454,326	4,394,316	-	206,997	9,055,639
Food services	-	-	-	76,051	76,051
Libraries	145,717	-	-	-	145,717
Land trust	2,402	-	-	-	2,402
Capital outlay	588,159	-	-	-	588,159
<b>Total expenditures</b>	<u>8,733,799</u>	<u>4,394,316</u>	<u>-</u>	<u>445,946</u>	<u>13,574,061</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<u>3,357,250</u>	<u>(2,961,633)</u>	<u>10,985</u>	<u>582</u>	<u>407,184</u>
<b>Other financing sources (uses)</b>					
Issuance of capital lease	124,285	-	-	-	124,285
Transfers from other funds	391,150	3,244,262	233,330	-	3,868,742
Transfers to other funds	(3,477,592)	-	(391,150)	-	(3,868,742)
<b>Total other financing sources (uses)</b>	<u>(2,962,157)</u>	<u>3,244,262</u>	<u>(157,820)</u>	<u>-</u>	<u>124,285</u>
<b>Net change in fund balance</b>	395,093	282,629	(146,835)	582	531,469
<b>Fund balances - beginning of year</b>	<u>2,533,195</u>	<u>196,759</u>	<u>561,636</u>	<u>273,684</u>	<u>3,565,274</u>
<b>Fund balances - end of year</b>	<u>\$ 2,928,288</u>	<u>\$ 479,388</u>	<u>\$ 414,801</u>	<u>\$ 274,266</u>	<u>\$ 4,096,743</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, 2015*

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<b><i>Net Changes in Fund Balances - Total Governmental Funds</i></b>	<b>\$ 531,469</b>
 <b><i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i></b>	
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.	502,572
Loss on disposal of capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, the loss on disposal of capital assets is not reported as an expenditure in the Governmental Funds financial statements.	(1,599)
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.	(370,994)
Capital asset contributions are reported in the Government-Wide Statement of Activities, but not in the Governmental Funds financial statements since they do not provide current financial resources.	261,805
Long-term compensated absences, settlement payables, net pension liabilities (assets) and negative net other post employment benefit (OPEB) obligation are reported in the Government-Wide financial statements, but do not require the use of current financial resources. Therefore, compensated absences, settlement payables, net pension liabilities (assets) and negative net OPEB obligation are not reported as expenditures in Governmental Funds financial statements.	
This amount represents the change in these long-term liabilities from the prior year.	(1,486,555)
Lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents the issuance of long-term debt.	(124,285)
This amount represents long-term debt payments.	43,864
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.	25,385
Revenues in the Government- Wide Statement of Activities that are not available are not reported as revenue in the Governmental Funds.	2,600
 <b><i>Change in Net Position of Governmental Activities</i></b>	 <b><u>\$ (615,738)</u></b>

*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, 2015*

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	<i>Other Post-Employment Benefits Trust Fund</i>	<i>Private- purpose Trusts Cemetery Fund</i>	<i>Agency Funds</i>
<b>Assets</b>			
Cash and cash equivalents	\$ 95,360	\$ 17,923	\$ 25,669
Accounts receivable	35,424	-	-
Due from other funds	-	150	-
Prepaid expenses	2,294	-	-
<b>Total assets</b>	<u>133,078</u>	<u>18,073</u>	<u>25,669</u>
<b>Liabilities</b>			
Accounts payable	1,871	-	-
Due to other funds	-	-	20,834
Deposits held in custody for others	-	-	4,835
<b>Total liabilities</b>	<u>1,871</u>	<u>-</u>	<u>25,669</u>
<b>Net Position</b>			
Restricted for post employment benefits and other purposes	<u>\$ 131,207</u>	<u>\$ 18,073</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, 2015*

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	<b><i>Other Post-Employment Benefits Trust Fund</i></b>	<b><i>Private- purpose Trusts Cemetery Fund</i></b>
<b><i>Additions</i></b>		
Contributions:		
Employer	\$ 84,957	\$ -
Plan members	<u>17,350</u>	<u>-</u>
Total contributions	<u>102,307</u>	<u>-</u>
Investment earnings:		
Interest and dividends	<u>77</u>	<u>18</u>
Total investment earnings	<u>77</u>	<u>18</u>
Other revenue	<u>-</u>	<u>4,350</u>
<b><i>Total additions</i></b>	<b><u>102,384</u></b>	<b><u>4,368</u></b>
<b><i>Deductions</i></b>		
Benefits	62,958	-
Other	<u>-</u>	<u>4,200</u>
<b><i>Total deductions</i></b>	<b><u>62,958</u></b>	<b><u>4,200</u></b>
<b><i>Change in net position</i></b>	<b>39,426</b>	<b>168</b>
<b><i>Net position - beginning of year</i></b>	<b><u>91,781</u></b>	<b><u>17,905</u></b>
<b><i>Net position - end of year</i></b>	<b><u>\$ 131,207</u></b>	<b><u>\$ 18,073</u></b>

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

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2015*

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, 2015*

## **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, 2015 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, 2015 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, 2015*

### **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, 2015*

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. 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.

The adoption of GASB statement No. 69 did not have an impact on the Town’s financial position or results of operations. However, the adoption of GASB Statement Nos. 68 and 71 for the Town’s Pension Plans resulted in a restatement of net position in the Government-Wide Financial Statements of (\$4,670,578) as discussed in Note 14.

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

- GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Town’s fiscal year ending June 30, 2016.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for the Town’s fiscal years ending June 30, 2016 and June 30, 2017.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2015*

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Town’s fiscal year ending June 30, 2018.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Town’s fiscal year ending June 30, 2016.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Town’s fiscal year ending June 30, 2017.

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.

### **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.

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

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.

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 OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are 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 outflows of resources and deferred inflows of resources are reported for amounts related to the Town's pension plans that will be amortized as a component of pension expense in future years.

## **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.

## ***TOWN OF FOSTER, RHODE ISLAND***

*Notes to Financial Statements*

*June 30, 2015*

### **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, 2015.

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 DEBT**

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. PENSIONS**

For the purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Rhode Island, Teachers' Survivor Benefit and Municipal Employees' Retirement System plans and the additions to/ deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **N. USE OF 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

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

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 \$16,379,578. As of June 30, 2015, the Town’s debt is under the limit by \$16,379,578.

**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, 2015:

School Lunch	\$(8,242)
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**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	\$3,302,266	\$168,686
Add: Petty Cash	700	-
<b><i>Total Cash and Cash Equivalents Reported in the Financial Statements</i></b>	<b><i>\$3,302,966</i></b>	<b><i>\$168,686</i></b>

**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, 2015, \$2,912,483 of the Town’s bank balance of \$3,701,084 was exposed to custodial credit risk as follows:

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

	<b><i>Primary Government</i></b>	<b><i>Component Unit</i></b>
	<b><i>Bank</i></b>	<b><i>Bank</i></b>
	<b><u><i>Balance</i></u></b>	<b><u><i>Balance</i></u></b>
Insured (Federal depository insurance funds)	\$ 788,601	\$ -
Collateralized with securities held by pledging financial institution or its agent not in the Town's name	2,548,404	168,686
Uninsured and uncollateralized	195,393	-
<b><i>Total</i></b>	<b><u><u>\$3,532,398</u></u></b>	<b><u><u>\$168,686</u></u></b>

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.

**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, 2015, the Town had the following investments:

<b><u><i>Investment</i></u></b>	<b><u><i>Maturity</i></u></b>	<b><u><i>Component Unit Fair Value</i></u></b>	<b><u><i>Rating</i></u></b>
RI Health and Educational Building Corporation Revenue Bonds 2006A	05/15/2032	\$10,209	Moody's - A2, S&P-AA
RI Health and Educational Building Corporation Revenue Bonds 2012	11/01/41	5,482	Moody's - A2, S&P-A
Rhode Island Student Loan Authority Revenue Bonds 2010B	12/01/2024	10,392	Moody's - N/A, S&P-A+
Town of Coventry, RI General Obligation Bonds - 2012	04/01/2025	5,206	Moody's - A1, S&P-N/A
	Average maturity		
Mutual Funds Fixed Income	21.95 years	4,857	Average BB
<b><i>Total Investments reported in the Financial Statements</i></b>		<b><u><u>\$36,146</u></u></b>	

## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

**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.

### **NOTE 5 – INTER-FUND TRANSACTIONS**

Inter-fund receivable and payable balances at June 30, 2015 are as follows:

<u><b>Due To:</b></u>	<u><b>Due From:</b></u>				<u><b>Total</b></u>
	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>	<u><b>Other Governmental Funds</b></u>	<u><b>Agency Funds</b></u>	
<b>Governmental activities:</b>					
General	\$ -	\$ -	\$ 52,048	\$ 20,834	\$ 72,882
School Unrestricted	140,129	-	110,739	-	250,868
Other Governmental Funds	26,615	2,306	-	-	28,921
Private Purpose Trust Funds	150	-	-	-	150
<b>Total</b>	<u>\$ 166,894</u>	<u>\$ 2,306</u>	<u>\$ 162,787</u>	<u>\$ 20,834</u>	<u>\$ 352,821</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, 2015 are as follows:

<u><b>Transfer To:</b></u>	<u><b>Transfer From:</b></u>		<u><b>Total</b></u>
	<u><b>General Fund</b></u>	<u><b>Capital Projects Fund</b></u>	
General	\$ -	\$ 391,150	\$ 391,150
School Unrestricted	3,244,262	-	3,244,262
Capital Project Fund	233,330	-	233,330
<b>Total</b>	<u>\$ 3,477,592</u>	<u>\$ 391,150</u>	<u>\$ 3,868,742</u>



# TOWN OF FOSTER, RHODE ISLAND

## Notes to Financial Statements

June 30, 2015

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 \$3,244,262 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.

### NOTE 6 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Primary Government -</b>				
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 161,199	\$ -	\$ -	\$ 161,199
<b>Total nondepreciable assets</b>	<u>161,199</u>	<u>-</u>	<u>-</u>	<u>161,199</u>
Depreciable assets:				
Land improvements	191,866	-	-	191,866
Buildings and improvements	4,385,640	58,355	-	4,443,995
Motor vehicles	2,836,434	243,147	36,933	3,042,648
Machinery and equipment	760,046	285,225	54,934	990,337
Infrastructure - roads and bridges	7,979,387	177,650	-	8,157,037
<b>Total capital assets</b>	<u>16,314,572</u>	<u>764,377</u>	<u>91,867</u>	<u>16,987,082</u>
Less accumulated depreciation for:				
Land improvements	168,217	3,508	-	171,725
Buildings and improvements	2,384,162	104,106	-	2,488,268
Motor vehicles	2,395,205	95,270	35,334	2,455,141
Machinery and equipment	666,781	36,717	54,934	648,564
Infrastructure - roads and bridges	4,027,510	131,393	-	4,158,903
<b>Total accumulated depreciation</b>	<u>9,641,875</u>	<u>370,994</u>	<u>90,268</u>	<u>9,922,601</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 6,672,697</u>	<u>\$ 393,383</u>	<u>\$ 1,599</u>	<u>\$ 7,064,481</u>
<b>Component Unit:</b>				
Nondepreciable assets:				
Land	\$ 1,936,555	\$ -	\$ -	\$ 1,936,555
<b>Total nondepreciable assets</b>	<u>1,936,555</u>	<u>-</u>	<u>-</u>	<u>1,936,555</u>
<b>Component unit capital assets, net</b>	<u>\$ 1,936,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,555</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
Legislative	\$ 139,792
Health and Welfare	330
Public education	76,153
Public safety	97,344
Public works	56,614
Recreation	761
<b>Total governmental activities depreciation expense</b>	<u>\$ 370,994</u>

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

**NOTE 7 – LONG-TERM LIABILITIES**

**A. LONG -TERM LIABILITIES**

Long term liabilities for the year ended June 30, 2015 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	\$ -	124,285	43,864	80,421	39,039
Accrued compensated absences	347,473	109,795	84,071	373,197	60,305
Settlement payable	-	1,604,528	-	1,604,528	168,702
Net pension liabilities	5,461,661	-	629,536	4,832,125	-
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$5,809,134</u>	<u>\$ 1,838,608</u>	<u>\$ 757,471</u>	<u>\$6,890,271</u>	<u>\$ 268,046</u>

Payments on the capital leases and settlement payable are made from the General Fund. Accrued compensated absences and net pension liabilities are paid from the General Fund and School Unrestricted Fund.

**B. CAPITAL LEASE COMMITMENTS**

The Town acquired vehicles valued at \$124,285 that were financed with lease purchase agreements. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2015.

Obligations of Governmental Activities under capital leases as of June 30, 2015 were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities Lease Payment Requirements</u>
2016	\$ 43,864
2017	43,864
Total minimum lease payments	87,728
Less: Amount representing interest cost	<u>(7,307)</u>
Present value of minimum lease payments	<u>\$ 80,421</u>

# TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2015

## C. SETTLEMENT PAYABLE

The Providence Water Supply Board (PWSB) had filed tax appeals with the Town for both the tax classification and valuation of their watershed property. The Town entered into an agreement with PWSB on June 15, 2015 regarding this tax appeal. The Town and PWSB acknowledge and agree that PWSB has paid timely all of its real estate and personal property taxes to the Town for the tax years 2003-2014. The Town and PWSB have agreed to resolve all pending tax challenges by the PWSB for said tax years including, but not limited to, a final resolution of any and all administrative appeals and challenges of the tax classification and valuations. The parties agreed to a recalculation and reduction of taxes for the tax years 2003-2014 by granting the PWSB a reduction from the real estate taxes actually paid each year, resulting in a cumulative refund due to PWSB of \$1,604,528. The term of the settlement agreement is ten (10) years beginning with tax year 2015. The agreement includes an annual interest rate of the ‘Prime Rate’, adjusted annually with each change in the Prime Rate, which will be applied to the refund amount until paid in full.

## NOTE 8 – TRANSCATIONS WITH THE FOSTER LAND TRUST

For the year ended June 30, 2015, the Town’s General Fund reported the following balances related to the Foster Land Trust:

Due to Foster Land Trust \$3,519

## 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.

### B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<i>Governmental activities</i>				
General	\$ 88,192	\$ 76,847	\$ 2,337	\$ 167,376
School Unrestricted	230,955	47,222	-	278,177
Other Governmental Funds	28,079	-	-	28,079
<b>Total</b>	<u>\$ 347,226</u>	<u>\$ 124,069</u>	<u>\$ 2,337</u>	<u>\$ 473,632</u>

# **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

## **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, deposits with WB Community Health).

***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.

***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 the annual Financial Town Meeting or an ordinance adopted by the Town Council.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2015*

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, 2015 was \$4,521,128. 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 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.

**TOWN OF FOSTER, RHODE ISLAND**

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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 \$73,873 reported in the General Fund at June 30, 2015 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.

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

	<i><b>Beginning Fiscal Year Liability</b></i>	<i><b>Current Year Claims and Changes In Estimate</b></i>	<i><b>Claims Payments</b></i>	<i><b>Balance Fiscal Year End</b></i>
2013-2014	\$141,827	\$682,189	770,026	\$53,990
2014-2015	\$53,990	\$666,786	646,903	\$73,873

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

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**NOTE 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

**A. LITIGATION**

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. The audit of these programs through the year ended June 30, 2015 were audited in connection in the accompanying financial statements under the Single Audit concept and the auditor’s reports thereon are presented in the Single Audit Section of this report. 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 – RESTATEMENTS**

The net position of the Governmental Activities has been restated to reflect adjustments related to the adoption of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date –an amendment of GASB Statement No. 68”, in fiscal year 2015.

	<i>Governmental Activities</i>
Net position, June 30, 2014, as previously reported	\$ 10,632,348
Adoption GASB Statement No. 68 and No. 71	(4,670,578)
<i>Net position June 30, 2014, as restated</i>	<u><u>\$ 5,961,770</u></u>

**TOWN OF FOSTER, RHODE ISLAND**

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**NOTE 15 – 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 16. 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 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 if hired before July 1, 2006. Employees hired after 7/1/2006 are eligible at age 55 with 25 years of service. The Town pays 40% of individual or family medical until the retiree is Medicare eligible.
- 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 10 years of service. The Town pays 100% of individual medical and dental until the retiree attains the age of 65.
- 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>
<b>Total</b>	<b><u>62</u></b>



# **TOWN OF FOSTER, RHODE ISLAND**

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## ***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, 2015, 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, 2015, the Town contributed \$84,957 to the plan.

## ***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)	\$ 27,178
Interest on net OPEB obligation	(2,841)
Adjustment to annual required contribution	3,026
Annual OPEB cost (expense)	<u>27,363</u>
Contributions made	<u>(84,957)</u>
Decrease in net OPEB obligation	<u>(57,594)</u>
Net OPEB obligation – beginning of year	<u>(71,015)</u>
Negative net OPEB obligation – end of year	<u><u>\$(128,609)</u></u>

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

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The Town's contribution to the plan was \$84,957, which is 313% 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, 2013	\$ 29,601	320.3%	\$ (24,242)
June 30, 2014	28,382	264.8%	(71,015)
June 30, 2015	27,363	310.5%	(128,609)

### ***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	408,554
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.

# **TOWN OF FOSTER, RHODE ISLAND**

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The annual required contribution for the fiscal 2015 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.

### **NOTE 16 – PENSION PLANS**

#### ***A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND PLANS***

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**

##### **General Information about the Pension Plan**

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

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

***Benefit Provisions*** – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members

## **TOWN OF FOSTER, RHODE ISLAND**

### *Notes to Financial Statements*

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eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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

**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, Foster School Department teachers were required to contribute 3.75% of their annual covered salary. The State and the Foster School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the Foster School Department; the rates were 9.19% and 13.41% of annual covered payroll for the fiscal year ended June 30, 2015 for the State and Foster School Department, respectively. The Foster School Department contributed \$247,872, \$238,949 and \$200,160 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$161,828 for fiscal year 2015 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

At June 30, 2015, the Foster School Department reported a liability of \$3,064,028 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Foster School Department as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Foster School Department were as follows:

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### *Notes to Financial Statements*

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Foster School Department's proportionate share of the net pension liability	\$3,064,028
State's proportionate share of the net pension liability associated with the Foster School Department	<u>2,101,145</u>
Total net pension liability	<u>\$5,165,173</u>

The net pension liability was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Foster School Department's proportion of the net pension liability was based on a projection of the Foster School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2014 the Foster School Department's proportion was .12588445%.

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

# **TOWN OF FOSTER, RHODE ISLAND**

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These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%

For the year ended June 30, 2015, the Foster School Department recognized in the Government-Wide financial statements gross pension expense of \$359,063 and revenue of \$146,063 for support provided by the State. At June 30, 2015, the Foster School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	<u>\$247,872</u>
Deferred inflows of resources:	
Change of assumptions	\$108,534
Net difference between projected and actual earnings on pension plan investments	
	<u>263,846</u>
Total	<u>\$372,380</u>

\$247,872 reported as deferred outflows of resources related to pensions resulting from the Foster School Department contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(81,328)
2017	\$(81,328)
2018	\$(81,328)
2019	\$(81,328)
2020	\$(15,367)
thereafter	\$(31,701)

## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission’s investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

# TOWN OF FOSTER, RHODE ISLAND

## Notes to Financial Statements

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These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Current Discount	
1.00% Decrease	Rate	1.00 Increase
(6.5%)	(7.5%)	(8.5%)
\$3,837,316	\$3,064,028	\$2,274,872

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

### **Defined Contribution Plan**

#### ***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 (System). Employees may choose among various investment options available to plan participants.

Employees contribute 7% of their annual covered salary and employers contribute 3% of annual covered salary. The employer contribution is split between the State and the school department. For fiscal 2015, the total employer rate of 3% was split as follows: 0.40% State share and 2.60%



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local share. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

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

The Foster School Department recognized pension expense of \$54,385 and employees contributed \$126,898 for the fiscal year ended June 30, 2015. For financial reporting purposes, the State's share of contributions totaling \$7,252 for fiscal year 2015 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

## **B. TEACHERS' SURVIVOR BENEFIT PLAN**

### **General Information about the Pension Plan**

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

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

***Eligibility and Plan Benefits*** - The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit are subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse

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shall be entitled to benefits upon attaining the age of sixty (60) years. Children’s benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member’s death. Family benefits are provided if at the time of the member’s death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member’s wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

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

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

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

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

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

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

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

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pension benefits.

The Foster School Department contributed \$2,688, \$2,698, and \$2,150 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

**Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2015 the Foster School Department reported an asset of \$470,207 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Foster School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014 the Foster School Department's proportion was 0.37822090%

For the year ended June 30, 2015 the Foster School Department recognized pension expense of (\$36,245) – an increase in the net pension asset. At June 30, 2015 the Foster School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	<u>\$2,688</u>
Deferred inflows of resources:	
Net difference between projected and actual earnings on pension plan investments	<u>\$61,537</u>

## **TOWN OF FOSTER, RHODE ISLAND**

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\$2,688 reported as deferred outflows of resources related to pensions resulting from the Foster School Department's contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(15,384)
2017	\$(15,384)
2018	\$(15,384)
2019	\$(15,385)

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

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

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

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate** - The following presents the net pension asset calculated using the discount rate of 7.5 percent as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease	Current Discount Rate	1.00 Increase
<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
\$402,961	\$470,207	\$537,444

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

### **C. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND PLANS**

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 Plans**

##### **General Information about the Pension Plan**

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

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

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

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

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

## **TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

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

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

The plan also provides survivor's benefits and certain lump sum death benefits.

Plan members are vested after five years of service.

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

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

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

**Employees Covered by Benefit Terms** - At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries Inactive, Nonretired	23	9
Members	25	2
Active Members	34	9
Total	<u>82</u>	<u>20</u>

## ***TOWN OF FOSTER, RHODE ISLAND***

*Notes to Financial Statements*

*June 30, 2015*

**Contributions** - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 1% of their salaries. Police officers are required to contribute 7% of their salaries. The Town of Foster contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Foster contributed the following amounts in the year ended June 30, 2015: general employees plan - \$121,955 and police officers plan - \$122,679. The Town's contributions represented the following percentages of annual covered payroll: general employees plan – 10.42%; police officers plan – 32.90%.

**Net Pension Liability** - The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.



**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

<b>Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2014 Measurement Date (June 30, 2013 valuation rolled forward to June 30, 2014)</b>	
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	21 years at June 30, 2014
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police Officers - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> <li>• Male Employees, MERS General and MERS Police: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.</li> <li>• Female Employees, MERS General and MERS Police: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.</li> </ul>
Cost of Living Adjustments	COLA is 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 latter of Social Security eligibility age or 3 years after retirement except for MERS Police for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014.

## **TOWN OF FOSTER, RHODE ISLAND**

### *Notes to Financial Statements*

*June 30, 2015*

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	<hr/> 100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

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

# TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2015

## General Employees Plan Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2013	\$3,693,568	\$3,031,574	\$661,994
Changes for the Year:			
Service cost	105,659		105,659
Interest on the total pension liability	273,238		273,238
Changes in benefits			
Difference between expected and actual experience			
Changes in assumptions	53,322		53,322
Employer contributions		124,478	(124,478)
Employee contributions		11,409	(11,409)
Net investment income		451,654	(451,654)
Benefit payments, including employee refunds	(206,446)	(206,446)	
Administrative expense		(2,828)	2,828
Other changes		(18,760)	18,760
Net changes	225,773	359,507	(133,734)
<b>Balances as of June 30, 2014</b>	<b>\$3,919,341</b>	<b>\$3,391,081</b>	<b>\$528,260</b>

## Police Officers Plan Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2013	\$3,753,507	\$2,425,129	\$1,328,378
Changes for the Year:			
Service cost	69,914		69,914
Interest on the total pension liability	272,971		272,971
Changes in benefits			
Difference between expected and actual experience			
Changes in assumptions	(10,714)		(10,714)
Employer contributions		46,299	(46,299)
Employee contributions		31,684	(31,684)
Net investment income		339,383	(339,383)
Benefit payments, including employee refunds	(297,710)	(297,710)	
Administrative expense		(2,125)	2,125
Other changes		5,471	(5,471)
Net changes	34,461	123,002	(88,541)
<b>Balances as of June 30, 2014</b>	<b>\$3,787,968</b>	<b>\$2,548,131</b>	<b>\$1,239,837</b>

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2015*

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. Actuarial analyses of the pension settlement provisions enacted by the General Assembly and approved by the Court for each MERS employer unit as of June 30, 2014 are available at the ERSRI's website at <http://www.ersri.org>.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the employer calculated using the discount rate of 7.5 percent, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

<b>Plan</b>	<b>1.00% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
General Employees	\$941,614	\$528,260	\$114,907
Police Officers	\$1,649,521	\$1,239,837	\$830,153

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2015, the Town recognized pension expense as follows: general employees plan - \$132,912; and police officers plan - \$99,425. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>General Employees Plan</b>	<b>Police Officers Plan</b>
<b>Deferred Outflows of Resources:</b>		
Assumption changes	40,025	\$ -
Contributions subsequent to the measurement date	121,955	122,679
<b>Total</b>	<b>\$161,980</b>	<b>\$ 122,679</b>
 <b>Deferred Inflows of Resources:</b>		
Assumption changes	\$ -	\$ 9,177
Net difference between projected and actual investment earnings	182,193	132,490
<b>Total</b>	<b>\$182,193</b>	<b>\$141,667</b>

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows/ (inflows) of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>	
	<b>General Employees Plan</b>	<b>Police Officers Plan</b>
2016	\$ (32,251)	\$ (34,660)
2017	(32,251)	(34,660)
2018	(32,251)	(34,660)
2019	(45,415)	(34,658)
2020	-	(1,537)
Thereafter	-	(1,492)

## ***TOWN OF FOSTER, RHODE ISLAND***

*Notes to Financial Statements*

*June 30, 2015*

### **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.

General employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

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

The Town of Foster recognized pension expense of \$11,704 and employees contributed \$58,520 for the fiscal year ended June 30, 2015.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

**TOWN OF FOSTER, RHODE ISLAND**

*Notes to Financial Statements*

*June 30, 2015*

**D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS**

	<b>Deferred Outflows of Resources – Pension Amounts</b>	<b>Deferred Inflows of Resources – Pension Amounts</b>	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>	<b>Pension Expense</b>
Employees' Retirement System Plan	\$247,872	\$372,380	\$ -	\$3,064,028	\$359,063
Teachers' Survivor Benefits Plan	2,688	61,537	470,207	-	(36,245)
General Employees Plan	161,980	182,193	-	528,260	132,912
Police Officers Plan	<u>122,679</u>	<u>141,667</u>	<u>-</u>	<u>1,239,837</u>	<u>99,425</u>
Total	<u>\$535,219</u>	<u>\$757,777</u>	<u>\$470,207</u>	<u>\$4,832,125</u>	<u>\$555,155</u>

## 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 the Town's Proportionate Share of the Net Pension Liability*

*Schedule of Changes in the Net Pension Liability and Related Ratios – Pension Plans*

*Schedule of Town Contributions – Pension Plans and other Post-Employment Benefit Plan*

*Schedule of Funding Progress – 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, 2015*

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Real estate and personal property tax	\$ 11,553,761	\$ 11,553,761	\$ 11,646,195	\$ 92,434
Tax exemption 45-13-51	372	372	431	59
Hotel tax	16,105	16,105	16,163	58
Motor vehicle excise phase-out	55,664	55,664	57,184	1,520
Public utilities sharing	57,295	57,295	57,271	(24)
Incentive aid	21,699	21,699	21,699	-
Licenses and permits	60,000	60,000	54,122	(5,878)
Building and zoning fees	27,000	27,000	25,401	(1,599)
Fines and interest on late payments	70,000	70,000	98,683	28,683
Interest on investments	1,500	1,500	2,304	804
Land trust	2,630	2,630	2,403	(227)
FEMA reimbursement	-	-	54,327	54,327
Other revenues	33,800	33,800	43,843	10,043
<b>Total revenues</b>	<u>11,899,826</u>	<u>11,899,826</u>	<u>12,080,026</u>	<u>180,200</u>
<b><u>Other Financing Sources</u></b>				
Transfer from capital projects fund	391,150	391,150	391,150	-
<b>Total other financing sources</b>	<u>391,150</u>	<u>391,150</u>	<u>391,150</u>	<u>-</u>
<b>Total revenues and other financing sources</b>	<u>\$ 12,290,976</u>	<u>\$ 12,290,976</u>	<u>\$ 12,471,176</u>	<u>\$ 180,200</u>
<b><u>Expenditures</u></b>				
<b><i>Legislative, Judicial and General</i></b>				
<b><i>Administrative</i></b>				
Salaries	\$ 211,693	\$ 211,693	\$ 212,501	\$ (808)
Benefits	92,084	92,084	72,174	19,910
Unemployment compensation	-	-	3,527	(3,527)
Town council expenses	850	850	1,549	(699)
Town clerk expenses	3,400	3,400	8,457	(5,057)
Board of canvassers expenses	1,262	1,262	4,101	(2,839)
Election expenses	7,000	7,000	7,068	(68)
Education expense	1,500	1,500	475	1,025
Equipment	3,000	3,000	1,901	1,099
Sealer of weights and measures	200	200	98	102
<b>Total legislative, judicial and general administrative</b>	<u>320,989</u>	<u>320,989</u>	<u>311,851</u>	<u>9,138</u>

*(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, 2015*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b><i>Finance Administration</i></b>				
Finance salaries	135,607	135,607	136,259	(652)
Finance benefits	47,021	47,021	46,651	370
Finance department education	1,000	1,000	1,142	(142)
Finance department office expenses	2,500	2,500	3,604	(1,104)
Finance computer and support	4,195	4,195	3,695	500
Tax collector's postage/advertising	3,000	3,000	2,420	580
Assessor's salary	28,857	28,857	28,898	(41)
Assessor's benefits	5,543	5,543	5,548	(5)
Assessment review board	306	306	306	-
Revaluation expense	31,000	31,000	31,000	-
Assessor's education expense	450	450	505	(55)
Assessor's office supplies	2,375	2,375	2,235	140
Assessor's postage/tax bills	5,000	5,000	4,935	65
Assessor's computer and support	6,000	6,000	5,125	875
Federal/state grant revenue	-	-	(1,461)	1,461
<b><i>Total finance administration</i></b>	<b><u>272,854</u></b>	<b><u>272,854</u></b>	<b><u>270,862</u></b>	<b><u>1,992</u></b>
<b><i>Miscellaneous Administration</i></b>				
Audit	14,000	14,000	12,980	1,020
Electric	25,000	25,000	25,612	(612)
Heating fuel	22,000	22,000	14,312	7,688
Telephone	19,000	19,000	19,801	(801)
Purchased services/contract	32,725	32,725	36,522	(3,797)
Contingency	45,000	45,000	41,474	3,526
OPEB actuarial valuation	2,500	2,500	2,450	50
OPEB transfer/funding	18,029	18,029	18,029	-
Transfer-cemetery trust	4,350	4,350	4,350	-
Health care taxes & fees	1,000	1,000	133	867
Casualty and liability insurance	95,000	95,000	90,541	4,459
<b><i>Total miscellaneous administration</i></b>	<b><u>278,604</u></b>	<b><u>278,604</u></b>	<b><u>266,204</u></b>	<b><u>12,400</u></b>
<b><i>Health and Welfare</i></b>				
Human service salary	17,850	17,850	17,901	(51)
Benefits	3,444	3,444	3,465	(21)
Office expense	650	650	534	116
Gateway	3,250	3,250	3,250	-
Comprehensive Community Action	12,000	12,000	12,000	-
CAST	2,834	2,834	2,834	-
Northern RI Cooperative	300	300	300	-
Wildlife rehabilitators	300	300	300	-
<b><i>Total health and welfare</i></b>	<b><u>40,628</u></b>	<b><u>40,628</u></b>	<b><u>40,584</u></b>	<b><u>44</u></b>

*(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, 2015*

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety</b>				
Police salaries	582,394	582,394	527,104	55,290
Dispatchers salaries	209,280	209,280	208,245	1,035
Police/dispatchers - benefits	357,740	357,740	310,908	46,832
Unemployment compensation	-	-	3,732	(3,732)
Police - fuel and lube oil	35,000	35,000	28,198	6,802
Police - tires	2,000	2,000	1,809	191
Police - parts and repairs	10,000	10,000	4,998	5,002
Police radio maintenance	2,000	2,000	247	1,753
Police department operations	8,200	8,200	7,671	529
Police - computer services	19,500	19,500	29,037	(9,537)
Police uniforms	17,500	17,500	22,663	(5,163)
Police office expense	3,500	3,500	3,606	(106)
Police education allowance	5,000	5,000	3,377	1,623
Police new equipment	8,500	8,500	32,055	(23,555)
Foster Ambulance Corps	66,600	66,600	66,600	-
South Foster Fire Company	61,925	61,925	61,925	-
Foster Center Fire Company	59,100	59,100	59,100	-
Moosup Valley Fire Company	61,075	61,075	61,075	-
Ambulance Corp. stipend	23,000	23,000	23,000	-
Public safety training	10,000	10,000	9,733	267
Engineering board	2,500	2,500	171	2,329
FTM Increase	1,000	1,000	1,000	-
Dog Officer - salary	15,914	15,914	15,975	(61)
Dog Officer - fuel and lube oil	2,000	2,000	-	2,000
Dog Officer - parts and repairs	2,000	2,000	-	2,000
Dog Officer - benefits	6,108	6,108	5,957	151
Dog Officer - uniforms	500	500	250	250
Pound fees	10,000	10,000	10,000	-
<b>Total public safety</b>	<b>1,582,336</b>	<b>1,582,336</b>	<b>1,498,436</b>	<b>83,900</b>
<b>Public Works</b>				
Salaries	338,112	338,112	334,164	3,948
Benefits	170,774	170,774	168,718	2,056
Unemployment compensation	11,320	11,320	5,514	5,806
Professional services	7,000	7,000	8,822	(1,822)
Uniforms	6,400	6,400	6,286	114
Fuel and oil	60,000	60,000	31,046	28,954
Parts and repairs	65,000	65,000	65,566	(566)
Tires	8,000	8,000	1,750	6,250
Grader and plow blades	4,000	4,000	618	3,382
Sand and salt	60,000	60,000	84,978	(24,978)
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, 2015*

	<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	4,167	833
Welding	2,000	2,000	1,282	718
Rental equipment	500	500	-	500
Safety	750	750	294	456
Radio repairs	1,000	1,000	249	751
Bridge Repairs	6,000	6,000	-	6,000
Office supplies	1,000	1,000	3,364	(2,364)
Gravel	35,000	35,000	37,677	(2,677)
Buildings and grounds	45,000	45,000	61,783	(16,783)
Equipment	3,500	3,500	1,545	1,955
Pea Stone	4,000	4,000	3,168	832
Pipe	4,000	4,000	636	3,364
Road signs	1,500	1,500	258	1,242
Other road material	1,000	1,000	-	1,000
Department operation expense	2,000	2,000	603	1,397
RI Resource Recovery	70,000	70,000	59,253	10,747
Disposal	219,300	219,300	219,300	-
Recycling program	1,500	1,500	-	1,500
Special project - contract	-	-	(8,929)	8,929
Special project	-	-	6,850	(6,850)
<b><i>Total public works</i></b>	<b><u>1,143,656</u></b>	<b><u>1,143,656</u></b>	<b><u>1,098,962</u></b>	<b><u>44,694</u></b>
<b><i>Building and Zoning</i></b>				
Salaries	34,655	34,655	27,931	6,724
Benefits	5,543	5,543	3,681	1,862
Consultant	2,000	2,000	3,400	(1,400)
Education expenses	1,200	1,200	571	629
Travel	1,800	1,800	690	1,110
Computer support	2,000	2,000	3,750	(1,750)
Zoning board	500	500	400	100
Office expenses	750	750	1,242	(492)
<b><i>Total building and zoning</i></b>	<b><u>48,448</u></b>	<b><u>48,448</u></b>	<b><u>41,665</u></b>	<b><u>6,783</u></b>
<b><i>Planning</i></b>				
Salaries	29,899	29,899	23,510	6,389
Benefits	5,742	5,742	4,314	1,428
Education expense	550	550	-	550
Advertising/fees	500	500	171	329
Professional services	-	-	7,250	(7,250)
Office expenses	1,000	1,000	389	611
Computer software	1,000	1,000	2,450	(1,450)
<b><i>Total planning</i></b>	<b><u>38,691</u></b>	<b><u>38,691</u></b>	<b><u>38,084</u></b>	<b><u>607</u></b>
<b><i>Conservation</i></b>				
Conservation commission	1,425	1,425	809	616
<b><i>Total conservation</i></b>	<b><u>1,425</u></b>	<b><u>1,425</u></b>	<b><u>809</u></b>	<b><u>616</u></b>

*(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, 2015*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b>Recreation</b>				
Salaries	1,428	1,428	1,428	-
Travel	200	200	200	-
Mailing and advertising	500	500	655	(155)
Maintenance and repairs	4,100	4,100	3,538	562
Equipment and rental	1,800	1,800	4,926	(3,126)
Sports/activities	13,800	13,800	11,380	2,420
Memorial Day parade	300	300	-	300
Senior citizens	3,000	3,000	3,000	-
<b>Total recreation</b>	<b>25,128</b>	<b>25,128</b>	<b>25,127</b>	<b>1</b>
<b>School</b>				
Regional operations	3,826,630	3,826,630	3,826,630	-
Regional debt service	694,498	694,498	694,498	-
<b>Total school</b>	<b>4,521,128</b>	<b>4,521,128</b>	<b>4,521,128</b>	<b>-</b>
<b>Libraries</b>				
Libraries of Foster	145,717	145,717	145,717	-
<b>Total libraries</b>	<b>145,717</b>	<b>145,717</b>	<b>145,717</b>	<b>-</b>
<b>Land Trust</b>				
Land trust expenditures	2,630	2,630	2,402	228
<b>Total land trust</b>	<b>2,630</b>	<b>2,630</b>	<b>2,402</b>	<b>228</b>
<b>Capital Expenditures</b>				
Police	42,650	42,650	42,650	-
Public works equipment	175,000	175,000	175,000	-
Public works bridges	267,000	267,000	177,650	89,350
Engineering board	112,500	112,500	112,500	-
Isaac Paine School	61,000	61,000	61,000	-
Use of surplus for capital	(267,000)	(267,000)	(177,650)	(89,350)
<b>Total capital expenditures</b>	<b>391,150</b>	<b>391,150</b>	<b>391,150</b>	<b>-</b>
<b>Total expenditures</b>	<b>8,813,384</b>	<b>8,813,384</b>	<b>8,652,981</b>	<b>160,403</b>
<b>Other Financing Uses</b>				
Transfer to school department fund	3,244,262	3,244,262	3,244,262	-
Transfer to capital projects fund	233,330	233,330	233,330	-
<b>Total other financing uses</b>	<b>3,477,592</b>	<b>3,477,592</b>	<b>3,477,592</b>	<b>-</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 12,290,976</b>	<b>\$ 12,290,976</b>	<b>\$ 12,130,573</b>	<b>\$ 160,403</b>

*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, 2015*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<b>Revenues</b>				
State aid	\$ 1,181,188	\$ 1,181,188	\$ 1,184,932	\$ 3,744
Other revenues	50,000	50,000	78,671	28,671
<b>Total revenues</b>	1,231,188	1,231,188	1,263,603	32,415
<b>Expenditures</b>				
Education	4,475,450	4,475,450	4,225,236	250,214
<b>Total expenditures</b>	4,475,450	4,475,450	4,225,236	250,214
<b>Deficiency of revenues under expenditures before other financing sources</b>	(3,244,262)	(3,244,262)	(2,961,633)	282,629
<b>Other financing sources</b>				
Town appropriation	3,244,262	3,244,262	3,244,262	-
<b>Total other financing sources</b>	3,244,262	3,244,262	3,244,262	-
<b>Excess of revenues and other financing sources over expenditures</b>	\$ -	\$ -	282,629	\$ 282,629
<b>Fund balance - beginning of year</b>			196,759	
<b>Fund balance - end of year</b>			\$ 479,388	

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

**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information**  
**Employees' Retirement System Pension Plan**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2015</u>
Town's proportion of the net pension liability	0.12588445%
Town's proportionate share of the net pension liability	\$ 3,064,028
State's proportionate share of the net pension liability associated with the Town	<u>2,101,145</u>
Total	<u>\$ 5,165,173</u>
Town's covered-employee payroll	\$ 1,916,706
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.86%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information**  
**Teachers' Survivor Benefit Pension Plan**  
**Schedule of the Town's Proportionate Share of the Net Pension Asset (1)**  
**"Unaudited"**

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<i>Fiscal Year</i>	<u>2015</u>
Town's proportion of the net pension asset	0.37822090%
Town's proportionate share of the net pension asset	\$ 470,207
Town's covered-employee payroll	\$ 1,916,706
Town's proportionate share of the net pension asset as a percentage of its covered-employee payroll	24.53%
Plan fiduciary net position as a percentage of the total pension liability	173.30%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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



**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information**  
**General Employees Pension Plan**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2015</u>
<b>Total pension liability:</b>	
Service cost	\$ 105,659
Interest	273,238
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	53,322
Benefits payments, including refunds of member contributions	<u>(206,446)</u>
<b>Net change in total pension liability</b>	<b>225,773</b>
<b>Total pension liability - beginning</b>	<u>3,693,568</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,919,341</u></u>
<b>Plan fiduciary net position:</b>	
Contributions - employer	\$ 124,478
Contributions - employee	11,409
Net investment income	451,654
Benefits payments, including refunds of member contributions	(206,446)
Administrative expense	(2,828)
Other	<u>(18,760)</u>
<b>Net change in plan fiduciary net position</b>	<b>359,507</b>
<b>Plan fiduciary net position - beginning</b>	<u>3,031,574</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,391,081</u></u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u><u>\$ 528,260</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.52%</b>
<b>Covered employee payroll</b>	<b>\$ 1,133,685</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>46.60%</b>

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information**  
**Police Officers Pension Plan**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2015</u>
<b>Total pension liability:</b>	
Service cost	\$ 69,914
Interest	272,971
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(10,714)
Benefits payments, including refunds of member contributions	<u>(297,710)</u>
<b>Net change in total pension liability</b>	<b>34,461</b>
<b>Total pension liability - beginning</b>	<u>3,753,507</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,787,968</u></u>
<b>Plan fiduciary net position:</b>	
Contributions - employer	\$ 46,299
Contributions - employee	31,684
Net investment income	339,383
Benefits payments, including refunds of member contributions	(297,710)
Administrative expense	(2,125)
Other	<u>5,471</u>
<b>Net change in plan fiduciary net position</b>	<b>123,002</b>
<b>Plan fiduciary net position - beginning</b>	<u>2,425,129</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 2,548,131</u></u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u><u>\$ 1,239,837</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>67.27%</b>
<b>Covered employee payroll</b>	<b>\$ 385,837</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>321.34%</b>

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information - Pension Plans**  
**Schedule of Town Contributions (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<u>2015</u>
<b><u>Employees' Retirement System Plan</u></b>	
Actuarially determined contribution	\$ 247,872
Contributions in relation to the actuarially determined contribution	247,872
<b><i>Contribution deficiency (excess)</i></b>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,812,834
Contributions as a percentage of covered employee payroll	13.67%
<b><u>Teachers' Survivor Benefit Plan</u></b>	
Statutorily determined contribution	\$ 2,688
Contributions in relation to the statutorily determined contribution	2,688
<b><i>Contribution deficiency (excess)</i></b>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,812,834
Contributions as a percentage of covered employee payroll	0.15%
<b><u>General Employees Plan</u></b>	
Actuarially determined contribution	\$ 121,955
Contributions in relation to the actuarially determined contribution	121,955
<b><i>Contribution deficiency (excess)</i></b>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,170,393
Contributions as a percentage of covered employee payroll	10.42%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information - Pension Plans**  
**Schedule of Town Contributions (1)**  
**"Unaudited"**

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<i>Fiscal Year</i>	<u>2015</u>
<b><u>Police Officers Plan</u></b>	
Actuarially determined contribution	\$ 122,679
Contributions in relation to the actuarially determined contribution	122,679
<b><i>Contribution deficiency (excess)</i></b>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 372,884
Contributions as a percentage of covered employee payroll	32.90%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

**TOWN OF FOSTER, RHODE ISLAND**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan**  
**Schedule of Annual Required Contributions**  
**"Unaudited"**

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<u><i>Year Ended June 30</i></u>	<u><i>Annual Required Contribution</i></u>	<u><i>Percentage Contributed</i></u>
2013	\$ 29,979	316.3%
2014	\$ 28,249	266.0%
2015	\$ 27,178	312.6%

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

**TOWN OF FOSTER, RHODE ISLAND**  
*Required Supplementary Information - Other Post-Employment Benefit Plan*  
*Schedule of Funding Progress (1)*  
*"Unaudited"*

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	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age</u>	<u>Unfunded Liability/ (Funding Excess)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</u>
<b><i>Other Post-Employment Benefit Plan</i></b>	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.

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

**TOWN OF FOSTER, RHODE ISLAND**  
*Notes to Required Supplementary Information*  
 June 30, 2015

**NOTE 1 - 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 2015. 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><b>Revenues and Other Financing Sources</b></u>	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>
Actual amounts (budgetary basis)	\$12,471,176	\$4,507,865
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.	-	169,080

**TOWN OF FOSTER, RHODE ISLAND**  
*Notes to Required Supplementary Information*  
June 30, 2015

	<u>General Fund</u>	<u>School Unrestricted Fund</u>
<b><u>Revenues and Other Financing Sources</u></b>		
The proceeds from a capital lease are not reported as an other financing source for budgetary purposes, but are reported as an other financing source for financial reporting purposes.	124,285	-
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	<u>11,023</u>	<u>-</u>
<b><i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i></b>	<u>\$12,606,484</u>	<u>\$4,676,945</u>
<b><u>Expenditures and Other Financing Uses</u></b>		
Actual amounts (budgetary basis)	\$12,130,573	\$4,225,236
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.	(120,122)	-
The acquisition of capital assets with a capital lease is not reported as a budgetary expenditure, but is a current year expenditure for financial reporting purposes.	124,285	-
Unbudgeted expenditures, transfers and adjustments not included for budgetary purposes, but included for financial reporting purposes.	(100,995)	-
The appropriated use of fund balance is reported as a reduction of budgetary expenditures for budgetary purposes, but is not a reduction for financial reporting purposes.	177,650	-
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>169,080</u>
<b><i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i></b>	<u>\$12,211,391</u>	<u>\$4,394,316</u>



**TOWN OF FOSTER, RHODE ISLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2015**  
**“Unaudited”**

**NOTE 2 – PENSION PLANS**

The actuarial methods and assumptions used to calculate the total pension liability (asset) are described in Note 15 A, B and C to the financial statements.

There were no benefit changes during the year.

The net pension liability (asset) amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

**Actuarially Determined Contributions:**

Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years after the actuarial valuation. The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method – Entry Age Normal
- Amortization method - Level percentage of payroll, closed
- Remaining amortization period - 23 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 4% to 12.75% for teachers; 4% to 8% for general employees; 4.25% to 14.25% for police and fire employees.
- Retirement age – Experienced-based table of rates that are specific to the type of eligibility condition.
- Mortality – Males, General, Police and Fire Employees – 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Females, General, Police and Fire Employees – 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Males and Females, Teachers – 97% and 92%, respectively, of rates in GRS table based on male and female teacher experience, projected with Scale AA from 2000.

Employers participating in the Employees’ Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year. Employers participating in the Municipal Employees’ Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

**TOWN OF FOSTER, RHODE ISLAND**

Notes to Required Supplementary Information

June 30, 2015

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**NOTE 3 - 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:*

	<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 - 22.03 years remaining at 6/30/2015
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 9
	62

**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, 2015*

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 263,479	\$ 34,896	\$ 298,375
Due from federal and state governments	58,450	69,929	128,379
Due from other funds	25,742	3,179	28,921
Accounts receivable	36,887	7,457	44,344
Other assets	2,000	-	2,000
<b>Total assets</b>	<u>\$ 386,558</u>	<u>\$ 115,461</u>	<u>\$ 502,019</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	18,694	9,385	28,079
Due to other funds	50,775	112,012	162,787
<b>Total liabilities</b>	<u>69,469</u>	<u>121,397</u>	<u>190,866</u>
<b>Deferred Inflows of Resources:</b>			
Other deferred revenues	36,887	-	36,887
<b>Total deferred inflows of resources</b>	<u>36,887</u>	<u>-</u>	<u>36,887</u>
<b>Fund balances</b>			
Restricted for:			
Education programs	-	2,306	2,306
Historical records preservation	67,364	-	67,364
Health and welfare programs	10,999	-	10,999
Public safety programs	15,848	-	15,848
Other programs	4,373	-	4,373
Committed for:			
Townhouse maintenance	11,046	-	11,046
Recycling programs	17,586	-	17,586
Open space and conservation	152,986	-	152,986
Unassigned	-	(8,242)	(8,242)
<b>Total fund balances</b>	<u>280,202</u>	<u>(5,936)</u>	<u>274,266</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 386,558</u>	<u>\$ 115,461</u>	<u>\$ 502,019</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, 2015*

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Revenues</b>			
Intergovernmental and departmental revenue	\$ 151,394	\$ 244,174	\$ 395,568
Interest on investments	235	-	235
Other revenue	14,853	35,872	50,725
<b>Total revenues</b>	166,482	280,046	446,528
<b>Expenditures</b>			
Legislative, judicial and general administrative	13,089	-	13,089
Health and welfare	126,458	-	126,458
Public safety	21,206	-	21,206
Public works	2,145	-	2,145
Education	-	206,997	206,997
Food service	-	76,051	76,051
<b>Total expenditures</b>	162,898	283,048	445,946
<b>Net change in fund balance</b>	3,584	(3,002)	582
<b>Fund balances - beginning of year</b>	276,618	(2,934)	273,684
<b>Fund balances - end of year</b>	\$ 280,202	\$ (5,936)	\$ 274,266

**TOWN OF FOSTER, RHODE ISLAND**

*Town Special Revenue Funds*

*Combining Balance Sheet*

*June 30, 2015*

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>Townhouse Trust</i>
<b>ASSETS</b>					
Cash	\$ 1,958	\$ 5,414	\$ 61,360	\$ 3,719	\$ 23,612
Due from federal and state governments	19,170	-	-	-	-
Due from other funds	-	94	496	-	-
Accounts receivable	36,887	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<u>\$ 58,015</u>	<u>\$ 5,508</u>	<u>\$ 61,856</u>	<u>\$ 3,719</u>	<u>\$ 23,612</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	18,342	-	-	-	-
Due to other funds	828	-	-	-	12,566
<b>Total liabilities</b>	<u>19,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,566</u>
<b>Deferred Inflows of Resources:</b>					
Other deferred revenues	36,887	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>36,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Restricted for:					
Historical records preservation	-	5,508	61,856	-	-
Health and welfare programs	1,958	-	-	-	-
Public safety programs	-	-	-	3,719	-
Other programs	-	-	-	-	-
Committed for:					
Townhouse maintenance	-	-	-	-	11,046
Recycling programs	-	-	-	-	-
Open space and conservation	-	-	-	-	-
<b>Total fund balances</b>	<u>1,958</u>	<u>5,508</u>	<u>61,856</u>	<u>3,719</u>	<u>11,046</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 58,015</u>	<u>\$ 5,508</u>	<u>\$ 61,856</u>	<u>\$ 3,719</u>	<u>\$ 23,612</u>

*(Continued)*

**TOWN OF FOSTER, RHODE ISLAND**

*Town Special Revenue Funds*

*Combining Balance Sheet (Continued)*

*June 30, 2015*

	<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>Partnership for Success</i>	<i>Total</i>
<b>ASSETS</b>							
Cash	\$ 147,646	\$ -	\$ 9,172	\$ 10,598	\$ -	\$ -	\$ 263,479
Due from federal and state governments	-	2,000	-	-	8,811	28,469	58,450
Due from other funds	5,340	8,185	-	11,627	-	-	25,742
Accounts receivable	-	-	-	-	-	-	36,887
Other assets	-	-	-	-	-	2,000	2,000
<b>Total assets</b>	<u>\$ 152,986</u>	<u>\$ 10,185</u>	<u>\$ 9,172</u>	<u>\$ 22,225</u>	<u>\$ 8,811</u>	<u>\$ 30,469</u>	<u>\$ 386,558</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	-	-	86	266	-	-	18,694
Due to other funds	-	-	45	-	6,867	30,469	50,775
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>131</u>	<u>266</u>	<u>6,867</u>	<u>30,469</u>	<u>69,469</u>
<b>Deferred Inflows of Resources:</b>							
Other deferred revenues	-	-	-	-	-	-	36,887
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,887</u>
<b>Fund balances</b>							
Restricted for:							
Historical records preservation	-	-	-	-	-	-	67,364
Health and welfare programs	-	-	9,041	-	-	-	10,999
Public safety programs	-	10,185	-	-	1,944	-	15,848
Other programs	-	-	-	4,373	-	-	4,373
Committed for:							
Townhouse maintenance	-	-	-	-	-	-	11,046
Recycling programs	-	-	-	17,586	-	-	17,586
Open space and conservation	152,986	-	-	-	-	-	152,986
<b>Total fund balances</b>	<u>152,986</u>	<u>10,185</u>	<u>9,041</u>	<u>21,959</u>	<u>1,944</u>	<u>-</u>	<u>280,202</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 152,986</u>	<u>\$ 10,185</u>	<u>\$ 9,172</u>	<u>\$ 22,225</u>	<u>\$ 8,811</u>	<u>\$ 30,469</u>	<u>\$ 386,558</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, 2015*

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>Townhouse Trust</i>
<b>Revenues</b>					
Intergovernmental and departmental revenues	\$ 73,420	\$ 780	\$ 3,949	\$ -	\$ -
Interest on investments	-	5	59	-	24
Other revenue	1,172	-	-	-	-
<b>Total revenues</b>	<u>74,592</u>	<u>785</u>	<u>4,008</u>	<u>-</u>	<u>24</u>
<b>Expenditures</b>					
Legislative, judicial and general administrative	-	-	523	-	12,566
Health and welfare	73,420	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
<b>Total expenditures</b>	<u>73,420</u>	<u>-</u>	<u>523</u>	<u>-</u>	<u>12,566</u>
<b>Net change in fund balance</b>	1,172	785	3,485	-	(12,542)
<b>Fund balances - beginning of year</b>	786	4,723	58,371	3,719	23,588
<b>Fund balances - end of year</b>	<u>\$ 1,958</u>	<u>\$ 5,508</u>	<u>\$ 61,856</u>	<u>\$ 3,719</u>	<u>\$ 11,046</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, 2015*

	<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>Partnership for Success</i>	<i>Total</i>
<b>Revenues</b>							
Intergovernmental and departmental revenues	\$ 5,340	\$ 2,000	\$ 11,078	\$ 7,869	\$ 18,489	\$ 28,469	\$ 151,394
Interest on investments	147	-	-	-	-	-	235
Other revenue	-	-	13,681	-	-	-	14,853
<b>Total revenues</b>	<u>5,487</u>	<u>2,000</u>	<u>24,759</u>	<u>7,869</u>	<u>18,489</u>	<u>28,469</u>	<u>166,482</u>
<b>Expenditures</b>							
Legislative, judicial and general administrative	-	-	-	-	-	-	\$ 13,089
Health and welfare	-	-	24,569	-	-	28,469	126,458
Public safety	-	3,296	-	-	17,910	-	21,206
Public works	-	-	-	2,145	-	-	2,145
<b>Total expenditures</b>	<u>-</u>	<u>3,296</u>	<u>24,569</u>	<u>2,145</u>	<u>17,910</u>	<u>28,469</u>	<u>162,898</u>
<b>Net change in fund balance</b>	5,487	(1,296)	190	5,724	579	-	3,584
<b>Fund balances - beginning of year</b>	147,499	11,481	8,851	16,235	1,365	-	276,618
<b>Fund balances - end of year</b>	<u>\$ 152,986</u>	<u>\$ 10,185</u>	<u>\$ 9,041</u>	<u>\$ 21,959</u>	<u>\$ 1,944</u>	<u>\$ -</u>	<u>\$ 280,202</u>

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Balance Sheet*

*June 30, 2015*

	<u><i>Title</i></u> <i>I</i>	<u><i>Title</i></u> <i>II</i>	<u><i>Preschool</i></u>	<u><i>IDEA</i></u> <u><i>Part B</i></u>	<u><i>Wireless</i></u> <u><i>Classroom</i></u> <u><i>Initiative</i></u>	<u><i>Small</i></u> <u><i>Rural</i></u> <u><i>Grant</i></u>
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	29,718	10,530	-	-	22,487	750
Due from other funds	-	-	-	-	-	-
Accounts receivable						
<b><i>Total assets</i></b>	<u><u>\$ 29,718</u></u>	<u><u>\$ 10,530</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,487</u></u>	<u><u>\$ 750</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>						
<b><i>Liabilities</i></b>						
Accounts payable	\$ -	\$ 101	\$ -	\$ -	\$ -	\$ -
Due to other funds	29,718	10,429	-	-	22,487	750
<b><i>Total liabilities</i></b>	<u><u>29,718</u></u>	<u><u>10,530</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>22,487</u></u>	<u><u>750</u></u>
 <b><i>Fund balances</i></b>						
Restricted for education	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b><i>Total fund balances</i></b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
 <b><i>Total liabilities and fund balances</i></b>	 <u><u>\$ 29,718</u></u>	 <u><u>\$ 10,530</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 22,487</u></u>	 <u><u>\$ 750</u></u>

*(Continued)*

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Balance Sheet (Continued)*

*June 30, 2015*

	<i>School Lunch</i>	<i>CAST</i>	<i>LOWES</i>	<i>Total</i>
<b>ASSETS</b>				
Cash	\$ 34,896	\$ -	\$ -	\$ 34,896
Due from federal and state governments	6,444	-	-	69,929
Due from other funds	873	2,285	21	3,179
Accounts receivable	7,457			7,457
<b>Total assets</b>	<u>\$ 49,670</u>	<u>\$ 2,285</u>	<u>\$ 21</u>	<u>\$ 115,461</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities</i>				
Accounts payable	\$ 9,284	\$ -	\$ -	\$ 9,385
Due to other funds	48,628	-	-	112,012
<b>Total liabilities</b>	<u>57,912</u>	<u>-</u>	<u>-</u>	<u>121,397</u>
 <i>Fund balances</i>				
Restricted for education	-	2,285	21	2,306
Unassigned	(8,242)	-	-	(8,242)
<b>Total fund balances</b>	<u>(8,242)</u>	<u>2,285</u>	<u>21</u>	<u>(5,936)</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 49,670</u>	 <u>\$ 2,285</u>	 <u>\$ 21</u>	 <u>\$ 115,461</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, 2015

	<u>Title I</u>	<u>Title II</u>	<u>Preschool</u>	<u>IDEA Part B</u>	<u>Wireless Classroom Initiative</u>	<u>Small Rural Grant</u>
<b>Revenues</b>						
Intergovernmental and departmental revenues	\$ 61,790	\$ 19,956	\$ 3,729	\$ 83,282	\$ 22,487	\$ 12,525
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<u>61,790</u>	<u>19,956</u>	<u>3,729</u>	<u>83,282</u>	<u>22,487</u>	<u>12,525</u>
<b>Expenditures</b>						
Education	61,790	19,956	3,729	83,282	22,487	12,525
Food service	-	-	-	-	-	-
<b>Total expenditures</b>	<u>61,790</u>	<u>19,956</u>	<u>3,729</u>	<u>83,282</u>	<u>22,487</u>	<u>12,525</u>
<b>Net change in fund balance</b>	-	-	-	-	-	-
<b>Fund balances - beginning of year</b>	-	-	-	-	-	-
<b>Fund balances - end of year</b>	<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, 2015

	<i>School Lunch</i>	<i>CAST</i>	<i>LOWES</i>	<i>Total</i>
<b>Revenues</b>				
Intergovernmental and departmental revenues	\$ 39,405	\$ 1,000	\$ -	\$ 244,174
Other revenue	35,872	-	-	35,872
<b>Total revenues</b>	<u>75,277</u>	<u>1,000</u>	<u>-</u>	<u>280,046</u>
<b>Expenditures</b>				
Education	-	249	2,979	206,997
Food service	76,051	-	-	76,051
<b>Total expenditures</b>	<u>76,051</u>	<u>249</u>	<u>2,979</u>	<u>283,048</u>
<b>Net change in fund balance</b>	(774)	751	(2,979)	(3,002)
<b>Fund balances - beginning of year</b>	(7,468)	1,534	3,000	(2,934)
<b>Fund balances - end of year</b>	<u>\$ (8,242)</u>	<u>\$ 2,285</u>	<u>\$ 21</u>	<u>\$ (5,936)</u>

**TOWN OF FOSTER, RHODE ISLAND**  
*Combining Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2015*

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	<i><b>Mageira Performance Bond</b></i>	<i><b>Student Activity Funds</b></i>	<i><b>Probate Escrow Fund</b></i>	<i><b>Total Agency Funds</b></i>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<i><b>Assets</b></i>				
Cash	\$ 540	\$ 4,253	\$ 20,876	\$ 25,669
<i><b>Total assets</b></i>	<u>\$ 540</u>	<u>\$ 4,253</u>	<u>\$ 20,876</u>	<u>\$ 25,669</u>
 <i><b>Liabilities</b></i>				
Due to other funds	\$ -	\$ -	\$ 20,834	\$ 20,834
Deposits held in custody for others	540	4,253	42	4,835
<i><b>Total liabilities</b></i>	<u>\$ 540</u>	<u>\$ 4,253</u>	<u>\$ 20,876</u>	<u>\$ 25,669</u>

**TOWN OF FOSTER, RHODE ISLAND**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>MAGEIRA PERFORMANCE BOND</b>				
<i>Assets</i>				
Cash	\$ 540	\$ -	\$ -	\$ 540
<b>Total assets</b>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 540	\$ -	\$ -	\$ 540
<b>Total liabilities</b>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540</u>
<b>STUDENT ACTIVITY FUND</b>				
<i>Assets</i>				
Cash	\$ 4,803	\$ 801	\$ 1,351	\$ 4,253
<b>Total assets</b>	<u>\$ 4,803</u>	<u>\$ 801</u>	<u>\$ 1,351</u>	<u>\$ 4,253</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 4,803	\$ 801	\$ 1,351	\$ 4,253
<b>Total liabilities</b>	<u>\$ 4,803</u>	<u>\$ 801</u>	<u>\$ 1,351</u>	<u>\$ 4,253</u>
<b>PROBATE ESCROW ACCOUNT</b>				
<i>Assets</i>				
Cash	\$ 20,856	\$ 20	\$ -	\$ 20,876
<b>Total assets</b>	<u>\$ 20,856</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 20,876</u>
<i>Liabilities</i>				
Due to other funds	\$ -	\$ 20,834	\$ -	\$ 20,834
Deposits held in custody for others	20,856	20	20,834	42
<b>Total liabilities</b>	<u>\$ 20,856</u>	<u>\$ 20,854</u>	<u>\$ 20,834</u>	<u>\$ 20,876</u>
<b>TOTAL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash	\$ 26,199	\$ 821	\$ 1,351	\$ 25,669
<b>Total assets</b>	<u>\$ 26,199</u>	<u>\$ 821</u>	<u>\$ 1,351</u>	<u>\$ 25,669</u>
<i>Liabilities</i>				
Due to other funds	\$ -	\$ 20,834	\$ -	\$ 20,834
Deposits held in custody for others	26,199	821	22,185	4,835
<b>Total liabilities</b>	<u>\$ 26,199</u>	<u>\$ 21,655</u>	<u>\$ 22,185</u>	<u>\$ 25,669</u>

**TOWN OF FOSTER, RHODE ISLAND**  
*Tax Collector's Annual Report*  
For the Fiscal Year Ended June 30, 2015

**Real Estate and Personal Property Taxes**

<i>Fiscal Year End</i>	<i>Balance 6/30/2014</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 6/30/2015</i>
2015	\$ -	\$ 11,720,089	\$ 3,759	\$ 12,035	\$ (10,696)	\$ 11,701,117	\$ 11,338,623	\$ 362,494
2014	364,047	-	-	509	10,407	373,945	240,709	133,236
2013	87,710	-	-	128	-	87,582	31,787	55,795
2012	48,888	-	-	-	675	49,563	1,843	47,720
2011	37,469	-	-	-	-	37,469	333	37,136
2010	17,545	-	-	-	-	17,545	422	17,123
2009	19,190	-	-	-	-	19,190	304	18,886
2008	13,511	-	-	-	-	13,511	199	13,312
2007	13,896	-	-	2	-	13,894	-	13,894
2006	13,777	-	-	13,756	-	21	-	21
2005	1,403	-	-	1,403	20	20	5	15
	<u>\$ 617,436</u>	<u>\$ 11,720,089</u>	<u>\$ 3,759</u>	<u>\$ 27,833</u>	<u>\$ 406</u>	<u>\$ 12,313,857</u>	<u>\$ 11,614,225</u>	<u>\$ 699,632</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	\$ 503,471,504	\$ 10,603,110
Motor Vehicles	47,126,226	1,741,314
Tangible and Personal Property	8,102,597	234,651
<b>Total</b>	<u>558,700,327</u>	<u>12,579,075</u>
Exemptions and frozen property	(12,714,390)	(858,986)
<b>Net assessed value</b>	<u>\$ 545,985,937</u>	<u>\$ 11,720,089</u>

**Reconciliation of Current Year Property Tax Revenue**

Current year collections	\$ 11,614,225
<u>Adjustments and reversals</u>	
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2015	136,893
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2014	(80,082)
Prepaid taxes June 30, 2015	(33,884)
Prepaid taxes June 30, 2014	9,718
Refunds	(675)
<b>Current year property tax revenue</b>	<u>\$ 11,646,195</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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Town's financial position has changed over time.	<b>96-99</b>
<b>Revenue Capacity</b> 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.	<b>100-103</b>
<b>Debt Capacity</b> 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.	<b>104-108</b>
<b>Economic and Demographic Information</b> 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.	<b>109-110</b>
<b>Operating Information</b> 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.	<b>111-113</b>

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 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	\$ 6,984,060
Restricted	2,754,266	2,458,707	1,849,009	1,454,828	1,270,601	892,321	689,185	771,151	906,460	1,042,540
Unrestricted	1,188,117	990,677	59,436	94,934	248,718	1,323,328	2,006,455	(2,353,679)	(1,617,387)	(2,680,568)
Total governmental activities net position	<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>\$ 4,790,461</u>	<u>\$ 5,961,770</u>	<u>\$ 5,346,032</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

	2006	2007	2008	2009	2010	Fiscal Year 2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
Legislative, judicial and general administrative	\$ 867,567	\$ 1,075,154	\$ 1,035,557	\$ 1,126,194	\$ 1,009,170	\$ 1,012,984	\$ 937,174	\$ 919,614	\$ 854,734	\$ 2,536,722
Health and Welfare	372,732	408,234	442,529	510,792	412,545	116,495	230,321	76,821	69,059	169,208
Public safety	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	1,593,218
Public works	579,346	841,178	1,456,055	890,676	1,112,606	1,112,112	1,009,206	1,048,362	1,125,289	1,247,726
Building and Zoning	41,013	50,392	51,663	47,824	51,725	50,027	39,767	44,735	45,436	41,819
Planning	32,860	33,299	84,255	85,750	70,704	65,832	38,568	46,520	50,253	38,280
Conservation	2,172	1,130	2,306	2,449	1,086	714	1,103	1,171	458	809
Recreation	65,544	43,017	58,407	65,514	59,294	30,031	25,100	23,255	24,893	27,604
Education	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	8,995,528
Food Services	88,411	86,708	69,428	68,789	64,026	65,054	76,825	68,412	70,678	76,051
Libraries	128,511	145,188	151,901	156,610	140,219	133,208	140,219	140,219	140,219	145,717
Total governmental activities expenses	<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>	<u>\$ 14,872,682</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Legislative, judicial and general administrative	\$ 83,431	\$ 109,165	\$ 88,138	\$ 112,366	\$ 79,756	\$ 77,043	\$ 89,568	\$ 82,883	\$ 64,331	\$ 73,093
Health and Welfare	11,690	2,390	12,662	3,032	2,993	3,547	42,907	-	1,261	-
Public safety	50,736	67,426	53,321	56,856	46,019	52,578	28,530	22,747	35,846	36,709
Public works	-	-	-	-	-	-	5,226	-	-	-
Building and Zoning	108,054	69,140	41,624	39,833	46,737	34,995	32,589	27,246	67,283	25,401
Planning	24,355	25,447	24,030	-	-	-	-	-	-	-
Recreation	-	-	25,503	1,135	11,393	4,576	1,753	806	640	210
Education	26,925	23,871	7,911	10,516	19,767	50,914	56,004	47,465	81,485	78,671
Food Services	53,975	48,702	50,286	43,717	37,096	36,416	44,481	37,829	34,857	35,872
Operating grants and contributions:										
Legislative, judicial and general administrative	57,967	50,570	-	11,880	-	31,667	18,009	-	-	1,461
Health and Welfare	100,525	88,800	84,310	166,356	81,151	60,229	122,236	44,402	30,494	126,648
Public safety	36,603	58,273	37,018	94,177	44,354	16,244	24,591	12,761	38,990	20,489
Public works	56,820	-	3,841	33,571	291,408	19,589	25,752	9,184	3,758	41,520
Recreation	-	-	18,213	11,375	3,846	-	-	-	-	-
Planning	-	-	-	-	-	13,545	-	-	-	-
Education	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	1,543,016
Food Services	25,741	23,879	19,795	19,088	19,467	25,665	30,887	32,424	30,408	39,405
Capital grants and contributions:										
Public safety	-	-	-	-	13,389	37,922	-	-	17,500	261,805
Public works	-	-	-	30,000	21,023	-	-	-	466,481	29,605
Recreation	-	-	75,000	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	10,444
Total governmental activities program revenues	<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>	<u>\$ 2,324,349</u>
<b>Total primary government net expense</b>	<b><u>\$ (8,688,182)</u></b>	<b><u>\$ (10,042,084)</u></b>	<b><u>\$ (11,306,365)</u></b>	<b><u>\$ (11,470,952)</u></b>	<b><u>\$ (11,837,400)</u></b>	<b><u>\$ (11,485,988)</u></b>	<b><u>\$ (11,124,790)</u></b>	<b><u>\$ (11,077,099)</u></b>	<b><u>\$ (10,378,104)</u></b>	<b><u>\$ (12,548,333)</u></b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 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	\$ 11,774,289
Unrestricted investment earnings	80,694	135,913	136,655	27,872	5,070	2,250	2,616	2,585	2,725	3,097
Other general revenues	1,052,733	1,215,414	1,167,759	1,055,541	828,413	143,503	161,207	160,331	181,204	155,209
Total primary government	<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>	<u>\$ 11,932,595</u>
<b>Change in Net Position</b>										
Governmental activities:										
Total primary government	<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>	<u>\$ (615,738)</u>

Source: Town of Foster Audited Financial Statements

Schedule 3

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 215,354	\$ 324,771	\$ 153,470	\$ 148,568	\$ 76,748	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,048,051	873,576	15,998	(44,553)	146,681	-	-	-	-	-
Nonspendable	-	-	-	-	-	599,613	736,024	618,520	665,195	870,945
Restricted	-	-	-	-	-	-	-	-	-	10,574
Committed	-	-	-	-	-	328,656	1,121,454	1,233,358	1,573,238	1,855,665
Assigned	-	-	-	-	-	30,535	28,018	27,864	294,762	191,104
Unassigned	-	-	-	-	-	283,510	-	-	-	-
<b>Total general fund</b>	<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>	<u>\$ 2,928,288</u>
<b>Education</b>										
Reserved	\$ 45,361	\$ 47,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	170,225	170,425	200,043	208,711	166,663	-	-	-	-	-
Nonspendable	-	-	-	-	-	3,217	-	9,447	-	-
Restricted	-	-	-	-	-	58,786	8,793	19,411	196,759	479,388
<b>Total education fund</b>	<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>	<u>\$ 479,388</u>
<b>Capital Projects Funds</b>										
Unreserved	\$ 2,043,158	\$ 1,679,466	\$ 1,221,785	\$ 785,235	\$ 736,645	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	589,053	532,577	594,918	561,636	414,801
<b>Total Capital Projects fund</b>	<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>	<u>\$ 414,801</u>
<b>All Other Governmental Funds</b>										
Reserved:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	359,805	365,596	383,782	488,187	405,300	-	-	-	-	-
Restricted	-	-	-	-	-	244,482	107,458	117,564	108,332	100,890
Committed	-	-	-	-	-	155,306	164,740	167,560	172,820	181,618
Unassigned	-	-	-	-	-	(2,727)	(3,896)	(2,055)	(7,468)	(8,242)
<b>Total all other governmental funds</b>	<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>	<u>\$ 274,266</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
General property taxes	\$ 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	\$ 11,646,195
Intergovernmental and departmental revenue	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	1,978,105
Licenses and fees	240,720	226,129	190,949	173,082	182,566	192,372	188,867	183,589	240,812	178,206
Interest on investments	80,693	135,913	136,655	27,872	5,070	2,250	2,616	2,585	2,725	3,097
Other revenues	179,752	110,166	229,959	166,420	154,207	188,375	175,905	157,529	193,036	175,642
<b>Total revenues</b>	<b>\$ 11,388,422</b>	<b>\$ 11,844,434</b>	<b>\$ 12,323,810</b>	<b>\$ 13,252,910</b>	<b>\$ 13,508,286</b>	<b>\$ 13,375,448</b>	<b>\$ 13,459,605</b>	<b>\$ 13,114,614</b>	<b>\$ 13,994,339</b>	<b>\$ 13,981,245</b>
<b>Expenditures</b>										
Legislative, Judicial and general administrative	\$ 348,470	\$ 428,867	\$ 368,178	\$ 396,188	\$ 356,276	\$ 387,400	\$ 341,420	\$ 373,791	\$ 311,897	\$ 317,972
Financial Administration	211,329	253,008	252,432	235,719	242,169	241,963	225,784	222,833	233,211	254,178
Miscellaneous Administration	119,173	307,650	191,239	273,910	250,997	231,064	203,208	234,050	215,083	258,285
Health and Welfare	407,275	408,584	442,529	510,792	412,545	116,495	230,321	76,821	68,784	167,042
Public Safety	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	1,505,076
Public Works	475,938	691,686	829,703	765,772	943,338	938,080	928,594	989,502	1,005,484	1,096,139
Building and Zoning	41,013	50,392	51,663	47,824	51,725	50,027	39,767	44,735	45,436	41,665
Planning	32,860	17,799	84,255	70,250	70,704	65,832	38,568	46,520	50,253	38,084
Conservation	2,172	1,130	2,306	2,449	1,086	714	1,103	1,171	458	809
Recreation	33,601	34,424	70,479	64,753	58,533	29,270	24,339	22,494	24,132	26,843
Education	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	9,055,639
Food Services	88,411	86,708	69,428	68,789	64,026	65,054	76,825	68,412	70,678	76,051
Libraries	128,511	145,188	151,901	156,610	140,219	133,208	140,219	140,219	140,219	145,717
Land Trust	5,304	5,419	5,533	5,280	2,524	2,547	2,788	2,444	2,043	2,402
Capital Outlay	132,697	549,974	1,249,682	379,847	293,690	179,721	309,833	297,495	697,617	588,159
Principal	40,000	-	-	-	-	-	-	-	-	-
Interest	1,500	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 10,637,856</b>	<b>\$ 12,339,398</b>	<b>\$ 13,877,283</b>	<b>\$ 13,641,840</b>	<b>\$ 13,562,397</b>	<b>\$ 13,172,134</b>	<b>\$ 13,129,873</b>	<b>\$ 13,023,195</b>	<b>\$ 13,215,652</b>	<b>\$ 13,574,061</b>
Excess of revenues over (under) expenditures	\$ 750,566	\$ (494,964)	\$ (1,553,473)	\$ (388,930)	\$ (54,111)	\$ 203,314	\$ 329,732	\$ 91,419	\$ 778,687	\$ 407,184
<b>Other Financing Sources (uses)</b>										
Proceeds from lease	\$ -	\$ 74,287	\$ 67,274	\$ -	\$ -	\$ -	\$ 75,005	\$ -	\$ -	\$ 124,285
Transfers from other funds	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	3,868,742
Transfers to other funds	(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)	(3,868,742)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>74,287</b>	<b>67,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,005</b>	<b>-</b>	<b>-</b>	<b>124,285</b>
<b>Net change in fund balances</b>	<b>\$ 750,566</b>	<b>\$ (420,677)</b>	<b>\$ (1,486,199)</b>	<b>\$ (388,930)</b>	<b>\$ (54,111)</b>	<b>\$ 203,314</b>	<b>\$ 404,737</b>	<b>\$ 91,419</b>	<b>\$ 778,687</b>	<b>\$ 531,469</b>
Debt service as a percentage of noncapital expenditures	0.4%	0.0%	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
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
2015	\$ 503,471,504	\$ 55,228,823	\$ 12,714,390	\$ 545,985,937	21.06	\$ 545,985,937	100.00%	\$558,700,327

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>
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
2015	\$21.06

**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	2015				2006			
	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	3.48%	\$ 399,921	\$ 20,914,700	1	4.05%	\$ 308,492
Narragansett Electric	7,524,666 a)	2	1.38%	\$ 191,931	7,138,072 a)	2	1.38%	\$ 105,287
Providence Public Buildings Authority (PWSB)	2,841,500	3	0.52%	\$ 59,842	6,785,100	3	1.31%	\$ 95,655
Foster Country Club (Tykamac Ent. LLC)	2,262,000	4	0.41%	\$ 47,638	3,473,900 a)	4	0.67%	\$ 51,240
Ginny B Inc	1,241,700	5	0.23%	\$ 26,150	1,159,600 a)	6	0.22%	\$ 17,104
Foster Senior Housing	1,175,600	6	0.22%	\$ 24,758	1,309,200	5	0.25%	\$ 19,311
Walker, Muriel	818,600	7	0.15%	\$ 17,240	842,400	8	0.16%	\$ 12,425
Nelson, Robert & Wendy	860,400	8	0.16%	\$ 15,083	761,600	9	0.15%	\$ 11,234
Roxannes Holdings LLC	724,900	9	0.13%	\$ 15,266				
Femino, John & Leclair, Diane	699,100	10	0.13%	\$ 14,723	682,200	12	0.13%	\$ 10,062
Costa, David & Lisa	691,900	11	0.13%	\$ 14,571	964,100	7	0.19%	\$ 14,220
Pollard, Scott M & Elisa M	674,400	12	0.12%	\$ 14,203				
Stout, Winifred					764,300	10	0.15%	\$ 10,770
Campbell, Bruce					719,400	11	0.14%	\$ 10,597
Totals	<u>\$ 38,504,366</u>		<u>7.06%</u>	<u>\$ 841,326</u>	<u>\$ 45,514,572</u>		<u>8.80%</u>	<u>\$ 666,397</u>

Note: The amounts presented represent the assessed values upon which 2015 and 2006 collections were based

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

a) Includes tangible or motor vehicle assessment also

Total Assessed Value	\$545,985,937	\$516,460,476
Tax Rate	\$21.06	\$14.75

**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
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%	150,544	8,586,456	99.2%
2009	9,879,531	9,647,829	97.7%	213,683	9,861,512	99.8%
2010	10,345,673	10,115,442	97.8%	229,885	10,345,327	100.0%
2011	10,766,802	10,552,426	98.0%	202,526	10,754,952	99.9%
2012	11,221,591	10,971,590	97.8%	223,421	11,195,011	99.8%
2013	11,206,523	10,849,481	96.8%	283,807	11,133,288	99.3%
2014	11,269,380	10,921,687	96.9%	224,157	11,145,844	98.9%
2015	11,720,089	11,391,004	97.2%	-	11,391,004	97.2%

**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			
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	0.06% (b)	5
2011	-	-	-	-	0.00% (b)	-
2012	-	-	48,533	48,533	0.11% (b)	11
2013	-	-	24,973	24,973	0.05% (b)	5
2014	-	-	-	-	0.00% (b)	-
2015	-	-	80,421	80,421	0.18% (b)	17

**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 and 2010 census years.

(b) Ratio is calculated using personal income from U.S. Census Bureau's 2009-2013 American Community Survey. (ACS) 2014, 5 year estimate

**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		
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%	-
2015	-	-	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, 2015  
Unaudited**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Foster-Glocester Regional School District (a)	\$ 41,725,000	34.69% (a)	\$ 14,473,985
Town of Foster	-	100.00%	-
Other debt			
Foster-Glocester Regional School District - BAN (a)	-	36.31% (a)	-
Subtotal, overlapping debt			14,473,985
Town direct debt			80,421
Total direct and overlapping debt			<u>\$ 14,554,406</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 2015**

Assessed Value	\$545,985,937
Debt limit (3% of assessed value)	16,379,578
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>\$ 16,379,578</u>

	Fiscal Year									
	<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>	<u>2015</u>
Debt limit	\$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	\$ 16,379,578
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 16,379,578</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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**

Fiscal Year Ended June 30	Population	Family Income	Per Capita Income	Median Age	School Enrollment (3)	Unemployment Rate (4)
2006	4,274 (1)	94,660,552 (1)	22,148 (1)	39.8 (1)	963	5.50%
2007	4,274 (1)	94,660,552 (1)	22,148 (1)	39.8 (1)	858	5.70%
2008	4,274 (1)	94,660,552 (1)	22,148 (1)	39.8 (1)	708	6.14%
2009	4,274 (1)	94,660,552 (1)	22,148 (1)	39.8 (1)	694	12.40%
2010	4,499 (2)	43,304,500 (2)	33,260 (2)	44.8 (2)	703	11.40%
2011	4,556 (2)	43,950,148 (2)	34,661 (2)	43.8 (2)	689	10.80%
2012	4,574 (2)	44,232,908 (2)	35,557 (2)	44.3 (2)	649	10.30%
2013	4,601 (2)	46,060,549 (2)	36,527 (2)	43.7 (2)	655	8.20%
2014	4,628 (2)	44,876,841 (2)	34,231 (2)	45.2 (2)	643	6.80%
2015	4,642 (2)	45,700,392 (2)	36,184 (2)	44.6 (2)	637	6.30%

**Sources:**

- (1) Population, Family Income, Per Capita Income, and Median Age obtained from U.S. Census Bureau-2000 and 2010 decennial census based on Individual Population
- (2) Population, Family Income, Per Capita Family Income, and Median Age obtained from U.S. Census Bureau-2009-2013 ACS 2014, 5-year estimate
- (3) 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.
- (4) 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	2015			2006		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster Town & School Department	83	1	23.71%	110	1	27.23%
Foster Golf & Country Club	50	2	14.29%	50	2	12.38%
Nancy-Ann Nursing Home	29	3	8.29%	N/A	N/A	N/A
Shady Acres	24	4	6.86%	15	4	3.71%
Little Rhody Farms	17	5	4.86%	N/A	N/A	N/A
Well One Foster	15	6	4.29%	N/A	N/A	N/A
Dr. Daycare	9	7	2.57%	N/A	N/A	N/A
USPS	9	8	2.57%	N/A	N/A	N/A
Turnquist Lumber Co., Inc.	N/A	N/A	N/A	18	3	4.46%
<b>Total</b>	<b>236</b>		<b>67.44%</b>	<b>193</b>		<b>47.78%</b>

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	0.6	1.6	1.6	1.6	1.6	1.6	1.3	1.3
Planning	1.5	1.5	2.0	2.0	2.0	1.6	1.6	1.6	1.3	1.3
Financial Administration										
Treasurer's Office	1.5	1.5	2.0	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	1.6	1.6	1.6	1.6	1.6	1.6	1.3	1.3
Public Safety										
Police										
Officers	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	10.0	10.0
Civilians	4.8	4.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Animal Control										
Officers	0.5	0.5	0.6	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	6.5	6.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Maintenance										
Building/Grounds	1.0	1.0	1.0	0.0	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	5.0	5.0	3.0	2.0	0.0	0.0	0.0	0.0	0.0
Human Services Department										
Director	0.5	0.5	0.6	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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Calls	7,020	11,796	13,748	19,488	18,232	19,673	14,862	13,364	21,062	25,636
Physical Arrests	102	161	164	224	208	186	92	71	129	182
Citations	1,166	1,971	1,533	1,479	1,270	1,391	740	574	1,217	1,103
Accidents	134	134	129	138	133	106	109	121	142	164
Animal Control										
Dog Licenses Issued	483	587	479	343	439	452	509	440	408	402
Public Works (Pickup Outsourced)										
Transfer Station										
Refuse Collected (avg. tons per month)	181	176	177	164	167	157	148	144	128	163
Recyclables Collected (avg. tons per month)	39	43	48	49	44	47	40	41	40	39
Highway										
Street resurfacing/chipsealing (miles)	4.0	0.0	7.0	4.6	5.8	6.3	0.0	0.0	0.4	0.7
Street repairs/crack sealing (miles)	0.0	0.0	5.4	9.7	0.0	0.0	0.0	0.0	0.0	0.0
Building/Zoning										
New Commercial Construction Permits	0	0	0	1	0	0	0	0	0	0
New Residential Construction Permits	22	14	9	6	5	5	8	3	5	0
Existing Commercial Construction Permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5
Existing Residential Construction Permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78
Parks and Recreation										
Athletic Field Permits	0	0	0	0	0	0	0	0	0	0

**N/A** To better reflect the activity of the Town of Foster, this information is reported in fiscal year 2015. This schedule is intended to show 10 years; additional information will be presented as it becomes available.

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units/Motorcycles/ Radar Trailers	7	7	11	11	9	9	9	9	10	14
Animal Control										
Animal Shelters	-	-	-	-	-	-	-	-	-	-
Animal Patrol Unit	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Transfer Station										
Roll-off Truck	-	-	-	-	-	-	-	-	-	-
Streets and Highways										
Street (miles)	113	113	113	113	113	113	113	113	113	114
Highways (miles, Town owned)	77	77	77	77	77	77	77	77	77	78
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	4	4	5	5	5	5	5	5
<b>Parks and Recreation</b>										
Acreage	165	165	165	165	165	165	165	165	165	165
Playgrounds	1	1	1	2	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

## **SINGLE AUDIT SECTION**

**This section contains information regarding grant activity for the year ended June 30, 2015 which was audited under the guidelines of the Single Audit Act of 1996 and the United States Office of Management and Budget's Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".**



CERTIFIED PUBLIC ACCOUNTANTS

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

***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, 2015, 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 January 28, 2016.

***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  
January 28, 2016



CERTIFIED PUBLIC ACCOUNTANTS

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886  
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***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133***

***Independent Auditor's Report***

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

***Report on Compliance for Each Major Federal Program***

We have audited the Town of Foster, Rhode Island's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Foster, Rhode Island's major federal programs for the year ended June 30, 2015. The Town of Foster, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Foster, Rhode Island's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Foster, Rhode Island's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Foster, Rhode Island's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Foster, Rhode Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

Management of the Town of Foster, Rhode Island is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Foster, Rhode Island's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Foster, Rhode Island's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Warwick, Rhode Island  
January 28, 2016

**TOWN OF FOSTER, RHODE ISLAND**  
*Schedule of Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2015*

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

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

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes        X   no

***Identification of major programs:***

**CFDA Number**

**Name of Program or Cluster**

97.036

Disaster Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        X   no

***TOWN OF FOSTER, RHODE ISLAND***  
***Schedule of Findings and Questioned Costs***  
***For the Fiscal Year Ended June 30, 2015***

***SECTION II - FINANCIAL STATEMENT FINDINGS***

**NONE**

***SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***

**NONE**

**TOWN OF FOSTER, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2015**

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Expenditures</i>
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
Small Rural School Grant	84.358A	N/A	\$ 12,525
<b>Pass-through RI Department of Education:</b>			
Title I	84.010A	2725-11702-501	61,790
Title II	84.367A	2725-16402-501	19,956
<i>Special Education Cluster (IDEA):</i>			
IDEA Preschool Section 619	84.173A	2725-13502-501	3,729
IDEA Part B	84.027A	2725-13202-501	83,282
<b>Total U.S. Department of Education</b>			<u>181,282</u>
<b>U.S. Department of Agriculture</b>			
<b>Pass-through RI Department of Education:</b>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	N/A	3,689
National School Lunch Program			
Cash assistance	10.555	N/A	34,697
Non-cash assistance (commodities)	10.555	N/A	4,530
<b>Total U.S. Department of Agriculture</b>			<u>42,916</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-through RI Division of Planning, Office of Housing and Community Development:</b>			
Community Development Block Grant - Small Cities	14.228	NA	73,420
<b>Total U.S. Department of Housing and Urban Development</b>			<u>73,420</u>
<b>U.S. Department of Transportation</b>			
<b>Pass-through RI Department of Transportation:</b>			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety Grant	20.600	N/A	5,206
<b>Total U.S. Department of Transportation</b>			<u>5,206</u>
<b>U.S. Department of Justice</b>			
<b>Direct Program:</b>			
Equitable Sharing - federally seized assets	16.922	N/A	3,500
Bulletproof vests Partnership Program	16.607	N/A	1,340
<b>Pass-through RI Department of Behavioral Healthcare Developmental Disabilities and Hospitals:</b>			
Underage Drinking	16.727	N/A	231
<b>Pass-through RI Public Safety Grant Administration Office:</b>			
Edward Bryne Memorial Justice Assistance Grant	16.738	12-111-JAG	6,935
<b>Total U.S. Department of Justice</b>			<u>12,006</u>

(Continued)

**TOWN OF FOSTER, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Fiscal Year Ended June 30, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Homeland Security</b>			
<b>Pass-through RI Emergency Management Agency:</b>			
Disaster Grant	97.036	N/A	387,608
<b>Total U.S. Department of Homeland Security</b>			<u>387,608</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-through RI Department of Health:</b>			
Public Health and Emergency Preparedness MEDS	93.069	N/A	3,296
<b>Pass through RI Department of Behavioral Healthcare, Developmental Disabilities and Hospitals:</b>			
CAST - Partnership for Success	93.243	N/A	28,718
<b>Total U.S. Department of Health and Human Services</b>			<u>32,014</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 734,452</u></u>

**TOWN OF FOSTER, RHODE ISLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Foster, Rhode Island. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Cash assistance is presented on the same basis of accounting as that used in reporting the expenditures (expenses) of the related funds in the Town's basic financial statements. (See Note 1 to the basic financial statements – Summary of Significant Accounting Policies – B. Basis of Presentation and Accounting).

Non-cash assistance is also included in the schedule consistent with OMB Circular A-133 requirements. The non-cash assistance includes the National School Lunch Program (Food Commodities) (CFDA 10.555) and is reported at the fair market value of food distributed.

Disaster Grants – Public Assistance (Presidentially Declared Disaster) (97.036)

After a presidentially declared disaster the Federal Emergency Management Agency (FEMA) provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The Federal Government reimburses in the form of cost-share grants. In 2015 FEMA approved approximately \$362,886 of eligible expenditures that were incurred and reported in the Town of Foster, Rhode Island's financial statements in the prior year. The eligible expenditures are reported in the accompanying schedule.