

# TOWN OF FOSTER RHODE ISLAND



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017

# **TOWN OF FOSTER, RHODE ISLAND**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ending June 30, 2017**

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

## **INTRODUCTORY SECTION**

**THIS SECTION CONTAINS THE FOLLOWING:**

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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, 2017*

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# TOWN OF FOSTER RHODE ISLAND

KELLI M. RUSS  
TREASURER/FINANCE DIRECTOR

March 29, 2018

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, 2017, is hereby submitted. This report was prepared by the Treasurer's Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town's management. We believe the information, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town, and that all disclosures necessary to enable the reader to gain adequate understanding of the Town's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, a reproduction of the 2016 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 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 resident students 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, Rhode Island on the north; Coventry, Rhode Island on the south, and Scituate, Rhode Island 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, Zoning Board of Review, Board of Canvassers, Recreation Committee, and the Juvenile Hearing Board.

## **COMPONENT UNIT**

The Foster Land Trust (Land Trust) is 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, 2017, the Town of Foster paid \$4,824,400 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. As a result of a recent Charter Amendment, the two candidates receiving the greatest number of votes in the November 2018 general election will be designated Member one and two; each will serve a four-year term. The third Member elected will serve a two-year term. In 2020, there will be an election for one four-year term for Member three. In every election held thereafter, 1 or 2 Committee positions will be open for election/reelection on an alternating schedule.

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's 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>
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	350	635
2015-2016	278	357	635
2016-2017	271	356	627

#### **Projected Enrollment**

<b>School Year</b>	<b>Captain Isaac Paine School</b>	<b>Foster-Glocester Regional School</b>	<b>Total</b>
2017-2018	279	374	653
2018-2019	277	378	655
2019-2020	274	376	650
2020-2021	280	369	649
2021-2022	278	368	646

## **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 services to low and moderate income residents and those in need. Services include emergency housing, fuel/utility assistance, food, and clothing. DHS assists with the application process for state and federal programs such as SNAP, WIC, Medical Assistance, and other programs.

**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 considered a rural residential community. Residential property accounts for 82.60% 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, Shady Acres, Little Rhody Farms, Well One Foster, Dr. Daycare, and the United States Postal Service (USPS).

Listed below is the Rhode Island Department of Labor and Training Quarterly Census of Employment and Wages – Second Quarter 2017 Report.

<b>Foster</b>			
	<b>Number of Units</b>	<b>Average Employment</b>	<b>Total Wages</b>
<b>Total Private &amp; Government</b>	<b>100</b>	<b>553</b>	<b>4,778,122</b>
<b>Total Private Only</b>	<b>94</b>	<b>457</b>	<b>3,533,867</b>
Agriculture, Forestry, Fishing & Hunting	3	19	156,610
Construction	21	38	340,793
Manufacturing	2	*	*
Wholesale Trade	4	7	142,467
Retail Trade	9	38	178,482
Transportation & Warehousing	4	*	*
Information	2	*	*
Finance & Insurance	1	*	*
Real Estate & Rental & Leasing	0	0	0
Professional & Technical Services	11	20	207,378
Management of Companies & Enterprises	2	*	*
Administrative Support & Waste Mgmt.	13	88	797,543
Educational Services	0	0	0
Health Care & Social Assistance	9	93	711,307
Arts, Entertainment, & Recreation	2	*	*
Accommodation & Food Services	6	36	130,534
Other services,	4	10	29,860
Unclassified Establishments	1	*	*
Government	6	96	1,244,255

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

## **HOUSING**

At the end of 2016 sale prices for single family homes in Foster ranged from \$136,000 to more than \$520,000. The 2017 third quarter median sales price for single family homes in Foster was \$322,450.

## **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

## **LONG-TERM FINANCIAL PLANNING**

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 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. Therefore, the Town budgeted an additional contribution of \$175,000 in 2017 to fund capital endeavors and is looking into changes in policy, grants, and alternate funding sources for future capital projects.

## **MAJOR INITIATIVES**

Ongoing or recently completed projects include:

- Improve security at the Captain Isaac Paine Elementary School. Improvements include updates to the vestibule/entranceway, new steel fireproof doors, replacement of additional windows, replacement of exterior lighting, and resurfacing of back lot abutting the playground
- Designed and engineered the HVAC replacement project at the Captain Isaac Paine Elementary School
- Continued planning for a new Police Station
- Replaced town-wide phone system.
- Continued initiative to update and improve the aging Public Works fleet of equipment. In the current year the Town acquired a 6 wheel dump truck with wing plow system.
- Continued development of a new youth athletic field complex
- Asphalt overlays on segments of Plainwoods and Spur Road
- Made third and final payment on a three year capital lease for four police vehicles obtained in 2015.

## **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, 2016. This was the fifth 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.

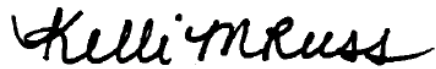
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's

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,

A handwritten signature in black ink that reads "Kelli M. Russ". The signature is written in a cursive, flowing style.

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, 2016**

*Christopher P. Morrell*

Executive Director/CEO

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

### **TOWN COUNCIL**

Denise DiFranco, President  
Christie Stone, Vice President  
Michael Dillon  
Cheryl Hawes  
Gordon Rogers

### **TOWN CLERK**

Susan M. Dillon

### **TREASURER / FINANCE DIRECTOR**

Kelli M. Russ

### **ASSESSOR**

Patricia J. Moreau

### **TAX COLLECTOR**

Nancy Delaere

### **PLANNER**

Cheryl Maynard

### **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  
Brendan Mara  
Shelley D. Pezza

### **FIRE CHIEF - SOUTH FOSTER**

Gordon Brayton

### **FIRE CHIEF - MOOSUP VALLEY**

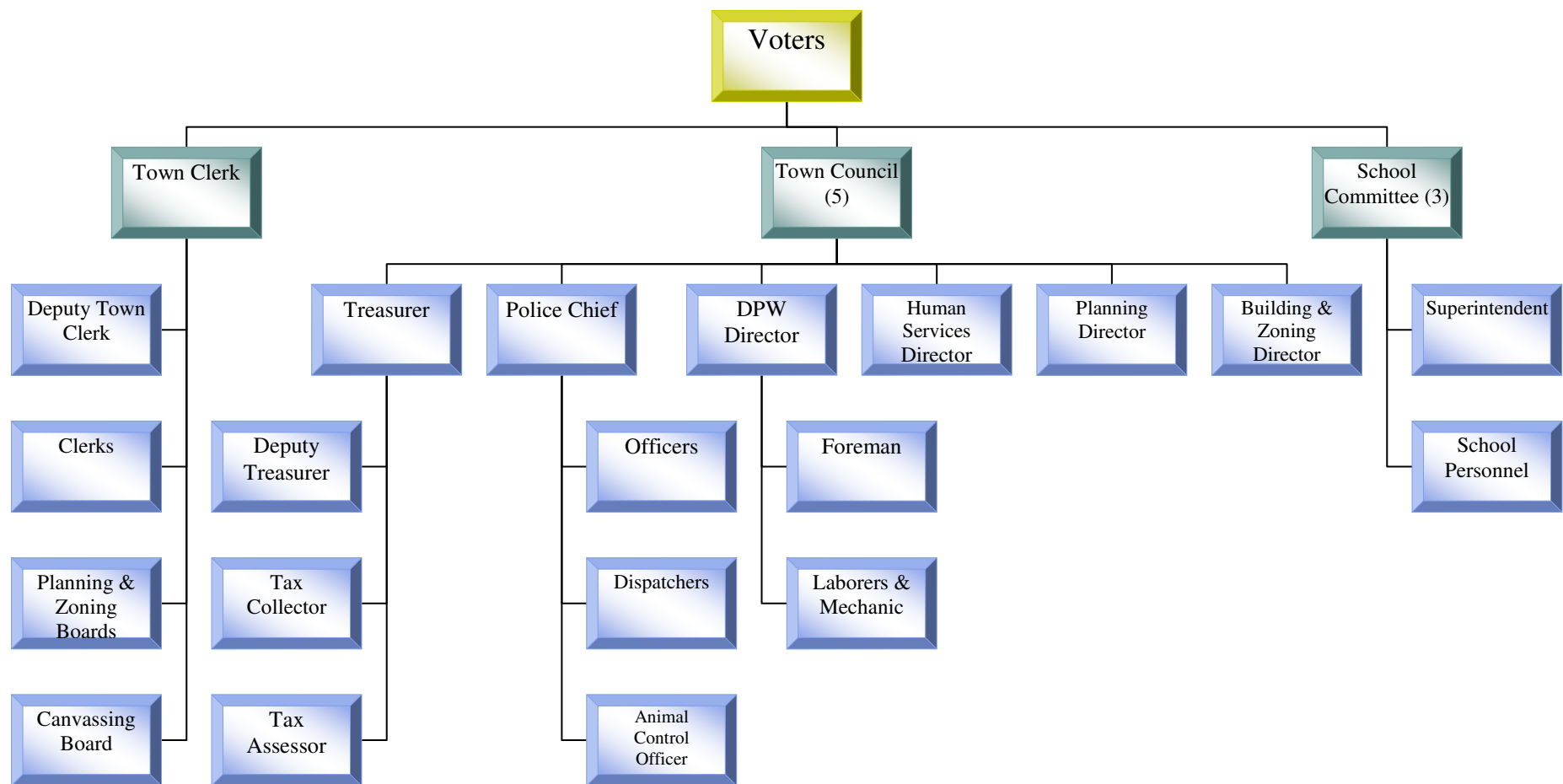
Paul Cunniff

### **FIRE CHIEF - FOSTER CENTER**

Aaron Marsland

### **COMMANDER - AMBULANCE CORPS**

Sharon Cotter



## **FINANCIAL SECTION**

**THIS SECTION CONTAINS THE FOLLOWING:**

*Independent Auditor's Report*

*Management Discussion and Analysis*

*Basic Financial Statements*

*Required Supplementary Information*

*Other Supplementary Information*

**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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 15 and pages 65 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Foster, Rhode Island's 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.

A handwritten signature in black ink that reads "Bacon & Company, LLC". The signature is written in a cursive, flowing style.

Warwick, Rhode Island  
March 29, 2018

**TOWN OF FOSTER, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**  
**(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, 2017. 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 \$4,892,393 of which only (\$21,441) is unassigned.
- At the end of the current fiscal year the committed fund balance in the general fund for the Foster reserve fund was \$1,282,283, or 10.00% of the total 2017 budgeted expenditures and other financing uses less budgeted capital expenditures. This is an increase of \$44,102 from the previous year.
- \$19,457 is reported as assigned fund balance for the budgeted use of the Foster reserve fund in the 2018 fiscal year. This money is assigned for the Building Committee to fund the initial planning for the replacement of the police station.
- The School unrestricted fund ended the year with a restricted (for education) fund balance of \$1,081,722. This is an increase of \$212,841 from the prior year. The School Committee created a capital reserve account for surplus monies in excess of 4% of the operations budget; therefore, the \$1,081,722 restricted (for education) fund balance is comprised of \$179,154 for education and \$902,568 for capital for education.
- The School lunch fund ended the year with a cumulative deficit of \$21,441.
- The Town ended the fiscal year with a budgetary operating surplus of \$251,902. The underlying causes are discussed later in this document. The School ended with a budgetary operating surplus of \$212,841 primarily due to favorable expenditure variances in heating fuel, outside tuitions, medical insurance for personnel, and transportation.
- 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, 2017 by \$6,985,505; an increase from the prior year of \$749,522, or 12.02%. Net position of the Town's component unit increased by \$102,420, or 4.50%, to \$2,379,749.
- 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 material change in the reporting of net position to include transactions recording activity in the Town's pension plans, including net pension liabilities. The net pension liability as of June 30, 2017 is \$5,000,506; an increase of \$416,688, or 9.09%, from the prior year. Additional information on the Town of Foster's pension plans can be found in Note 16 of the financial statements found on pages 45-64.

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- The Town's Government-wide operating expenses were \$14,274,569 an increase of \$322,032, or 2.31%, from the prior year. The net increase is primarily due to an increase in personnel and related expenses resulting in an increase in public safety expenses of \$80,445; an increase in public works expenses for the purchase of equipment and additional expenses related to personnel of \$82,273; an increase in interest expense due to the variable interest rate applied to the outstanding principal balance of the settlement agreement between the Town of Foster and the Providence Water Supply Board; education expenses increased in the amount of \$229,463 due to an increase in the appropriation to the Regional School for operations, combined with a student population shift that negatively impacted the Foster community; and health and welfare expenses decreased by \$176,574 due to a decrease in Community Development Block Grant program expenses as the Town of Foster has not applied for additional grants. Revenues recognized were \$15,024,091, an increase of \$181,603 or 1.22% mainly due to an increase in property tax revenues offset by a decrease in education grants and contributions.

## **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.

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

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

The *Statement of Activities* presents information which shows how the Town's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and 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

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changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains 30 active individual governmental funds. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund, the School unrestricted fund, and the capital project fund which are considered to be major funds. Data from the remaining 27 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 86 through 95 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 96 and 97 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, 2017 by \$6,985,505, an increase of \$749,522 or 12.02% from 2016.

The most significant changes noted were:

*Current assets* increased by \$504,222 and *deferred outflows of resources* increased by \$784,760 from 2016; offset by an increase in *noncurrent liabilities* decreased of \$302,300 and an increase in *deferred inflows of resources* of \$159,381 from 2016. Much of the increase in *current assets* is due to an increase in cash and

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cash equivalents while the increase in *deferred outflows of resources* is due to an increase deferred pension amounts. The increase in *noncurrent liabilities* from 2016 is due to the increase in net pension liabilities and a decrease in the settlement payable to the Providence Water Supply Board. The majority of the increase in *deferred inflows of resources* is due to an increase in deferred pension amounts.

The largest portion of the Town's net position, \$7,166,517 or 102.59%, 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, 2017</b>		<b>June 30, 2016</b>	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Other assets	\$ 7,136,257	\$ 246,194	\$ 6,568,230	\$ 243,125
Capital assets	7,192,077	2,133,555	7,260,675	2,034,855
Total assets	<u>\$ 14,328,334</u>	<u>\$ 2,379,749</u>	<u>\$ 13,828,905</u>	<u>\$ 2,277,980</u>
Deferred outflows of resources	\$ 1,440,024	\$ -	\$ 655,264	\$ -
Current liabilities	\$ 994,877	\$ -	\$ 921,891	\$ 651
Noncurrent liabilities	6,476,100	-	6,173,800	-
Total liabilities	<u>\$ 7,470,977</u>	<u>\$ -</u>	<u>\$ 7,095,691</u>	<u>\$ 651</u>
Deferred inflows of resources	\$ 1,311,876	\$ -	\$ 1,152,495	\$ -
Net Position:				
Net investments in capital assets	\$ 7,166,517	\$ 2,133,555	\$ 7,219,293	\$ 2,034,855
Restricted	1,577,121	-	1,307,019	-
Unrestricted	(1,758,133)	246,194	(2,290,329)	242,474
Total net position	<u>\$ 6,985,505</u>	<u>\$ 2,379,749</u>	<u>\$ 6,235,983</u>	<u>\$ 2,277,329</u>

An additional portion of the Town's net position, \$1,577,121, or 22.58%, 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 of \$1,758,133 is largely due to net pension liabilities of \$5,000,506 and a settlement payable to the Providence Water Supply Board in the amount of \$1,355,807.

**Changes in Net Position**

The government's total net position increased by \$749,522 during the current fiscal year.

<b>Town of Foster Statement of Activities</b>				
	<b>June 30, 2017</b>		<b>June 30, 2016</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	\$ 298,646	\$ 59,460	\$ 293,008	\$ 40,287
Operating grants	1,812,816	-	2,015,238	-
Capital grants	46,584	45,240	29,376	96,194
General revenues				
Property taxes	12,701,025	-	12,302,201	-
State aid	151,676	-	173,868	-
Interest and investment income	9,829	769	7,938	2,449
Miscellaneous	3,515	-	20,859	-
Total revenues	<u>\$ 15,024,091</u>	<u>\$ 105,469</u>	<u>\$ 14,842,488</u>	<u>\$ 138,930</u>
<i>Expenses</i>				
Legislative, judicial & general admin	\$ 1,017,717	\$ -	\$ 953,373	\$ -
Health and welfare	136,610	-	313,184	-
Public Safety	1,855,035	-	1,774,590	-
Public Works	1,363,583	-	1,281,310	-
Building and Zoning	34,702	-	38,593	-
Planning	63,532	-	54,741	-
Conservation	400	-	1,425	-
Recreation	29,662	-	33,283	-
Education	9,471,671	-	9,242,208	-
Food services	75,917	-	77,781	-
Libraries	150,842	-	150,842	-
Interest expense	74,898	-	31,207	-
Land Trust	-	3,049	-	4,987
Total expenses	<u>\$ 14,274,569</u>	<u>\$ 3,049</u>	<u>\$ 13,952,537</u>	<u>\$ 4,987</u>
Change in net position	749,522	102,420	889,951	133,943
Net position - beginning of year	<u>6,235,983</u>	<u>2,277,329</u>	<u>5,346,032</u>	<u>2,143,386</u>
Net position - end of year	<u><u>\$ 6,985,505</u></u>	<u><u>\$ 2,379,749</u></u>	<u><u>\$ 6,235,983</u></u>	<u><u>\$ 2,277,329</u></u>

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**Governmental activities** – As previously stated, the Governmental activities increased the Town's net position by \$749,522. The key elements for this increase include an increase in property tax revenues net of the impact in expenses as follows:

- 1) An increase in interest expense related to the settlement agreement with the Providence Water Supply Board.
- 2) A net increase in public safety and public works expenses due to the increase in personnel related expenses and the purchase of a new vehicle for public works.
- 3) A decrease in health and welfare expenses due to decreased spending on Community Development Block Grant program as the Town of Foster has not applied for additional grants.
- 4) An increase in education expenses due to an increase in the appropriation to the Regional School for operations, combined with a student population shift that negatively impacted the Foster community.

**Component unit activities** - Component unit activities increased its net position by \$102,420, or 4.50%, from 2016. The key elements for this increase were the receipt of conveyance fees allocated to the preservation of open space and the receipt of donated land.

**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 \$4,892,393 an increase of \$369,136 in comparison with the prior year.

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

	Total General Fund 6/30/2017	Total Other Funds 6/30/2017	Total Governmental Funds 6/30/2017	Total General Fund 6/30/2016	Total Other Funds 6/30/2016	Total Governmental Funds 6/30/2016
Nonspendable:						
Prepaid expenditures	\$ 39,009	\$ -	\$ 39,009	\$ 145,494	\$ -	\$ 145,494
Other assets with WB Comm. Health	823,353	-	823,353	928,087	-	928,087
Restricted:						
Education	-	1,091,373	1,091,373	-	875,695	875,695
Historical records preservation	-	75,246	75,246	-	69,946	69,946
Health and welfare programs	-	9,891	9,891	-	8,564	8,564
Public safety programs	-	56,394	56,394	-	18,046	18,046
Capital	-	289,552	289,552	-	280,627	280,627
Other programs	11,372	4,373	15,745	10,958	4,373	15,331
Committed:						
Student population change	186,163	-	186,163	186,163	-	186,163
Townhouse maintenance	-	5,881	5,881	-	5,836	5,836
Recycling programs	-	11,822	11,822	-	16,519	16,519
Open space and conservation	-	40,745	40,745	-	153,461	153,461
Capital	923,468	-	923,468	460,093	-	460,093
Comprehensive Plan	1,273	-	1,273	19,990	-	19,990
Revaluation	33,187	-	33,187	70,128	-	70,128
Foster reserve fund	1,282,283	-	1,282,283	1,238,181	-	1,238,181
Assigned:						
2017 Budget	-	-	-	30,000	-	30,000
Public safety building	19,457	-	19,457	-	-	-
Recreation	2,506	-	2,506	3,857	-	3,857
Educational enrichment programs	-	89	89	-	-	-
Other programs	6,397	-	6,397	6,369	-	6,369
Unassigned:	-	(21,441)	(21,441)	-	(9,130)	(9,130)
Total fund balances	<u>\$ 3,328,468</u>	<u>\$1,563,925</u>	<u>\$ 4,892,393</u>	<u>\$ 3,099,320</u>	<u>\$ 1,423,937</u>	<u>\$ 4,523,257</u>

The general fund's total fund balance increased by \$229,148 from 2016 overall. This change is the net result of more significant changes in fund balances. *Nonspendable* fund balance decreased by \$211,219 due to a decrease in the assets held with West Bay Community Health which administers the Town's medical and dental insurance programs, and a decrease in prepaid expenditures. The *committed* fund balance increased by \$451,819 due to the increases in the Foster reserve fund and capital. The *assigned* fund balance decreased by \$11,866 primarily due to the decrease in funds assigned for future budgets.

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 \$1,081,811, an increase from 2016 of \$212,930. The capital project fund ended the fiscal year with total fund balances of \$289,552, an insignificant increase from 2016 of \$8,925, due to an increasing need to fund

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capital projects to maintain the Town's infrastructure, buildings, and equipment in excess of the allocation of 2% (of annual operations) to capital, mandated by the Homerule Charter adopted in 1976.

**General Fund Budgetary Highlights**

The Town finished FY 2017 with a budgetary surplus of \$251,902. Much of this surplus was a result of events which could not be anticipated.

**Revenues**

Actual revenues and other financing sources reported in 2017 exceeded budgeted revenues reported by \$141,883 or 1.07%. This gain in revenues was a result of the following:

A favorable budgetary variance of \$57,680 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 \$19,816, or 22.01%. Additionally, fees collected for licenses and permits exceeded the budget by \$30,155, or 60.31%.

**Expenses**

Budgeted expenditures and other financing uses in the Town's general fund exceeded actual expenditures by \$110,019 or 0.83%. This was primarily due to favorable variances in building & zoning and public safety, due to savings in personnel and related expenditures 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, 2017 amounted to \$7,192,077 (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 7 on page 34 of the notes to the financial statements.

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

	<b>June 30, 2017</b>		<b>June 30, 2016</b>	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Land	\$ 161,199	\$ 2,133,555	\$ 161,199	\$ 2,034,855
Construction in progress	141,793	-	24,210	-
Land Improvements	81,706	-	16,794	-
Buildings and improvements	1,824,261	-	1,880,269	-
Motor vehicles	447,287	-	490,720	-
Machinery and equipment	774,600	-	791,412	-
Infrastructure - roads and bridges	3,761,231	-	3,896,071	-
Total	<u>\$ 7,192,077</u>	<u>\$ 2,133,555</u>	<u>\$ 7,260,675</u>	<u>\$ 2,034,855</u>

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

- 1) Redesigned and resurfaced playground areas at Captain Isaac Paine School \$69,250
- 2) Completed vestibule and building upgrades including security cameras and outside lights \$37,090
- 3) Replaced phone system for town hall and police station \$26,450
- 4) Acquired a 6 wheel dump truck with wing plow \$30,000
- 5) Acquired a box spreader for small paving projects \$21,218
- 6) Cleared land at new recreation field site-ongoing project \$116,000

### **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 \$16,560,690 (based on the net assessed valuation at December 31, 2015 of \$552,023,011). As of June 30, 2017, the Town had no outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$16,560,690.

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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, 2017, 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 8 of the financial statements on page 35.

**Economic Factors and Next Year's Budgets and Rates**

Unemployment rates as of June 30, 2017 and June 30, 2016 (not seasonally adjusted)

<u>6/30/2017</u>	<u>6/30/2016</u>	
3.40%	5.05%	Town of Foster
4.20%	5.52%	State of Rhode Island
4.40%	5.00%	United States

- Median household income in Foster was \$80,750 compared to the State of Rhode Island median income of \$58,387. The median income for the United States was \$55,332.
- Per Capita family income in Foster was \$37,194 compared to the State of Rhode Island per capita family income of \$31,904. The per capita family income for the United States was \$29,829.
- Existing single-family home median sale prices were approximately \$273,400 in Foster, greater than the state average of \$238,200.
- Foster ranks 37<sup>th</sup> in population (4,677 per ACS2012-2016 2016 5-year estimate) among Rhode Island's 39 cities and towns.
- The Town's total general fund budget for fiscal year 2018 approved at the May 2, 2017 Financial Town Meeting is \$13,435,345, allocated as follows:
  - Education - \$8,196,462, or 61.01%
  - Capital - \$715,640, or 5.33% (includes a budgeted transfer to the capital project fund)
  - Other - \$4,523,243, or 33.66%

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- In fiscal year 2018, \$93,082 was appropriated from the Town's student population set-aside to offset the increase in the regional school's appropriation directly resulting from the increase in foster students as a percentage of the student body as a whole.
- The 2018 FTM adopted budget reflects an increase of \$326,196 or 2.54%, from 2017, excluding capital expenditures funded by the capital fund. The increase is the net result of significant changes in a few departments. These changes include an increase in the police budget of \$72,783, or 6.06%, primarily to fund personnel expenditures resulting from contractual obligations and budgetary assumptions for staffing needs; a net increase in the Foster-Glocester Regional School appropriation of \$160,243, or 3.32%; an increase of \$20,413, or 6.89% in refuse remove to fund the increased cost associated with tipping fees; an increase of \$19,106, or 9.24% in the finance department to fund a possible change in health insurance; and an increase in long-term debt and obligations of \$15,000, or 8.57% to fund the 3<sup>rd</sup> payment of a settlement agreement between the Town of Foster and the Providence Water Supply Board.
- 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 increased to \$1,000; the same exemption given to taxpayers.
- 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 collected in the 2016 fiscal year end. The Town's tax rates for 2018 and 2017 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>2017-2018</u>	Fiscal Year <u>2016-2017</u>	Increase (Decrease)
Real Property	\$ 23.25	\$ 22.54	\$ 0.71
Motor Vehicle	36.95	36.95	-
Tangible	31.98	31.00	0.98
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, 2017

	<b><i>Primary Government Governmental Activities</i></b>	<b><i>Component Unit Foster Land Trust</i></b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,177,992	\$ 196,311
Investments	-	42,751
Property taxes receivable	872,116	-
Accrued interest receivable	109,901	-
Due from federal and state governments	198,874	-
Other receivables	155,561	-
Due from primary government	-	7,132
Prepaid expenses	39,009	-
<b>Total current assets</b>	<b>5,553,453</b>	<b>246,194</b>
<b>Noncurrent assets:</b>		
Capital assets: (Note 7)		
Land and other nondepreciable assets	302,992	2,133,555
Depreciable buildings, property, equipment, and infrastructure (net)	6,889,085	-
Negative net other post employment benefit obligation	184,230	-
Net pension assets	422,673	-
Other assets	975,901	-
<b>Total noncurrent assets</b>	<b>8,774,881</b>	<b>2,133,555</b>
<b>Total assets</b>	<b>14,328,334</b>	<b>2,379,749</b>
<b>Deferred outflows of resources:</b>		
Deferred pension amounts	1,440,024	-
<b>Total deferred outflows of resources</b>	<b>1,440,024</b>	<b>-</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	574,148	-
Due to component unit	7,132	-
Claims payable	152,548	-
Compensated absences payable	66,770	-
Settlement payable	190,000	-
Long-term debt- due within one year (Note 8)	4,279	-
<b>Total current liabilities</b>	<b>994,877</b>	<b>-</b>
<b>Noncurrent liabilities:</b>		
Long-term debt- due in more than one year (Note 8)	21,281	-
Compensated absences payable	288,506	-
Settlement payable	1,165,807	-
Net pension liabilities	5,000,506	-
<b>Total noncurrent liabilities</b>	<b>6,476,100</b>	<b>-</b>
<b>Total liabilities</b>	<b>7,470,977</b>	<b>-</b>
<b>Deferred inflows of resources:</b>		
Deferred property taxes	36,690	-
Deferred pension amounts	1,275,186	-
<b>Total deferred inflows of resources</b>	<b>1,311,876</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	7,166,517	2,133,555
Restricted for:		
Capital purposes	289,552	-
Education programs	1,091,373	-
Historical records preservation	75,246	-
Public safety programs	56,394	-
Other programs	64,556	-
Unrestricted	(1,758,133)	246,194
<b>Total net position</b>	<b>\$ 6,985,505</b>	<b>\$ 2,379,749</b>

*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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Foster Land Trust
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
Legislative, judicial and general administrative	\$ 1,017,717	\$ 95,543	\$ 3,481	\$ -	\$ (918,693)	\$ -
Health and Welfare	136,610	1,150	94,549	-	(40,911)	-
Public safety	1,855,035	44,745	67,630	-	(1,742,660)	-
Public works	1,363,583	350	21,381	-	(1,341,852)	-
Building and zoning	34,702	33,220	-	-	(1,482)	-
Planning	63,532	-	-	-	(63,532)	-
Conservation	400	-	-	-	(400)	-
Recreation	29,662	1,760	-	-	(27,902)	-
Education	9,471,671	86,539	1,597,508	46,584	(7,741,040)	-
Food services	75,917	35,339	28,267	-	(12,311)	-
Libraries	150,842	-	-	-	(150,842)	-
Interest expense	74,898	-	-	-	(74,898)	-
<b>Total primary government</b>	<b>\$ 14,274,569</b>	<b>\$ 298,646</b>	<b>\$ 1,812,816</b>	<b>\$ 46,584</b>	<b>(12,116,523)</b>	<b>-</b>
<b>Component Unit:</b>						
<b>Foster Land Trust</b>	<b>\$ 3,049</b>	<b>\$ 59,460</b>	<b>\$ -</b>	<b>\$ 45,240</b>	<b>-</b>	<b>101,651</b>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					12,701,025	-
State aid, not restricted for a specific purpose					151,676	-
Interest and investment income					9,829	769
Miscellaneous					3,515	-
<b>Total general revenues</b>					<b>12,866,045</b>	<b>769</b>
<b>Change in net position</b>					<b>749,522</b>	<b>102,420</b>
<b>Net position - beginning of year</b>					<b>6,235,983</b>	<b>2,277,329</b>
<b>Net position - end of year</b>					<b>\$ 6,985,505</b>	<b>\$ 2,379,749</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, 2017*

	<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	\$ 2,664,528	\$ 1,051,848	\$ 289,552	\$ 172,064	\$ 4,177,992
Property taxes receivable	872,116	-	-	-	872,116
Due from federal and state governments	60,145	16,544	-	122,185	198,874
Other receivables	6,609	90,566	-	58,386	155,561
Due from other funds	43,693	276,558	-	101,260	421,511
Prepaid expenditures	39,009	-	-	-	39,009
Other assets	975,901	-	-	-	975,901
<b>Total assets</b>	<u>\$ 4,662,001</u>	<u>\$ 1,435,516</u>	<u>\$ 289,552</u>	<u>\$ 453,895</u>	<u>\$ 6,840,964</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenditures	\$ 225,341	\$ 343,785	\$ -	\$ 5,022	\$ 574,148
Due to other funds	194,200	9,920	-	217,391	421,511
Due to component unit	7,132	-	-	-	7,132
Claims payable	152,548	-	-	-	152,548
<b>Total liabilities</b>	<u>579,221</u>	<u>353,705</u>	<u>-</u>	<u>222,413</u>	<u>1,155,339</u>
<b>Deferred Inflows of Resources:</b>					
Deferred property taxes	717,622	-	-	-	717,622
Other deferred revenues	36,690	-	-	38,920	75,610
<b>Total deferred inflows of resources</b>	<u>754,312</u>	<u>-</u>	<u>-</u>	<u>38,920</u>	<u>793,232</u>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid expenditures	39,009	-	-	-	39,009
Other assets with WB Community Health	823,353	-	-	-	823,353
Restricted for:					
Education programs	-	1,081,722	-	9,651	1,091,373
Historical records preservation	-	-	-	75,246	75,246
Health and welfare programs	-	-	-	9,891	9,891
Public safety programs	-	-	-	56,394	56,394
Capital expenditures - Town	-	-	190,047	-	190,047
Capital expenditures - School	-	-	99,505	-	99,505
Other programs	11,372	-	-	4,373	15,745
Committed for:					
Student population change	186,163	-	-	-	186,163
Townhouse maintenance	-	-	-	5,881	5,881
Recycling programs	-	-	-	11,822	11,822
Open space and conservation	-	-	-	40,745	40,745
Capital expenditures	923,468	-	-	-	923,468
Revaluation	33,187	-	-	-	33,187
Comprehensive plan	1,273	-	-	-	1,273
Foster reserve fund	1,282,283	-	-	-	1,282,283
Assigned for:					
Public safety building	19,457	-	-	-	19,457
Recreation programs	2,506	-	-	-	2,506
Educational enrichment programs	-	89	-	-	89
Other programs	6,397	-	-	-	6,397
Unassigned	-	-	-	(21,441)	(21,441)
<b>Total fund balance</b>	<u>3,328,468</u>	<u>1,081,811</u>	<u>289,552</u>	<u>192,562</u>	<u>4,892,393</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 4,662,001</u>	<u>\$ 1,435,516</u>	<u>\$ 289,552</u>	<u>\$ 453,895</u>	<u>\$ 6,840,964</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, 2017*

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**Total Fund Balances - Total Governmental Funds** \$ 4,892,393

**Amounts reported for Governmental Activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements. 7,192,077

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. 109,901

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. 717,622

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. 38,920

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 8 to the financial statements) (6,737,149)

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. 606,903

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 1,440,024  
Deferred inflows of resources (1,275,186)

**Net Position - Governmental Activities** \$ 6,985,505

*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, 2017*

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Capital Projects Fund</i>	<i>Nonmajor Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Revenues</b>					
General property taxes	\$ 12,507,111	\$ -	\$ -	\$ -	\$ 12,507,111
Intergovernmental and departmental revenues	183,264	1,360,288	46,584	372,603	1,962,739
Licenses and permits	80,155	-	-	-	80,155
Building and zoning fees	33,220	-	-	-	33,220
Fines and interest on late payments	109,816	-	-	-	109,816
Interest on investments	7,781	-	1,087	961	9,829
Other revenues	53,641	86,539	-	90,014	230,194
<b>Total revenues</b>	<u>12,974,988</u>	<u>1,446,827</u>	<u>47,671</u>	<u>463,578</u>	<u>14,933,064</u>
<b>Expenditures</b>					
Current:					
Legislative, judicial and general administrative	336,024	-	-	1,731	337,755
Financial administration	317,718	-	-	-	317,718
Miscellaneous administration	280,718	-	-	-	280,718
Health and welfare	42,018	-	-	94,262	136,280
Public safety	1,809,322	-	-	24,689	1,834,011
Public works	1,374,086	-	-	5,047	1,379,133
Building and zoning	34,702	-	-	-	34,702
Planning	63,532	-	-	-	63,532
Conservation	400	-	-	-	400
Recreation	28,901	-	-	116,000	144,901
Education	4,889,071	4,376,466	-	227,799	9,493,336
Food services	-	-	-	75,917	75,917
Libraries	150,842	-	-	-	150,842
Providence Water settlement	175,000	-	-	-	175,000
Capital outlay	96,883	-	-	69,250	166,133
<b>Total expenditures</b>	<u>9,599,217</u>	<u>4,376,466</u>	<u>-</u>	<u>614,695</u>	<u>14,590,378</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	<u>3,375,771</u>	<u>(2,929,639)</u>	<u>47,671</u>	<u>(151,117)</u>	<u>342,686</u>
<b>Other financing sources (uses)</b>					
Capital lease	26,450	-	-	-	26,450
Transfers from other funds	461,743	3,211,819	422,997	69,250	4,165,809
Transfers to other funds	(3,634,816)	(69,250)	(461,743)	-	(4,165,809)
<b>Total other financing sources (uses)</b>	<u>(3,146,623)</u>	<u>3,142,569</u>	<u>(38,746)</u>	<u>69,250</u>	<u>26,450</u>
<b>Net change in fund balance</b>	229,148	212,930	8,925	(81,867)	369,136
<b>Fund balances - beginning of year</b>	<u>3,099,320</u>	<u>868,881</u>	<u>280,627</u>	<u>274,429</u>	<u>4,523,257</u>
<b>Fund balances - end of year</b>	<u>\$ 3,328,468</u>	<u>\$ 1,081,811</u>	<u>\$ 289,552</u>	<u>\$ 192,562</u>	<u>\$ 4,892,393</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, 2017*

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**Net Changes in Fund Balances - Total Governmental Funds** \$ 369,136

**Amounts reported for Governmental Activities in the Statement of Activities are different because:**

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. 301,591

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. (370,189)

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, the change in compensated absences, settlement payables, net pension liabilities (assets) and negative net OPEB obligation are not reported as expenditures in Governmental Fund financial statements.

This amount represents the change in these long-term liabilities (assets) from the prior year. 348,719

Capital 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 issuance of a capital lease (26,450)

This amount represents long-term debt payments. 42,272

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. 80,455

Revenues in the Government-Wide Statement of Activities that are not available are not reported as revenue in the Governmental Funds. 3,988

**Change in Net Position of Governmental Activities** \$ 749,522

*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, 2017*

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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	\$ 168,065	\$ 18,568	\$ 6,141
Contribution receivable	11,065	-	-
Prepaid expenses	2,677	-	-
<b>Total assets</b>	<u>181,807</u>	<u>18,568</u>	<u>6,141</u>
<b>Liabilities</b>			
Deposits held in custody for others	-	-	6,141
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>6,141</u>
<b>Net Position</b>			
Restricted for post employment benefits and other purposes	<u>\$ 181,807</u>	<u>\$ 18,568</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, 2017*


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	<i><b>Other Post-Employment Benefits Trust Fund</b></i>	<i><b>Private- purpose Trusts Cemetery Fund</b></i>
<b>Additions</b>		
Contributions:		
Employer	\$ 67,394	\$ -
Total contributions	<u>67,394</u>	<u>-</u>
Investment earnings:		
Interest and dividends	509	74
Total investment earnings	<u>509</u>	<u>74</u>
Other revenue	-	4,350
<b>Total additions</b>	<u>67,903</u>	<u>4,424</u>
<b>Deductions</b>		
Benefits	48,940	-
Other	-	4,200
<b>Total deductions</b>	<u>48,940</u>	<u>4,200</u>
 <b>Change in net position</b>	 18,963	 224
 <b>Net position - beginning of year</b>	 <u>162,844</u>	 <u>18,344</u>
<b>Net position - end of year</b>	<u><u>\$ 181,807</u></u>	<u><u>\$ 18,568</u></u>

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

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

## ***Notes to Financial Statements***

***June 30, 2017***

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", GASB Statement No. 61 "Financial Reporting Entity-Omnibus", and GASB Statement No. 80, "Blending Requirements for Certain Component Units". 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, 61, and 80 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.

#### **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

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

### *Notes to Financial Statements*

*June 30, 2017*

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, 2017 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, 2017 or for the year then ended. Major individual governmental funds and are reported as separate columns in the Fund Financial Statements.

### **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.

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

### *Notes to Financial Statements*

*June 30, 2017*

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 Fiduciary Net Position and a Statement of Changes in Fiduciary 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 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.

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

### *Notes to Financial Statements*

*June 30, 2017*

**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. 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. 77 – *Tax Abatement Disclosures*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 78 – *Pensions Provided Through Certain Multiple – Employer Defined Benefit Pension Plans*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, effective for the Town’s fiscal year ending June 30, 2017.
- GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, effective for the Town’s fiscal year ending June 30, 2017.

The adoption of GASB Statement Nos. 74, 77, 78, 79, 80 and 82 did not have an impact on the Town’s financial position or results of operations.

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

- GASB Statement No. 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. 81 – *Irrevocable Split-Interest Agreements*, effective for the Town’s fiscal year ending June 30, 2018.
- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the Town’s fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town’s fiscal year ending June 30, 2020.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the Town’s fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the Town’s fiscal year ending June 30, 2018.

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

## *Notes to Financial Statements*

*June 30, 2017*

- GASB Statement No. 87 – *Leases*, effective for the Town's fiscal year ending June 30, 2021.

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**

The Town reports investments 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.

### **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 upon acquisition.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value 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:

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

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

## *Notes to Financial Statements*

*June 30, 2017*

### **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. Failure to make payment by due dates will result in a lien on the taxpayers property.

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

### **K. COMPENSATED ABSENCES**

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2017.

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.

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

### *Notes to Financial Statements*

*June 30, 2017*

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 governmental fund financial statements until due.

#### **M. PENSIONS**

For the purposes of measuring the net pension (assets) 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 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 \$16,560,690. As of June 30, 2017, the Town's debt is under the limit by \$16,560,690.

#### **B. DEFICIT FUND BALANCES**

The following nonmajor governmental fund reported a deficit in the unassigned fund balance at June 30, 2017:

School Lunch	\$(21,441)
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## ***TOWN OF FOSTER, RHODE ISLAND***

### *Notes to Financial Statements*

*June 30, 2017*

#### **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”.

	<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>
	<b><u>Carrying</u></b>	<b><u>Carrying</u></b>
	<b><u>Amount</u></b>	<b><u>Amount</u></b>
Total Deposits	\$4,370,066	\$196,311
Add: Petty Cash	700	-
<b><i>Total Cash and Cash Equivalents Reported</i></b>		
<b><i>in the Financial Statements</i></b>	<b><u>\$4,370,766</u></b>	<b><u>\$196,311</u></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, 2017, \$1,585,430 of the Town’s bank balance of \$4,670,844 was exposed to custodial credit risk as follows:

	<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>
	<b><u>Bank</u></b>	<b><u>Bank</u></b>
	<b><u>Balance</u></b>	<b><u>Balance</u></b>
Insured (Federal depository insurance funds)	\$2,957,931	\$127,483
Collateralized with securities held by pledging financial institution or its agent not in the Town’s name	803,628	68,828
Uninsured and uncollateralized	712,974	-
<b><i>Total</i></b>	<b><u>\$4,474,533</u></b>	<b><u>\$196,311</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. At June 30, 2017, the Town’s uncollateralized deposits with institutions were \$712,974. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulations.

#### **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.

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

### *Notes to Financial Statements*

*June 30, 2017*

As of June 30, 2017, the Town had the following investments:

<b><u>Investment</u></b>	<b><u>Maturity</u></b>	<b><u>Component Unit Fair Value</u></b>	<b><u>Rating</u></b>
Municipal Bond	11/15/2036	\$5,031	Moody's – AA1, S&P- AA+
Municipal Bond	11/01/41	5,579	Moody's – A2, S&P-A
Municipal Bond	04/01/2025	5,303	Moody's – A1
Municipal Bond	12/01/2033	5,070	S & P – AA
Corporate Bond	7/15/2064	10,088	Moody's A3, S&P- BBB
Corporate Bond	8/01/20116	6,715	Moody's AA3
	Average maturity		
Mutual Funds Fixed Income	20.72 years	<u>4,965</u>	Average BB
<b><i>Total Investments reported in the Financial Statements</i></b>		<u>\$42,751</u>	

***Interest Rate Risk*** – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

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

### **NOTE 5 – FAIR VALUE MEASUREMENT**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

*June 30, 2017*

The Town has the following recurring fair value measurements as of June 30, 2017:

- The following investments are valued using quoted prices in active markets (Level 1 inputs): Mutual funds fixed income \$4,965.
- The following investments are valued by a pricing service using matrix pricing (level 2 inputs): municipal bonds \$20,983 and corporate bonds \$16,803.

### **NOTE 6 – INTER-FUND TRANSACTIONS**

Inter-fund receivable and payable balances at June 30, 2017 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>	
<b><i>Governmental activities:</i></b>				
General	\$ (1,319)	\$ -	\$ 45,012	\$ 43,693
School Unrestricted	104,091	88	172,379	276,558
Other Governmental Funds	91,428	9,832	-	101,260
<b><i>Total</i></b>	<u><u>\$ 194,200</u></u>	<u><u>\$ 9,920</u></u>	<u><u>\$ 217,391</u></u>	<u><u>\$ 421,511</u></u>

The balances primarily result from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Inter-fund transfer balances at June 30, 2017 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>School Unrestricted Fund</b></u>	<u><b>Capital Projects Fund</b></u>	
General	\$ -	\$ -	\$ 461,743	\$ 461,743
School Unrestricted	3,211,819	-	-	3,211,819
Capital Project Fund	422,997	-	-	422,997
Nonmajor Other Governmental Funds	-	69,250	-	69,250
<b><i>Total</i></b>	<u><u>\$ 3,634,816</u></u>	<u><u>\$ 69,250</u></u>	<u><u>\$ 461,743</u></u>	<u><u>\$ 4,165,809</u></u>

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them. For example, the \$3,211,819 transfer is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

# TOWN OF FOSTER, RHODE ISLAND

## Notes to Financial Statements

June 30, 2017

### NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS

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

	<i><b>Beginning Balance</b></i>	<i><b>Additions</b></i>	<i><b>Retirements</b></i>	<i><b>Ending Balance</b></i>
<b>Primary Government -</b>				
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 161,199	\$ -	\$ -	\$ 161,199
Construction in progress	24,210	141,793	24,210	141,793
<b>Total nondepreciable assets</b>	<u>185,409</u>	<u>141,793</u>	<u>24,210</u>	<u>302,992</u>
Depreciable assets:				
Land improvements	191,866	69,250	-	261,116
Buildings and improvements	4,467,113	37,090	-	4,504,203
Motor vehicles	2,955,728	30,000	-	2,985,728
Machinery and equipment	1,484,927	47,668	18,160	1,514,435
Infrastructure - roads and bridges	8,189,364	-	-	8,189,364
<b>Total capital assets</b>	<u>17,474,407</u>	<u>325,801</u>	<u>42,370</u>	<u>17,757,838</u>
Less accumulated depreciation for:				
Land improvements	175,072	4,338	-	179,410
Buildings and improvements	2,586,844	93,098	-	2,679,942
Motor vehicles	2,465,008	73,433	-	2,538,441
Machinery and equipment	693,515	64,480	18,160	739,835
Infrastructure - roads and bridges	4,293,293	134,840	-	4,428,133
<b>Total accumulated depreciation</b>	<u>10,213,732</u>	<u>370,189</u>	<u>18,160</u>	<u>10,565,761</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 7,260,675</u></u>	<u><u>\$ (44,388)</u></u>	<u><u>\$ 24,210</u></u>	<u><u>\$ 7,192,077</u></u>
<b>Component Unit:</b>				
Nondepreciable assets:				
Land	\$ 2,034,855	\$ 98,700	\$ -	\$ 2,133,555
<b>Total nondepreciable assets</b>	<u>2,034,855</u>	<u>98,700</u>	<u>-</u>	<u>2,133,555</u>
<b>Component unit capital assets, net</b>	<u><u>\$ 2,034,855</u></u>	<u><u>\$ 98,700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,133,555</u></u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
Legislative	\$ 136,393
Health and Welfare	330
Public education	73,396
Public safety	100,540
Public works	58,769
Recreation	761
<b>Total governmental activities depreciation expense</b>	<u><u>\$ 370,189</u></u>

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

June 30, 2017

### **NOTE 8 – LONG-TERM LIABILITIES**

#### **A. LONG -TERM LIABILITIES**

Long term liabilities for the year ended June 30, 2017 was as follows:

	<i><u>Beginning Balance</u></i>	<i><u>Additions</u></i>	<i><u>Retirements</u></i>	<i><u>Ending Balance</u></i>	<i><u>Amounts Due Within One Year</u></i>
<b><i>Governmental Activities:</i></b>					
Capital leases payable	\$ 41,382	\$ 26,450	\$ 42,272	\$ 25,560	\$ 4,279
Accrued compensated absences	355,092	97,426	97,242	355,276	66,770
Settlement payable	1,455,909	74,898	175,000	1,355,807	190,000
Net pension liabilities	4,583,818	416,688	-	5,000,506	-
<b><i>Total Governmental Activities</i></b>					
<b><i>Long-Term Liabilities</i></b>	<u>\$6,436,201</u>	<u>\$ 615,462</u>	<u>\$ 314,514</u>	<u>\$6,737,149</u>	<u>\$ 261,049</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 and equipment valued at \$150,735 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, 2017.

Obligations of Governmental Activities under capital leases as of June 30, 2017 were as follows:

<i><u>Fiscal Year Ended June 30,</u></i>	<i><u>Governmental Activities Lease Payment Requirements</u></i>
2018	\$6,778
2019	6,778
2020	6,778
2021	6,777
2022	5,648
Total minimum lease payments	32,759
Less: Amount representing interest cost	(7,199)
Present value of minimum lease payments	<u>\$25,560</u>

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

June 30, 2017

### **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 9 – TRANSCATIONS WITH THE FOSTER LAND TRUST**

For the year ended June 30, 2017, the Town's General Fund reported the following balances related to the Foster Land Trust:

Due to Foster Land Trust	<u>\$7,132</u>
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### **NOTE 10 – 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 EXPENDITURES/EXPENSES**

The accounts payable and accrued expenditures/expenses at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<i>Governmental activities</i>				
General	\$ 155,974	\$ 61,117	\$ 8,250	\$ 225,341
School Unrestricted	308,960	34,825	-	343,785
Other Governmental Funds	5,022	-	-	5,022
<b>Total</b>	<u>\$ 469,956</u>	<u>\$ 95,942</u>	<u>\$ 8,250</u>	<u>\$ 574,148</u>

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

### *Notes to Financial Statements*

*June 30, 2017*

#### **NOTE 11 - 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.”

The Town considers restricted resources to have been spent when an expense is incurred for which both restricted and unrestricted net position are available.

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. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

***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.

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

### *Notes to Financial Statements*

*June 30, 2017*

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. 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 12 – 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, 2017 was \$4,824,400. 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 13 – 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.

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

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

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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 \$152,548 reported in the General Fund at June 30, 2017 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>
2015-2016	\$73,873	\$619,259	\$710,513	\$17,381
2016-2017	\$17,381	\$936,453	\$801,286	\$152,548

## **NOTE 14 – 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.

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

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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 15 – POST RETIREMENT BENEFITS**

##### ***Plan Description***

**Plan Administration** - 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 Treasurer is responsible for administration of the plan in accordance with Town Ordinance with Town Council oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

**Plan Membership** - As of July 1, 2015, the plan membership data is as follows:

Active employees	58
Retirees	<u>7</u>
<b><i>Total</i></b>	<b><u>65</u></b>

**Benefits Provided** - 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 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 5 years of service. The Town pays 100% of individual medical and dental until the retiree is Medicare eligible.
- School Certified - Eligible at 62 years of age with 5 years of service. If the date of retirement was prior to 7/1/2007, the Town pays 100% of medical and dental until the retiree is Medicare eligible. If the date of retirement was after 7/1/2007, but before 7/1/2012, the Town pays 90% of medical and dental until the retiree is Medicare eligible. If the date of retirement is after 7/1/2012, the Town pays 80% of medical and dental until the retiree is Medicare eligible.

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

### *Notes to Financial Statements*

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**Contributions** - 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 retiree share of medical or dental premiums. For the year ended June 30, 2017, 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 expenditure 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, 2017, the Town contributed \$67,394 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.

### ***Annual OPEB Cost and Net Pension Obligation (Asset)***

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 (asset):

Annual required contribution (ARC)	\$ 36,594
Interest on net OPEB obligation	(6,306)
Adjustment to annual required contribution	10,522
Annual OPEB cost (expense)	<u>40,810</u>
Contributions made	(67,394)
Decrease in net OPEB obligation	<u>(26,584)</u>
Net OPEB obligation (asset) – beginning of year	<u>(157,646)</u>
Negative net OPEB obligation (asset) – end of year	<u><u>\$(184,230)</u></u>

The Town's contribution to the plan was \$67,394, which is 184.2% of the annual required contribution.

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

### *Notes to Financial Statements*

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

<b><i><u>Fiscal Year Ended</u></i></b>	<b><i><u>Annual OPEB Cost</u></i></b>	<b><i><u>Percentage of Annual OPEB Cost Contributed</u></i></b>	<b><i><u>Net OPEB Obligation/(Asset)</u></i></b>
June 30, 2015	\$27,363	310.5%	\$(128,609)
June 30, 2016	39,537	173.4%	(157,646)
June 30, 2017	40,810	165.1%	(184,230)

### ***Funded Status and Funding Progress***

The funded status of the Town's plan as of July 1, 2015, the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$386,755
Actuarial Value of Plan Assets	131,207
Unfunded Actuarial Accrued Liability	255,548
Funded ratio (Actuarial Value of Plan Assets / AAL)	33.9%
Annual Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

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

### ***Actuarial Methods and Assumptions***

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

The annual required contribution for the fiscal 2017 was determined as part of the July 1, 2015 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 2019 and c) dental trend rate - 5%. The unfunded actuarial

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

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accrued liability as of the July 1, 2015 is being amortized using level percent of payroll on a closed basis based on 30 year amortization.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

### ***GASB Statement Number 74 Disclosures***

#### ***Investments***

**Investment Policy** – The Treasurer may invest funds held in the OPEB Trust Fund at his/her discretion in any personal property including, but not by way of limitation, common or preferred stocks, bonds, certificates of deposit, interest or participation, mutual funds, and other forms of security or investment.

**Rate of Return** – For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 0.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

#### ***Net OPEB Liability of the Town***

The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB Liability	\$ 421,842
OPEB Plan Fiduciary Net Position	(181,807)
Net OPEB Liability	<u>\$240,035</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	43.1%
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**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2017, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

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Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	3.50%
Investment Rate of Return	0%
Healthcare Cost Trend Rates	Medical - 9.00% per year graded down to an ultimate rate of 5.00% per year in 2019; Dental – 5.00%
Mortality	RP-2000 Fully Generational Combined Male and Female table with projection scale AA

The long-term expected rate of return on OPEB plan investments was determined based on the plan's current investments. The plan's investments do not support the use of a higher discount rate and as a result the municipal bond index rate was applied to all periods in the actuarial valuation.

**Discount Rate** – The discount rate used to measure the OPEB liability was 3.13% for the plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the OPEB plan's net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The municipal bond rate of 3.13% (S&P Municipal Bond 20-Year High Grade Index) was applied to all periods.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(2.13%)</u>	<u>(3.13%)</u>	<u>(4.13%)</u>
Net OPEB Liability	\$267,336	\$240,035	\$214,525

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (6.00% decreasing to 4.00%) and 1-percentage-point higher (8.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	<u>(6.00% decreasing to 4.00%)</u>	<u>(7.00% decreasing to 5.00%)</u>	<u>(8.00% decreasing to 6.00%)</u>
Net OPEB Liability	\$196,591	\$240,035	\$291,819

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

*Notes to Financial Statements*

*June 30, 2017*

### **NOTE 16 – PENSION PLANS**

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

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

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

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

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

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

### *Notes to Financial Statements*

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**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, Foster School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the 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 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2017 for the State and Foster School Department, respectively. The Foster School Department contributed \$238,965, \$229,452 and \$247,872 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$167,399 for fiscal year 2017 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, 2017, the Foster School Department reported a liability of \$3,034,934 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:

Foster School Department's proportionate share of the net pension liability	\$3,034,934
State's proportionate share of the net pension liability associated with the Foster School Department	<u>2,078,484</u>
Total net pension liability	<u>\$5,113,418</u>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The 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, 2016 the Foster School Department's proportion was 0.10172130%.

For the year ended June 30, 2017, the Foster School Department recognized in the Government-Wide financial statements gross pension expense of \$336,627 and revenue of \$173,983 for support provided by the State. At June 30, 2017, the Foster School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

### *Notes to Financial Statements*

*June 30, 2017*

Deferred outflows of resources:	
Contributions subsequent to the measurement date	\$238,965
Net difference between projected and actual earnings on pension plan investments	<u>236,832</u>
Total	<u><u>\$475,797</u></u>
Deferred inflows of resources:	
Change of assumptions	\$62,867
Differences between expected and actual experience	59,881
Changes in proportion differences between employer contributions and proportionate share of contributions	<u>527,172</u>
Total	<u><u>\$649,920</u></u>

\$238,965 reported as deferred outflows of resources related to pensions resulting from the Foster School Department contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$(71,706)
2019	(71,706)
2020	(18,406)
2021	(57,853)
2022	(114,126)
thereafter	(79,291)

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

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

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

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

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

### *Notes to Financial Statements*

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

<b><u>Type of Investment</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</u>	

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

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

***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.

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

### *Notes to Financial Statements*

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	Current Discount	
1.00% Decrease	Rate	1.00 Increase
<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
\$3,747,878	\$3,034,934	\$2,451,282

**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 with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan 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. Employees may choose among various investment options available to plan participants.

Employees contribute 7% of their annual covered salary and employers contribute between 3% and 3.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Foster School Department recognized pension expense of \$45,706 and employees contributed \$101,790 for the fiscal year ended June 30, 2017. For financial reporting purposes, the State's share of contributions totaling \$2,372 for fiscal year 2017 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)

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

### *Notes to Financial Statements*

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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 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:

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse's Benefit</u>
\$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

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

### *Notes to Financial Statements*

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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 pension benefits.

The Foster School Department contributed \$2,678, \$2,726 and \$2,688 for the fiscal years ended June 30, 2017, 2016 and 2015, 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, 2017 the Foster School Department reported an asset of \$422,673 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Foster School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Foster School Department's proportion was 0.42449060%

For the year ended June 30, 2017 the Foster School Department recognized pension expense of (\$12,511) – an increase in the net pension asset. At June 30, 2017 the Foster School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

### *Notes to Financial Statements*

*June 30, 2017*

#### Deferred outflows of resources:

Contributions subsequent to the measurement date	\$2,678
Differences between expected and actual experience	80,463
Net difference between projected and actual earnings on pension plan investments	<u>77,313</u>
Total	<u>\$160,454</u>

#### Deferred inflows of resources:

Differences between expected and actual experience	\$84,027
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>35,452</u>
Total	<u>\$119,479</u>

\$2,678 reported as deferred outflows of resources related to pensions resulting from the Foster School Department's contributions in fiscal year 2017 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ended June 30:

2018	\$9,489
2019	9,489
2020	26,755
2021	14,166
2022	(4,353)
Thereafter	(17,249)

***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%

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

### *Notes to Financial Statements*

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

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

<b><u>Type of Investment</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</u>	

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

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

### *Notes to Financial Statements*

*June 30, 2017*

**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	1.00% Increase
<u>(6.5%)</u>	Rate <u>(7.5%)</u>	<u>(8.5%)</u>
\$335,396	\$422,673	\$494,082

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

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

#### **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** – General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may

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

### *Notes to Financial Statements*

*June 30, 2017*

elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable. The Town of Foster has only general employees and police officers that participate in the MERS Plan.

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

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

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

Subsequent to June 30, 2015, 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. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

**General Employees** - Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior retirement date, described below, and the retirement age applicable to members hired after June 30, 2012. The interpolation is based on service as of June 30, 2012

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

### *Notes to Financial Statements*

*June 30, 2017*

divided by projected service at the member's prior retirement date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

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

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

***Police and Fire Employees*** - Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior retirement date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

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

### *Notes to Financial Statements*

*June 30, 2017*

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

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012, benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC. The Town of Foster has elected to participate in the 20-year retirement provision.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described above and one calculated based on a 2.25% multiplier for all years of service.

***Other Benefit Provisions*** - Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

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

### *Notes to Financial Statements*

*June 30, 2017*

a.) The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b.) Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c.) The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017. The Town of Foster has elected the optional cost-of-living provision for police officers.

**Employees Covered by Benefit Terms** - At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries	23	8
Inactive, Nonretired		
Members	27	4
Active Members	34	9
Total	84	21

**Contributions** - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Police officers are required to contribute 10% 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, 2017: general employees plan - \$144,400 and police officers plan - \$139,028. The Town's contributions represented the following percentages of annual covered payroll: general employees plan - 10.82%; police officer's plan - 27.05%.

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

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

### *Notes to Financial Statements*

*June 30, 2017*

<b>Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2016 Measurement Date (June 30, 2015 valuation rolled forward to June 30, 2016)</b>	
Actuarial Cost Method	Entry Age Normal - The Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police 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	A 2% COLA is assumed after January 1, 2014.

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

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

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

### *Notes to Financial Statements*

*June 30, 2017*

<b><u>Type of Investment</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</u>	

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

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

# **TOWN OF FOSTER, RHODE ISLAND**

## *Notes to Financial Statements*

June 30, 2017

### **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, 2015	\$3,888,210	\$3,322,086	\$566,124
Changes for the Year:			
Service cost	101,650	-	101,650
Interest on the total pension liability	287,004	-	287,004
Changes in benefits	-	-	-
Difference between expected and actual experience	193,993	-	193,993
Changes in assumptions	-	-	-
Employer contributions	-	149,626	(149,626)
Employee contributions	-	32,892	(32,892)
Net investment income	-	(556)	556
Benefit payments, including employee refunds	(224,619)	(224,619)	-
Administrative expense	-	(3,684)	3,684
Other changes	-	34,403	(34,403)
Net changes	358,028	(11,938)	369,966
<b>Balances as of June 30, 2016</b>	<b>\$4,246,238</b>	<b>\$3,310,148</b>	<b>\$936,090</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, 2015	\$3,470,508	\$2,524,176	\$946,332
Changes for the Year:			
Service cost	87,189	-	87,189
Interest on the total pension liability	254,922	-	254,922
Changes in benefits	-	-	-
Difference between expected and actual experience	(66,486)	-	(66,486)
Changes in assumptions	-	-	-
Employer contributions	-	149,967	(149,967)
Employee contributions	-	45,689	(45,689)
Net investment income	-	(863)	863
Benefit payments, including employee refunds	(230,282)	(230,282)	-
Administrative expense	-	(2,322)	2,322
Other changes	-	4	(4)
Net changes	45,343	(37,807)	83,150
<b>Balances as of June 30, 2016</b>	<b>\$3,515,851</b>	<b>\$2,486,369</b>	<b>\$1,029,482</b>

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

### *Notes to Financial Statements*

June 30, 2017

**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	\$1,384,206	\$936,090	\$569,318
Police Officers	\$1,405,337	\$1,029,482	\$721,817

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

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

For the year ended June 30, 2017, the Town recognized pension expense as follows: general employees plan - \$116,387; and police officers plan - \$39,555. 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	\$13,431	\$ -
Contributions subsequent to the measurement date	144,400	139,028
Differences between expected and actual experience	133,909	-
Net difference between projected and actual investment earnings	210,914	162,091
<b>Total</b>	<b>\$502,654</b>	<b>\$301,119</b>
<b>Deferred Inflows of Resources:</b>		
Assumption changes	\$ -	\$6,103
Differences between expected and actual experience	82,819	416,865
<b>Total</b>	<b>\$82,819</b>	<b>\$422,968</b>

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

### *Notes to Financial Statements*

*June 30, 2017*

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2017 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows and 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>
2018	\$40,074	\$(71,257)
2019	87,711	(71,255)
2020	97,792	(38,136)
2021	49,858	(63,856)
2022	-	(10,409)
Thereafter	-	(5,964)

### **Defined Contribution Plan**

#### ***Plan Description***

General employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan 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. Employees may choose among various investment options available to plan participants.

General employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on years of service. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Town of Foster recognized pension expense of \$11,693 and employees contributed \$54,059 for the fiscal year ended June 30, 2017.

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, 2017*

**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	\$475,797	\$649,920	\$ -	\$3,034,934	\$336,627
Teachers' Survivor Benefits Plan	160,454	119,479	422,673	-	(12,511)
General Employees Plan	502,654	82,819	-	936,090	116,387
Police Officers Plan	301,119	422,968	-	1,029,482	39,555
Total	<u>\$1,440,024</u>	<u>\$1,275,186</u>	<u>\$422,673</u>	<u>\$5,000,506</u>	<u>\$480,058</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 (Asset) – Pension Plans*

*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*

*Schedule of Changes in Net OPEB Liability and Related Ratios – Other Post-Employment Benefit Plan*

*Schedule of Investment Returns – 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, 2017*

	<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><u>Revenues</u></b>				
Real estate and personal property tax	\$ 12,449,431	\$ 12,449,431	\$ 12,507,111	\$ 57,680
Tax exemption 45-12-51	-	-	621	621
Hotel and meals tax	17,517	17,517	18,525	1,008
Motor vehicle excise phase-out	72,955	72,955	74,174	1,219
Public utilities sharing	57,271	57,271	58,356	1,085
Licenses and permits	50,000	50,000	80,155	30,155
Building and zoning fees	31,000	31,000	33,220	2,220
Fines and interest on late payments	90,000	90,000	109,816	19,816
Interest on investments	3,500	3,500	7,712	4,212
Land trust	2,655	2,655	-	(2,655)
Other revenues	48,500	48,500	75,022	26,522
<b><i>Total revenues</i></b>	<b>12,822,829</b>	<b>12,822,829</b>	<b>12,964,712</b>	<b>141,883</b>
<b><u>Other Financing Sources</u></b>				
Transfer from capital projects fund	461,743	461,743	461,743	-
<b><i>Total other financing sources</i></b>	<b>461,743</b>	<b>461,743</b>	<b>461,743</b>	<b>-</b>
<b><i>Total revenues and other financing sources</i></b>	<b>\$ 13,284,572</b>	<b>\$ 13,284,572</b>	<b>\$ 13,426,455</b>	<b>\$ 141,883</b>
<b><u>Expenditures</u></b>				
<b><i>Legislative, Judicial and General</i></b>				
<b><i>Administrative</i></b>				
Salaries	\$ 239,556	\$ 239,556	\$ 239,655	\$ (99)
Education expense	1,880	1,880	1,170	710
Advertising	-	-	494	(494)
Board of canvassers expenses	1,550	1,550	1,523	27
Election expenses	7,780	7,780	5,977	1,803
Town council expenses	2,000	2,000	2,206	(206)
Sealer of weights and measures	250	250	-	250
Town clerk expenses	5,000	5,000	8,068	(3,068)
Municipal code maintenance	1,000	1,000	1,000	-
Clerks volume/equipment	3,650	3,650	2,525	1,125
Benefits	69,827	69,827	66,242	3,585
OPEB adjustment	-	-	2,000	(2,000)
<b><i>Total legislative, judicial and general administrative</i></b>	<b>332,493</b>	<b>332,493</b>	<b>330,860</b>	<b>1,633</b>

(Continued)

**TOWN OF FOSTER, RHODE ISLAND**

*General Fund*

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

*For the Fiscal Year Ended June 30, 2017*

	<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	144,585	144,585	147,055	(2,470)
Finance education/membership fees	1,200	1,200	304	896
Finance computer and support	3,970	3,970	3,970	-
Tax collector's postage/advertising	3,300	3,300	2,116	1,184
Finance department office expenses	3,200	3,200	2,686	514
Finance benefits	50,488	50,488	50,017	471
Assessor's salary	30,615	30,615	30,615	-
Assessment review board	600	600	600	-
Revaluation expense	15,000	15,000	15,000	-
Assessor's education/membership fees	1,105	1,105	625	480
Assessor's computer and support	11,415	11,415	11,350	65
Assessor's office expense	1,775	1,775	1,651	124
Assessor's postage/tax bills	5,150	5,150	5,475	(325)
Assessor's benefits	6,011	6,011	6,020	(9)
Federal/state grant revenue	-	-	(3,481)	3,481
<b><i>Total finance administration</i></b>	<b>278,414</b>	<b>278,414</b>	<b>274,003</b>	<b>4,411</b>
<b><i>Miscellaneous Administration</i></b>				
Audit	18,000	18,000	15,435	2,565
OPEB actuarial valuation	1,500	1,500	-	1,500
Purchased service contracts	20,000	20,000	16,364	3,636
Computer/software service/maintenance	22,000	22,000	24,895	(2,895)
Copier service maintenance	2,500	2,500	2,946	(446)
Telephone	20,000	20,000	28,386	(8,386)
Electric	30,000	30,000	27,140	2,860
Heating fuel	17,000	17,000	8,804	8,196
Health care taxes and fees	500	500	3,981	(3,481)
Casualty and liability insurance	95,000	95,000	98,273	(3,273)
Contingency	30,000	30,000	30,144	(144)
OPEB transfer/funding	20,000	20,000	20,000	-
Transfer-cemetery trust	4,350	4,350	4,350	-
<b><i>Total miscellaneous administration</i></b>	<b>280,850</b>	<b>280,850</b>	<b>280,718</b>	<b>132</b>
<b><i>Health and Welfare</i></b>				
Human service salary	19,928	19,928	19,928	-
Education/membership Expense	605	605	610	(5)
Office expense	475	475	271	204
Benefits	3,930	3,930	3,935	(5)
Gateway	3,250	3,250	3,250	-
Comprehensive Community Action	12,000	12,000	12,000	-
CAST	2,833	2,833	2,024	809
<b><i>Total health and welfare</i></b>	<b>43,021</b>	<b>43,021</b>	<b>42,018</b>	<b>1,003</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, 2017

	<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>Public Safety</b>				
Police salaries	712,386	712,386	700,293	12,093
Dispatchers salaries	241,377	241,377	242,994	(1,617)
Computer services	27,000	27,000	25,542	1,458
Education expense	6,000	6,000	7,052	(1,052)
Professional services/training	-	-	216	(216)
Radio repairs	2,000	2,000	3,078	(1,078)
Police fuel and lube oil	30,000	30,000	25,121	4,879
Police parts and repairs	8,500	8,500	9,715	(1,215)
Tires	2,500	2,500	3,937	(1,437)
Police department operations	7,880	7,880	9,088	(1,208)
Police office expense	3,500	3,500	3,050	450
Police equipment	9,000	9,000	2,748	6,252
Police/dispatchers - benefits	369,736	369,736	357,673	12,063
Police uniforms	19,000	19,000	17,050	1,950
Dog Officer - salary	16,883	16,883	13,855	3,028
Pound fees	10,000	10,000	10,000	-
Dog Officer - fuel and lube oil	1,500	1,500	-	1,500
Dog Officer - parts and repairs	2,000	2,000	200	1,800
Dog Officer - benefits	6,493	6,493	5,204	1,289
Dog Officer - uniforms	500	500	500	-
EMA Director stipend	3,000	3,000	3,000	-
Ambulance Corps stipends	25,000	25,000	24,408	592
Radio insurance	2,000	2,000	2,000	-
EMA expenses	700	700	700	-
South Foster Fire Company	64,000	64,000	64,000	-
Foster Center Fire Company	60,100	60,100	60,100	-
Moosup Valley Fire Company	65,075	65,075	65,075	-
Ambulance Corp.	74,000	74,000	74,000	-
Public safety training	10,000	10,000	10,201	(201)
Engineering board	2,500	2,500	423	2,077
Police grant and other contra income	-	-	(4,593)	4,593
<b>Total public safety</b>	<b>1,782,630</b>	<b>1,782,630</b>	<b>1,736,630</b>	<b>46,000</b>
<b>Public Works</b>				
Salaries	354,198	354,198	360,712	(6,514)
Professional services	6,500	6,500	6,655	(155)
Radio repairs	1,250	1,250	289	961
Fuel and lube oil	42,500	42,500	35,652	6,848
Parts and repairs	70,000	70,000	60,389	9,611
Tires	7,000	7,000	6,411	589
Hand tools	1,500	1,500	1,500	-
Sand and salt	65,000	65,000	58,779	6,221
Asphalt mix	8,000	8,000	4,973	3,027
Equipment	10,000	10,000	36,614	(26,614)
Welding	2,000	2,000	1,410	590
Gravel	37,000	37,000	37,087	(87)
Stone	4,000	4,000	6,627	(2,627)
Road signs	2,125	2,125	3,129	(1,004)
Bridge repairs	-	-	1,417	(1,417)
Other road material	2,000	2,000	482	1,518

(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, 2017*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Office expense	1,500	1,500	2,047	(547)
Pipe	3,500	3,500	1,946	1,554
Grader and plow blades	4,000	4,000	4,993	(993)
Benefits	180,473	180,473	170,647	9,826
Unemployment compensation	-	-	5,000	(5,000)
Uniforms	7,000	7,000	6,077	923
OPEB adjustment	-	-	9,000	(9,000)
Buildings and grounds	72,000	72,000	61,292	10,708
Buildings (security cameras)	1,800	1,800	-	1,800
Safety	1,000	1,000	1,000	-
Rental equipment	500	500	550	(50)
Rambone Disposal	230,396	230,396	230,396	-
RI Resource Recovery	66,000	66,000	62,199	3,801
<b>Total public works</b>	<b>1,181,242</b>	<b>1,181,242</b>	<b>1,177,273</b>	<b>3,969</b>
<b>Building and Zoning</b>				
Salaries	43,738	43,738	26,954	16,784
Education expenses	600	600	214	386
Travel	1,000	1,000	1,439	(439)
Computer support	2,000	2,000	2,000	-
Zoning board	250	250	1,569	(1,319)
Office expenses	750	750	826	(76)
Benefits	7,203	7,203	1,700	5,503
<b>Total building and zoning</b>	<b>55,541</b>	<b>55,541</b>	<b>34,702</b>	<b>20,839</b>
<b>Planning</b>				
Salaries	36,955	36,955	35,319	1,636
Education expense	1,000	1,000	220	780
Advertising/fees	1,000	1,000	320	680
Professional services	5,000	5,000	200	4,800
Computer software	1,500	1,500	1,500	-
Office expenses	1,000	1,000	858	142
Benefits	7,245	7,245	6,398	847
<b>Total planning</b>	<b>53,700</b>	<b>53,700</b>	<b>44,815</b>	<b>8,885</b>
<b>Conservation</b>				
Conservation commission	1,425	1,425	400	1,025
<b>Total conservation</b>	<b>1,425</b>	<b>1,425</b>	<b>400</b>	<b>1,025</b>
<b>Land Trust</b>				
Land trust expenditures	2,655	2,655	-	2,655
<b>Total land trust</b>	<b>2,655</b>	<b>2,655</b>	<b>-</b>	<b>2,655</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, 2017*

	<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	1,600	1,600	1,600	-
Travel	200	200	200	-
Maintenance and repairs	4,100	4,100	3,975	125
Mailing and advertising	500	500	1,136	(636)
Equipment	1,000	1,000	1,261	(261)
FICA taxes	-	-	14	(14)
Rental	800	800	880	(80)
Sports	9,000	9,000	9,000	-
Activities expense	6,300	6,300	5,724	576
Senior citizens	2,000	2,000	2,000	-
Memorial Day parade	300	300	-	300
<b>Total recreation</b>	<b>25,800</b>	<b>25,800</b>	<b>25,790</b>	<b>10</b>
<b>School</b>				
Regional operations	4,167,559	4,167,559	4,167,559	-
Regional debt service	656,841	656,841	656,841	-
<b>Total school</b>	<b>4,824,400</b>	<b>4,824,400</b>	<b>4,824,400</b>	<b>-</b>
<b>Libraries</b>				
Libraries of Foster	150,842	150,842	150,842	-
<b>Total libraries</b>	<b>150,842</b>	<b>150,842</b>	<b>150,842</b>	<b>-</b>
<b>Long-Term Obligations</b>				
Providence Water settlement	175,000	175,000	175,000	-
Planning Police Station	30,000	30,000	10,543	19,457
Use of Surplus	(30,000)	(30,000)	(30,000)	-
<b>Total long-term obligations</b>	<b>175,000</b>	<b>175,000</b>	<b>155,543</b>	<b>19,457</b>
<b>Capital Expenditures</b>				
Finance	6,000	6,000	6,000	-
Police	43,865	43,865	43,865	-
Public works highway	180,000	180,000	180,000	-
Public works equipment	24,200	24,200	24,200	-
Public works bridges	32,178	32,178	32,178	-
Isaac Paine School	175,500	175,500	175,500	-
<b>Total capital expenditures</b>	<b>461,743</b>	<b>461,743</b>	<b>461,743</b>	<b>-</b>
<b>Total expenditures</b>	<b>9,649,756</b>	<b>9,649,756</b>	<b>9,539,737</b>	<b>110,019</b>
<b>Other Financing Uses</b>				
Transfer to school department fund	3,211,819	3,211,819	3,211,819	-
Transfer to capital projects fund	422,997	422,997	422,997	-
<b>Total other financing uses</b>	<b>3,634,816</b>	<b>3,634,816</b>	<b>3,634,816</b>	<b>-</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 13,284,572</b>	<b>\$ 13,284,572</b>	<b>\$ 13,174,553</b>	<b>\$ 110,019</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, 2017*


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	<b><i>Budgeted Amounts</i></b>		<b><i>Actual Amounts (Budgetary Basis)</i></b>	<b><i>Variance With Final Budget Favorable (Unfavorable)</i></b>
	<b><i>Original</i></b>	<b><i>Final</i></b>		
<b><i>Revenues</i></b>				
State aid	\$ 1,196,623	\$ 1,196,623	\$ 1,190,517	\$ (6,106)
Other revenues	56,658	56,658	69,954	13,296
<b><i>Total revenues</i></b>	<u>1,253,281</u>	<u>1,253,281</u>	<u>1,260,471</u>	<u>7,190</u>
<b><i>Expenditures</i></b>				
Education	4,465,100	4,465,100	4,190,199	274,901
<b><i>Total expenditures</i></b>	<u>4,465,100</u>	<u>4,465,100</u>	<u>4,190,199</u>	<u>274,901</u>
<b><i>Deficiency of revenues under expenditures before other financing sources(uses)</i></b>	<u>(3,211,819)</u>	<u>(3,211,819)</u>	<u>(2,929,728)</u>	<u>282,091</u>
<b><i>Other financing sources(uses)</i></b>				
Town appropriation	3,211,819	3,211,819	3,211,819	-
Transfers to capital projects funds	-	-	(69,250)	(69,250)
<b><i>Total other financing sources (uses)</i></b>	<u>3,211,819</u>	<u>3,211,819</u>	<u>3,142,569</u>	<u>(69,250)</u>
<b><i>Net change in fund balance</i></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,841</u>	<u>\$ 212,841</u>

*The notes to 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>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.10172130%	0.11156409%	0.12588445%
Town's proportionate share of the net pension liability	\$ 3,034,934	\$ 3,071,362	\$ 3,064,028
State's proportionate share of the net pension liability associated with the Town	<u>2,078,484</u>	<u>2,098,258</u>	<u>2,101,145</u>
Total	<u>\$ 5,113,418</u>	<u>\$ 5,169,620</u>	<u>\$ 5,165,173</u>
Town's covered-employee payroll	\$ 1,671,269	\$ 1,812,834	\$ 1,916,706
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.59%	169.42%	159.86%
Plan fiduciary net position as a percentage of the total pension liability	54.1%	57.6%	61.4%

(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 (I)**  
**"Unaudited"**

<i>Fiscal Year</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Town's proportion of the net pension asset	0.42449060%	0.44548472%	0.37822090%
Town's proportionate share of the net pension asset	\$ 422,673	\$ 415,885	\$ 470,207
Town's covered-employee payroll	\$ 1,671,269	\$ 1,812,834	\$ 1,916,706
Town's proportionate share of the net pension asset as a percentage of its covered-employee payroll	25.29%	22.94%	24.53%
Plan fiduciary net position as a percentage of the total pension liability	153.3%	146.6%	173.3%

(I) 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>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<b><i>Total pension liability:</i></b>			
Service cost	\$ 101,650	\$ 102,763	\$ 105,659
Interest	287,004	290,393	273,238
Changes of benefit terms	-	(213)	-
Differences between expected and actual experience	193,993	(226,439)	-
Changes of assumptions	-	-	53,322
Benefits payments, including refunds of member contributions	(224,619)	(197,635)	(206,446)
<b><i>Net change in total pension liability</i></b>	<b>358,028</b>	<b>(31,131)</b>	<b>225,773</b>
<b><i>Total pension liability - beginning</i></b>	<b>3,888,210</b>	<b>3,919,341</b>	<b>3,693,568</b>
<b><i>Total pension liability - ending (a)</i></b>	<b>\$ 4,246,238</b>	<b>\$ 3,888,210</b>	<b>\$ 3,919,341</b>
<b><i>Plan fiduciary net position:</i></b>			
Contributions - employer	\$ 149,626	\$ 121,957	\$ 124,478
Contributions - employee	32,892	11,704	11,409
Net investment income	(556)	77,854	451,654
Benefits payments, including refunds of member contributions	(224,619)	(197,635)	(206,446)
Administrative expense	(3,684)	(3,135)	(2,828)
Other	34,403	(79,740)	(18,760)
<b><i>Net change in plan fiduciary net position</i></b>	<b>(11,938)</b>	<b>(68,995)</b>	<b>359,507</b>
<b><i>Plan fiduciary net position - beginning</i></b>	<b>3,322,086</b>	<b>3,391,081</b>	<b>3,031,574</b>
<b><i>Plan fiduciary net position - ending (b)</i></b>	<b>\$ 3,310,148</b>	<b>\$ 3,322,086</b>	<b>\$ 3,391,081</b>
<b><i>Town's net pension liability - ending (a) - (b)</i></b>	<b>\$ 936,090</b>	<b>\$ 566,124</b>	<b>\$ 528,260</b>
<b><i>Plan fiduciary net position as a percentage of the total pension liability</i></b>	<b>77.95%</b>	<b>85.44%</b>	<b>86.52%</b>
<b><i>Covered employee payroll</i></b>	<b>\$ 1,230,625</b>	<b>\$ 1,170,425</b>	<b>\$ 1,133,685</b>
<b><i>Net pension liability as a percentage of covered employee payroll</i></b>	<b>76.07%</b>	<b>48.37%</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>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<b>Total pension liability:</b>			
Service cost	\$ 87,189	\$ 70,704	\$ 69,914
Interest	254,922	278,224	272,971
Changes of benefit terms	-	101,488	-
Differences between expected and actual experience	(66,486)	(540,538)	-
Changes of assumptions	-	-	(10,714)
Benefits payments, including refunds of member contributions	(230,282)	(227,338)	(297,710)
<b>Net change in total pension liability</b>	<b>45,343</b>	<b>(317,460)</b>	<b>34,461</b>
<b>Total pension liability - beginning</b>	<b>3,470,508</b>	<b>3,787,968</b>	<b>3,753,507</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 3,515,851</b>	<b>\$ 3,470,508</b>	<b>\$ 3,787,968</b>
<b>Plan fiduciary net position:</b>			
Contributions - employer	\$ 149,967	\$ 117,553	\$ 46,299
Contributions - employee	45,689	29,050	31,684
Net investment income	(863)	59,155	339,383
Benefits payments, including refunds of member contributions	(230,282)	(227,338)	(297,710)
Administrative expense	(2,322)	(2,375)	(2,125)
Other	4	-	5,471
<b>Net change in plan fiduciary net position</b>	<b>(37,807)</b>	<b>(23,955)</b>	<b>123,002</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,524,176</b>	<b>2,548,131</b>	<b>2,425,129</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,486,369</b>	<b>\$ 2,524,176</b>	<b>\$ 2,548,131</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 1,029,482</b>	<b>\$ 946,332</b>	<b>\$ 1,239,837</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>70.72%</b>	<b>72.73%</b>	<b>67.27%</b>
<b>Covered employee payroll</b>	<b>\$ 458,405</b>	<b>\$ 363,141</b>	<b>\$ 385,837</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>224.58%</b>	<b>260.60%</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>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Employees' Retirement System Plan</u></b>			
Actuarially determined contribution	\$ 238,965	\$ 229,452	\$ 247,872
Contributions in relation to the actuarially determined contribution	238,965	229,452	247,872
<b>Contribution deficiency (excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered employee payroll	 \$ 1,756,868	 \$ 1,671,269	 \$ 1,812,834
Contributions as a percentage of covered employee payroll	13.60%	13.73%	13.67%
<b><u>Teachers' Survivor Benefit Plan</u></b>			
Statutorily determined contribution	\$ 2,678	\$ 2,726	\$ 2,688
Contributions in relation to the statutorily determined contribution	2,678	2,726	2,688
<b>Contribution deficiency (excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered employee payroll	 \$ 1,756,868	 \$ 1,671,269	 \$ 1,812,834
Contributions as a percentage of covered employee payroll	0.15%	0.16%	0.15%
<b><u>General Employees Plan</u></b>			
Actuarially determined contribution	\$ 144,400	\$ 149,626	\$ 121,957
Contributions in relation to the actuarially determined contribution	144,400	149,626	121,957
<b>Contribution deficiency (excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered employee payroll	 \$ 1,331,548	 \$ 1,230,625	 \$ 1,170,425
Contributions as a percentage of covered employee payroll	10.84%	12.16%	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"**

<i>Fiscal Year</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Police Officers Plan</u></b>			
Actuarially determined contribution	\$ 139,028	\$ 149,967	\$ 117,553
Contributions in relation to the actuarially determined contribution	139,028	149,967	117,553
<b><i>Contribution deficiency (excess)</i></b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 512,684	\$ 458,405	\$ 363,141
Contributions as a percentage of covered employee payroll	27.12%	32.71%	32.37%

(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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<b><i>Year Ended June 30</i></b>	<b><i>Annual Required Contribution</i></b>	<b><i>Percentage Contributed</i></b>
2013	\$ 29,979	316.3%
2014	28,249	266.0%
2015	27,178	312.6%
2016	36,727	186.7%
2017	36,594	184.2%

*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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	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) -Entry Age</i>	<i>Unfunded Liability/ (Funding Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i>
<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
	7/1/15	131,207	386,755	255,548	33.9%	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**  
**Required Supplementary Information**  
**Other Postemployment Benefit (OPEB) Plan**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios (1)**  
**"Unaudited"**

<i>Fiscal Year</i>	<i>2017</i>
<b>Total OPEB liability:</b>	
Service cost	\$ 25,109
Interest	12,790
Changes of benefit terms	-
Differences between expected and actual experience	16,940
Changes of assumptions	(16,306)
Benefits payments	(48,940)
<b>Net change in total OPEB liability</b>	<b>(10,407)</b>
<b>Total OPEB liability - beginning</b>	<b>432,249</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 421,842</b>
<b>Plan fiduciary net position:</b>	
Contributions - employer	\$ 67,394
Contributions - plan member	-
Net investment income	509
Benefits payments	(48,940)
Administrative expense	-
Other	-
<b>Net change in plan fiduciary net position</b>	<b>18,963</b>
<b>Plan fiduciary net position - beginning</b>	<b>162,844</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 181,807</b>
<b>Town's net OPEB liability - ending (a) - (b)</b>	<b>\$ 240,035</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>43.10%</b>
<b>Covered employee payroll</b>	<b>N/A</b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	<b>N/A</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 - Other Postemployment Benefit (OPEB) Plan**  
**Schedule of Town Contributions (1)**  
**"Unaudited"**

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<i><b>Fiscal Year</b></i>	<u><i><b>2017</b></i></u>
 <i><b><u>OPEB Plan</u></b></i>	
Actuarially determined contribution	\$ 36,594
Contributions in relation to the actuarially determined contribution	67,394
<i><b>Contribution deficiency (excess)</b></i>	<u><u>\$ (30,800)</u></u>
 Covered employee payroll	 N/A
Contributions as a percentage of covered employee payroll	N/A

(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 Postemployment Benefit (OPEB) Plan**  
**Schedule of Investment Returns (1)**  
**"Unaudited"**

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***Fiscal Year***

***2017***

**OPEB Plan**

Annual money-weighted rate of return,  
net of investment expense

0.40%

(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**  
*Notes to Required Supplementary Information*  
June 30, 2017

**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 2017. 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***

	<b><i>General Fund</i></b>	<b><i>School Unrestricted Fund</i></b>
<b><u>Revenues and Other Financing Sources</u></b>		
Actual amounts (budgetary basis)	\$13,426,455	\$4,472,290
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.	-	169,771
Unbudgeted revenues are not reported for budgetary purposes, but are included for financial reporting purposes.	10,276	16,585

**TOWN OF FOSTER, RHODE ISLAND**  
*Notes to Required Supplementary Information*  
June 30, 2017

	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>
<b><u>Revenues and Other Financing Sources</u></b>		
Capital lease issued is not reported for budgetary purposes, but is reported for financial reporting purposes.	26,450	-
<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><u>\$13,463,181</u></u>	<u><u>\$4,658,646</u></u>
	<u><b>General Fund</b></u>	<u><b>School Unrestricted Fund</b></u>
<b><u>Expenditures and Other Financing Uses</u></b>		
Actual amounts (budgetary basis)	\$13,174,553	\$4,259,449
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 reported as a budgetary expenditure, but are not reported as a current year expenditure for financial reporting purposes.	(112,888)	-
Unbudgeted expenditures, transfers and adjustments are not reported for budgetary purposes, but are reported for financial reporting purposes.	115,918	16,496
The appropriated use of fund balance is reported as a reduction of budgetary expenditures for budgetary purposes, but is not reported as a reduction for financial reporting purposes.	30,000	-
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 reported as a current year expenditure for financial reporting purposes.	-	169,771
Capital assets acquired through a capital lease are not reported for budgetary purposes, but are reported for financial reporting purposes.	26,450	-
<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><u>\$13,234,033</u></u>	<u><u>\$4,445,716</u></u>

**TOWN OF FOSTER, RHODE ISLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2017**  
**“Unaudited”**

**NOTE 2 – PENSION PLANS**

The actuarial methods and assumptions used to calculate the total pension liability (asset) are described in Note 16 A, B and C to the financial statements.

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.

At its October 2016 meeting, the State Investment Commission voted to redeem the investment in seven hedge funds totaling approximately \$586 million held within the Pooled Investment Trust. The action was taken as part of an overall asset allocation review. Approximately \$508 million has been redeemed through August 31, 2017. Remaining redemptions are estimated to continue through March 2018.

In May 2017, the Employees’ Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability (asset) for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

**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 - 21 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 3.50% to 13.50% for teachers; 3.75% to 7.50% for general employees; 4.00% to 14.00% 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 Teachers’ Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35. 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, 2017*

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**NOTE 3 - SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF TOWN CONTRIBUTIONS**

*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	7/1/2015	
Actuarial cost method	Entry Age Normal	
Amortization method	Level percent of payroll over a closed period	
Amortization period	30 years	
Asset valuation method	Fair value	
Actuarial assumptions:		
Investment rate of return	4% discount rate, 4% long-term rate of return	
Projected salary increases	3.50% annually	
Medical Trend Rate	9% graded down 1% per annum to an ultimate rate of 5% for years 2019 and later	
Dental Trend Rate	5%	
Participant information	Active employees	58
	Retirees and beneficiaries	<u>7</u>
		<u><u>65</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

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

### **THIS SECTION CONTAINS THE FOLLOWING:**

*Combining Fund Financial Statements for Nonmajor Governmental Funds*

*Combining Fund Financial Statements for Fiduciary Funds*

*Other Supplementary Information*

**TOWN OF FOSTER, RHODE ISLAND**

*Nonmajor Governmental Funds*

*Combining Balance Sheet*

*June 30, 2017*

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Capital Project School Improvements</i>	<i>Total Nonmajor Governmental Funds</i>
<b>ASSETS</b>				
Cash	\$ 151,976	\$ 20,088	\$ -	\$ 172,064
Due from federal and state governments	45,682	76,503	-	122,185
Due from other funds	51,768	10,820	38,672	101,260
Accounts receivable	38,920	19,466	-	58,386
<b>Total assets</b>	<u>\$ 288,346</u>	<u>\$ 126,877</u>	<u>\$ 38,672</u>	<u>\$ 453,895</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenditures	62	4,960	-	5,022
Due to other funds	45,012	133,707	38,672	217,391
<b>Total liabilities</b>	<u>45,074</u>	<u>138,667</u>	<u>38,672</u>	<u>222,413</u>
 <b>Deferred Inflows of Resources:</b>				
Other deferred revenues	38,920	-	-	38,920
<b>Total deferred inflows of resources</b>	<u>38,920</u>	<u>-</u>	<u>-</u>	<u>38,920</u>
 <b>Fund balances (deficits)</b>				
Restricted for:				
Education programs	-	9,651	-	9,651
Historical records preservation	75,246	-	-	75,246
Health and welfare programs	9,891	-	-	9,891
Public safety programs	56,394	-	-	56,394
Other programs	4,373	-	-	4,373
Committed for:				
Townhouse maintenance	5,881	-	-	5,881
Recycling programs	11,822	-	-	11,822
Open space and conservation	40,745	-	-	40,745
Unassigned	-	(21,441)	-	(21,441)
<b>Total fund balances (deficits)</b>	<u>204,352</u>	<u>(11,790)</u>	<u>-</u>	<u>192,562</u>
 <b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 288,346</u>	<u>\$ 126,877</u>	<u>\$ 38,672</u>	<u>\$ 453,895</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, 2017

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Capital Project School Improvements</i>	<i>Total Nonmajor Governmental Funds</i>
<b>Revenues</b>				
Intergovernmental and departmental revenue	\$ 118,300	\$ 254,303	\$ -	\$ 372,603
Interest on investments	961	-	-	961
Other revenue	50,075	39,939	-	90,014
<b>Total revenues</b>	<u>169,336</u>	<u>294,242</u>	<u>-</u>	<u>463,578</u>
<b>Expenditures</b>				
Current:				
Legislative, judicial and general administrative	1,731	-	-	1,731
Health and welfare	94,262	-	-	94,262
Public safety	24,689	-	-	24,689
Public works	5,047	-	-	5,047
Recreation	116,000	-	-	116,000
Education	-	227,799	-	227,799
Food service	-	75,917	-	75,917
Capital outlay	-	-	69,250	69,250
<b>Total expenditures</b>	<u>241,729</u>	<u>303,716</u>	<u>69,250</u>	<u>614,695</u>
<b>Deficiency of revenues over (under) expenditures before other financing sources</b>	(72,393)	(9,474)	(69,250)	(151,117)
<b>Other financing sources</b>				
Transfers from other funds	-	-	69,250	69,250
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>69,250</u>	<u>69,250</u>
<b>Net change in fund balance</b>	(72,393)	(9,474)	-	(81,867)
<b>Fund balances (deficits) - beginning of year</b>	276,745	(2,316)	-	274,429
<b>Fund balances (deficits) - end of year</b>	<u>\$ 204,352</u>	<u>\$ (11,790)</u>	<u>\$ -</u>	<u>\$ 192,562</u>

**TOWN OF FOSTER, RHODE ISLAND**

*Town Special Revenue Funds*

*Combining Balance Sheet*

*June 30, 2017*

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>RIPTIDE</i>	<i>Bryne</i>	<i>Townhouse Trust</i>
<b>ASSETS</b>							
Cash	\$ 4,038	\$ 6,535	\$ 68,286	\$ 4,584	\$ -	\$ -	\$ 5,881
Due from federal and state governments	-	-	-	-	1,550	10,865	-
Due from other funds	-	92	333	433	-	-	-
Accounts receivable	38,920	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 42,958</u>	<u>\$ 6,627</u>	<u>\$ 68,619</u>	<u>\$ 5,017</u>	<u>\$ 1,550</u>	<u>\$ 10,865</u>	<u>\$ 5,881</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	1,550	10,865	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,550</u>	<u>10,865</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>							
Other deferred revenues	38,920	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>38,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>							
Restricted for:							
Historical records preservation	-	6,627	68,619	-	-	-	-
Health and welfare programs	4,038	-	-	-	-	-	-
Public safety programs	-	-	-	5,017	-	-	-
Other programs	-	-	-	-	-	-	-
Committed for:							
Townhouse maintenance	-	-	-	-	-	-	5,881
Recycling programs	-	-	-	-	-	-	-
Open space and conservation	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>4,038</u>	<u>6,627</u>	<u>68,619</u>	<u>5,017</u>	<u>-</u>	<u>-</u>	<u>5,881</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 42,958</u>	<u>\$ 6,627</u>	<u>\$ 68,619</u>	<u>\$ 5,017</u>	<u>\$ 1,550</u>	<u>\$ 10,865</u>	<u>\$ 5,881</u>

*(Continued)*

**TOWN OF FOSTER, RHODE ISLAND**

Town Special Revenue Funds

Combining Balance Sheet (Continued)

June 30, 2017

	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>RI Resource Recovery Grant</i>	<i>Police Restricted</i>	<i>Partnership for Success</i>	<i>Total</i>
<b>ASSETS</b>							
Cash	\$ 40,732	\$ -	\$ 5,853	\$ 16,067	\$ -	\$ -	\$ 151,976
Due from federal and state governments	-	-	-	-	670	32,597	45,682
Due from other funds	13	14,081	-	190	36,626	-	51,768
Accounts receivable	-	-	-	-	-	-	38,920
<i>Total assets</i>	<u>\$ 40,745</u>	<u>\$ 14,081</u>	<u>\$ 5,853</u>	<u>\$ 16,257</u>	<u>\$ 37,296</u>	<u>\$ 32,597</u>	<u>\$ 288,346</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<i>Liabilities</i>							
Accounts payable	-	-	-	62	-	-	62
Due to other funds	-	-	-	-	-	32,597	45,012
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>	<u>-</u>	<u>32,597</u>	<u>45,074</u>
<i>Deferred Inflows of Resources:</i>							
Other deferred revenues	-	-	-	-	-	-	38,920
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,920</u>
<i>Fund balances</i>							
Restricted for:							
Historical records preservation	-	-	-	-	-	-	75,246
Health and welfare programs	-	-	5,853	-	-	-	9,891
Public safety programs	-	14,081	-	-	37,296	-	56,394
Other programs	-	-	-	4,373	-	-	4,373
Committed for:							
Townhouse maintenance	-	-	-	-	-	-	5,881
Recycling programs	-	-	-	11,822	-	-	11,822
Open space and conservation	40,745	-	-	-	-	-	40,745
<i>Total fund balances</i>	<u>40,745</u>	<u>14,081</u>	<u>5,853</u>	<u>16,195</u>	<u>37,296</u>	<u>-</u>	<u>204,352</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 40,745</u>	<u>\$ 14,081</u>	<u>\$ 5,853</u>	<u>\$ 16,257</u>	<u>\$ 37,296</u>	<u>\$ 32,597</u>	<u>\$ 288,346</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, 2017*

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>RIPTIDE</i>	<i>Bryne</i>	<i>Townhouse Trust</i>
<b>Revenues</b>							
Intergovernmental and departmental revenues	\$ -	\$ 1,085	\$ 5,644	\$ 4,250	\$ 8,892	\$ 8,865	\$ -
Interest on investments	-	24	278	-	-	-	45
Other revenue	1,040	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,040</u>	<u>1,109</u>	<u>5,922</u>	<u>4,250</u>	<u>8,892</u>	<u>8,865</u>	<u>45</u>
<b>Expenditures</b>							
Legislative, judicial and general administrative	-	-	1,731	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Public safety	-	-	-	3,780	8,892	8,865	-
Public works	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>1,731</u>	<u>3,780</u>	<u>8,892</u>	<u>8,865</u>	<u>-</u>
<b>Net change in fund balance</b>	1,040	1,109	4,191	470	-	-	45
<b>Fund balances - beginning of year</b>	2,998	5,518	64,428	4,547	-	-	5,836
<b>Fund balances - end of year</b>	<u>\$ 4,038</u>	<u>\$ 6,627</u>	<u>\$ 68,619</u>	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,881</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, 2017

	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>RI Resource Recovery Grant</i>	<i>Police Restricted</i>	<i>Partnership for Success</i>	<i>Total</i>
<b>Revenues</b>							
Intergovernmental and departmental revenues	\$ 2,670	\$ 3,200	\$ 6,578	\$ -	\$ 4,008	\$ 73,108	\$ 118,300
Interest on investments	614	-	-	-	-	-	961
Other revenue	-	-	14,863	350	33,822	-	50,075
<b>Total revenues</b>	<u>3,284</u>	<u>3,200</u>	<u>21,441</u>	<u>350</u>	<u>37,830</u>	<u>73,108</u>	<u>169,336</u>
<b>Expenditures</b>							
Legislative, judicial and general administrative	-	-	-	-	-	-	\$ 1,731
Health and welfare	-	-	21,154	-	-	73,108	94,262
Public safety	-	174	-	-	2,978	-	24,689
Public works	-	-	-	5,047	-	-	5,047
Recreation	116,000	-	-	-	-	-	116,000
<b>Total expenditures</b>	<u>116,000</u>	<u>174</u>	<u>21,154</u>	<u>5,047</u>	<u>2,978</u>	<u>73,108</u>	<u>241,729</u>
<b>Net change in fund balance</b>	(112,716)	3,026	287	(4,697)	34,852	-	(72,393)
<b>Fund balances - beginning of year</b>	153,461	11,055	5,566	20,892	2,444	-	276,745
<b>Fund balances - end of year</b>	<u>\$ 40,745</u>	<u>\$ 14,081</u>	<u>\$ 5,853</u>	<u>\$ 16,195</u>	<u>\$ 37,296</u>	<u>\$ -</u>	<u>\$ 204,352</u>

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Balance Sheet*

*June 30, 2017*

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	<i>Title I</i>	<i>Title II</i>	<i>Preschool</i>	<i>IDEA Part B</i>	<i>RISCA</i>	<i>Exxon Mobile Alliance</i>	<i>Small Rural Grant</i>
<b>ASSETS</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	44,526	13,673	-	-	-	-	13,423
Due from other funds	-	-	-	-	1,074	286	-
Accounts receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 44,526</u>	<u>\$ 13,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074</u>	<u>\$ 286</u>	<u>\$ 13,423</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	44,526	13,673	-	-	-	-	13,423
<b>Total liabilities</b>	<u>44,526</u>	<u>13,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,423</u>
<b>Fund balances (deficits)</b>							
Restricted for education	-	-	-	-	1,074	286	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074</u>	<u>286</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 44,526</u>	<u>\$ 13,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074</u>	<u>\$ 286</u>	<u>\$ 13,423</u>

(Continued)

**TOWN OF FOSTER, RHODE ISLAND**

*School Special Revenue Funds*

*Combining Balance Sheet (Continued)*

*June 30, 2017*

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	<i>School Lunch</i>	<i>CAST</i>	<i>CAST Student Art</i>	<i>RI Foundation</i>	<i>Dixon Donation</i>	<i>Xmas in the Valley</i>	<i>Total</i>
<b>ASSETS</b>							
Cash	\$ 20,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,088
Due from federal and state governments	4,881	-	-	-	-	-	76,503
Due from other funds	988	2,802	1,469	3,100	1,000	101	10,820
Accounts receivable	19,466	-	-	-	-	-	19,466
<b>Total assets</b>	<u>\$ 45,423</u>	<u>\$ 2,802</u>	<u>\$ 1,469</u>	<u>\$ 3,100</u>	<u>\$ 1,000</u>	<u>\$ 101</u>	<u>\$ 126,877</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenditures	\$ 4,779	\$ 181	\$ -	\$ -	\$ -	\$ -	\$ 4,960
Due to other funds	62,085	-	-	-	-	-	133,707
<b>Total liabilities</b>	<u>66,864</u>	<u>181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,667</u>
<b>Fund balances (deficits)</b>							
Restricted for education	-	2,621	1,469	3,100	1,000	101	9,651
Unassigned	(21,441)	-	-	-	-	-	(21,441)
<b>Total fund balances (deficits)</b>	<u>(21,441)</u>	<u>2,621</u>	<u>1,469</u>	<u>3,100</u>	<u>1,000</u>	<u>101</u>	<u>(11,790)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 45,423</u>	<u>\$ 2,802</u>	<u>\$ 1,469</u>	<u>\$ 3,100</u>	<u>\$ 1,000</u>	<u>\$ 101</u>	<u>\$ 126,877</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, 2017

	<i>Title I</i>	<i>Title II</i>	<i>Preschool</i>	<i>IDEA Part B</i>	<i>RISCA</i>	<i>Exxon Mobile Alliance</i>	<i>Small Rural Grant</i>
<b>Revenues</b>							
Intergovernmental and departmental revenues	\$ 93,968	\$ 21,160	\$ 3,556	\$ 93,929	\$ -	\$ -	\$ 13,423
Other revenue	-	-	-	-	-	500	-
<b>Total revenues</b>	<u>93,968</u>	<u>21,160</u>	<u>3,556</u>	<u>93,929</u>	<u>-</u>	<u>500</u>	<u>13,423</u>
<b>Expenditures</b>							
Education	93,968	21,160	3,556	93,929	360	214	13,423
Food service	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>93,968</u>	<u>21,160</u>	<u>3,556</u>	<u>93,929</u>	<u>360</u>	<u>214</u>	<u>13,423</u>
<b>Net change in fund balance</b>	-	-	-	-	(360)	286	-
<b>Fund balances (deficits) - beginning of year</b>	-	-	-	-	1,434	-	-
<b>Fund balances (deficits) - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,074</u>	<u>\$ 286</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, 2017*

	<i>School Lunch</i>	<i>CAST</i>	<i>CAST Student Art</i>	<i>RI Foundation</i>	<i>Dixon Donation</i>	<i>Xmas in the Valley</i>	<i>Total</i>
<b>Revenues</b>							
Intergovernmental and departmental revenues	\$ 28,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,303
Other revenue	35,339	1,000	-	3,100	-	-	39,939
<b>Total revenues</b>	<u>63,606</u>	<u>1,000</u>	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>-</u>	<u>294,242</u>
<b>Expenditures</b>							
Education	-	757	-	-	-	432	227,799
Food service	75,917	-	-	-	-	-	75,917
<b>Total expenditures</b>	<u>75,917</u>	<u>757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432</u>	<u>303,716</u>
<b>Net change in fund balance</b>	(12,311)	243	-	3,100	-	(432)	(9,474)
<b>Fund balances (deficits) - beginning of year</b>	(9,130)	2,378	1,469	-	1,000	533	(2,316)
<b>Fund balances (deficits) - end of year</b>	<u>\$ (21,441)</u>	<u>\$ 2,621</u>	<u>\$ 1,469</u>	<u>\$ 3,100</u>	<u>\$ 1,000</u>	<u>\$ 101</u>	<u>\$ (11,790)</u>

**TOWN OF FOSTER, RHODE ISLAND**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2017

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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>
<i><b>Assets</b></i>				
Cash	\$ 540	\$ 5,464	\$ 137	\$ 6,141
<i><b>Total assets</b></i>	<u>\$ 540</u>	<u>\$ 5,464</u>	<u>\$ 137</u>	<u>\$ 6,141</u>
<i><b>Liabilities</b></i>				
Deposits held in custody for others	540	5,464	137	6,141
<i><b>Total liabilities</b></i>	<u>\$ 540</u>	<u>\$ 5,464</u>	<u>\$ 137</u>	<u>\$ 6,141</u>

**TOWN OF FOSTER, RHODE ISLAND**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</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	\$ 6,311	\$ 1,662	\$ 2,509	\$ 5,464
<b>Total assets</b>	<u>\$ 6,311</u>	<u>\$ 1,662</u>	<u>\$ 2,509</u>	<u>\$ 5,464</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 6,311	\$ 1,662	\$ 2,509	\$ 5,464
<b>Total liabilities</b>	<u>\$ 6,311</u>	<u>\$ 1,662</u>	<u>\$ 2,509</u>	<u>\$ 5,464</u>
<b>PROBATE ESCROW ACCOUNT</b>				
<i>Assets</i>				
Cash	\$ 3,124	\$ 13	\$ 3,000	\$ 137
<b>Total assets</b>	<u>\$ 3,124</u>	<u>\$ 13</u>	<u>\$ 3,000</u>	<u>\$ 137</u>
<i>Liabilities</i>				
Due to other funds	\$ 3,000	\$ -	\$ 3,000	-
Deposits held in custody for others	124	13	-	137
<b>Total liabilities</b>	<u>\$ 3,124</u>	<u>\$ 13</u>	<u>\$ 3,000</u>	<u>\$ 137</u>
<b>TOTAL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash	\$ 9,975	\$ 1,675	\$ 5,509	\$ 6,141
<b>Total assets</b>	<u>\$ 9,975</u>	<u>\$ 1,675</u>	<u>\$ 5,509</u>	<u>\$ 6,141</u>
<i>Liabilities</i>				
Due to other funds	\$ 3,000	\$ -	\$ 3,000	-
Deposits held in custody for others	6,975	1,675	2,509	6,141
<b>Total liabilities</b>	<u>\$ 9,975</u>	<u>\$ 1,675</u>	<u>\$ 5,509</u>	<u>\$ 6,141</u>

# TOWN OF FOSTER, RHODE ISLAND

Tax Collector's Annual Report  
For the Fiscal Year Ended June 30, 2017

## Real Estate and Personal Property Taxes

<i>Fiscal Year End</i>	<i>Balance 6/30/2016</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 6/30/2017</i>
2017	\$ -	\$ 12,603,234	\$ 3,213	\$ 9,830	\$ (26,527)	\$ 12,570,090	\$ 12,072,666	\$ 497,424
2016	425,583	-	-	894	31,483	456,172	321,086	135,086
2015	118,791	-	-	5	(209)	118,577	56,733	61,844
2014	41,956	-	-	-	-	41,956	8,610	33,346
2013	36,125	-	-	44	-	36,081	713	35,368
2012	39,228	-	-	231	-	38,997	1,401	37,596
2011	24,545	-	-	203	-	24,342	595	23,747
2010	13,844	-	-	-	-	13,844	493	13,351
2009	17,980	-	-	-	-	17,980	-	17,980
2008	12,381	-	-	-	-	12,381	-	12,381
2007	3,990	-	-	-	-	3,990	-	3,990
2005	3	-	-	-	-	3	-	3
	<u>\$ 734,426</u>	<u>\$ 12,603,234</u>	<u>\$ 3,213</u>	<u>\$ 11,207</u>	<u>\$ 4,747</u>	<u>\$ 13,334,413</u>	<u>\$ 12,462,297</u>	<u>\$ 872,116</u>

## Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Net Assessed Valuations</i>	<i>Levy</i>
Real Property - Residential	\$ 502,429,720	\$ 11,324,766
Motor Vehicles	49,497,594	1,828,936
Tangible and Personal Property	8,099,320	251,079
<b>Total</b>	560,026,634	13,404,781
Exemptions and frozen property	(8,003,633)	(801,547)
<b>Net assessed value</b>	<u>\$ 552,023,001</u>	<u>\$ 12,603,234</u>

## Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 12,462,297
<u>Adjustments and reversals</u>	
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2017	154,494
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2016	(97,259)
Prepaid taxes June 30, 2017	(36,690)
Prepaid taxes June 30, 2016	29,952
Refunds	(5,683)
<b>Current year property tax revenue</b>	<u>\$ 12,507,111</u>

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

*Schedule of Unrestricted Fund - Fund Balance - Restricted for Education Programs*  
*June 30, 2017*

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***Restricted for Education:***

Capital reserve balance per internal School Committee policy	\$ 902,568
Maximum balance per internal School Committee policy	<u>179,154</u>
<b><i>Total</i></b>	<b><u><u>\$ 1,081,722</u></u></b>

## **S T A T I S T I C A L   S E C T I O N**

**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>	<b>100-103</b>
These schedules contain trend information to help the reader understand how the Town's financial position has changed over time.	
<b>Revenue Capacity</b>	<b>104-107</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>Debt Capacity</b>	<b>108-112</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>Economic and Demographic Information</b>	<b>113-114</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>Operating Information</b>	<b>115-117</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.	

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 7,857,376	\$ 7,753,237	\$ 7,187,242	\$ 6,571,739	\$ 6,413,271	\$ 6,372,989	\$ 6,672,697	\$ 6,984,060	\$ 7,219,293	\$ 7,166,517
Restricted	1,849,009	1,454,828	1,270,601	892,321	689,185	771,151	906,460	1,042,540	1,307,019	1,577,121
Unrestricted	59,436	94,934	248,718	1,323,328	2,006,455	(2,353,679)	(1,617,387)	(2,680,568)	(2,290,329)	(1,758,133)
Total governmental activities net position	<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>	<u>\$ 6,235,983</u>	<u>\$ 6,985,505</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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
Legislative, judicial and general administrative	\$ 1,035,557	\$ 1,126,194	\$ 1,009,170	\$ 1,012,984	\$ 937,174	\$ 919,614	\$ 854,734	\$ 2,536,722	\$ 953,373	\$ 1,017,717
Health and Welfare	442,529	510,792	412,545	116,495	230,321	76,821	69,059	169,208	313,184	136,610
Public safety	1,486,792	1,482,617	1,805,354	1,763,769	1,353,408	1,356,574	1,511,646	1,593,218	1,774,590	1,855,035
Public works	1,456,055	890,676	1,112,606	1,112,112	1,009,206	1,048,362	1,125,289	1,247,726	1,281,310	1,363,583
Building and Zoning	51,663	47,824	51,725	50,027	39,767	44,735	45,436	41,819	38,593	34,702
Planning	84,255	85,750	70,704	65,832	38,568	46,520	50,253	38,280	54,741	63,532
Conservation	2,306	2,449	1,086	714	1,103	1,171	458	809	1,425	400
Recreation	58,407	65,514	59,294	30,031	25,100	23,255	24,893	27,604	33,283	29,662
Education	8,748,262	9,348,134	9,420,374	9,495,482	9,353,522	9,195,022	8,957,305	8,995,528	9,242,208	9,471,671
Food Services	69,428	68,789	64,026	65,054	76,825	68,412	70,678	76,051	77,781	75,917
Libraries	151,901	156,610	140,219	133,208	140,219	140,219	140,219	145,717	150,842	150,842
Interest expense	-	-	-	-	-	-	-	-	31,207	74,898
Total governmental activities expenses	<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>	<u>\$ 13,952,537</u>	<u>\$ 14,274,569</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Legislative, judicial and general administrative	\$ 88,138	\$ 112,366	\$ 79,756	\$ 77,043	\$ 89,568	\$ 82,883	\$ 64,331	\$ 73,093	\$ 69,845	\$ 95,543
Health and Welfare	12,662	3,032	2,993	3,547	42,907	-	1,261	-	2,963	1,150
Public safety	53,321	56,856	46,019	52,578	28,530	22,747	35,846	36,709	72,341	44,745
Public works	-	-	-	-	5,226	-	-	-	-	350
Building and Zoning	41,624	39,833	46,737	34,995	32,589	27,246	67,283	25,401	58,139	33,220
Planning	24,030	-	-	-	-	-	-	-	-	-
Recreation	25,503	1,135	11,393	4,576	1,753	806	640	210	3,270	1,760
Education	7,911	10,516	19,767	50,914	56,004	47,465	81,485	78,671	48,960	86,539
Food Services	50,286	43,717	37,096	36,416	44,481	37,829	34,857	35,872	37,490	35,339
Operating grants and contributions:										
Legislative, judicial and general administrative	-	11,880	-	31,667	18,009	-	-	1,461	4,280	3,481
Health and Welfare	84,310	166,356	81,151	60,229	122,236	44,402	30,494	126,648	267,396	94,549
Public safety	37,018	94,177	44,354	16,244	24,591	12,761	38,990	20,489	27,535	67,630
Public works	3,841	33,571	291,408	19,589	25,752	9,184	3,758	41,520	2,897	21,381
Recreation	18,213	11,375	3,846	-	-	-	-	-	-	-
Planning	-	-	-	13,545	-	-	-	-	-	-
Education	1,739,138	1,680,495	1,591,304	1,894,790	1,557,890	1,525,859	1,598,532	1,543,016	1,673,727	1,597,508
Food Services	19,795	19,088	19,467	25,665	30,887	32,424	30,408	39,405	39,403	28,267
Capital grants and contributions:										
Public safety	-	-	13,389	37,922	-	-	17,500	261,805	-	-
Public works	-	30,000	21,023	-	-	-	466,481	29,605	11,583	-
Recreation	75,000	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	10,444	17,793	46,584
Total governmental activities program revenues	<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>	<u>\$ 2,337,622</u>	<u>\$ 2,158,046</u>
<b>Total primary government net expense</b>	<u><b>\$(11,306,365)</b></u>	<u><b>\$(11,470,952)</b></u>	<u><b>\$(11,837,400)</b></u>	<u><b>\$(11,485,988)</b></u>	<u><b>\$(11,124,790)</b></u>	<u><b>\$(11,077,099)</b></u>	<u><b>\$(10,378,104)</b></u>	<u><b>\$(12,548,333)</b></u>	<u><b>\$(11,614,915)</b></u>	<u><b>\$(12,116,523)</b></u>
<b>General Revenues and Other Changes in</b>										
<b>Net Position</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 8,699,129	\$ 9,924,717	\$ 10,407,479	\$ 10,865,982	\$ 11,282,490	\$ 11,266,311	\$ 11,365,484	\$ 11,774,289	\$ 12,302,201	\$ 12,701,025
Unrestricted investment earnings	136,655	27,872	5,070	2,250	2,616	2,585	2,725	3,097	7,938	9,829
Other general revenues	1,167,759	1,055,541	828,413	143,503	161,207	160,331	181,204	155,209	194,727	155,191
Total primary government	<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>	<u>\$ 12,504,866</u>	<u>\$ 12,866,045</u>
<b>Change in Net Position</b>										
Governmental activities:										
Total primary government	<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>	<u>\$ 889,951</u>	<u>\$ 749,522</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 153,470	\$ 148,568	\$ 76,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,998	(44,553)	146,681	-	-	-	-	-	-	-
Nonspendable	-	-	-	599,613	736,024	618,520	665,195	870,945	1,073,581	862,362
Restricted	-	-	-	-	-	-	-	10,574	10,958	11,372
Committed	-	-	-	328,656	1,121,454	1,233,358	1,573,238	1,855,665	1,974,555	2,426,374
Assigned	-	-	-	30,535	28,018	27,864	294,762	191,104	40,226	28,360
Unassigned	-	-	-	283,510	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 3,099,320</u>	<u>\$ 3,328,468</u>
Education										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	200,043	208,711	166,663	-	-	-	-	-	-	-
Nonspendable	-	-	-	3,217	-	9,447	-	-	-	-
Restricted	-	-	-	58,786	8,793	19,411	196,759	479,388	868,881	1,081,722
Assigned	-	-	-	-	-	-	-	-	-	89
Total education fund	<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>	<u>\$ 868,881</u>	<u>\$ 1,081,811</u>
Capital Projects Funds										
Unreserved	\$ 1,221,785	\$ 785,235	\$ 736,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	589,053	532,577	594,918	561,636	414,801	280,627	289,552
Total Capital Projects fund	<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>	<u>\$ 280,627</u>	<u>\$ 289,552</u>
All Other Governmental Funds										
Reserved:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	383,782	488,187	405,300	-	-	-	-	-	-	-
Restricted	-	-	-	244,482	107,458	117,564	108,332	100,890	107,743	155,555
Committed	-	-	-	155,306	164,740	167,560	172,820	181,618	175,816	58,448
Unassigned	-	-	-	(2,727)	(3,896)	(2,055)	(7,468)	(8,242)	(9,130)	(21,441)
Total all other governmental funds	<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>	<u>\$ 274,429</u>	<u>\$ 192,562</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
General property taxes	\$ 8,671,529	\$ 9,806,090	\$ 10,317,293	\$ 10,779,060	\$ 11,167,906	\$ 11,019,525	\$ 11,238,181	\$ 11,646,195	\$ 12,088,092	\$ 12,507,111
Intergovernmental and departmental revenue	3,094,718	3,079,446	2,849,150	2,213,391	1,924,311	1,751,386	2,319,585	1,978,105	2,096,807	1,962,739
Licenses and fees	190,949	173,082	182,566	192,372	188,867	183,589	240,812	178,206	254,918	223,191
Interest on investments	136,655	27,872	5,070	2,250	2,616	2,585	2,725	3,097	7,938	9,829
Other revenues	229,959	166,420	154,207	188,375	175,905	157,529	193,036	175,642	189,048	230,194
Total revenues	<u>\$ 12,323,810</u>	<u>\$ 13,252,910</u>	<u>\$ 13,508,286</u>	<u>\$ 13,375,448</u>	<u>\$ 13,459,605</u>	<u>\$ 13,114,614</u>	<u>\$ 13,994,339</u>	<u>\$ 13,981,245</u>	<u>\$ 14,636,803</u>	<u>\$ 14,933,064</u>
<b>Expenditures</b>										
Legislative, Judicial and general administrative	\$ 368,178	\$ 396,188	\$ 356,276	\$ 387,400	\$ 341,420	\$ 373,791	\$ 311,897	\$ 317,972	\$ 335,710	\$ 337,755
Financial Administration	252,432	235,719	242,169	241,963	225,784	222,833	233,211	254,178	278,012	317,718
Miscellaneous Administration	191,239	273,910	250,997	231,064	203,208	234,050	215,083	258,285	218,696	280,718
Health and Welfare	442,529	510,792	412,545	116,495	230,321	76,821	68,784	167,042	312,854	136,280
Public Safety	1,380,447	1,387,982	1,330,506	1,345,703	1,306,609	1,283,347	1,424,460	1,505,076	1,689,813	1,834,011
Public Works	829,703	765,772	943,338	938,080	928,594	989,502	1,005,484	1,096,139	1,219,398	1,379,133
Building and Zoning	51,663	47,824	51,725	50,027	39,767	44,735	45,436	41,665	38,593	34,702
Planning	84,255	70,250	70,704	65,832	38,568	46,520	50,253	38,084	54,741	63,532
Conservation	2,306	2,449	1,086	714	1,103	1,171	458	809	1,425	400
Recreation	70,479	64,753	58,533	29,270	24,339	22,494	24,132	26,843	32,522	144,901
Education	8,727,508	9,275,675	9,344,059	9,385,056	9,260,495	9,219,361	8,925,897	9,055,639	9,058,972	9,493,336
Food Services	69,428	68,789	64,026	65,054	76,825	68,412	70,678	76,051	77,781	75,917
Libraries	151,901	156,610	140,219	133,208	140,219	140,219	140,219	145,717	150,842	150,842
Land Trust	5,533	5,280	2,524	2,547	2,788	2,444	2,043	2,402	-	-
Capital Outlay	1,249,682	379,847	293,690	179,721	309,833	297,495	697,617	588,159	565,930	166,133
Providence Water Settlement	-	-	-	-	-	-	-	-	175,000	175,000
Total Expenditures	<u>\$ 13,877,283</u>	<u>\$ 13,641,840</u>	<u>\$ 13,562,397</u>	<u>\$ 13,172,134</u>	<u>\$ 13,129,873</u>	<u>\$ 13,023,195</u>	<u>\$ 13,215,652</u>	<u>\$ 13,574,061</u>	<u>\$ 14,210,289</u>	<u>\$ 14,590,378</u>
Excess of revenues over (under) expenditures	\$ (1,553,473)	\$ (388,930)	\$ (54,111)	\$ 203,314	\$ 329,732	\$ 91,419	\$ 778,687	\$ 407,184	\$ 426,514	\$ 342,686
<b>Other Financing Sources (uses)</b>										
Proceeds from lease	\$ 67,274	\$ -	\$ -	\$ -	\$ 75,005	\$ -	\$ -	\$ 124,285	\$ -	\$ 26,450
Transfers from other funds	5,372,683	5,520,260	4,882,000	3,588,607	3,491,283	3,610,142	3,617,181	3,868,742	4,246,101	4,165,809
Transfers to other funds	(5,372,683)	(5,520,260)	(4,882,000)	(3,588,607)	(3,491,283)	(3,610,142)	(3,617,181)	(3,868,742)	(4,246,101)	(4,165,809)
Total other financing sources (uses)	67,274	-	-	-	75,005	-	-	124,285	-	26,450
Net change in fund balances	<u>\$ (1,486,199)</u>	<u>\$ (388,930)</u>	<u>\$ (54,111)</u>	<u>\$ 203,314</u>	<u>\$ 404,737</u>	<u>\$ 91,419</u>	<u>\$ 778,687</u>	<u>\$ 531,469</u>	<u>\$ 426,514</u>	<u>\$ 369,136</u>
Debt service as a percentage of noncapital expenditures	0.0%	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
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
2016	\$ 502,544,604	\$ 56,222,658	\$ 4,134,835	\$ 554,632,427	21.42	\$ 554,632,427	100.00%	\$ 558,767,262
2017	\$ 502,429,720	\$ 57,596,914	\$ 8,003,633	\$ 552,023,001	22.54	\$ 552,023,001	100.00%	\$ 560,026,634

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 2011 which affects fiscal year 2013; and as of December 31, 2014 which affects fiscal year 2016.

December 31,

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>
2008	\$11.79
2009	\$13.52
2010	\$17.12
2011	\$17.58
2012	\$17.58
2013	\$20.32
2014	\$20.40
2015	\$21.06
2016	\$21.42
2017	\$22.54

**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	2017				2008			
	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)	\$ 18,338,200	1	3.32%	\$ 413,343	\$ 22,639,900	1	3.17%	\$ 266,924
Narragansett Electric/National Grid	7,438,886 a)	2	1.35%	\$ 202,780	8,246,617 a)	3	1.16%	\$ 97,228
Providence Public Buildings Authority (PWSB)	-			\$ -	10,107,200	2	1.42%	\$ 119,164
Foster Country Club (Tykamac Ent. LLC)	2,201,400	3	0.40%	\$ 49,620	3,489,828 a)	4	0.49%	\$ 41,145
Ginny B Inc	1,280,400	4	0.23%	\$ 28,860	1,471,625 a)	5	0.21%	\$ 17,350
Foster Senior Housing	1,238,300	5	0.22%	\$ 26,524	1,455,300	6	0.20%	\$ 17,158
Legacy Land Preservation LLC/Walker, Muriel	781,400	6	0.14%	\$ 17,613	1,011,600	8	0.14%	\$ 11,927
Roxannes Holdings LLC	726,600	7	0.13%	\$ 16,378	-		N/A	\$ -
Costa, David & Lisa	726,200	8	0.13%	\$ 16,369	991,300	9	0.14%	\$ 11,687
Nelson, Robert & Wendy	860,400	9	0.16%	\$ 15,080	1,049,000	7	0.15%	\$ 12,368
Femino, John & Leclair, Diane	667,200	10	0.12%	\$ 15,016	-		0.00%	\$ -
Darcy, Paul & Monica G.	643,400	11	0.12%	\$ 14,502	-		N/A	\$ -
Saint 23, LLC	641,600	12	0.12%	\$ 14,462				
Stout, Winifred	-		N/A	\$ -	969,000	10	0.14%	\$ 11,425
Hawkins, John & Bertha	-		N/A	\$ -	946,200	11	0.13%	\$ 11,156
Campbell, Bruce	-		N/A	\$ -	884,100	12	0.12%	\$ 10,424
Totals	<u>\$ 35,543,986</u>		<u>6.32%</u>	<u>\$ 830,546</u>	<u>\$ 53,261,670</u>		<u>7.47%</u>	<u>\$ 627,955</u>

**Note:** The amounts presented represent the assessed values upon which 2017 and 2008 collections were based

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

**a) Includes tangible or motor vehicle assessment also**

Total Assessed Value	\$552,023,001	\$713,449,571
Tax Rate	\$22.54	\$11.79

## 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
2008	8,657,612	8,435,912	97.4%	150,862	8,586,774	99.2%
2009	9,879,531	9,647,829	97.7%	213,890	9,861,719	99.8%
2010	10,345,673	10,115,442	97.8%	230,633	10,346,075	100.0%
2011	10,766,802	10,552,426	98.0%	212,485	10,764,911	100.0%
2012	11,221,591	10,971,590	97.8%	229,243	11,200,833	99.8%
2013	11,206,523	10,849,481	96.8%	296,710	11,146,191	99.5%
2014	11,269,380	10,921,687	96.9%	280,870	11,202,557	99.4%
2015	11,720,089	11,391,004	97.2%	282,087	11,673,091	99.6%
2016	12,188,472	11,772,167	96.6%	283,389	12,055,556	98.9%
2017	12,603,234	12,178,675	96.6%	-	12,178,675	96.6%

**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				
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
2016	-	-	41,382	41,382	0.09%	(b)	9
2017	-	-	25,560	25,560	0.05%	(c)	5

**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  
(c) Ratio is calculated using personal income from U.S. Census Bureau's 2012-2016 American Community Survey.  
(ACS) 2016, 5 year estimate

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

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Total		
2008	-	-	0.00%	-
2009	-	-	0.00%	-
2010	-	-	0.00%	-
2011	-	-	0.00%	-
2012	-	-	0.00%	-
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	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, 2017**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Foster-Glocester Regional School District (a)	\$ 31,950,000	33.97% (a)	\$ 10,853,415
Town of Foster	-	100.00%	-
Other debt			
Foster-Glocester Regional School District - BAN (a)	-	33.97% (a)	-
Subtotal, overlapping debt			10,853,415
Town direct debt			25,560
Total direct and overlapping debt			<u>\$ 10,878,975</u>

**Sources: Debt outstanding data provided by each governmental unit.**

**(a) Estimated percentage applicable for the Foster-Glocester Regional School District obtained from the Foster-Glocester Regional School budget - Percent Distribution of Equalized Weighted Assessment**

## Schedule 12

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

#### Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	\$552,023,001
Debt limit (3% of assessed value)	16,560,690
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>\$ 16,560,690</u>

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 21,403,487	\$ 21,565,010	\$ 18,213,201	\$ 18,366,757	\$ 18,754,691	\$ 16,264,882	\$ 16,267,966	\$ 16,379,578	\$ 16,638,973	\$ 16,560,690
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 16,638,973</u>	<u>\$ 16,560,690</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 (4)	Unemployment Rate (5)
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%
2016	4,642	(2)	45,700,392 (2)	36,184	(2)	44.6 (2)	626	4.20%
2017	4,677	(3)	51,885,630 (3)	37,194	(3)	47.4 (3)	627	3.40%

**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) Population, Family Income, Per Capita Family Income, and Median Age obtained from U.S. Census Bureau-2012-2016 ACS 2016, 5-year estimate
- (4) 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
- (5) Unemployment rates obtained from State of Rhode Island Dept. of Labor and Training, unadjusted-obtained from Employment Bulletin

**Schedule 15**

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster Town & School Department	84	1	22.40%	100	1	20.00%
Foster Golf & Country Club	50	2	13.33%	50	2	10.00%
Nancy-Ann Nursing Home	28	3	7.47%	N/A	N/A	N/A
Shady Acres	25	4	6.67%	25	4	5.00%
Little Rhody Farms	18	5	4.80%	N/A	N/A	N/A
Well One Foster	11	6	2.93%	N/A	N/A	N/A
Dr. Daycare	12	7	3.20%	N/A	N/A	N/A
USPS	9	8	2.40%	N/A	N/A	N/A
Turnquist Lumber Co., Inc.	N/A	N/A	N/A	16	3	3.20%
Total	237		63.20%	191		38.20%

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	2.5	2.5
Probate Court	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Building/Zoning	0.6	1.6	1.6	1.6	1.6	1.6	1.3	1.3	1.0	1.0
Planning	2.0	2.0	2.0	1.6	1.6	1.6	1.3	1.3	1.0	1.0
Financial Administration										
Treasurer's Office	2.0	2.0	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	1.6	1.6	1.6	1.6	1.6	1.6	1.3	1.3	1.3	1.3
Public Safety										
Police										
Officers	8.0	8.0	8.0	8.0	8.0	8.0	10.0	10.0	10.0	10.0
Civilians	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Animal Control										
Officers	0.6	0.6	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	6.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Maintenance										
Building/Grounds	1.0	0.0	0.0	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	5.0	3.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Services Department										
Director	0.6	0.6	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Calls	13,748	19,488	18,232	19,673	14,862	13,364	21,062	25,636	53,898 a)	36,200
Physical Arrests	164	224	208	186	92	71	129	182	228	183
Citations	1,533	1,479	1,270	1391	740	574	1217	1103	1538	902
Accidents	129	138	133	106	109	121	142	164	134	134
Animal Control										
Dog Licenses Issued	479	343	439	452	509	440	408	402	296	387
Public Works (Pickup Outsourced)										
Transfer Station										
Refuse Collected (avg. tons per month)	177	164	167	157	148	144	128	163	143	146
Recyclables Collected (avg. tons per month)	48	49	44	47	40	41	40	39	55	53
.	.	.	.	.	.	.	.	.	.	.
Highway										
Street resurfacing/chipsealing (miles)	7.0	4.6	5.8	6.3	0.0	0.0	0.4	0.7	1.9	1.4
Street repairs/crack sealing (miles)	5.4	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building/Zoning										
New Commercial Construction Permits	0	1	0	0	0	0	0	0	1	0
New Residential Construction Permits	9	6	5	5	8	3	5	0	7	2
Existing Commercial Construction Permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	13	5
Existing Residential Construction Permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	78	132	107
Parks and Recreation										
Athletic Field Permits	0	0	0	0	0	0	0	0	0	0

a) A new reporting system was used. This number includes all calls and transactions including non-emergency

N/A - To better reflect the activity of the Town of Foster, this information is reported starting 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units/Motorcycles/ Radar Trailers	11	11	9	9	9	9	10	14	14	14
Animal Control										
Animal Shelters	-	-	-	-	-	-	-	-	-	-
Animal Patrol Unit	1	1	1	1	1	1	1	1	1	1
Public Works										
Transfer Station										
Roll-off Truck	-	-	-	-	-	-	-	-	-	-
Streets and Highways										
Street (miles)	113	113	113	113	113	113	113	114	114	114
Highways (miles, Town owned)	77	77	77	77	77	77	77	78	78	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	31	31
Traffic Signals	4	4	5	5	5	5	5	5	5	5
Parks and Recreation										
Acreage	165	165	165	165	165	165	165	165	165	165
Playgrounds	1	2	2	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

Sources: Various Town Departments

***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, 2017, 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 March 29, 2018.

***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 result 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.

A handwritten signature in black ink that reads "Bacon & Company, LLC". The signature is written in a cursive, flowing style.

Warwick, Rhode Island  
March 29, 2018