

***TOWN OF FOSTER, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS***

*For the Fiscal Year Ended
June 30, 2009*

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Town of Foster Organizational Chart

THE TOWN OF FOSTER, RHODE ISLAND
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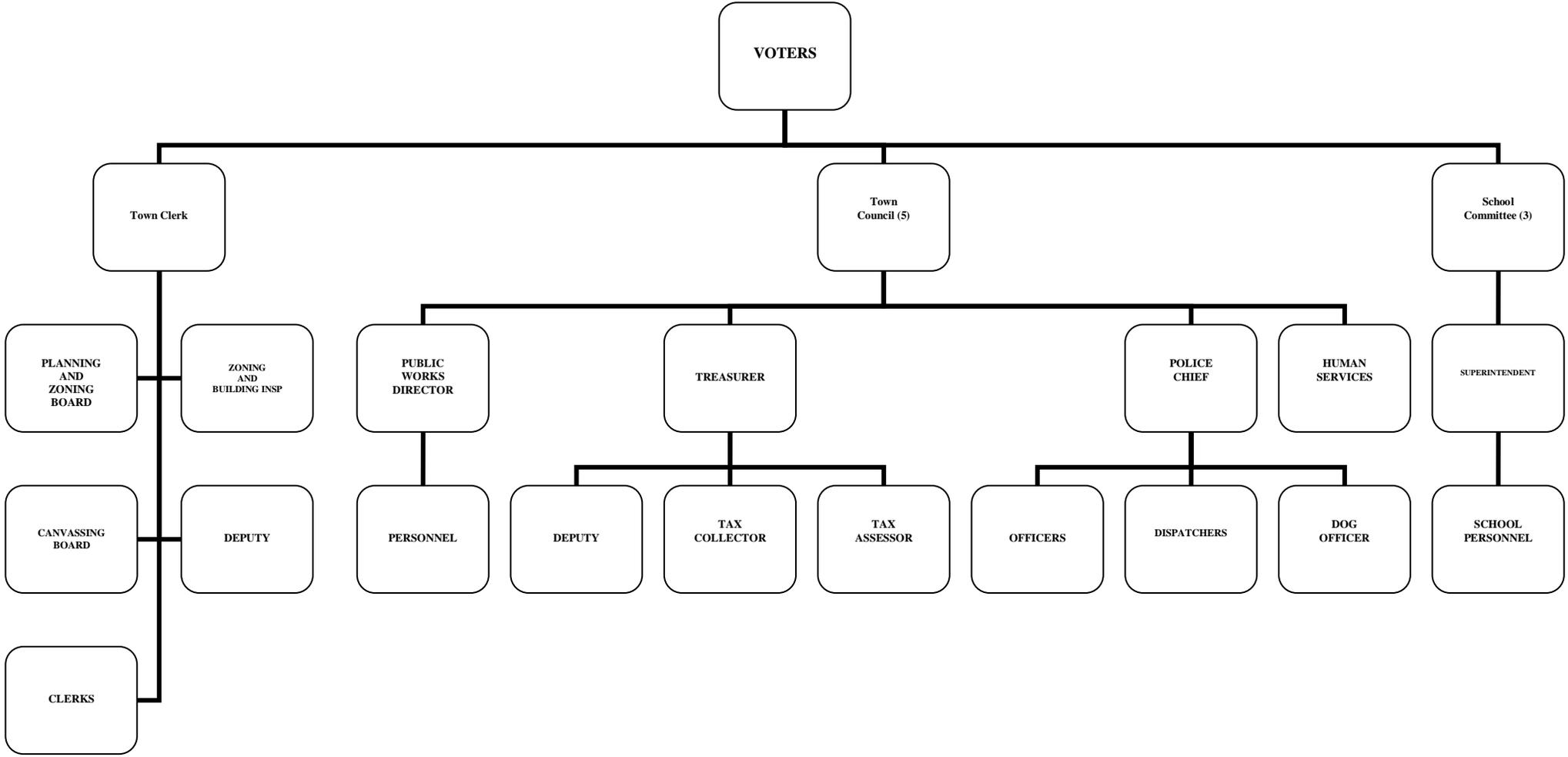
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TOWN OF FOSTER, RHODE ISLAND

TOWN COUNCIL	Colette Matarese, President John Lewis Jr., Vice President Lynne S. Rider Roger Hawes Joe Cardillo
TOWN CLERK	Tina W. Freeman
TOWN SERGEANT	Mike Coggeshall
TREASURER / FINANCE DIRECTOR	Kelli Russ
TAX ASSESSOR	Anne L. Carlson
TAX COLLECTOR	Pam J. Fontaine
PLANNER	Ann-Marie Ignasher
BUILDING OFFICIAL	Robert Fallon
POLICE CHIEF	Robert E. Coyne, Jr.
FIRE CHIEF - SOUTH FOSTER	Gordy Brayton
FIRE CHIEF - MOOSUP VALLEY	Paul Cunniff
FIRE CHIEF - FOSTER CENTER	Will Paul
DIRECTOR OF HUMAN SERVICES	Nancy Johnston
PUBLIC WORKS DIRECTOR	Robert Clarkin
LIBRARY DIRECTOR	Kris Chin
SCHOOL SUPERINTENDENT	Dr. Davida Irving
SCHOOL COMMITTEE	Ronald Cervasio Dennis R. Chretien Cindy Bernard



FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditors' Report

Management Discussion and Analysis

Basic Financial Statements

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate 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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Foster, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Foster, Rhode Island, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2010 on our consideration of the Town of Foster, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and supplementary pension information on pages 3 through 13 and 43 through 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Foster, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bacon & Company, LLC

Warwick, Rhode Island
March 18, 2010

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Management of the Town of Foster provides this Management's Discussion and Analysis of the Town of Foster's Audited Financial Statements for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Foster is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Town's financial statements that follow.

Financial Highlights

- On a government-wide basis the assets of the Town of Foster exceeded its liabilities at June 30, 2009 by \$9,302,999. Net assets of the Town's component unit increased by \$145,930, or 10.43%, to \$1,544,821.
- The Town's Government-wide operating expenses were \$13,785,349, a 1.46% increase from the prior year. Revenues recognized were \$13,322,527, an 8.45% increase due mainly to an increase in tax revenue.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,586,148. Over 90% (\$1,437,580) of this amount is unreserved.
- In the Town's general fund, at the end of 2009, the unreserved, undesignated fund balance deficit was \$44,553 or .32% of the total general fund budgeted expenditures and other uses of funds for the fiscal year. The current fiscal year's expenditures and uses of funds exceeded revenues and sources of funds by \$65,453. On a budgetary basis expenditures and uses of funds exceeded revenues and sources of funds by \$70,592.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

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

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

The *Statement of Activities* presents information which shows how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The *Statement of Activities* distinguishes functions of the Town which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government and administration, public safety, public works, social services, and recreational services. The Town's one component unit is the Foster Land Trust. The Town has no business type activities.

The government-wide financial statements are reported on pages 14 and 15 of this report.

Fund financial statements – A *fund* is a grouping (and self-balancing set) of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – 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 fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

The Town maintains 39 active individual governmental funds. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the School Unrestricted Fund, and the Capital Project Fund which are considered to be major funds. Data from the remaining 36 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 53 through 66 in this report. The individual funds within the component unit have been summarized into the data presented. The governmental fund financial statements can be found on pages 13 and 14 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 programs. The fiduciary funds maintained by the Town include 1 private purpose trust fund and 3 agency funds. The fiduciary fund financial statements can be found on pages 21 and 22 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 are presented on pages 23 through 42.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 43 through 52.

Government-wide Financial Analysis

Analysis of the Town of Foster's Net Assets

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the assets of the Town exceeded its liabilities at June 30, 2009 by \$9,302,999, a decrease of \$462,822, or 4.73% from 2008.

The most significant changes noted were:

Current assets decreased by \$1,004,144 from 2008. Respectively, *current liabilities* decreased by \$701,457 from 2008. Much of the decrease in both current assets and current liabilities directly relates to the decrease in accounts payable and accrued expenses by \$674,714 from 2008. The remaining decrease in current assets is the result of a reduction in cash and investment balances due to a current year shortfall in revenues.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Listed below is a comparison of the current and prior fiscal years.

Town of Foster
Statement of Net Assets

	June 30, 2009		June 30, 2008	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Current assets	\$ 2,338,700	\$ 152,753	\$ 3,342,844	\$ 199,991
Noncurrent assets	7,775,638	1,392,068	7,925,687	1,198,900
Total assets	<u>\$10,114,338</u>	<u>\$ 1,544,821</u>	<u>\$11,268,531</u>	<u>\$ 1,398,891</u>
Current liabilities	\$ 410,657	\$ -	\$ 1,112,114	\$ -
Noncurrent liabilities	400,682	-	390,596	-
Total liabilities	<u>\$ 811,339</u>	<u>\$ -</u>	<u>\$ 1,502,710</u>	<u>\$ -</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 7,753,237	\$ 1,392,068	\$ 7,857,376	\$ 1,198,900
Restricted	1,454,828	-	1,849,009	-
Unrestricted	94,934	152,753	59,436	199,991
Total net assets	<u>\$ 9,302,999</u>	<u>\$ 1,544,821</u>	<u>\$ 9,765,821</u>	<u>\$ 1,398,891</u>

The largest portion (\$7,753,237) of the Town's net assets consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

An additional portion (\$1,454,828) of the Town's net assets represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

As of June 30, 2009 the Town of Foster reports positive balances in all three categories of net assets for the government as a whole.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Analysis of the Town of Foster's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2009. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year ended June 30, 2004. Comparative data is available and is presented in the following schedules. Governmental activities decreased the Town's net assets by \$462,822, or 4.73% from 2008. Component unit activities increased its net assets by \$145,930, or 10.43%, from 2008.

Total revenues for governmental activities increased by \$1,038,194, or 8.45%, from 2008. Property tax revenue increased by \$1,225,588, or 14.09% from 2008, mainly due to a significant increase in the tax levy some of which was to offset debt incurred at the Foster-Glocester Regional School for the Middle and High School additions. Interest and investment income decreased by \$108,783, or 79.60% from 2008. Capital grants decreased by \$45,000 from 2008 due to a decrease in state grant programs. The Component Unit also realized a decrease in capital grants of \$140,000.

Total governmental activities expenses increased by \$198,194, or 1.46% from 2008. This was primarily due to an increase in Education expense of \$599,872, or 6.86% from 2008, offset in part by the decrease in public works by \$565,379, or 38.83% from 2008. The significant decrease in public works is primarily due to the reduction in road work and repaving from 2008 to 2009.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Town of Foster
Statement of Activities

	<u>June 30, 2009</u>		<u>June 30, 2008</u>	
	<u>Governmental Activities</u>	<u>Component Unit</u>	<u>Governmental Activities</u>	<u>Component Unit</u>
<i>Revenues</i>				
<i>Program revenues</i>				
Charges for services	267,455	32,621	303,475	30,850
Operating grants	2,016,942	-	1,902,315	-
Capital grants	30,000	110,000	75,000	250,000
<i>General revenues</i>				
Property taxes	9,924,717	-	8,699,129	-
State aid	1,037,227	-	1,157,424	-
Interest and investment income	27,872	3,309	136,655	6,558
Miscellaneous	18,314	-	10,335	-
Total revenues	<u>13,322,527</u>	<u>145,930</u>	<u>12,284,333</u>	<u>287,408</u>
<i>Expenses</i>				
Legislative, judicial & general admin	1,126,194	-	1,035,557	-
Health and welfare	510,792	-	442,529	-
Public Safety	1,482,617	-	1,486,792	-
Public Works	890,676	-	1,456,055	-
Building and Zoning	47,824	-	51,663	-
Planning	85,750	-	84,255	-
Conservation	2,449	-	2,306	-
Recreation	65,514	-	58,407	-
Education	9,348,134	-	8,748,262	-
Food services	68,789	-	69,428	-
Libraries	156,610	-	151,901	-
Land Trust	-	-	-	9,850
Total expenses	<u>13,785,349</u>	<u>-</u>	<u>13,587,155</u>	<u>9,850</u>
Change in net assets	(462,822)	145,930	(1,302,822)	277,558
Net assets July 1,	<u>9,765,821</u>	<u>1,398,891</u>	<u>11,068,643</u>	<u>1,121,333</u>
Net assets June 30	<u><u>\$ 9,302,999</u></u>	<u><u>\$ 1,544,821</u></u>	<u><u>\$ 9,765,821</u></u>	<u><u>\$ 1,398,891</u></u>

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Financial Analysis of the Town of Foster's Funds

Governmental Funds - The focus of the Town of Foster's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the Town'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 \$1,586,148. Approximately 91% of the total amount, or \$1,437,580 constituted unreserved fund balances. Included in the unreserved balance is \$488,187 unreserved for special revenue funds, \$208,711 unreserved for education, and \$785,235 unreserved for capital.

Town of Foster Governmental Funds Fund Balances						
	Total General Fund 6/30/2009	Total Other Funds 6/30/2009	Total Governmental Funds 6/30/2009	Total General Fund 6/30/2008	Total Other Funds 6/30/2008	Total Governmental Funds 6/30/2008
Reserved:						
Reserved: prepaid expenditures	\$ 37,420	\$ -	\$ 37,420	\$ 27,424	\$ -	\$ 27,424
Reserved: capital expenditures	111,148	-	111,148	126,046	-	126,046
Unreserved:						
Undesignated	(44,553)	1,482,133	1,437,580	15,998	1,805,610	1,821,608
Total fund balances	<u>\$ 104,015</u>	<u>\$1,482,133</u>	<u>\$ 1,586,148</u>	<u>\$ 169,468</u>	<u>\$ 1,805,610</u>	<u>\$ 1,975,078</u>

General Fund Budgetary Highlights

Revenues

Budgeted revenues and other financing sources reported in 2009 exceeded actual revenues reported by \$514,698, or 3.78%. This is comprised of the following:

Budgeted general property taxes exceeded the actual property tax collections by \$93,440, or .94%. General state aid to education net of state mandates to offset decreases in state aid to education was over budgeted by \$175,984, or 12.42%. The Town also received \$116,700 less than anticipated for general revenue sharing, or 49.46%; \$28,738 less than anticipated for state housing aid; and \$7,058 less than anticipated for motor vehicle phase-out. In addition, there was a shortfall in interest and investment income of \$72,532.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Expenses

Budgeted expenditures and other financing uses in the Town's General Fund exceeded actual expenditures by \$444,106 or 3.27%. This is primarily due to the completion of road repaving at the end of 2008 to benefit from reduced pricing. The project completion was budgeted in 2009. In addition, many of the Town's departments ended the fiscal year with favorable variances in the budgeted to actual expenditure analysis due to a determined effort to reduce expenditures to offset the decreases in State revenue funding mid-year. The favorable variance in budget versus actual expenditures, net of capital, is \$119,683. This schedule is located on pages 43 to 47 of this report.

The Town of Foster's Capital Assets

The Town of Foster's investment in capital assets for its governmental activities amount to \$7,775,638, net of accumulated depreciation at June 30, 2009. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

Additional information on the Town of Foster's capital assets is located in note 7 on page 33 of the notes to the financial statements.

Town of Foster
Capital Assets (net of Accumulated Depreciation)

	June 30, 2009		June 30, 2008	
	Governmental Activities	Component Unit	Governmental Activities	Component Unit
Land	\$ 161,199	\$ 1,392,068	\$ 161,199	\$ 1,198,900
Construction in progress	330,000	-	260,000	-
Land Improvements	26,883	-	30,806	-
Buildings and improvements	2,381,331	-	2,328,621	-
Motor vehicles	661,482	-	850,939	-
Machinery and equipment	245,641	-	209,646	-
Infrastructure - roads and bridges	3,969,102	-	4,084,476	-
Total	\$ 7,775,638	\$ 1,392,068	\$ 7,925,687	\$ 1,198,900

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Significant additions to capital assets in 2009 include:

Land – \$193,168		Purchase of open space for Foster Land Trust
Buildings and improvements –	\$ 73,850	Boiler for the Paine school – in progress
	\$ 60,130	Salt shed for Public Works
	\$ 14,500	Windows Police Station
Motor vehicles -	\$130,000	Partial payment for fire truck, \$200,000 in 2008 – in progress
Equipment -	\$ 84,950	Emergency generator – Paine school

The Town of Foster's Debt Administration

In fiscal year 2006, the Town of Foster made its final payment on 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 \$21,565,010 (based on the net assessed valuation at December 31, 2007 of \$718,833,658). As of June 30, 2009, the Town had no outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$21,565,010.

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, 2009, the total outstanding debt of the Town issued outside the 3% debt limit was \$ 0.

In addition to debt authorized within the 3% debt limit and debt authorized by special act of the Legislature, Rhode Island General Law 45-12-11 authorizes the Rhode Island State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never requested the State Director of Administration to authorize indebtedness of the Town under section 45-12-11.

Additional information on the Town of Foster's long-term debt can be found in footnote 8 of the financial statements on page 34.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Economic Factors and Next Year's Budgets and Rates

- Unemployment rates as of June 30, 2009 and June 30, 2008

<u>6/30/2009</u>	<u>6/30/2008</u>	
11.7%	6.8%	Town of Foster
12.9%	7.7%	State of Rhode Island
10.2%	5.5%	United States

- Median family income for the census year 2000 in Foster was \$63,657 compared to the State of Rhode Island median income of \$52,781. The median income for the United States was \$50,046.
- Per Capita income for the census year 2000 in Foster was \$22,148 compared to the State of Rhode Island per capita income of \$21,688. The per capita income for the United States was \$21,587.
- Existing single-family home median sale prices were approximately \$353,000 in Foster, moderately higher than the state average of \$282,500.
- Foster ranks 37th in population (4,274 per 2000 census) among Rhode Island's 39 cities and towns.
- The Town's total general fund budget for fiscal year 2010 amounts to \$12,840,884 (\$8,788,014, or 68.44%, for education, \$542,379, or 4.22% for capital expenditures including a budgeted transfer to the capital project fund, and \$3,510,491, or 27.34% for other purposes), which reflects a decrease of \$750,333 or 3.24% from 2009. The decrease is due primarily to a decrease in capital expenditures including the transfer to the capital project fund of \$433,524 and a decrease to Town government costs of over \$330,000, including a decrease to Paine school of \$95,502. In 2010 \$0 was appropriated from the Town's fund balance to offset expenditures.
- The unreserved, undesignated fund balance in the general fund decreased by \$60,551, creating a fund deficit of \$44,553, compared with the unreserved, undesignated fund balance in 2008 of \$15,998. The unreserved fund balance is (0.35) % of proposed expenditures for 2010.

TOWN OF FOSTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

- 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 year's in-between. In 2009 the Town's net values for all taxable property in the Town increased by \$5,384,087, or .75%, to \$718,833,658 from \$713,449,571 in 2008. A full revaluation was performed as of December 31, 2008, which is the basis of the 2009 tax bills, to be collected in the 2010 fiscal year. The Town's tax rates for 2009 and 2008 with their differences are listed below. The tax on *Motor vehicles* has been frozen at \$36.95. The tax on *Inventory* has been phased out. Rates are per \$1,000.

Tax Rates

	Fiscal Year <u>2008-09</u>	Fiscal Year <u>2007-08</u>	Increase (Decrease)
Real Property	\$ 13.52	\$ 11.79	\$ 1.73
Motor vehicle	36.95	36.95	-
Tangible	18.60	16.26	2.34
Inventory	-	1.85	(1.85)

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. 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.

Kelli M. Russ
Treasurer/Finance Director

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:
- Governmental Funds

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FOSTER, RHODE ISLAND

Statement of Net Assets

June 30, 2009

	<i>Primary Government Governmental Activities</i>	<i>Component Unit Foster Land Trust</i>
<i>Assets</i>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,370,432	\$ 150,234
Investments	202,132	-
Property taxes receivable	430,519	-
Accrued interest receivable	67,938	-
Due from federal and state governments	154,049	-
Other receivables	76,210	-
Due from primary government	-	2,519
Prepaid expenses	37,420	-
Total current assets	2,338,700	152,753
<i>Noncurrent assets:</i>		
Capital assets: (Note 7)		
Land and other nondepreciable assets	161,199	1,392,068
Construction in progress	330,000	-
Depreciable buildings, property, equipment, and infrastructure (net)	7,284,439	-
Total noncurrent assets	7,775,638	1,392,068
Total assets	10,114,338	1,544,821
 <i>Liabilities</i>		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	328,893	-
Due to component unit	2,519	-
Current portion of lease payable	22,401	-
Compensated absences payable	46,751	-
Other liabilities	10,093	-
Total current liabilities	410,657	-
<i>Noncurrent liabilities:</i>		
Compensated absences payable	400,682	-
Total noncurrent liabilities	400,682	-
Total liabilities	811,339	-
 <i>Net Assets</i>		
Invested in capital assets- net of related debt	7,753,237	1,392,068
Restricted for:		
Capital purposes	896,383	-
Specific projects and programs	558,445	-
Unrestricted	94,934	152,753
Total net assets	\$ 9,302,999	\$ 1,544,821

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, 2009*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 371,110	\$ 334,440	\$ 446,588	\$ 218,294	\$ 1,370,432
Investments	-	122,648	-	79,484	202,132
Property taxes receivable	430,519	-	-	-	430,519
Due from federal and state governments	79,720	-	-	74,329	154,049
Other receivables	5,299	-	-	-	5,299
Due from other funds	161,165	43,458	338,647	260,531	803,801
Prepaid expenditures	37,420	-	-	-	37,420
Total assets	<u>\$ 1,085,233</u>	<u>\$ 500,546</u>	<u>\$ 785,235</u>	<u>\$ 632,638</u>	<u>\$ 3,003,652</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ 148,170	\$ 166,697	\$ -	\$ 14,026	\$ 328,893
Due to other funds	477,327	125,138	-	130,425	732,890
Due to component unit	2,519	-	-	-	2,519
Deferred revenues	343,109	-	-	-	343,109
Other liabilities	10,093	-	-	-	10,093
Total liabilities	<u>981,218</u>	<u>291,835</u>	<u>-</u>	<u>144,451</u>	<u>1,417,504</u>
Fund Balances					
Reserved:					
Reserved for prepaid expenditures	37,420	-	-	-	37,420
Reserved for capital expenditures	111,148	-	-	-	111,148
Unreserved:					
Undesignated	(44,553)	208,711	785,235	-	949,393
Unreserved, reported in:					
Special revenue funds	-	-	-	488,187	488,187
Total fund balances	<u>104,015</u>	<u>208,711</u>	<u>785,235</u>	<u>488,187</u>	<u>1,586,148</u>
Total liabilities and fund balances	<u>\$ 1,085,233</u>	<u>\$ 500,546</u>	<u>\$ 785,235</u>	<u>\$ 632,638</u>	<u>\$ 3,003,652</u>

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

TOWN OF FOSTER, RHODE ISLAND
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009*

<i>Total Fund Balances - Total Governmental Funds</i>	\$ 1,586,148
<i>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 7 to the financial statements.	7,775,638
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.	67,938
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred revenue (a liability) in the Governmental Fund Financial Statements.	343,109
Long-term liabilities (including bonds, loans, capital leases payable, and compensated absences) are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. See note 8 to the financial statements.	<u>(469,834)</u>
<i>Net Assets - Governmental Activities</i>	<u><u>\$ 9,302,999</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, 2009

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
General property taxes	\$ 9,806,090	\$ -	\$ -	\$ -	\$ 9,806,090
Intergovernmental and departmental revenues	2,139,633	174,074	-	765,739	3,079,446
Licenses and permits	72,969	-	-	-	72,969
Building and zoning fees	39,833	-	-	-	39,833
Fines and interest on late payments	60,280	-	-	-	60,280
Interest on investments	12,468	7,000	6,365	2,039	27,872
Other revenues	97,760	-	-	68,660	166,420
Total revenues	<u>12,229,033</u>	<u>181,074</u>	<u>6,365</u>	<u>836,438</u>	<u>13,252,910</u>
Expenditures					
Current:					
Legislative, judicial and general administrative	378,770	-	-	17,418	396,188
Financial administration	235,719	-	-	-	235,719
Miscellaneous administration	273,910	-	-	-	273,910
Health and welfare	355,479	-	-	155,313	510,792
Public safety	1,295,627	-	-	92,355	1,387,982
Public works	765,182	-	-	590	765,772
Building and zoning	47,824	-	-	-	47,824
Planning	70,250	-	-	-	70,250
Conservation	2,449	-	-	-	2,449
Recreation	35,052	-	-	29,701	64,753
Education	4,503,916	4,364,665	-	407,094	9,275,675
Food services	-	-	-	68,789	68,789
Libraries	156,610	-	-	-	156,610
Land trust	5,280	-	-	-	5,280
Capital outlay	379,847	-	-	-	379,847
Total expenditures	<u>8,505,915</u>	<u>4,364,665</u>	<u>-</u>	<u>771,260</u>	<u>13,641,840</u>

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

(Continued)

TOWN OF FOSTER, RHODE ISLAND

Governmental Funds

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

For the Fiscal Year Ended June 30, 2009

	<u>General Fund</u>	<u>School Unrestricted Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</i>	3,723,118	(4,183,591)	6,365	65,178	(388,930)
<i>Other financing sources (uses)</i>					
Transfers from other funds	847,481	4,367,058	266,494	39,227	5,520,260
Transfers to other funds	<u>(4,636,052)</u>	<u>(174,799)</u>	<u>(709,409)</u>	-	<u>(5,520,260)</u>
<i>Total other financing sources (uses)</i>	<u>(3,788,571)</u>	<u>4,192,259</u>	<u>(442,915)</u>	<u>39,227</u>	<u>-</u>
<i>Net change in fund balance</i>	(65,453)	8,668	(436,550)	104,405	(388,930)
<i>Fund balances - beginning of year</i>	<u>169,468</u>	<u>200,043</u>	<u>1,221,785</u>	<u>383,782</u>	<u>1,975,078</u>
<i>Fund balances - end of year</i>	<u>\$ 104,015</u>	<u>\$ 208,711</u>	<u>\$ 785,235</u>	<u>\$ 488,187</u>	<u>\$ 1,586,148</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, 2009*

Net Changes in Fund Balances - Total Governmental Funds \$ (388,930)

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

Governmental Fund Financial Statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is allocated over its estimated useful life as depreciation expense. This is the amount of capital asset additions recorded in the current period. 303,430

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Fund Financial Statements. (453,479)

Long-term compensated absences are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in Governmental Fund Financial Statements. (39,370)

Bond and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases the long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of debt is an expenditure in the Governmental Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Assets. This amount represents long-term debt payments 45,910

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. 69,617

Change in Net Assets of Governmental Activities \$ (462,822)

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

TOWN OF FOSTER, RHODE ISLAND

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	<i>Private- purpose Trusts</i>	
	<u><i>Cemetery Fund</i></u>	<u><i>Agency Funds</i></u>
<i>Assets</i>		
Cash and cash equivalents	\$ 89,719	\$ 26,070
<i>Total assets</i>	<u>89,719</u>	<u>26,070</u>
 <i>Liabilities</i>		
Due to other funds	50,585	20,326
Deposits held in custody for others	-	5,744
<i>Total liabilities</i>	<u>50,585</u>	<u>26,070</u>
 <i>Net Assets</i>		
Held in trust for other purposes	<u>\$ 39,134</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 Assets

Fiduciary Funds

For the Year Ended June 30, 2009

	<u><i>Private- purpose Trusts</i></u>
	<u><i>Cemetery Fund</i></u>
<i>Additions</i>	
<i>Investment earnings:</i>	
Interest and dividends	\$ 1,373
<i>Total additions</i>	<u>1,373</u>
<i>Deductions</i>	
Miscellaneous	<u>4,230</u>
<i>Total deductions</i>	<u>4,230</u>
<i>Change in net assets</i>	(2,857)
<i>Net assets - beginning of year</i>	<u>41,991</u>
<i>Net assets - end of year</i>	<u><u>\$ 39,134</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, 2009

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Through the application of GASB Statement Number 39 and 14 criteria, the Foster Land Trust (the Land Trust) has been presented as a component unit of the Town, hereinafter referred to as "component unit", 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. The Land Trust is included in the Town's reporting entity because of the significance of its operational and financial relationships with the Town.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Town has no business-type activities at June 30, 2009 or for the year then ended.

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities and changes in net assets. 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 the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 relating to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories, each being displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total (assets, liabilities and so forth) for all funds of that category or type, (that is, total governmental or total enterprise funds), and
- b) Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

Governmental Funds:

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

General Fund – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established. The General Fund is the primary operating fund of the Town and is reported as a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trust funds or major capital projects) that are legally restricted to expenditure for specific purposes. The Town’s only major special revenue fund is the School Unrestricted Fund, which provides primary education to the Town’s children.

Capital Project Funds – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds). The Town’s only major capital project fund is the Capital Reserve Fund, which is used for the purchase of improvements set forth in the capital program.

Proprietary Funds:

Proprietary funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. For the year ended June 30, 2009, the Town has no proprietary funds.

Fiduciary Funds:

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and therefore, cannot be used to support the Town’s own programs. Fiduciary funds are not included in the government-wide financial statements. The Town has the following fiduciary funds:

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.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the Town’s assets and liabilities, including capital assets and long-term liabilities, are included in the statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash payments. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue 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 when susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally sixty days after year-end). Revenues not considered to be available are recorded as deferred revenues. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, state aid, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash and thus are recognized when received. When expenditures are incurred and both restricted and unrestricted net assets are available, it is the Town’s policy to utilize the restricted net assets prior to the utilization of the unrestricted net assets.

Fiduciary funds are reported using the “economic resources” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve the measurement of results of operations.

D. 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 basic financial statements. Estimates also affect the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months of the date of acquisition.

F. INVESTMENTS

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

G. INTERFUND TRANSACTIONS

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds.

Reimbursements are accounted for as expenditures in the reimbursing fund and reductions of expenditures in the reimbursed fund. All other inter-fund transactions in the fund financial statements are transfers on the operating statements of the funds involved. Inter-fund receivables and payables are classified as “due from other funds” or “due to other funds”.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. Prepayments recorded in the governmental funds do not reflect current appropriated resources and, thus, an equivalent portion of the fund balance is reserved.

I. CAPITAL ASSETS

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at estimated fair value at the date of donation. The Town records capital assets that have an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</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

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

Capital assets of the component unit consist principally of non-depreciable land. Land of the component unit is stated at cost, if acquired or asset value at date of donation, if donated.

Infrastructure assets include primarily roads and bridges. All known infrastructure assets are included in the financial statements and there are no infrastructure assets reported using the modified approach.

Capital assets used in governmental fund operations are accounted for as expenditures.

J. PROPERTY TAXES

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

Rhode Island General Laws restrict the Town's ability to increase either its total tax levy or its tax rates more than 5.0% over those of the preceding year.

K. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2009.

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. DEFERRED REVENUE

In the governmental fund financial statements, deferred revenue represents funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

In the General Fund, deferred revenues relate to delinquent property tax balances less property tax amounts due as of the balance sheet date and received sixty days thereafter.

M. LONG-TERM OBLIGATIONS

All accrued liabilities and long-term debt are reported in the government-wide financial statements.

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

N. FUND EQUITY

Government-Wide Financial Statements:

The government-wide financial statements utilize a net asset presentation. Net assets are segregated into the following three components:

Invested in capital assets, net of related debt – 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 assets that does not meet the definition of “restricted” or “investment in capital assets, net of related debt”.

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balance represents those portions of fund equity that are not an available financial resource for the current year or are legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 \$21,565,010. As of June 30, 2009, the Town’s debt is under the limit by \$21,565,010.

NOTE 3 – FUND EQUITY

Reserved fund balances:

The following reserves are recorded in the fund financial statements:

General Fund – Capital Expenditures	\$111,148
General Fund – Prepaid Expenditures	37,420

NOTE 4 – 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 Assets as “Cash and Cash Equivalents”.

	<u>Primary Government</u> <u>Carrying</u> <u>Amount</u>	<u>Component Unit</u> <u>Carrying</u> <u>Amount</u>
Total Deposits	\$1,486,066	\$150,234
Add: Petty Cash	155	-
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u><u>\$1,486,221</u></u>	<u><u>\$150,234</u></u>

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2009

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2009, \$979,708 of the Town’s bank balance of \$1,702,315 was exposed to custodial credit risk as follows:

	<u>Primary Government Bank Balance</u>	<u>Component Unit Bank Balance</u>
Insured (Federal depository insurance funds)	\$ 722,607	\$ -
Collateralized with securities held by pledging financial institution or its agent in the Town’s name	688,756	149,352
Uninsured and uncollateralized	141,600	-
Total	<u>\$1,552,963</u>	<u>\$149,352</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, 2009, the Town’s uncollateralized deposits with institutions were \$141,600. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

NOTE 5 – INVESTMENTS

The Town invests in various types of investments which are stated at fair value. The Town Treasurer/Finance Director has control over the type of investments made. The Town does not have a formal investment policy nor any other legally contracted agreement that limits the type of investments that may be made. However, the Town takes a conservative approach when making investments. As of June 30, 2009, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
MBIA RI Investment Pool	N/A	\$ 79,484
U.S. Government Money Market Fund	N/A	122,648
Total Investments reported in the Financial Statements		<u>\$202,132</u>

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

TOWN OF FOSTER, RHODE ISLAND

Notes to Financial Statements

June 30, 2009

Credit Risk – The Town does not have a formal investment policy that limits its investment choices. As of June 30, 2009, the investment in the MBIA Rhode Island Investment Pool was not rated. As of June 30, 2009, the Town’s investment in the U.S. Government Money Market Fund was rated AAA by S&P and Aaa by Moody’s.

Concentration of Credit Risk – The Town places no limit on the amount the Town may invest in any one issuer.

NOTE 6 – INTER-FUND TRANSACTIONS

Inter-fund receivable and payable balances at June 30, 2009 are as follows:

	<i>Due From:</i>				<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Other Governmental Funds</i>	<i>Fiduciary Funds</i>	
<i>Due To:</i>					
General Fund	\$ -	\$ 3,287	\$ 86,967	\$ 70,911	\$ 161,165
School Unrestricted Fund	-	-	43,458	-	43,458
Capital Projects Fund	338,647	-	-	-	338,647
Other Governmental Funds	138,680	121,851	-	-	260,531
<i>Total</i>	<u>\$ 477,327</u>	<u>\$ 125,138</u>	<u>\$ 130,425</u>	<u>\$ 70,911</u>	<u>\$ 803,801</u>

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

Inter-fund transfer balances at June 30, 2009 are as follows:

	<i>Transfer From:</i>			<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Capital Projects Fund</i>	
<i>Transfer To:</i>				
General Fund	\$ -	\$ 138,072	\$ 709,409	\$ 847,481
School Unrestricted Fund	4,367,058	-	-	4,367,058
Capital Projects Fund	266,494	-	-	266,494
Other Governmental Funds	2,500	36,727	-	39,227
<i>Total</i>	<u>\$ 4,636,052</u>	<u>\$ 174,799</u>	<u>\$ 709,409</u>	<u>\$ 5,520,260</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 \$4,367,058 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, 2009

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Primary Government -				
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 161,199	\$ -	\$ -	\$ 161,199
Construction in progress	260,000	130,000	60,000	\$ 330,000
Total nondepreciable assets	<u>421,199</u>	<u>130,000</u>	<u>60,000</u>	<u>491,199</u>
Depreciable assets:				
Land improvements	179,766	-	-	179,766
Buildings and improvements	4,218,024	148,480	-	4,366,504
Motor vehicles	2,979,504	-	-	2,979,504
Machinery and equipment	630,832	84,950	-	715,782
Infrastructure - roads and bridges	7,415,310	-	-	7,415,310
Total capital assets	<u>15,844,635</u>	<u>363,430</u>	<u>60,000</u>	<u>16,148,065</u>
Less accumulated depreciation for:				
Land improvements	148,960	3,923	-	152,883
Buildings and improvements	1,889,403	95,770	-	1,985,173
Motor vehicles	2,128,565	189,457	-	2,318,022
Machinery and equipment	421,186	48,955	-	470,141
Infrastructure - roads and bridges	3,330,834	115,374	-	3,446,208
Total accumulated depreciation	<u>7,918,948</u>	<u>453,479</u>	<u>-</u>	<u>8,372,427</u>
Governmental activities capital assets, net	<u>\$ 7,925,687</u>	<u>\$ (90,049)</u>	<u>\$ 60,000</u>	<u>\$ 7,775,638</u>
Component Unit:				
Nondepreciable assets:				
Land	\$ 1,198,900	\$ 193,168	\$ -	\$ 1,392,068
Total nondepreciable assets	<u>1,198,900</u>	<u>193,168</u>	<u>-</u>	<u>1,392,068</u>
Component unit capital assets, net	<u>\$ 1,198,900</u>	<u>\$ 193,168</u>	<u>\$ -</u>	<u>\$ 1,392,068</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative	\$ 147,880
Public education	68,279
Public safety	161,094
Public works	75,465
Recreation	761
Total governmental activities depreciation expense	<u>\$ 453,479</u>

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 8 – INFORMATION ABOUT LONG-TERM LIABILITIES

A. Long term liability activity for the year ended June 30, 2009 was as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital lease payable	\$ 68,311	\$ -	\$ 45,910	\$ 22,401	\$ 22,401
Accrued compensated absences	408,063	79,238	39,868	447,433	46,751
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 476,374</u>	<u>\$ 79,238</u>	<u>\$ 85,778</u>	<u>\$ 469,834</u>	<u>\$ 69,152</u>

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

B. CAPITAL LEASE COMMITMENTS

The Town acquired vehicles valued at \$141,561 that were financed with a lease purchase agreements.

Obligation of governmental activities under capital leases at June 30, 2009 was as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Lease Payment</u> <u>Requirements</u>
2010	\$23,689
Total minimum lease payments	<u>23,689</u>
Less: Amount representing interest cost	<u>(1,288)</u>
Present value of minimum lease payments	<u>\$22,401</u>

NOTE 9 – TRANSCATIONS WITH THE FOSTER LAND TRUST

For the year ended June 30, 2009, the Town's General Fund reported the following balances related to the Foster Land Trust:

Due to Foster Land Trust	<u>\$ 2,519</u>
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TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

Assumptions: 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.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2009, were as follows:

	<i>Vendors</i>	<i>Salaries and Benefits</i>	<i>Other</i>	<i>Total</i>
Governmental activities:				
General	\$ 90,031	\$ 57,875	\$ 264	\$ 148,170
School Unrestricted	139,938	26,759	-	166,697
Other Governmental Funds	9,273	4,753	-	14,026
Total	\$ 239,242	\$ 89,387	\$ 264	\$ 328,893

NOTE 11 – FOSTER-GLOCESTER REGIONAL SCHOOL DISTRICT

The Foster-Glocester Regional School District (Regional School) was created to include the high school and middle schools for the Towns of Foster and Glocester (the Towns). The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect the Regional School Committee. The Regional School cannot assess and levy property taxes. Revenues are derived principally from the participating Towns of the Regional School which contribute funds according to a financial formula based upon each Town’s enrollment and from the State of Rhode Island. The Town of Foster’s contribution for the fiscal year ended June 30, 2009 was \$4,503,916. Financial statements for the Regional School are issued separately and may be obtained from the Foster-Glocester Regional School District Business Office, 1145 Putnam Pike, Chepachet, Rhode Island 02814.

NOTE 12 – PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property tax revenue is recognized in accordance with P70, “Property Taxes” of the *Codification of Governmental Accounting and Reporting Standards*, which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than sixty days after the close of the current period.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

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. Under the participation agreement, the Town is insured for amounts to \$3,000,000 per occurrence depending on the type of coverage. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

NOTE 14 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. In the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

NOTE 15 – POST RETIREMENT BENEFITS

In addition to the pension benefits described in Note 16, the Town of Foster and Foster School Department provide health and dental care benefits to certain retired employees based on the terms of their contracts. Currently 13 retirees meet the eligibility requirements and are receiving benefits. The Town and School Department pay the cost of these benefits on a "pay as you go basis". The total cost for fiscal year 2009 was \$54,545.

NOTE 16 – PENSION PLANS

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

All Foster School Department certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple-employer defined benefit plan administered by the State of Rhode Island. The payroll for employees covered by the ERS for the year ended June 30, 2009 was \$1,940,856.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

The State of Rhode Island's Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 16, Chapters 16-16 and were amended by the General Assembly in 2005 and 2009. All Foster Public School's certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation and are regularly employed on at least a half time basis. Superintendents, principals, business agents and other administrators participate as teachers. Employees are vested in their retirement benefits on completion of 10 years of service.

Schedule A Provisions – Members Vested as of June 30, 2005

Employees who retire at or after age 60 with 10 years of credited service, or after 28 years of credited service regardless of age are entitled to a retirement benefit. The retirement benefit is equal to 1.7% of final average salary for each year of credited service up to 10 years, plus 1.9% of final average salary in excess of 10 years through 20 years, plus 3.0% of final average salary in excess of 20 years up to the 34th year of service, plus 2.0% of final average salary for the 35th year, up to a maximum benefit of 80% of final average salary. Final average salary is the average of the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Members receive a 3% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement.

Schedule B Provisions – Members Vested after June 30, 2005

Employees who retire at or after age 65 with 10 years of credited service, or at or after age 59 with 29 years of credited service are entitled to a retirement benefit. In addition, a member may retire with a reduced benefit after attaining age 55 with at least 20 years of service credit. The benefit is calculated in the same manner as the unreduced benefit, but is reduced on an actuarial basis for each year the member's age at retirement is less than 65. The retirement benefit is equal to 1.6% of final average salary for each year of credited service up to 10 years, plus 1.8 % of final average salary in excess of 10 years through 20 years, plus 2.0% of final average salary in excess of 20 years through 25 years, plus 2.25% of final average salary in excess of 25 years through 30 years, plus 2.5% of final average salary in excess of 30 years through 37 years of service, plus 2.25% of final average salary for the 38th year, up to a maximum benefit of 75% of final average salary. Final average salary is the average of the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Members receive a cost of living adjustment that depends on the change in the CPI for all Urban Consumers, as published by the Bureau of Labor Statistics. The increase is equal to the year to year change in the CPI – U as of the prior September. The increase is limited to 3.0% in any year. The first cost of living adjustment is delayed until the month after the third anniversary of the member's retirement.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

Plan Changes Enacted into Law by General Assembly in 2009

The following plan changes become effective October 1, 2009. Plan members who are eligible to retire as of September 30, 2009, are not affected by the changes, even if the plan members do not retire. The plan changes are as follows:

Retirement Eligibility

The law establishes a minimum retirement age of 62 for all members, except those Schedule B members who retire with less than 29 years of service; their retirement eligibility still remains 65 years old with a minimum of 10 years of service credit. The law provides a proportional downward adjustment of the minimum retirement age based on the years of service credited to the plan member's account as of September 30, 2009.

Service Credit Accrual Rates

The law freezes service credit earned for members under Schedule A as of September 30, 2009. Future accrual of service credits will be earned under Schedule B.

Final Average Salary

For members not eligible to retire as of September 30, 2009, the final average salary will be based on the 5 consecutive highest years of salary.

Cost of Living Adjustments (COLA)

The law changes the COLA to that provided under Schedule B which is the lower of the Consumer Prime Index (CPI) or 3%, and requires a full 3 year anniversary for receipt.

Service Credit Purchases

Effective for all service credit purchase requests received after June 16, 2009, the cost will be determined at full actuarial value, except purchases of military service and contribution refund paybacks.

Disability Provisions

Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

Funding Policy

Covered employees were required by State Statute to contribute 9.5% of their salary to the plan. The State and the School Department are required to contribute an amount determined annually by the actuary and as provided by State Statute. The split between the State and the School Department is specified by State Statute. The contribution requirement for the year ended June 30, 2009 was 22.07%. The Teachers' Plan cost is paid 60% by the School Department and 40% by the State. However, the State will pay the total cost of the contribution deferrals which were .26% for the year ended June 30, 2009. This results in a contribution requirement for Schools of 11.89% and a contribution requirement for the State of 8.18%.

The State contribution for the cut off year ended June 30, 2009 was \$158,762, which represented 8.18% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on behalf of payments and are reported as a revenue and as an expenditure in the financial statements. The contribution requirement for the cut off year ended June 30, 2009 was \$415,071, which consisted of \$230,690 from the School Department and \$184,381 from employees. These contributions represented 11.89% and 9.5% of covered payroll respectively. The annual required contribution was determined as part of the June 30, 2006 actuarial valuation.

The School Department does not have any investments or related party investments with the State Plan. The School Department's contribution represented .2% of total contributions required of all participating entities.

Three-Year Trend Information

<i>Fiscal Year</i>	<i>Annual Required Contribution</i>	<i>Percentage Contributed</i>
2007	\$211,385	100%
2008	\$252,392	100%
2009	\$230,690	100%

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

The Town of Foster participates in the Municipal Employees' Retirement System ("MERS"), an agent multiple employer defined benefit plan administered by the State of Rhode Island. All Town employees except certified school personnel participate in the MERS. The payroll for employees including School Department noncertified personnel covered by the System for the year ended June 30, 2009 was \$1,682,698 (General employees - \$1,297,948, and Police officers - \$384,750).

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

The State of Rhode Island's Municipal Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 45, Chapter 19, 19.1, 21, 21.1, 21.2 and 21.3 and may be amended by State Statute. The MERS generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number years of total service up to 37.5 years, to a maximum benefit of 75% of final average salary. Final average salary is the average of the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to general employees at least age 58 with 10 years of service or after 30 years regardless of age. Such benefits are also available to police and firefighters at or after age 55 with 10 years of service or after 25 years regardless of age. Under the 20-year service optional plan, police and firefighters may retire after 20 years of service with no restriction on age. This optional plan provides a benefit equal to 2.5% of final average salary per year of service up to 30 years, to a maximum benefit of 75% of final average salary. Early retirement is only available to police and firefighters under the normal plan. The plan also provides non-service connected disability benefits after 5 years of service, service connected disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits upon the completion of 10 years of service. Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year beginning January 1 following the member's retirement.

Funding Policy

General employees are required by State Statute to contribute 6% of their annual earnings. The contribution rate is increased to 7% with the optional cost-of-living provision. Police and firefighters are required by State Statute to contribute 7%. The contribution rate is increased to 8% with the optional cost-of-living provision. The contribution rate is increased by an additional 1 % for the 20-year service plan. The Town is required to contribute based on an actuarially determined amount and as provided by State Statute for each participating municipality. The Town contribution rate for fiscal year 2009 was 6.43% of covered payroll for general employees; and 22.08% for police officers.

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

Annual Pension Cost

For 2009, the Town's annual pension cost of \$168,411 for the MERS was equal to the Town's required and actual contributions.

Three-Year Trend Information

GENERAL MUNICIPAL EMPLOYEES

<u><i>Fiscal Year</i></u>	<u><i>Annual Pension Cost (APC)</i></u>	<u><i>Percentage of APC Contributed</i></u>	<u><i>Net Pension Obligation</i></u>
2007	\$74,768	100%	\$ -
2008	\$85,326	100%	\$ -
2009	\$83,458	100%	\$ -

POLICE OFFICERS

<u><i>Fiscal Year</i></u>	<u><i>Annual Pension Cost (APC)</i></u>	<u><i>Percentage of APC Contributed</i></u>	<u><i>Net Pension Obligation</i></u>
2007	\$46,066	100%	\$ -
2008	\$76,216	100%	\$ -
2009	\$84,953	100%	\$ -

The required contribution was determined as part of the June 30, 2006 actuarial valuation. The actuarial method used is the entry age normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability. Significant actuarial assumptions used in the June 30, 2006 valuation include the following:

- 1) Investment return – 8.25%, compounded annually, composed of an assumed 3.0% inflation rate and a 5.25% net real rate of return
- 2) Projected salary increases – Projected salary increases – general employees – a 4.5% wage inflation assumption (composed of a 3% price inflation assumption and a 1.5% additional general increase) plus a service related component; police/fire employees – a 4.75% wage inflation assumption (composed of a 3% price inflation assumption and a 1.75% additional general increase) plus a service related component
- 3) Cost of living adjustment – 3%, not compounded

TOWN OF FOSTER, RHODE ISLAND
Notes to Financial Statements
June 30, 2009

The actuarial value of assets is based on the market value of assets with a five-year phase-in of actual investment return in excess of (less than) expected investment income. The MERS' unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2006 was 23 years.

Funded Status and Funding Progress

Information on the funded status and funding progress of each plan as of June 30, 2008, the most recent actuarial valuation date, is as follows:

- **General Employees** – The plan was 89.9% funded. The actuarial accrued liability for benefits was \$3,088,526, and the actuarial value of assets was \$2,777,808, resulting in an unfunded actuarial accrued liability [UAAL] (funding excess) of 310,718. The covered payroll (annual payroll of active employees covered by the plan) was \$1,196,184, and the ratio of the UAAL (funding excess) to covered payroll was 26%.

- **Police Officers** – The plan was 88.4% funded. The actuarial accrued liability for benefits was \$2,398,430, and the actuarial value of assets was \$2,119,671, resulting in an unfunded actuarial accrued liability (UAAL) of \$278,759. The covered payroll (annual payroll of active employees covered by the plan) was \$337,127, and the ratio of the UAAL to covered payroll was 82.7%.

The June 30, 2008 actuarial valuation used the same methods and assumptions described above under funding policy.

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

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:

Schedule of Funding Progress – Pension Plan

Budgetary Comparison Schedules – General Fund and School Unrestricted Fund

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, 2009*

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance With</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts (Budgetary Basis)</i>	<i>Final Budget Favorable (Unfavorable)</i>
<u>Revenues</u>				
Real estate and personal property tax	\$ 9,899,530	\$ 9,899,530	\$ 9,806,090	\$ (93,440)
Tax exemption 45-13-51	437	437	437	-
Hotel tax	16,993	16,993	17,985	992
Motor vehicle excise phase-out	865,030	865,030	857,972	(7,058)
State aid to education	1,416,462	1,416,462	1,102,406	(314,056)
Public Utilities Sharing	41,605	41,605	41,563	(42)
Municipal revenue sharing	235,970	235,970	119,270	(116,700)
Housing aid	28,738	28,738	-	(28,738)
Licenses and permits	84,538	84,538	72,969	(11,569)
Building and zoning fees	34,000	34,000	39,833	5,833
Fines and interest on late payments	65,000	65,000	60,280	(4,720)
Interest on investments	85,000	85,000	12,468	(72,532)
Other revenues	108,500	108,500	97,760	(10,740)
Total revenues	12,881,803	12,881,803	12,229,033	(652,770)
<u>Other financing sources</u>				
Transfers from School Unrestricted Fund	-	-	138,072	138,072
Transfers from Capital Projects Fund	709,409	709,409	709,409	-
Total other financing sources	709,409	709,409	847,481	138,072
Total revenues and other financing sources	\$ 13,591,212	\$ 13,591,212	\$ 13,076,514	\$ (514,698)
<u>Legislative, Judicial and General</u>				
<u>Administrative</u>				
Salaries	247,550	247,550	246,289	1,261
Benefits	103,638	103,638	100,180	3,458
Town sergeant expenses	300	300	-	300
Town council expenses	4,000	4,000	4,000	-
Town clerk expenses	3,200	3,200	4,995	(1,795)
Probate judge expense	800	800	965	(165)
Board of canvassers expenses	2,400	2,400	2,763	(363)
Election expenses	6,000	6,000	5,468	532
Education expense	2,000	2,000	1,950	50
Duplicating supplies	4,500	4,500	3,325	1,175
Municipal code maintenance expense	2,200	2,200	640	1,560
Equipment	6,000	6,000	8,195	(2,195)
Sealer of weights and measures	300	300	-	300
Total legislative, judicial and general administrative	382,888	382,888	378,770	4,118

(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, 2009

	<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	134,739	134,739	129,217	5,522
Finance benefits	51,888	51,888	44,236	7,652
Finance department education	3,000	3,000	2,830	170
Finance department's office expenses/tax bills	9,200	9,200	5,317	3,883
Tax collector's postage/advertising	3,000	3,000	1,784	1,216
Assessor's salary	28,548	28,548	28,434	114
Assessor's benefits	19,345	19,345	18,946	399
Assessment review board	1,260	1,260	1,260	-
Assessor's education expense	500	500	290	210
Maintain maps	2,800	2,800	1,746	1,054
Assessor's office supplies	1,700	1,700	786	914
Subscription/publication	400	400	162	238
Computer and support	4,665	4,665	-	4,665
Equipment	1,419	1,419	711	708
<i>Total finance administration</i>	<u>262,464</u>	<u>262,464</u>	<u>235,719</u>	<u>26,745</u>
<i>Miscellaneous administration</i>				
Audit of town books	23,000	23,000	19,800	3,200
Electric	19,500	19,500	22,011	(2,511)
Heating Fuel	24,000	24,000	14,122	9,878
Telephone	17,760	17,760	15,823	1,937
Purchased Services/Contract	18,000	18,000	40,961	(22,961)
Contingency	10,500	10,500	7,396	3,104
Benefits	30,516	30,516	36,798	(6,282)
Unemployment compensation	-	-	15,378	(15,378)
Travel	3,000	3,000	2,891	109
Casualty and liability insurance	93,432	93,432	98,730	(5,298)
<i>Total miscellaneous administration</i>	<u>239,708</u>	<u>239,708</u>	<u>273,910</u>	<u>(34,202)</u>
<i>Health and welfare</i>				
Human service director's salary	16,566	16,566	16,755	(189)
Benefits	7,976	7,976	8,062	(86)
Office expense	800	800	412	388
Northwest Nursing Association	6,750	6,750	6,750	-
Mental Health Association	2,925	2,925	2,925	-
Comprehensive Community Action	8,250	8,250	8,250	-
Samaritans	190	190	190	-
Dora C. Howard Center	1,875	1,875	1,875	-
Northern RI Cooperative	750	750	-	750
Wildlife Rehabilitations	115	115	115	-
RI Resource Recovery	80,000	80,000	74,134	5,866
Disposal	226,400	226,400	234,460	(8,060)
Recycling program	15,000	15,000	1,551	13,449
<i>Total health and welfare</i>	<u>367,597</u>	<u>367,597</u>	<u>355,479</u>	<u>12,118</u>

(Continued)

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

TOWN OF FOSTER, RHODE ISLAND

General Fund

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

For the Fiscal Year Ended June 30, 2009

	<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 Safety				
Salaries	460,590	460,590	419,071	41,519
Dispatchers	180,553	180,553	175,652	4,901
Benefits	249,099	249,099	274,726	(25,627)
School resource officer	18,000	18,000	14,718	3,282
Police - fuel and lube oil	14,000	14,000	23,114	(9,114)
Police - tires	1,000	1,000	1,409	(409)
Police - parts and repairs	8,000	8,000	10,057	(2,057)
Police radio maintenance	2,000	2,000	1,292	708
Police department operations	6,000	6,000	9,818	(3,818)
Police - computer services	10,000	10,000	9,509	491
Police uniforms	14,000	14,000	11,580	2,420
Police office expense	6,000	6,000	7,179	(1,179)
Police education allowance	12,000	12,000	12,390	(390)
Police new equipment	6,500	6,500	8,205	(1,705)
Foster ambulance corps	84,700	84,700	84,700	-
South Foster fire company	50,000	50,000	50,000	-
Foster Center fire company	53,400	53,400	53,400	-
Mossup Valley fire company	58,575	58,575	58,575	-
Ambulance Corp. Stipend	15,000	15,000	14,970	30
Public Safety Training	30,000	30,000	19,440	10,560
Engineering board	3,500	3,500	1,938	1,562
Dog officer - salary	15,204	15,204	15,139	65
Dog officer - fuel and lube oil	1,500	1,500	-	1,500
Dog officer - parts and repairs	1,000	1,000	399	601
Dog officer - benefits	7,973	7,973	7,884	89
Dog officer - uniforms	400	400	400	-
Pound fees	20,000	20,000	9,712	10,288
Civil defense	250	250	350	(100)
Total public safety	1,329,244	1,329,244	1,295,627	33,617
Public works				
Salaries	394,058	394,058	361,273	32,785
Benefits	152,829	152,829	155,447	(2,618)
Professional services	3,500	3,500	3,384	116
Uniforms	9,600	9,600	7,961	1,639
Fuel and oil	65,000	65,000	30,091	34,909
Parts and repairs	37,000	37,000	38,548	(1,548)
Tires	4,000	4,000	2,814	1,186
Grader and plow blades	2,500	2,500	2,500	-
Sand and salt	50,000	50,000	61,787	(11,787)

(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, 2009

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Favorable (Unfavorable)</i>
	<i>Original</i>	<i>Final</i>		
Road oil	25,000	25,000	25,000	-
Asphalt mix	10,000	10,000	7,646	2,354
Welding	1,000	1,000	872	128
Rental equipment	2,000	2,000	1,328	672
Safety	500	500	500	-
Education expense	500	500	-	500
Radio repairs	2,000	2,000	1,656	344
Office supplies	750	750	520	230
Gravel	32,000	32,000	28,745	3,255
Building and grounds	20,000	20,000	17,117	2,883
Equipment	7,500	7,500	5,936	1,564
Pea stone	4,000	4,000	4,000	-
Pipe	3,000	3,000	2,286	714
Road signs	1,000	1,000	1,000	-
Other road material	2,000	2,000	1,935	65
Department operation expense	3,500	3,500	2,836	664
Total public works	833,237	833,237	765,182	68,055
Building and zoning				
Salaries	35,013	35,013	34,898	115
Benefits	10,282	10,282	10,016	266
Education expense	500	500	385	115
Travel	-	-	18	(18)
Department expense	5,100	5,100	2,507	2,593
Total building and zoning	50,895	50,895	47,824	3,071
Planning				
Salaries	50,311	50,311	49,433	878
Benefits	12,755	12,755	15,575	(2,820)
Education expense	1,200	1,200	343	857
Advertising/fees	2,000	2,000	985	1,015
Office expense	1,500	1,500	1,487	13
Computer software	1,500	1,500	700	800
Postage	400	400	1,500	(1,100)
Economic Initiative	500	500	-	500
Subscriptions and publications	300	300	227	73
Total planning	70,466	70,466	70,250	216
Conservation				
Conservation commission	2,700	2,700	1,649	1,051
Northern RI conservation	800	800	800	-
Total conservation	3,500	3,500	2,449	1,051

(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, 2009

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance With</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i> <i>(Budgetary</i> <i>Basis)</i>	<i>Final Budget</i> <i>Favorable</i> <i>(Unfavorable)</i>
Recreation				
Salaries	10,168	10,168	6,140	4,028
Benefits	778	778	369	409
Mailing and advertising	1,400	1,400	1,408	(8)
Maintenance and repairs	4,000	4,000	3,998	2
Mowing	-	-	375	(375)
Equipment and rental	2,000	2,000	1,902	98
Sports/activities	14,700	14,700	12,238	2,462
Northern RI Ext. service	1,000	1,000	-	1,000
Senior citizens	3,000	3,000	3,000	-
Annual events	2,500	2,500	5,622	(3,122)
Total recreation	39,546	39,546	35,052	4,494
School				
Regional operational	4,503,916	4,503,916	4,503,916	-
Total school	4,503,916	4,503,916	4,503,916	-
Libraries				
Libraries of Foster	156,610	156,610	156,610	-
Total libraries	156,610	156,610	156,610	-
Land Trust				
Land trust expenditures	5,680	5,680	5,280	400
Total land trust	5,680	5,680	5,280	400
Capital expenditures and other				
Assessor	25,000	25,000	25,000	-
Police	26,409	26,409	26,409	-
Police station	50,000	50,000	50,000	-
Public works highway	335,000	335,000	42,951	292,049
Public works buildings and grounds	58,000	58,000	21,489	36,511
Fire Department	130,000	130,000	130,000	-
School Department	60,000	60,000	60,000	-
Public Works Garage	25,000	25,000	29,137	(4,137)
Total capital expenditures and other	709,409	709,409	384,986	324,423
Total expenditures	8,955,160	8,955,160	8,511,054	444,106
Other financing uses				
Transfer to school department fund	4,367,058	4,367,058	4,367,058	-
Transfer to capital projects fund	266,494	266,494	266,494	-
Transfer to Townhouse Trust	2,500	2,500	2,500	-
Total other financing uses	4,636,052	4,636,052	4,636,052	-
Total expenditures and other financing uses	\$ 13,591,212	\$ 13,591,212	\$ 13,147,106	\$ 444,106

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ 15,312	\$ 15,312
Other revenues	-	-	7,000	7,000
Surplus	<u>62,432</u>	<u>62,432</u>	<u>62,432</u>	<u>-</u>
Total revenues	<u>62,432</u>	<u>62,432</u>	<u>84,744</u>	<u>22,312</u>
Expenditures				
Education	<u>4,429,490</u>	<u>4,429,490</u>	<u>4,205,903</u>	<u>223,587</u>
Total expenditures	<u>4,429,490</u>	<u>4,429,490</u>	<u>4,205,903</u>	<u>223,587</u>
Deficiency of revenues under expenditures before other financing sources	<u>(4,367,058)</u>	<u>(4,367,058)</u>	<u>(4,121,159)</u>	<u>245,899</u>
Other financing sources (uses)				
Town appropriation	4,367,058	4,367,058	4,367,058	-
Transfer to General Fund	-	-	(138,072)	(138,072)
Transfer to Food Service Fund	-	-	<u>(36,727)</u>	<u>(36,727)</u>
Total other financing sources (uses)	<u>4,367,058</u>	<u>4,367,058</u>	<u>4,192,259</u>	<u>(174,799)</u>
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	\$ 71,100	<u>\$ 71,100</u>
Adjustment of budgetary basis to GAAP basis: Use of fund balance			(62,432)	
Excess of revenues and other financing sources over expenditures and other financing uses, GAAP basis			8,668	
Fund balance - beginning of year			<u>200,043</u>	
Fund balance - end of year			<u>\$ 208,711</u>	

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 Funding Progress
"Unaudited"

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) -Entry Age</i>	<i>Unfunded Liability/ (Funding) (Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i>
<i>Police Employees Pension Plan:</i>							
	6/30/06	\$ 1,733,089	\$ 2,171,744	\$ 438,655	79.8%	\$ 306,511	143.1%
	6/30/07	1,935,289	2,172,650	237,361	89.1%	328,396	72.3%
	6/30/08	2,119,671	2,398,430	278,759	88.4%	337,127	82.7%
 <i>General Municipal Employees Pension Plan:</i>							
	6/30/06	\$ 2,241,004	\$ 2,487,092	\$ 246,088	90.1%	\$ 1,008,924	24.4%
	6/30/07	2,504,657	2,844,598	339,941	88.0%	1,102,183	30.8%
	6/30/08	2,777,808	3,088,526	310,718	89.9%	1,196,184	26.0%

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2009

NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

The Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. All budget requests must be submitted to the Town Council by March 1. The Town Council shall obtain from the head of each department, office and agency estimates of its revenues and expenditures and supporting data as it may request. The Town Council's proposed budget shall show all anticipated revenues and all proposed expenditures. The Town Council shall hold a public hearing on its preliminary recommended budget, prior to its adoption, at least 30 days prior to the Annual Financial Town Meeting. The Town Council shall adopt its recommended budget for presentation at the Annual Financial Town Meeting not later than fifteen days preceding its date. The recommended budget is approved or amended by the voters at the Annual Financial Town Meeting. The General Fund and School Unrestricted Fund annual operating budget amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The legal level of control for the General Fund is at the department level and the School Unrestricted Fund is at the fund level. Amendments that would change the total appropriation must be approved by the voters at a Financial Town Meeting. There were no supplemental budgetary appropriations in fiscal year 2009. Appropriations which are not expended or encumbered lapse at year end.

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

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

	<u>General Fund</u>	<u>School Unrestricted Fund</u>
<u>Revenues and Other Financing Sources</u>		
Actual amounts (budgetary basis)	\$13,076,514	\$4,451,802
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.	-	158,762
The transfer from surplus is a budgetary revenue but is not a revenue for financial reporting purposes	-	(62,432)
<i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$13,076,514</u>	<u>\$4,548,132</u>

TOWN OF FOSTER, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2009

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$13,147,106	\$4,380,702
Differences – budget to GAAP: Capital appropriations may be carried over for 2 years from the date the appropriation is made. Capital appropriations carried over are reflected as a budgetary expenditure, but are not a current year expenditure for financial reporting purposes.	(5,139)	-
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Foster are not reported as a budgetary expenditure, but are a current year expenditure for financial reporting purposes.	-	158,762
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$13,141,967</u>	<u>\$4,539,464</u>

OTHER SUPPLEMENTARY INFORMATION

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

THIS SECTION CONTAINS THE FOLLOWING:

Combining Fund Financial Statements for Nonmajor Governmental Funds

Other Supplementary Information

TOWN OF FOSTER, RHODE ISLAND

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2009

	<i>Town Special Revenue Funds</i>	<i>School Special Revenue Funds</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS			
Cash	\$ 214,283	\$ 4,011	\$ 218,294
Investments	79,484	-	79,484
Due from federal and state governments	32,239	42,090	74,329
Due from other funds	135,395	125,136	260,531
Total assets	<u>\$ 461,401</u>	<u>\$ 171,237</u>	<u>\$ 632,638</u>
 LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Accounts payable and accrued expenses	-	14,026	14,026
Due to other funds	90,252	40,173	130,425
Total liabilities	<u>90,252</u>	<u>54,199</u>	<u>144,451</u>
 <i>Fund balances</i>			
Unreserved	371,149	117,038	488,187
Total fund balances	<u>371,149</u>	<u>117,038</u>	<u>488,187</u>
 Total liabilities and fund balances	 <u>\$ 461,401</u>	 <u>\$ 171,237</u>	 <u>\$ 632,638</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, 2009*

	<u>Town Special Revenue Funds</u>	<u>School Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Intergovernmental and departmental revenue	\$ 340,120	\$ 425,619	\$ 765,739
Interest on investments	2,039	-	2,039
Other revenue	16,943	51,717	68,660
Total revenues	<u>359,102</u>	<u>477,336</u>	<u>836,438</u>
Expenditures			
Legislative, judicial and general administrative	17,418	-	17,418
Health and welfare	155,313	-	155,313
Public safety	92,355	-	92,355
Public works	590	-	590
Recreation	29,701	-	29,701
Education	-	407,094	407,094
Food service	-	68,789	68,789
Total expenditures	<u>295,377</u>	<u>475,883</u>	<u>771,260</u>
Excess of revenues over expenditures before other financing sources	<u>63,725</u>	<u>1,453</u>	<u>65,178</u>
Other financing sources			
Transfers from other funds	2,500	36,727	39,227
Total other financing sources	<u>2,500</u>	<u>36,727</u>	<u>39,227</u>
Net change in fund balance	66,225	38,180	104,405
Fund balances - beginning of year	304,924	78,858	383,782
Fund balances - end of year	<u>\$ 371,149</u>	<u>\$ 117,038</u>	<u>\$ 488,187</u>

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

Combining Balance Sheet

June 30, 2009

	<i>Community Development Block Grant</i>	<i>Department of Elderly Affairs Grant</i>	<i>MHRH Underage Drinking Grant</i>	<i>RIPTIDE Grant</i>	<i>Champlin Grant</i>	<i>Historical Records</i>
ASSETS						
Cash	\$ 68,016	\$ -	\$ -	\$ -	\$ 16,894	\$ -
Investments	-	-	-	-	-	13,090
Due from federal and state governments	-	-	-	1,809	-	3,200
Due from other funds	12,000	-	-	-	-	-
Total assets	<u>\$ 80,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,809</u>	<u>\$ 16,894</u>	<u>\$ 16,290</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Due to other funds	-	-	-	1,809	12,434	1,386
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,809</u>	<u>12,434</u>	<u>1,386</u>
 Fund balances						
Unreserved - undesignated	80,016	-	-	-	4,460	14,904
Total fund balances	<u>80,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,460</u>	<u>14,904</u>
 Total liabilities and fund balances	<u>\$ 80,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,809</u>	<u>\$ 16,894</u>	<u>\$ 16,290</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

Combining Balance Sheet (Continued)

June 30, 2009

	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>Townhouse Grant</i>	<i>Townhouse Trust</i>	<i>Dog Damages</i>	<i>Driveway Bond Deposit</i>	<i>DEM Fund</i>
ASSETS							
Cash	\$ -	\$ 10,592	\$ 17,363	\$ 45,880	\$ -	\$ -	\$ -
Investments	11,453	-	-	-	10,096	6,291	-
Due from federal and state governments	-	-	-	11,880	-	-	11,375
Due from other funds	26,597	-	-	-	-	-	-
Total assets	<u>\$ 38,050</u>	<u>\$ 10,592</u>	<u>\$ 17,363</u>	<u>\$ 57,760</u>	<u>\$ 10,096</u>	<u>\$ 6,291</u>	<u>\$ 11,375</u>
 LIABILITIES AND FUND BALANCES							
Liabilities							
Due to other funds	-	9,981	17,363	28,328	-	-	11,375
Total liabilities	<u>-</u>	<u>9,981</u>	<u>17,363</u>	<u>28,328</u>	<u>-</u>	<u>-</u>	<u>11,375</u>
 Fund balances							
Unreserved - undesignated	38,050	611	-	29,432	10,096	6,291	-
Total fund balances	<u>38,050</u>	<u>611</u>	<u>-</u>	<u>29,432</u>	<u>10,096</u>	<u>6,291</u>	<u>-</u>
 Total liabilities and fund balances	<u>\$ 38,050</u>	<u>\$ 10,592</u>	<u>\$ 17,363</u>	<u>\$ 57,760</u>	<u>\$ 10,096</u>	<u>\$ 6,291</u>	<u>\$ 11,375</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

Town Special Revenue Funds

Combining Balance Sheet (Continued)

June 30, 2009

	<u>Recreation</u>	<u>Payments in-Lieu of Land</u>	<u>EMA</u>	<u>Human Services Special Needs</u>	<u>RI Resource Recovery Grant</u>	<u>Bryne Grant</u>	<u>Total</u>
ASSETS							
Cash	\$ 21,980	\$ -	\$ -	\$ 4,987	\$ 28,571	\$ -	\$ 214,283
Investments	-	38,554	-	-	-	-	79,484
Due from federal and state governments	-	-	-	-	-	3,975	32,239
Due from other funds	-	90,337	4,000	-	2,461	-	135,395
Total assets	<u>\$ 21,980</u>	<u>\$ 128,891</u>	<u>\$ 4,000</u>	<u>\$ 4,987</u>	<u>\$ 31,032</u>	<u>\$ 3,975</u>	<u>\$ 461,401</u>
 LIABILITIES AND FUND BALANCES							
Liabilities							
Due to other funds	3,622	-	-	-	-	3,954	90,252
Total liabilities	<u>3,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,954</u>	<u>90,252</u>
 Fund balances							
Unreserved - undesignated	18,358	128,891	4,000	4,987	31,032	21	371,149
Total fund balances	<u>18,358</u>	<u>128,891</u>	<u>4,000</u>	<u>4,987</u>	<u>31,032</u>	<u>21</u>	<u>371,149</u>
 Total liabilities and fund balances	<u>\$ 21,980</u>	<u>\$ 128,891</u>	<u>\$ 4,000</u>	<u>\$ 4,987</u>	<u>\$ 31,032</u>	<u>\$ 3,975</u>	<u>\$ 461,401</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, 2009

	<i>Community Development Block Grant</i>	<i>Department of Elderly Affairs Grant</i>	<i>MHRH Underage Drinking Grant</i>	<i>RIPTIDE Grant</i>	<i>Champlin Grant</i>	<i>Historical Records</i>
Revenues						
Intergovernmental and departmental revenues	\$ 143,150	\$ -	\$ -	\$ 11,228	\$ -	\$ 4,240
Interest on investments	475	-	-	-	111	124
Other revenue	3,032	-	-	-	-	-
Total revenues	<u>146,657</u>	<u>-</u>	<u>-</u>	<u>11,228</u>	<u>111</u>	<u>4,364</u>
Expenditures						
Legislative, judicial and general administrative	-	-	-	-	-	3,200
Health and welfare	127,161	2,516	-	-	-	-
Public safety	-	-	810	11,228	-	-
Public Works	-	-	-	-	-	-
Recreation	-	-	-	-	12,573	-
Total expenditures	<u>127,161</u>	<u>2,516</u>	<u>810</u>	<u>11,228</u>	<u>12,573</u>	<u>3,200</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>19,496</u>	<u>(2,516)</u>	<u>(810)</u>	<u>-</u>	<u>(12,462)</u>	<u>1,164</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	19,496	(2,516)	(810)	-	(12,462)	1,164
Fund balances - beginning of year	60,520	2,516	810	-	16,922	13,740
Fund balances - end of year	<u>\$ 80,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,460</u>	<u>\$ 14,904</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, 2009

	<i>Technology Recording Fee</i>	<i>DARE</i>	<i>Townhouse Grant</i>	<i>Townhouse Trust</i>	<i>Dog Damages</i>	<i>Driveway Bond Deposit</i>	<i>DEM Fund</i>
Revenues							
Intergovernmental and departmental revenues	\$ 5,932	\$ -	\$ -	\$ 11,880	\$ -	\$ -	\$ 11,375
Interest on investments	108	-	-	699	97	59	-
Other revenue	-	1,625	-	-	-	-	-
Total revenues	<u>6,040</u>	<u>1,625</u>	<u>-</u>	<u>12,579</u>	<u>97</u>	<u>59</u>	<u>11,375</u>
Expenditures							
Legislative, judicial and general administrative	-	-	-	13,968	250	-	-
Health and Welfare	-	-	-	-	-	-	-
Public safety	-	1,014	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	11,375
Total expenditures	<u>-</u>	<u>1,014</u>	<u>-</u>	<u>13,968</u>	<u>250</u>	<u>-</u>	<u>11,375</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>6,040</u>	<u>611</u>	<u>-</u>	<u>(1,389)</u>	<u>(153)</u>	<u>59</u>	<u>-</u>
Other financing sources							
Transfers from other funds	-	-	-	2,500	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	6,040	611	-	1,111	(153)	59	-
Fund balances - beginning of year	32,010	-	-	28,321	10,249	6,232	-
Fund balances - end of year	<u>\$ 38,050</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 29,432</u>	<u>\$ 10,096</u>	<u>\$ 6,291</u>	<u>\$ -</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, 2009

	<i>Recreation</i>	<i>Payments in-Lieu of Land</i>	<i>EMA</i>	<i>Human Services Special Needs</i>	<i>RI Resource Recovery Grant</i>	<i>Bryne Grant</i>	<i>Total</i>
Revenues							
Intergovernmental and departmental revenues	\$ 1,135	\$ 25,365	\$ 77,349	\$ 10,920	\$ 33,571	\$ 3,975	\$ 340,120
Interest on investments	-	366	-	-	-	-	2,039
Other revenue	-	-	-	12,286	-	-	16,943
Total revenues	<u>1,135</u>	<u>25,731</u>	<u>77,349</u>	<u>23,206</u>	<u>33,571</u>	<u>3,975</u>	<u>359,102</u>
Expenditures							
Legislative, judicial and general administrative	-	-	-	-	-	-	17,418
Health and welfare	-	-	-	20,636	5,000	-	155,313
Public safety	-	-	75,349	-	-	3,954	92,355
Public Works	-	-	-	-	590	-	590
Recreation	5,753	-	-	-	-	-	29,701
Total expenditures	<u>5,753</u>	<u>-</u>	<u>75,349</u>	<u>20,636</u>	<u>5,590</u>	<u>3,954</u>	<u>295,377</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(4,618)</u>	<u>25,731</u>	<u>2,000</u>	<u>2,570</u>	<u>27,981</u>	<u>21</u>	<u>63,725</u>
Other financing sources							
Transfers from other funds	-	-	-	-	-	-	2,500
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Net change in fund balance	(4,618)	25,731	2,000	2,570	27,981	21	66,225
Fund balances - beginning of year	22,976	103,160	2,000	2,417	3,051	-	304,924
Fund balances - end of year	<u>\$ 18,358</u>	<u>\$ 128,891</u>	<u>\$ 4,000</u>	<u>\$ 4,987</u>	<u>\$ 31,032</u>	<u>\$ 21</u>	<u>\$ 371,149</u>

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

Combining Balance Sheet

June 30, 2009

	<i>Article 31 State Aid</i>				<i>Other State Aid</i>
	<i>Student Equity</i>	<i>Early Childhood</i>	<i>Technology</i>	<i>Professional Development</i>	<i>RILDPA</i>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-
Due from other funds	15,268	3,534	-	2,738	15,268
Total assets	\$ 15,268	\$ 3,534	\$ -	\$ 2,738	\$ 15,268
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ 2,204	\$ 2,549	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	2,204	2,549	-	-	-
 Fund balances (deficit)	13,064	985	-	2,738	15,268
 Total liabilities and fund balances	\$ 15,268	\$ 3,534	\$ -	\$ 2,738	\$ 15,268

(Continued)

TOWN OF FOSTER, RHODE ISLAND

*School Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2009*

	<i>Federal Grants</i>					
	<i>Title I</i>	<i>Title II</i>	<i>Title IV</i>	<i>Title V</i>	<i>IDEA Preschool</i>	<i>IDEA Part B</i>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

*School Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2009*

	<u>School Lunch</u>	<u>Medicaid</u>	<u>RI Parent Information Network</u>	<u>Small Rural School Grant</u>	<u>Breakfast Program</u>	<u>State Fiscal Stabilization</u>	<u>Total</u>
ASSETS							
Cash	\$ 4,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,011
Due from federal and state governments	1,917	-	-	-	-	40,173	42,090
Due from other funds	5,514	73,893	7,699	1,222	-	-	125,136
Total assets	<u>\$ 11,442</u>	<u>\$ 73,893</u>	<u>\$ 7,699</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ 40,173</u>	<u>\$ 171,237</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 3,445	\$ 5,828	\$ -	\$ -	\$ -	\$ -	\$ 14,026
Due to other funds	-	-	-	-	-	40,173	40,173
Total liabilities	<u>3,445</u>	<u>5,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,173</u>	<u>54,199</u>
Fund balances (deficit)	<u>7,997</u>	<u>68,065</u>	<u>7,699</u>	<u>1,222</u>	<u>-</u>	<u>-</u>	<u>117,038</u>
Total liabilities and fund balances	<u>\$ 11,442</u>	<u>\$ 73,893</u>	<u>\$ 7,699</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ 40,173</u>	<u>\$ 171,237</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, 2009

	<u>Article 31 State Aid</u>				<u>Other State Aid</u>
	<u>Student Equity</u>	<u>Early Childhood</u>	<u>Technology</u>	<u>Professional Development</u>	<u>RILDPA</u>
Revenues					
Intergovernmental and departmental revenues	\$ 75,517	\$ 31,865	\$ 7,970	\$ -	\$ 38,119
Other revenue	-	-	-	-	-
Total revenues	<u>75,517</u>	<u>31,865</u>	<u>7,970</u>	<u>-</u>	<u>38,119</u>
Expenditures					
Education	75,517	31,865	7,970	-	38,119
Food service	-	-	-	-	-
Total expenditures	<u>75,517</u>	<u>31,865</u>	<u>7,970</u>	<u>-</u>	<u>38,119</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources					
Transfers from other funds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-
Fund balances - beginning of year	13,064	985	-	2,738	15,268
Fund balances - end of year	<u>\$ 13,064</u>	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ 2,738</u>	<u>\$ 15,268</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, 2009

	<i>Federal Grants</i>					
	<u><i>Title I</i></u>	<u><i>Title II</i></u>	<u><i>Title IV</i></u>	<u><i>Title V</i></u>	<u><i>IDEA Preschool</i></u>	<u><i>IDEA Part B</i></u>
Revenues						
Intergovernmental and departmental revenues	\$ 46,211	\$ 24,994	\$ 1,294	\$ 6	\$ 9,667	\$ 65,959
Other revenue	-	-	-	-	-	-
Total revenues	<u>46,211</u>	<u>24,994</u>	<u>1,294</u>	<u>6</u>	<u>9,667</u>	<u>65,959</u>
Expenditures						
Education	46,211	24,994	1,294	6	9,667	65,959
Food service	-	-	-	-	-	-
Total expenditures	<u>46,211</u>	<u>24,994</u>	<u>1,294</u>	<u>6</u>	<u>9,667</u>	<u>65,959</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-	-
Fund balances - beginning of year	-	-	-	-	-	-
Fund balances - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

TOWN OF FOSTER, RHODE ISLAND

School Special Revenue Funds

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

For the Fiscal Year Ending June 30, 2009

	<u>School Lunch</u>	<u>Medicaid</u>	<u>RI Parent Information Network</u>	<u>Small Rural School Grant</u>	<u>Breakfast Program</u>	<u>State Fiscal Stabilization</u>	<u>Total</u>
Revenues							
Intergovernmental and departmental revenues	\$ 19,088	\$ 10,516	\$ -	\$ 14,067	\$ -	\$ 80,346	\$ 425,619
Other revenue	43,717	-	8,000	-	-	-	51,717
Total revenues	<u>62,805</u>	<u>10,516</u>	<u>8,000</u>	<u>14,067</u>	<u>-</u>	<u>80,346</u>	<u>477,336</u>
Expenditures							
Education	-	8,387	716	15,013	1,030	80,346	407,094
Food service	68,789	-	-	-	-	-	68,789
Total expenditures	<u>68,789</u>	<u>8,387</u>	<u>716</u>	<u>15,013</u>	<u>1,030</u>	<u>80,346</u>	<u>475,883</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(5,984)</u>	<u>2,129</u>	<u>7,284</u>	<u>(946)</u>	<u>(1,030)</u>	<u>-</u>	<u>1,453</u>
Other financing sources							
Transfers from other funds	36,727	-	-	-	-	-	36,727
Total other financing sources	<u>36,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,727</u>
Net change in fund balance	30,743	2,129	7,284	(946)	(1,030)	-	38,180
Fund balances - beginning of year	(22,746)	65,936	415	2,168	1,030	-	78,858
Fund balances - end of year	<u>\$ 7,997</u>	<u>\$ 68,065</u>	<u>\$ 7,699</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,038</u>

TOWN OF FOSTER, RHODE ISLAND

Combining Statement of Net Assets

Agency Funds

June 30, 2009

	<u><i>Mageira Performance Bond</i></u>	<u><i>Student Activity Funds</i></u>	<u><i>Probate Escrow Fund</i></u>	<u><i>Total Agency Funds</i></u>
<i>Assets</i>				
Cash	\$ 20,365	\$ 1,875	\$ 3,830	\$ 26,070
<i>Total assets</i>	<u>\$ 20,365</u>	<u>\$ 1,875</u>	<u>\$ 3,830</u>	<u>\$ 26,070</u>
<i>Liabilities</i>				
Due to other funds	\$ 19,826	\$ -	\$ 500	\$ 20,326
Deposits held in custody for others	539	1,875	3,330	5,744
<i>Total liabilities</i>	<u>\$ 20,365</u>	<u>\$ 1,875</u>	<u>\$ 3,830</u>	<u>\$ 26,070</u>

TOWN OF FOSTER, RHODE ISLAND
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
MAGEIRA PERFORMANCE BOND				
<i>Assets</i>				
Cash	\$ 20,055	\$ 310	\$ -	\$ 20,365
Total assets	<u>\$ 20,055</u>	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ 20,365</u>
<i>Liabilities</i>				
Due to other funds	\$ 19,524	\$ 302	\$ -	\$ 19,826
Deposits held in custody for others	531	8	-	539
Total liabilities	<u>\$ 20,055</u>	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ 20,365</u>
STUDENT ACTIVITY FUND				
<i>Assets</i>				
Cash	\$ 2,605	\$ 4,877	\$ 5,607	\$ 1,875
Total assets	<u>\$ 2,605</u>	<u>\$ 4,877</u>	<u>\$ 5,607</u>	<u>\$ 1,875</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 2,605	\$ 4,877	\$ 5,607	\$ 1,875
Total liabilities	<u>\$ 2,605</u>	<u>\$ 4,877</u>	<u>\$ 5,607</u>	<u>\$ 1,875</u>
PROBATE ESCROW ACCOUNT				
<i>Assets</i>				
Cash	\$ 3,772	\$ 58	\$ -	\$ 3,830
Total assets	<u>\$ 3,772</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 3,830</u>
<i>Liabilities</i>				
Due to other funds	500	-	-	500
Deposits held in custody for others	3,272	58	-	3,330
Total liabilities	<u>\$ 3,772</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 3,830</u>
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Cash	\$ 26,432	\$ 5,245	\$ 5,607	\$ 26,070
Total assets	<u>\$ 26,432</u>	<u>\$ 5,245</u>	<u>\$ 5,607</u>	<u>\$ 26,070</u>
<i>Liabilities</i>				
Due to other funds	20,024	302	-	20,326
Deposits held in custody for others	6,408	4,943	5,607	5,744
Total liabilities	<u>\$ 26,432</u>	<u>\$ 5,245</u>	<u>\$ 5,607</u>	<u>\$ 26,070</u>

TOWN OF FOSTER, RHODE ISLAND

Tax Collector's Annual Report

For the Fiscal Year Ended June 30, 2009

Real Estate and Personal Property Taxes

<i>Fiscal Year End</i>	<i>Balance 6/30/2008</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 6/30/2009</i>
2009	\$ -	\$ 9,879,531	\$ 36,919	\$ 21,161	\$ 11,489	\$ 9,906,778	\$ 9,585,349	321,429
2008	238,155	-	-	211	1,562	239,506	213,074	26,432
2007	22,111	-	-	214	359	22,256	4,107	18,149
2006	15,375	-	-	221	221	15,375	214	15,161
2005	9,697	-	-	-	385	10,082	367	9,715
2004	10,490	-	-	-	5	10,495	194	10,301
2003	8,397	-	-	-	-	8,397	-	8,397
2002	9,180	-	-	-	5	9,185	-	9,185
2001	9,378	-	-	-	-	9,378	-	9,378
2000	9,704	-	-	9,315	-	389	-	389
1999	419	-	-	444	5	(20)	-	(20)
1998 and prior	8,345	-	-	6,342	-	2,003	-	2,003
	<u>\$ 341,251</u>	<u>\$ 9,879,531</u>	<u>\$ 36,919</u>	<u>\$ 37,908</u>	<u>\$ 14,031</u>	<u>\$10,233,824</u>	<u>\$ 9,803,305</u>	<u>\$ 430,519</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	\$ 689,960,787	\$ 9,328,269
Motor Vehicles	41,922,900	1,549,051
Tangible and Personal Property	8,036,223	149,474
Total	<u>739,919,910</u>	<u>11,026,794</u>
Exemptions and frozen property	(21,086,252)	(1,147,263)
Net assessed value	<u>\$ 718,833,658</u>	<u>\$ 9,879,531</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 9,803,305
<u>Adjustments and reversals</u>	
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2009	87,284
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2008	(70,468)
Refunds and payment adjustments	(14,031)
Current year property tax revenue	<u>\$ 9,806,090</u>

STATISTICAL SECTION

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

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Town's financial position has changed over time.	70-73
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the Town's ability to generate its most significant local revenue sources, the real and personal property tax .	74-77
Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	78-82
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	83-84
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	85-87

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Primary Government						
Governmental activities						
Invested in capital assets, net of related debt	\$ 8,141,662	\$ 7,818,191	\$ 7,554,654	\$ 7,619,259	\$ 7,857,376	\$ 7,753,237
Restricted	2,744,263	2,160,845	2,754,266	2,458,707	1,849,009	1,454,828
Unrestricted	1,019,069	1,193,936	1,188,117	990,677	59,436	94,934
Total governmental activities net assets	<u>\$ 11,904,994</u>	<u>\$ 11,172,972</u>	<u>\$ 11,497,037</u>	<u>\$ 11,068,643</u>	<u>\$ 9,765,821</u>	<u>\$ 9,302,999</u>

Note: Prior to implementation of GASB 34 in 2004, this information was not compiled and is unavailable.

Source: Town of Foster Audited Financial Statements

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

Fiscal Year

	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
Legislative, judicial and general administrative	\$ 607,225	\$ 440,374	\$ 867,567	\$ 1,075,154	\$ 1,035,557	\$ 1,126,194
Health and Welfare	422,961	512,292	372,732	408,234	442,529	510,792
Public safety	1,147,883	1,104,600	1,101,109	1,386,698	1,486,792	1,482,617
Public works	805,567	825,897	579,346	841,178	1,456,055	890,676
Building and Zoning	41,983	39,448	41,013	50,392	51,663	47,824
Planning	48,761	49,767	32,860	33,299	84,255	85,750
Conservation	1,438	2,152	2,172	1,130	2,306	2,449
Recreation	46,564	31,787	65,544	43,017	58,407	65,514
Education	7,075,589	7,446,108	7,678,749	8,234,752	8,748,262	9,348,134
Food Services	96,497	95,391	88,411	86,708	69,428	68,789
Libraries	117,084	117,084	128,511	145,188	151,901	156,610
Total governmental activities expenses	<u>\$ 10,411,552</u>	<u>\$ 10,664,900</u>	<u>\$ 10,958,014</u>	<u>\$ 12,305,750</u>	<u>\$ 13,587,155</u>	<u>\$ 13,785,349</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Legislative, judicial and general administrative	\$ 87,827	\$ 189,331	\$ 83,431	\$ 109,165	\$ 88,138	\$ 112,366
Health and Welfare	-	-	11,690	2,390	12,662	3,032
Public safety	45,706	22,536	50,736	67,426	53,321	56,856
Building and Zoning	111,232	50,448	108,054	69,140	41,624	39,833
Planning	3,532	7,996	24,355	25,447	24,030	-
Recreation	-	-	-	-	25,503	1,135
Education	-	-	26,925	23,871	7,911	10,516
Food Services	94,390	97,474	53,975	48,702	50,286	43,717
Operating grants and contributions:						
Legislative, judicial and general administrative	52,765	18,275	57,967	50,570	-	11,880
Health and Welfare	123,673	112,084	100,525	88,800	84,310	166,356
Public safety	21,365	6,964	36,603	58,273	37,018	94,177
Public works	-	22,941	56,820	-	3,841	33,571
Recreation	-	-	-	-	18,213	11,375
Education	1,644,038	1,630,447	1,633,010	1,696,003	1,739,138	1,680,495
Food Services	-	-	25,741	23,879	19,795	19,088
Capital grants and contributions:						
Health and Welfare	-	2,581	-	-	-	-
Public safety	-	71,533	-	-	-	-
Public works	-	-	-	-	-	30,000
Recreation	-	-	-	-	75,000	-
Total governmental activities program revenues	<u>\$ 2,184,528</u>	<u>\$ 2,232,610</u>	<u>\$ 2,269,832</u>	<u>\$ 2,263,666</u>	<u>\$ 2,280,790</u>	<u>\$ 2,314,397</u>
Total primary government net expense	<u>\$ (8,227,024)</u>	<u>\$ (8,432,290)</u>	<u>\$ (8,688,182)</u>	<u>\$ (10,042,084)</u>	<u>\$ (11,306,365)</u>	<u>\$ (11,470,952)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes, levied for general purposes	\$ 7,264,546	\$ 7,367,545	\$ 7,878,820	\$ 8,262,363	\$ 8,699,129	\$ 9,924,717
Unrestricted investment earnings	110,579	121,179	80,694	135,913	136,655	27,872
Other general revenues	935,132	912,658	1,052,733	1,215,414	1,167,759	1,055,541
Total primary government	<u>\$ 8,310,257</u>	<u>\$ 8,401,382</u>	<u>\$ 9,012,247</u>	<u>\$ 9,613,690</u>	<u>\$ 10,003,543</u>	<u>\$ 11,008,130</u>
Change in Net Assets						
Governmental activities:						
Total primary government	<u>\$ 83,233</u>	<u>\$ (30,908)</u>	<u>\$ 324,065</u>	<u>\$ (428,394)</u>	<u>\$ (1,302,822)</u>	<u>\$ (462,822)</u>

Note: Prior to implementation of GASB 34 in 2004, this information was not compiled and is unavailable.
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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 143,291	\$ 34,272	\$ 52,107	\$ 41,797	\$ 75,686	\$ 57,169	\$ 215,354	\$ 324,771	\$ 153,470	\$ 148,568
Unreserved	1,058,724	1,343,169	1,687,736	2,090,028	861,311	916,518	1,048,051	873,576	15,998	(44,553)
Total general fund	<u>\$ 1,202,015</u>	<u>\$ 1,377,441</u>	<u>\$ 1,739,843</u>	<u>\$ 2,131,825</u>	<u>\$ 936,997</u>	<u>\$ 973,687</u>	<u>\$ 1,263,405</u>	<u>\$ 1,198,347</u>	<u>\$ 169,468</u>	<u>\$ 104,015</u>
Education										
Reserved	\$ -	\$ 10,250	\$ 10,250	\$ 101,631	\$ 191,699	\$ -	\$ 45,361	\$ 47,443	\$ -	\$ -
Unreserved	142,507	134,000	130,714	(27,374)	30,378	54,025	170,225	170,425	200,043	208,711
Total education fund	<u>\$ 142,507</u>	<u>\$ 144,250</u>	<u>\$ 140,964</u>	<u>\$ 74,257</u>	<u>\$ 222,077</u>	<u>\$ 54,025</u>	<u>\$ 215,586</u>	<u>\$ 217,868</u>	<u>\$ 200,043</u>	<u>\$ 208,711</u>
Capital Projects Funds										
Unreserved	\$ 1,166,223	\$ 993,065	\$ 1,015,644	\$ 760,775	\$ 2,037,104	\$ 1,855,643	\$ 2,043,158	\$ 1,679,466	\$ 1,221,785	\$ 785,235
Total Capital Projects fund	<u>\$ 1,166,223</u>	<u>\$ 993,065</u>	<u>\$ 1,015,644</u>	<u>\$ 760,775</u>	<u>\$ 2,037,104</u>	<u>\$ 1,855,643</u>	<u>\$ 2,043,158</u>	<u>\$ 1,679,466</u>	<u>\$ 1,221,785</u>	<u>\$ 785,235</u>
All Other Governmental Funds										
Reserved:										
Special revenue funds	\$ 40,920	\$ 192,707	\$ 159,591	\$ 157,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	334,394	134,000	123,839	132,702	314,814	248,033	359,805	365,596	383,782	488,187
Total all other governmental funds	<u>\$ 375,314</u>	<u>\$ 326,707</u>	<u>\$ 283,430</u>	<u>\$ 290,286</u>	<u>\$ 314,814</u>	<u>\$ 248,033</u>	<u>\$ 359,805</u>	<u>\$ 365,596</u>	<u>\$ 383,782</u>	<u>\$ 488,187</u>

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
General property taxes	\$ 6,009,105	\$ 6,115,700	\$ 6,684,039	\$ 6,683,186	\$ 7,286,639	\$ 7,414,157	\$ 7,935,653	\$ 8,180,828	\$ 8,671,529	\$ 9,806,090
Intergovernmental and departmental revenue	1,866,130	2,199,780	2,360,963	2,535,134	2,697,218	2,778,954	2,951,604	3,191,398	3,094,718	3,079,446
Licenses and fees	201,836	175,838	180,626	178,714	277,013	267,070	240,720	226,129	190,949	173,082
Interest on investments	136,873	146,477	60,696	36,783	36,157	46,529	80,693	135,913	136,655	27,872
Other revenues	134,489	143,305	236,991	396,292	280,255	230,026	179,752	110,166	229,959	166,420
Total revenues	\$ 8,348,433	\$ 8,781,100	\$ 9,523,315	\$ 9,830,109	\$ 10,577,282	\$ 10,736,736	\$ 11,388,422	\$ 11,844,434	\$ 12,323,810	\$ 13,252,910
Expenditures										
Legislative, Judicial and general administrative	\$ 232,825	\$ 266,425	\$ 251,325	\$ 278,567	\$ 282,504	\$ 289,988	\$ 348,470	\$ 428,867	\$ 368,178	\$ 396,188
Financial Administration	141,333	135,386	153,405	167,713	170,584	163,171	211,329	253,008	252,432	235,719
Miscellaneous Administration	71,360	71,641	91,937	71,530	73,685	99,974	119,173	307,650	191,239	273,910
Health and Welfare	270,442	362,698	377,763	325,439	422,427	513,652	407,275	408,584	442,529	510,792
Public Safety	811,801	860,601	886,394	918,194	966,583	1,022,272	986,216	1,279,366	1,380,447	1,387,982
Public Works	496,723	589,621	572,301	589,069	606,544	631,506	475,938	691,686	829,703	765,772
Building and Zoning	36,436	38,332	40,808	39,705	39,604	40,471	41,013	50,392	51,663	47,824
Planning	27,990	15,050	33,637	30,907	35,774	55,023	32,860	17,799	84,255	70,250
Conservation	1,179	1,813	1,063	1,196	1,438	2,152	2,172	1,130	2,306	2,449
Recreation	19,553	19,265	19,824	19,682	30,564	31,137	33,601	34,424	70,479	64,753
Education	5,394,303	5,738,345	6,231,234	6,605,984	7,013,278	7,410,610	7,583,386	8,079,203	8,727,508	9,275,675
Food Services	70,525	91,529	90,474	96,388	96,497	95,391	88,411	86,708	69,428	68,789
Libraries	106,000	111,225	113,673	117,084	117,084	117,084	128,511	145,188	151,901	156,610
Land Trust	301	3,560	2,134	1,991	2,639	4,951	5,304	5,419	5,533	5,280
Capital Outlay	295,102	439,526	259,739	394,731	479,394	471,099	132,697	549,974	1,249,682	379,847
Principal	120,000	45,000	40,000	40,000	40,000	40,000	40,000	-	-	-
Interest	24,948	16,480	13,400	10,460	7,490	4,500	1,500	-	-	-
Total Expenditures	\$ 8,120,821	\$ 8,806,497	\$ 9,179,111	\$ 9,708,640	\$ 10,386,089	\$ 10,992,981	\$ 10,637,856	\$ 12,339,398	\$ 13,877,283	\$ 13,641,840
Excess of revenues over (under) expenditures	\$ 227,612	\$ (25,397)	\$ 344,204	\$ 121,469	\$ 191,193	\$ (256,245)	\$ 750,566	\$ (494,964)	\$ (1,553,473)	\$ (388,930)
Other Financing Sources (uses)										
Proceeds from lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,287	\$ 67,274	\$ -
Transfers from other funds	3,637,119	2,756,299	2,583,282	2,990,992	4,860,643	3,578,157	5,256,142	5,020,725	5,372,683	5,520,260
Transfers to other funds	(3,644,619)	(2,777,299)	(2,585,782)	(2,993,492)	(4,860,643)	(3,578,157)	(5,256,142)	(5,020,725)	(5,372,683)	(5,520,260)
Total other financing sources (uses)	(7,500)	(21,000)	(2,500)	(2,500)	-	-	-	74,287	67,274	-
Net change in fund balances	\$ 220,112	\$ (46,397)	\$ 341,704	\$ 118,969	\$ 191,193	\$ (256,245)	\$ 750,566	\$ (420,677)	\$ (1,486,199)	\$ (388,930)
Debt service as a percentage of noncapital expenditures	6.4%	2.5%	2.2%	2.0%	1.8%	1.5%	1.5%	0.0%	0.0%	0.0%

Note: This schedule includes revenues and expenditures of the General Fund, Special Revenue Funds, Debt Service Fund 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
2000	\$ 134,945,403	\$ 29,563,978	\$ 8,254,138	\$ 156,255,243	37.60	\$ 287,339,542	54.38%	\$ 164,509,381
2001	\$ 146,574,825	\$ 32,156,837	\$ 13,967,927	\$ 164,763,735	37.50	\$ 302,763,203	54.42%	\$ 178,731,662
2002	\$ 145,738,474	\$ 29,980,099	\$ 9,183,786	\$ 166,534,787	40.20	\$ 308,340,654	54.01%	\$ 175,718,573
2003	\$ 148,787,085	\$ 30,531,080	\$ 12,034,953	\$ 167,283,212	40.20	\$ 307,505,904	54.40%	\$ 179,318,165
2004	\$ 441,424,855	\$ 34,735,277	\$ 12,381,229	\$ 463,778,903	14.20	\$ 486,958,109	95.24%	\$ 476,160,132
2005	\$ 450,161,256	\$ 36,450,788	\$ 12,935,749	\$ 473,676,295	14.10	\$ 497,350,163	95.24%	\$ 486,612,044
2006	\$ 489,847,045	\$ 41,726,645	\$ 15,113,214	\$ 516,460,476	14.75	\$ 542,557,491	95.19%	\$ 531,573,690
2007	\$ 680,214,030	\$ 46,545,864	\$ 20,212,335	\$ 706,547,559	11.24	\$ 726,759,894	97.22%	\$ 726,759,894
2008	\$ 686,549,707	\$ 47,389,999	\$ 20,490,135	\$ 713,449,571	11.79	\$ 679,122,086	105.05%	\$ 733,939,706
2009	\$ 689,960,787	\$ 49,959,123	\$ 21,086,252	\$ 718,833,658	13.52	\$ 698,574,983	102.90%	\$ 739,919,910

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

Statistical revaluations are performed every three years except in the years a full revaluation is performed. A statistical revaluation was performed as of December 31, 2002, which affects fiscal year 2004 and also as of December 31, 2005, which affects fiscal year 2007.

Source: Tax Assessor's Annual Report to the Sate 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>
2000	37.60
2001	37.50
2002	40.20
2003	40.20
2004	14.20
2005	14.10
2006	14.75
2007	11.24
2008	11.79
2009	13.52

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	2009				2000			
	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)	\$ 22,639,900	1	3.15%	\$ 306,091	\$ 7,853,300	1	5.03%	\$ 295,284
Providence Public Buildings Authority (PWSB)	10,107,200	2	1.41%	\$ 136,649	1,865,100	3	1.19%	70,128
Narragansett Electric	8,246,617 a)	3	1.15%	\$ 131,114 a)	2,842,384	2	1.82%	106,874
Foster Country Club (Tykamac Ent. LLC)	3,489,828 a)	4	0.49%	\$ 48,245 a)	1,433,716	4	0.92%	53,908
Ginny B Inc	1,471,625 a)	5	0.20%	\$ 20,798 a)	417,678	8	0.27%	15,705
Foster Senior Housing	1,455,300	6	0.20%	\$ 19,676	545,250	6	0.35%	20,501
Nelson, Robert & Wendy	1,049,000	7	0.15%	\$ 14,182				
Walker, Muriel	1,011,600 a)	8	0.14%	\$ 13,952 a)				
Stout, Winifred	992,037 a)	9	0.14%	\$ 13,677 a)				
Costa, David & Lisa	991,300	10	0.14%	\$ 13,402				
Hawkins, John & Bertha	946,200	11	0.13%	\$ 12,793				
Campbell, Bruce	886,575 a)	12	0.12%	\$ 12,044 a)				
Gabriele, Clodomiro & Beatrice					630,133	5	0.40%	23,693
Laidlaw International Financial Corp					531,400	7	0.34%	19,981
Gorham, Nicholas, DVM					399,469	9	0.26%	15,020
Ford Motor Credit					386,980	10	0.25%	14,550
General Motors Acceptance Corp					366,563	11	0.23%	13,783
Borders, Charles					356,900	12	0.23%	13,419
Totals	\$ 53,287,182		7.17%	\$ 742,624	\$ 17,628,873		11.29%	\$ 662,846

Note: The amounts presented represent the assessed values upon which 2009 and 2000 collections were based

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

a) Includes tangible or motor vehicle assessment also

Total Assesed Value	718,833,658	156,255,243
Tax Rate	\$ 13.52	\$ 37.60

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
2000	5,877,799	5,594,995	95.2%	272,680	5,867,675	99.8%
2001	6,175,924	5,837,349	94.5%	329,046	6,166,395	99.8%
2002	6,619,905	6,362,535	96.1%	247,925	6,610,460	99.9%
2003	6,657,161	6,402,395	96.2%	239,699	6,642,094	99.8%
2004	7,276,528	7,025,891	96.6%	234,368	7,260,259	99.8%
2005	7,352,142	7,173,582	97.6%	165,978	7,339,560	99.8%
2006	7,843,650	7,694,094	98.1%	134,878	7,828,972	99.8%
2007	8,225,871	8,026,140	97.6%	181,333	8,207,473	99.8%
2008	8,657,612	8,435,912	97.4%	143,071	8,578,983	99.1%
2009	9,879,531	9,647,829	97.7%	-	9,647,829	97.7%

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

Source: Town of Foster - Tax Collector

Schedule 9
Town of Foster, Rhode Island
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
Unaudited

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loan Payable	Capital Lease			
2000	245,000	-	-	245,000	0.36% (a)	56
2001	200,000	-	-	200,000	0.21% (b)	46
2002	160,000	-	-	160,000	0.17% (b)	37
2003	120,000	100,000	253,893	473,893	0.50% (b)	111
2004	80,000	100,000	127,545	307,545	0.32% (b)	72
2005	40,000	-	-	40,000	0.04% (b)	9
2006	-	-	-	-	0.00% (b)	-
2007	-	-	47,879	47,879	0.05% (b)	11
2008	-	-	68,311	68,311	0.07% (b)	16
2009	-	-	22,401	22,401	0.02% (b)	5

Notes: - Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
- See Schedule 14 for personal income and population data.

(a) Ratio is calculated using personal income from 1990 census year.
(b) Ratio is calculated using personal income from 2000 census year.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Total		
2000	245,000	245,000	0.16%	56.12
2001	200,000	200,000	0.12%	45.81
2002	160,000	160,000	0.10%	37.44
2003	120,000	120,000	0.07%	28.08
2004	80,000	80,000	0.02%	18.72
2005	40,000	40,000	0.01%	9.36
2006	-	-	0.00%	-
2007	-	-	0.00%	-
2008	-	-	0.00%	-
2009	-	-	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, 2009
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes Foster-Glocester Regional School District (a)	\$ 59,060,000	33.85%	\$ 19,991,810
Other debt Foster-Glocester Regional School District - BAN (a)	-	33.85%	-
Subtotal, overlapping debt			19,991,810
Town direct debt			-
Total direct and overlapping debt			<u>\$ 19,991,810</u>

Sources: Debt outstanding data provided by each governmental unit.

(a) Estimated percentage applicable for the Foster-Glocester Regional School District provided by the State of Rhode Island Office of Municipal Affairs.

Schedule 12
Town of Foster, Rhode Island
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value	\$718,833,658
Debt limit (3% of assessed value)	21,565,010
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>\$ 21,565,010</u>

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 4,687,657	\$ 4,942,912	\$ 4,996,044	\$ 5,018,496	\$ 13,913,367	\$ 14,210,289	\$ 15,493,814	\$ 21,196,427	\$ 21,403,487	\$ 21,565,010
Total net debt applicable to limit	<u>(245,000)</u>	<u>(200,000)</u>	<u>(160,000)</u>	<u>(120,000)</u>	<u>(80,000)</u>	<u>(40,000)</u>	-	-	-	-
Legal debt margin	<u>\$ 4,442,657</u>	<u>\$ 4,742,912</u>	<u>\$ 4,836,044</u>	<u>\$ 4,898,496</u>	<u>\$ 13,833,367</u>	<u>\$ 14,170,289</u>	<u>\$ 15,493,814</u>	<u>\$ 21,196,427</u>	<u>\$ 21,403,487</u>	<u>\$ 21,565,010</u>
Total net debt applicable to the limit as a percentage of debt limit	5.23%	4.05%	3.20%	2.39%	0.57%	0.28%	0.00%	0.00%	0.00%	0.00%

Source: Finance Department, Foster, Rhode Island

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

Schedule 13
Town of Foster, Rhode Island
Pledged-Revenue Coverage,
Last Ten Years
Unaudited

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

Schedule 14
Town of Foster, Rhode Island
Demographic and Economic Statistics,
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age(1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2000	4,366	68,803,794	15,759	34.8	886	4.20%
2001	4,366	68,803,794	15,759	39.8	892	4.80%
2002	4,274	94,660,552	22,148	39.8	898	4.90%
2003	4,274	94,660,552	22,148	39.8	928	5.40%
2004	4,274	94,660,552	22,148	39.8	921	5.80%
2005	4,274	94,660,552	22,148	39.8	941	5.40%
2006	4,274	94,660,552	22,148	39.8	963	5.50%
2007	4,274	94,660,552	22,148	39.8	858	5.70%
2008	4,274	94,660,552	22,148	39.8	708	6.14%
2009	4,274	94,660,552	22,148	39.8	694	12.40%

Sources:

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

Schedule 15
 Town of Foster, Rhode Island
 Principal Employers,
 Current Year and Nine Years Ago
 Unaudited

Employer	2009			2000		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster Town & School Department	100	1	4.12%	118	1	4.99%
Foster Country Club	50	2	2.06%	50	2	2.11%
Shady Acres	25	3	1.03%	0	0	0.00%
Dr. Daycare	12	4	0.49%	0	0	0.00%
Turnquist Lumber Co. Inc.	0	0	0.00%	18	3	0.76%
Total	187		7.70%	186		7.86%

Source: Rhode Island Economic Development Corporation 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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Central Administration										
Town Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Town Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Probate Court	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Building/Zoning	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.6	1.6
Planning	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
Financial Administration										
Treasurer's Office	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0
Tax Collection	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Assessor	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6
Public Safety										
Police										
Officers	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Civilians	4.5	4.5	4.5	4.5	4.0	4.8	4.8	4.8	4.5	4.5
Animal Control										
Officers	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Emergency Management	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Public Works Department										
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Highway										
Driver/Laborer	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.5	6.5	5.5
Maintenance										
Building/Grounds	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Custodial	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Recreation Department										
Director	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Summer Programs	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	3.0
Human Services Department										
Director	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Calls	3,125	3,177	2,905	2,853	3,234	3,392	7,020	11,796	13,748	19,488
Physical Arrests	128	141	111	116	99	85	102	161	164	224
Citations	790	656	522	846	591	623	1,166	1,971	1,533	1,479
Accidents	147	156	131	145	125	132	134	134	129	138
Animal Control										
Dog Licenses Issued						625	483	587	479	343
Public Works (Pickup Outsourced)										
Transfer Station										
Refuse Collected (avg. tons per month)	131	144	154	155	155	188	181	176	177	164
Recyclables Collected (avg. tons per month)	39	34	33	36	37	41	39	43	48	49
Highway										
Street resurfacing (miles)	0.0	13.0	3.0	2.0	0.0	0.0	4.0	0.0	7.0	4.6
Street repairs/crack sealing (miles)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.4	9.7
Building/Zoning										
Commercial Construction Permits	0	0	0	0	0	0	0	0	0	1
Residential Construction Permits	19	34	29	26	31	23	22	14	9	6
Parks and Recreation										
Athletic Field Permits	0	0	0	0	0	0	0	0	0	0

Source: Various Town departments

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units/Motorcycles/ Radar Trailers	7	7	7	7	7	7	7	7	11	11
Animal Control										
Animal Shelters	0	0	0	0	0	0	0	0	0	0
Animal Patrol Unit	0	0	0	0	1	1	1	1	1	1
Public Works										
Transfer Station										
Roll-off Truck	0	0	0	0	0	0	0	0	0	0
Streets and Highways										
Street (miles)	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0
Highways (miles, Town owned)	77.0	77.0	77.0	77.0	77.0	77.0	77.0	77.0	77.0	77.0
Highways (miles, State owned)	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0
Private Paved (miles)	0	0	0	0	0	0	0	0	0	0
Park Access (miles)	0	0	0	0	0	0	0	0	0	0
Driftway (miles)	0	0	0	0	0	0	0	0	0	0
Streetlights	30	30	30	30	30	30	30	30	30	30
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Acreage	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0
Playgrounds	1	1	1	1	1	1	1	1	1	2
Tennis Courts	0	0	0	0	0	0	0	0	0	0
Beaches	0	0	0	0	0	0	0	0	0	0
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 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***

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

We have audited the accompanying financial statements of the governmental activities, the aggregate 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, 2009, which collectively comprise the Town of Foster, Rhode Island's basic financial statements, as listed in the table of contents and have issued our report thereon dated March 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Foster, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Foster, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Foster, Rhode Island's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the deficiencies described in Appendix I as items 09-01 and 09-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above we consider item 09-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Foster, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Town of Foster, Rhode Island in a separate letter dated March 18, 2010.

The Town of Foster, Rhode Island's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Foster, Rhode Island's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Town Council, the State of Rhode Island Auditor General and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bacm & Company, LLC

Warwick, Rhode Island
March 18, 2010

TOWN FOSTER, RHODE ISLAND

Appendix I

Year Ended June 30, 2009

Significant Deficiencies

Financial Reporting

09-01 Significant Deficiency – An entity’s system of internal controls should be designed and operate to allow the entity to prepare accurate timely financial statements in conformance with generally accepted accounting principles and be designed and operate to prevent and detect misstatements in the financial statements.

During the 2009 fiscal year the Town had transition in the Treasurer’s office and during that time financial transactions were either not recorded to the accounting system or transactions were accounted for incorrectly. The Town was therefore unable to perform monthly reconciliation of the cash accounts and other general ledger accounts, including a monthly reconciliation of the property tax subsidiary ledger to the general ledger.

The transactions were not recorded or corrected until several months after year-end. Cash reconciliations were prepared at that time and only as of June 30, 2009. The Town was not preparing accurate financial statements throughout the year that would allow for the proper monitoring of the Town’s financial position. The Town continued in fiscal year 2010 to have not recorded transactions and performed monthly reconciliation procedures. The lack of formal accounting and reconciliation procedures could result in misstatements in the financial statements from being prevented on going undetected.

Recommendation – We strongly recommend that the Town implement policies and procedures that result in the timely recording of all transactions. The procedures should also include monthly timely reconciliation procedures for all significant accounts.

Management Response – Management concurs with the observation and recommendation. All general ledger funds and account balances will be reconciled to supporting documentation and variances will be adjusted timely.

Capital Assets

09-02 Significant Deficiency – The Town and School Department do not have formal policies and procedures in place to properly maintain and account for capital assets on a perpetual basis. Although a list of capital assets and depreciation expense were prepared as of June 30, 2009, the list was prepared several months after year-end and only accounted for current year additions. The Town has not accounted for disposal of capital assets. The Town does not have procedures in place to maintain the list of capital assets on a perpetual basis, for both additions and disposals, or to provide for the periodic inventory of capital assets.

TOWN FOSTER, RHODE ISLAND

Appendix I

Year Ended June 30, 2009

Significant Deficiencies

Recommendation – We strongly recommend that the Town implement policies and procedures to account for the addition and disposal of capital assets throughout the year. We also recommend that the Town perform a physical inventory of its capital assets and compare the inventory to its list of capital assets at least annually. This will ensure proper recording and safeguarding of capital assets.

Management Response – Management concurs with the observation and recommendation. Additions to capital assets will be recorded on an ongoing basis. Department heads will complete a physical inventory of assets annually and all adjustments noted through this process will be posted to the Capital Asset system of the general ledger program.