

TOWN OF FOSTER RHODE ISLAND



BENJAMIN EDDY BUILDING: BY SUSAN SPRAGUE

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019

TOWN OF FOSTER, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2019

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

INTRODUCTORY SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Table of Contents

Letter of Transmittal

*Certificate of Achievement for
Excellence in Financial Reporting*

List of Town Officials

Town of Foster Organizational Chart

TOWN OF FOSTER, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

Table of Contents

I. INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	i
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING.....	xi
LIST OF TOWN OFFICIALS	xii
TOWN OF FOSTER ORGANIZATIONAL CHART.....	xiii

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1-3
REQUIRED SUPPLEMENTARY INFORMATION:	
 Management's Discussion and Analysis	4-15

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position.....	16
Statement of Activities	17

Fund Financial Statements:

Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Government–Wide Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances –Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to Government-Wide Statement of Activities.....	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26

Notes to Basic Financial Statements.....	27-70
---	--------------

TOWN OF FOSTER, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

Table of Contents

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Schedule of Revenue and Expenditures – Budget and Actual – General Fund.....	71-74
Schedule of Revenues and Expenditures and Changes in Fund Balance	
-Budget and Actual – School Unrestricted Fund	75
Schedule of the Town’s Proportionate Share of the Net Pension Liability	
-Employees’ Retirement System Pension Plan	76
Schedule of the Town’s Proportionate Share of the Net Pension Asset	
-Teachers’ Survivor Benefit Pension Plan	77
Schedule of Changes in the Net Pension Liability and Related Ratios	
-General Employees Pension Plan	78
Schedule of Changes in the Net Pension Liability and Related Ratios	
-Police Officers Pension Plan	79
Schedule of Town Contributions – Pension Plans	80-81
Schedule of Changes in Net OPEB Liability and Related Ratios	
-Other Postemployment Benefit Plan	82
Schedule of Town Contributions – Other Postemployment Benefit Plan.....	83
Schedule of Investment Returns – Other Postemployment Benefit Plan.....	84
Notes to Required Supplementary Information.....	85-88

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds.....	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
-Nonmajor Governmental Funds.....	90
Combining Balance Sheet – Town Special Revenue Funds.....	91-92
Combining Statement of Revenues, Expenditures	
and Changes in Fund Balances – Town Special Revenue Funds	93-94
Combining Balance Sheet – School Special Revenue Funds.....	95-96
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – School Special Revenue Funds	97-98
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds.....	99
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	100
Tax Collector’s Annual Report.....	101-102
Schedule of Unrestricted Fund – Fund Balance – Restricted for Education Programs.....	103
Annual Supplemental Transparency Report (MTP2).....	104-106
Combining Schedule of Reportable Government Services	
with Reconciliation to MTP2 Municipal	107
Combining Schedule of Reportable Government Services	
with Reconciliation to MTP2 Education Department	108
Reportable Government Services with MTP2 Notes	109

TOWN OF FOSTER, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

Table of Contents

III. STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years – Unaudited.....	110
Changes in Net Position – Last Ten Fiscal Years – Unaudited	111
Fund Balance – Governmental Funds – Last Ten Fiscal Years –Unaudited.....	112
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years – Unaudited	113
Assessed Value and Estimated Actual Value of Taxable Property	
-Last Ten Fiscal Years – Unaudited.....	114
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years – Unaudited.....	115
Principal Property Tax Payers – Current Year and Nine Years Ago – Unaudited	116
Property Tax Levies and Collections – Last Ten Fiscal Years – Unaudited.....	117
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years – Unaudited.....	118
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years – Unaudited	119
Direct and Overlapping Governmental Activities Debt – Unaudited	120
Legal Debt Margin Information – Last Ten Fiscal Years – Unaudited	121
Pledged Revenue Coverage – Last Ten Fiscal Years – Unaudited	122
Demographic and Economic Statistics – Last Ten Fiscal Years – Unaudited	123
Principal Employers – Current Year and Nine Years Ago – Unaudited	124
Full-Time Equivalent Town Government Employees by Function/Program	
-Last Ten Fiscal Years – Unaudited.....	125
Operating Indicators by Function/Program – Last Ten Fiscal Years – Unaudited	126
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years – Unaudited.....	127
 <i>Report on the 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.....</i>	 128-129



TOWN OF FOSTER RHODE ISLAND

KELLI M. RUSS

TREASURER/FINANCE DIRECTOR

March 24, 2020

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, 2019, 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 2018 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 89.8 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 4,689.

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, 2019, the Town of Foster paid \$5,431,540 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

School Year	Captain Isaac Paine School	Foster-Glocester Regional School	Total
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
2017-2018	292	379	671
2018-2019	271	377	648

Projected Enrollment

School Year	Captain Isaac Paine School	Foster-Glocester Regional School	Total
2019-2020	240	373	613
2020-2021	244	370	614
2021-2022	245	363	608
2022-2023	250	337	587
2023-2024	259	307	566

Note: The above figures represent the students enrolled in Foster and Foster-Glocester schools. They do not include students who live in town and attend Charter schools and Career and Technical schools out-of-district for which the resident community is financially responsible.

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 nine full-time sworn officers, including the Chief, Captain, Sergeant, and six patrol officers. The department also has four full-time and two part-time dispatchers; the dispatchers dispatch for both the police and fire departments.

ANIMAL CONTROL – The Police Department is responsible for Animal Control which has one part-time Animal Control Officer shared with the Town of Scituate.

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 80.9% 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 2019 Report.

Foster			
	Number of Units	Average Employment	Total Wages
Total Private & Government	99	457	4,044,264
Total Private Only	93	354	2,604,806
Agriculture, Forestry, Fishing & Hunting	2	*	*
Construction	20	46	524,212
Manufacturing	2	*	*
Wholesale Trade	5	8	184,725
Retail Trade	8	32	169,359
Transportation & Warehousing	5	40	343,174
Information	2	12	48,030
Finance & Insurance	1	*	*
Real Estate & Rental & Leasing	0	0	0
Professional & Technical Services	12	17	156,470
Management of Companies & Enterprises	1	*	*
Administrative Support & Waste Mgmt.	10	13	119,396
Educational Services	1	*	*
Health Care & Social Assistance	7	50	330,924
Arts, Entertainment, & Recreation	3	51	243,886
Accommodation & Food Services	6	35	118,693
Other services (except Public Admin)	8	19	101,788
Unclassified Establishments	0	0	0
Government	6	103	1,439,458

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

HOUSING

At the end of 2018 sale prices for single family homes in Foster ranged from \$171,000 to more than \$645,000. The 2019 second quarter median sales price for single family homes in Foster was \$345,000.

POPULATION TRENDS

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

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

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

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

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. 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 2019 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:

- Upgraded windows, doors, and frames for safety throughout the Captain Isaac Paine Elementary School
- Replaced the basketball court flooring and repainted the gym at the Captain Isaac Paine Elementary School
- Purchased a Ford F250 with a plow package
- Purchased a man-lift for building repairs and tree trimming and removal
- Started phase one of the new youth athletic field complex which includes parking, walking trail, and a softball/little league field
- Asphalt overlays on segments of South Killingly Road
- Final phase of plan and design of a new Police Station site and building

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 CPAs, 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, 2018. This was the seventh 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 script is cursive and fluid, with the first letters of each word being capitalized and prominent.

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, 2018

Christopher P. Morill

Executive Director/CEO

TOWN OF FOSTER, RHODE ISLAND

TOWN COUNCIL

Denise DiFranco, President
Cheryl Hawes, Vice President
Joseph Cardillo
Christie Stone
Heidi Rogers

TOWN CLERK

Susan M. Dillon

TREASURER / FINANCE DIRECTOR

Kelli M. Russ

ASSESSOR

Patricia J. Moreau

TAX COLLECTOR

Nancy Delaere

PLANNER

Jennifer Siciliano

BUILDING AND ZONING OFFICIAL

Rhett Bishop

POLICE CHIEF

David Breit

DIRECTOR OF HUMAN SERVICES

Carol Mauro

DIRECTOR OF PUBLIC WORKS

Robert Lohr

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

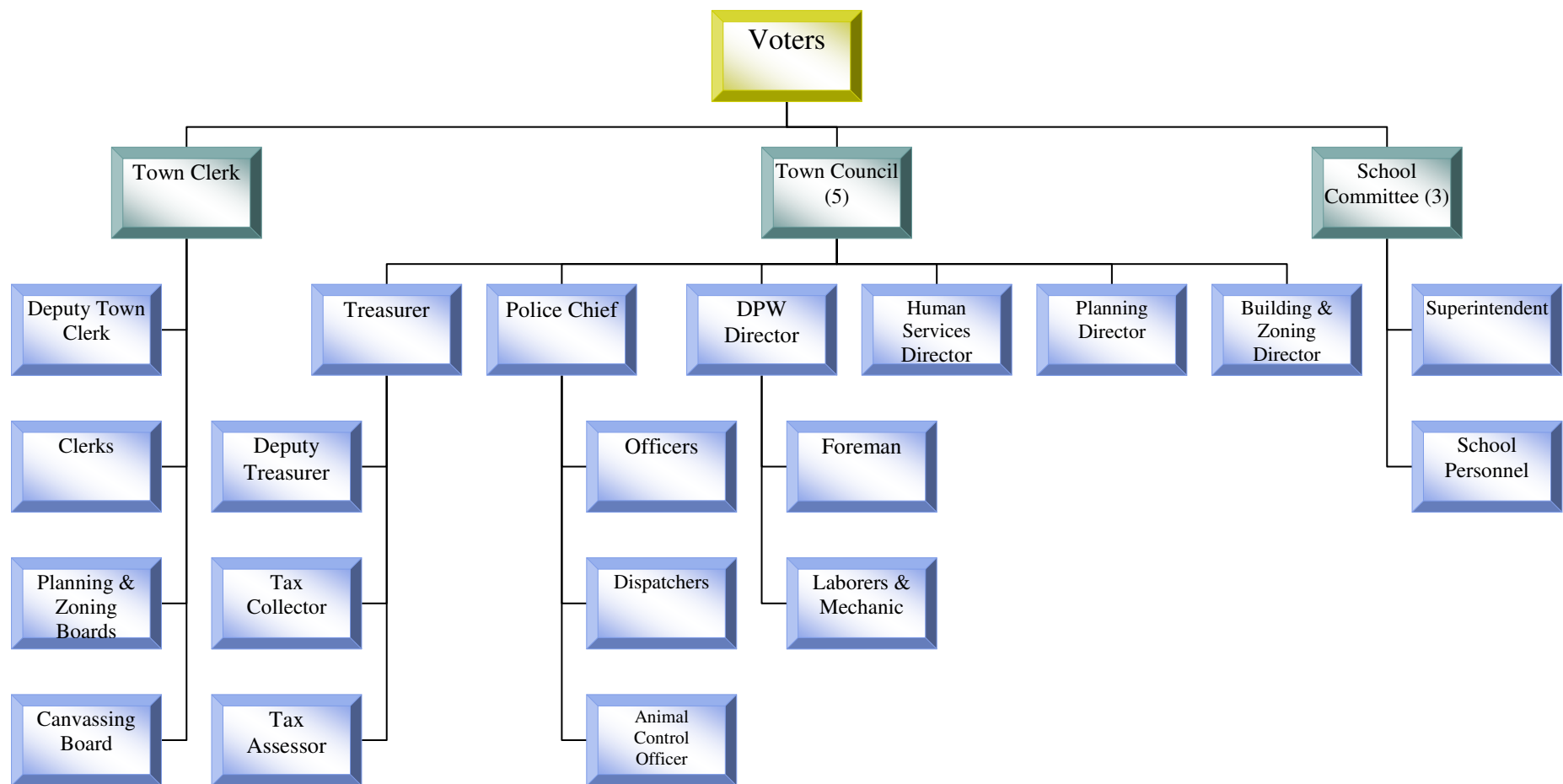
Paul Cunniff

FIRE CHIEF - FOSTER CENTER

Aaron Marsland

COMMANDER - AMBULANCE CORPS

Virginia Colwell



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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 15 and pages 71 through 88 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, Annual Supplemental Transparency Report (MTP2), 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, Annual Supplemental Transparency Report (MTP2) 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, Annual Supplemental Transparency Report (MTP2) 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 24, 2020 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.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
March 24, 2020

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(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, 2019. 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 \$4,495,612 of which (\$467) is unassigned.
- At the end of the current fiscal year the committed fund balance in the general fund for the Foster reserve fund was \$1,362,693, or 10.00% of the total 2019 budgeted expenditures and other financing uses less budgeted capital expenditures. This is an increase of \$47,223 from the previous year.
- \$9,116 remains 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 \$651,907. This is a decrease of \$60,016 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 \$651,907 restricted (for education) fund balance is comprised of \$176,882 for education and \$475,025 for capital for education.
- The Town ended the fiscal year with a budgetary operating surplus of \$517,958. The underlying causes are discussed later in this document. The School ended with a budgetary operating loss of \$60,016 primarily due to the unbudgeted use of fund balance for capital expenditures.
- 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, 2019 by \$7,304,363; an increase from the prior year of \$369,574, or 5.33%. Net position of the Town's component unit increased by \$104,168, or 4.29%, to \$2,529,908.
- 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, 2019 is \$5,558,845; an increase of \$9,941, or .18%, 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 49-70.
- The Town's Government-wide operating expenses were \$15,430,454 an increase of \$419,045, or 2.79%, from the prior year. The net increase is primarily due to a decrease in public safety expenses of \$88,480 primarily due to changes in personnel and no capital purchases offset by an increase in public works expenses for the purchase of equipment and additional expenses related

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

to parts and repairs, refuse removal, and tipping fees of \$121,730; and education expenses increased in the amount of \$451,858 due to an increase in the appropriation to the Regional School and local schools for operations, combined with a student population shift that negatively impacted the Foster community. Revenues recognized were \$15,800,028, an increase of \$408,673 or 2.66% mainly due to an increase in property taxes and state aid revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

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 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 three categories: governmental funds, proprietary and fiduciary funds.

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

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

The Town maintains 34 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, the Town capital project fund, and the School capital projects fund which are considered to be major funds. Data from the remaining

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

30 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 89 through 98 in this report. The governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. They are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees. The town has 1 proprietary fund used to manage the healthcare management transactions. The proprietary fund financial statements can be found on pages 22 through 24 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 4 agency funds. The fiduciary funds financial statements can be found on pages 25 and 26 of this report. Individual fund data for the agency funds is provided in the form of combining statements on pages 99 and 100 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, 2019 by \$7,304,363, an increase of \$369,574 or 5.31% from 2018.

The most significant changes noted were:

An increase in *current assets* of \$513,160 from 2018 plus a decrease in both *noncurrent liabilities* and *deferred inflows of resources* of \$131,884 and \$214,092, respectively, offset by a decrease in *deferred outflows of resources* of \$139,823 from 2018 and a decrease in *noncurrent assets* of \$292,541. Much of

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

the increase in *current assets* is due to an increase in cash and cash equivalents while the decrease in *noncurrent liabilities* and *deferred inflows of resources* from 2018 is primarily due to the decrease in the settlement payable to the Providence Water Supply Board and a decrease in deferred pension amounts, respectively. The majority of the decrease in *deferred outflows of resources* is due to a decrease in deferred pension amounts and the decrease in *noncurrent assets* is primarily due to the decrease of depreciable buildings, property, equipment, and infrastructure, net.

Town of Foster
Statement of Net Position

	June 30, 2019		June 30, 2018	
	Governmental	Component	Governmental	Component
	Activities	Unit	Activities	Unit
Other assets	\$ 7,150,175	\$ 333,501	\$ 6,724,183	\$ 292,185
Capital assets	7,281,686	2,196,775	7,487,059	2,133,555
Total assets	<u>\$ 14,431,861</u>	<u>\$ 2,530,276</u>	<u>\$ 14,211,242</u>	<u>\$ 2,425,740</u>
Deferred outflows of resources	<u>\$ 1,835,778</u>	<u>\$ -</u>	<u>\$ 1,975,601</u>	<u>\$ -</u>
Current liabilities	\$ 859,523	\$ 368	\$ 802,325	\$ -
Noncurrent liabilities	6,883,528	-	7,015,412	-
Total liabilities	<u>\$ 7,743,051</u>	<u>\$ 368</u>	<u>\$ 7,817,737</u>	<u>\$ -</u>
Deferred inflows of resources	<u>\$ 1,220,225</u>	<u>\$ -</u>	<u>\$ 1,434,317</u>	<u>\$ -</u>
Net Position:				
Net investments in capital assets	\$ 7,265,159	\$ 2,196,775	\$ 7,465,778	\$ 2,133,555
Restricted	1,470,049	-	1,418,596	-
Unrestricted	(1,430,845)	333,133	(1,949,585)	292,185
Total net position	<u>\$ 7,304,363</u>	<u>\$ 2,529,908</u>	<u>\$ 6,934,789</u>	<u>\$ 2,425,740</u>

The largest portion of the Town's net position, \$7,265,159 or 99.46%, 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.

An additional portion of the Town's net position, \$1,470,049 or 20.12% 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.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

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 \$1,430,845 is largely due to net pension liabilities of \$5,558,845 and a settlement payable to the Providence Water Supply Board in the amount of \$1,088,656.

Changes in Net Position

The government's total net position increased by \$369,574 during the current fiscal year

Town of Foster Statement of Activities				
	June 30, 2019		June 30, 2018	
	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
<i>Revenues</i>				
Program revenues				
Charges for services	\$ 250,628	\$ -	\$ 309,118	\$ -
Operating grants	1,667,178	-	1,892,646	-
Capital grants	154,595	-	-	-
General revenues				
Property taxes	13,156,246	-	12,742,875	-
State aid	521,885	-	421,279	-
Interest and investment income	46,137	6,046	10,362	1,199
Gain on sale of asset	-	49,152	-	-
Miscellaneous	3,359	54,499	15,075	48,238
Total revenues	<u>\$ 15,800,028</u>	<u>\$ 109,697</u>	<u>\$ 15,391,355</u>	<u>\$ 49,437</u>
<i>Expenses</i>				
Legislative, judicial & general admin	\$ 990,351	\$ -	\$ 1,034,101	\$ -
Health and welfare	124,203	-	159,201	-
Public Safety	1,939,461	-	2,027,941	-
Public Works	1,553,557	-	1,431,827	-
Planning, building and zoning	95,340	-	81,212	-
Recreation	29,609	-	27,800	-
Education	10,411,430	-	9,959,572	-
Food services	73,867	-	82,858	-
Libraries	155,842	-	150,842	-
Interest expense	56,794	-	56,055	-
Land Trust	-	5,529	-	3,446
Total expenses	<u>\$ 15,430,454</u>	<u>\$ 5,529</u>	<u>\$ 15,011,409</u>	<u>\$ 3,446</u>
Change in net position	369,574	104,168	379,946	45,991
Net position - beginning of year-restated	<u>6,934,789</u>	<u>2,425,740</u>	<u>6,554,843</u>	<u>2,379,749</u>
Net position - end of year	<u>\$ 7,304,363</u>	<u>\$ 2,529,908</u>	<u>\$ 6,934,789</u>	<u>\$ 2,425,740</u>

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

Governmental activities – As previously stated, the Governmental activities increased the Town's net position overall by \$369,574. The key elements for this increase include an increase in state aid, and tax collections net of the impact in expenses as follows:

- 1) A net decrease in public safety due to changes in personnel and the reduction in capital expenses offset by an increase in public works expenses due to the increase in personnel related expenses, repairs and maintenance of equipment, tipping fees and refuse removal, and the purchase of a new equipment for public works.
- 2) An increase in education expenses due to an increase in the appropriation to both the Regional and local schools for operations, combined with a student population shift in the Regional school that negatively impacted the Foster community.

Component unit activities - Component unit activities increased its net position by \$104,168, or 4.29% from 2018. The key elements for this increase were the receipt of conveyance fees allocated to the preservation of open space and the gain on sale of 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 \$4,495,612 an increase of \$630,382 in comparison with the prior year.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

Town of Foster Governmental Funds Fund Balances						
	Total General Fund 6/30/2019	Total Other Funds 6/30/2019	Total Governmental Funds 6/30/2019	Total General Fund 6/30/2018	Total Other Funds 6/30/2018	Total Governmental Funds 6/30/2018
Nonspendable:						
Prepaid expenditures	\$ 20,142	\$ -	\$ 20,142	\$ 6,035	\$ -	\$ 6,035
Restricted:						
Education	-	705,796	705,796	-	771,554	771,554
Historical records preservation	-	68,623	68,623	-	70,013	70,013
Health and welfare programs	-	16,444	16,444	-	19,270	19,270
Public safety programs	-	72,625	72,625	-	69,872	69,872
Capital	-	552,022	552,022	-	433,899	433,899
Other programs	12,034	4,373	16,407	11,540	4,373	15,913
Committed:						
Student population change	48,000	-	48,000	141,081	-	141,081
Townhouse maintenance	-	5,928	5,928	-	5,904	5,904
Recycling programs	-	13,069	13,069	-	12,540	12,540
Open space and conservation	-	45,511	45,511	-	43,581	43,581
Capital	1,507,765	-	1,507,765	931,735	-	931,735
Comprehensive Plan	-	-	-	1,273	-	1,273
Revaluation	11,747	-	11,747	1,747	-	1,747
Contingency	17,000	-	17,000	-	-	-
Foster reserve fund	1,362,693	-	1,362,693	1,315,470	-	1,315,470
Assigned:	-					
Capital	-	16,500	16,500	-	-	-
Public safety building	9,116	-	9,116	19,457	-	19,457
Recreation	2,506	-	2,506	2,506	-	2,506
Educational enrichment programs	-	4,185	4,185	-	3,380	3,380
Unassigned:	-	(467)	(467)	-	-	-
Total fund balances	<u>\$2,991,003</u>	<u>\$1,504,609</u>	<u>\$4,495,612</u>	<u>\$2,430,844</u>	<u>\$ 1,434,386</u>	<u>\$ 3,865,230</u>

The general fund's total fund balance increased by \$560,159 from 2018 overall. This change is the net result of more significant changes in fund balances. Nonspendable fund balance increased by \$14,107 due to an increase in prepaid expenditures. Restricted fund balance increased by only \$494, an insignificant change. The majority of the increase in the general fund's total fund balance is reflected in the committed fund balance which increased by \$555,899. This increase is primarily due to the significant increase in committed fund balance for capital expenditures of \$576,030 and the Foster reserve fund of \$47,223, as well as increases in committed fund balance for future revaluations and contingencies in the amount of \$10,000 and \$17,000, respectively. The increases in the committed fund balance were offset by a decrease in committed fund balance for funds committed for future student population changes in the amount of \$93,081. The assigned fund balance decreased by \$10,341 due to use of reserves for continued planning for a new police station.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

The Town has three major funds included in the total other funds listed above: School unrestricted fund and capital projects funds. The School unrestricted fund ended the fiscal year with total fund balances of \$656,092, a decrease from 2018 of \$59,211 due to unanticipated expenditures for out-of-district students. The capital project funds ended the fiscal year with total fund balances of \$568,522, an increase from 2018 of \$134,623, primarily due the receipt of school housing aid and a continued plan to increase appropriations to fund capital projects to maintain the Town's infrastructure, buildings, and equipment in excess of the allocation of 2% (of annual operations) to capital, mandated by the Homerule Charter adopted in 1976.

General Fund Budgetary Highlights

The Town ended FY 2019 with a budgetary surplus of \$517,958 due to unanticipated events.

Revenues

Actual revenues and other financing sources reported in 2019 exceeded budgeted revenues by \$230,724 or 1.64%. This gain in revenues was a result of the following:

An unfavorable budgetary variance of \$28,620, or 6.11% occurred in *motor vehicle phase-out* due to an unanticipated shortfall in state reimbursement resulting from legislative changes in motor vehicle taxation as well as an unfavorable variance of \$18,481, or 42.49% in *other revenues* resulting from shortfalls in the collection of police fines and fees. These shortfalls were offset by favorable variances in accounts related to the collection of property taxes; specifically *real estate and personal property tax* revenue and *finances and interest on late payments* which exceeded anticipated revenue by \$215,260, collectively, or 1.66%. Additionally, *building and zoning fees* exceeded the budget by \$26,180, or 74.8%.

Expenses

Budgeted expenditures and other financing uses in the Town's general fund exceeded actual expenditures by \$287,234 or 2.04%. This was primarily due to favorable variances in finance administration, planning, building & zoning, and public safety, due to savings in personnel and related expenditures resulting from unfilled employee positions. Also, public works ended the fiscal year with a favorable budgetary variance resulting from savings in snow removal and personnel changes.

This schedule is located on pages 71 to 74 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, 2019 amounted to \$7,281,686 (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 38 of the notes to the financial statements.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

Town of Foster
Capital Assets (net of Accumulated Depreciation)

	June 30, 2019		June 30, 2018	
	Governmental	Component	Governmental	Component
	<u>Activities</u>	<u>Unit</u>	<u>Activities</u>	<u>Unit</u>
Land	\$ 161,199	\$ 2,196,775	\$ 161,199	\$ 2,133,555
Construction in progress	116,000	-	116,000	-
Land Improvements	73,031	-	77,368	-
Buildings and improvements	2,315,282	-	2,357,196	-
Motor vehicles	407,852	-	453,231	-
Machinery and equipment	716,769	-	695,673	-
Infrastructure - roads and bridges	3,491,553	-	3,626,392	-
Total	<u>\$ 7,281,686</u>	<u>\$ 2,196,775</u>	<u>\$ 7,487,059</u>	<u>\$ 2,133,555</u>

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

- 1) Updated windows, doors, and frames for safety throughout the Captain Isaac Paine School \$ 53,823
- 2) Replaced the basketball court flooring at Captain Isaac Paine School \$ 14,439
- 3) Purchased a Ford F250 with a plow package for the Department of Public Works \$ 43,441
- 4) Purchased a man-lift for the Department of Public Works \$ 23,500
- 5) Purchased air packs for the fire companies \$ 60,255

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 \$17,260,225 (based on the net assessed valuation at December 31, 2017 of \$575,340,817). As of June 30, 2019, the Town had no outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$17,260,225.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

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, 2019, 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 39.

Economic Factors and Next Year's Budgets and Rates

Unemployment rates as of June 30, 2019 and June 30, 2018 (not seasonally adjusted)

<u>6/30/2019</u>	<u>6/30/2018</u>	
3.20%	3.00%	Town of Foster
3.30%	3.70%	State of Rhode Island
3.80%	4.20%	United States

- Median household income in Foster was \$81,036 compared to the State of Rhode Island median income of \$61,043. The median income for the United States was \$57,652.
- Per Capita family income in Foster was \$37,818 compared to the State of Rhode Island per capita family income of \$33,315. The per capita family income for the United States was \$31,177.
- Existing single-family home median sale prices were approximately \$310,000 in Foster, greater than the state average of \$270,000 from the 2019 RI Housing Fact Book.
- Foster ranks 37th in population (4,689 per 2013-2017 American Community Survey (ACS) 2017, 5-year estimate) among Rhode Island's 39 cities and towns.
- The Town's total general fund budget for fiscal year 2020 approved at the May 7, 2019 Financial Town Meeting is \$14,654,649 including expenditures funded by a transfer from the capital fund allocated as follows:
 - Education - \$8,766,877, or 59.82%
 - Capital - \$1,066,465, or 7.28% (includes a budgeted transfer to the capital project fund)
 - Other - \$4,821,307, or 32.90%

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2019
(Un-audited)

- In fiscal year 2019, \$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 2020 FTM adopted budget reflects an increase of \$447,205 or 3.28%, from 2019, 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 Foster-Glocester Regional School appropriation of \$93,082 for operations and debt, or 1.74%; an increase in the local school appropriation of \$123,518 for operations, or 3.85%; an increase of \$92,654, or 7.01%, in public works primarily for refuse removal, personnel costs, and professional services related to tree removal; and an increase in general government of \$49,041, or 7.05%, for personnel related expenditures, general property insurance, and claims and settlements for Providence Water to avoid a balloon payment in the final year of payout.
- State law legislating tax levies limits the amount a municipality can raise taxes to 104% of the prior year tax levy *excluding* motor vehicles excise tax in its entirety from the calculation.
- The State legislated an increase in the motor vehicle exemption to \$3,000 for fiscal year ending 2020; the same exemption applied to local taxpayers.
- Municipal revenues remain flat, other than taxes and state aid increases due to changes in motor vehicle excise tax legislation.
- 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 Town completed a statistical revaluation in 2011 which affected the 2013 fiscal year end and in 2014 that affected the 2016 fiscal year end. Also, the Town completed a full revaluation in 2017 that is reflected in the 2019 fiscal year. The Town's tax rates for 2020 and 2019 with their differences are listed below. The tax on *Motor Vehicles* has been reduced to \$35.00. The tax on *Inventory* has been phased out. Rates are per \$1,000.

Tax Rates

	Fiscal Year <u>2019-2020</u>	Fiscal Year <u>2018-2019</u>	Increase (Decrease)
Real Property	\$ 23.69	\$ 22.84	\$ 0.85
Motor Vehicle	35.00	36.95	(1.95)
Tangible	32.59	31.42	1.17
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*
- Proprietary Funds*
- Fiduciary 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, 2019

	Primary Government Governmental Activities	Component Unit Foster Land Trust
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,493,958	\$ 272,439
Investments	-	53,383
Property taxes receivable	883,339	-
Accrued interest receivable	122,220	-
Due from federal and state governments	231,264	-
Other receivables	209,307	-
Due from primary government	-	7,679
Prepaid expenses	20,142	-
Total current assets	5,960,230	333,501
Noncurrent assets:		
Capital assets: (Note 7)		
Land and other nondepreciable assets	277,199	2,196,775
Depreciable buildings, property, equipment, and infrastructure (net)	7,004,487	-
Net pension assets	375,321	-
Other assets	814,624	-
Total noncurrent assets	8,471,631	2,196,775
Total assets	14,431,861	2,530,276
Deferred outflows of resources:		
Deferred pension amounts	1,803,238	-
Deferred other postemployment benefit amounts	32,540	-
Total deferred outflows of resources	1,835,778	-
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	472,107	368
Due to component unit	7,679	-
Claims payable	123,418	-
Compensated absences payable	61,042	-
Settlement payable	190,000	-
Capital lease payable	5,277	-
Total current liabilities	859,523	368
Noncurrent liabilities:		
Compensated absences payable	258,309	-
Settlement payable	898,656	-
Capital lease payable	11,250	-
Net pension liabilities	5,558,845	-
Net other postemployment benefit liability	156,468	-
Total noncurrent liabilities	6,883,528	-
Total liabilities	7,743,051	368
Deferred inflows of resources:		
Deferred property taxes	24,118	-
Deferred pension amounts	1,141,913	-
Deferred other postemployment benefit amounts	54,194	-
Total deferred inflows of resources	1,220,225	-
Net Position		
Net investment in capital assets	7,265,159	2,196,775
Restricted for:		
Capital purposes	552,022	-
Education programs	705,796	-
Historical records preservation	68,623	-
Public safety programs	72,625	-
Other programs	70,983	-
Unrestricted	(1,430,845)	333,133
Total net position	\$ 7,304,363	\$ 2,529,908

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, 2019

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>	
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Primary</i>	<i>Component</i>
					<i>Government</i>	<i>Unit</i>
					<i>Total Governmental Activities</i>	<i>Foster Land Trust</i>
Primary Government:						
Governmental Activities:						
Legislative, judicial and general administrative	\$ 990,351	\$ 71,038	\$ -	\$ -	\$ (919,313)	\$ -
Health and welfare	124,203	1,098	73,003	-	(50,102)	-
Public safety	1,939,461	18,170	4,644	-	(1,916,647)	-
Public works	1,553,557	698	-	-	(1,552,859)	-
Planning, building and zoning	95,340	61,180	-	-	(34,160)	-
Recreation	29,609	420	-	-	(29,189)	-
Education	10,411,430	64,695	1,549,460	154,595	(8,642,680)	-
Food services	73,867	33,329	40,071	-	(467)	-
Libraries	155,842	-	-	-	(155,842)	-
Interest expense	56,794	-	-	-	(56,794)	-
Total primary government	\$ 15,430,454	\$ 250,628	\$ 1,667,178	\$ 154,595	(13,358,053)	-
Component Unit:						
Foster Land Trust	\$ 5,529	\$ -	\$ -	\$ -	-	(5,529)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes					13,156,246	-
State aid, not restricted for a specific purpose					521,885	-
Interest and investment income					46,137	6,046
Gain on sale of capital asset					-	49,152
Miscellaneous					3,359	54,499
Total general revenues					13,727,627	109,697
Change in net position					369,574	104,168
Net position - beginning of year					6,934,789	2,425,740
Net position - end of year					\$ 7,304,363	\$ 2,529,908

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, 2019*

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Town Capital Fund</i>	<i>School Capital Projects Fund</i>	<i>Nonmajor Other Governmental Funds</i>	<i>Total Governmental Funds</i>
ASSETS						
Cash	\$ 3,577,159	\$ 283,556	\$ 440,210	\$ -	\$ 193,033	\$ 4,493,958
Property taxes receivable	883,339	-	-	-	-	883,339
Due from federal and state governments	63,791	50,871	-	44,955	71,647	231,264
Other receivables	11,665	143,892	-	-	51,905	207,462
Due from other funds	2,832	471,984	111,812	204,118	218,393	1,009,139
Prepaid expenditures	20,142	-	-	-	-	20,142
Total assets	\$ 4,558,928	\$ 950,303	\$ 552,022	\$ 249,073	\$ 534,978	\$ 6,845,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 193,261	\$ 237,926	\$ -	\$ -	\$ 40,920	\$ 472,107
Due to other funds	542,505	56,285	-	232,573	175,931	1,007,294
Due to component unit	7,679	-	-	-	-	7,679
Total liabilities	743,445	294,211	-	232,573	216,851	1,487,080
Deferred Inflows of Resources:						
Deferred property taxes	824,480	-	-	-	-	824,480
Other deferred revenues	-	-	-	-	38,132	38,132
Total deferred inflows of resources	824,480	-	-	-	38,132	862,612
Fund Balances (Deficits)						
Nonspendable:						
Prepaid expenditures	20,142	-	-	-	-	20,142
Restricted for:						
Education programs	-	651,907	-	-	53,889	705,796
Historical records preservation	-	-	-	-	68,623	68,623
Health and welfare programs	-	-	-	-	16,444	16,444
Public safety programs	-	-	-	-	72,625	72,625
Capital expenditures - Town	-	-	442,382	-	-	442,382
Capital expenditures - School	-	-	109,640	-	-	109,640
Other programs	12,034	-	-	-	4,373	16,407
Committed for:						
Student population change	48,000	-	-	-	-	48,000
Townhouse maintenance	-	-	-	-	5,928	5,928
Recycling programs	-	-	-	-	13,069	13,069
Open space and conservation	-	-	-	-	45,511	45,511
Capital expenditures	1,507,765	-	-	-	-	1,507,765
Revaluation	11,747	-	-	-	-	11,747
Contingency	17,000	-	-	-	-	17,000
Foster reserve fund	1,362,693	-	-	-	-	1,362,693
Assigned for:						
Capital expenditures	-	-	-	16,500	-	16,500
Public safety building	9,116	-	-	-	-	9,116
Recreation programs	2,506	-	-	-	-	2,506
Educational enrichment programs	-	4,185	-	-	-	4,185
Unassigned	-	-	-	-	(467)	(467)
Total fund balance (deficits)	2,991,003	656,092	552,022	16,500	279,995	4,495,612
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,558,928	\$ 950,303	\$ 552,022	\$ 249,073	\$ 534,978	\$ 6,845,304

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, 2019*

Total Fund Balances - Total Governmental Funds \$ 4,495,612

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. 7,281,686

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. 122,220

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. 800,362

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. 38,132

Long-term liabilities (including settlement payable, capital lease payable, compensated absences, net pension liabilities and net opeb liability) 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) (7,139,847)

Net pension assets are not available to pay for current period expenditure and, therefore are not reported in the Governmental Funds financial statements. 375,321

Deferred pension and opeb 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	1,835,778
Deferred inflows of resources	(1,196,107)

The Internal service fund is reported as a proprietary fund in the fund financial statements but is reported as governmental activities in the government-wide financial statements. 691,206

Net Position - Governmental Activities	<u><u>\$ 7,304,363</u></u>
---	----------------------------

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

TOWN OF FOSTER, RHODE ISLAND
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Town Capital Fund</i>	<i>School Capital Projects Fund</i>	<i>Nonmajor Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues						
General property taxes	\$ 12,990,688	\$ -	\$ -	\$ -	\$ -	\$ 12,990,688
Intergovernmental and departmental revenues	522,755	1,329,298	109,640	44,955	378,654	2,385,302
Licenses and permits	59,050	-	-	-	-	59,050
Building and zoning fees	61,180	-	-	-	-	61,180
Fines and interest on late payments	161,008	-	-	-	-	161,008
Interest on investments	38,882	-	6,311	-	944	46,137
Other revenues	25,019	65,662	-	-	52,990	143,671
Total revenues	<u>13,858,582</u>	<u>1,394,960</u>	<u>115,951</u>	<u>44,955</u>	<u>432,588</u>	<u>15,847,036</u>
Expenditures						
Current:						
Legislative, judicial and general administrative	508,413	-	-	-	7,461	515,874
Financial administration	301,214	-	-	-	-	301,214
Health and welfare	44,838	-	-	-	76,870	121,708
Public safety	1,752,446	-	-	-	1,891	1,754,337
Public works	1,257,995	-	-	-	169	1,258,164
Planning, building and zoning	91,403	-	-	-	-	91,403
Recreation	28,848	-	-	-	-	28,848
Education	5,431,540	4,579,229	-	-	277,519	10,288,288
Food services	-	-	-	-	73,867	73,867
Libraries	155,842	-	-	-	-	155,842
Providence Water settlement	190,000	-	-	-	-	190,000
Capital outlay	321,893	-	-	115,216	-	437,109
Total expenditures	<u>10,084,432</u>	<u>4,579,229</u>	<u>-</u>	<u>115,216</u>	<u>437,777</u>	<u>15,216,654</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>3,774,150</u>	<u>(3,184,269)</u>	<u>115,951</u>	<u>(70,261)</u>	<u>(5,189)</u>	<u>630,382</u>
Other financing sources (uses)						
Transfers in	440,023	3,211,819	442,195	86,761	-	4,180,798
Transfers out	(3,654,014)	(86,761)	(440,023)	-	-	(4,180,798)
Total other financing sources (uses)	<u>(3,213,991)</u>	<u>3,125,058</u>	<u>2,172</u>	<u>86,761</u>	<u>-</u>	<u>-</u>
Net change in fund balance	560,159	(59,211)	118,123	16,500	(5,189)	630,382
Fund balances - beginning of year	<u>2,430,844</u>	<u>715,303</u>	<u>433,899</u>	<u>-</u>	<u>285,184</u>	<u>3,865,230</u>
Fund balances - end of year	<u>\$ 2,991,003</u>	<u>\$ 656,092</u>	<u>\$ 552,022</u>	<u>\$ 16,500</u>	<u>\$ 279,995</u>	<u>\$ 4,495,612</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, 2019*

Net Changes in Fund Balances - Total Governmental Funds \$ 630,382

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. 195,458

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. (400,831)

Long-term compensated absences, settlement payables, net pension liabilities (assets) and net other post employment benefit liability 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 net other post employment benefit liability 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. 104,973

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 long-term debt payments. 4,754

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. (3,872)

Revenues in the Government- Wide Statement of Activities that are not available are not reported as revenue in the Governmental Funds. 8,479

The Internal Service Fund is used by management to charge the costs of Health and Dental Insurance to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements. (169,769)

Change in Net Position of Governmental Activities \$ 369,574

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

TOWN OF FOSTER, RHODE ISLAND

Statement of Net Position

Proprietary Funds

June 30, 2019

	<i>Governmental Activities Healthcare Management Fund</i>
ASSETS	
<i>Noncurrent assets</i>	
Deposits with others	\$ 814,624
<i>Total noncurrent assets</i>	<u>814,624</u>
<i>Total assets</i>	<u>814,624</u>
LIABILITIES	
<i>Current liabilities</i>	
Accrued claims payable	<u>123,418</u>
<i>Total liabilities</i>	<u>123,418</u>
NET POSITION	
Unrestricted	<u>691,206</u>
<i>Total net position</i>	<u><u>\$ 691,206</u></u>

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

TOWN OF FOSTER, RHODE ISLAND
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<i>Governmental Activities Healthcare Management Fund</i>
<i>Operating Revenues</i>	
Charges for insurance	\$ 920,284
<i>Total operating revenues</i>	<i>920,284</i>
<i>Operating Expenses</i>	
Health insurance claims	962,965
Dental insurance claims	34,761
Administrative and other fees	92,327
<i>Total operating expenses</i>	<i>1,090,053</i>
Operating loss	(169,769)
<i>Change in net position</i>	<i>(169,769)</i>
<i>Net position - beginning of year</i>	<i>860,975</i>
<i>Net position - end of year</i>	<i>\$ 691,206</i>

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

TOWN OF FOSTER, RHODE ISLAND

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2019

	<i>Governmental Activities Healthcare Management Fund</i>
<i>Cash flows from operating activities</i>	
Receipts for interfund charges for insurance	\$ 920,284
Payments for health and dental insurance claims	(894,627)
Payments for other operating expenses	(92,327)
Decrease in deposits with others	66,670
<i>Net cash used for operating activities</i>	<i>-</i>
<i>Net increase in cash and cash equivalents</i>	<i>-</i>
<i>Cash and cash equivalents at beginning of year</i>	<i>-</i>
<i>Cash and cash equivalents at end of year</i>	<i>\$ -</i>
<i>Reconciliation of operating loss to net cash used for operating activities</i>	
Operating loss	\$ (169,769)
<i>Adjustments to reconcile operating loss to net cash used for operating activities:</i>	
Decrease in deposits with others	66,670
Increase in accrued claims (IBNR)	103,099
<i>Net cash used for operating activities</i>	<i>\$ -</i>

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, 2019

	<i>Other Post-Employment Benefits Trust Fund</i>	<i>Private- purpose Trusts Cemetery Fund</i>	<i>Agency Funds</i>
Assets			
Cash and cash equivalents	\$ 199,342	\$ 19,846	\$ 35,759
Total assets	<u>199,342</u>	<u>19,846</u>	<u>35,759</u>
Liabilities			
Due to other funds	1,845	-	-
Deposits held in custody for others	-	-	35,759
Total liabilities	<u>1,845</u>	<u>-</u>	<u>35,759</u>
Net Position			
Restricted for post employment benefits and other purposes	<u>\$ 197,497</u>	<u>\$ 19,846</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, 2019

	<i>Other Post-Employment Benefits Trust Fund</i>	<i>Private- purpose Trusts Cemetery Fund</i>
<i>Additions</i>		
Contributions:		
Employer	\$ 46,614	\$ -
Total contributions	<u>46,614</u>	<u>-</u>
Investment earnings:		
Interest and dividends	<u>767</u>	<u>79</u>
Total investment earnings	<u>767</u>	<u>79</u>
<i>Total additions</i>	<u>47,381</u>	<u>79</u>
<i>Deductions</i>		
Benefits	<u>38,203</u>	<u>-</u>
<i>Total deductions</i>	<u>38,203</u>	<u>-</u>
<i>Change in net position</i>	9,178	79
<i>Net position - beginning of year</i>	<u>188,319</u>	<u>19,767</u>
<i>Net position - end of year</i>	<u><u>\$ 197,497</u></u>	<u><u>\$ 19,846</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, 2019

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 potential component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61 "Financial Reporting Entity-Omnibus". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Through the application of GASB Statement Numbers 14, 39 and 61 criteria, the Foster Land Trust (the Land Trust) has been discretely presented as a component unit of the Town in the accompanying government-wide financial statements.

The purpose of the Land Trust is to acquire, hold and manage real property and interests in real property situated in the Town of Foster, consisting of open space and agricultural property. Upon termination or dissolution of the Land Trust, title to all remaining funds, land and land rights will vest with the Town. Trustees are appointed by the Town Council and the Land Trust can impose a financial burden upon the Town in the form of financial support and financing of operating deficits. The Land Trust holds economic resources (land and land rights) entirely for the direct benefit of the Town. The Land Trust does not issue separate financial statements.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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, 2019 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. In the Statement of Activities, internal service fund transactions 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. 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, 2019

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.

Town Capital Fund and School Capital Projects Fund – These funds are used to finance the purchases set forth in the capital program.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total 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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town has one Internal Service Fund.

Healthcare Management Fund – The Healthcare Management Fund is used to account for the Town’s self-insured health and dental care programs.

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.

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. 83 – *Certain Asset Retirement Obligations*, effective for the Town’s fiscal year ending June 30, 2019.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Town’s fiscal year ending June 30, 2019.

The adoption of GASB Statement Nos. 83 and 88 did not have an impact on the Town’s financial position or results of operations.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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

- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town’s fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town’s fiscal year ending June 30, 2020.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2022.
- GASB Statement No. 92 – *Omnibus 2020*, several requirements effective for the Town’s fiscal year ending June 30, 2020 and others effective for the 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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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:

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

I. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred outflows of resources and deferred inflows of resources are reported for amounts related to the Town's pension plans and other postemployment benefit plan that will be amortized as a component of pension and other postemployment benefit 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

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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, 2019.

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

L. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of Foster's Post-Employment Health Insurance Plan (the plan) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

O. 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 \$17,260,225. As of June 30, 2019, the Town's debt is under the limit by \$17,260,225.

NOTE 3 – CASH DEPOSITS

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

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Carrying</u>	<u>Carrying</u>
	<u>Amount</u>	<u>Amount</u>
Total Deposits	\$4,748,205	\$272,439
Add: Petty Cash	700	-
<i>Total Cash and Cash Equivalents Reported</i>		
<i>in the Financial Statements</i>	<u>\$4,748,905</u>	<u>\$272,439</u>

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, 2019, \$1,011,994 of the Town's bank balance of \$4,995,437 was exposed to custodial credit risk as follows:

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Bank</u>	<u>Bank</u>
	<u>Balance</u>	<u>Balance</u>
Insured (Federal depository insurance funds)	\$3,853,588	\$129,855
Collateralized with securities held by pledging financial institution or its agent in the Town's name	868,787	143,207
Uninsured and uncollateralized	-	-
Total	<u><u>\$4,722,375</u></u>	<u><u>\$273,062</u></u>

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, 2019, the Town had no uncollateralized deposits with institutions.

NOTE 4 – INVESTMENTS

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

As of June 30, 2019, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Component Unit Fair Value</u>	<u>Rating</u>
Municipal Bond	5/15/2028	\$5,702	Moody's – Aa3, S&P-AA
Municipal Bond	11/15/2036	5,128	Moody's – AA1, S&P-AA+
Municipal Bond	11/01/2041	5,328	Moody's – A2, S&P-A
Municipal Bond	04/01/2025	5,300	Moody's – A1
Municipal Bond	12/01/2033	5,344	S & P – AA
Corporate Bond	7/15/2064	8,481	S&P- BBB
Corporate Bond	8/01/2116	7,842	Moody's AA3
Corporate Bond	8/15/2046	5,213	Moody's BAA1, S&P BBB+
	Average maturity		
Mutual Funds Fixed Income	21.38 years	<u>5,045</u>	Average BB
Total Investments reported in the Financial Statements		<u><u>\$53,383</u></u>	

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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.

The Town has the following recurring fair value measurements as of June 30, 2019:

- The following investments are valued using quoted prices in active markets (Level 1 inputs): Mutual funds fixed income \$5,045.
- The following investments are valued by a pricing service using various techniques to estimate value or by utilizing a yield-based matrix system (level 2 inputs): municipal bonds \$26,802 and corporate bonds \$21,536.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

NOTE 6 – INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2019 are as follows:

<u>Due To:</u>	<u>Due From:</u>					<u>Total</u>
	<u>General Fund</u>	<u>Unrestricted Fund</u>	<u>School Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>OPEB Trust Fund</u>	
Governmental activities:						
General Fund	\$ -	\$ -	\$ -	\$ 987	\$ 1,845	\$ 2,832
School Unrestricted Fund	64,467	-	232,573	174,944	-	471,984
Town Capital Fund	111,812	-	-	-	-	111,812
School Capital Projects Fund	204,118	-	-	-	-	204,118
Other Governmental Funds	162,108	56,285	-	-	-	218,393
Total	<u>\$542,505</u>	<u>\$ 56,285</u>	<u>\$ 232,573</u>	<u>\$ 175,931</u>	<u>\$ 1,845</u>	<u>\$1,009,139</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, 2019 are as follows:

<u>Transfer To:</u>	<u>Transfer From:</u>			<u>Total</u>
	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Town Capital Fund</u>	
General Fund	\$ -	\$ -	\$ 440,023	\$ 440,023
School Unrestricted Fund	3,211,819	-	-	3,211,819
Town Capital Fund	442,195	-	-	442,195
School Capital Projects Fund	-	86,761	-	86,761
Total	<u>\$ 3,654,014</u>	<u>\$ 86,761</u>	<u>\$ 440,023</u>	<u>\$ 4,180,798</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, 2019

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2019 was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>
Primary Government -				
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 161,199	\$ -	\$ -	\$ 161,199
Construction in progress	116,000	-	-	116,000
Total nondepreciable assets	277,199	-	-	277,199
Depreciable assets:				
Land improvements	261,116	-	-	261,116
Buildings and improvements	5,131,136	68,262	-	5,199,398
Motor vehicles	3,077,088	43,441	-	3,120,529
Machinery and equipment	1,481,014	83,755	-	1,564,769
Infrastructure - roads and bridges	8,189,364	-	-	8,189,364
Total capital assets	18,416,917	195,458	-	18,612,375
Less accumulated depreciation for:				
Land improvements	183,748	4,337	-	188,085
Buildings and improvements	2,773,940	110,176	-	2,884,116
Motor vehicles	2,623,857	88,820	-	2,712,677
Machinery and equipment	785,341	62,659	-	848,000
Infrastructure - roads and bridges	4,562,972	134,839	-	4,697,811
Total accumulated depreciation	10,929,858	400,831	-	11,330,689
Governmental activities capital assets, net	\$ 7,487,059	\$ (205,373)	\$ -	\$ 7,281,686
Component Unit:				
Nondepreciable assets:				
Land	\$ 2,133,555	\$ 74,620	\$ 11,400	\$ 2,196,775
Total nondepreciable assets	2,133,555	74,620	11,400	2,196,775
Component unit capital assets, net	\$ 2,133,555	\$ 74,620	\$ 11,400	\$ 2,196,775

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative	\$ 132,623
Health and Welfare	330
Public education	97,556
Public safety	106,631
Public works	62,930
Recreation	761
Total governmental activities depreciation expense	\$ 400,831

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

NOTE 8 – LONG-TERM LIABILITIES

A. LONG -TERM LIABILITIES

The following schedule reflects changes in long-term liabilities for the year ended June 30, 2019:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
<i>Governmental Activities:</i>					
Capital leases payable	\$ 21,281	\$ -	\$ 4,754	\$ 16,527	\$ 5,277
Accrued compensated absences	309,691	68,763	59,103	319,351	61,042
Settlement payable	1,221,862	56,794	190,000	1,088,656	190,000
Net pension liabilities	5,548,904	9,941	-	5,558,845	-
Net other postemployment liability	158,508	-	2,040	156,468	-
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$ 7,260,246</u>	<u>\$ 135,498</u>	<u>\$ 255,897</u>	<u>\$ 7,139,847</u>	<u>\$ 256,319</u>

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

B. CAPITAL LEASE COMMITMENTS

The Town acquired equipment valued at \$26,450 that was financed with a lease purchase agreement. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2019.

Obligations of Governmental Activities under capital leases as of June 30, 2019 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities Lease Payment Requirements</i>
2020	\$ 6,778
2021	6,777
2022	<u>5,648</u>
Total minimum lease payments	19,203
Less: Amount representing interest cost	<u>(2,676)</u>
Present value of minimum lease payments	<u>\$ 16,527</u>

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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, 2019, the Town's General Fund reported the following balances related to the Foster Land Trust:

Due to Foster Land Trust	<u>\$7,679</u>
--------------------------	----------------

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, 2019, were as follows:

	<i><u>Vendors</u></i>	<i><u>Salaries and Benefits</u></i>	<i><u>Other</u></i>	<i><u>Total</u></i>
<i>Governmental activities</i>				
General Fund	\$ 111,343	\$ 81,918	\$ -	\$ 193,261
School Unrestricted Fund	142,394	95,532	-	237,926
Other Governmental Funds	39,253	1,667	-	40,920
<i>Total</i>	<u>\$ 292,990</u>	<u>\$ 179,117</u>	<u>\$ -</u>	<u>\$ 472,107</u>

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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).

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 other funds and

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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, 2019 was \$5,431,540. 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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The Town is retaining the risk and it recognizes and measures its claims liabilities and related expenses 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 Healthcare Management 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 expenses in the Healthcare Management 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 \$123,418 reported in the Healthcare Management Fund at June 30, 2019 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>Beginning Fiscal Year Liability</i>	<i>Current Year Claims and Changes In Estimate</i>	<i>Claims Payments</i>	<i>Balance Fiscal Year End</i>
2017-2018	\$152,548	\$720,847	\$853,076	\$20,319
2018-2019	\$20,319	\$997,726	\$894,627	\$123,418

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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. 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, 2018, the plan membership data is as follows:

Active employees	53
Retirees	<u>7</u>
<i>Total</i>	<u>60</u>

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 retired before July 1, 2003. Employees retiring after 7/1/2003 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 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 OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

- Town Labor Union – Eligible at 58 years of age. The Town pays 40% of individual medical until the retiree is Medicare eligible.
- School Non-Certified – Eligible at 62 years of age with 10 years of service. The Town pays 100% of individual medical and dental until the retiree is Medicare eligible.
- School Certified – Eligible if hired prior to July 10, 2015 and have 10 years of service with the Foster School Department and are eligible and enter early retirement on either Social Security or the State Teachers' Retirement System. The Towns pays 100% of individual medical, minus any applicable retiree co-share, for 6 years after retirement or until the retiree is Medicare eligible. Employees hired prior to July 10, 2015 are not subject to the 6 year maximum limitation. If the date of retirement was prior to July 10, 2015 the retiree is required to pay the same co-share for medical at the time of their retirement. If the date of retirement is after July 10, 2015 the retiree is required to pay the same co-share for medical as current active employees for each year of coverage. Employees hired after July 10, 2015 are not eligible for other post-retirement benefits.

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, 2019, 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, 2019, the Town contributed \$46,614 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.

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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

Rate of Return – For the year ended June 30, 2019, 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, 2019, were as follows:

Total OPEB Liability	\$353,965
OPEB Plan Fiduciary Net Position	(197,497)
Net OPEB Liability	<u>\$156,468</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	55.8%
--	-------

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2019, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Salary Increases	3.50%
Investment Rate of Return	3.50%
Inflation Rate	2.00%
Healthcare Cost Trend Rates	Medical - 9.00% in 2017 graded down to an ultimate rate of 5.00% in 2021; 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 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and equivalents	<u>100.00%</u>	1.50%
	<u>100.00%</u>	

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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 3.50% 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 3.50% (Bond Buyer's 20 Bond Index) was applied to all periods. The prior measurement date used a discount rate of 3.87%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	\$346,827	\$188,319	\$158,508
Changes for the Year:			
Service cost	15,805	-	15,805
Interest on the total OPEB liability	13,302	-	13,302
Changes in benefits	-	-	-
Difference between expected and actual experience	8,178	-	8,178
Changes in assumptions	8,056	-	8,056
Employer contributions	-	46,614	(46,614)
Net investment income	-	767	(767)
Benefit payments, including employee refunds	(38,203)	(38,203)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	7,138	9,178	(2040)
Balances as of June 30, 2019	\$353,965	\$197,497	\$156,468

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 (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$179,184	\$156,468	\$135,122

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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 (7.00% decreasing to 4.00%) and 1-percentage-point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB Liability	\$122,563	\$156,468	\$196,813

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$22,126. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$16,915	\$46,806
Changes in assumptions	7,391	7,388
Net difference between projected and actual earnings on OPEB plan investments	8,234	-
Total	\$32,540	\$54,194

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$307
2021	307
2022	306
2023	(699)
2024	(2,002)
Thereafter	(19,873)

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLAN

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

June 30, 2019

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 2019, 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 10.06% and 13.45% of annual covered payroll for the fiscal year ended June 30, 2019 for the State and Foster School Department, respectively. The Foster School Department contributed \$250,779, \$235,000 and \$239,770 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$176,292 for fiscal year 2019 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, 2019, the Foster School Department reported a liability of \$3,019,322 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	\$3,019,322
State's proportionate share of the net pension liability associated with the Foster School Department	<u>2,252,197</u>
Total net pension liability	<u>\$5,271,519</u>

The net pension liability was measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018. 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, 2018 the Foster School Department's proportion was 0.09502946%.

For the year ended June 30, 2019, the Foster School Department recognized in the Government-Wide financial statements gross pension expense of \$275,927 and revenue of \$124,677 for support provided by the State. At June 30, 2019, 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, 2019

Deferred outflows of resources:

Contributions subsequent to the measurement date	\$250,779
Change of assumptions	219,319
Differences between expected and actual experience	44,162
Net difference between projected and actual earnings on pension plan investments	36,065
Total	<u><u>\$550,325</u></u>

Deferred inflows of resources:

Change of assumptions	\$35,531
Differences between expected and actual experience	57,588
Changes in proportion differences between employer contributions and proportionate share of contributions	490,032
Total	<u><u>\$583,151</u></u>

\$250,779 reported as deferred outflows of resources related to pensions resulting from the Foster School Department contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. 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:

2020	\$(36,200)
2021	(73,052)
2022	(125,623)
2023	(59,069)
2024	14,134
thereafter	(3,795)

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

Inflation	2.5%
Salary increases	3.0% to 13.0%
Investment rate of return	7.0%

Mortality – Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	<u>40.00%</u>	
Private Growth		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Sub-total	<u>15.00%</u>	
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	<u>8.00%</u>	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	<u>8.00%</u>	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	<u>8.00%</u>	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	<u>21.00%</u>	
Total	<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 7.0 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, 2019

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Current Discount	
1.00% Decrease	Rate	1.00 Increase
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$3,798,824	\$3,019,322	\$2,438,731

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 \$51,248 and employees contributed \$115,685 for the fiscal year ended June 30, 2019.

For financial reporting purposes, the State's share of contributions totaling \$7,343 for fiscal year 2019 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>.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

B. TEACHERS' SURVIVOR BENEFIT PLAN

General Information about the Pension Plan

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

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

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

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse's Benefit</u>
\$17,000 or less	\$825.00
\$17,001 to \$25,000	\$962.50
\$25,001 to \$33,000	\$1,100.00
\$33,001 to \$40,000	\$1,237.50
\$40,001 and over	\$1,375.00

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 \$11,500; 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 \$3,168, \$3,130 and \$2,822 for the fiscal years ended June 30, 2019, 2018 and 2017, 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, 2019 the Foster School Department reported an asset of \$375,321 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, 2018, 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, 2017, rolled forward to June 30, 2018. The Foster School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018 the Foster School Department's proportion was 0.42062515%

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

For the year ended June 30, 2019 the Foster School Department recognized pension expense of \$(13,782) an increase in the net pension asset. At June 30, 2019 the Foster School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:

Contributions subsequent to the measurement date	\$3,168
Change of assumptions	49,452
Differences between expected and actual experience	63,948
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,234
Net difference between projected and actual earnings on pension plan investments	8,518
Total	<u><u>\$192,320</u></u>

Deferred inflows of resources:

Differences between expected and actual experience	\$62,982
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,997
Total	<u><u>\$151,979</u></u>

\$3,168 reported as deferred outflows of resources related to pensions resulting from the Foster School Department's contributions in fiscal year 2019 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. 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:	
2020	\$22,066
2021	9,592
2022	(8,759)
2023	1,406
2024	3,947
Thereafter	8,921

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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

Inflation	2.5%
Salary increases	3.0% to 13.0%
Investment rate of return	7.0%

Mortality – Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

Cost of Living Adjustments – Eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.5% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 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 34 sources. The June 30, 2018 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, 2019

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
Total	100.00%	

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 7.0 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 proportionate share of the net pension asset calculated using the discount rate of 7.0 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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

Current Discount		
1.00% Decrease	Rate	1.00% Increase
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$260,453	\$375,321	\$460,841

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 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 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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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.

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 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior retirement date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If 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

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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.

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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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).

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.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

Employees Covered by Benefit Terms - At the June 30, 2017 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries Inactive, Nonretired	26	9
Members	23	3
Active Members	36	8
Total	85	20

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, 2019: general employees plan - \$139,765 and police officers plan - \$156,831. The Town's contributions represented the following percentages of annual covered payroll: general employees plan -10.23%; police officer's plan - 30.34%.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2017 and rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2018 Measurement Date (June 30, 2017 valuation rolled forward to June 30, 2018)	
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	7.0%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police Officers - 4.00% to 14.00%
Inflation	2.5%
Mortality	Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 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 34 sources. The June 30, 2018 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, 2019

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
Total	100.00%	

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 7.0 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, 2019

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, 2017	\$4,364,808	\$3,603,141	\$761,667
Changes for the Year:			
Service cost	118,579	-	118,579
Interest on the total pension liability	301,048	-	301,048
Changes in benefits	-	-	-
Difference between expected and actual experience	219,149	-	219,149
Changes in assumptions	-	-	-
Employer contributions	-	160,968	(160,968)
Employee contributions	-	29,647	(29,647)
Net investment income	-	282,987	(282,987)
Benefit payments, including employee refunds	(246,825)	(246,825)	-
Administrative expense	-	(3,767)	3,767
Other changes	-	(44,323)	44,323
Net changes	391,951	178,687	213,264
Balances as of June 30, 2018	\$4,756,759	\$3,781,828	\$974,931

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, 2017	\$4,356,928	\$2,700,076	\$1,656,852
Changes for the Year:			
Service cost	117,421	-	117,421
Interest on the total pension liability	300,472	-	300,472
Changes in benefits	-	-	-
Difference between expected and actual experience	(106,823)	-	(106,823)
Changes in assumptions	-	-	-
Employer contributions	-	138,105	(138,105)
Employee contributions	-	54,286	(54,286)
Net investment income	-	213,786	(213,786)
Benefit payments, including employee refunds	(246,377)	(246,377)	-
Administrative expense	-	(2,846)	2,846
Other changes	-	(1)	1
Net changes	64,693	156,953	(92,260)
Balances as of June 30, 2018	\$4,421,621	\$2,857,029	\$1,564,592

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

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 7.0 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.

Plan	1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00 Increase (8.0%)
General Employees	\$1,525,787	\$974,931	\$564,720
Police Officers	\$2,078,682	\$1,564,592	\$1,181,739

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, 2019, the Town recognized pension expense as follows: general employees plan - \$281,294; and police officers plan - \$179,946. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General Employees Plan	Police Officers Plan
Deferred Outflows of Resources:		
Contributions subsequent to the measurement date	\$139,765	\$156,831
Assumption changes	66,196	159,285
Differences between expected and actual experience	174,788	321,932
Net difference between projected and actual investment earnings	23,729	18,067
Total	<u>\$404,478</u>	<u>\$656,115</u>
Deferred Inflows of Resources:		
Assumption changes	\$ -	\$3,029
Differences between expected and actual experience	98,166	305,588
Total	<u>\$98,166</u>	<u>\$308,617</u>

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2019

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows/(Inflows) of Resources	
	General Employees Plan	Police Officers Plan
2020	\$101,874	\$33,627
2021	61,146	7,907
2022	10,409	61,354
2023	(6,882)	86,399
2024	-	1,380
Thereafter	-	-

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 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 as of June 30, 2012. 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 \$12,210 and employees contributed \$56,376 for the fiscal year ended June 30, 2019.

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, 2019

D. LABORER'S INTERNATIONAL UNION OF NORTH AMERICA NATIONAL PENSION FUND

Plan Description

All employees who are members of the Local 1322 union participate in the Laborers' International Union of North America National Pension Fund, a cost sharing multiple-employer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is not a state or local government pension plan, provides defined benefit pensions to employees of state or local governmental employers and employees of employers that are not state or local governments and has no predominant state or local government employer. As a result, the Plan is accounted for and reported in accordance with GASB Statement No. 78, Pensions Provided through Certain Multiple – Employer Defined Benefit Pension Plans. The Plan is administered by the Fund's Board of Trustees. Eligibility and benefit provisions are defined in Plan document adopted by the Board of Trustees.

All employees who are members of the Local 1322 union are eligible to participate in the Plan, (5 active employees as of June 30, 2019). An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the plan up to \$2.50 per hour. The Plan also provides death and disability benefits. Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International Union of North America National (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or on the internet at www.lnipf.com.

Funding Policy – The contribution requirements of the Town and employees are established by contract and may be amended by union negotiation. The current union contract expires on June 30, 2019. Employees are required to contribute \$.90 per hour up to a maximum of 40 hours per week to the Plan for calendar year 2019. The Town is not required to contribute to the Plan.

The Multiemployer Pension Plan Amendments Act of 1980 impose certain liabilities upon employers associated with multiemployer pension plans who withdraw from such a plan or upon termination of said plan. The Town has no plans to withdraw or partially withdraw from the plan.

TOWN OF FOSTER, RHODE ISLAND*Notes to Financial Statements**June 30, 2019***E. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS**

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Asset	Net Pension Liability	Pension Expense
Employees' Retirement System Plan	\$550,325	\$583,151	\$ -	\$3,019,322	\$275,927
Teachers' Survivor Benefits Plan	192,320	151,979	375,321	-	(13,782)
General Employees Plan	404,478	98,166	-	974,931	281,294
Police Officers Plan	656,115	308,617	-	1,564,592	179,946
Total	<u>\$1,803,238</u>	<u>\$1,141,913</u>	<u>\$375,321</u>	<u>\$5,558,845</u>	<u>\$723,385</u>

NOTE 17– SUBSEQUENT EVENTS

On November 8, 2019 the Town entered into a master lease purchase agreement in the amount of \$303,503 to finance the purchase of two police vehicles and two trucks. The lease bears interest of 3.39% and requires annual payments for 5 years commencing on November 8, 2019.

NOTE 18- DEFICIT FUND BALANCES

The following non-major governmental fund had a deficit fund balance at June 30, 2019:

School Lunch Fund \$(467)

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 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, 2019

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<u>Revenues</u>				
Real estate and personal property tax	\$ 12,841,436	\$ 12,841,436	\$ 12,990,688	\$ 149,252
Hotel, meal and beverage tax	20,251	20,251	23,159	2,908
Motor vehicle excise phase-out	468,246	468,246	439,626	(28,620)
Public utilities sharing	58,356	58,356	59,100	744
Licenses, permits and fees	55,000	55,000	59,050	4,050
Building and zoning fees	35,000	35,000	61,180	26,180
Fines and interest on late payments	95,000	95,000	161,008	66,008
Interest on investments	7,500	7,500	38,838	31,338
Land trust	2,655	2,655	-	(2,655)
Other revenues	43,500	43,500	25,019	(18,481)
<i>Total revenues</i>	13,626,944	13,626,944	13,857,668	230,724
<u>Other Financing Sources</u>				
Transfer from capital projects fund	440,023	440,023	440,023	-
<i>Total other financing sources</i>	440,023	440,023	440,023	-
<i>Total revenues and other financing sources</i>	\$ 14,066,967	\$ 14,066,967	\$ 14,297,691	\$ 230,724
<u>Expenditures</u>				
<i>Legislative, Judicial and General Administrative</i>				
Salaries	\$ 186,150	\$ 186,150	\$ 184,366	1,784
Benefits	77,569	77,569	75,795	1,774
Solicitor	62,500	62,500	62,500	-
Purchased services-Probate	3,800	3,800	3,800	-
Purchased services-Board of Canvassers	5,400	5,400	5,175	225
Purchased services-Election	6,840	6,840	5,575	1,265
Purchased services-other	15,875	15,875	15,513	362
Materials and supplies	5,170	5,170	6,623	(1,453)
Software licenses and support	11,060	11,060	12,150	(1,090)
Insurance	64,900	64,900	74,116	(9,216)
Utilities	10,589	10,589	10,402	187
Other operational expenditures	6,985	6,985	6,043	942
Town Council contingency	45,000	45,000	39,257	5,743
Conservation Commission	1,450	1,450	1,098	352
Land Trust	2,655	2,655	-	2,655
<i>Total legislative, judicial and general administrative</i>	505,943	505,943	502,413	3,530

(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, 2019

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<i>Finance Administration</i>				
Finance salaries	159,576	159,576	140,893	18,683
Finance benefits	65,072	65,072	47,735	17,337
Purchased services-Audit	18,500	18,500	19,865	(1,365)
Purchased services-OPEB actuarial valuation	3,000	3,000	2,823	177
Purchased services-other	9,700	9,700	3,581	6,119
Materials and supplies - finance	3,374	3,374	3,345	29
Software licenses and support-finance	13,401	13,401	13,336	65
Utilities	6,163	6,163	6,550	(387)
Other operational expenditures-finance	5,600	5,600	6,183	(583)
Assessor salary	31,695	31,695	31,695	-
Assessor benefits	6,034	6,034	6,032	2
Purchased services-tax bills/postage	5,300	5,300	5,898	(598)
Software licenses and support-assessor	13,500	13,500	11,528	1,972
Revaluation	10,000	10,000	10,000	-
Other operational expenditures-assessor	2,200	2,200	1,750	450
<i>Total finance administration</i>	<i>353,115</i>	<i>353,115</i>	<i>311,214</i>	<i>41,901</i>
<i>Health and Welfare</i>				
Human services salary	20,835	20,835	20,835	-
Benefits	4,905	4,905	4,901	4
Purchased services-other	300	300	292	8
Utilities	1,169	1,169	1,160	9
Other operational expenditures	1,030	1,030	1,000	30
Mental Health Association	3,250	3,250	3,250	-
Comprehensive Community Action	13,000	13,000	13,000	-
CAST	1,000	1,000	-	1,000
Sojourner House	400	400	400	-
<i>Total health and welfare</i>	<i>45,889</i>	<i>45,889</i>	<i>44,838</i>	<i>1,051</i>
<i>Planning, Building and Zoning</i>				
Planning salaries	37,885	37,885	37,885	-
Planning benefits	7,203	7,203	7,216	(13)
Purchased services-planning	4,000	4,000	895	3,105
Software licenses and support-planning	1,500	1,500	1,500	-
Utilities	1,495	1,495	1,556	(61)
Other operational expenditures - planning	2,060	2,060	4,258	(2,198)
Building & Zoning Salaries	44,862	44,862	30,477	14,385
Building & Zoning Benefits	8,081	8,081	2,682	5,399
Software licenses and support-B&Z	2,125	2,125	2,000	125
Other operational expenditures-B&Z	3,600	3,600	2,934	666
<i>Total planning, building and zoning</i>	<i>112,811</i>	<i>112,811</i>	<i>91,403</i>	<i>21,408</i>

(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, 2019

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Public Works				
Salaries	395,038	395,038	384,283	10,755
Benefits	187,681	187,681	164,758	22,923
Purchased services-other	31,550	31,550	41,375	(9,825)
Maintenance-buildings and grounds	65,000	65,000	63,661	1,339
Vehicle operations-fuel and lube oil	50,000	50,000	34,463	15,537
Vehicle operations-parts and repairs	81,000	81,000	82,413	(1,413)
Vehicle operations-tires	7,000	7,000	2,040	4,960
Utilities	20,177	20,177	17,307	2,870
Snow removal	72,000	72,000	37,409	34,591
Asphalt mix	8,000	8,000	6,137	1,863
Gravel	37,000	37,000	21,301	15,699
Stone	6,000	6,000	9,168	(3,168)
Road signs	3,000	3,000	3,422	(422)
Other road material	2,000	2,000	20,725	(18,725)
Pipe	3,000	3,000	1,377	1,623
Equipment	12,750	12,750	28,841	(16,091)
Other operational expenditures	3,800	3,800	3,222	578
Trash removal and recycling	244,428	244,428	244,428	-
Tipping fees - RI Resource Recovery	91,988	91,988	91,665	323
Total public works	1,321,412	1,321,412	1,257,995	63,417
Public Safety				
Salaries-police	728,690	728,690	634,763	93,927
Benefits-police	341,542	341,542	301,453	40,089
Purchased services -police	4,600	4,600	10,562	(5,962)
Materials and supplies-police	2,500	2,500	2,754	(254)
Software licenses and support-police	23,600	23,600	21,981	1,619
Vehicle operations-fuel and lube oil	29,000	29,000	18,054	10,946
Vehicle operations-parts and repairs	10,000	10,000	10,087	(87)
Vehicle operations-tires	2,500	2,500	2,454	46
Utilities-police	14,975	14,975	16,817	(1,842)
Other operational expenditures-police	23,452	23,452	14,110	9,342
Salaries-dispatch	252,500	252,500	257,882	(5,382)
Benefits-dispatch	96,735	96,735	100,095	(3,360)
Utilities-dispatch	2,819	2,819	4,365	(1,546)
Other operational expenditures-dispatch	500	500	180	320
Purchased services- animal control	19,000	19,000	19,000	-
Pound fees	10,000	10,000	10,000	-
EMA compensation	3,000	3,000	2,750	250
Payroll taxes	230	230	-	230
EMA material and supplies	500	500	481	19
Ambulance Corps stipends	30,000	30,000	16,157	13,843
Other public safety training	10,000	10,000	12,000	(2,000)
Engineering board	2,500	2,500	610	1,890
Ambulance Corp.	74,000	74,000	74,000	-
Foster Center Fire Company	63,000	63,000	63,000	-
South Foster Fire Company	70,000	70,000	70,000	-
Moosup Valley Fire Company	68,550	68,550	68,550	-
Capital-South Foster Fire Company	10,000	10,000	10,000	-
Total public safety	1,894,193	1,894,193	1,742,105	152,088

(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, 2019

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Recreation				
Salaries	800	800	800	-
Purchased services-other	1,000	1,000	660	340
Materials and supplies	1,000	1,000	955	45
Maintenance and repairs	4,100	4,100	5,206	(1,106)
Utilities	4,967	4,967	2,771	2,196
Sports	10,000	10,000	10,000	-
Senior citizens	2,000	2,000	2,000	-
Other operational expenditures	1,100	1,100	726	374
Activities expenditures	7,300	7,300	5,310	1,990
Total recreation	<u>32,267</u>	<u>32,267</u>	<u>28,428</u>	<u>3,839</u>
School				
Regional operations	4,816,418	4,816,418	4,816,418	-
Regional debt service	615,122	615,122	615,122	-
Region student population change transfer	(93,082)	(93,082)	(93,082)	-
Paine School operations	3,211,819	3,211,819	3,211,819	-
Total school	<u>8,550,277</u>	<u>8,550,277</u>	<u>8,550,277</u>	<u>-</u>
Libraries				
Libraries of Foster	155,842	155,842	155,842	-
Total libraries	<u>155,842</u>	<u>155,842</u>	<u>155,842</u>	<u>-</u>
Long-Term Obligations				
Providence Water settlement	190,000	190,000	190,000	-
Total long-term obligations	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Capital Expenditures				
Other public safety-Engineering Board	70,000	70,000	70,000	-
Public education	105,023	105,023	105,023	-
Public works equipment	85,000	85,000	85,000	-
Public works highway	180,000	180,000	180,000	-
Total capital expenditures	<u>440,023</u>	<u>440,023</u>	<u>440,023</u>	<u>-</u>
Total expenditures	<u>13,601,772</u>	<u>13,601,772</u>	<u>13,314,538</u>	<u>287,234</u>
Other Financing Uses				
Transfer to OPEB trust fund	23,000	23,000	23,000	-
Transfer to capital projects fund	442,195	442,195	442,195	-
Total other financing uses	<u>465,195</u>	<u>465,195</u>	<u>465,195</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 14,066,967</u>	<u>\$ 14,066,967</u>	<u>\$ 13,779,733</u>	<u>\$ 287,234</u>

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, 2019*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
<i>Revenues</i>				
State aid	\$ 1,131,695	\$ 1,131,695	\$ 1,145,663	\$ 13,968
Other revenues	59,486	59,486	57,829	(1,657)
<i>Total revenues</i>	<u>1,191,181</u>	<u>1,191,181</u>	<u>1,203,492</u>	<u>12,311</u>
<i>Expenditures</i>				
Education	<u>4,403,000</u>	<u>4,403,000</u>	<u>4,388,566</u>	<u>14,434</u>
<i>Total expenditures</i>	<u>4,403,000</u>	<u>4,403,000</u>	<u>4,388,566</u>	<u>14,434</u>
<i>Deficiency of revenues under expenditures before other financing sources(uses)</i>	<u>(3,211,819)</u>	<u>(3,211,819)</u>	<u>(3,185,074)</u>	<u>26,745</u>
<i>Other financing sources(uses)</i>				
Town appropriation	3,211,819	3,211,819	3,211,819	-
Transfers to capital projects funds	<u>-</u>	<u>-</u>	<u>(86,761)</u>	<u>(86,761)</u>
<i>Total other financing sources (uses)</i>	<u>3,211,819</u>	<u>3,211,819</u>	<u>3,125,058</u>	<u>(86,761)</u>
<i>Net change in fund balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,016)</u>	<u>\$ (60,016)</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.09502946%	0.09924856%	0.10172130%	0.11156409%	0.12588445%
Town's proportionate share of the net pension liability	\$ 3,019,322	\$ 3,130,385	\$ 3,034,934	\$ 3,071,362	\$ 3,064,028
State's proportionate share of the net pension liability associated with the Town	<u>2,252,197</u>	<u>2,365,819</u>	<u>2,078,484</u>	<u>2,098,258</u>	<u>2,101,145</u>
Total	<u>\$ 5,271,519</u>	<u>\$ 5,496,204</u>	<u>\$ 5,113,418</u>	<u>\$ 5,169,620</u>	<u>\$ 5,165,173</u>
Town's covered payroll	\$ 1,719,241	\$ 1,756,868	\$ 1,671,269	\$ 1,812,834	\$ 1,916,706
Town's proportionate share of the net pension liability as a percentage of its covered payroll	175.62%	178.18%	181.59%	169.42%	159.86%
Plan fiduciary net position as a percentage of the total pension liability	54.3%	54.0%	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 (1)
"Unaudited"

<i>Fiscal Year</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Town's proportion of the net pension asset	0.42062515%	0.47846742%	0.42449060%	0.44548472%	0.37822090%
Town's proportionate share of the net pension asset	\$ 375,321	\$ 395,819	\$ 422,673	\$ 415,885	\$ 470,207
Town's covered payroll	\$ 1,719,241	\$ 1,756,868	\$ 1,671,269	\$ 1,812,834	\$ 1,916,706
Town's proportionate share of the net pension asset as a percentage of its covered payroll	21.83%	22.53%	25.29%	22.94%	24.53%
Plan fiduciary net position as a percentage of the total pension liability	137.4%	136.1%	153.3%	146.6%	173.3%

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

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

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

<i>Fiscal Year</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<i>Total pension liability:</i>					
Service cost	\$ 118,579	\$ 108,741	\$ 101,650	\$ 102,763	\$ 105,659
Interest	301,048	313,814	287,004	290,393	273,238
Changes of benefit terms	-	-	-	(213)	-
Differences between expected and actual experience	219,149	(218,466)	193,993	(226,439)	-
Changes of assumptions	-	147,320	-	-	53,322
Benefits payments, including refunds of member contributions	(246,825)	(232,839)	(224,619)	(197,635)	(206,446)
<i>Net change in total pension liability</i>	391,951	118,570	358,028	(31,131)	225,773
<i>Total pension liability - beginning</i>	4,364,808	4,246,238	3,888,210	3,919,341	3,693,568
<i>Total pension liability - ending (a)</i>	\$ 4,756,759	\$ 4,364,808	\$ 4,246,238	\$ 3,888,210	\$ 3,919,341
<i>Plan fiduciary net position:</i>					
Contributions - employer	\$ 160,968	\$ 143,230	\$ 149,626	\$ 121,957	\$ 124,478
Contributions - employee	29,647	31,290	32,892	11,704	11,409
Net investment income	282,987	382,641	(556)	77,854	451,654
Benefits payments, including refunds of member contributions	(246,825)	(232,839)	(224,619)	(197,635)	(206,446)
Administrative expense	(3,767)	(3,615)	(3,684)	(3,135)	(2,828)
Other	(44,323)	(27,714)	34,403	(79,740)	(18,760)
<i>Net change in plan fiduciary net position</i>	178,687	292,993	(11,938)	(68,995)	359,507
<i>Plan fiduciary net position - beginning</i>	3,603,141	3,310,148	3,322,086	3,391,081	3,031,574
<i>Plan fiduciary net position - ending (b)</i>	\$ 3,781,828	\$ 3,603,141	\$ 3,310,148	\$ 3,322,086	\$ 3,391,081
<i>Town's net pension liability - ending (a) - (b)</i>	\$ 974,931	\$ 761,667	\$ 936,090	\$ 566,124	\$ 528,260
<i>Plan fiduciary net position as a percentage of the total pension liability</i>	79.50%	82.55%	77.95%	85.44%	86.52%
<i>Covered payroll</i>	\$ 1,374,030	\$ 1,314,885	\$ 1,230,625	\$ 1,170,425	\$ 1,133,685
<i>Net pension liability as a percentage of covered payroll</i>	70.95%	57.93%	76.07%	48.37%	46.60%

(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>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Total pension liability:					
Service cost	\$ 117,421	\$ 98,096	\$ 87,189	\$ 70,704	\$ 69,914
Interest	300,472	258,810	254,922	278,224	272,971
Changes of benefit terms	-	-	-	101,488	-
Differences between expected and actual experience	(106,823)	476,566	(66,486)	(540,538)	-
Changes of assumptions	-	235,793	-	-	(10,714)
Benefits payments, including refunds of member contributions	(246,377)	(228,188)	(230,282)	(227,338)	(297,710)
Net change in total pension liability	64,693	841,077	45,343	(317,460)	34,461
Total pension liability - beginning	4,356,928	3,515,851	3,470,508	3,787,968	3,753,507
Total pension liability - ending (a)	\$ 4,421,621	\$ 4,356,928	\$ 3,515,851	\$ 3,470,508	\$ 3,787,968
Plan fiduciary net position:					
Contributions - employer	\$ 138,105	\$ 136,147	\$ 149,967	\$ 117,553	\$ 46,299
Contributions - employee	54,286	50,332	45,689	29,050	31,684
Net investment income	213,786	286,739	(863)	59,155	339,383
Benefits payments, including refunds of member contributions	(246,377)	(228,188)	(230,282)	(227,338)	(297,710)
Administrative expense	(2,846)	(2,709)	(2,322)	(2,375)	(2,125)
Other	(1)	(28,614)	4	-	5,471
Net change in plan fiduciary net position	156,953	213,707	(37,807)	(23,955)	123,002
Plan fiduciary net position - beginning	2,700,076	2,486,369	2,524,176	2,548,131	2,425,129
Plan fiduciary net position - ending (b)	\$ 2,857,029	\$ 2,700,076	\$ 2,486,369	\$ 2,524,176	\$ 2,548,131
Town's net pension liability - ending (a) - (b)	\$ 1,564,592	\$ 1,656,852	\$ 1,029,482	\$ 946,332	\$ 1,239,837
Plan fiduciary net position as a percentage of the total pension liability	64.61%	61.97%	70.72%	72.73%	67.27%
Covered payroll	\$ 542,863	\$ 503,314	\$ 458,405	\$ 363,141	\$ 385,837
Net pension liability as a percentage of covered payroll	288.21%	329.19%	224.58%	260.60%	321.34%

(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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employees' Retirement System Plan</u>					
Actuarially determined contribution	\$ 250,779	\$ 235,000	\$ 239,770	\$ 234,490	\$ 247,872
Contributions in relation to the actuarially determined contribution	250,779	235,000	239,770	234,490	247,872
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,816,545	\$ 1,719,241	\$ 1,756,868	\$ 1,671,269	\$ 1,812,834
Contributions as a percentage of covered payroll	13.81%	13.67%	13.65%	14.03%	13.67%
<u>Teachers' Survivor Benefit Plan</u>					
Statutorily determined contribution	\$ 3,168	\$ 3,130	\$ 2,822	\$ 2,726	\$ 2,688
Contributions in relation to the statutorily determined contribution	3,168	3,130	2,822	2,726	2,688
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,816,545	\$ 1,719,241	\$ 1,756,868	\$ 1,671,269	\$ 1,812,834
Contributions as a percentage of covered payroll	0.17%	0.18%	0.16%	0.16%	0.15%
<u>General Employees Plan</u>					
Actuarially determined contribution	\$ 139,765	\$ 160,968	\$ 143,230	\$ 149,626	\$ 121,957
Contributions in relation to the actuarially determined contribution	139,765	160,968	143,230	149,626	121,957
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,364,566	\$ 1,374,030	\$ 1,314,885	\$ 1,230,625	\$ 1,170,425
Contributions as a percentage of covered payroll	10.24%	11.72%	10.89%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Police Officers Plan</u>					
Actuarially determined contribution	\$ 156,831	\$ 138,105	\$ 136,147	\$ 149,967	\$ 117,553
Contributions in relation to the actuarially determined contribution	156,831	138,105	136,147	149,967	117,553
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 516,912	\$ 542,863	\$ 503,314	\$ 458,405	\$ 363,141
Contributions as a percentage of covered payroll	30.34%	25.44%	27.05%	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 Postemployment Benefit (OPEB) Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>
Total OPEB liability:			
Service cost	\$ 15,805	\$ 16,252	\$ 25,109
Interest	13,302	11,580	12,790
Changes of benefit terms	-	-	-
Differences between expected and actual experience	8,178	(42,597)	16,940
Changes of assumptions	8,056	(8,866)	(16,306)
Benefits payments	(38,203)	(51,384)	(48,940)
Net change in total OPEB liability	7,138	(75,015)	(10,407)
Total OPEB liability - beginning	346,827	421,842	432,249
Total OPEB liability - ending (a)	\$ 353,965	\$ 346,827	\$ 421,842
Plan fiduciary net position:			
Contributions - employer	\$ 46,614	\$ 57,234	\$ 67,394
Contributions - plan member	-	-	-
Net investment income	767	662	509
Benefits payments	(38,203)	(51,384)	(48,940)
Administrative expense	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	9,178	6,512	18,963
Plan fiduciary net position - beginning	188,319	181,807	162,844
Plan fiduciary net position - ending (b)	\$ 197,497	\$ 188,319	\$ 181,807
Town's net OPEB liability - ending (a) - (b)	\$ 156,468	\$ 158,508	\$ 240,035
Plan fiduciary net position as a percentage of the total OPEB liability	55.80%	54.30%	43.10%
Covered payroll	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A	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 Town Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>OPEB Plan</u>			
Actuarially determined contribution	N/A	N/A	\$ 36,594
Contributions in relation to the actuarially determined contribution	N/A	N/A	67,394
<i>Contribution deficiency (excess)</i>	<u>N/A</u>	<u>N/A</u>	<u>\$ (30,800)</u>
Covered payroll	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	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"

<i>Fiscal Year</i>	<u><i>2019</i></u>	<u><i>2018</i></u>	<u><i>2017</i></u>
<u><i>OPEB Plan</i></u>			
Annual money-weighted rate of return, net of investment expense	0.40%	0.40%	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, 2019

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 2019. 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

	<i>General Fund</i>	<i>School Unrestricted Fund</i>
<u>Revenues and Other Financing Sources</u>		
Actual amounts (budgetary basis)	\$14,297,691	\$4,415,311
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.	-	183,635
Unbudgeted revenues are not reported for budgetary purposes, but are included for financial reporting purposes.	<u>914</u>	<u>7,833</u>

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2019

	<u><i>General Fund</i></u>	<u><i>School Unrestricted Fund</i></u>
<u>Revenues and Other Financing Sources</u>		
<i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$14,298,605</u>	<u>\$4,606,779</u>
	<u><i>General Fund</i></u>	<u><i>School Unrestricted Fund</i></u>
<u>Expenditures and Other Financing Uses</u>		
Actual amounts (budgetary basis)	\$13,779,733	\$4,475,327
Differences – budget to GAAP:		
Capital appropriations carried over and budgeted reserves continue in force until the purpose for which it was established is accomplished or abandoned. Capital appropriations carried over and reserves are reported as a budgetary expenditure in the year budgeted, but are not reported as a current year expenditure for financial reporting purposes.	(467,023)	-
Unbudgeted expenditures, transfers and adjustments are not reported for budgetary purposes, but are reported for financial reporting purposes.	332,654	7,028
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.	93,082	-
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.	<u>-</u>	<u>183,635</u>
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$13,738,446</u>	<u>\$4,665,990</u>

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2019

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.

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 - 19 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 3.50% to 13.50% for teachers; 3.50% 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

The employee and employer contribution rates for the Teachers' Survivors Benefit Plan were applied to the first \$11,500 of member salary for fiscal year 2018. In fiscal year 2017 and prior years, the rate was applied to salary up to \$9,600.

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, 2019

NOTE 3 – OPEB PLAN

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 15 to the financial statements.

The net OPEB liability amount presented for each fiscal year was determined as of the fiscal year-end.

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

Actuarially Determined Contributions:

Actuarially determined contributions were not calculated for fiscal years 2019 and 2018 and are, therefore, not presented.

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, 2019

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS			
Cash	\$ 154,832	\$ 38,201	\$ 193,033
Due from federal and state governments	39,803	31,844	71,647
Other receivables	38,132	13,773	51,905
Due from other funds	69,728	148,665	218,393
Total assets	<u>\$ 302,495</u>	<u>\$ 232,483</u>	<u>\$ 534,978</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable and accrued expenditures	\$ 36,803	\$ 4,117	\$ 40,920
Due to other funds	987	174,944	175,931
Total liabilities	<u>37,790</u>	<u>179,061</u>	<u>216,851</u>
 Deferred Inflows of Resources:			
Other deferred revenues	38,132	-	38,132
Total deferred inflows of resources	<u>38,132</u>	<u>-</u>	<u>38,132</u>
 Fund balances (deficits)			
Restricted for:			
Education programs	-	53,889	53,889
Historical records preservation	68,623	-	68,623
Health and welfare programs	16,444	-	16,444
Public safety programs	72,625	-	72,625
Other programs	4,373	-	4,373
Committed for:			
Townhouse maintenance	5,928	-	5,928
Recycling programs	13,069	-	13,069
Open space and conservation	45,511	-	45,511
Unassigned	-	(467)	(467)
Total fund balances (deficits)	<u>226,573</u>	<u>53,422</u>	<u>279,995</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 302,495</u>	<u>\$ 232,483</u>	<u>\$ 534,978</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, 2019

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues			
Intergovernmental and departmental revenue	\$ 67,694	\$ 310,960	\$ 378,654
Interest on investments	944	-	944
Other revenue	18,773	34,217	52,990
Total revenues	<u>87,411</u>	<u>345,177</u>	<u>432,588</u>
Expenditures			
Current:			
Legislative, judicial and general administrative	7,461	-	7,461
Health and welfare	76,870	-	76,870
Public safety	1,891	-	1,891
Public works	169	-	169
Education	-	277,519	277,519
Food service	-	73,867	73,867
Total expenditures	<u>86,391</u>	<u>351,386</u>	<u>437,777</u>
Net change in fund balance	1,020	(6,209)	(5,189)
Fund balances - beginning of year	225,553	59,631	285,184
Fund balances (deficits) - end of year	<u>\$ 226,573</u>	<u>\$ 53,422</u>	<u>\$ 279,995</u>

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

Combining Balance Sheet

June 30, 2019

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>RIPTIDE</i>	<i>RI Resource Recovery Grant</i>	<i>Townhouse Trust</i>
ASSETS							
Cash	\$ 12,959	\$ 8,898	\$ 59,626	\$ 4,584	\$ -	\$ 17,366	\$ 5,928
Due from federal and state governments	36,803	-	-	-	-	-	-
Other receivables	38,132	-	-	-	-	-	-
Due from other funds	-	-	474	-	-	76	-
Total assets	<u>\$ 87,894</u>	<u>\$ 8,898</u>	<u>\$ 60,100</u>	<u>\$ 4,584</u>	<u>\$ -</u>	<u>\$ 17,442</u>	<u>\$ 5,928</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	36,803	-	-	-	-	-	-
Due to other funds	-	375	-	119	-	-	-
Total liabilities	<u>36,803</u>	<u>375</u>	<u>-</u>	<u>119</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:							
Other deferred revenues	<u>38,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>38,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances							
Restricted for:							
Historical records preservation	-	8,523	60,100	-	-	-	-
Health and welfare programs	12,959	-	-	-	-	-	-
Public safety programs	-	-	-	4,465	-	-	-
Other programs	-	-	-	-	-	4,373	-
Committed for:							
Townhouse maintenance	-	-	-	-	-	-	5,928
Recycling programs	-	-	-	-	-	13,069	-
Open space and conservation	-	-	-	-	-	-	-
Total fund balances	<u>12,959</u>	<u>8,523</u>	<u>60,100</u>	<u>4,465</u>	<u>-</u>	<u>17,442</u>	<u>5,928</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 87,894</u>	<u>\$ 8,898</u>	<u>\$ 60,100</u>	<u>\$ 4,584</u>	<u>\$ -</u>	<u>\$ 17,442</u>	<u>\$ 5,928</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

*Town Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2019*

	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>Police Restricted</i>	<i>LESO</i>	<i>Federal Forfeiture</i>	<i>Partnership for Success</i>	<i>Total</i>
ASSETS								
Cash	\$ 41,493	\$ -	\$ 3,978	\$ -	\$ -	\$ -	\$ -	\$ 154,832
Due from federal and state governments	-	3,000	-	-	-	-	-	39,803
Other receivables	-	-	-	-	-	-	-	38,132
Due from other funds	4,018	16,774	-	1,492	44,760	2,134	-	69,728
Total assets	<u>\$ 45,511</u>	<u>\$ 19,774</u>	<u>\$ 3,978</u>	<u>\$ 1,492</u>	<u>\$ 44,760</u>	<u>\$ 2,134</u>	<u>\$ -</u>	<u>\$ 302,495</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	-	-	-	-	-	-	-	36,803
Due to other funds	-	-	493	-	-	-	-	987
Total liabilities	<u>-</u>	<u>-</u>	<u>493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,790</u>
Deferred Inflows of Resources:								
Other deferred revenues	-	-	-	-	-	-	-	38,132
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,132</u>
Fund balances								
Restricted for:								
Historical records preservation	-	-	-	-	-	-	-	68,623
Health and welfare programs	-	-	3,485	-	-	-	-	16,444
Public safety programs	-	19,774	-	1,492	44,760	2,134	-	72,625
Other programs	-	-	-	-	-	-	-	4,373
Committed for:								
Townhouse maintenance	-	-	-	-	-	-	-	5,928
Recycling programs	-	-	-	-	-	-	-	13,069
Open space and conservation	45,511	-	-	-	-	-	-	45,511
Total fund balances	<u>45,511</u>	<u>19,774</u>	<u>3,485</u>	<u>1,492</u>	<u>44,760</u>	<u>2,134</u>	<u>-</u>	<u>226,573</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,511</u>	<u>\$ 19,774</u>	<u>\$ 3,978</u>	<u>\$ 1,492</u>	<u>\$ 44,760</u>	<u>\$ 2,134</u>	<u>\$ -</u>	<u>\$ 302,495</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, 2019

	<i>Community Development Block Grant</i>	<i>Historical Records</i>	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>RIPTIDE</i>	<i>RI Resource Recovery Grant</i>	<i>Townhouse Trust</i>
Revenues							
Intergovernmental and departmental revenues	\$ 36,803	\$ 1,297	\$ 4,449	\$ -	\$ 194	\$ -	\$ -
Interest on investments	-	30	295	-	-	-	24
Other revenue	1,041	-	-	-	-	698	-
Total revenues	<u>37,844</u>	<u>1,327</u>	<u>4,744</u>	<u>-</u>	<u>194</u>	<u>698</u>	<u>24</u>
Expenditures							
Legislative, judicial and general administrative	-	461	7,000	-	-	-	-
Health and welfare	36,803	-	-	-	-	-	-
Public safety	-	-	-	-	194	-	-
Public works	-	-	-	-	-	169	-
Total expenditures	<u>36,803</u>	<u>461</u>	<u>7,000</u>	<u>-</u>	<u>194</u>	<u>169</u>	<u>-</u>
Net change in fund balance	1,041	866	(2,256)	-	-	529	24
Fund balances - beginning of year	11,918	7,657	62,356	4,465	-	16,913	5,904
Fund balances - end of year	<u>\$ 12,959</u>	<u>\$ 8,523</u>	<u>\$ 60,100</u>	<u>\$ 4,465</u>	<u>\$ -</u>	<u>\$ 17,442</u>	<u>\$ 5,928</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, 2019

	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>Police Restricted</i>	<i>LESO</i>	<i>Federal Forfeiture</i>	<i>Partnership for Success</i>	<i>Total</i>
Revenues								
Intergovernmental and departmental revenues	\$ 1,335	\$ 4,350	\$ 4,210	\$ -	\$ -	\$ -	\$ 15,056	\$ 67,694
Interest on investments	595	-	-	-	-	-	-	944
Other revenue	-	-	16,934	100	-	-	-	18,773
Total revenues	<u>1,930</u>	<u>4,350</u>	<u>21,144</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>15,056</u>	<u>87,411</u>
Expenditures								
Legislative, judicial and general administrative	-	-	-	-	-	-	-	7,461
Health and welfare	-	-	25,011	-	-	-	15,056	76,870
Public safety	-	1,697	-	-	-	-	-	1,891
Public works	-	-	-	-	-	-	-	169
Total expenditures	<u>-</u>	<u>1,697</u>	<u>25,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,056</u>	<u>86,391</u>
Net change in fund balance	1,930	2,653	(3,867)	100	-	-	-	1,020
Fund balances - beginning of year	43,581	17,121	7,352	1,392	44,760	2,134	-	225,553
Fund balances - end of year	<u>\$ 45,511</u>	<u>\$ 19,774</u>	<u>\$ 3,485</u>	<u>\$ 1,492</u>	<u>\$ 44,760</u>	<u>\$ 2,134</u>	<u>\$ -</u>	<u>\$ 226,573</u>

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

Combining Balance Sheet

June 30, 2019

	<i>Title I</i>	<i>Title II</i>	<i>Title IV</i>	<i>Preschool</i>	<i>IDEA Part B</i>	<i>RISCA</i>	<i>RI Learning Champions</i>	<i>Carter Spark Grant</i>	<i>Exxon Mobile Alliance</i>
ASSETS									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	16,812	3,094	7,444	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Due from other funds	60,988	8,896	12,556	-	-	968	-	-	-
Total assets	<u>\$ 77,800</u>	<u>\$ 11,990</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	77,800	11,990	20,000	-	-	-	-	-	-
Total liabilities	<u>77,800</u>	<u>11,990</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)									
Restricted for education	-	-	-	-	-	968	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 77,800</u>	<u>\$ 11,990</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

*School Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2019*

	<i>School Lunch</i>	<i>Lighthouse Grant</i>	<i>RI Curriculum Project</i>	<i>CAST Student Art</i>	<i>RI Foundation</i>	<i>Dixon Donation</i>	<i>Xmas in the Valley</i>	<i>Total</i>
ASSETS								
Cash	\$ 38,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,201
Due from federal and state governments	1,894	-	2,600	-	-	-	-	31,844
Other receivables	13,773	-	-	-	-	-	-	13,773
Due from other funds	9,940	50,392	-	1,469	3,100	255	101	148,665
Total assets	<u>\$ 63,808</u>	<u>\$ 50,392</u>	<u>\$ 2,600</u>	<u>\$ 1,469</u>	<u>\$ 3,100</u>	<u>\$ 255</u>	<u>\$ 101</u>	<u>\$ 232,483</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ 2,396	\$ 1,721	\$ -	\$ -	\$ -	\$ -	\$ 4,117
Due to other funds	64,275	-	879	-	-	-	-	174,944
Total liabilities	<u>64,275</u>	<u>2,396</u>	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,061</u>
Fund balances (deficits)								
Restricted for education	-	47,996	-	1,469	3,100	255	101	53,889
Unassigned	(467)	-	-	-	-	-	-	(467)
Total fund balances (deficits)	<u>(467)</u>	<u>47,996</u>	<u>-</u>	<u>1,469</u>	<u>3,100</u>	<u>255</u>	<u>101</u>	<u>53,422</u>
Total liabilities and fund balances	<u>\$ 63,808</u>	<u>\$ 50,392</u>	<u>\$ 2,600</u>	<u>\$ 1,469</u>	<u>\$ 3,100</u>	<u>\$ 255</u>	<u>\$ 101</u>	<u>\$ 232,483</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, 2019

	<i>Title I</i>	<i>Title II</i>	<i>Title IV</i>	<i>Preschool</i>	<i>IDEA Part B</i>	<i>RISCA</i>	<i>RI Learning Champions</i>	<i>Carter Spark Grant</i>	<i>Exxon Mobile Alliance</i>
Revenues									
Intergovernmental and departmental revenue	\$ 77,800	\$ 11,990	\$ 20,000	\$ 4,333	\$ 77,697	\$ -	\$ 1,469	\$ -	\$ -
Other revenue	-	-	-	-	-	-	-	888	-
Total revenues	<u>77,800</u>	<u>11,990</u>	<u>20,000</u>	<u>4,333</u>	<u>77,697</u>	<u>-</u>	<u>1,469</u>	<u>888</u>	<u>-</u>
Expenditures									
Education	77,800	11,990	20,000	4,333	77,697	106	1,469	888	286
Food service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>77,800</u>	<u>11,990</u>	<u>20,000</u>	<u>4,333</u>	<u>77,697</u>	<u>106</u>	<u>1,469</u>	<u>888</u>	<u>286</u>
Net change in fund balance	-	-	-	-	-	(106)	-	-	(286)
Fund balances - beginning of year	-	-	-	-	-	1,074	-	-	286
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

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

For the Fiscal Year Ending June 30, 2019

	<i>School Lunch</i>	<i>Lighthouse Grant</i>	<i>RI Curriculum Project</i>	<i>CAST Student Art</i>	<i>RI Foundation</i>	<i>Dixon Donation</i>	<i>Xmas in the Valley</i>	<i>Total</i>
Revenues								
Intergovernmental and departmental revenue	\$ 40,071	\$ 75,000	\$ 2,600	\$ -	\$ -	\$ -	\$ -	\$ 310,960
Other revenue	33,329	-	-	-	-	-	-	34,217
Total revenues	<u>73,400</u>	<u>75,000</u>	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,177</u>
Expenditures								
Education	-	79,605	2,600	-	-	745	-	277,519
Food service	73,867	-	-	-	-	-	-	73,867
Total expenditures	<u>73,867</u>	<u>79,605</u>	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>745</u>	<u>-</u>	<u>351,386</u>
 Net change in fund balance	 (467)	 (4,605)	 -	 -	 -	 (745)	 -	 (6,209)
 Fund balances - beginning of year	 -	 52,601	 -	 1,469	 3,100	 1,000	 101	 59,631
 Fund balances (deficits) - end of year	 <u>\$ (467)</u>	 <u>\$ 47,996</u>	 <u>\$ -</u>	 <u>\$ 1,469</u>	 <u>\$ 3,100</u>	 <u>\$ 255</u>	 <u>\$ 101</u>	 <u>\$ 53,422</u>

TOWN OF FOSTER, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

	<i>Mageira Performance Bond</i>	<i>Student Activity Funds</i>	<i>Probate Escrow Fund</i>	<i>Contract Bond Fund</i>	<i>Total Agency Funds</i>
<i>Assets</i>					
Cash	\$ 540	\$ 4,152	\$ 130	\$ 30,937	\$ 35,759
<i>Total assets</i>	<u>\$ 540</u>	<u>\$ 4,152</u>	<u>\$ 130</u>	<u>\$ 30,937</u>	<u>\$ 35,759</u>
<i>Liabilities</i>					
Deposits held in custody for others	540	4,152	130	30,937	35,759
<i>Total liabilities</i>	<u>\$ 540</u>	<u>\$ 4,152</u>	<u>\$ 130</u>	<u>\$ 30,937</u>	<u>\$ 35,759</u>

TOWN OF FOSTER, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	<i>Balance June 30, 2018</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance June 30, 2019</i>
MAGEIRA PERFORMANCE BOND				
<i>Assets</i>				
Cash	\$ 540	\$ -	\$ -	\$ 540
Total assets	\$ 540	\$ -	\$ -	\$ 540
<i>Liabilities</i>				
Deposits held in custody for others	\$ 540	\$ -	\$ -	\$ 540
Total liabilities	\$ 540	\$ -	\$ -	\$ 540
STUDENT ACTIVITY FUND				
<i>Assets</i>				
Cash	\$ 5,735	\$ 10,053	\$ 11,636	\$ 4,152
Total assets	\$ 5,735	\$ 10,053	\$ 11,636	\$ 4,152
<i>Liabilities</i>				
Deposits held in custody for others	\$ 5,735	\$ 10,053	\$ 11,636	\$ 4,152
Total liabilities	\$ 5,735	\$ 10,053	\$ 11,636	\$ 4,152
PROBATE ESCROW ACCOUNT				
<i>Assets</i>				
Cash	\$ 130	\$ -	\$ -	\$ 130
Total assets	\$ 130	\$ -	\$ -	\$ 130
<i>Liabilities</i>				
Deposits held in custody for others	\$ 130	\$ -	\$ -	\$ 130
Total liabilities	\$ 130	\$ -	\$ -	\$ 130
CONTRACT BOND FUND				
<i>Assets</i>				
Cash	\$ 14,231	\$ 16,706	\$ -	\$ 30,937
Due from other funds	6,625	-	6,625	-
Total assets	\$ 20,856	\$ 16,706	\$ 6,625	\$ 30,937
<i>Liabilities</i>				
Deposits held in custody for others	\$ 20,856	\$ 10,081	\$ -	\$ 30,937
Total liabilities	\$ 20,856	\$ 10,081	\$ -	\$ 30,937
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Cash	\$ 20,636	\$ 26,759	\$ 11,636	\$ 35,759
Due from other funds	6,625	-	6,625	-
Total assets	\$ 27,261	\$ 26,759	\$ 11,636	\$ 35,759
<i>Liabilities</i>				
Deposits held in custody for others	\$ 27,261	\$ 20,134	\$ 11,636	\$ 35,759
Total liabilities	\$ 27,261	\$ 20,134	\$ 11,636	\$ 35,759

TOWN OF FOSTER, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2019

Real Estate and Personal Property Taxes

<i>Fiscal Year End</i>	<i>Balance 6/30/2018</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 6/30/2019</i>
2019	\$ -	\$ 13,011,490	\$ 47,299	\$ 100,645	\$ (65,165)	\$ 12,892,979	\$ 12,447,548	\$ 445,431
2018	415,675	-	-	3,240	68,248	480,683	344,020	136,663
2017	205,049	-	-	420	235	204,864	130,305	74,559
2016	98,020	-	-	-	(6)	98,014	37,287	60,727
2015	53,400	-	-	444	10	52,966	14,550	38,416
2014	32,792	-	-	-	172	32,964	5,697	27,267
2013	34,389	-	-	-	(3)	34,386	5,714	28,672
2012	36,117	-	-	-	(1)	36,116	6,199	29,917
2011	23,298	-	-	-	(1)	23,297	309	22,988
2010	13,351	-	-	-	-	13,351	305	13,046
2009	17,980	-	-	11,714	(1)	6,265	612	5,653
	<u>\$ 930,071</u>	<u>\$ 13,011,490</u>	<u>\$ 47,299</u>	<u>\$ 116,463</u>	<u>\$ 3,488</u>	<u>\$ 13,875,885</u>	<u>\$ 12,992,546</u>	<u>\$ 883,339</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	\$ 535,688,120	\$ 12,235,117
Motor Vehicles	41,837,443	1,545,894
Tangible and Personal Property	8,071,276	253,599
Total	585,596,839	14,034,610
Exemptions and frozen property	(10,256,022)	(1,023,120)
Net assessed value	<u>\$ 575,340,817</u>	<u>\$ 13,011,490</u>

**Reconciliation of Current Year
Property Tax Revenue**

Current year collections	\$ 12,992,546
<u>Adjustments and reversals</u>	
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2019	82,976
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2018	(125,837)
Prepaid taxes June 30, 2019	(24,118)
Prepaid taxes June 30, 2018	68,954
Refunds	(3,833)
Current year property tax revenue	<u>\$ 12,990,688</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

Tax Collector's Annual Report (continued)

For the Fiscal Year Ended June 30, 2019

Fiscal Year 2019 Cash Collection Summary

<u>Fiscal Year</u>	<u>July - August 2018 Collections Subject to 60 day FY 18 Accrual</u>	<u>September - June 2019 Collections</u>	<u>Total FY 2019 Cash Collections</u>	<u>July - August 2019 Collections Subject to 60 day FY 19 Accrual</u>
2019	\$ -	\$ 12,447,548	\$ 12,447,548	\$ 60,994
2018	92,529	251,491	344,020	16,041
2017	26,523	103,782	130,305	3,416
2016	3,943	33,344	37,287	1,900
2015	2,346	12,204	14,550	349
2014	-	5,697	5,697	173
2013	6	5,708	5,714	37
2012	490	5,709	6,199	66
2011	-	309	309	-
2010	-	305	305	-
2009	-	612	612	-
	<u>\$ 125,837</u>	<u>\$ 12,866,709</u>	<u>\$ 12,992,546</u>	<u>\$ 82,976</u>

TOWN OF FOSTER, RHODE ISLAND

Schedule of Unrestricted Fund - Fund Balance - Restricted for Education Programs
June 30, 2019

Restricted for Education:

Capital reserve balance per internal School Committee policy	\$ 475,025
Maximum balance per internal School Committee policy	<u>176,882</u>
<i>Total</i>	<u><u>\$ 651,907</u></u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of Foster
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 12,481,095	\$ -
Last Year's Levy Tax Collection	336,486	-
Prior Years Property Tax Collection	173,107	-
Interest & Penalty	161,008	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	9,286	-
Fines and Forfeitures	17,720	-
Investment Income	38,838	-
Departmental	114,239	-
Rescue Run Revenue	-	-
Police & Fire Detail	31,402	-
Other Local Non-Property Tax Revenues	1,681	-
Tuition	-	9,015
Impact Aid	-	-
Medicaid	-	44,471
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	38,864
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	191,820
MV Excise Tax Reimbursement	74,174	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	59,100	-
Meals & Beverage Tax / Hotel Tax	23,159	-
LEA Aid	-	1,145,663
Group Home	-	-
Housing Aid Capital Projects	-	44,955
Housing Aid Bonded Debt	-	-
State Food Service Revenue	-	1,207
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	79,069
Motor Vehicle Phase Out	365,452	-
Other Revenue	3,237	46,393
Local Appropriation for Education	-	3,211,819
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 13,889,984	\$ 4,813,276
Financing Sources: Transfer from Capital Funds	\$ 440,023	\$ -
Financing Sources: Transfer from Other Funds	-	86,761
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 440,023	\$ 86,761

Town of Foster
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

<u>EXPENDITURES</u>	<u>General Government</u>	<u>Finance</u>	<u>Social Services</u>	<u>Centralized IT</u>	<u>Planning</u>	<u>Libraries</u>	<u>Public Works</u>	<u>Parks and Rec</u>	<u>Police Department</u>
Compensation- Group A	\$ 184,366	\$ 172,588	\$ 20,835	\$ -	\$ 68,362	\$ -	\$ 360,207	\$ 800	\$ 537,694
Compensation - Group B	-	-	-	-	-	-	-	-	-
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	-	-	-	-	-	24,077	-	113,266
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	15,206
Active Medical Insurance - Group A	36,588	20,129	-	-	-	-	64,655	-	82,315
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	2,102	961	-	-	-	-	4,659	-	4,436
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	13,172	13,375	1,594	-	4,659	-	28,173	-	50,514
Life Insurance	239	172	48	-	64	-	323	-	375
State Defined Contribution- Group A	1,822	1,622	208	-	379	-	2,335	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	3,012	920	920	-	920	-	30,800	-	6,213
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	18,859	16,588	2,131	-	3,876	-	33,812	-	157,601
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	100,727	32,166	292	-	895	-	41,375	660	39,561
Materials/Supplies	6,623	3,345	-	-	-	-	592	956	2,754
Software Licenses	12,150	24,864	-	-	3,500	-	-	-	21,981
Capital Outlays	-	6,551	-	-	-	-	245,138	-	10,341
Insurance	78,085	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	63,661	5,206	-
Vehicle Operations	-	-	-	-	-	-	118,916	-	30,594
Utilities	10,402	-	1,160	-	1,556	-	17,307	2,771	16,817
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	37,409	-	-
Trash Removal & Recycling	-	-	-	-	-	-	244,428	-	-
Claims & Settlements	200,000	-	-	-	-	-	-	-	-
Community Support	29,072	-	-	-	-	-	-	-	-
Other Operation Expenditures	7,241	7,957	1,000	-	7,192	155,842	93,601	6,033	14,111
Tipping Fees	-	-	-	-	-	-	91,665	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 704,460	\$ 301,238	\$ 28,188	\$ -	\$ 91,403	\$ 155,842	\$ 1,503,133	\$ 16,426	\$ 1,103,779

Town of Foster
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 223,163	\$ 2,750	\$ -	\$ -	\$ -	\$ 1,570,765	\$ 1,742,272
Compensation - Group B	-	-	-	-	-	-	-	220,656
Compensation - Group C	-	-	-	-	-	-	-	440,135
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	34,719	-	-	-	-	172,062	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	5,514
Police & Fire Detail	-	-	-	-	-	-	15,206	-
Active Medical Insurance- Group A	-	55,650	-	-	-	-	259,337	219,118
Active Medical Insurance- Group B	-	-	-	-	-	-	-	16,306
Active Medical Insurance- Group C	-	-	-	-	-	-	-	218,610
Active Dental insurance- Group A	-	3,519	-	-	-	-	15,677	13,067
Active Dental Insurance- Group B	-	-	-	-	-	-	-	1,913
Active Dental Insurance- Group C	-	-	-	-	-	-	-	13,320
Payroll Taxes	-	19,198	-	-	-	-	130,685	75,205
Life Insurance	-	383	-	-	-	-	1,604	3,534
State Defined Contribution- Group A	-	824	-	-	-	-	7,190	37,798
State Defined Contribution - Group B	-	-	-	-	-	-	-	3,216
State Defined Contribution - Group C	-	-	-	-	-	-	-	4,545
Other Benefits- Group A	-	2,220	-	-	-	-	45,005	3,168
Other Benefits- Group B	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	9,024
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	18,301	-	-	-	-	251,168	235,617
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	34,617
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	40,937
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	-	303,707	-	-	-	519,383	1,086,989
Materials/Supplies	-	-	1,091	-	-	-	15,361	75,951
Software Licenses	-	-	-	-	-	-	62,495	11,684
Capital Outlays	-	-	70,255	-	-	-	332,285	45,786
Insurance	-	-	-	-	-	-	78,085	44,625
Maintenance	-	-	-	-	-	-	68,867	101,900
Vehicle Operations	-	-	-	-	-	-	149,510	-
Utilities	-	4,365	-	-	-	-	54,378	116,780
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	37,409	-
Trash Removal & Recycling	-	-	-	-	-	-	244,428	-
Claims & Settlements	-	-	-	-	-	-	200,000	-
Community Support	-	-	-	-	-	-	29,072	-
Other Operation Expenditures	-	180	-	-	-	-	293,157	6,505
Tipping Fees	-	-	-	-	-	-	91,665	-
Local Appropriation for Education	-	-	-	3,211,819	-	-	3,211,819	-
Regional Appropriation for Education	-	-	-	5,431,540	-	-	5,431,540	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	16,500	-	-	16,500	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	31,058
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	1,375
OPEB Contribution- Total	-	-	-	-	-	23,000	23,000	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 362,522	\$ 377,803	\$ 8,659,859	\$ -	\$ 23,000	\$ 13,327,653	\$ 4,861,224

Financing Uses: Transfer to Capital Funds	\$ 442,195	\$ -
Financing Uses: Transfer to Other Funds	-	86,762
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 442,195	\$ 86,762
Net Change in Fund Balance¹	560,159	(47,949)
Fund Balance1- beginning of year	\$2,430,844	\$775,463
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	(529)
Fund Balance¹ - beginning of year adjusted	2,430,844	774,934
Rounding	-	1
Fund Balance¹ - end of year	\$ 2,991,003	\$ 726,986

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Foster
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2018						\$ 2,430,844		\$ 2,430,844	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 2,430,844</u>		<u>\$ 2,430,844</u>	
General Fund	\$ 13,858,582	\$ 440,023	\$ 10,084,432	\$ 3,654,014	\$ 560,159	\$ 2,430,844	\$ -	\$ 2,430,844	\$ 2,991,003
Totals per audited financial statements	<u>\$ 13,858,582</u>	<u>\$ 440,023</u>	<u>\$ 10,084,432</u>	<u>\$ 3,654,014</u>	<u>\$ 560,159</u>	<u>\$ 2,430,844</u>	<u>\$ -</u>	<u>\$ 2,430,844</u>	<u>\$ 2,991,003</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	3,211,819	(3,211,819)	\$ -	\$ -	\$ -	\$ -	\$ -
RIDOT and other reimbursement for police details reported as expenditure credits on financial statements but revenue on MTP2	31,402	-	31,402	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 13,889,984</u>	<u>\$ 440,023</u>	<u>\$ 13,327,653</u>	<u>\$ 442,195</u>	<u>\$ 560,159</u>	<u>\$ 2,430,844</u>	<u>\$ -</u>	<u>\$ 2,430,844</u>	<u>\$ 2,991,003</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Foster
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2018						\$ 775,463		\$ 774,934	
<i>Misc. adjustments made for fiscal due to indirect cost in FY 2018</i>						(529)	-	(529)	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 774,934</u>	-	<u>\$ 774,934</u>	
School Unrestricted Fund	\$ 1,394,960	\$ 3,211,819	\$ 4,579,229	\$ 86,761	\$ (59,211)	\$ 715,303	\$ -	\$ 715,303	\$ 656,092
School Capital Fund	\$ 44,955	\$ 86,761	\$ 115,216	\$ -	16,500	-	-	-	16,500
School Special Revenue Funds	\$ 345,177	\$ -	\$ 351,386	\$ -	(6,209)	59,631	-	59,631	53,422
Totals per audited financial statements	<u>\$ 1,785,092</u>	<u>\$ 3,298,580</u>	<u>\$ 5,045,831</u>	<u>\$ 86,761</u>	<u>\$ (48,920)</u>	<u>\$ 774,934</u>	<u>\$ -</u>	<u>\$ 774,934</u>	<u>\$ 726,014</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 3,211,819	\$ (3,211,819)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financial Statements include on-behalf pension payments	(183,635)	-	(183,635)	-	-	-	-	-	-
Grant funds and also actual expenditures & reimbursement reported in School	-	-	(972)	-	972	-	-	-	972
Rounding	-	-	-	1	(1)	-	-	-	0
Totals Per MTP2	<u>\$ 4,813,276</u>	<u>\$ 86,761</u>	<u>\$ 4,861,224</u>	<u>\$ 86,762</u>	<u>\$ (47,949)</u>	<u>\$ 774,934</u>	<u>\$ -</u>	<u>\$ 774,934</u>	<u>\$ 726,986</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Transportation costs included on MTP2 and in audit but not in UCOA	-		(203,864)						
Capital funded and recorded by the town's General Fund and included in UCOA	<u>16,500</u>		<u>16,500</u>						
Totals per UCOA Validated Totals Report	<u>\$ 4,829,776</u>		<u>\$ 4,673,860</u>						

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Foster, Rhode Island
Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2019

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the annual financial statements is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	110-113
These schedules contain trend information to help the reader understand how the Town's financial position has changed over time.	
Revenue Capacity	114-117
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.	
Debt Capacity	118-122
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.	
Economic and Demographic Information	123-124
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.	
Operating Information	125-127
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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
Governmental activities										
Net investment in capital assets	\$ 7,187,242	\$ 6,571,739	\$ 6,413,271	\$ 6,372,989	\$ 6,672,697	\$ 6,984,060	\$ 7,219,293	\$ 7,166,517	\$ 7,465,778	\$ 7,265,159
Restricted	1,270,601	892,321	689,185	771,151	906,460	1,042,540	1,307,019	1,577,121	1,418,596	1,470,049
Unrestricted	248,718	1,323,328	2,006,455	(2,353,679)	(1,617,387)	(2,680,568)	(2,290,329)	(2,188,795)	(1,949,585)	(1,430,845)
Total governmental activities net position	<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>\$ 6,554,843</u>	<u>\$ 6,934,789</u>	<u>\$ 7,304,363</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
Legislative, judicial and general administrative	\$ 1,009,170	\$ 1,012,984	\$ 937,174	\$ 919,614	\$ 854,734	\$ 2,536,722	\$ 953,373	\$ 1,017,717	\$ 1,033,498	\$ 990,351
Health and welfare	412,545	116,495	230,321	76,821	69,059	169,208	313,184	136,610	159,201	124,203
Public safety	1,805,354	1,763,769	1,353,408	1,356,574	1,511,646	1,593,218	1,774,590	1,855,035	2,027,941	1,939,461
Public works	1,112,606	1,112,112	1,009,206	1,048,362	1,125,289	1,247,726	1,281,310	1,363,583	1,431,827	1,553,557
Planning, building and zoning	122,429	115,859	78,335	91,255	95,689	80,099	93,334	98,234	81,212	95,340
Conservation	1,086	714	1,103	1,171	458	809	1,425	400	603	-
Recreation	59,294	30,031	25,100	23,255	24,893	27,604	33,283	29,662	27,800	29,609
Education	9,420,374	9,495,482	9,353,522	9,195,022	8,957,305	8,995,528	9,242,208	9,471,671	9,959,572	10,411,430
Food services	64,026	65,054	76,825	68,412	70,678	76,051	77,781	75,917	82,858	73,867
Libraries	140,219	133,208	140,219	140,219	140,219	145,717	150,842	150,842	150,842	155,842
Interest expense	-	-	-	-	-	-	31,207	74,898	56,055	56,794
Total governmental activities expenses	<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>	<u>\$ 15,011,409</u>	<u>\$ 15,430,454</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Legislative, judicial and general administrative	\$ 79,756	\$ 77,043	\$ 89,568	\$ 82,883	\$ 64,331	\$ 73,093	\$ 69,845	\$ 95,543	\$ 76,535	\$ 71,038
Health and welfare	2,993	3,547	42,907	-	1,261	-	2,963	1,150	7,035	1,098
Public safety	46,019	52,578	28,530	22,747	35,846	36,709	72,341	44,745	34,677	18,170
Public works	-	-	5,226	-	-	-	-	350	1,104	698
Planning, building and zoning	46,737	34,995	32,589	27,246	67,283	25,401	58,139	33,220	56,771	61,180
Recreation	11,393	4,576	1,753	806	640	210	3,270	1,760	380	420
Education	19,767	50,914	56,004	47,465	81,485	78,671	48,960	86,539	95,268	64,695
Food services	37,096	36,416	44,481	37,829	34,857	35,872	37,490	35,339	37,348	33,329
Operating grants and contributions:										
Legislative, judicial and general administrative	-	31,667	18,009	-	-	1,461	4,280	3,481	-	-
Health and welfare	81,151	60,229	122,236	44,402	30,494	126,648	267,396	94,549	121,591	73,003
Public safety	44,354	16,244	24,591	12,761	38,990	20,489	27,535	67,630	26,436	4,644
Public works	291,408	19,589	25,752	9,184	3,758	41,520	2,897	21,381	-	-
Recreation	3,846	-	-	-	-	-	-	-	-	-
Planning, building and zoning	-	13,545	-	-	-	-	-	-	-	-
Education	1,591,304	1,894,790	1,557,890	1,525,859	1,598,532	1,543,016	1,673,727	1,597,508	1,705,080	1,549,460
Food services	19,467	25,665	30,887	32,424	30,408	39,405	39,403	28,267	39,539	40,071
Capital grants and contributions:										
Public safety	13,389	37,922	-	-	17,500	261,805	-	-	-	-
Public works	21,023	-	-	-	466,481	29,605	11,583	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	10,444	17,793	46,584	-	154,595
Total governmental activities program revenues	<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>	<u>\$ 2,201,764</u>	<u>\$ 2,072,401</u>
Total primary government net expense	<u>\$(11,837,400)</u>	<u>\$(11,485,988)</u>	<u>\$(11,124,790)</u>	<u>\$(11,077,099)</u>	<u>\$(10,378,104)</u>	<u>\$(12,548,333)</u>	<u>\$(11,614,915)</u>	<u>\$(12,116,523)</u>	<u>\$(12,809,645)</u>	<u>\$(13,358,053)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes, levied for general purposes	\$ 10,407,479	\$ 10,865,982	\$ 11,282,490	\$ 11,266,311	\$ 11,365,484	\$ 11,774,289	\$ 12,302,201	\$ 12,701,025	\$ 12,742,875	\$ 13,156,246
Unrestricted investment earnings	5,070	2,250	2,616	2,585	2,725	3,097	7,938	9,829	10,362	46,137
Other general revenues	828,413	143,503	161,207	160,331	181,204	155,209	194,727	155,191	436,354	525,244
Total primary government	<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>	<u>\$ 13,189,591</u>	<u>\$ 13,727,627</u>
Change in Net Position										
Governmental activities:										
Total primary government	<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>	<u>\$ 379,946</u>	<u>\$ 369,574</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 76,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	146,681	-	-	-	-	-	-	-	-	-
Nonspendable	-	599,613	736,024	618,520	665,195	870,945	1,073,581	39,009	6,035	20,142
Restricted	-	-	-	-	-	10,574	10,958	11,372	11,540	12,034
Committed	-	328,656	1,121,454	1,233,358	1,573,238	1,855,665	1,974,555	2,426,374	2,391,306	2,947,205
Assigned	-	30,535	28,018	27,864	294,762	191,104	40,226	21,963	21,963	11,622
Unassigned	-	283,510	-	-	-	-	-	-	-	-
Total general fund	<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>\$2,498,718</u>	<u>\$2,430,844</u>	<u>\$2,991,003</u>
Education										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	166,663	-	-	-	-	-	-	-	-	-
Nonspendable	-	3,217	-	9,447	-	-	-	-	-	-
Restricted	-	58,786	8,793	19,411	196,759	479,388	868,881	1,081,722	711,923	651,907
Assigned	-	-	-	-	-	-	-	89	3,380	4,185
Total education fund	<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>	<u>\$ 715,303</u>	<u>\$ 656,092</u>
Capital Projects Funds										
Unreserved	\$ 736,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	589,053	532,577	594,918	561,636	414,801	280,627	289,552	433,899	552,022
Assigned	-	-	-	-	-	-	-	-	-	16,500
Total Capital Projects fund	<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>	<u>\$ 433,899</u>	<u>\$ 568,522</u>
All Other Governmental Funds										
Reserved:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	405,300	-	-	-	-	-	-	-	-	-
Restricted	-	244,482	107,458	117,564	108,332	100,890	107,743	155,555	223,159	215,954
Committed	-	155,306	164,740	167,560	172,820	181,618	175,816	58,448	62,025	64,508
Unassigned	-	(2,727)	(3,896)	(2,055)	(7,468)	(8,242)	(9,130)	(21,441)	-	(467)
Total all other governmental funds	<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>	<u>\$ 285,184</u>	<u>\$ 279,995</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	\$ 10,317,293	\$ 10,779,060	\$ 11,167,906	\$ 11,019,525	\$ 11,238,181	\$ 11,646,195	\$ 12,088,092	\$ 12,507,111	\$ 12,544,129	\$ 12,990,688
Intergovernmental and departmental revenue	2,849,150	2,213,391	1,924,311	1,751,386	2,319,585	1,978,105	2,096,807	1,962,739	2,189,299	2,385,302
Licenses and fees	182,566	192,372	188,867	183,589	240,812	178,206	254,918	223,191	229,586	281,238
Interest on investments	5,070	2,250	2,616	2,585	2,725	3,097	7,938	9,829	10,362	46,137
Other revenues	154,207	188,375	175,905	157,529	193,036	175,642	189,048	230,194	398,464	143,671
Total revenues	<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>	<u>\$ 15,371,840</u>	<u>\$ 15,847,036</u>
Expenditures										
Legislative, judicial and general administrative	\$ 359,886	\$ 390,661	\$ 345,311	\$ 377,406	\$ 314,398	\$ 321,183	\$ 337,135	\$ 338,155	\$ 344,111	\$ 515,874
Financial administration	242,169	241,963	225,784	222,833	233,211	254,178	278,012	317,718	362,567	301,214
Miscellaneous administration	250,997	231,064	203,208	234,050	215,083	258,285	218,696	280,718	265,431	-
Health and welfare	412,545	116,495	230,321	76,821	68,784	167,042	312,854	136,280	158,871	121,708
Public safety	1,330,506	1,345,703	1,306,609	1,283,347	1,424,460	1,505,076	1,689,813	1,834,011	1,929,219	1,754,337
Public works	943,338	938,080	928,594	989,502	1,005,484	1,096,139	1,219,398	1,379,133	1,368,482	1,258,164
Planning, building and zoning	122,429	115,859	78,335	91,255	95,689	79,749	93,334	98,234	81,212	91,403
Recreation	58,533	29,270	24,339	22,494	24,132	26,843	32,522	144,901	27,039	28,848
Education	9,344,059	9,385,056	9,260,495	9,219,361	8,925,897	9,055,639	9,058,972	9,493,336	9,872,319	10,288,288
Food services	64,026	65,054	76,825	68,412	70,678	76,051	77,781	75,917	82,858	73,867
Libraries	140,219	133,208	140,219	140,219	140,219	145,717	150,842	150,842	150,842	155,842
Capital outlay	293,690	179,721	309,833	297,495	697,617	588,159	565,930	166,133	736,302	437,109
Providence Water Settlement	-	-	-	-	-	-	175,000	175,000	190,000	190,000
Total Expenditures	<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>	<u>\$ 15,569,253</u>	<u>\$ 15,216,654</u>
Excess of revenues over (under) expenditures	\$ (54,111)	\$ 203,314	\$ 329,732	\$ 91,419	\$ 778,687	\$ 407,184	\$ 426,514	\$ 342,686	\$ (197,413)	\$ 630,382
Other Financing Sources (uses)										
Proceeds from lease	\$ -	\$ -	\$ 75,005	\$ -	\$ -	\$ 124,285	\$ -	\$ 26,450	\$ -	\$ -
Transfers in	4,882,000	3,588,607	3,491,283	3,610,142	3,617,181	3,868,742	4,246,101	4,165,809	4,389,418	4,180,798
Transfers out	(4,882,000)	(3,588,607)	(3,491,283)	(3,610,142)	(3,617,181)	(3,868,742)	(4,246,101)	(4,165,809)	(4,389,418)	(4,180,798)
Total other financing sources (uses)	-	-	75,005	-	-	124,285	-	26,450	-	-
Net change in fund balances	<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>	<u>\$ (197,413)</u>	<u>\$ 630,382</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
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
2018	\$ 503,373,420	\$ 57,011,388	\$ 7,984,590	\$ 552,400,218	23.25	\$ 552,400,218	100.00%	\$ 560,384,808
2019	\$ 535,688,120	\$ 49,908,719	\$ 10,256,022	\$ 575,340,817	22.84	\$ 575,340,817	100.00%	\$ 585,596,839

Full revaluations are performed every nine years. The last full revaluation was performed as of December 31, 2017, which affects fiscal year 2019.

Statistical revaluations are performed every three years except in the years a full revaluation is performed. A statistical revaluation was performed as of December 31, 2011 which affected fiscal year 2013; and as of December 31, 2014 which affected fiscal year 2016.

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>
2010	\$17.12
2011	\$17.58
2012	\$17.58
2013	\$20.32
2014	\$20.40
2015	\$21.06
2016	\$21.42
2017	\$22.54
2018	\$23.25
2019	\$22.84

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	2019				2010			
	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)	\$ 21,831,000	1	3.79%	\$ 498,620	\$ 18,866,500	1	3.11%	\$ 322,994
Providence Public Buildings Authority (PWSB)	-		N/A	-	8,422,700	2	1.39%	144,197
Narragansett Electric/National Grid	7,944,692 a)	2	1.38%	199,932	7,562,873 a)	3	1.25%	129,476
Foster Country Club (Tykamac Ent. LLC)	2,097,900	3	0.36%	49,953	2,659,000 a)	4	0.44%	45,522
Ginny B Inc	1,325,100	4	0.23%	30,265	1,313,100 a)	6	0.22%	22,480
Foster Senior Housing	1,296,200	5	0.23%	29,605	1,314,600	5	0.22%	22,506
Legacy Land Preservation LLC/Walker, Muriel	-		N/A	-	914,700 a)	7	0.15%	15,660
Costa, David & Lisa	752,900	6	0.13%	17,196	787,000	12	0.13%	13,473
Hawkins, John & Bertha	-		N/A	-	849,400	9	0.14%	14,542
Saint 23, LLC	750,200	7	0.13%	17,135	-		N/A	-
Pollard, Scott M & Elisa M	683,300	8	0.12%	15,607	811,400 a)	10	0.13%	13,891
Nelson, Robert & Wendy	860,400	9	0.15%	15,080	879,800	8	0.14%	15,062
Femino, John P & Leclair, Diane	667,200	10	0.12%	15,016	-		N/A	-
Roxannes Holdings LLC	-		N/A	-	809,900	11	0.13%	13,865
Totals	<u>\$ 38,208,892</u>		<u>6.64%</u>	<u>\$ 888,409</u>	<u>\$ 45,190,973</u>		<u>7.45%</u>	<u>\$ 773,669</u>

Note: The amounts presented represent the assessed values upon which 2019 and 2010 collections were based

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

a) Includes tangible or motor vehicle assessment also

Total Assessed Value	\$575,340,817	\$ 607,106,692
Tax Rate	\$22.84	\$17.12

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
2010	10,345,673	10,115,442	97.8%	230,938	10,346,380	100.0%
2011	10,766,802	10,552,426	98.0%	212,933	10,765,359	100.0%
2012	11,221,591	10,971,590	97.8%	236,178	11,207,768	99.9%
2013	11,206,523	10,849,481	96.8%	305,412	11,154,893	99.5%
2014	11,269,380	10,921,687	96.9%	289,482	11,211,169	99.5%
2015	11,720,089	11,391,004	97.2%	310,407	11,701,411	99.8%
2016	12,188,472	11,772,167	96.6%	350,800	12,122,967	99.5%
2017	12,603,234	12,178,675	96.6%	368,944	12,547,619	99.6%
2018	12,925,944 a)	12,267,072	94.9%	336,486	12,603,558	97.5% a)
2019	13,011,490	12,484,424	95.9%	-	12,484,424	95.9%

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

(a) Total tax levy was impacted by significant motor vehicle abatements for a late change in state legislation in the amount of \$265,408 which impacts the overall collection rate

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			
2010	-	-	24,060	24,060	0.06% (a)	5
2011	-	-	-	-	0.00% (a)	-
2012	-	-	48,533	48,533	0.11% (a)	11
2013	-	-	24,973	24,973	0.05% (a)	5
2014	-	-	-	-	0.00% (a)	-
2015	-	-	80,421	80,421	0.18% (a)	17
2016	-	-	41,382	41,382	0.09% (a)	9
2017	-	-	25,560	25,560	0.05% (b)	5
2018	-	-	21,281	21,281	0.04% (b)	5
2019	-	-	16,527	16,527	0.03% (b)	4

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 U.S. Census Bureau's 2009-2013 American Community Survey.
(ACS) 2014, 5 year estimate
- (b) 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		
2010	-	-	0.00%	-
2011	-	-	0.00%	-
2012	-	-	0.00%	-
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	-	-	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, 2019
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)	\$ 24,855,000	32.34% (a)	\$ 8,038,107
Town of Foster	-	100.00%	-
Other debt			
Foster-Glocester Regional School District - BAN (a)	-	32.34% (a)	-
Subtotal, overlapping debt			8,038,107
Town direct debt			16,527
Total direct and overlapping debt			<u>\$ 8,054,634</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 2019	
Assessed Value	\$575,340,817
Debt limit (3% of assessed value)	17,260,225
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>\$ 17,260,225</u>

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$18,213,201	\$18,366,757	\$18,754,691	\$16,264,882	\$16,267,966	\$16,379,578	\$16,638,973	\$16,560,690	\$16,572,007	\$ 17,260,225
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<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>	<u>\$16,572,007</u>	<u>\$ 17,260,225</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)
2010	4,499	(1)	43,304,500	(1)	33,260	(1)	44.8 (1)	703	11.40%
2011	4,556	(1)	43,950,148	(1)	34,661	(1)	43.8 (1)	689	10.80%
2012	4,574	(1)	44,232,908	(1)	35,557	(1)	44.3 (1)	649	10.30%
2013	4,601	(1)	46,060,549	(1)	36,527	(1)	43.7 (1)	655	8.20%
2014	4,628	(1)	44,876,841	(1)	34,231	(1)	45.2 (1)	643	6.80%
2015	4,642	(1)	45,700,392	(1)	36,184	(1)	44.6 (1)	637	6.30%
2016	4,642	(1)	45,700,392	(1)	36,184	(1)	44.6 (1)	626	4.20%
2017	4,677	(2)	51,885,630	(2)	37,194	(2)	47.4 (2)	627	3.40%
2018	4,689	(3)	50,940,846	(3)	37,818	(3)	48.7 (3)	671	2.80%
2019	4,689	(3)	50,940,846	(3)	37,818	(3)	48.7 (3)	648	3.20%

Sources:

- (1) Population, Family Income, Per Capita Family Income, and Median Age obtained from U.S. Census Bureau-2009-2013 ACS 2014, 5-year estimate
- (2) Population, Family Income, Per Capita Family Income, and Median Age obtained from U.S. Census Bureau-2012-2016 ACS 2016, 5-year estimate
- (3) Population, Family Income, Per Capita Family Income, and Median Age obtained from U.S. Census Bureau-2013-2017 ACS 2017, 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	2019			2010		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster Town & School Department	80	1	11.90%	81	a) 1	18.08%
Foster Golf & Country Club	50	2	7.44%	50	a) 2	11.16%
Little Rhody Farms	21	3	3.13%	N/A	a) N/A	N/A
Well One Foster	16	4	2.38%	12	a) 4	2.68%
Shady Acres	13	5	1.93%	25	a) 3	5.58%
Dr. Daycare	13	6	1.93%	12	a) 5	2.68%
USPS	11	7	1.64%	N/A	a) N/A	N/A
Total	204		30.35%	180		40.18%

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	2.5	2.5	2.5	3.0
Probate Court	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Building/Zoning	1.6	1.6	1.6	1.6	1.3	1.3	1.0	1.0	1.0	1.0
Planning	2.0	1.6	1.6	1.6	1.3	1.3	1.0	0.9	0.9	0.9
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	1.3	1.3	1.3	1.3	1.3	1.1
Public Safety										
Police										
Officers	8.0	8.0	8.0	8.0	10.0	10.0	10.0	10.0	9.0	9.0
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	0.0	0.0
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
Clerical	1.0	1.0	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.3
Highway										
Driver/Laborer	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8
Maintenance										
Building/Grounds	0.0	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	0.2
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	2.0	0.0	0.0	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Calls	18,232	19,673	14,862	13,364	21,062	25,636	53,898 a)	36,200 a)	23,816 a)	15,475
Physical Arrests	208	186	92	71	129	182	228	183	148	53
Citations	1,270	1391	740	574	1217	1103	1538	902	1206	395
Accidents	133	106	109	121	142	164	134	134	141	121
Animal Control										
Dog Licenses Issued	439	452	509	440	408	402	296	387	333	420
Public Works (Pickup Outsourced)										
Transfer Station										
Refuse Collected (avg. tons per month)	167	157	148	144	128	163	143	146	151	152
Recyclables Collected (avg. tons per month)	44	47	40	41	40	39	55	53	52	52
Highway										
Street resurfacing/chipsealing (miles)	5.8	6.3	0.0	0.0	0.4	0.7	1.9	1.4	1.0	1.4
Street repairs/sealing (miles)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Building/Zoning										
New Commercial Construction Permits	0	0	0	0	0	0	1	0	3	3
New Residential Construction Permits	5	5	8	3	5	0	7	2	8	10
Existing Commercial Construction Permits	N/A	N/A	N/A	N/A	N/A	5	13	5	11	4
Existing Residential Construction Permits	N/A	N/A	N/A	N/A	N/A	78	132	107	119	120
Parks and Recreation										
Athletic Field Permits	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units/Motorcycles/ Radar Trailers	9	9	9	9	10	14	14	14	14	12
Animal Control										
Animal Shelters	-	-	-	-	-	-	-	-	-	-
Animal Patrol Unit	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	114	114	114	114	114
Highways (miles, Town owned)	77	77	77	77	77	78	78	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	31	31	31	31
Traffic Signals	5	5	5	5	5	5	5	5	5	5
Parks and Recreation										
Acreage	165	165	165	165	165	165	165	165	165	165
Playgrounds	2	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, 2019, 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 24, 2020.

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.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
March 24, 2020