

**TOWN OF
GLOCESTER, RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

TOWN OF GLOCESTER, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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DIRECTOR OF FINANCE
PREPARED BY: FINANCE DEPARTMENT**

TOWN OF GLOCESTER, RHODE ISLAND

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TOWN OF GLOCESTER

INTRODUCTORY SECTION

This section contains the following:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

List of Town Officials

Town of Gloucester Organizational Chart



TOWN OF GLOUCESTER
DEPARTMENT OF FINANCE
DEPARTMENT OF HUMAN RESOURCES
GLOUCESTER SCHOOL DISTRICT BUSINESS OFFICE
1145 Putnam Pike, P.O. Box B
Chepachet, Rhode Island 02814-0702
(401) 568-6206, Ext. 5 - Fax (401) 568-5850
TTY (Relay RI) 1-800-745-5555

Thomas P. Mainville, CPA
Director
Director
Business Manager

December 21, 2011

To the Honorable President and Members of the Town Council and Citizens of the Town of Gloucester:

We hereby submit the Comprehensive Annual Financial Report for the Town of Gloucester (Town), for the fiscal year ended June 30, 2011. The report has been prepared in accordance with generally accepted accounting principles (GAAP), adhering to the format promulgated through the Governmental Accounting Board's Statement 34. Responsibility for the accuracy of the data presented, as well the fairness of the representations contained within the report, rests with the Town's management. To provide a reasonable basis for making these representations, the Town has established a comprehensive internal control framework that is designed to protect the Town's assets from theft, loss or misuse, and to promote the compilation of reliable financial information for reporting and forecasting purposes. Since the cost of the internal control system should not outweigh its benefits, the Town's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge, and in all material respects, this report is fair, complete, and summarizes the Town's financial position in a comprehensive manner.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains this letter of transmittal, a listing of Town Officials and an organizational chart. The Financial Section contains the independent auditor's report, the Management Discussion and Analysis (which should be read in conjunction with this transmittal letter to provide the reader with a greater understanding of the Town's net assets and fund activity), the government-wide financial statements, the basic financial statements of major and non-major funds, notes to the financial statements, and other supplementary information. The Statistical Section provides selected financial and demographic information presented on a multi-year basis.

In conformity with the Single Audit Act of 1996 and the United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," the Town is required to submit to an annual audit of all federal grant awards. The Single Audit contains the schedule of expenditures of federal grant awards. The Single Audit was filed in a separate report.

Government Profile

The Town of Glocester was founded in 1639, incorporated as a Town in 1731, and is a rural community in northwest Rhode Island located approximately 15 miles northwest from Providence. It is connected to the southeast corridor by a network of highways, including Interstate 295 and Interstate 95. The land area of the Town of Glocester is 54.6 square miles, which includes 2.3 square miles of inland water, and is mainly composed of residential, farm, orchard and woodland areas. The Town attracts many tourists and vacationers to its lake areas and to the village of Chepachet which is listed as a Historic District on the National Register of Historic Places. The businesses in the Town are primarily service, retail and construction.

The Town operates under a Home Rule Charter adopted in 1991 providing for a Town Council form of government with a five-member Town Council, elected at-large for terms of two years, and headed by a Council President. All legislative powers of the Town are vested in the Town Council by the Charter including all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government (which include the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, and establishing personnel policies) except such powers as are reserved by State Law to the annual Financial Town Meeting (which include the ordering of any tax, making appropriations, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds, providing for an annual audit of the Town's accounts and transacting any other business pertaining to the financial affairs of the Town).

The Town Council is supported and advised by various Boards and Commissions (members of which are volunteers and are appointed by the Town Council at various intervals) some of which are: Planning Board, Zoning Board, Economic Development Commission, Budget Board, Personnel Board, Board of Contracts & Purchases, Wastewater Management District Board, Board of Canvassers, Recreation Commission, July 4th Ancients & Horribles Parade Committee, and the Juvenile Hearing Board.

Component Unit

The Glocester Land Trust (Land Trust) has been presented as a component unit of the Town in the accompanying government-wide financial statements. Further information regarding the purpose of the Land Trust and the definition of component unit is provided in Note 1 [pages 32 – 33] of the financial statements.

Public Education

The public school system of the Town consists of two elementary schools, grades kindergarten through 5, and is served by the Glocester School Department. Grades 6 through 12 are served by the Foster-Glocester Regional School District of which the Town of Glocester and the Town of Foster are member communities. The Foster-Glocester Regional School District was incorporated and its fiscal authority established by Acts of the General Assembly in 1958 and 1959.

The general administration of the Glocester School Department is directed by a six-member School Committee whose members are elected at-large with three members being elected at each regular biennial election. These six members of the Glocester School Committee along with the three School Committee members from the Town of Foster are ex-officio members of the Foster-Glocester School Committee.

The School Committees determine and control all policies affecting the administration, maintenance and operation of the public schools in the Town. The School Committees appoint a Superintendent as their chief administrative agent and such other administrative officers as are considered necessary, and submit detailed budgets of expenditures and revenues to the voters at annual Financial Town Meetings. The Foster-Glocester Regional School District Financial Town Meeting is held on the third Tuesday in March of each year and its budget is adopted at that meeting. The Town of Glocester Financial Town Meeting is held on the first Saturday after the first Friday in May of each year and the budget for the Glocester elementary schools is adopted at that meeting. Once the school budgets have been approved, the School Committees determine the allocations of the amounts appropriated.

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

The Town of Glocester's school system (grades kindergarten through 5) consists of 2 elementary schools (Fogarty Memorial and West Glocester).

Grades 6 through 8 attend the Ponaganset Middle School and grades 9 through 12 attend Ponaganset High School. Both the middle and high schools are physically located in the Town of Glocester near the border joining the Towns of Glocester and Foster.

The cost of operation of the Town's elementary school system (excluding the Foster-Glocester Regional School District [FGRSD]) for fiscal year 2011 was \$9,723,128. In fiscal year ending June 30, 2011, the Town paid \$9,453,321 to the FGRSD. The Town will pay \$9,349,077 to the FGRSD for fiscal year 2012, a 1.1% decrease. The FGRSD 2012 budget increased by \$125,544 due to an increase in debt service, however the Town's share was more than offset due to a shift in the student population attending FGRSD between the Town of Glocester and the Town of Foster.

The Fogarty Memorial and West Glocester elementary schools were constructed in 1975 and 1991 respectively. There is presently a staff of 89 in both schools, 55 of whom are teachers and professional staff and 25 are teachers' aides. The average per pupil expenditure in 2011 amounts to \$14,958.

A new Ponaganset Middle School building was completed in August 2007. The Ponaganset High School South building was constructed in 1960 and the Ponaganset High School North building was constructed in 1965. Both the North and South buildings were recently renovated (completed in 2010). There is presently a staff of 176 in both schools, 118 of whom are teachers, and 15 are teachers' aides. Per 2011 statistics, the average per pupil expenditure amounts to \$13,842. In the graduating class of 2011, 50% and 39% of all high school graduates continued their education by attending four- and two-year colleges, respectively. 8% enlisted in the military.

The following is a summary of the actual school population trends in the Town.

<u>Year</u>	<u>Grades kindergarten through 5 Gloucester</u>	<u>Grades 6 through 12 Gloucester</u>	<u>Total student population Gloucester</u>	<u>Grades 6 through 12 Foster</u>	<u>Total population grades 6 thru 12 F-G Region</u>
Actual enrollment					
1994-95	879	987	1,866	[397	1,384]
1995-96	892	1,009	1,901	[403	1,412]
1996-97	890	1,044	1,934	[417	1,461]
1997-98	886	1,060	1,946	[442	1,502]
1998-99	876	1,130	2,006	[434	1,564]
1999-00	890	1,108	1,998	[478	1,586]
2000-01	893	1,117	2,010	[481	1,598]
2001-02	802	1,134	1,936	[496	1,630]
2002-03	794	1,157	1,951	[542	1,699]
2003-04	813	1,134	1,947	[552	1,686]
2004-05	754	1,140	1,894	[548	1,688]
2005-06	689	980	1,669	[654	1,634]
2006-07	826	1,038	1,864	[559	1,597]
2007-08	639	1,097	1,736	[425	1,522]
2008-09	638	976	1,614	[435	1,411]
2009-10	597	926	1,523	[430	1,356]
2010-11	598	868	1,466	[410	1,278]
Projected enrollment					
2011-12	601	844	1,445	[390	1,234]
2012-13	583	834	1,417	[382	1,216]
2013-14	560	808	1,368	[371	1,179]
2014-15	548	779	1,327	[350	1,129]
2015-16	545	731	1,276	[354	1,085]

During fiscal year 2011, the Gloucester School Department expended \$9,723,128. This included \$335,946 for unbudgeted expenditures in several Special Revenue Funds. Their fiscal 2012 expense appropriation for operations is \$9,910,227. The fiscal 2012 State Aid for school operations has been budgeted at \$2,850,000. \$167,001 was received in fiscal 2011 from the American Recovery and Reinvestment Act (ARRA) funding. \$0 has been budgeted to be received from ARRA funding in 2012.

Town Services

In addition to its schools, the Town provides major public services, certain of which are described below:

Executive and Administration

The Town Council, with the assistance of the Office of the Town Clerk, the Department of Finance (includes Human Resources), and the Town Solicitor, exercises general oversight of the Town. The Town Clerk's Office is responsible for all record maintenance and also supervision of the probate court. During fiscal 2011, the Central Administration and Financial Administration groups expended \$1,345,619. This amount includes \$732,605 in Central Administration expense [page 95], transfers for Central Administration of \$2,500 for Comprehensive Plan 5-year update [page 104] and \$1,963 for Historic Records Trust; \$588,551 in Financial Administration expense [page 96] and transfers for Financial Administration of \$20,000, [page 104] to a revaluation reserve account. The fiscal 2012 budget has been set at \$1,447,809.

Public Safety

Police: The Town Police Department is responsible for Public Safety and has a force of 15 full-time sworn officers, including the Chief, Captain, Lieutenant, 2 Sergeants and 10 police officers. The department also has 5 full- and 1 part-time Dispatchers. The Chief of Police is the Town's Public Safety Officer. The Dispatchers dispatch for both the police and fire departments. The police station, built in 1990, provides facilities for public safety issues. During fiscal 2011, the Police Department expended \$1,626,736. This includes department expense of \$1,623,104 [page 97], and a transfer of \$3,632 to police equipment maintenance fund], [page 104]. For fiscal 2012, \$1,819,898 has been designated for operations.

Office of Animal Control: The Police Department is also responsible for the Office of Animal Control which has 1 full- and 3 part-time Animal Control Officers. They are responsible for the care of animals in their control, encouraging their adoption, and protection of the public against stray and wild animals. During fiscal 2011, the Office of Animal Control expended \$82,917 [page 98]. For fiscal 2012, \$92,813 has been designated for operations.

Fire and Rescue: Fire protection and rescue services in the Town of Gloucester are provided by three separate political entities created by State statute: the Harmony Fire District, the Chepachet Fire District and the West Gloucester Fire District. The three fire districts are responsible for the acquisition and maintenance of fire equipment, facilities and stations in the respective areas served by the districts. There is one station in each of the Harmony and Chepachet districts. There are two stations in the West Gloucester district. The districts are independent of the Town of Gloucester and the Town is not directly responsible for their expenditures nor does the Town derive any income from their operations. By statute, the fire districts have separate ad valorem taxing powers on the real property situated in the area served by each district. The fire companies are staffed with 91 volunteers, 23 per diem EMT's, and 1 full-time employee.

Building/Zoning Office

The Building/Zoning Officer and 4 part-time inspectors are responsible for insuring compliance with state and local building code ordinances and laws. The budget for the Building/Zoning Office is included in the Central Administration total budget. Fiscal 2011 expenditures totaled \$137,039 [page 93] for this department and \$169,335 is budgeted for fiscal 2012.

Social Services

Parks and Recreation: The Town employs a part-time Recreation Director who oversees activities at 2 Town beaches, 3 parks and various other locations. Within the parks are 2 little league fields, 2 softball fields, 4 tennis courts, 4 basketball courts, 3 playgrounds, and walking trails. The Town also uses the facilities at the schools for basketball, tennis and baseball programs. A major event in the Town is the 4th of July 'Ancients & Horribles' parade, held in the village of Chepachet, which has been an annual event for 84 years (as of July 4, 2010) and is the second longest running Independence Day parade in Rhode Island. Attendance is estimated to be 10,000 each year. During fiscal 2011, the Recreation Department expended \$102,132. This includes department expense of \$92,132 [page 101], and transfers of \$10,000 for the Independence Day parade], [page 104]. For fiscal 2012, \$103,049 has been designated for operations and \$10,000 has been budgeted for the parade.

Libraries: There are two libraries (Glocester Manton Free Public Library and Harmony Library in the villages of Chepachet and Harmony, respectively) which operate independently from Town government. Each library is governed by a Board of Trustees. The Glocester Manton Free Public Library offers a collection of over 31,240 items and the Harmony Library offers over 51,380 items. As members of Ocean State Libraries, they both provide and promote open access to a broad range of informational, educational, cultural, and recreational materials and services (including wireless access to the internet) to the residents and the business community in Glocester. To further their mission, the libraries maintain membership in the Ponaganset Regional Libraries Network which was established to promote an awareness of library resources and services available to the residents of the towns of Foster and Glocester through resource sharing and inter-library cooperation among the school and public libraries. Total library related expenditures for fiscal 2011 were \$179,158 for Manton Free Public Library and \$255,265 for Harmony Library. The Town contributed \$126,556 to the Manton Free Public Library and \$181,577 to the Harmony Library in 2011. These funds supported the acquisition of books and materials as well as an authorized staff of 4 librarians (2 full and 2 part-time) holding masters degrees in Library and Information Services and support staffs of 10 part-time employees. Both libraries serve a total of 62,215 visitors per year. Budgeted Town aid for fiscal 2012 is \$128,101 for the Manton Free Public Library and \$185,249 for the Harmony Library. Together, both libraries circulate over 90,710 items per year, a per capita circulation of 9.1. Nearly half of Glocester's residents are registered borrowers of its libraries. In addition, Glocester Manton Free Library offered 120 programs that were attended by 964 people. Harmony Library offered 299 programs that were attended by 3,628 people. The Glocester Manton Free Public Library has 12 public-use computers and the Harmony Library has 18.

Human Services: The Human Services department provides transportation for Town residents to doctor offices, medical facilities, and for shopping trips for senior citizens and citizens with disabilities. It also operates a food bank and provides information assistance and emergency energy funds for residents in need. Fiscal 2011 expenditures totaled \$52,455. This includes department expense of \$40,955 (page 102) and transfers of \$6,500 and \$5,000 (page 104) to the Food Bank and Emergency Energy Fund, respectively. \$59,974 is budgeted for fiscal 2012.

Senior Center: Social services (including a lunch-time meal-site and various daily activities and programs) are provided to the Town's seniors at our senior center building (completed in January 2007). Fiscal 2011 expenditures totaled \$144,059. This includes department expense of \$144,056 (page 101) and a transfer of \$3 for a program grant (page 104). \$151,548 is budgeted for fiscal 2012.

Physical Resources

Planning and Community Development: The Town Planner provides guidance on the physical and social development of the Town. The budget for the Town Planner is included in the Central Administration total budget. Fiscal 2011 expenditures for the Town Planner's Office totaled \$150,707. This includes department expense of \$148,207 (page 93) and a transfer of \$2,500 for Comprehensive Plan 5-year update (page 104). \$156,964 is budgeted for fiscal 2012. The Federal Community Development Block Grant (CDBG) program, which provided \$284,550 to the Town in 2011, is administered by the Western Rhode Island Home Repair Program, a quasi-governmental body and consortium of the Towns of Glocester, Foster and Scituate. The Town has been granted \$176,500 for the CDBG program in fiscal 2012.

Public Works: An authorized staff of 15 full-time and 1 part-time employees maintains 97.6 the Town's 148.8 miles of roads [38.3 miles of the 148.8 miles are state roads] and 3 bridges, monitors the disposal operations of 2,995 tons of trash and 1,548 tons of recyclables per year, maintains the Town's vehicles and equipment, and maintains 10 buildings. During fiscal 2011, the Department expended \$1,875,946. This amount includes \$1,546,935, [page 100] in department expense and a budgeted transfer of \$329,011 [page 104] to the Storm/snow related services reserve account. \$1,930,444 has been allocated for fiscal 2012.

Water and Sewer: There are no Town water or sewer systems. Homes and businesses are served by, and the Town intends to continue to rely on, private wells and septic systems.

Economic Conditions and Outlook

Population

The table below (source: U.S. Census Bureau) shows the Town's population trends.

<u>Year</u>	<u>Population</u>
1920	1,404
1930	1,693
1940	2,099
1950	2,682
1960	3,397
1970	5,160
1980	7,550
1990	9,227
2000	9,948
2010	9,746
2011	9,746

Employment

In calendar year 2010, the Town had 212 private business and industrial firms and government entities subject to the payment of employment security taxes. During that period, the payrolls for those entities totaled \$53,771,991 and the average number of persons employed was 1,587. The following is a listing of the various types of industry in the Town covered by the Department of Labor and Training for that period.

<u>Industry</u>	<u>Number Of Units</u>	<u>Average No. of Employees</u>	<u>Total Wages .</u>
Agriculture, forestry, fishing & hunting	2	0	-
Mining	1	0	-
Construction	57	118	4,586,446
Manufacturing	1	-	-
Wholesale trade	6	5	238,207
Retail trade	20	182	3,531,729
Transportation & warehousing	6	60	2,028,838
Information	4	18	408,616
Finance & insurance	7	22	917,035
Real estate & rental & leasing	4	4	201,809
Professional & technical services	14	70	4,744,672
Management of companies & enterprises	1	0	-
Administrative support & waste management	11	25	731,614
Educational services	2	-	-
Health care & social assistance	15	393	11,492,466
Arts, entertainment, & recreation	3	22	668,142
Accommodation & food services	18	152	1,906,397
Other services	22	41	1,328,009
Unclassified establishments	0	0	-
Government	<u>18</u>	<u>475</u>	<u>20,988,011</u>
Total	<u>212</u>	<u>1,587</u>	<u>\$ 53,771,991</u>

Income Levels

According to the U.S. Census, the median family incomes for the Town and the State of Rhode Island were as follows for the census years listed:

Census year	Glocester			State of Rhode Island		
	Median family income	Increase from prior census	% increase from prior census	Median family income	Increase from prior census	% increase from prior census
1990	\$43,067			\$28,342		
2000	\$62,679	\$19,612	45.5%	\$52,781	\$24,439	86.2%
2010	\$86,044	\$23,365	37.3%	\$62,790	\$10,009	19.0%

Housing

According to the U.S. Census, the number of dwelling units in the Town were as follows for the census years listed:

Census year	Number of dwelling units	Increase from prior census	% increase from prior census
1990	3,460		
2000	3,786	336	9.4%
2010	4,025	239	6.3%

Economic Development

General: The Town's Economic Development Commission and the Glocester Business Association meet monthly and are engaged in an on-going effort to promote and assist new, existing and expanding businesses.

Net values for all property in the Town increased to \$1,121,806,916 (assessment date December 31, 2009) for fiscal year 2011 from \$1,093,431,623 (an increase of \$28,375,293 or 2.6%) in 2010. Prior to fiscal year 2011, the last full Town-wide revaluation was performed as of December 31, 2001. The Town's first statistical revaluation was completed as of December 31, 2004 and the second as of December 31, 2007. A full Town-wide revaluation was completed as of December 31, 2010 which affects values for fiscal year 2012. Net values for fiscal year 2012 have been assessed at \$931,603,082, a decrease of \$190,203,834 or 17.0%. The decrease is due primarily to a downturn in the residential and commercial real estate markets. The reduction in net residential and commercial real estate values of \$199,371,405 and \$7,866,299, respectively, mirror the general decline in property values throughout Rhode Island and New England. The next statistical revaluation is scheduled to be completed as of December 31, 2013.

Navigant Credit Union: The Town has been successful in attracting Navigant Credit Union of Smithfield to develop a new branch in Chepachet. This new branch will employ approximately 8 people and will help provide residents with additional opportunities for personal and business financing. The Credit Union will spend an estimated \$1,000,000 to construct this new branch. They are reusing an existing site so that no greenspace has to be disturbed in order to create the facility. It is anticipated that Navigant will open the branch in May 2012.

Factory Mutual Insurance Co.: The Town's largest taxpayer, Factory Mutual Insurance Co. (FMIC), headquartered in Norwood, Massachusetts, is an engineering and research (testing facility) company for insurance companies and businesses. FMIC occupies a 2,500 acre site in the village of West Gloucester.

In 2003, the company spent approximately \$89 million in refurbishing and replacement of their facilities and expanded their operations. The number of employees at the site increased from 40 to 88 with that expansion. At that time, they entered into a 20 year payment-in-lieu-of-taxes (PILOT) agreement with the Town. Total payments from that original agreement will amount to \$27,937,500. As part of the original agreement, they paid \$1,180,000 in fiscal 2011, and will pay \$1,210,000 in fiscal 2012. Included in the agreement was the transfer to the Town of 98 acres of land valued (at that time) at \$466,884 to be used for public purposes.

The company has expanded their facilities again, spending another \$45 million. The project was completed in the summer of 2009. The project included a new "natural hazard" testing facility (75,000 sq. ft.) which included a 10' by 10' earthquake simulation table and other natural disaster testing equipment. A new water treatment plant was constructed which allows reuse of the water used during the testing procedures. A 17,000 sq. ft. warehouse was also constructed. The number of employees increased to 96. With that expansion, the PILOT agreement was amended. FMIC paid an additional amount of \$448,900 in fiscal 2011. They will pay an additional amount of \$461,975 in fiscal 2012. An additional \$6,718,626 will be paid over the remaining twelve years of the agreement and total payments from the PILOT will amount to \$34,656,126.

CVS Corporation: The CVS Corporation estimates that \$4,500,000 has been spent to construct a state-of-the-art retail store at the intersection of Routes 102 and 44. This store has been designed to mimic the architectural features of the historic structures in Gloucester. 26 people were employed at the store when it opened in July 2007.

Major Initiatives

In a report dated January 26, 2009, Standard & Poor's Ratings Services raised its rating on the Town's general obligation debt from 'AA-' to 'AA' with a stable outlook. The report stated that the rating upgrade reflected the Town's continued strong financial position above policy levels, and above-average income levels. Cited as an additional strength is Gloucester's access to employment in Providence and along the I-495 technology corridor.

The administration is committed to preserving the Town's unrestricted fund balance. At the November 2, 2004 general election, the taxpayers approved a change to the town charter to include a policy of maintaining an unassigned general fund balance at 12% (minimum) of proposed operating expenditures. The unassigned fund balance at June 30, 2011 was \$3,904,064, a decrease of \$192,519 or 4.9% from the prior year. The unassigned fund balance is 14.1% of general fund expenses budgeted for fiscal year 2012.

Annually, the Town develops a Capital Improvement Plan. This plan serves as a blueprint for major capital projects to be undertaken over a six year period.

The Town remains committed to preserving recreational and open space areas. The Gloucester Land Trust (which, as noted above is presented in the government-wide financial statements as a component unit) purchased 117.5 acres in fiscal 2011 with a value of \$280,061. The Land Trust owns a total of 2,175 acres with an estimated value of \$6,816,442 as of June 30, 2011.

The Town is developing 17.6 acres of land along the Chepachet River in the central part of Chepachet Village. When completed, this area will be transformed into an interpretive historic park named "Chepachet River Park." The work is estimated to cost \$450,000, about \$300,000 of which is expected to be paid for from grants. The park will feature a gravel walking trail of approximately 0.5 miles that will begin and end on Chepachet's main street. The trail will follow the Chepachet River and will encircle the mill ruins. By installing two bridges and utilizing the existing dam, the trail will cross the river downstream of the mill ruins and then return to Main Street via Oil Mill Lane.

Combined with this project is the cleanup of hazardous materials at the site from its former use as a textile mill. The Town has applied for and received a \$200,000+ grant from Rhode Island Department of Environmental Management (RIDEM) Office of Waste Management. This grant paid for the site assessment and cleanup plan. The Town has also received an additional \$200,000 Brownfields Cleanup Grant from US Environmental Protection Agency. This money will be used to remove contaminants from the site.

The Town received a \$671,000 grant from the United States Environmental Protection Agency (USEPA) in January 2007. This funding is being used to demonstrate the application of innovative stormwater management. This project began in 2007 and focuses on these issues to improve water quality and encourage sustainable redevelopment in the village of Chepachet. This project will result in the installation of an innovative stormwater demonstration system to be located on a portion of Chepachet River Park near Oil Mill Lane which will encourage in-fill development and business expansion. It is expected to be completed by January 31, 2013. The stormwater project is being coordinated with the Rhode Island Department of Transportation (RIDOT) to collect and treat runoff water from state owned roads in the village. It will help alleviate stormwater flooding problems as well as better treat runoff water to improve water quality.

Construction on the above will occur in phases as funding is available. It is anticipated that the cleanup and drainage system installation will be completed by September 2012.

The Town remains committed to maintaining the high quality of public education, allocating approximately 67.1% of the operating budget to education. Also, at the November 2, 2004 general election, the voters of the Towns of Foster and Gloucester approved a \$45,720,000 bond to finance the acquisition of land for and the construction of a new middle school and for the renovation of the Ponaganset High School and Ponaganset Middle School. The work was completed in September 2010.

At the November 2, 2004 general election the voters approved a \$2,215,000 bond to finance the acquisition of land for and the design, construction, furnishing and equipping of a Senior Center. The Town budgeted \$270,000 for the project and received an additional \$275,000+ in grants and donations to help cover the cost. The 8,000 square foot Senior Center opened in January 2007 and serves as an activity center for the Town's 1,800 senior citizens. Final cost on the project was \$2,711,710.

In a collaborative effort with the Town, the Rhode Island Department of Transportation began construction in 2008 of over \$3,000,000 in infrastructure improvement to Chepachet village. These improvements include drainage reconstruction, new brick treatment sidewalks, benches, period lighting, street trees, road reconstruction and intersection reconfiguration. These improvements will make the village safer, more pedestrian friendly and move traffic safely through the village. It is anticipated that these improvements will spur further investment into the businesses and residences in Chepachet by improving the business climate of the village. The first phase of this project was completed in November 2008 with the installation of a detention pond, landscaping, new sidewalks and curbing. The remaining improvements are scheduled for spring 2012.

The Gloucester Town Hall, built in 1935, has, since 2008, undergone numerous improvements in order to improve energy efficiency, improve comfort for occupants and to remedy years of deferred maintenance. The improvements cost approximately \$225,000. In 2008, the exterior trim was repainted, the brick exterior was re-pointed, and the exterior doors were replaced with energy efficient doors with interior grids that resemble the original doors for the building. The original insulation in the attic was removed and new insulation installed in 2010. In 2011, new floors were installed in the main hall and Town Council Chambers. Additionally, ceiling tiles in the halls, restrooms, conference room and Town Council Chambers were replaced. The main hall, Town Council Chambers, restrooms and copy room were painted in 2011. Rooms in the southern wing were renovated. One room was converted to a conference room and the Town's Human Services Director and the Gloucester Food pantry and the Building A& Zoning and Planning offices now enjoy larger space from which they can serve the public

In addition to the above, the Town is installing a geothermal heating/cooling system to replace the existing steam boiler system. The geothermal system is projected to save the Town over 40 percent on heating and cooling costs. The innovative approach to building comfort is being supported by a \$300,000 grant from the U.S. Department of Energy. The remaining cost of approximately \$40,000 will be contributed by the Town. The expected start-up date for the new system is January 2012.

The Town commissioned an actuarial study as required by the Governmental Accounting Standards Board Statement # 45 [Other Post Employment Benefits (GASB 45)]. The study was completed by USI Consulting Group and a report was issued on October 25, 2011. Further information regarding Other Post Employment Benefits is provided in Note 12 on pages 60 through 63 of the financial statements.

Financial Information

The Town's Comprehensive Annual Financial Report provides detailed information on the Town's current financial position. Our Management Discussion and Analysis will provide additional analysis.

Budgetary Control

The legal level of budgetary control is at the fund level. The Town observes the following charter procedures in establishing the General Fund budgeting data reflected in the required supplementary information:

- The Town Council appoints a Budget Board of seven members from the qualified electors of the Town.
- Each Department, Commission, Office and Agency submits a written detailed budget to the Budget Board no later than January 2nd in each year.
- The Budget Board holds budget hearings at which the various Departments, Commissions, Offices and Agencies justify their requests.
- The Budget Board submits to the Town Council, no later than the third Thursday in March, its recommendations regarding all requests for appropriations together with revenue estimates and the projected tax levy required to support the budget recommendation.
- The Town Council reviews recommendations of Budget Board and makes such changes as it deems appropriate.
- The Town Council holds a Public Hearing (at which taxpayers are given an opportunity to comment on the budget) on its preliminary recommended budget at least 21 days prior to the Annual Financial Town Meeting. The Council has the authority to increase or decrease budget line items.
- The Town Council, by affirmative vote of the majority, adopts a recommended budget for presentation to the Financial Town Meeting no later than 15 days preceding its date.
- The final Budget is approved and a Tax Levy set by resolution at the Financial Town Meeting.

Progress against both the expense and revenue operating budgets is tracked using budget-vs.-actual comparison reports. The general ledger tracks expenditures and encumbrances, and revenues, and compares them to budgeted amounts. The comparison report calculates the amount of appropriation and revenues remaining. The Treasurer's Office monitors both spending and revenues and issues monthly reports to departments to assist them in budget management. The Town's Budget Board reviews the progress against the budget quarterly and sends a report regarding its findings to the Town Council.

Cash Management

Cash requirements are strictly monitored, and excess cash is invested in appropriate short term instruments. These investments are intended to maximize investment earnings, while maintaining an appropriate level of security and liquidity.

Risk Management

The Town is a member of the Rhode Island Interlocal Risk Management Trust. This organization was established as a public entity risk pool to provide insurance coverage to local municipalities. The Town of Glocester maintains insurance coverage for property, general liability, public officials' liability, auto liability, and workers compensation. General liability and public officials' liability coverage is \$5,000,000. Further information regarding risk management is provided in Note 15 on pages 64 through 65 of the financial statements.

Debt Administration

The ratios of net bonded debt to total assessed (property) valuation and net bonded debt per capita provide useful information when evaluating the Town's financial position. These indicators were as follows on June 30, 2010 and June 30, 2011:

	<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
June 30, 2010	\$5,240,000	0.48%	\$537.66
June 30, 2011	\$4,515,000	0.40%	463.27

(Please see statistical schedules 5, 9 and 14 for additional information)

Independent Audit

Per the Town of Glocester Charter, and the General Laws of the State of Rhode Island, an independent audit of the Town's financial statements and operations has been completed by the firm of Cayer Caccia, LLP. Their opinion is included within this document.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Glocester for its comprehensive annual financial reports for the fiscal year ended June 30, 2010. This was the sixth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

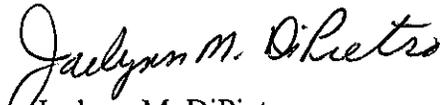
Acknowledgment

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated efforts of the staff of the Department of Finance and all of the employees of the Town of Gloucester. Their initiative, enthusiasm and proficiency are greatly appreciated. Special thanks to Council President Walter M. O. Steere III and the members of the Town Council for their support in maintaining the highest standards of professionalism in the management of the finances of the Town of Gloucester.

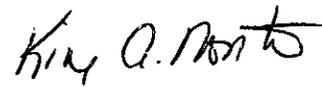
Respectfully submitted,



Thomas P. Mainville, CPA
Director of Finance



Jaclynn M. DiPietro
Administrative Aide



Kim A. Montie
Financial Clerk

TOWN OF GLOCESTER, RHODE ISLAND

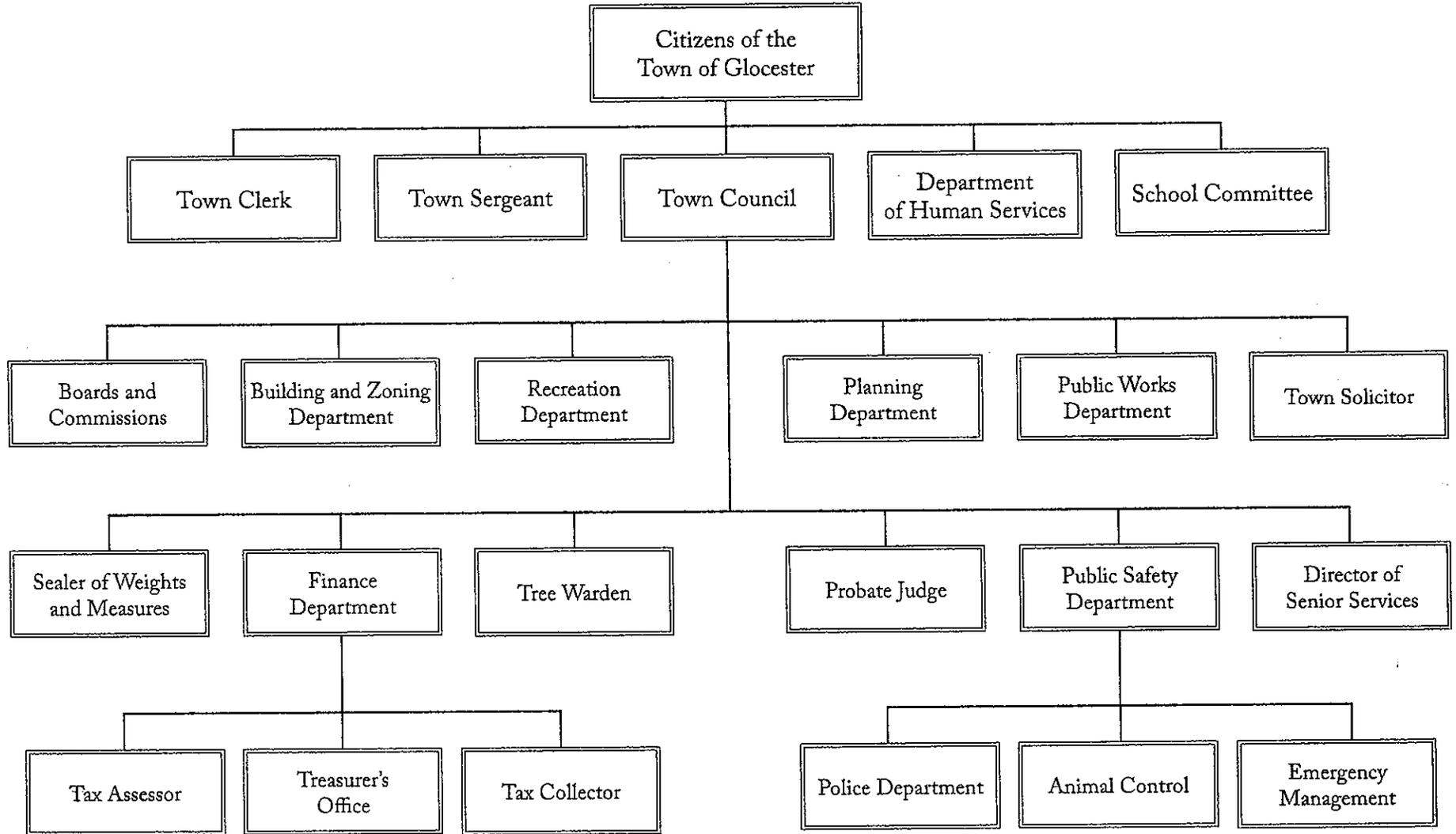
TOWN COUNCIL

Walter M.O. Steere III, President
George O. Steere, Jr., - Vice-President
Edward C. Burlingame
Jamie A. Hainsworth
William E. Reichert

DIRECTOR OF FINANCE

Thomas P. Mainville, CPA

Town of Glocester, Rhode Island Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gloucester
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emery

Executive Director

TOWN OF GLOCESTER

FINANCIAL SECTION

This section contains the following:

*Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Other Supplementary Information*



Gerard R. Cayer
CPA, MST, CVA

Mark V. Caccia
CPA, MST, CVA

Donna T. Caccia
CPA, MST, CFP™

INDEPENDENT AUDITOR'S REPORT

To the Honorable Town Council
Glocester, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Glocester, Rhode Island, as of and for the year ended June 30, 2011, 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 Glocester, 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 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 the 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Glocester, Rhode Island, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Town adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. As a result of this required implementation, the following funds previously classified as special revenue funds are now reported as part of the General Fund: Revaluation Reserve, Comprehensive Planning, Accrued Compensated Absences Reserve, GASB 45 Actuarial Study, Tree Planting, Health Reserve, Matching State Grant Funds, Storm Related Services, Other Post Employment Benefits, Police Equipment Maintenance, Senior Center Dues, Radio Contract, and Computer Systems Maintenance. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB Statement No. 54.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the Town of Glocester, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and other post-employment benefit information, and budgetary comparison information on pages 3 through 19 and 67 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Glocester, Rhode Island's basic financial statements. The combining and individual nonmajor fund financial statements, tax collector's annual report, and detailed budgetary comparison information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, tax collector's annual report, and detailed budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Glocester, Rhode Island's basis financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

December 21, 2011

Cayer Caccia, LLP

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Our discussion and analysis of the Town of Gloucester, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- The Town's net assets increased as a result of this year's operation. On a government-wide basis, the assets of the governmental activities of the Town of Gloucester exceeded its liabilities at June 30, 2011 by \$23,640,747 an increase of \$2,173,073, or 10.1% from 2010. Net assets of the Town's component unit increased by \$131,408, or 1.8%, to \$7,412,777. Net assets for the Town's business type activities increased by \$7,229, or 16.7%, to \$50,642.
- The Town's Government-wide operating expenses were \$26,471,186, a 1.3% [\$350k] increase from the prior year due mainly to additional cost [\$75k] incurred for the full revaluation of Town property (occurs every nine years), the purchase of radios for the Police Department [\$15k], the purchase of two used ten-wheel dump trucks for the Department of Public Works [\$55k], and \$58k for the Gloucester Land Trust, payments to which were presented as transfers in prior years. Revenues collected were \$28,644,259, a 0.9% increase due mainly to a loan received from Rhode Island Clean Water for a Community Septic Loan program. In addition, there was a transfer to the Gloucester Land Trust of \$549,540 in 2010 which did not reoccur in 2011.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,003,127. 50.0% [\$5,504,997] of this amount is unassigned. 35.5% [\$3,904,064] of the Unassigned combined ending fund balances is in the General fund.
- In the Town's general fund, the unassigned fund balance was \$3,904,064, or 16.9% of the total general fund expenditures and other uses of funds [\$23,119,885] for fiscal year 2011. The current fiscal year's revenues and other sources of funds exceeded expenditures and other uses of funds (net change in fund balances) by \$424,245. On a budgetary basis, revenues and other sources of funds exceeded expenditures and other uses of funds by \$373,230.

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.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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.

Government-wide financial statements - 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 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. Examples are uncollected taxes and earned but unused compensated absences.

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, education, social services and recreational services. The Town's one component unit is the Gloucester Land Trust. The Gloucester Schools lunch program is the Town's only business type activity.

The government-wide financial statements are reported on pages 20 through 22

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. With the exception of the School Lunch Fund, which is a proprietary fund, all of the funds of the Town are governmental 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.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the government-wide financial statements and the fund financial statements (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 Special Revenue Fund, and the Capital Reserve Fund, which are considered major funds. Data from the other 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 71 through 90 in this report. The individual funds within the component unit have been summarized into the data presented.

Proprietary Funds – The Town charges customers for services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The School Lunch Fund is the Town's sole proprietary fund.

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 32 through 66.

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 67 through 70.

Government-wide Financial Analysis

The Town adopted the provisions of Governmental Accounting Standards Board Statement No. 34 – *Basic financial statements and management's discussion and analysis for State and Local Governments* as of July 1, 2001, one year ahead of the required deadline and four years ahead of the deadline for reporting major general infrastructure assets. The decision to choose early implementation also included financial information regarding our component unit (Glocester Land Trust). Comparative data for the current and prior years is presented on the following pages.

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Analysis of the Town of Gloucester'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, 2011 by \$23,640,747, an increase of \$2,173,073, or 10.1% from 2010.

Current assets increased by \$1,359,501, or 12.2%, from 2010. This is due primarily to an increase in cash and cash equivalents of \$1.4 million. *Noncurrent assets* decreased by \$78,571 primarily due to an increase in building improvements [\$228k], machinery and equipment [\$108k], and infrastructure [\$299k] offset by depreciation expense [\$813k].

Current liabilities decreased by \$172,364 due to a decrease in Accounts Payable [\$243k] which was somewhat offset by an increase in Accrued Payroll [\$53k].

Noncurrent liabilities decreased by \$719,779 due primarily to debt service payments of \$725,000.

Listed below is a comparison of the current and prior fiscal years. The amounts reported for fiscal year 2010 have been retroactively reported to comply with the implementation of GASB Statement No. 54.

Town of Gloucester
Statement of Net Assets

	Governmental activities		Increase (decrease)
	6-30-2011	6-30-2010	
Current assets	\$12,481,716	\$11,122,215	\$1,359,501
Noncurrent assets	<u>17,911,047</u>	<u>17,989,618</u>	(78,571)
Total assets	<u>30,392,763</u>	<u>29,111,833</u>	<u>1,280,930</u>
Current liabilities	1,610,412	1,782,776	(172,364)
Noncurrent liabilities	<u>5,141,604</u>	<u>5,861,383</u>	(719,779)
Total liabilities	<u>6,752,016</u>	<u>7,644,159</u>	(892,143)
Net Assets:			
Invested in capital assets, net of related debt	13,815,360	13,195,876	619,484
Restricted	3,438,859	3,100	3,435,759
Unrestricted	<u>6,386,528</u>	<u>8,268,698</u>	(1,882,170)
Total net assets	<u>\$23,640,747</u>	<u>\$21,467,674</u>	<u>\$2,173,073</u>

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The school lunch fund is the Town's sole Business-type activity.

	Business-type activities		
	6-30-2011	6-30-2010	Increase (decrease)
Current assets	\$ 63,089	\$ 58,286	\$ 4,803
Noncurrent assets	-	-	-
Total assets	63,089	58,286	4,803
Current liabilities	12,447	14,873	(2,426)
Noncurrent liabilities	-	-	-
Total liabilities	12,447	14,873	(2,426)
Net Assets:			
Unrestricted	50,642	43,413	7,229
Total net assets	\$ 50,642	\$ 43,413	\$ 7,229

Town of Gloucester
Statement of Net Assets

The changes in the Component unit were primarily due to the purchase of 117 acres of land (for two properties) by the Gloucester Land Trust valued at \$280,062. The Land Trust received a grant of \$72,258 towards the purchase of one of the properties.

	Component unit		
	6-30-2011	6-30-2010	Increase (decrease)
Current assets	\$ 605,081	\$ 756,401	\$(151,320)
Noncurrent assets	6,808,166	6,529,155	279,011
Total assets	7,413,247	7,285,556	127,691
Current liabilities	470	4,187	(3,717)
Noncurrent liabilities	-	-	-
Total liabilities	470	4,187	(3,717)
Net Assets:			
Invested in capital assets, net of related debt	6,808,166	6,529,155	279,011
Restricted	-	-	-
Unrestricted	604,611	752,214	(147,603)
Total net assets	\$7,412,777	\$7,281,369	\$ 131,408

TOWN OF GLOCESTER, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The largest portion [\$13,815,360] 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 [\$3,438,859] 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, 2011, the Town of Gloucester reports positive balances in all three categories of Net Assets for the government as a whole.

Analysis of the Town of Gloucester's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2011. Governmental activities increased the Town's net assets by \$2,173,073, or 10.1%, for the current period. Component unit activities increased its net assets by \$131,408, or 1.8%, from 2010.

Total revenues increased by \$260,310, or .9%, from 2010. Revenues from *Operating Grants and Contributions* were \$244,633 greater than 2010 due primarily to \$300,000 in receipts from the Community Septic Loan Program. There was a *transfer* to the Gloucester Land Trust of \$549,540 in 2010, which did not reoccur in 2011. Increases were offset by a reduction in *Capital Grants and Contributions* received as \$247,895 was received in ARRA funds in 2010 for road paving that was not repeated in 2011. In addition, \$303,108 less in property taxes was received in 2011 than 2010.

Total expenses increased by \$350,414 or 1.3% from 2010. Increases include: Administration, which increased by \$40,219 due mainly to \$74,633 for the full revaluation (completed as of 12/31/2010) above 2010 expenditures; Public Safety, which increased by \$41,341 due mainly to the purchase of radios [\$15k], an increase in Vacation and illness coverage due to absences in the department [\$14k], and an increase in the Chief salary [\$10k] due to a vacancy in the position for part of 2010; Public Works, which increased by \$76,713 due mainly to the purchase of two used ten-wheel dump trucks [\$55k] and higher per gallon prices than expected for diesel fuel [\$28k]; Recreation, which increased by \$20,688, due mainly to an increase in the July 4 parade expense [\$15k]; Overhead, which increased by \$47,152, due mainly to an increase in utilities [\$20k], and an increase in property and liability insurance [\$10k]; and Gloucester Land Trust, payments to which were presented as transfers in prior years [\$58k].

Business-type activities net assets increased by \$7,229. The School Lunch program is the sole business-type activity in the Town.

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Component unit net assets increased by \$131,408, or 1.8%, and Capital grants and Contributions increased by \$79,141. Transfers decreased by \$549,540 as the Gloucester Land Trust received \$500,000 in bond proceeds in 2010 to be used toward the purchase of open space, but this did not reoccur in 2011. The Town is responsible for payment of the bond. In addition, the Land Trust purchased 117 acres of land (on two properties) valued at \$280,062. The Land Trust received a grant of \$72,258 towards the purchase for one of the properties.

Town of Gloucester
Statement of Activities

	<u>Governmental activities</u>		
	<u>6-30-2011</u>	<u>6-30-2010</u>	Increase (decrease)
<i>Revenues</i>			
Program revenues			
Charges for services	\$ 905,111	\$ 868,332	\$ 36,779
Operating grants	4,627,793	4,383,160	244,633
Capital grants	348,780	610,607	(261,827)
General revenues			
Property taxes	22,650,126	22,953,234	(303,108)
Interest & investment income	112,449	118,156	(5,707)
Transfers	<u>-</u>	<u>(549,540)</u>	<u>549,540</u>
Total revenues	28,644,259	28,383,949	260,310
 <i>Expenses</i>			
Administration	856,404	816,185	40,219
Finance	587,175	584,712	2,463
Public safety	1,952,522	1,911,181	41,341
Public works	2,207,085	2,130,372	76,713
Recreation	388,751	368,063	20,688
Social services	399,230	383,393	15,837
Overhead	312,695	265,543	47,152
Aid requests	318,533	317,533	1,000
Education	19,165,949	19,107,353	58,596
Interest on long-term debt	224,607	236,437	(11,830)
Gloucester Land Trust	<u>58,235</u>	<u>-</u>	<u>58,235</u>
Total expenses	26,471,186	26,120,772	350,414
 Change in net assets	 2,173,073	 2,263,177	 (90,104)
Net assets July 1	<u>21,467,674</u>	<u>19,204,497</u>	<u>2,263,177</u>
Net assets June 30	<u>\$23,640,747</u>	<u>\$21,467,674</u>	<u>\$ 2,173,073</u>

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Town of Gloucester Statement of Activities Business-type activities			
	6-30-2011	6-30-2010	Increase (decrease)
<i>Revenues</i>			
Program revenues			
Charges for services	\$ 59,975	\$ 63,167	\$(3,192)
Operating grants	81,890	81,002	888
Capital grants	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	141,865	144,169	(2,304)
 <i>Expenses</i>			
School lunch program	<u>134,636</u>	<u>124,224</u>	<u>10,412</u>
Total expenses	134,636	124,224	10,412
Change in net assets	7,229	19,945	(12,716)
Net assets July 1	<u>43,413</u>	<u>23,468</u>	<u>19,945</u>
Net assets June 30	<u>\$ 50,642</u>	<u>\$ 43,413</u>	<u>\$ 7,229</u>

Component unit			
	6-30-2011	6-30-2010	Increase (decrease)
<i>Revenues</i>			
Program revenues			
Charges for services	\$ -	\$ 17,440	\$(17,440)
Operating grants	3,575	3,200	375
Capital grants	162,530	83,389	79,141
General revenues			
Interest & investment income	407	269	138
Transfers	<u>-</u>	<u>549,540</u>	<u>(549,540)</u>
Total revenues	166,512	653,838	(487,326)
 <i>Expenses</i>			
Gloucester Land Trust	<u>35,104</u>	<u>15,303</u>	<u>(19,801)</u>
Total expenses	35,104	15,303	(19,801)
Change in net assets	131,408	638,535	(507,127)
Net assets July 1	<u>7,281,369</u>	<u>6,642,834</u>	<u>638,535</u>
Net assets June 30	<u>\$7,412,777</u>	<u>\$7,281,369</u>	<u>\$ 131,408</u>

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Financial Analysis of the Town of Gloucester's Funds

Governmental Funds

The Town implemented the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in fiscal year 2011. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies the definitions for governmental funds. GASB 54 defines the following five categories of fund balance:

Nonspendable – items that cannot be spent because they are not in a spendable form or legally or contractually required to be maintained intact..

Restricted – items that are restricted by external parties or imposed by grants, laws or legislation.

Committed – items that have been committed by formal action by the entity's highest level of decision-making authority.

Assigned – items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose.

Unassigned – items that have no restrictions placed on them.

The components of the fund balance as of June 30, 2010 have been retroactively restated to comply with this statement. As a result of this pronouncement, \$1,285,173 of the Town's Special Revenue Funds' fund balance have been reclassified to the Town General Fund at the beginning of fiscal year 2011. In addition, \$180,274 of the School's Special Revenue Funds' fund balance have been reclassified to the School Unrestricted General Fund at the beginning of the fiscal year 2011.

The focus of the Town of Gloucester'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 unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. The Fund Balance section of the Balance Sheet for Governmental Funds is presented in the format required by GASB Statement 54.

General Fund

Restricted

Administration: The Revaluation restriction decreased by \$109,009 from \$354,012 in 2010 to \$245,003 in 2011 due to the expense of the full revaluation of Town property as of 12/31/2010 (occurs every nine years).

Public Works: The Storm Related Services restriction increased by \$148,196 from \$203,673 in 2010 to \$351,869 due to less expense than anticipated for snow and ice removal in the winter of 2010-11.

Contractual obligations: The restriction for Accrued Compensated Absences increased by \$63,460 from \$191,688 in 2010 to \$255,148 due to anticipated future expenses.

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Committed

Subsequent year's expenditures: This amount increased by \$423,460 from \$150,000 in 2010 to \$573,460 in 2011. It is anticipated that \$357k of that increase will be used for road construction. The remainder was used to offset a tax increase in 2012.

Assigned

Contractual obligations: The \$324,403 assigned for OPEB obligations increased by \$399 from \$324,004 in 2010.

Employee benefits: The amount assigned for Health Insurance increased by \$68,588 from \$45,867 in 2010 to \$114,455 in 2011. This amount is intended to smooth fluctuations in health insurance working rates that may occur as a result of being a member of the RI Interlocal Risk Management Trust's health pool.

Unassigned

The General Fund Unassigned fund balance in 2011 is \$3,904,064. This is a decrease of \$192,519 from the Unassigned fund balance of \$4,096,583 in 2010. This is partially due to the increase [\$423,460] in Committed fund balance for subsequent year's expenditures from \$150,000 in 2010 to \$573,460 in 2011. That increase of the Committed fund balance was somewhat offset by the \$424,245 Net Change in Fund Balances in the General Fund.

School Unrestricted

Committed

Subsequent year's expenditures: This amount decreased by \$162,000 from \$342,000 in 2010 to \$180,000 in 2011. It was anticipated that a lesser amount was needed for 2012 as the budget for 2012 was level funded.

Assigned

Medicaid expenditures: This amount decreased by \$55,304 from \$254,730 in 2010 to \$199,426 due to an anticipated decrease in expenditures for 2012.

Contractual obligations: The assigned amount of \$180,274 for OPEB did not change from 2010 to 2011.

Employee benefits: The assigned amount for Sick Day Buy-Out for certified employees increased by \$101,333 from \$54,190 in 2010 to \$155,523 in 2011. This amount is intended to smooth fluctuations in sick day buy-out payments to certified staff when they retire.

Capital projects: This amount was established to fund additional capital projects at the two elementary schools in 2012.

Unassigned

The School Unrestricted Unassigned fund balance in 2011 is \$1,690,484. This is an increase of \$386,909 from the Unassigned School Unrestricted fund balance of \$1,303,575 in 2010. This is partially due to the decrease [\$162,000] in Committed fund balance for subsequent year's expenditures from \$342,000 in 2010 to \$180,000 in 2011 noted above. That decrease in Committed fund balance coupled with the \$764,998 Net Change in Fund Balances in the General Fund was somewhat offset by the increase in amounts assigned as noted above.

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Capital Reserve Fund

Restricted

Capital projects: This restricted fund balance of \$759,820 is relatively unchanged from the fund balance in the Capital Reserve Fund of \$748,087 in 2010.

Other Governmental Funds

Nonspendable

Noncurrent portion of loans receivable: This amount is composed of the Town's CDBG grant which increased by \$75,042 from \$258,393 in 2010 to \$333,435 in 2011.

Restricted

Social Services: \$274,000 of this restricted fund balance is due to the Town's obtaining a loan from RI Clean Water for its Community Septic loan Program. The fund balance was \$0 in 2010.

Education: This restricted fund balance represents an increase (due to a myriad of Federal title and State grant awards) of \$99,864 from \$103,489 in 2010 to \$203,353 in 2011.

Capital Projects: This restricted fund balance decreased by \$127,411 from \$852,039 in 2010 to \$724,628 in 2011 due to the completion of the bridge replacements and the landfill closure.

Unassigned

The negative \$89,551 fund balance is comprised of \$(88,463) and \$(1,088) from the Community Development Block grant and the Bulletproof Vest grant, respectively.

**Governmental Funds
Fund Balances**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	
	Total	Total	
	Governmental	Governmental	Increase
	<u>Funds</u>	<u>Funds</u>	<u>(decrease)</u>
Nonspendable	\$ 344,304	\$ 283,106	\$ 61,198
Restricted	3,094,555	2,732,424	362,131
Committed	753,460	492,000	261,460
Assigned	1,305,811	931,464	374,347
Unassigned	<u>5,504,997</u>	<u>5,139,566</u>	<u>365,431</u>
Total fund balances	<u>\$11,003,127</u>	<u>\$ 9,578,560</u>	<u>\$1,424,567</u>

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General Fund Budgetary Highlights

Revenues

Actual *Total revenues and other financing sources* reported in 2011 were more than budgeted amounts by \$93,134 or 0.4%.

Actual *General Property Taxes* collected exceeded budget by \$23,817 or 0.1%. Included in taxes collected was \$1,628,900 from Factory Mutual Insurance Company from a payment-in-lieu-of-taxes (PILOT) agreement, which commenced in 2003.

General State Aid received was greater than budget by \$27,062 or 11.4%. The Town budgeted \$82,492 in Vehicle Excise Tax, but received \$93,172, a difference of \$10,680. The Town received \$7,348 more than budgeted for State Housing Aid. The Town received \$10,969 more than budgeted for Public Service Corporation Tax.

Revenues from *Licenses, fees and fines* were \$52,861, or 13.6% greater than budget primarily due to an increase in police cruiser rental of \$12,981 and an increase in recycling revenue of \$43,802 due to stepped-up recycling efforts.

Interest and investment income was less than budget by \$14,856, or 12.7% primarily due to lower than expected interest rates.

Expenses

Total expenditures and other financing uses in the Town's General Fund were less than the amount budgeted by \$280,096, or 1.2%. Positive variances were: \$20,966 in the *Building/Zoning Official salary* due to a vacancy in the Building/Zoning Official position for a portion of the year; \$11,074 in *Legal services*; \$29,854 and \$48,944 in *Police officer salaries* and *Police Department Payroll taxes and benefits*, respectively due to an unfilled vacancy; \$23,551 in *Vacation and illness coverage* in the Police Department; \$19,935 for *Gasoline* in the Department of Public Works Highway Division due to lower than anticipated fuel prices; \$65,132 in *Insurance – property/liability/other* due to low incident experience and less than anticipated premiums.

Positive variances realized were somewhat offset by expenses that exceeded budget, primarily due to: \$23,051 and \$55,180 for *Repair parts* and the acquisition of two used *vehicles*, respectively, in the Department of Public Works, Maintenance Division– Vehicle and equipment.

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The Town of Gloucester's Capital Assets

The Town of Gloucester's investment in capital assets for its governmental activities amounts to \$17,883,886, net of accumulated depreciation at June 30, 2011. Included are land, buildings and improvements, construction in progress, motor vehicles, furniture, machinery and equipment, and infrastructure.

Additional information on the Town of Gloucester's capital assets is located in note 7 on pages 49 through 50 of the notes to the financial statements.

Town of Gloucester
Capital Assets (net of Accumulated Depreciation)

	Governmental activities			Component unit		
	June 30, 2011	June 30, 2010	Increase (decrease)	June 30, 2011	June 30, 2010	Increase (decrease)
Land	\$ 1,697,814	\$ 1,697,814	\$ -	\$ 6,661,390	\$ 6,379,229	\$ 282,161
Historical Building	-	-	-	143,626	143,626	-
Construction in Progress	357,028	271,040	85,988	-	-	-
Land Improvements	634,979	680,111	(45,132)	-	-	-
Buildings & Improvements	10,785,703	10,810,633	(24,930)	-	-	-
Motor Vehicles	613,209	685,854	(72,645)	-	-	-
Office Furniture/Equipment	212,775	202,016	10,759	-	-	-
Machinery & Equipment	733,203	732,902	301	3,150	6,300	(3,150)
Infrastructure-roads/bridges	<u>2,849,175</u>	<u>2,875,767</u>	<u>(26,592)</u>	-	-	-
Total	<u>\$ 17,883,886</u>	<u>\$ 17,956,137</u>	<u>\$(72,251)</u>	<u>\$ 6,808,166</u>	<u>\$ 6,529,155</u>	<u>\$ 279,011</u>

The \$85,988 increase in *Construction in Progress* was primarily due to building improvements [\$38k] in the south wing of the Town Hall and additional work [\$52k] done on a stormwater project in the village of Chepachet. The \$45,132 decrease in *Land Improvements* was due to annual depreciation. The \$24,930 decrease in *Buildings & Improvements* was due to upgrading the electrical and phone wiring [\$123k] at both the Fogarty Memorial School and the W. Gloucester Elementary School, replacement of bathroom partitions [\$9k] at the W. Gloucester Elementary School, and replacement of flooring [\$56k] and ceiling tiles [\$13k] and installation of a new fire alarm system [\$27k] at the Town Hall, offset by annual depreciation. The \$72,645 decrease in *Motor Vehicles* was due to the addition of two used ten-wheel dump trucks [\$55k] and a utility body [\$6k] offset by the retirements of a 1997 pick-up truck and a 1990 six-wheel dump truck and annual depreciation. The \$10,759 increase in *Office Furniture/Equipment* was due to purchase of new phone systems [\$43k total] at each of the two elementary schools which was somewhat offset by depreciation. The \$301 increase in *Machinery & Equipment* was due to the purchase of a Leeboy paver [\$57k], an HD10c roller [\$30k], a trailer [\$13k] and a tailgate conveyer [\$5k] for the Department of Public Works and a base radio with additional radios [\$16k] for the Police Department, offset by depreciation. The \$26,592 decrease in *Infrastructure-roads/bridges* was due to the addition of road paving costs for approximately four miles of roads [\$299k] offset by annual depreciation.

The increase in the component unit was due primarily to the acquisition of an additional 117 acres of land.

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The Town of Gloucester's Debt Administration

The Town did not issue any new debt in 2011. The Town issued \$500,000 of new debt in 2010 for Open Space to be administered by the Gloucester Land Trust, the Town's component unit. The Town made payments on debt principal of \$725,000. The outstanding bonded (General Obligation Bond) debt decreased to a total of \$4,515,000 at June 30, 2011. 100% of this outstanding debt is backed by the full faith and credit of the government, including the Town's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

The following is a summary of the Town's long-term General Obligation Bond debt.

	Town of Gloucester Outstanding Debt General Obligation Debt		
	<u>June 30, 2011</u> Governmental <u>activities</u>	<u>June 30, 2010</u> Governmental <u>activities</u>	Increase (decrease)
Road improvements	\$ 1,210,000	\$ 1,420,000	\$(210,000)
West Gloucester Elementary School	295,000	595,000	(300,000)
Open Space (Land Trust)	50,000	100,000	(50,000)
Open Space (Land Trust)	455,000	500,000	(45,000)
Senior Center	1,915,000	1,995,000	(80,000)
Fogarty Elementary School roof	<u>590,000</u>	<u>630,000</u>	<u>(40,000)</u>
Total	<u>\$ 4,515,000</u>	<u>\$ 5,240,000</u>	<u>\$(725,000)</u>

In January 2009, Standard & Poor's Ratings Services raised its rating on the Town's general obligation debt from 'AA-' to 'AA' with a stable outlook.

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 3% debt limit of the Town for 2010 was \$33,654,208 [based on the net assessed valuation at December 31, 2009 of \$1,121,806,916. As of June 30, 2011, the Town had \$590,000 in outstanding bonds and notes issued within the 3% debt limit leaving a borrowing capacity of \$33,064,208.

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, 2011, the total outstanding debt of the Town issued outside the 3% debt limit was \$3,925,000.

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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.

Under Rhode Island law, the Town may borrow in each fiscal year in anticipation of the receipt of the proceeds of the property tax due in such fiscal year, an amount that shall not exceed the total tax levy of the then current fiscal year. Tax Anticipation Notes must be payable not later than one year from the date of issuance. The Town has not issued Tax Anticipation Notes since fiscal year 1999.

Additional information on the Town of Glocester's long-term debt can be found in footnote 8 of the financial statements on pages 50 through 53.

Economic Factors and Next Year's Budgets and Rates

- Unemployment rates as of June 30, 2009, June 30, 2010, and June 30, 2011.

<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	
13.5%	9.3%	11.3%	Providence County (includes Town of Glocester)
12.2%	12.0%	10.8%	State of Rhode Island
9.7%	9.5%	9.2%	United States

- Rates of inflation (12 months percent change taken from the Consumer Price Index, Bureau of Labor Statistics Data) as of June 30, 2009, June 30, 2010, and June 30, 2011.

<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2010</u>	
-1.2%	1.7%	3.4%	Northeast Urban area
-1.4%	1.1%	3.6%	United States

- Median income for a family for the census year 2010 in Glocester was \$86,044 compared to the State's median income of \$62,790.

- For the year ended June 30, 2011, existing single-family home median sale prices were approximately \$240,000 in Glocester (information obtained from the Town Tax Assessor), 14.3% higher than the state median of \$210,000 (information obtained from the Rhode Island Association of Realtors).

- Glocester ranks 30th in population [9,746 per 2010 census] among Rhode Island's 39 cities and towns.

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- The Town's total general fund budget for fiscal year 2012 amounts to \$27,599,359 [\$19,733,333, or 71.5%, for education and \$7,866,026, or 28.5%, for other purposes], which reflects an increase of \$572,221 or 2.1% from 2011. This is comprised of increases of \$82,891 in education costs and \$489,330 in Town government costs. The increase in the Town government cost was due mostly to an additional transfer from the general fund fund balance to capital for road construction. \$573,460 was appropriated from the Town's fund balance to provide additional funding for the fiscal 2012 budget (road construction) and help contain the tax increase.
- The unassigned fund balance in the general fund decreased by \$192,519, or 4.7%, to \$3,904,064 in 2011. The fund balance is 14.1% of proposed expenditures for 2012, which is above the 12% minimum required by the Town Charter.
- Since December 2000, per Rhode Island General Law 44-5-11.6, municipalities in Rhode Island are required to perform full revaluations on all "ratable" property every nine years and statistical revaluations every three years for the years in-between. A full revaluation was performed as of December 31, 2001, which affected fiscal year 2003. The first statistical revaluation was completed as of December 31, 2004 and the second as of December 31, 2007. The next full revaluation was performed as of December 31, 2010 which affects values for fiscal year 2012.

As reported in that full revaluation, net values for fiscal year 2012 have been assessed at \$931,603,082, a decrease of \$190,203,834 or 17.0%. The decrease is due primarily to a downturn in the residential and commercial real estate markets. The reduction in net residential and commercial real estate values of \$199,371,405 and \$7,866,299, respectively, mirror the general decline in property values throughout Rhode Island and New England. This was somewhat offset by an increase in vehicle values of \$12,065,685 and a decrease in motor vehicle exemptions of \$4,927,145 from 2011 to 2012. The State was exempting \$6,000 from the values of motor vehicles and reimbursed the related loss in revenues to the Towns. Due to problems with the State budget, the State discontinued most of the reimbursement, decreased [by \$5,500] the mandated exemption to \$500 and allowed the towns to tax the taxpayers for the full value less the \$500 to recoup the difference. Each town had the option not to decrease the exemption by the full \$5,500. The Town chose to establish the exemption at \$500.

The Town's tax rates for 2011 and 2012 with their differences are listed below. The tax on *Motor vehicles* has been frozen at \$24.37. The tax on *Inventory* was phased out after fiscal 2008. Rates are per \$1,000 of valuation.

	<u>Tax Rates</u>		
	<u>Fiscal</u> <u>2010-11</u>	<u>Fiscal</u> <u>2011-12</u>	<u>Increase</u> <u>(decrease)</u>
Residential	\$ 17.87	\$ 21.66	\$ 3.79
Commercial/ mixed use	20.31	24.62	4.31
Motor vehicle	24.37	24.37	-
Tangible	35.58	43.13	7.55

TOWN OF GLOCESTER, RHODE ISLAND
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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. If you have questions about this report or need additional financial information, contact the Finance Office, Town of Glocester, 1145 Putnam Pike, PO Drawer B, Chepachet, RI 02814, Telephone number (401) 568-6206, extension 5.

Thomas P. Mainville, CPA
Director of Finance

TOWN OF GLOCESTER

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include:

Government-wide Financial Statements

Fund Financial Statements:

Governmental Funds

Proprietary Fund

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.

TOWN OF GLOCESTER, RHODE ISLANDSTATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 10,734,235	\$ 5,890	\$ 10,740,125	\$ 572,872
Receivables:				
Taxes, net	668,911		668,911	
Loans	462,561		462,561	
Other	26,743	77	26,820	
Due from:				
Primary government				14,769
Other governments	630,032	7,479	637,511	
Internal balances	(49,643)	49,643		
Other assets	8,877		8,877	17,440
Deposit on land				
Total current assets	12,481,716	63,089	12,544,805	605,081
Noncurrent assets:				
Capital assets:				
Non-depreciable	2,054,842		2,054,842	6,805,016
Depreciable, net	15,829,044		15,829,044	3,150
Bond issuance costs, net	27,161		27,161	
Total noncurrent assets	17,911,047	0	17,911,047	6,808,166
TOTAL ASSETS	30,392,763	63,089	30,455,852	7,413,247
LIABILITIES:				
Current liabilities:				
Accounts payable	471,160	12,447	483,607	470
Accrued payroll	165,849		165,849	
Accrued interest	42,058		42,058	
Due to:				
Other governments	407		407	
Component unit	14,769		14,769	
Current portion of long-term debt	854,034		854,034	
Unearned revenue	1,508		1,508	
Other liabilities	60,627		60,627	
Total current liabilities	1,610,412	12,447	1,622,859	470
Noncurrent liabilities:				
Long-term debt, net	5,141,604		5,141,604	
Total noncurrent liabilities	5,141,604	0	5,141,604	0
TOTAL LIABILITIES	6,752,016	12,447	6,764,463	470

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLANDSTATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
NET ASSETS:				
Invested in capital assets, net of related debt	13,815,360		13,815,360	6,808,166
Restricted - nonexpendable	344,304		344,304	
Restricted for:				
Administration	321,682		321,682	
Public safety	74,726		74,726	
Public works	351,869		351,869	
Recreation	31,079		31,079	
Social services	312,978		312,978	
Education	203,353		203,353	
Capital projects	1,484,448		1,484,448	
Contractual obligations	255,148		255,148	
Matching state grant funds	50,000		50,000	
Perpetual care	9,272		9,272	
Unrestricted	6,386,528	50,642	6,437,170	604,611
TOTAL NET ASSETS	\$ 23,640,747	\$ 50,642	\$ 23,691,389	\$ 7,412,777

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Glocester Land Trust
Primary Government:								
Governmental activities:								
Administration	\$ 856,404	\$ 284,709	\$ 170,684		\$ (401,011)		\$ (401,011)	
Finance	587,175	15,571			(571,604)		(571,604)	
Public safety	1,952,522	94,781	61,899	\$ 1,087	(1,794,755)		(1,794,755)	
Public works	2,207,085	71,203		85,422	(2,050,460)		(2,050,460)	
Recreation	388,751	8,415	26,234		(354,102)		(354,102)	
Social services	399,230	90,273	591,912		282,955		282,955	
Overhead	312,695	6,437			(306,258)		(306,258)	
Aid requests	318,533				(318,533)		(318,533)	
Education	19,165,949	333,722	3,777,064	262,271	(14,792,892)		(14,792,892)	
Land trust	58,235				(58,235)		(58,235)	
Interest on long-term debt	224,607				(224,607)		(224,607)	
Total governmental activities	26,471,186	905,111	4,627,793	348,780	(20,589,502)		(20,589,502)	
Business-type activities:								
School Lunch	134,636	59,975	81,890			\$ 7,229	7,229	
Total business-type activities	134,636	59,975	81,890	0	0	7,229	7,229	
Total primary government	\$ 26,605,822	\$ 965,086	\$ 4,709,683	\$ 348,780	(20,589,502)	7,229	(20,582,273)	
Component Unit:								
Glocester Land Trust	\$ 35,104	\$ 0	\$ 3,575	\$ 162,530				\$ 131,001
General revenues:								
Property taxes					22,650,126		22,650,126	
Unrestricted investment earnings					112,449		112,449	407
Total general revenues and transfers					22,762,575	0	22,762,575	407
Change in net assets					2,173,073	7,229	2,180,302	131,408
Net Assets - beginning of year					21,467,674	43,413	21,511,087	7,281,369
Net Assets - end of year					\$ 23,640,747	\$ 50,642	\$ 23,691,389	\$ 7,412,777

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	School Unrestricted	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 5,918,204	\$ 3,037,125	\$ 1,378,817	\$ 400,089	\$ 10,734,235
Receivables:					
Taxes, net	668,911				668,911
Loans				462,561	462,561
Other	14,194	11,895		654	26,743
Prepaid expenditures	7,769		1,108		8,877
Due from:					
Other funds	101,475	259,470		1,106,886	1,467,831
Component unit				288	288
Other governments	49,057	124,797		456,178	630,032
TOTAL ASSETS	\$ 6,759,610	\$ 3,433,287	\$ 1,379,925	\$ 2,426,656	\$ 13,999,478
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 80,471	\$ 245,372	\$ 9,516	\$ 135,801	\$ 471,160
Accrued payroll and benefits	87,778	70,139		7,932	165,849
Due to:					
Other funds	242,081	465,098	610,589	199,706	1,517,474
Component unit	15,057				15,057
Other governments	407				407
Deferred revenues	301,708	1,508		462,561	765,777
Other liabilities	60,627				60,627
TOTAL LIABILITIES	788,129	782,117	620,105	806,000	2,996,351

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES (Continued):					
FUND BALANCES:					
Nonspendable	7,769			336,535	344,304
Restricted	961,063		759,820	1,373,672	3,094,555
Committed	573,460	180,000			753,460
Assigned for:	525,125	780,686			1,305,811
Unassigned	3,904,064	1,690,484		(89,551)	5,504,997
TOTAL FUND BALANCES	<u>5,971,481</u>	<u>2,651,170</u>	<u>759,820</u>	<u>1,620,656</u>	<u>11,003,127</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,759,610</u>	<u>\$ 3,433,287</u>	<u>\$ 1,379,925</u>	<u>\$ 2,426,656</u>	<u>\$ 13,999,478</u>

TOWN OF GLOCESTER, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Amounts reported for governmental activities in the Statement of Net Assets differ because:

Total Fund Balances (B-1)	\$ 11,003,127
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,883,886
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,995,638)
Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	764,269
Accrued interest payable is recorded in governmental activities, but is not recorded in the funds.	(42,058)
Bond issuance costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the government-wide financial statements.	27,161
Total Net Assets (A-1)	<u>\$ 23,640,747</u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	General Fund	School Unrestricted	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes	\$ 22,495,323				\$ 22,495,323
Intergovernmental	475,981	\$ 2,700,558		\$ 1,516,205	4,692,744
Licenses, fees, and fines	442,361				442,361
Investment income	102,403	3,753	\$ 1,480	4,813	112,449
Other	26,252	334,285		162,571	523,108
Intergovernmental - pension contribution		264,180			264,180
TOTAL REVENUES	23,542,320	3,302,776	1,480	1,683,589	28,530,165
EXPENDITURES:					
Current:					
Administration	818,659			12,638	831,297
Finance	590,140				590,140
Public safety	1,718,710			69,050	1,787,760
Public works	1,727,750				1,727,750
Recreation and senior center	243,159			47,889	291,048
Social services	40,955			325,990	366,945
Operational expenses	313,737				313,737
Aid requests	318,533				318,533
Education	9,453,321	8,645,633		714,497	18,813,451
Glocester Land Trust	58,235				58,235
Intergovernmental - pension contribution		264,180			264,180
Debt Service:					
Principal	725,000			59,224	784,224
Interest and other costs	217,717			4,928	222,645
Bond issuance costs	1,275				1,275
Capital:					
Capital outlay	5,369		225,697	503,312	734,378
TOTAL EXPENDITURES	16,232,560	8,909,813	225,697	1,737,528	27,105,598
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	7,309,760	(5,607,037)	(224,217)	(53,939)	1,424,567

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,810	6,372,035	711,315	618,314	7,703,474
Transfers out	(6,887,325)		(475,365)	(340,784)	(7,703,474)
NET OTHER FINANCING SOURCES (USES)	(6,885,515)	6,372,035	235,950	277,530	0
NET CHANGE IN FUND BALANCES	424,245	764,998	11,733	223,591	1,424,567
FUND BALANCE AT BEGINNING OF YEAR	5,547,236	1,886,172	748,087	1,397,065	9,578,560
FUND BALANCE AT END OF YEAR	\$ 5,971,481	\$ 2,651,170	\$ 759,820	\$ 1,620,656	\$ 11,003,127

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES (B-2)
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (A-2)
YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ 1,424,567
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(69,911)
Governmental funds do not recognize gains or losses on the sale or disposal of capital assets. The statement of activities includes losses on the disposal of fixed assets during 2011.	(2,340)
Governmental funds report new loans made by the Town as expenditures and principal payments as revenues. However, in the Government-Wide financial statements new loans made are reported as receivables and principal repayments reduce the receivables.	52,462
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.	761,080
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount is shown net of the allowance for uncollectible motor vehicle and tangible taxes.	61,632
Other long-term obligation expenses, including landfill postclosure care costs, other post-employment benefit costs, and accrued compensated absences in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(53,730)
Adjustment to accrued interest payable related to general obligation bonds which is required to be recorded for government-wide financial statement presentation.	5,633
Bond issuance costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-Wide financial statements. This is the amount by which amortization exceeded bond issuance costs in the current period.	<u>(6,320)</u>
Change in Net Assets of Governmental Activities (A-2)	<u>\$ 2,173,073</u>

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2011**

	School Lunch
ASSETS:	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 5,890
Receivables, net	77
Due from:	
Other funds	49,643
Other governments	7,479
Total current assets	63,089
 TOTAL ASSETS	 63,089
 LIABILITIES:	
<i>Current liabilities:</i>	
Accounts payable	12,447
Total current liabilities	12,447
 TOTAL LIABILITIES	 12,447
 NET ASSETS:	
Unrestricted	50,642
TOTAL NET ASSETS	\$ 50,642

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2011**

	School Lunch
OPERATING REVENUES:	
Charges for usage and service	\$ 59,975
Total operating revenues	<u>59,975</u>
OPERATING EXPENSES:	
Operations	134,636
Total operating expenses	<u>134,636</u>
OPERATING LOSS	<u>(74,661)</u>
NONOPERATING REVENUES (EXPENSES):	
Intergovernmental	81,890
Net nonoperating revenues	<u>81,890</u>
CHANGE IN NET ASSETS	7,229
TOTAL NET ASSETS - BEGINNING	<u>43,413</u>
TOTAL NET ASSETS - ENDING	<u>\$ 50,642</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLANDSTATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	<u>School Lunch</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 59,975
Cash paid to suppliers	(137,062)
<i>Net cash used for operating activities</i>	<u>(77,087)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Nonoperating grants received	80,454
Increase in due from other funds	(3,190)
<i>Net cash provided by noncapital financing activities</i>	<u>77,264</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	177
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,713</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,890</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (74,661)
Adjustments to reconcile:	
Decrease in accounts payable	(2,426)
<i>Net cash used for operating activities</i>	<u>\$ (77,087)</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Glocester, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities. In certain circumstances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

The Town of Glocester was incorporated in 1731. The Town is governed under a Home Rule Charter adopted in November 1991. The Town operates under a Town Council form of government with a five-member Town Council headed by a Council President.

A six-member School committee, all elected at large, is vested with legislative authority over the public school system. The Superintendent of Schools, appointed by the School Committee, is the chief executive officer for the school system. The school system provides elementary education to Town residents.

The accompanying financial statements present the government and its component unit. In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, 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. The Town's discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town. Through the application of GASB Statement No. 39 and No. 14 criteria, the Glocester Land Trust (the Land Trust) has been presented as a component unit of the Town, hereinafter referred to as a "component unit", in the accompanying government-wide financial statements. The Land Trust is included in the Town's reporting entity because of the significance of its operational and financial relationships with the Town.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Unit Disclosure - The following component unit is reported in a separate column to emphasize that it is legally separate from the Town but is included because the Town is financially accountable for and is able to impose its will on the organization. The Town of Glocester is able to impose its will in the component unit as the Town appoints all seven members of the Land Trust Commission. Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit and its relationship with the Town is as follows:

Glocester Land Trust (the Land Trust) - The purpose of the Land Trust is to acquire, hold and manage real property and interests in real property situated in the Town of Glocester, 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 does not issue separate financial statements and has a June 30 fiscal year.

Recently Issued Accounting Standards

The Town implemented the following accounting pronouncement for the year ended June 30, 2011:

→ GASB Statement No. 59 - Financial Instruments Omnibus.

The adoption of this pronouncement did not have an effect on the Town's financial statements.

The Town also implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended June 30, 2011. This pronouncement establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency. As a result of this pronouncement, \$1,285,173 of the Town's Special Revenue Funds' fund balance have been reclassified to the Town General Fund at the beginning of fiscal year 2011. In addition, \$180,274 of the School's Special Revenue Funds' fund balance have been reclassified to the School Unrestricted General Fund at the beginning of the fiscal year 2011.

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

- GASB Statement No. 60 - Accounting and Financial Reporting for Service Concession Arrangements, effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 61 - The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34, effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the Town's fiscal year ending June 30, 2013.
- GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position effective for the Town's fiscal year ending June 30, 2013.

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

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 report information on all the nonfiduciary activities of the primary government and its component units. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Proprietary Funds are used to account for business-like 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. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered nonoperating sources of revenue.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. For the year ended June 30, 2011, the Town had no agency funds.

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General:	See above for description
Special Revenue:	School Unrestricted -- This fund accounts for the operation and maintenance of the West Glocester and Fogarty Memorial Elementary Schools.
Capital Project:	Capital Reserve Fund -- This fund accounts for monies utilized for capital improvements set forth in the Capital Program approved at the Financial Town Meeting.
Proprietary:	School Lunch -- This fund is used to account for the activities of the lunch programs at the West Glocester and Fogarty Memorial Elementary Schools.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

Non-Major:

Special Revenue:	<u>Town Funds:</u> Bramley Bill, The Meds Plan, Community Development Block Grant, Bullet Proof Vest, Public Library Grant, July 4 th Parade, MHRH Grant, Emergency Energy, School Shooter Training, Pollard Mimosa Trees, Senior Center Program, Central Police Legislative Grant, Blue Rip Tide Grant, Historic Records Trust, Senior Center Donations, Food Bank, Animal Shelter Amy Angilly Fund, Community Septic System Loan Program, Livescan and DARE.
	<u>School Funds:</u> Student Equity, Early Childhood, Technology, Professional Development, Literacy, Title I, Title II, Title IV, Title I-ARRA, IDEA Preschool, IDEA Part B, Rural Education Grant, Donations - Library, CAST Mini Grant, IDEA-ARRA.
Capital Projects:	Chepachet River Park, Roads, Bridge Replacement, Landfill Closure, Chepachet Wastewater/Stormwater Project, Geothermal Project, School Bond, School Capital Improvement, MDT Project, Senior Center Fund, Chepachet River Cleanup, and Gloucester Memorial Park.
Permanent:	Perpetual Care Fund.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below, and utilize the accrual basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes, franchise taxes, licenses, and interest as available if they are collected within 60 days after year-end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting, and as such, it is recognized as earned.

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

- (b) The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Amounts reported as program revenues include charges to customers or applicants for licenses, fees, goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts totaled \$332,000 for property taxes. Business-type activities report usage fees as its major receivables.

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable.

Deposits and Investments

Cash and cash equivalents are carried at cost. The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions or collateralized government investment pools, which are available on a daily basis.

Investments are stated at fair value. Investment income is recorded in the fund which it was earned.

Prepaid Items

Prepaid items, where applicable, are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment. Prepaids recorded in governmental funds do not reflect current appropriated resources, resulting in nonspendable fund balance.

Property, Plant, and Equipment

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The capitalization threshold is any individual item with a total cost of greater than \$5,000.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment (Continued)

Government-Wide Statements (Continued)

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

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>Classes</u>	<u>Useful Life</u>
Land improvements	5 - 30 years
Buildings and improvements.....	5 - 100 years
Motor vehicles.....	4 - 20 years
Machinery and equipment.....	5 - 30 years
Office furniture and equipment	3 - 20 years
Infrastructure (roads and bridges)	3 - 40 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Accrued Compensated Absences

Under the terms of various contracts and policies, Town employees are granted vacation and sick leave based on length of service. The amount recorded is the unused days earned at the current rate of pay. The Town's policy is to recognize the cost of vacation and sick leave in governmental funds when paid and on the accrual basis in proprietary funds. Since the Town's policy is to pay certain accrued compensated absences when employees separate from service with the Town, the amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as a long-term liability in the government-wide financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transfers

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund.

Bond Issuance Costs

In the governmental fund financial statements, bond issuance costs are treated as period costs in the year of issue and shown as an "expenditure". In the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds and are recorded as other assets.

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- (a) Invested in capital assets, net of related debt - Consists of capital assets (including restricted capital assets) net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not expected to be converted into cash, or legally or contractually required to be maintained intact.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Financial Statements (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by the formal Town Council action.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$72,251 difference are as follows:

Capital outlay	\$ 826,194
Depreciation expense	(896,105)
Loss on disposal of capital assets	<u>(2,340)</u>
Net adjustment to decrease <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net assets</i> <i>of governmental activities</i>	<u>\$ (72,251)</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of Government-wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "Governmental funds report new loans made by the Town as expenditures and principal payments as revenues. However, in the Government-Wide financial statements new loans made are reported as receivables and principal repayments reduce the receivables." Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds and thus are not included in the fund balance. However, in the statement of net assets receivable are recognized when levied or earned.

Adjustment of deferred revenue for:	
CDBG loans receivable.....	\$ 78,492
Community septic system loans receivable.....	<u>(26,030)</u>
Net adjustment to increase <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net assets-</i> <i>of governmental activities</i>	<u>\$ 52,462</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$761,080 difference are as follows:

Principal repayments – general obligation debt.....	\$725,000
Proceeds – loan payable.....	(27,945)
Principal repayments – capital leases.....	11,735
Principal repayments – loan payable.....	<u>52,290</u>
Net adjustment to increase <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net assets-</i> <i>of governmental activities</i>	<u>\$761,080</u>

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The details of this \$61,632 difference are as follows:

Deferred revenue – beginning.....	\$ (240,076)
Deferred revenue – ending.....	<u>301,708</u>
Net adjustment to increase <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>net change in net</i> <i>assets of governmental activities</i>	<u>\$ 61,632</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of Government-wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$53,730 difference are as follows:

Increase in liability for compensated absences	\$ (46,053)
Decrease in liability for landfill closure	9,700
Increase in net OPEB obligation	<u>(17,377)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ (53,730)</u>

Another element of that reconciliation states that "adjustment to accrued interest payable related to general obligation bonds which is required to be recorded for government-wide financial statement presentation". The details of this \$5,633 difference are as follows:

Accrued interest – beginning	\$ 47,691
Accrued interest – ending	<u>(42,058)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - of governmental activities</i>	<u>\$ 5,633</u>

2. BUDGETARY PROCESS

(a) Adoption

The Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. It is the responsibility of the Town Budget Board to: a) Receive and examine all requests for capital and operating expenditures submitted by the Departments, Commissions, Offices and Agencies of Town government, including the School Department; b) Hold such hearings as may be necessary to provide the opportunity for all Department Heads, Town Officials and Agencies submitting estimates to appear before the Board to explain and justify their requests. The Board shall provide opportunity for any citizen who desires to do so to address the Board on any pertinent matter consistent with the procedural rules established by the Board; and c) Submit to the Council no later than the third Thursday in March its recommendations regarding all requests for appropriations which have been submitted for its review together with revenue estimates and the projected tax levy required to support the budget recommendation. The Council shall review the recommendations of the Budget Board and make such changes in the various expenditure requests as it sees fit, provided, however, that the Council shall not have the authority to change any item in the School Department expenditure request except the overall total amount. The Council shall hold a Public Hearing on its preliminary recommended budget prior to its adoption, which hearing must be at least 21 days prior to the Annual Financial Town Meeting. The Council shall adopt a recommended budget for presentation to the Financial Town meeting, not later than 15 days preceding its date. The recommended budget is approved or amended by the voters at the Annual Financial Town Meeting.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

2. BUDGETARY PROCESS (Continued)

(a) Adoption (Continued)

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 fund 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 2011. Appropriations which are not expended or encumbered lapse at year end.

(b) Reconciliation - Budgetary to GAAP

The Town Charter requires annual budgets for the General Fund and Special Revenue - General School Activities. The practices used in the preparation of the 2011 budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues, Expenditures, Other Financing Sources (Uses) - Budget and Actual on a Budgetary Basis - General Fund, and Special Revenue Fund - School Unrestricted Fund, have been adjusted to a basis consistent with the Town's budget for 2011.

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
General Fund:		
Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) (D-2)	\$23,686,742	\$23,313,512
Less: Appropriated fund balance	(150,000)	
Activity of funds classified with the General Fund for the purposes of GASB Statement No. 54	7,388	(193,627)
Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balance (B-2)	<u>\$23,544,130</u>	<u>\$23,119,885</u>

A reconciliation of the School District's General Fund revenues, expenditures and other financing sources (uses) as reported on schedules B-2 and D-3 is presented below:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
Statement of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual (D-3)	\$9,752,068	\$8,645,533
Less: Appropriation of unrestricted fund balance.....	(342,000)	
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	264,180	264,180
Activity of funds classified with the School District's General Fund for purposes of GASB Statement No. 54	563	100
Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances – Governmental Funds (B-2)	<u>\$9,674,811</u>	<u>\$8,909,813</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

3. DEPOSITS AND INVESTMENTS

(a) Deposits

Custodial credit risk, deposits - Custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's investment policy does not address custodial credit risk.

The Town's deposits are subject to certain State restrictions. Under Rhode Island general laws, depository institutions must insure deposits of the Town or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities.

The Town maintains deposits at local financial institutions. At year end, the carrying amount of such deposits was \$11,157,616 while the bank balance was \$11,759,834, of which \$2,878,366 was covered by federal depository insurance and \$8,881,468 was uninsured and collateralized by securities held by the pledging financial institution's trust department in the Town's name.

The following is a reconciliation of the Town's cash and investment balances as of June 30, 2011:

Cash and investments - primary government:

Governmental and business-type (Schedule A-1)	\$10,740,125
Cash and investments - Gloucester Land Trust (Schedule A-1).....	<u>572,872</u>
Total cash and cash equivalents	<u>\$11,312,997</u>

(b) Investments

The Town has implemented the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires that investments be reported at fair value. Fair values are established by quoted market values. Unrealized gains and losses from changes in fair value are recognized as investment income.

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. The Town minimizes its exposure to interest rate risk by investing in short-term, highly liquid investments.

Custodial Credit Risk, Investments – The Town does not have a formal custodial credit risk policy. Custodial credit risk is the risk that in the event of financial institution failure, the Town's investments may not be returned or the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of June 30, 2011, the Town had \$140,662 of uncollateralized institutional money market funds which invest in U.S. government obligations.

Concentration of Credit Risk - At June 30, 2011, the Town had 3% of its investments concentrated in collateralized local government investment pools, and 97% concentrated in uncollateralized institutional money market funds. The Collateralized Local Government Investment Pool (LGIP) invests public-sector funds only in U.S. Treasury and other U.S. Government securities permitted under Rhode Island law. The LGIP's provides collateral at a 102% minimum. The LGIP is fully compliant with all Rhode Island laws, investment guidelines and collateral requirements, and is managed within the guidelines of a registered SEC 2-a7-type fund. The fair value of the Town's position in the LGIP is the same as the value of the pool shares. At June 30, 2011, the Town did not have any investments in common stock or other equity investments.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

3. DEPOSITS AND INVESTMENTS (Continued)

(b) Investments (Continued)

The Town's investments are stated at fair value. The Town does not have a formal investment policy or 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, 2011, the Town had the following investments:

<u>Description</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Institutional Money Market Funds-				
U.S. Treasury.....	\$ 140,662	Varies (2)	Daily	Aaa/AAAm
Collateralized Local Government Investment Pool	<u>4,279</u>	Varies (1)	Daily	not rated
Total investments.....	144,941			
Deposits.....	11,157,616			
Petty cash and cash on hand.....	<u>10,440</u>			
Total cash and investments.....	<u>\$11,312,997</u>			

(1) Average daily rate of 0.06% for June 2011.

(2) Annualized 30 day yield of 0% for June 2011.

The carrying value of deposits and investments relate to the combined balance sheet totals (A-1) as follows:

Reconciliation to Government-wide Statement of Net Assets:

Investments.....	\$144,941
Less: investments classified as cash equivalents.....	<u>(144,941)</u>
Total investments (A-1).....	<u>\$ 0</u>

4. TAXES RECEIVABLE AND DEFERRED REVENUE

The Town's property tax is levied each July 1, for its next fiscal year on the assessed values listed as of the prior December 31 (lien date), for all real property, tangible property, and motor vehicles located in the Town. Assessed values of real property and tangible personal property were established by the Town Assessor's office at 100% of appraised market value as of December 31, 2009. The assessed value of motor vehicles is determined annually at 100% as established by the State Vehicle Value Commission.

An automatic lien is placed on the taxpayer's property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 8% per annum calculated on the unpaid portion of the total tax. Taxes are due in full by August 1, or at the option of the taxpayer they may be paid in quarterly installments on the first working day of August, November, February, and May following the levy date.

Net property taxes levied at the May 8, 2010 Financial Town Meeting for the fiscal year 2011 were based on an net assessed value of approximately \$1,121,806,916 at December 31, 2009 and amounted to \$20,960,378.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

4. TAXES RECEIVABLE AND DEFERRED REVENUE (Continued)

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2011 (\$1,000,911) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$332,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2011 are recorded as deferred revenue and amounted to \$301,708 at June 30, 2011. Property taxes recognized as revenue for the fiscal year ended June 30, 2011 (due to their collection within the 60 days immediately following June 30, 2011) amounted to \$367,203.

In the government-wide financial statements, deferred revenues represent funds received in advance of being earned, or receivables which will be collected and included in revenues of future fiscal years.

5. INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental receivables and payable consist of amounts due from federal and state governments as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
State of Rhode Island:		
Major funds:		
General Fund	\$ 22,323	\$407
School Unrestricted	3,230	
Total	<u>25,553</u>	<u>407</u>
Federal government:		
Major Funds:		
School Unrestricted	98,549	
Non-major funds	145,183	
Total	<u>243,732</u>	<u>0</u>
Other Governments:		
Major funds:		
General Fund	26,734	
School Unrestricted	23,018	
Non-major funds	310,995	
Total	<u>360,747</u>	<u>0</u>
Total governmental activities	<u>\$630,032</u>	<u>\$407</u>
Business-type activities:		
Federal government:		
School Lunch	\$ 7,479	
Total business-type activities	<u>\$ 7,479</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

6. INTERFUND BALANCES

Individual fund and discretely presented component unit receivable and payable balances at June 30, 2011, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities:		
Major funds:		
General Fund	\$ 101,475	\$ 242,081
School Unrestricted.....	259,470	465,098
Capital Reserve Fund		610,589
Non-major funds	<u>1,106,886</u>	<u>199,706</u>
Total governmental activities	<u>1,467,831</u>	<u>1,517,474</u>
Business-type activities:		
School Lunch	<u>49,643</u>	
Total business type activities	<u>49,643</u>	<u>0</u>
Balances at June 30, 2011	<u>\$1,517,474</u>	<u>\$1,517,474</u>
 Discretely Presented Component Unit Balances:		
Primary government:		
General fund		\$15,057
Non-major funds	<u>\$ 288</u>	
Total primary government	<u>288</u>	<u>15,057</u>
Discretely presented component unit:		
Glocester Land Trust.....	<u>14,769</u>	<u>0</u>
Balances at June 30, 2011	<u>\$15,057</u>	<u>\$15,057</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:				
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 1,697,814			\$ 1,697,814
Construction in progress.....	271,040	\$ 85,988		357,028
Total capital assets not being depreciated.....	1,968,854	85,988		2,054,842
Other capital assets:				
Land improvements.....	892,765			892,765
Buildings and improvements.....	14,438,649	228,809		14,667,458
Motor vehicles.....	1,973,208	61,080	\$(80,035)	1,954,253
Office furniture and equipment.....	409,244	42,869	(5,561)	446,552
Machinery and equipment.....	1,383,569	119,962	(12,006)	1,491,525
Infrastructure - roads and bridges.....	6,208,984	299,492		6,508,476
Total other capital assets.....	25,306,419	752,212	(97,602)	25,961,029
Less: accumulated depreciation for:				
Land improvements.....	(212,654)	(45,132)		(257,786)
Buildings and improvements.....	(3,628,016)	(253,739)		(3,881,755)
Motor vehicles.....	(1,287,354)	(131,385)	77,695	(1,341,044)
Office furniture and equipment.....	(207,228)	(32,110)	5,561	(233,777)
Machinery and equipment.....	(650,667)	(107,655)		(758,322)
Infrastructure - roads and bridges.....	(3,333,217)	(326,084)		(3,659,301)
Total accumulated depreciation.....	(9,319,136)	(896,105)	83,256	(10,131,985)
Other capital assets, net.....	15,987,283	(143,893)	(14,346)	15,829,044
Governmental activities capital assets, net.....	\$17,956,137	\$ (57,905)	\$(14,346)	\$17,883,886
Discretely Presented Component Unit:				
Capital assets not being depreciated:				
Land.....	\$6,379,229	\$282,161		\$6,661,390
Historical building.....	143,626			143,626
Total capital assets not being depreciated.....	6,522,855	282,161	\$0	6,805,016
Other capital assets:				
Machinery and equipment.....	31,500			31,500
Total other capital assets.....	31,500	0	0	31,500
Less: accumulated depreciation for:				
Machinery and equipment.....	(25,200)	(3,150)		(28,350)
Total accumulated depreciation.....	(25,200)	(3,150)	0	(28,350)
Other capital assets, net.....	6,300	(3,150)	0	3,150
Discretely presented component unit capital assets, net.....	\$ 6,529,155	\$279,011	\$0	\$6,808,166

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Administration	\$ 37,695
Public safety.....	123,126
Public works.....	477,466
Recreation.....	89,106
Social services	4,340
Education	<u>164,372</u>
Total governmental activities depreciation expense	<u>\$896,105</u>
 Component Unit:	
Land Trust.....	<u>\$ 3,150</u>
Total component unit depreciation expense	<u>\$ 3,150</u>

8. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term debt:					
General obligation debt	\$5,240,000		\$ (725,000)	\$4,515,000	\$ 740,000
Loan payable.....	136,571	\$27,945	(52,290)	112,226	
Capital leases payable	<u>20,261</u>		<u>(11,735)</u>	<u>8,526</u>	<u>5,034</u>
Total long-term debt.....	<u>5,396,832</u>	<u>27,945</u>	<u>(789,025)</u>	<u>4,635,752</u>	<u>745,034</u>
 Other long-term liabilities:					
Compensated absences.....	919,541	610,077	(564,024)	965,594	99,300
Landfill post-closure costs	281,300		(9,700)	271,600	9,700
Net OPEB obligation.....	<u>105,315</u>	<u>17,377</u>		<u>122,692</u>	
Total other long-term liabilities	<u>1,306,156</u>	<u>627,454</u>	<u>(573,724)</u>	<u>1,359,886</u>	<u>109,000</u>
 Governmental activities long-term liabilities.....	 <u>\$6,702,988</u>	 <u>\$655,399</u>	 <u>\$(1,362,749)</u>	 <u>\$5,995,638</u>	 <u>\$854,034</u>

Payments on bonds are made from the General Fund. Payments on the loan are made from the Community Septic System Loan Program Fund. Payments on the capital leases are made from the General Fund and the Livescan Fund. Accrued compensated absences are paid from the General Fund and the School Unrestricted Fund. Payments on the landfill post-closure care costs are made from the General Fund.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds Outstanding

At June 30, 2011, the Town's bonds payable are comprised of the following:

GOVERNMENTAL ACTIVITIES

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding June 30, 2011</u>
General refunding:	9/15/97	\$4,565,000	11/1/11	3.85% - 5.15%	\$ 595,000		\$300,000	\$ 295,000
Road improvements:	4/15/01	3,200,000	4/15/16	4.0% - 5.5%	1,420,000		210,000	1,210,000
Open space:	6/1/02	500,000	6/1/12	2.85% - 4.75%	100,000		50,000	50,000
Senior center:	10/1/06	2,215,000	10/1/26	3.5% - 5.0%	1,995,000		80,000	1,915,000
School roof:	5/15/07	750,000	4/1/27	4.0% - 5.5%	630,000		40,000	590,000
Land trust:	5/13/10	500,000	5/1/19	4.2%	500,000		45,000	455,000
Total general obligation bonds.....					\$5,240,000	\$0	\$725,000	\$4,515,000

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds Outstanding (Continued)

The Town has issued the \$750,000 School roof bond issue under the Maximum Aggregate Indebtedness provision (3% Debt Limit) of the Rhode Island General Laws 45-12-2. All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum. The Town is not obligated in any manner for special assessment debt, nor is there any special assessment debt outstanding.

(c) Loan Payable

The Town entered into a loan agreement with RI Clean Water Finance Agency in the amount of \$250,000 on February 22, 2001, which was completely drawn down by April 1, 2011. The loan is used to establish the Community Septic System Loan Program through which the Town provides subsequent loans to homeowners for the repair or replacement of failed septic systems. Loans are serviced on behalf of the Town by the RI Housing Mortgage Finance Corporation. The loans to the homeowners bear interest of 4% of which RI Clean Water Finance Agency and RI Housing Mortgage Finance Corporation both receive a 1.5% service fee.

The Town entered into another loan agreement with RI Clean Water Finance Agency in the amount of \$300,000 on October 7, 2010 to further fund the Community Septic System Loan Program. Loans are serviced on behalf of the Town by the RI Housing Mortgage Finance Corporation. The loans to the homeowners bear interest of 2% of which RI Clean Water Finance Agency receives a 0.5% service fee and RI Housing Mortgage Finance Corporation receives a 1.5% service fee. The loan must be completely drawdown by January 1, 2021.

Payments of principal and service fees are made to RI Clean Water Finance Agency quarterly from the funds collected from the repayment of loans to homeowners less the service fee due to RI Housing Mortgage Finance Corporation. As a result, there is no debt service schedule and the debt service to maturity information has not been provided.

The loans are not a general obligation of the Town and are subject to and dependent upon appropriations being made by the Town for such purposes.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

8. LONG-TERM LIABILITIES (Continued)

(d) Debt Service Requirements

At June 30, 2011, the Town has \$0 remaining authorized but unissued bond authority.

Governmental Activities

Annual principal and interest requirements on general obligation bonds for the year ending June 30 are as follows:

Year ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 740,000	\$ 185,903	\$ 925,903
2013	410,000	159,984	569,984
2014	425,000	143,014	568,014
2015	445,000	124,354	569,354
2016	465,000	103,539	568,539
2017	205,000	82,041	287,041
2018	205,000	73,587	278,587
2019	215,000	64,818	279,818
2020	155,000	55,637	210,637
2021	160,000	48,988	208,988
2022	165,000	42,137	207,137
2023	170,000	35,438	205,438
2024	180,000	28,087	208,087
2025	185,000	20,438	205,438
2026	190,000	12,762	202,762
2027	200,000	4,787	204,787
Total	<u>\$4,515,000</u>	<u>\$1,185,514</u>	<u>\$5,700,514</u>

(e) Capital Leases

The Town has entered into capital lease agreements for a copier and livescan equipment.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	
	<u>Administration</u>	<u>Public Safety</u>
Assets:		
Machinery and equipment.....		\$50,700
Office furniture and equipment	\$14,472	
Less: accumulated depreciation	(2,895)	(50,700)
Net	<u>\$11,577</u>	<u>\$ 0</u>

The following schedule summarizes the future minimum lease payments under those capital leases, and the present value of the net minimum lease payments at June 30, 2011:

Fiscal year ending June 30:	<u>Governmental Activities</u>
2012	\$5,331
2013	<u>3,554</u>
Total minimum lease payments	8,885
Less: amount representing interest	<u>(359)</u>
Present value of future minimum lease payments	<u>\$8,526</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

9. FUND EQUITY

(a) Fund Balance Constraints

The constraints on fund balance as listed in the aggregate in the Governmental Funds Balance Sheet are detailed according to balance classification and fund.

	<u>General Fund</u>	<u>School Unrestricted</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable for:					
Perpetual care				\$ 3,100	\$ 3,100
Prepaid expenditures	\$ 7,769				7,769
Noncurrent portion of loans receivable				333,435	333,435
Restricted for:					
Administration	304,046			17,636	321,682
Public safety				74,726	74,726
Public works	351,869				351,869
Recreation				31,079	31,079
Social services				312,978	312,978
Education				203,353	203,353
Capital projects			\$759,820	724,628	1,484,448
Contractual obligations.....	255,148				255,148
Matching state grant funds.....	50,000				50,000
Perpetual care				9,272	9,272
Committed to:					
Subsequent year's expenditures.....	573,460	\$ 180,000			753,460
Assigned for:					
Administration	1,508				1,508
Public safety	67,759				67,759
Recreation	17,000				17,000
Education		463			463
Medicaid expenditures		199,426			199,426
Contractual obligations.....	324,403	180,274			504,677
Employee benefits.....	114,455	155,523			269,978
Capital projects		245,000			245,000
Unassigned.....	3,904,064	1,690,484		(89,551)	5,504,997
Total Fund Balances	\$5,971,481	\$2,651,170	\$759,820	\$1,620,656	\$11,003,127

(b) Fund Deficits

The following fund had a cumulative deficit at June 30, 2011:

Non-major Governmental Funds:

Bullet Proof Vest \$1,088

The deficit in the fund listed above will be funded by General Fund contributions.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

10. DEFINED BENEFIT PENSION PLANS

(a) Municipal Employees' Retirement System of the State of Rhode Island

Plan Description

The Town's defined benefit pension plan, Municipal Employees' Retirement System of the State of Rhode Island (MERS), provides retirement and disability benefits, annual cost-of-living adjustments, death and disability benefits to plan members and beneficiaries. MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. The Municipal Employees' Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 50 Service Avenue, Warwick, RI 02886.

The payroll for employees covered by the System for the year ended June 30, 2011 was approximately \$1,609,714 and the Town wide payroll (municipal, police, and school) was approximately \$7,219,268.

Funding Policy

MERS members are required to contribute 7.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The rate for 2011 is 9.33% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2009	\$236,643	100%	\$0
2010	\$186,737	100%	\$0
2011	\$150,186	100%	\$0

Annual Pension Cost

For 2011, the Town's annual pension cost of \$150,186 for MERS was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included mortality rates based on the 1994 Group Annuity Mortality Table and the age of 65 or completion of service requirements. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Municipal Police Pension Plan

Plan Description

All full-time police members participate in the same Municipal Employee's Retirement System of the State of Rhode Island (described above).

The payroll for employees covered by the System for the year ended June 30, 2011 was approximately \$903,110.

Funding Policy

Covered police employees are required to contribute 9.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The rate for 2011 is 16.08% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2009	\$183,488	100%	\$0
2010	\$133,241	100%	\$0
2011	\$145,220	100%	\$0

Annual Pension Cost

For 2011, the Town's annual pension cost of \$145,220 for the Police Pension System was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included mortality rates based on the 1994 Group Annuity Mortality Table, and the later of a retirement age of 60, or completion of service requirements. The actuarial value of MERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 2010 Annual Financial Report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 50 Service Avenue, Warwick, Rhode Island 02886. This report is the most recent report available from the State, who administers the Plan.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Annual Pension Cost

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>General Municipal Employees Pension Plan</u>	<u>Municipal Police Pension Plan</u>
Valuation date	6/30/10	6/30/10
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Percent Closed	Level Percent Closed
Remaining amortization period.....	19 years	19 years
Asset valuation method	5-year Smoothed Market Value	5-year Smoothed Market Value
Actuarial assumptions:		
Investment rate of return	7.50%, compounded annually	7.50%, compounded annually
Projected salary increases	4.0%-8.0%, compounded annually	4.25%-14.25%, compounded annually
Cost-of-living adjustments	1.50% not compounded	2.00% not compounded
Inflation adjustments	3.0%	3.0%

Actuarial Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
<u>General Employees – Municipal Employees' Retirement System</u>						
6/30/10	\$6,471,874	\$8,937,697	\$(2,465,823)	72.4%	\$2,442,616	(101.0%)
<u>Police Units – Municipal Employees' Retirement System</u>						
6/30/10	\$4,516,760	\$6,498,931	\$(1,982,171)	69.5%	\$904,047	(219.3%)

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(c) Teacher's Pension Plan

Plan Description

All full-time teachers including superintendents, principals, school nurses and certain other school officials ("certified employees") in the Gloucester School District participate in the Employees Retirement System of the State of Rhode Island (ERSRI), a cost-sharing multiple-employer public employee retirement system. In addition to certified employees, the System covers substantially all employees of the State of Rhode Island. The payroll for employees covered by the System for the year ended June 30, 2011, was \$3,908,587. The total payroll for all School employees was \$4,706,444.

The plan issues a stand-alone publicly available financial report that includes financial statements and required supplementary information. A copy of the report can be obtained from the State Employees Retirement Board, 50 Service Avenue, Warwick, Rhode Island 02886.

All full-time certified employees of the Gloucester School District are eligible to participate in the System. Certified employees who retire at or after age 60 with 10 years of credited service or at any age with 28 years of credited service are entitled to a retirement benefit payable monthly for life. The retirement benefit is a percentage of final average salary per year of credit service with a maximum benefit of 80% of "final average" salary. Final average salary is the three highest consecutive years of earned salary excluding overtime, bonuses, or severance pays. The System also provides death and disability benefits. Benefits are established and may be amended by State statute. The percent of earnings relating to each year of credited service is as follows:

<u>Years of Credited Service</u>	<u>Percent/Year</u>
1 - 10	1.7%
11 - 20	1.9%
21 - 34	3.0%
35	2.0%

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The School District was required to contribute 11.25%, 11.89%, and 14.86%, for all full-time employees for fiscal years 2011, 2010, and 2009, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1986 over a closed 30-year period; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- A. **Mortality** - 1994 Group Annuity Mortality Tables.
- B. **Investment return** - 7.50 percent, compounded annually.
- C. **Salary increase** - Salaries will increase at a rate of 4.0% - 12.75%.
- D. **Retirement age** - Teachers are assumed to retire at the later of age 61 or completion of the service requirements.
- E. **Cost of living adjustments** - 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.

(CONTINUED)

TOWN OF GLOUCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(c) Teacher's Pension Plan (Continued)

Funding Policy (Continued)

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School District of 7.76% of non-federally reimbursable payrolls, totaling \$264,180 for fiscal year ended June 30, 2011. This amount was recognized in the School District fund as both a revenue and an expenditure.

The amounts contributed to the plan are as follows:

<u>Years Ending June 30.</u>	<u>Employee</u>	<u>Employer</u>	<u>Percentage Contributed</u>
2011	\$354,595	\$439,716	100%
2010	\$364,775	\$453,906	100%
2009	\$366,606	\$458,682	100%

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the School District has determined that there is and has been no pension liability or assets related to the Plan.

11. CONTINGENT LIABILITIES

Grants

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material.

Self-Insurance

The Town has elected to pay unemployment compensation on a claims-made basis rather than as a percentage of payroll. No accrual has been made for claims expected to arise from service related to fiscal 2011 because Town officials are of the opinion that any claims relating to this period will be immaterial.

Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorneys, the resolution of these matters will not have a materially adverse effect on the financial condition of the Town.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The cost of postemployment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. The Town adopted the requirements of GASB No. 45 during the year ended June 30, 2009, and recognizes the cost of postemployment healthcare in the year when the employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

The Town offers a single-employer healthcare benefit plan that is administered by Blue Cross/Blue Shield of Rhode Island (BCBS). The Town provides postemployment healthcare benefits to eligible retirees in accordance with various labor contracts and personnel policies. As of June 30, 2011, 143 employees [118 active and 25 retirees] were eligible to participate. Inasmuch as the plan has no assets, reporting an Other Post Employment Benefit (OPEB) trust fund in the accompanying financial statements is not required. An actuarial consultant, USI Consulting Group, was hired to determine the Town's actuarial valuation of the post retirement benefits that are offered to current and future retirees as of July 1, 2010. This was the second actuarial valuation that the Town has had in regards to its OPEB obligation. The post-employment plan does not issue a stand-alone financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town, subject to applicable labor contracts.

Benefit Provisions and Contributions

The Town offers individual or family health insurance to its retirees. Employees vest for OPEB when they vest for pension benefits. Employees can choose individual or family health coverage when they are actively employed. These benefits are described by employee group:

School ~ Teachers and Administrators

Eligibility: If vested prior to July 2, 2005 with 28 years of service or at age 60 with 10 years of contributing service. If vested after July 1, 2005, at age 59 with 29 years of service or at age 62 (receiving Social Security) with 10 years of service. Benefits cease at age 65 or when the retiree is eligible for Medicare, whichever occurs first.

Plan Type: Medical - Blue Cross/Blue Shield Classic or Healthmate individual plans only.

Benefit/Cost Sharing: For employees that retired by June 30, 2006, the Town of Glocester School Department pays 100% of the cost of medical insurance for an individual plan. For those that retire after June 30, 2006, retirees contribute the same amount as they contributed during their final year of service.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Benefit Provisions and Contributions (Continued)

School ~ Educational Support

Eligibility: Employees with 10 years of service who have reached age 60. Benefits cease at age 65 or when the retiree is eligible for Medicare, whichever occurs first.

Plan type: Medical - Blue Cross/Blue Shield Classic or Healthmate individual plans only.
Dental - Rhode Island Delta Dental III individual plan only.

Benefit/Cost Sharing: The Town of Glocester School Department pays 100% of the premium cost of individual coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

Town ~ Clerks

Eligibility: Employees with 10 years of service who have reached age 62. Benefits cease at age 65 or when the retiree becomes eligible for Medicare, whichever occurs first.

Plan type: Blue Cross/Blue Shield or Healthmate individual plans only.

Benefit/Cost Sharing: The Town pays 100% of the premium cost of individual medical care coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

Benefit Provisions and Contributions:

Town ~ Police

Eligibility: Members hired before July 1, 2001 must have at least 20 years of service. Members hired after July 1, 2001 must have 25 years of service. Benefits cease at age 65 or when the retiree becomes eligible for Medicare, whichever occurs first. If the spouse becomes eligible for Medicare or reaches age 65 before the retiree, the retiree continues to be eligible for coverage.

Plan type: Medical - Blue Cross/Blue Shield or Healthmate individual plans only.
Dental - Rhode Island Delta Dental III individual plan only.

Benefit/Cost Sharing: The Town pays 100% of the premium cost of individual medical care and dental coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

Town ~ Non-contract

Eligibility: Employees with 10 years of service who have reached age 62. Benefits cease at age 65 or when the retiree becomes eligible for Medicare, whichever occurs first.

Plan type: Blue Cross/Blue Shield or Healthmate individual plans only.

Benefit/Cost Sharing: The Town pays 100% of the premium cost of individual medical care coverage until the retiree reaches age 65 or is eligible for Medicare, whichever occurs first.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Benefit Provisions and Contributions (Continued)

All Employee Groups

Retirees can purchase health insurance for their spouses at their own expense. The Plan does not provide a "surviving spouse benefit" for any of its Plan members.

Classes of Employees Covered

As of June 30, 2011, membership data was as follows.

Active Employees	118
Retirees	<u>25</u>
Total Plan Members	<u>143</u>

Annual OPEB Cost and Net OPEB Obligation

The Town may contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* to a trust. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year ending June 30, 2011, the Town made no contributions to a trust and instead elected to continue funding on a pay-as-you-go basis, which was determined to be \$128,291. These costs are recognized as an expense when claims or premiums are paid. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation.

Annual required contribution (ARC).....	\$ 192,063
Interest on net OPEB obligation.....	4,212
Adjustment to annual required contribution	<u>(4,716)</u>
Annual OPEB cost (expense).....	191,559
Contributions made.....	<u>(174,182)</u>
Increase in net OPEB obligation.....	17,377
Net OPEB obligation - beginning of year	<u>105,315</u>
Net OPEB obligation - end of year.....	<u>\$ 122,692</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$184,000	64.8%	\$ 64,794
6/30/2010	193,140	79.0%	105,315
6/30/2011 (1)	191,559	90.9%	122,692

(1) The most recent actuarial valuation date was July 1, 2010.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded Actuarial Accrued Liability (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	[(A-B)/C] UAAL as a Percentage of Covered Payroll
July 1, 2010	\$0	\$2,307,873	\$2,307,873	0.0%	\$7,219,268	32.0% (1)

(1) Provided by Town.

Although the Town has not established a trust to fund its OPEB obligation nor made any contributions to a trust, the Town has assigned \$504,677 of its fund balance to fund its OPEB obligation. Although not actuarially determined, the Town believes this amount plus the amounts expended annually on the "pay-as-you-go" basis equal the annual required contributions through fiscal year 2011. The Town intends to establish an irrevocable trust in compliance with GASB Statement No. 45 in fiscal year 2012.

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

Actuarial Methods and Assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the Plan by employers in comparison to the ARC, an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The annual OPEB cost was determined as part of the actuarial valuation. Additional information and assumptions used as of the last actuarial valuation are summarized below:

Funding Interest Rate	4.00%
2010 Medical Trend Rate.....	10.0%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2015
Actuarial Cost Method.....	Entry Age Normal
The remaining amortization period at June 30, 2011	26 years
Valuation Type	Closed Group

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

13. MAJOR REVENUE SOURCE

The Town has a tax treaty and agreement with Factory Mutual Insurance Company (FM), which requires FM to pay the Town annual fixed payments in lieu of taxes according to the following schedule:

<u>June 30:</u>	<u>Amount</u>
2012.....	\$ 1,671,975
2013.....	2,065,050
2014.....	2,118,625
2015.....	2,172,200
2016.....	2,225,775
2017.....	2,279,350
2018.....	2,332,925
2019.....	2,386,500
2020.....	2,449,760
2021.....	2,504,667
2022.....	<u>2,559,574</u>
Total.....	<u>\$24,766,401</u>

During fiscal year ending June 30, 2011 the Town received \$1,628,900 in payments from FM.

14. 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 their respective School Committee members who are also ex-officio School Committee members for the Regional School District. 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 Glocester's budgeted contribution for the fiscal year ended June 30, 2011 was \$9,453,321. Financial statements for the Regional School are issued separately and may be obtained from the Foster-Glocester Regional School District Business Office, P.O. Box D, Chepachet, Rhode Island 02814.

15. RISK MANAGEMENT

The Town of Glocester and Glocester School Department are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors; omissions; injuries to employees; and natural disasters. As a result, the Town and School Department participate in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town and School Department signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town and School Department. The agreement states that for premiums paid by the Town or School Department, the Trust will assume financial responsibility for the losses up to the maximum amount of insurance purchased, minus the 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 for losses that are above the Trust's self-insured retention. Under the participation agreement, the Town is insured for general liability for a maximum of \$5,000,000 per occurrence and the School Department for a maximum of \$3,000,000 per occurrence. There have been no reductions in insurance coverage from coverage in the previous year. Settled claims resulting from these risks have not exceeded the Trust Coverage.

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

15. RISK MANAGEMENT (Continued)

The Trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability was exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the Trust policy. As of June 30, 2011, the Town believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

16. INTERFUND TRANSFERS

Interfund transfers for fiscal year ended June 30, 2011 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major funds:		
General Fund	\$ 1,810	\$6,887,325
School Unrestricted.....	6,372,035	
Capital Reserve Fund	711,315	475,365
Non-major funds	618,314	340,784
Total governmental activities	<u>\$7,703,474</u>	<u>\$7,703,474</u>

17. LANDFILL POSTCLOSURE CARE COSTS

The Rhode Island Department of Environmental Management (RIDEM) has identified the Town's former landfill located off Chestnut Hill Road as a Site Remediation Program. RIDEM performed a Site Investigation in April 2005 and issued their report in May 2005.

The Town complied with RIDEM's remediation requirements by capping the landfill with two feet of clean fill and subsequently stabilizing it by planting grass. A plastic membrane was not deemed necessary.

The work on the project is complete. The total cost was \$246,000. RIDEM has reviewed the Closure Certification Report and determined that it is in substantial compliance with Rule 2.1.09(C) of the Solid Waste Regulation No. 2.

RIDEM regulations require that post-closure monitoring be performed for a period of at least 30 years after the landfill is closed. Monitoring consists of analyzing groundwater samples and measuring landfill gas levels. Other tasks required are mowing the grass twice per year and field inspections to ascertain whether erosion is occurring and that no trees are growing. Annual monitoring is expected to cost \$9,700 per year. Actual costs may be higher due to inflation, changes in technology or changes in regulation. After the first few years of monitoring following final acceptance, the Town will request that RIDEM relax these requirements if monitoring results are in substantial compliance with the regulations.

The Town has landfill post closure care costs as follows:

<u>Town Landfill</u>	<u>Year of Closure</u>	<u>Remaining Capping Cost (Estimate)</u>	<u>Annual Monitoring Costs (Estimate)</u>	<u>Years Remaining</u>	<u>Projected Liability</u>	<u>Short-Term Liability</u>	<u>Long-Term Liability</u>
Chestnut Hill Road	1979	\$0	\$9,700	28	\$271,600	\$9,700	\$261,900

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

18. PUBLIC ENTITY RISK POOL

The Health Pool

The Town participates in a public entity risk pool through the Rhode Island Interlocal Risk Management Trust (the Trust) entitled the Health Pool (the Pool), formerly known as The Governmental Health Group of Rhode Island, Inc. through June 22, 2010. The Pool is part of a not-for-profit organization (the Trust) formed to provide programs of liability, workers compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. The Pool is governed by the Trust Board of Directors (Board).

Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI).

Using the rate calculations prepared by BCBSRI, the Trust sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are used to pay for claims, reinsurance and all administrative expenses. The Pool agreement provides for an annual independent audit of its financial statements.

A member's share of surplus or deficit is equal to the ratio of the member's subscribers (employees and retirees) participating in the Pool's plan for each month of a policy year divided by the sum of all subscribers in the Pool for the same period.

The Pool agreement provides the Trust's Board a discretionary, fully allocable assessment feature with respect to specified circumstances.

After it has been a member of the Pool for an initial three-year period, a member may withdraw from the Pool by providing the Trust's Board with 90 days notice; liquidated damages would also be assessed at that time. The Trust may terminate a member's coverage for failure to pay amounts due.

For the year ended June 30, 2011, unaudited results indicate that the Pool generated \$97,302,780 in revenues and excess of expenses over revenues of \$7,537,316. The Pool had \$29,248,169 in total assets and \$12,915,179 in total equity as of June 30, 2011.

The Pool retains certain levels of insurance risk. Specific losses in excess of \$1 million to a limit of \$2 million are covered by a Backstop Account internal to the Trust that is funded by annual Backstop Account payments from the Health Pool. As of June 30, 2011, the Pool's membership consisted of 39 cities, towns or other governmental units.

Separate financial statements are available at the RI Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

(CONCLUDED)

TOWN OF GLOCESTER

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

*Budgetary Comparison Schedules - General Fund
and Gloucester School General 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 GLOCESTER, RHODE ISLAND**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)****SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Overfunded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((a-b)/c)</u>
<u>General Employees – Municipal Employees' Retirement System</u>						
6/30/08	\$5,888,673	\$7,125,561	\$(1,236,888)	82.6%	\$2,241,463	(55.2%)
6/30/09	\$6,192,776	\$7,649,321	\$(1,456,545)	81.0%	\$2,500,025	(58.3%)
6/30/10	\$6,471,874	\$8,937,697	\$(2,465,823)	72.4%	\$2,442,616	(101.0%)
<u>Police Units – Municipal Employees' Retirement System</u>						
6/30/08	\$4,261,420	\$4,841,450	\$ (580,030)	88.0%	\$ 967,190	(60.0%)
6/30/09	\$4,476,658	\$5,162,180	\$ (685,522)	86.7%	\$1,003,507	(68.3%)
6/30/10	\$4,516,760	\$6,498,931	\$(1,982,171)	69.5%	\$ 904,047	(219.3%)
<u>OPEB</u>						
7/01/08 (1)	\$ 0	\$2,199,146	\$(2,199,146)	0%	\$7,518,170 (2)	29.3% (2)
7/01/10	\$ 0	\$2,307,873	\$(2,307,873)	0%	\$7,219,268 (2)	32.0% (2)

(1) First year actuarial valuation was performed.

(2) Provided by Town.

TOWN OF GLOCESTER, RHODE ISLAND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL**

**GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
General property taxes	\$ 22,471,506	\$ 22,471,506	\$ 22,495,323	\$ 23,817
General state aid	236,793	236,793	263,855	27,062
State housing aid	204,778	204,778	212,126	7,348
Licenses, fees and fines	389,500	389,500	442,361	52,861
Interest and investment income	116,531	116,531	101,675	(14,856)
Other revenues	24,500	24,500	19,592	(4,908)
Total revenues	<u>23,443,608</u>	<u>23,443,608</u>	<u>23,534,932</u>	<u>91,324</u>
EXPENDITURES:				
Current:				
Central administration	806,157	806,157	732,605	73,552
Financial administration	606,263	606,263	588,551	17,712
Public safety	1,869,024	1,869,024	1,718,710	150,314
Public works	1,566,816	1,566,816	1,546,935	19,881
Recreation and senior center	239,048	239,048	236,188	2,860
Social services	50,900	50,900	40,955	9,945
Other operational expenses	420,279	420,279	315,012	105,267
Aid requests	317,533	317,533	318,533	(1,000)
Education	9,453,321	9,453,321	9,453,321	0
Debt service	947,428	947,428	942,717	4,711
Total expenditures	<u>16,276,769</u>	<u>16,276,769</u>	<u>15,893,527</u>	<u>383,242</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>7,166,839</u>	<u>7,166,839</u>	<u>7,641,405</u>	<u>474,566</u>
Other financing sources (uses):				
Transfers from other funds	0	0	1,810	1,810
Appropriated fund balance	150,000	150,000	150,000	0
Transfers to other funds	(7,316,839)	(7,316,839)	(7,419,985)	(103,146)
Net other financing uses	<u>(7,166,839)</u>	<u>(7,166,839)</u>	<u>(7,268,175)</u>	<u>(101,336)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>373,230</u>	<u>\$ 373,230</u>
Less: appropriated fund balance			(150,000)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54			201,015	
Fund Balance, beginning of year (as retroactively reported)			<u>5,547,236</u>	
Fund Balance, end of year			<u>\$ 5,971,481</u>	

TOWN OF GLOCESTER, RHODE ISLAND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCE (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL**

**GLOCESTER SCHOOL GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
REVENUES:				
State aid	\$ 2,341,030	\$ 2,341,030	\$ 2,533,557	\$ 192,527
Federal State Fiscal Stabilization Funds	113,177	113,177	167,001	53,824
Tuitions	118,000	118,000	140,735	22,735
Rental income	0	0	80,907	80,907
Earnings on investments	6,000	6,000	3,753	(2,247)
Other	0	0	112,080	112,080
Total revenues	<u>2,578,207</u>	<u>2,578,207</u>	<u>3,038,033</u>	<u>459,826</u>
EXPENDITURES:				
Current:				
Fogarty Memorial	101,214	101,214	135,461	(34,247)
West Glocester	115,037	115,037	146,151	(31,114)
Central administration	230,717	230,717	101,898	128,819
System-wide	1,845,998	1,845,998	1,922,959	(76,961)
Salaries and fringes	6,879,276	6,879,276	6,339,064	540,212
Total expenditures	<u>9,172,242</u>	<u>9,172,242</u>	<u>8,645,533</u>	<u>526,709</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(6,594,035)</u>	<u>(6,594,035)</u>	<u>(5,607,500)</u>	<u>986,535</u>
Other financing sources (uses):				
Transfers from Town	6,372,035	6,372,035	6,372,035	0
Appropriated fund balance	342,000	342,000	342,000	0
Transfers to other funds	(120,000)	(120,000)	0	120,000
Net other financing sources	<u>6,594,035</u>	<u>6,594,035</u>	<u>6,714,035</u>	<u>120,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,106,535</u>	<u>\$ 1,106,535</u>
Less: appropriated fund balance			(342,000)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with the Glocester School General Fund for purposes of GASB Statement No. 54			463	
Fund Balance, beginning of year (as retroactively reported)			<u>1,886,172</u>	
Fund Balance, end of year			<u>\$ 2,651,170</u>	

TOWN OF GLOCESTER, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

BUDGETARY TO GAAP BASIS RECONCILIATION

As more fully described in Note 2, the following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2011:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 373,230
Fund balance reappropriated.....	(150,000)
Excess of revenues and other sources over expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54	<u>201,015</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 424,245</u>

The following reconciliation summarizes the differences for the School District's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2011:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$1,106,535
Fund balance reappropriated.....	(342,000)
Excess of revenues and other sources over expenditures and other uses of funds classified with the School District's General Fund for purposes of GASB Statement No. 54	<u>463</u>
Excess of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 764,998</u>

TOWN OF GLOCESTER

**OTHER SUPPLEMENTARY
INFORMATION**

**COMBINING FUND FINANCIAL STATEMENTS
FOR NON-MAJOR GOVERNMENTAL FUNDS**

OTHER SUPPLEMENTARY INFORMATION

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Town Special Revenue Funds	School Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Non-major Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 247,054		\$ 140,663	\$ 12,372	\$ 400,089
Loans receivable	462,561				462,561
Other receivables			654		654
Due from:					
Other funds	162,029	\$ 203,603	741,254		1,106,886
Component unit			288		288
Other governments	276,245	131,615	48,318		456,178
TOTAL ASSETS	\$ 1,147,889	\$ 335,218	\$ 931,177	\$ 12,372	\$ 2,426,656
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 1,692	\$ 7,469	\$ 126,640		\$ 135,801
Accrued payroll and benefits		7,932			7,932
Due to:					
Other funds	3,333	116,464	79,909		199,706
Deferred revenues	462,561				462,561
TOTAL LIABILITIES	467,586	131,865	206,549	\$ 0	806,000
FUND BALANCES:					
Nonspendable for:					
Perpetual care				3,100	3,100
Noncurrent portion of loans receivable	333,435				333,435
Restricted for:					
Administration	17,636				17,636
Public safety	74,726				74,726
Recreation	31,079				31,079
Social services	312,978				312,978
Education		203,353			203,353
Capital projects			724,628		724,628
Perpetual care				9,272	9,272
Unassigned	(89,551)				(89,551)
TOTAL FUND BALANCES	680,303	203,353	724,628	12,372	1,620,656
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,147,889	\$ 335,218	\$ 931,177	\$ 12,372	\$ 2,426,656

TOWN OF GLOUCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Town Special Revenue Funds	School Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Non-major Governmental Funds
REVENUES:					
Intergovernmental	\$ 586,486	\$ 826,748	\$ 102,971		\$ 1,516,205
Investment income	4,786		16	\$ 11	4,813
Other	144,960	2,000	15,611		162,571
TOTAL REVENUES	736,232	828,748	118,598	11	1,683,589
EXPENDITURES:					
Current:					
Administration	12,638				12,638
Public safety	62,577		6,473		69,050
Recreation	47,889				47,889
Social services	325,990				325,990
Education		714,497			714,497
Debt service:					
Principal	59,224				59,224
Interest	4,928				4,928
Capital outlay	998	14,387	487,927		503,312
TOTAL EXPENDITURES	514,244	728,884	494,400	0	1,737,528
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	221,988	99,864	(375,802)	11	(53,939)
OTHER FINANCING SOURCES (USES):					
Transfers in	32,949		585,365		618,314
Transfers out	(3,810)		(336,974)		(340,784)
NET OTHER FINANCING SOURCES (USES)	29,139	0	248,391	0	277,530
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	251,127	99,864	(127,411)	11	223,591
FUND BALANCE AT BEGINNING OF YEAR	429,176	103,489	852,039	12,361	1,397,065
FUND BALANCE AT END OF YEAR	\$ 680,303	\$ 203,353	\$ 724,628	\$ 12,372	\$ 1,620,656

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Bramley Bill	The Meds Plan	Community Development Block Grant	Bullet Proof Vest	Public Library Grant
ASSETS:					
Cash and cash equivalents			\$ 244,972		
Loans receivable			350,335		
Due from:					
Other funds	\$ 52,350	\$ 500			
Other governments					
TOTAL ASSETS	\$ 52,350	\$ 500	\$ 595,307	\$ 0	\$0
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 51				
Due to:					
Other funds				\$ 1,088	
Deferred revenues			\$ 350,335		
TOTAL LIABILITIES	51	\$ 0	350,335	1,088	\$0
FUND BALANCES:					
Nonspendable for:					
Noncurrent portion of loans receivable			333,435		
Restricted for:					
Administration					
Public safety	52,299	500			
Recreation					
Social services					
Unassigned			(88,463)	(1,088)	
TOTAL FUND BALANCES	52,299	500	244,972	(1,088)	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 52,350	\$ 500	\$ 595,307	\$ 0	\$0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	July 4th Parade	MHRH Grant	Emergency Energy	School Shooter Training	Pollard Mimosa Trees
ASSETS:					
Cash and cash equivalents	\$ 621		\$ 10		
Loans receivable					
Due from:					
Other funds	14,448		6,382		\$ 2,000
Other governments					
TOTAL ASSETS	<u>\$ 15,069</u>	<u>\$ 0</u>	<u>\$ 6,392</u>	<u>\$ 0</u>	<u>\$ 2,000</u>
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 324		\$ 678		
Due to:					
Other funds					
Deferred revenues					
TOTAL LIABILITIES	<u>324</u>	<u>\$ 0</u>	<u>678</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES:					
Nonspendable for:					
Noncurrent portion of loans receivable					
Restricted for:					
Administration					2,000
Public safety					
Recreation	14,745				
Social services			5,714		
Unassigned					
TOTAL FUND BALANCES	<u>14,745</u>	<u>0</u>	<u>5,714</u>	<u>0</u>	<u>2,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,069</u>	<u>\$ 0</u>	<u>\$ 6,392</u>	<u>\$ 0</u>	<u>\$ 2,000</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Senior Center Program	Central Police Legislative Grant	Blue Rip Tide Grant	Historic Records Trust	Senior Center Donations	Food Bank
ASSETS:						
Cash and cash equivalents				\$ 168	\$ 1,283	
Loans receivable						
Due from:						
Other funds		\$ 1,479		15,468	15,063	\$ 33,891
Other governments			\$ 2,245			
TOTAL ASSETS	\$0	\$ 1,479	\$ 2,245	\$ 15,636	\$ 16,346	\$ 33,891
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable					\$ 12	\$ 627
Due to:						
Other funds			\$ 2,245			
Deferred revenues						
TOTAL LIABILITIES	\$0	\$ 0	2,245	\$ 0	12	627
FUND BALANCES:						
Nonspendable for:						
Noncurrent portion of loans receivable						
Restricted for:						
Administration				15,636		
Public safety		1,479				
Recreation					16,334	
Social services						33,264
Unassigned						
TOTAL FUND BALANCES	0	1,479	0	15,636	16,334	33,264
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$ 1,479	\$ 2,245	\$ 15,636	\$ 16,346	\$ 33,891

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
TOWN SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Animal Shelter Amy Angilly Fund	Community Septic System Loan Program	Livescan	DARE	Total Town Special Revenue Funds
ASSETS:					
Cash and cash equivalents					\$ 247,054
Loans receivable		\$ 112,226			462,561
Due from:					
Other funds	\$ 20,266			\$ 182	162,029
Other governments		274,000			276,245
TOTAL ASSETS	\$ 20,266	\$ 386,226	\$0	\$ 182	\$ 1,147,889
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable					\$ 1,692
Due to:					
Other funds					3,333
Deferred revenues		\$ 112,226			462,561
TOTAL LIABILITIES	\$ 0	\$ 112,226	\$0	\$ 0	467,586
FUND BALANCES:					
Nonspendable for:					
Noncurrent portion of loans receivable					333,435
Restricted for:					
Administration					17,636
Public safety	20,266			182	74,726
Recreation					31,079
Social services		274,000			312,978
Unassigned					(89,551)
TOTAL FUND BALANCES	20,266	274,000	0	182	680,303
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,266	\$ 386,226	\$0	\$ 182	\$ 1,147,889

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	Bramley Bill	The Meds Plan	Community Development Block Grant	Bullet Proof Vest	Public Library Grant
REVENUES:					
Intergovernmental	\$ 40,698	\$ 500	\$ 155,375	\$ 1,087	\$ 68,547
Investment income			124		
Other	4,922		37,983		
TOTAL REVENUES	45,620	500	193,482	1,087	68,547
EXPENDITURES:					
Current:					
Administration					
Public safety	43,672			2,175	
Recreation					
Social services			203,041		68,547
Debt service:					
Principal					
Interest					
Capital					
TOTAL EXPENDITURES	43,672	0	203,041	2,175	68,547
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	1,948	500	(9,559)	(1,088)	0
OTHER FINANCING SOURCES (USES):					
Transfers in	6,253		2,000		
Transfers out	(2,000)				
NET OTHER FINANCING SOURCES (USES)	4,253	0	2,000	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	6,201	500	(7,559)	(1,088)	0
FUND BALANCE AT BEGINNING OF YEAR	46,098	0	252,531	0	0
FUND BALANCE AT END OF YEAR	\$ 52,299	\$ 500	\$ 244,972	\$ (1,088)	\$ 0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	July 4th Parade	MHRH Grant	Emergency Energy	School Shooter Training	Pollard Mimosa Trees
REVENUES:					
Intergovernmental	\$ 3,000			\$ 2,080	
Investment income					
Other	17,172		\$ 3,246		
TOTAL REVENUES	<u>20,172</u>	<u>\$ 0</u>	<u>3,246</u>	<u>2,080</u>	<u>\$ 0</u>
EXPENDITURES:					
Current:					
Administration					
Public safety				2,193	
Recreation	36,734				
Social services		1,118	10,531		
Debt service:					
Principal					
Interest					
Capital					
TOTAL EXPENDITURES	<u>36,734</u>	<u>1,118</u>	<u>10,531</u>	<u>2,193</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(16,562)</u>	<u>(1,118)</u>	<u>(7,285)</u>	<u>(113)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	10,000	1,118	5,000	113	
Transfers out					
NET OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>1,118</u>	<u>5,000</u>	<u>113</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(6,562)</u>	<u>0</u>	<u>(2,285)</u>	<u>0</u>	<u>0</u>
FUND BALANCE AT BEGINNING OF YEAR	21,307	0	7,999	0	2,000
FUND BALANCE AT END OF YEAR	<u>\$ 14,745</u>	<u>\$ 0</u>	<u>\$ 5,714</u>	<u>\$ 0</u>	<u>\$ 2,000</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	Senior Center Program	Central Police Legislative Grant	Blue Rip Tide Grant	Historic Records Trust	Senior Center Donations	Food Bank
REVENUES:						
Intergovernmental	\$ 2,000	\$ 1,000	\$ 11,199			\$ 1,000
Investment income				\$ 12,503	\$ 4,062	10,782
Other						
TOTAL REVENUES	2,000	1,000	11,199	12,503	4,062	11,782
EXPENDITURES:						
Current:						
Administration				12,638		
Public safety		902	11,199			
Recreation	2,003				9,152	
Social services						16,753
Debt service:						
Principal						
Interest						
Capital					998	
TOTAL EXPENDITURES	2,003	902	11,199	12,638	10,150	16,753
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(3)	98	0	(135)	(6,088)	(4,971)
OTHER FINANCING SOURCES (USES):						
Transfers in	3			1,962		6,500
Transfers out						
NET OTHER FINANCING SOURCES (USES)	3	0	0	1,962	0	6,500
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	98	0	1,827	(6,088)	1,529
FUND BALANCE AT BEGINNING OF YEAR	0	1,381	0	13,809	22,422	31,735
FUND BALANCE AT END OF YEAR	\$ 0	\$ 1,479	\$ 0	\$ 15,636	\$ 16,334	\$ 33,264

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
TOWN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	Animal Shelter Amy Angilly Fund	Community Septic System Loan Program	Livescan	DARE	Total Town Special Revenue Funds
REVENUES:					
Intergovernmental		\$ 300,000			\$ 586,486
Investment income		4,662			4,786
Other		52,290		\$ 2,000	144,960
TOTAL REVENUES	\$ 0	\$ 356,952	\$ 0	\$ 2,000	\$ 736,232
EXPENDITURES:					
Current:					
Administration					12,638
Public safety				2,436	62,577
Recreation					47,889
Social services		26,000			325,990
Debt service:					
Principal		52,290	6,934		59,224
Interest		4,662	266		4,928
Capital					998
TOTAL EXPENDITURES	0	82,952	7,200	2,436	514,244
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	274,000	(7,200)	(436)	221,988
OTHER FINANCING SOURCES (USES):					
Transfers in					32,949
Transfers out			(1,810)		(3,810)
NET OTHER FINANCING SOURCES (USES)	0	0	(1,810)	0	29,139
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	274,000	(9,010)	(436)	251,127
FUND BALANCE AT BEGINNING OF YEAR	20,266	0	9,010	618	429,176
FUND BALANCE AT END OF YEAR	\$ 20,266	\$ 274,000	\$ 0	\$ 182	\$ 680,303

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
SCHOOL SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>Student Equity</u>	<u>Early Childhood</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Literacy</u>	<u>Title I</u>
ASSETS:						
Due from:						
Other funds	\$ 95,807		\$ 18,888	\$ 60,821	\$ 23,943	
Other governments						\$ 44,104
TOTAL ASSETS	\$ 95,807	\$0	\$ 18,888	\$ 60,821	\$ 23,943	\$ 44,104
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable				\$ 250		\$ 866
Accrued payroll and benefits						5,604
Due to:						
Other funds						37,634
TOTAL LIABILITIES	\$ 0	\$0	\$ 0	250	\$ 0	44,104
FUND BALANCES:						
Restricted for education	95,807		18,888	60,571	23,943	
TOTAL FUND BALANCES	95,807	0	18,888	60,571	23,943	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 95,807	\$0	\$ 18,888	\$ 60,821	\$ 23,943	\$ 44,104

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
SCHOOL SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>Title II</u>	<u>Title IV</u>	<u>Title I - ARRA</u>	<u>IDEA Preschool</u>	<u>IDEA Part B</u>
ASSETS:					
Due from:					
Other funds					
Other governments	\$ 31,776	\$ 2,400	\$ 13,977		
TOTAL ASSETS	\$ 31,776	\$ 2,400	\$ 13,977	\$0	\$0
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable					
Accrued payroll and benefits	\$ 1,902	426			
Due to:					
Other funds	29,874	\$ 1,974	\$ 13,977		
TOTAL LIABILITIES	31,776	2,400	13,977	\$0	\$0
FUND BALANCES:					
Restricted for education					
TOTAL FUND BALANCES	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,776	\$ 2,400	\$ 13,977	\$0	\$0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
SCHOOL SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	Rural Education Grant	Donations - Library	CAST Mini Grant	IDEA - ARRA	Total School Special Revenue Funds
ASSETS:					
Due from:					
Other funds		\$ 2,000	\$ 2,144		\$ 203,603
Other governments	\$ 2,363			\$ 36,995	131,615
TOTAL ASSETS	\$ 2,363	\$ 2,000	\$ 2,144	\$ 36,995	\$ 335,218
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable				\$ 6,353	\$ 7,469
Accrued payroll and benefits					7,932
Due to:					
Other funds	\$ 2,363			30,642	116,464
TOTAL LIABILITIES	2,363	\$ 0	\$ 0	36,995	131,865
FUND BALANCES:					
Restricted for education		2,000	2,144		203,353
TOTAL FUND BALANCES	0	2,000	2,144	0	203,353
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,363	\$ 2,000	\$ 2,144	\$ 36,995	\$ 335,218

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SCHOOL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Student Equity</u>	<u>Early Childhood</u>	<u>Technology</u>	<u>Professional Development</u>	<u>Literacy</u>	<u>Title I</u>
REVENUES:						
Intergovernmental	\$ 162,222	\$ 71,346	\$ 16,985		\$ 88,582	\$ 76,130
Other						
TOTAL REVENUES	162,222	71,346	16,985	\$ 0	88,582	76,130
EXPENDITURES:						
Current:						
Education	88,266	71,766	1,575	4,643	67,170	76,130
Capital outlay			7,432			
TOTAL EXPENDITURES	88,266	71,766	9,007	4,643	67,170	76,130
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,956	(420)	7,978	(4,643)	21,412	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	21,851	420	10,910	65,214	2,531	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 95,807	\$ 0	\$ 18,888	\$ 60,571	\$ 23,943	\$ 0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SCHOOL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	Title II	Title IV	Title I - ARRA	IDEA Preschool	IDEA Part B
REVENUES:					
Intergovernmental	\$ 72,591	\$ 3,365	\$ 22,440	\$ 14,605	\$ 157,673
Other					
TOTAL REVENUES	72,591	3,365	22,440	14,605	157,673
EXPENDITURES:					
Current:					
Education	72,591	3,365	18,336	14,140	156,833
Capital outlay			4,104	465	840
TOTAL EXPENDITURES	72,591	3,365	22,440	14,605	157,673
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	0	0	0	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SCHOOL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	Rural Education Grant	Donations - Library	CAST Mini Grant	IDEA - ARRA	Total School Special Revenue Funds
REVENUES:					
Intergovernmental	\$ 6,399			\$ 134,410	\$ 826,748
Other		\$ 2,000			2,000
TOTAL REVENUES	6,399	2,000	\$ 0	134,410	828,748
EXPENDITURES:					
Current:					
Education	6,399		419	132,864	714,497
Capital outlay				1,546	14,387
TOTAL EXPENDITURES	6,399	0	419	134,410	728,884
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	2,000	(419)	0	99,864
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	0	2,563	0	103,489
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 2,000	\$ 2,144	\$ 0	\$ 203,353

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2011**

	Chepachet River Park	Roads	Bridge Replacement	Landfill Closure	Chepachet Wastewater/ Stormwater Project	Geothermal Project
ASSETS:						
Cash and cash equivalents						
Other receivables						
Due from:						
Other funds	\$ 16,397	\$ 484,470			\$ 63,653	\$ 19,689
Component unit		288				
Other governments					48,318	
TOTAL ASSETS	\$ 16,397	\$ 484,758	\$0	\$0	\$ 111,971	\$ 19,689
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable		\$ 124,153			\$ 1,971	
Due to:						
Other funds		73,407				
TOTAL LIABILITIES	\$ 0	197,560	\$0	\$0	1,971	\$ 0
FUND BALANCES:						
Restricted for capital projects	16,397	287,198			110,000	19,689
TOTAL FUND BALANCES	16,397	287,198	0	0	110,000	19,689
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,397	\$ 484,758	\$0	\$0	\$ 111,971	\$ 19,689

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
JUNE 30, 2011**

	<u>School Bond</u>	<u>School Capital Improvement</u>	<u>MDT Project</u>	<u>Senior Center Fund</u>	<u>Chepachet River Cleanup</u>	<u>Glocester Memorial Park</u>	<u>Total Capital Project Funds</u>
ASSETS:							
Cash and cash equivalents	\$ 140,663						\$ 140,663
Other receivables		\$ 654					654
Due from:							
Other funds		117,848	\$ 6,193	\$ 3,004	\$ 30,000		741,254
Component unit							288
Other governments							48,318
TOTAL ASSETS	\$ 140,663	\$ 118,502	\$ 6,193	\$ 3,004	\$ 30,000	\$0	\$ 931,177
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable			\$ 516				\$ 126,640
Due to:							
Other funds			5,677	\$ 825			79,909
TOTAL LIABILITIES	\$ 0	\$ 0	6,193	825	\$ 0	\$0	206,549
FUND BALANCES:							
Restricted for capital projects	140,663	118,502		2,179	30,000		724,628
TOTAL FUND BALANCES	140,663	118,502	0	2,179	30,000	0	724,628
TOTAL LIABILITIES AND FUND BALANCES	\$ 140,663	\$ 118,502	\$ 6,193	\$ 3,004	\$ 30,000	\$0	\$ 931,177

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2011**

	Chepachet River Park	Roads	Bridge Replacement	Landfill Closure	Chepachet Wastewater/ Stormwater Project	Geothermal Project
REVENUES:						
Intergovernmental			\$ 17,943		\$ 51,868	
Investment income						
Other		\$ 15,611				
TOTAL REVENUES	\$ 0	\$ 15,611	\$ 17,943	\$ 0	\$ 51,868	\$ 0
EXPENDITURES:						
Current:						
Public safety						
Capital outlay		335,957	14,137	402	51,868	311
TOTAL EXPENDITURES	0	335,957	14,137	402	51,868	311
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(320,346)	3,806	(402)	0	(311)
OTHER FINANCING SOURCES:						
Transfers in		365,000	4,892		110,000	20,000
Transfers out			(162,609)	(113,983)		
NET OTHER FINANCING SOURCES	0	365,000	(157,717)	(113,983)	110,000	20,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	0	44,654	(153,911)	(114,385)	110,000	19,689
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	16,397	242,544	153,911	114,385	0	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 16,397	\$ 287,198	\$ 0	\$ 0	\$ 110,000	\$ 19,689

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2011**

	School Bond	School Capital Improvement	MDT Project	Senior Center Fund	Chepachet River Cleanup	Glocester Memorial Park	Total Capital Project Funds
REVENUES:							
Intergovernmental		\$ 33,160					\$ 102,971
Investment income	\$ 16						16
Other							15,611
TOTAL REVENUES	16	33,160	\$ 0	\$ 0	\$ 0	\$ 0	118,598
EXPENDITURES:							
Current:							
Public safety			6,473				6,473
Capital outlay		84,431		821			487,927
TOTAL EXPENDITURES	0	84,431	6,473	821	0	0	494,400
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	16	(51,271)	(6,473)	(821)	0	0	(375,802)
OTHER FINANCING SOURCES:							
Transfers in		49,000	6,473		30,000		585,365
Transfers out				(56,988)		(3,394)	(336,974)
NET OTHER FINANCING SOURCES	0	49,000	6,473	(56,988)	30,000	(3,394)	248,391
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	16	(2,271)	0	(57,809)	30,000	(3,394)	(127,411)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	140,647	120,773	0	59,988	0	3,394	852,039
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 140,663	\$ 118,502	\$ 0	\$ 2,179	\$ 30,000	\$ 0	\$ 724,628

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Real Estate and Personal Property Taxes

Fiscal Year End	Balance July 1, 2010	Current year Assessment	Additions	(Abatements)	Refunds and Adjustments	Amount to be Collected	Collections	Balance June 30, 2011
2011		\$ 20,960,378	\$ 6,421	\$ 15,368	\$ 20,023	\$ 20,971,454	\$ 20,285,517	\$ 685,937
2010	\$ 621,807		162	3,057	3,399	622,311	539,793	82,518
2009	68,355		181	3,166	1,282	66,652	26,293	40,359
2008	39,815		204	1,204	1,204	40,019	4,817	35,202
2007	38,861		218	1,095	1,095	39,079	4,678	34,401
2006	30,953		100	1,043	1,043	31,053	1,535	29,518
2005	27,826					27,826	1,940	25,886
2004	27,759					27,759	560	27,199
2003	23,792					23,792	30	23,762
2002	16,200					16,200	72	16,128
2001	17,362			17,362				0
	<u>\$ 912,730</u>	<u>\$ 20,960,378</u>	<u>\$ 7,286</u>	<u>\$ 42,295</u>	<u>\$ 28,046</u>	<u>\$ 21,866,145</u>	<u>\$ 20,865,235</u>	<u>\$ 1,000,910</u>

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Rates	Assessed Valuations	Levy
Real-Property- Residential	\$ 17.87	\$ 1,071,062,920	\$ 17,383,271
Real-Property-Commerical/Industrial	20.31	65,889,900	1,316,794
Motor Vehicles	24.37	84,866,275	1,598,425
Tangible and Personal Property	35.58	18,600,760	661,888
Total		<u>1,240,419,855</u>	<u>\$ 20,960,378</u>
Exemptions		(118,612,939)	
Net Assessed Values		<u>\$ 1,121,806,916</u>	

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 20,285,517
Adjustments and reversals	
Add: Revenue collected 60 days subsequent to fiscal year ended June 30, 2011	367,148
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2010	(379,605)
Plus: PILOT	1,628,900
Less refunds and adjustments	(31,257)
Current year property tax revenue	<u>\$ 21,870,703</u>

TOWN OF GLOCESTER

BUDGETARY SCHEDULES



TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Revenues:				
General property taxes	\$ 22,471,506	\$ 22,471,506	\$ 22,495,323	\$ 23,817
General state aid	236,793	236,793	263,855	27,062
State housing aid	204,778	204,778	212,126	7,348
Licenses, fees and fines	389,500	389,500	442,361	52,861
Interest and investment income	116,531	116,531	101,675	(14,856)
Other revenues	24,500	24,500	19,592	(4,908)
Total revenues	23,443,608	23,443,608	23,534,932	91,324
Expenditures:				
Central Administration:				
Town Council:				
Salaries	13,000	13,000	13,000	0
Payroll taxes and benefits	2,276	2,276	1,901	375
Miscellaneous expense	1,000	1,000	252	748
Contingency	10,000	10,000	2,811	7,189
Total Town Council	26,276	26,276	17,964	8,312
Town Clerk:				
Town clerk salary	60,540	60,540	60,540	0
Deputy salary	40,380	40,380	40,380	0
Clerical salaries	73,837	73,837	73,330	507
Longevity	5,805	5,805	5,805	0
Payroll taxes and benefits	71,899	71,899	60,196	11,703
Advertising - general/ordinances	3,500	3,500	3,347	153
Printing	1,500	1,500	1,750	(250)
Microfilming	500	500	13	487
Supplies	400	400	1,631	(1,231)
Education and training	350	350	0	350
Travel and dues	650	650	353	297
Publications and subscriptions	400	400	577	(177)
Office equipment and furniture	500	500	100	400
Purchased services - indexing, restoration, other	5,000	5,000	5,259	(259)
Miscellaneous expense	500	500	1,416	(916)
Total Town Clerk	265,761	265,761	254,697	11,064
Board of Canvassers:				
Salaries	975	975	975	0
Police services	2,500	2,500	2,425	75
Poll workers	10,000	10,000	12,015	(2,015)
Payroll taxes and benefits	324	324	280	44
Advertising	2,500	2,500	2,778	(278)
Miscellaneous expense	1,500	1,500	1,614	(114)
Total Board of Canvassers	17,799	17,799	20,087	(2,288)

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Probate Court:				
Probate judge salary	4,205	4,205	4,205	0
Worker's compensation	23	23	14	9
Microfilming	300	300	710	(410)
Restoration and miscellaneous expense	250	250	50	200
Other services	300	300	590	(290)
Total Probate Court	5,078	5,078	5,569	(491)
Building and Zoning Office:				
Building/zoning official salary	60,540	60,540	39,574	20,966
Administrative aide salary	39,464	39,464	38,102	1,362
Longevity	1,480	1,480	1,480	0
Payroll taxes and benefits	42,101	42,101	32,574	9,527
Fees - electrical inspector	10,000	10,000	7,365	2,635
Fees - plumbing inspector	4,000	4,000	3,520	480
Fees - mechanical inspector	8,400	8,400	2,635	5,765
Fees - building inspector	0	0	6,550	(6,550)
Telephone	550	550	479	71
Education and training	2,000	2,000	855	1,145
Travel and dues	397	397	237	160
Publications and subscriptions	1,000	1,000	715	285
Forms and maps	400	400	492	(92)
Emergency board-ups	1,000	1,000	0	1,000
Miscellaneous expense	550	550	86	464
Office equipment and furniture	300	300	0	300
Software support	1,455	1,455	2,375	(920)
Total Building and Zoning Office	173,637	173,637	137,039	36,598
Planning Office:				
Town planner salary	61,964	61,964	61,964	0
Clerk salary	34,961	34,961	32,297	2,664
GIS consultant	12,500	12,500	12,390	110
Longevity	1,859	1,859	1,859	0
Payroll taxes and benefits	36,113	36,113	35,568	545
Education and training	750	750	794	(44)
Dues	348	348	120	228
Forms and maps	100	100	0	100
Publications and subscriptions	300	300	363	(63)
GIS software	2,500	2,500	2,500	0
Miscellaneous expense	100	100	352	(252)
Total Planning Office	151,495	151,495	148,207	3,288

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Wastewater Board:				
Advertising	1,000	1,000	0	1,000
Miscellaneous expense	500	500	0	500
Education program	500	500	0	500
Total Wastewater Board	2,000	2,000	0	2,000
Planning Board:				
Clerk salary	3,770	3,770	2,465	1,305
Payroll taxes and benefits	309	309	201	108
Publications and subscriptions	600	600	139	461
Stenographic services	50	50	0	50
Total Planning Board	4,729	4,729	2,805	1,924
Zoning Board:				
Clerk salary	1,885	1,885	870	1,015
Payroll taxes and benefits	155	155	73	82
Advertising	3,750	3,750	500	3,250
Miscellaneous expense	25	25	0	25
Total Zoning Board	5,815	5,815	1,443	4,372
Conservation Commission:				
Advertising	70	70	69	1
Education and training	50	50	0	50
Conferences/travel/dues	240	240	40	200
Forms and maps	30	30	0	30
Water watch program	1,100	1,100	1,100	0
Tree seeding program	650	650	565	85
Miscellaneous expense	0	0	25	(25)
Total Conservation Commission	2,140	2,140	1,799	341
Land Trust:				
Land purchase and reconditioning	55,000	55,000	58,235	(3,235)
Total Land Trust	55,000	55,000	58,235	(3,235)
Economic Development:				
Advertising	500	500	0	500
Miscellaneous	500	500	20	480
Total Economic Development	1,000	1,000	20	980
Community Resource Commission				
Travel	0	0	500	(500)
Purchased services	0	0	200	(200)
Miscellaneous	0	0	(32)	32
Total Community Resource Commission	0	0	668	(668)

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Historic District Commission:				
Forms and maps	80	80	0	80
Consultant services	125	125	0	125
Miscellaneous expense	75	75	0	75
Total Historic District Commission	280	280	0	280
Town Solicitor:				
Legal services	95,000	95,000	83,926	11,074
Total Town Solicitor	95,000	95,000	83,926	11,074
Town Sergeant:				
Salary	135	135	135	0
Payroll taxes and benefits	12	12	11	1
Total Town Sergeant	147	147	146	1
Total Central Administration	806,157	806,157	732,605	73,552
Financial Administration:				
Finance Director's Office:				
Finance director salary	75,644	75,644	75,644	0
Longevity	2,270	2,270	2,269	1
Payroll taxes and benefits	19,602	19,602	19,197	405
Education and training	1,990	1,990	2,482	(492)
Travel and dues	260	260	170	90
Office equipment and furniture	150	150	0	150
Publications and subscriptions	250	250	0	250
Total Finance Director's Office	100,166	100,166	99,762	404
Treasurer's Office:				
Clerk salaries	111,107	111,107	98,874	12,233
Longevity	2,742	2,742	2,841	(99)
Payroll taxes and benefits	46,815	46,815	42,379	4,436
Advertising	1,450	1,450	938	512
Printing	300	300	0	300
Computer software support	5,000	5,000	1,607	3,393
Education and training	900	900	139	761
Office equipment and furniture	400	400	390	10
Other purchased services	0	0	10,788	(10,788)
Travel	125	125	63	62
Miscellaneous expense	200	200	100	100
Payroll services	17,000	17,000	15,480	1,520
Audit	22,500	22,500	16,552	5,948
Total Treasurer's Office	208,539	208,539	190,151	18,388

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Personnel Office:				
Advertising	700	700	1,028	(328)
Education and training	300	300	0	300
Publications and subscriptions	100	100	0	100
Miscellaneous expense	100	100	0	100
Total Personnel Office	1,200	1,200	1,028	172
Tax Collection Office:				
Tax collector salary	44,791	44,791	44,791	0
Clerk salary	36,919	36,919	36,918	1
Longevity	2,953	2,953	2,952	1
Payroll taxes and benefits	46,242	46,242	45,622	620
Advertising	400	400	662	(262)
Postage	3,200	3,200	3,297	(97)
Computer software support	3,600	3,600	3,100	500
Education and training	400	400	145	255
Other purchased services	3,800	3,800	4,287	(487)
Tax collection fee	14,000	14,000	21,058	(7,058)
Miscellaneous expense	100	100	0	100
Total Tax Collection Office	156,405	156,405	162,832	(6,427)
Tax Assessor's Office:				
Assessor salary	50,074	50,074	50,074	0
Clerk salary	34,961	34,961	34,961	0
Longevity	2,840	2,840	2,839	1
Payroll taxes and benefits	37,728	37,728	36,304	1,424
Engineering services	1,000	1,000	0	1,000
Advertising	500	500	0	500
Computer software support	8,000	8,000	6,600	1,400
Education and training	1,500	1,500	1,346	154
Dues	300	300	205	95
Publications and subscriptions	1,100	1,100	1,136	(36)
Office equipment and furniture	350	350	0	350
Other purchased services	850	850	1,032	(182)
Miscellaneous expense	750	750	281	469
Total Tax Assessor's Office	139,953	139,953	134,778	5,175
Total Financial Administration	606,263	606,263	588,551	17,712

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Public Safety:				
Police Department:				
Chief salary	72,000	72,000	71,400	600
Captain, lieutenant, and sergeant's salaries	237,552	237,552	227,109	10,443
Police officers' salaries	475,895	475,895	446,041	29,854
Administrative aide	51,543	51,543	49,277	2,266
Dispatchers	173,937	173,937	168,817	5,120
Special and boat patrols	4,375	4,375	3,287	1,088
Court time reimbursement	7,150	7,150	2,146	5,004
Vacation and illness coverage	115,738	115,738	92,187	23,551
Longevity	42,538	42,538	42,543	(5)
Payroll taxes and benefits	498,448	498,448	449,504	48,944
Education and training	12,866	12,866	9,586	3,280
Telephone	4,500	4,500	3,476	1,024
Postage	729	729	333	396
Other purchased services	3,130	3,130	964	2,166
Communications	1,100	1,100	1,199	(99)
Miscellaneous expense	900	900	1,751	(851)
Ammunition and range supplies	2,200	2,200	1,256	944
Investigative supplies	2,100	2,100	128	1,972
Fingerprinting expense	2,450	2,450	2,700	(250)
Conference, travel and dues	800	800	330	470
Heat and electricity	16,000	16,000	18,202	(2,202)
Service contracts	16,430	16,430	12,798	3,632
Special equipment - non-office	6,350	6,350	17,533	(11,183)
Office equipment and furniture	3,000	3,000	537	2,463
Juvenile hearing board	500	500	0	500
Total Police Department	1,752,231	1,752,231	1,623,104	129,127
Emergency Management Agency:				
Coordinator salary	6,430	6,430	7,607	(1,177)
Payroll taxes and benefits	526	526	512	14
Heat and electricity	3,000	3,000	2,517	483
Education and training	150	150	50	100
Service contracts - radio equipment	14,045	14,045	1,888	12,157
Miscellaneous expense	400	400	115	285
Total Emergency Management Agency	24,551	24,551	12,689	11,862

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance
Animal Control:				
Animal control officer salary	40,621	40,621	40,620	1
Assistant officer salary	20,403	20,403	13,995	6,408
Longevity	1,524	1,524	1,523	1
Payroll taxes and benefits	14,202	14,202	13,343	859
Uniforms and equipment	800	800	705	95
Telephone	400	400	231	169
Heat and electricity	3,050	3,050	4,024	(974)
Advertising	500	500	0	500
Supplies - animal	1,100	1,100	845	255
Education and training	600	600	0	600
Other purchased services	4,800	4,800	4,025	775
Service contracts	192	192	0	192
Miscellaneous expense	750	750	639	111
Furniture and fixtures	900	900	2,924	(2,024)
Rabies vaccinations	1,000	1,000	43	957
Dog damage	250	250	0	250
Equipment - non-office	1,150	1,150	0	1,150
Total Animal Control	92,242	92,242	82,917	9,325
Total Public Safety	1,869,024	1,869,024	1,718,710	150,314
Public Works Department:				
Director's Office:				
Director's salary	68,174	68,174	68,174	0
Assistant director's salary	50,238	50,238	50,237	1
Clerk's salary	39,464	39,464	39,463	1
Longevity	2,970	2,970	2,969	1
Payroll taxes and benefits	72,904	72,904	68,451	4,453
Telephone	900	900	521	379
Education and training	200	200	0	200
Uniforms and equipment	462	462	387	75
Dues and travel	110	110	140	(30)
Office furniture and equipment	350	350	0	350
Safety equipment	250	250	0	250
Service contracts	350	350	0	350
Miscellaneous expense	300	300	441	(141)
Mandatory drug testing	250	250	0	250
Total Director's Office	236,922	236,922	230,783	6,139

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Budgetary <u>Basis</u>	<u>Variance</u>
Highway Division:				
Salaries	296,809	296,809	264,242	32,567
Overtime	2,000	2,000	383	1,617
Longevity	9,287	9,287	8,304	983
Payroll taxes and benefits	172,571	172,571	150,699	21,872
Heat and electricity	28,050	28,050	21,839	6,211
Education and training	250	250	0	250
Safety equipment	1,500	1,500	223	1,277
Uniforms and equipment	3,088	3,088	1,375	1,713
Purchased services	9,000	9,000	3,662	5,338
Road signs and miscellaneous expense	7,500	7,500	6,537	963
Tools	1,500	1,500	707	793
Total Highway Division	531,555	531,555	457,971	73,584
Maintenance Division - Buildings, Grounds and Parks:				
Salaries	83,278	83,278	91,827	(8,549)
Salaries - grass cutting	8,694	8,694	0	8,694
Salaries - GMP Winsor park support	3,219	3,219	1,413	1,806
Longevity	1,943	1,943	1,942	1
Payroll taxes and benefits	42,199	42,199	40,776	1,423
Supplies	6,700	6,700	5,239	1,461
Safety equipment	400	400	136	264
Purchased services	10,000	10,000	9,559	441
Uniforms and equipment	600	600	180	420
Licenses	0	0	330	(330)
Miscellaneous expense	4,000	4,000	2,245	1,755
Repairs, maintenance and construction materials	15,000	15,000	14,404	596
Tools	1,000	1,000	560	440
Electricity - GMP	1,500	1,500	1,543	(43)
Security - GMP	350	350	210	140
Telephone - GMP	1,020	1,020	1,003	17
Total Maintenance Division - Buildings, Grounds and Parks	179,903	179,903	171,367	8,536

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Budgetary <u>Basis</u>	<u>Variance</u>
Maintenance Division - Vehicle and Equipment:				
Salaries	47,690	47,690	58,411	(10,721)
Overtime	1,300	1,300	760	540
Longevity	1,193	1,193	1,192	1
Payroll taxes and benefits	18,736	18,736	19,605	(869)
Safety equipment	600	600	53	547
Purchased services	15,000	15,000	18,068	(3,068)
Service contracts	650	650	0	650
Uniforms and equipment	1,200	1,200	407	793
Miscellaneous expense	6,500	6,500	6,178	322
Gasoline	90,500	90,500	70,565	19,935
Lubricating oil	6,000	6,000	7,915	(1,915)
Diesel fuel	85,500	85,500	84,234	1,266
Repair parts	74,000	74,000	97,051	(23,051)
Equipment	900	900	0	900
Vehicles (2)	0	0	55,180	(55,180)
Tools	4,500	4,500	4,418	82
Tires and tubes	14,000	14,000	15,946	(1,946)
Total Maintenance Division - Vehicle and Equipment	368,269	368,269	439,983	(71,714)
Waste Disposal Division:				
Salaries	92,708	92,708	100,573	(7,865)
Overtime	5,000	5,000	5,370	(370)
Longevity	2,447	2,447	3,347	(900)
Youth litter corps	3,000	3,000	2,388	612
Payroll taxes and benefits	34,212	34,212	32,711	1,501
Telephone	500	500	235	265
Heat and electricity	3,800	3,800	3,500	300
Purchased services	0	0	216	(216)
Safety equipment	300	300	119	181
Advertising	200	200	0	200
Uniforms and equipment	1,000	1,000	245	755
Miscellaneous expense	2,000	2,000	2,857	(857)
Tipping fees	105,000	105,000	95,270	9,730
Total Waste Disposal Division	250,167	250,167	246,831	3,336
Total Public Works	1,566,816	1,566,816	1,546,935	19,881

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Recreation and Senior Center:				
Recreation:				
Director salary	15,011	15,011	15,011	0
Assistant director salary	600	600	520	80
Salaries - swim, tennis, arts and crafts	56,715	56,715	49,388	7,327
Police detail - July 4th	600	600	296	304
Payroll taxes and benefits	9,849	9,849	7,719	2,130
Advertising	400	400	69	331
Telephone	700	700	629	71
Electricity - beaches and Winsor	500	500	530	(30)
Food license - GMP	150	150	0	150
Water testing - beaches and GMP	500	500	300	200
Materials and equipment	2,000	2,000	2,951	(951)
Recreation programs	15,700	15,700	14,719	981
Total Recreation	102,725	102,725	92,132	10,593
Senior Center:				
Director's salary	32,064	32,064	32,064	0
Senior meal site - kitchen aid	12,446	12,446	15,259	(2,813)
Maintenance - custodian	20,634	20,634	24,200	(3,566)
Salary - information tech, specialist	0	0	337	(337)
Longevity	882	882	882	0
Payroll taxes and benefits	30,182	30,182	28,620	1,562
Electricity, heat, propane, and diesel	19,100	19,100	24,190	(5,090)
Telephone	1,000	1,000	748	252
Internet and cable	1,000	1,000	995	5
Janitorial supplies	1,500	1,500	2,579	(1,079)
Repair/maintenance/construction materials	0	0	1,052	(1,052)
Programs and activities	6,000	6,000	915	5,085
Publications and subscriptions	0	0	156	(156)
Supplies	0	0	433	(433)
Other purchased services	4,900	4,900	8,795	(3,895)
License fees	565	565	0	565
Miscellaneous	1,500	1,500	1,701	(201)
Water testing	1,000	1,000	530	470
Computer equipment and supplies	2,800	2,800	600	2,200
Advertising	750	750	0	750
Total Senior Center	136,323	136,323	144,056	(7,733)
Total Recreation and Senior Center	239,048	239,048	236,188	2,860

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Social Services:				
Human Services Department:				
Director's salary	10,506	10,506	10,506	0
Van drivers salary	26,538	26,538	21,744	4,794
Payroll taxes and benefits	11,756	11,756	7,128	4,628
Telephone	600	600	658	(58)
Advertising	1,000	1,000	621	379
Miscellaneous expense	500	500	298	202
Total Human Services Department	50,900	50,900	40,955	9,945
Total Social Services	50,900	50,900	40,955	9,945
Other Operational Expenses:				
Town Hall:				
Utilities	67,000	67,000	63,260	3,740
Water	900	900	404	496
Postage, meter and supplies	19,000	19,000	15,338	3,662
Office and computer supplies	20,000	20,000	14,244	5,756
Security	1,600	1,600	2,369	(769)
Computer systems - purchases, support, repairs	75,775	75,775	60,980	14,795
Advertising	9,500	9,500	6,482	3,018
Internet service	5,000	5,000	2,974	2,026
Telephone, modem, fax and TDD	7,000	7,000	6,987	13
Copier rental	7,701	7,701	6,865	836
RI League of Cities and Towns membership	3,960	3,960	3,960	0
Insurance - property/liability/other	160,000	160,000	94,868	65,132
Unemployment compensation	5,000	5,000	11,590	(6,590)
Retired personnel cost	36,218	36,218	23,416	12,802
Bond issuance cost - disclosure fee	1,625	1,625	1,275	350
Total Other Operational Expenses	420,279	420,279	315,012	105,267
Aid Requests:				
Aid to Libraries:				
Glocester Manton	126,556	126,556	126,556	0
Harmony	181,577	181,577	181,577	0
Total Aid to Libraries	308,133	308,133	308,133	0
Cultural Services:				
Glocester light infantry - Memorial day parade	1,000	1,000	2,000	(1,000)
Total Cultural Services	1,000	1,000	2,000	(1,000)

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Social Services:				
Glocester Little League	3,400	3,400	3,400	0
Glocester Senior Association	1,000	1,000	1,000	0
NW Community Nursing & Health Service	3,000	3,000	3,000	0
Retired Senior Volunteer Program	1,000	1,000	1,000	0
Total Social Services	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>	<u>0</u>
Total Aid Requests	<u>317,533</u>	<u>317,533</u>	<u>318,533</u>	<u>(1,000)</u>
Education:				
Foster-Glocester Region	9,453,321	9,453,321	9,453,321	0
Total Education	<u>9,453,321</u>	<u>9,453,321</u>	<u>9,453,321</u>	<u>0</u>
Debt Service:				
Non-School Bonds:				
Road bond 2001 - 2016	273,490	273,490	273,490	0
Land trust bond 2003 - 2012	54,150	54,150	54,150	0
Senior center 2007 - 2027	158,232	158,232	158,231	1
Land trust open space	70,000	70,000	65,300	4,700
Total Non-School Bonds	<u>555,872</u>	<u>555,872</u>	<u>551,171</u>	<u>4,701</u>
School Bonds:				
Building construction 1998 - 2012	322,768	322,768	322,768	0
Fogarty roof reconstruction 2007 - 2027	68,788	68,788	68,778	10
Total School Bonds	<u>391,556</u>	<u>391,556</u>	<u>391,546</u>	<u>10</u>
Total Debt Service	<u>947,428</u>	<u>947,428</u>	<u>942,717</u>	<u>4,711</u>
Total Expenditures	<u>16,276,769</u>	<u>16,276,769</u>	<u>15,893,527</u>	<u>383,242</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>7,166,839</u>	<u>7,166,839</u>	<u>7,641,405</u>	<u>474,566</u>

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
<i>Other Financing Sources (Uses):</i>				
Transfer from livescan	0	0	1,810	1,810
Appropriated fund balance	150,000	150,000	150,000	0
Transfer to Glocester School Department	(6,372,035)	(6,372,035)	(6,372,035)	0
Transfer to capital reserve fund	(484,340)	(484,340)	(484,340)	0
Transfer to storm/snow related services	(329,011)	(329,011)	(329,011)	0
Transfer to comprehensive plan 5-year update	(2,500)	(2,500)	(2,500)	0
Transfer to revaluation reserve account	(20,000)	(20,000)	(20,000)	0
Transfer to grants - matching funds	(3,200)	(3,200)	0	3,200
Transfer to food bank	(6,500)	(6,500)	(6,500)	0
Transfer to emergency energy	(5,000)	(5,000)	(5,000)	0
Transfer to Citizens and Students Together	(4,253)	(4,253)	(4,253)	0
Transfer to independence day parade	(10,000)	(10,000)	(10,000)	0
Transfer to accrued compensated absences	(80,000)	(80,000)	(80,000)	0
Transfer to Community Development Block Grant	0	0	(2,000)	(2,000)
Transfer to historic records trust	0	0	(1,963)	(1,963)
Transfer to health reserve	0	0	(68,588)	(68,588)
Transfer to MHRH grant	0	0	(1,118)	(1,118)
Transfer to school shooter training	0	0	(113)	(113)
Transfer to senior center programs	0	0	(3)	(3)
Transfer to computer system maintenance	0	0	(16,772)	(16,772)
Transfer to service contracts - radio equipment	0	0	(12,157)	(12,157)
Transfer to police equipment maintenance	0	0	(3,632)	(3,632)
<i>Net other financing uses</i>	(7,166,839)	(7,166,839)	(7,268,175)	(101,336)
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	\$ 0	\$ 0	\$ 373,230	\$ 373,230

(CONCLUDED)

TOWN OF GLOCESTER, RHODE ISLANDGLOCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
Revenues:				
State aid	\$ 2,341,030	\$ 2,341,030	\$ 2,533,557	\$ 192,527
Federal State Fiscal Stabilization Funds	113,177	113,177	167,001	53,824
Tuitions	118,000	118,000	140,735	22,735
Rental income	0	0	80,907	80,907
Earnings on investments	6,000	6,000	3,753	(2,247)
Other	0	0	112,080	112,080
Total revenues	2,578,207	2,578,207	3,038,033	459,826
Expenditures:				
Fogarty Memorial:				
Classroom instruction	27,859	27,859	25,548	2,311
Kindergarten	600	600	620	(20)
Art	3,200	3,200	2,489	711
Computer education	9,250	9,250	47,639	(38,389)
English, language arts	9,400	9,400	7,733	1,667
Health/physical education	1,650	1,650	1,830	(180)
Mathematics	4,300	4,300	7,544	(3,244)
Music	1,050	1,050	1,007	43
Science	6,000	6,000	1,317	4,683
Curriculum development	3,700	3,700	1,645	2,055
School library	6,150	6,150	6,744	(594)
Audio-visual services	1,400	1,400	0	1,400
Speech	605	605	5,337	(4,732)
Resource program	1,100	1,100	321	779
Self-contained program	1,500	1,500	1,707	(207)
Social work services	200	200	1,844	(1,644)
Psychological services	400	400	346	54
Health services	2,750	2,750	3,217	(467)
School management	20,100	20,100	18,573	1,527
Total Fogarty Memorial	101,214	101,214	135,461	(34,247)

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGLOCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Originally Adopted <u>Budget</u>	Final Approved <u>Budget</u>	Actual (Budgetary Basis)	<u>Variance</u>
West Glocester:				
Classroom instruction	22,370	22,370	19,395	2,975
Kindergarten	1,200	1,200	1,025	175
Art	4,000	4,000	3,310	690
Computer education	10,347	10,347	75,774	(65,427)
Student assessment	4,500	4,500	0	4,500
English, language arts	9,200	9,200	6,913	2,287
Health/physical education	2,000	2,000	2,079	(79)
Mathematics	6,300	6,300	2,008	4,292
Music	1,350	1,350	1,236	114
Science	6,000	6,000	1,424	4,576
Curriculum development	3,700	3,700	1,636	2,064
School library	7,000	7,000	5,861	1,139
Audio-visual services	1,500	1,500	1,031	469
Speech	550	550	636	(86)
Resource program	600	600	1,294	(694)
Self-contained program	1,800	1,800	763	1,037
Pre-school program	850	850	871	(21)
Social work services	700	700	3,071	(2,371)
Psychological services	700	700	1,022	(322)
Health services	2,650	2,650	2,545	105
School management	27,720	27,720	14,257	13,463
Total West Glocester	115,037	115,037	146,151	(31,114)
Central Administration:				
System-wide management	38,750	38,750	45,595	(6,845)
Fiscal services	117,627	117,627	8,168	109,459
Data processing	23,000	23,000	19,375	3,625
Policy formation	4,840	4,840	7,024	(2,184)
Legal services	44,000	44,000	20,995	23,005
Non-public textbooks	2,500	2,500	741	1,759
Total Central Administration	230,717	230,717	101,898	128,819

(CONTINUED)

TOWN OF GLOCESTER, RHODE ISLANDGLOCESTER SCHOOL GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
NON-GAAP BUDGETARY BASIS
YEAR ENDED JUNE 30, 2011**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance
System-Wide:				
Network services	10,408	10,408	6,800	3,608
Special education services	88,350	88,350	221,087	(132,737)
Operations - buildings/grounds	341,750	341,750	404,951	(63,201)
Food service repair	750	750	0	750
Transportation, regular	490,755	490,755	453,098	37,657
Transportation, special education	220,000	220,000	143,038	76,962
Transportation, Foster-Glocester Regional	693,985	693,985	693,985	0
Total System-Wide	1,845,998	1,845,998	1,922,959	(76,961)
Salaries and Fringes:				
Classroom instruction	2,542,161	2,542,161	2,666,287	(124,126)
Kindergarten instruction	209,779	209,779	221,820	(12,041)
School library	93,357	93,357	97,152	(3,795)
Resource program	148,508	148,508	147,508	1,000
Self-contained program	683,954	683,954	528,670	155,284
Self-contained S/P/M	76,405	76,405	1,295	75,110
Social work services	62,164	62,164	62,164	0
Psychological services	73,044	73,044	46,062	26,982
Health services	119,960	119,960	119,113	847
Operation and maintenance of plant	264,045	264,045	248,717	15,328
Bus transportation, regular	100,000	100,000	79,444	20,556
Bus transportation, special education	46,000	46,000	17,588	28,412
System-wide management	163,368	163,368	112,686	50,682
School management	274,875	274,875	283,874	(8,999)
Policy formation	7,080	7,080	8,115	(1,035)
Fringe benefits	2,014,576	2,014,576	1,698,569	316,007
Total Salaries and Fringes	6,879,276	6,879,276	6,339,064	540,212
Total expenditures	9,172,242	9,172,242	8,645,533	526,709
Excess of revenues under expenditures before other financing sources (uses)	(6,594,035)	(6,594,035)	(5,607,500)	986,535
Other Financing Sources (Uses):				
Transfers from Town	6,372,035	6,372,035	6,372,035	0
Appropriated fund balance	342,000	342,000	342,000	0
Transfers to other funds	(120,000)	(120,000)	0	120,000
Net Other Financing Sources	6,594,035	6,594,035	6,714,035	120,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 0	\$ 0	\$ 1,106,535	\$ 1,106,535

(CONCLUDED)

TOWN OF GLOCESTER

STATISTICAL SECTION

This part of the Town of Gloucester'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 government's overall financial health.

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	108-112
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	113-116
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	117-121
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	122-123
Operation Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	124-126

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 No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary Government										
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,947,682	\$ 6,415,727	\$ 7,458,139	\$ 9,104,096	\$11,114,122	\$10,596,849	\$12,183,517	\$12,366,231	\$13,195,876	\$13,815,360
Restricted	1,251,225	1,092,710	636,135	689,700	794,823	1,263,293	1,255,618	571,210	3,100	3,438,859
Unrestricted	3,505,981	5,082,013	5,787,078	5,623,019	4,703,857	5,614,738	5,459,871	6,267,056	8,268,698	6,386,528
Total governmental activities net assets	\$ 11,704,888	\$12,590,450	\$13,881,352	\$15,416,815	\$16,612,802	\$17,474,880	\$18,899,006	\$19,204,497	\$21,467,674	\$23,640,747
Business-type activities										
Invested in capital assets, net of related debt										
Restricted										
Unrestricted							\$ 22,364	\$ 23,468	\$ 43,413	\$ 50,642
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,364	\$ 23,468	\$ 43,413	\$ 50,642
Primary government										
Invested in capital assets, net of related debt	\$ 6,947,682	\$ 6,415,727	\$ 7,458,139	\$ 9,104,096	\$11,114,122	\$10,596,849	\$12,183,517	\$12,366,231	\$13,195,876	\$13,815,360
Restricted	1,251,225	1,092,710	636,135	689,700	794,823	1,263,293	1,255,618	571,210	3,100	3,438,859
Unrestricted	3,505,981	5,082,013	5,787,078	5,623,019	4,703,857	5,614,738	5,482,235	6,290,524	8,312,111	6,437,170
Total primary government net assets	\$ 11,704,888	\$12,590,450	\$13,881,352	\$15,416,815	\$16,612,802	\$17,474,880	\$18,921,370	\$19,227,965	\$21,511,087	\$23,691,389

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
Administration	\$ 1,309,894 (1)	\$ 642,802	\$ 680,183	\$ 781,344	\$ 719,930	\$ 864,730	\$ 962,851	\$ 827,540	\$ 816,185	\$ 856,404
Finance	462,948	398,665	430,663	451,843	460,801	512,820	564,677	614,551	584,712	587,175
Public safety	1,306,576	1,321,545	1,390,182	1,555,487	1,631,389	1,742,763	1,900,041	2,084,153	1,911,181	1,952,522
Public works	1,510,104	1,723,478	1,684,156	2,081,657	2,004,415	2,169,528	2,355,418	2,871,973	2,130,372	2,207,085
Recreation	93,568	98,248	103,619	104,517	138,008	243,353	285,306	328,676	368,063	388,751
Social services	391,545	360,349	627,325	403,310	372,878	377,340	386,997	534,967	383,393	399,230
Overhead	194,224	240,876	341,745	296,016	277,190	305,365	307,052	417,912	265,543	312,695
Aid requests	264,829	280,248	292,304	297,190	307,151	330,853	344,868	333,083	317,533	318,533
Education	13,632,027	14,679,977	14,906,109	15,822,821	16,913,683	17,728,396	18,725,978	19,212,152	19,107,353	19,165,949
Interest on debt	306,417	293,954	267,061	236,219	215,994	263,100	295,357	260,885	236,437	224,607
Gloucester Land Trust	41,936	65,279	65,951	87,810	100,470	90,368	81,473	1,487	-	58,235
Total governmental activities expenses	\$ 19,514,068	\$ 20,105,421	\$ 20,789,298	\$ 22,118,214	\$ 23,141,909	\$ 24,628,616	\$ 26,210,018	\$ 27,487,379	\$ 26,120,772	\$ 26,471,186
Business-type activities:										
School Lunch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,788	\$ 153,610	\$ 124,224	\$ 134,636
Total primary government expenses	\$ 19,514,068	\$ 20,105,421	\$ 20,789,298	\$ 22,118,214	\$ 23,141,909	\$ 24,628,616	\$ 26,365,806	\$ 27,640,989	\$ 26,244,996	\$ 26,605,822
Program Revenues										
Governmental activities:										
Charges for services:										
Administration	\$ 477,918	\$ 399,872	\$ 412,486	\$ 449,142	\$ 435,853	\$ 407,245	\$ 359,774	\$ 352,433	\$ 329,306	\$ 284,709
Finance	9,400	-	12,471	17,155	15,816	8,197	12,108	26,214	10,949	15,571
Public safety	149,305	109,242	95,018	123,031	133,606	141,522	102,047	129,937	111,540	94,781
Public works	6,798	3,783	7,017	8,362	16,699	12,394	21,881	42,477	45,494	71,203
Recreation	3,055	-	3,865	2,237	4,184	3,504	4,066	6,662	8,826	8,415
Social services	133,476	-	-	-	-	3,230	4,313	23,107	53,629	90,273
Overhead	214,469	-	-	115,968	-	-	-	-	15,816	6,437
Aid requests	-	-	-	-	-	-	-	-	-	-
Education	135,498	-	-	76,215	229,229	211,683	148,131	184,493	292,772	333,722
Operating grants and contributions:										
Administration	11,446	-	49,693	78,092	8,585	471	68,500	146,712	152,325	170,684
Finance	-	-	110	-	-	-	-	-	-	-
Public safety	35,988	-	36,189	83,829	50,119	75,287	59,752	13,668	15,931	61,899
Public works	4,125	-	-	-	24,700	-	-	-	82,615	-
Recreation	-	-	-	-	25,770	10,079	13,714	20,726	22,308	26,234
Social services	427,390	216,392	430,309	147,010	249,169	371,759	263,902	474,412	487,188	591,912
Overhead	-	-	66,250	-	-	-	-	-	-	-
Education	3,642,623	3,656,457	4,141,248	3,640,801	3,957,144	4,208,544	3,995,286	3,783,450	3,622,793	3,777,064
Interest	-	-	-	-	197,070	199,208	206,509	-	-	-

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital grants and contributions:										
Administration	-	-	-	526,384	-	-	-	-	-	-
Public safety	45,149	-	156,193	24,086	119,023	6,000	3,000	61,597	101,248	1,087
Public works	-	-	-	118,615	-	-	34,738	108,705	292,414	85,422
Recreation and cultural services	82,712	-	-	-	-	46,436	-	-	-	-
Social services	-	-	-	163,346	149,517	-	-	-	-	-
Overhead	-	-	13,218	-	-	-	-	-	-	-
Education	-	11,056	-	221,655	-	-	-	255,832	216,945	262,271
Total governmental activities program revenues	\$ 5,379,352	\$ 4,396,802	\$ 5,424,067	\$ 5,795,928	\$ 5,616,484	\$ 5,705,559	\$ 5,297,721	\$ 5,630,425	\$ 5,862,099	\$ 5,881,684
Business-type activities:										
Charges for services:										
School Lunch	-	-	-	-	-	-	\$ 84,370	\$ 80,130	\$ 63,167	\$ 59,975
Operating grants and contributions:										
School Lunch	-	-	-	-	-	-	73,176	74,584	81,002	\$ 81,890
Total business-type activities program revenues	\$ -	\$ 157,546	\$ 154,714	\$ 144,169	\$ 141,865					
Total primary government revenues	\$ 5,379,352	\$ 4,396,802	\$ 5,424,067	\$ 5,795,928	\$ 5,616,484	\$ 5,705,559	\$ 5,455,267	\$ 5,785,139	\$ 6,006,268	\$ 6,023,549
Net (expenses) revenues:										
Governmental activities	\$(14,134,716)	\$(15,708,619)	\$(15,365,231)	\$(16,322,286)	\$(17,525,425)	\$(18,923,057)	\$(20,912,297)	\$(21,856,954)	\$(20,258,673)	\$(20,589,502)
Business-type activities	-	-	-	-	-	-	1,758	1,104	19,945	7,229
Total primary government net expense	\$(14,134,716)	\$(15,708,619)	\$(15,365,231)	\$(16,322,286)	\$(17,525,425)	\$(18,923,057)	\$(20,910,539)	\$(21,855,850)	\$(20,238,728)	\$(20,582,273)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	\$ 13,539,993	\$ 14,273,271	\$ 14,839,021	\$ 15,959,350	\$ 16,669,163	\$ 17,616,681	\$ 19,114,197	\$ 20,634,864	\$ 22,953,234	\$ 22,650,126
Unrestricted investment earnings	309,560	229,431	152,654	182,589	240,483	285,429	279,633	154,478	118,156	112,449
Other general revenues	1,375,554	2,091,479	1,664,459	1,746,283	1,811,766	2,025,214	2,785,647	1,436,958	-	-
Transfers to component unit	-	-	-	-	-	-	-	(63,855)	(549,540)	-
Total primary government	\$ 15,225,107	\$ 16,594,181	\$ 16,656,134	\$ 17,888,222	\$ 18,721,412	\$ 19,927,324	\$ 22,179,477	\$ 22,162,445	\$ 22,521,850	\$ 22,762,575
Change in Net Assets										
Governmental activities	\$ 1,090,391	\$ 885,562	\$ 1,290,903	\$ 1,565,936	\$ 1,195,987	\$ 1,004,267	\$ 1,267,180	\$ 305,491	\$ 2,263,177	\$ 2,173,073
Business-type activities	-	-	-	-	-	-	1,758	1,104	19,945	7,229
Total primary government	\$ 1,090,391	\$ 885,562	\$ 1,290,903	\$ 1,565,936	\$ 1,195,987	\$ 1,004,267	\$ 1,268,938	\$ 306,595	\$ 2,283,122	\$ 2,180,302

(1) \$500,000 transferred to Component Unit

Schedule 3
Town of Gloucester, Rhode Island
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 7,868	\$ 9,610	\$ 10,283	\$ 10,528	\$ 9,524	\$ 21,523	\$ 13,960	\$ 33,805	\$ 15,480	\$ -
Unreserved	3,561,879	3,705,287	3,718,881	4,321,639	4,554,671	4,317,178	4,225,999	3,896,715	4,246,583	-
Nonspendable	-	-	-	-	-	-	-	-	-	7,769
Restricted	-	-	-	-	-	-	-	-	-	961,063
Committed	-	-	-	-	-	-	-	-	-	573,460
Assigned	-	-	-	-	-	-	-	-	-	525,125
Unassigned	-	-	-	-	-	-	-	-	-	3,904,064
Total general fund	\$ 3,569,747	\$ 3,714,897	\$ 3,729,164	\$ 4,332,167	\$ 4,564,195	\$ 4,338,701	\$ 4,239,959	\$ 3,930,520	\$ 4,262,063	\$ 5,971,481
Education										
Reserved	\$ 133,290	\$ 221,577	\$ 297,752	\$ 376,072	\$ 149,861	\$ -	\$ 2,435	\$ 122,988	\$ 60,323	\$ -
Unreserved	501,792	238,615	157,698	289,086	312,886	415,693	345,913	607,566	1,645,575	-
Committed	-	-	-	-	-	-	-	-	-	180,000
Assigned	-	-	-	-	-	-	-	-	-	780,686
Unassigned	-	-	-	-	-	-	-	-	-	1,690,484
Total education fund	\$ 635,082	\$ 460,192	\$ 455,450	\$ 665,158	\$ 462,747	\$ 415,693	\$ 348,348	\$ 730,554	\$ 1,705,898	\$ 2,651,170
Road Bond Fund										
Unreserved	1,648,151	985,706	264,275	12,463	-	-	-	-	-	-
Total road bond fund	\$ 1,648,151	\$ 985,706	\$ 264,275	\$ 12,463	\$ -					
Senior Center Fund										
Unreserved	-	-	-	-	(697,290)	-	-	-	-	-
Total senior center fund	\$ -	\$ -	\$ -	\$ -	\$ (697,290)	\$ -				
Capital Reserve Project Fund										
Unreserved	-	-	-	-	-	749,049	715,966	545,660	748,087	-
Restricted	-	-	-	-	-	-	-	-	-	759,820
Unassigned	-	-	-	-	-	-	-	-	-	-
Total capital reserve project fund	\$ -	\$ 749,049	\$ 715,966	\$ 545,660	\$ 748,087	\$ 759,820				
All Other Governmental Funds										
Reserved:										
Perpetual care	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ -
Unreserved, reported in:										
Special revenue funds:										
Education	133,476	182,141	388,967	285,511	202,841	283,828	407,025	540,289	283,763	-
Other	214,469	345,542	612,148	891,479	786,426	1,159,170	1,157,433	1,403,119	1,714,349	-
Capital projects funds	250,225	486,481	1,050,171	1,038,794	1,002,637	1,325,501	702,232	836,151	852,039	-
Permanent Fund:	9,258	9,329	9,391	9,448	9,505	9,202	9,238	9,247	9,261	-
Nonspendable	-	-	-	-	-	-	-	-	-	336,535
Restricted	-	-	-	-	-	-	-	-	-	1,373,672
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(89,551)
Total all other governmental funds	\$ 610,528	\$ 1,026,593	\$ 2,063,777	\$ 2,228,332	\$ 2,004,509	\$ 2,780,801	\$ 2,279,028	\$ 2,791,906	\$ 2,862,512	\$ 1,620,656

Schedule 4
Town of Gloucester, Rhode Island
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified basis of accounting)
Unaudited

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
General property taxes	\$ 13,707,452	\$ 14,336,144	\$ 14,854,992	\$ 15,929,478	\$ 16,617,506	\$ 17,605,367	\$ 19,184,312	\$ 20,575,766	\$ 21,898,410	\$ 22,495,323
Intergovernmental and departmental revenue	5,513,480	5,505,830	6,285,993	6,078,886	6,791,868	7,094,716	6,665,094	5,998,069	5,539,730	4,692,744
Licenses and fees	604,768	518,966	530,857	599,500	583,136	552,183	482,153	510,253	472,033	442,361
Interest on investments	309,560	229,431	152,654	182,589	240,483	285,429	273,633	154,478	118,156	112,449
Other revenues	259,360	342,772	309,898	337,441	56,031	140,634	166,449	308,447	435,119	523,108
Intergovernmental-pension contribution	-	-	-	-	-	-	-	246,586	285,107	264,180
Total revenues	\$ 20,394,620	\$ 20,933,143	\$ 22,134,394	\$ 23,127,894	\$ 24,289,024	\$ 25,678,329	\$ 26,771,641	\$ 27,793,599	\$ 28,748,555	\$ 28,530,165
Expenditures										
Central Administration	\$ 1,315,516 (2)	\$ 617,933	\$ 651,535	\$ 746,646	\$ 748,833	\$ 831,213	\$ 988,144	\$ 785,565	\$ 766,545	\$ 831,297
Finance Administration	393,814	395,878	427,876	448,282	457,795	509,814	561,671	596,070	587,715	590,140
Public Safety Department	1,279,260	1,317,022	1,381,045	1,579,176	1,920,978	1,829,558	1,873,749	1,804,769	1,791,933	1,787,760
Public Works Department	1,206,019	1,436,474	1,329,747	1,640,900	2,330,629	1,858,272	2,273,444	1,871,028	1,555,594	1,727,750
Recreation Department	79,812	81,806	84,488	85,386	151,231	1,903,600	202,247	230,431	273,980	291,048
Social Services (3)	391,545	360,349	627,325	398,970	1,315,902	483,269	499,160	530,627	379,053	366,945
Operational expenses	209,226	264,411	320,964	253,774	277,190	355,075	307,052	294,543	404,529	313,737
Aid Request	264,829	280,248	292,304	297,190	307,151	330,853	344,868	333,083	317,533	318,533
Education-Elementary	7,958,712	8,725,251	8,948,302	9,316,350	10,199,745	10,152,139	10,843,415	9,509,781	9,292,913	9,360,130
Education-Secondary-Regional (1)	5,568,735	5,880,258	5,874,319	6,280,537	6,614,229	7,385,896	8,476,681	9,340,823	9,328,376	9,453,321
Gloucester Land Trust	41,936	65,279	65,951	87,810	100,470	90,368	81,473	65,342	549,540	58,235
Intergovernmental-pension contribution	-	-	-	-	-	-	-	246,586	285,107	264,180
Capital Outlay	1,799,091	869,431	920,084	738,299	-	-	-	818,159	1,213,379	734,378
Principal	555,000	615,000	615,000	620,000	597,235	587,677	708,616	689,658	697,741	784,224
Interest	308,053	299,923	270,174	242,071	216,217	235,524	291,458	261,795	233,669	222,645
Bond issuance costs	-	-	-	-	-	-	-	-	5,500	1,275
Total Expenditures	\$ 21,371,548	\$ 21,209,263	\$ 21,809,114	\$ 22,735,391	\$ 25,237,605	\$ 26,553,258	\$ 27,451,978	\$ 27,378,260	\$ 27,683,107	\$ 27,105,598
Excess of revenues over (under) expenditures	\$ (976,928)	\$ (276,120)	\$ 325,280	\$ 392,503	\$ (948,581)	\$ (874,929)	\$ (680,337)	\$ 415,339	\$ 1,065,448	\$ 1,424,567
Other Financing Sources (uses)										
Proceeds of capital leases	\$ -	\$ -	\$ -	\$ -	\$ 44,622	\$ -	\$ -	\$ -	\$ 14,472	\$ -
Transfers from other funds	5,324,135	5,498,652	6,306,080	6,289,430	7,154,328	7,479,823	7,291,361	8,166,617	8,582,238	7,703,474
Transfers to other funds	(5,324,135)	(5,498,652)	(6,306,080)	(6,289,430)	(7,154,328)	(7,479,823)	(7,291,361)	(8,166,617)	(8,582,238)	(7,703,474)
Proceeds from issuance of bonds	500,000	-	-	-	-	2,965,000	-	-	500,000	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	500,000	-	-	-	44,622	2,965,000	-	-	514,472	-
Net change in fund balances	\$ (476,928)	\$ (276,120)	\$ 325,280	\$ 392,503	\$ (903,959)	\$ 2,090,071	\$ (680,337)	\$ 415,339	\$ 1,579,920	\$ 1,424,567
Debt service as a percentage of noncapital expenditures	4.4%	4.5%	4.2%	3.9%	3.2%	3.4%	3.8%	3.6%	3.5%	3.8%

Note: This schedule includes revenues and expenditures of the General Fund, Special Revenue Funds and Capital Projects Funds

(1) This line in the schedule includes only the Town of Gloucester's portion of the Foster Gloucester Regional School District expenses

(2) This amount includes \$500,000 of bond proceeds transferred to Component Unit (Land Trust)

(3) In fiscal 2006, Senior Center construction costs were expended as social services. In fiscal 2007, Senior Center expenditures, including construction costs, were deemed more appropriately classified in the recreation department.

Schedule 5
Town of Glocester, Rhode Island
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Effective Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2002	\$ 450,926,660	\$ 33,034,970	\$ 58,848,158	\$ 17,651,150	\$ 44,993,619	\$ 515,467,319	\$ 26.51	\$ 716,660,194	71.93%
2003 (1)	639,256,200	40,714,200	61,584,633	20,448,920	71,686,402	690,317,551	20.26	708,453,973	97.44%
2004	636,491,310	41,684,000	66,117,524	18,058,950	72,253,598	690,098,186	20.40	901,255,161	76.57%
2005	646,917,330	42,092,500	66,320,776	20,777,410	73,615,598	702,492,418	21.28	1,020,715,842	68.82%
2006 (2)	1,046,152,900	60,266,600	74,726,668	19,725,790	109,661,463	1,091,210,495	14.34	1,109,291,953	98.37%
2007	1,058,215,120	59,778,900	84,266,684	20,458,860	117,330,916	1,105,388,648	15.00	1,324,707,457	83.44%
2008	1,067,493,900	60,015,000	86,124,833	20,463,280	125,302,544	1,108,794,469	16.36	1,231,235,068	90.06%
2009 (2)	1,059,225,120	65,090,700	88,301,288	18,618,060	130,448,838	1,100,786,330	17.75	1,199,136,425	91.80%
2010	1,065,503,820	66,145,300	79,407,366	18,620,740	136,245,602	1,093,431,624	18.64	1,109,017,190	98.59%
2011	1,071,062,920	65,889,900	94,392,665	18,600,760	128,139,328	1,121,806,916	18.68	992,719,368	113.00%

Source: Town of Glocester Tax Assessor

- (1) Full revaluations are performed every nine years. A full revaluation was performed as of December 31, 2001 which affected fiscal year 2003. The last full revaluation was performed as of December 31, 2010 which affects fiscal year 2012.
- (2) Statistical revaluations are performed every three years, except in the years a full revaluation is performed. Statistical revaluations were performed as of December 31, 2004 and December 31, 2007 which affected fiscal years 2006 and 2009, respectively. The next statistical revaluation will be performed as of December 31, 2013 and will affect fiscal year 2015.

Schedule 6
Town of Glocester, Rhode Island
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
Unaudited

Fiscal Year	Town Direct Rates (a)						Overlapping Rates (c)		
	Real Property		Motor	Tangible Property		Total Effective Rate (b)	Chepachet Fire District	Harmony Fire District	West Glocester Fire District
	Residential	Commercial	Vehicles	Personal	Inventory				
2002	\$ 26.71	\$ 26.71	\$ 24.37	\$ 26.71	\$ 17.60	\$ 26.51	\$ 0.90	\$ 1.72	\$ 1.65
2003	19.83	19.83	24.37	27.00	15.08	20.26	0.90	1.44	1.35
2004	19.98	19.98	24.37	27.20	12.56	20.40	1.00	1.44	1.55
2005	20.91	20.91	24.37	28.46	10.06	21.28	1.00	1.49	1.35
2006	13.56	15.55	24.37	29.65	7.55	14.34	0.75	1.55	1.30
2007	14.24	16.33	24.37	31.14	5.04	15.00	0.75	1.20	1.30
2008	15.66	17.91	24.37	31.32	2.52	16.36	0.75	1.20	1.30
2009	17.03	19.37	24.37	33.92	-	17.75	0.75	1.20	1.30
2010	17.98	20.43	24.37	35.80	-	18.64	0.75	1.20	1.30
2011	17.87	20.31	24.37	35.58	-	18.68	0.75	1.20	1.30

- (a) The Direct rates are derived from the records of the Town's Tax Assessor.
(b) The Total Effective Rate = Total Tax levy ÷ Total Assessed Value of all property. [Town only - excludes overlapping rates]
(c) Overlapping rates are those of the local fire districts within the Town of Glocester that apply only to owners within the named districts.
For example, the Chepachet Fire District rates do not apply to property owners in the Harmony Fire District.

Schedule 7
Town of Glocester, Rhode Island
Principal Property Tax Payers,
Current Year and Nine Years Ago
Principal Payers
Unaudited

Taxpayer	2011				2002			
	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxes assessed (3)	Taxable assessed value	Rank	Percentage of total taxable assessed value	Taxes assessed (3)
Factory Mutual Insurance Co. (1)(4)	PILOT	1	PILOT	\$ 1,628,900	\$ 10,242,470	1	1.99%	\$ 273,576
Narragansett Electric, Co.	\$ 9,151,470	2	0.82%	271,966	7,617,630	2	1.48%	203,467
CoxCom	5,027,280	3	0.45%	178,871	1,284,810	5	0.25%	34,317
Melody Hill Country Club	3,332,700	4	0.30%	67,687	1,131,430	7	0.22%	30,199
Criterion Atlantic Property	3,314,850	5	0.30%	83,457	2,298,580	3	0.45%	61,395
CVS	2,734,490	6	0.24%	62,416	-	-	-	-
Glocester Country Club	2,647,750	7	0.24%	57,935	1,222,580	6	0.24%	32,655
Kopeski Stephen M.	2,579,550	8	0.23%	56,872	1,777,880	4	0.34%	47,487
Providence, City of (PWSB) (2)	2,431,315	9	0.22%	49,380	1,108,940	8	0.22%	29,620
Adler Brothers Construction	2,142,900	10	0.19%	43,992	-	-	-	-
Mitreli Family LTD	-	-	-	-	863,610	9	0.17%	23,067
Tilinghast Holding Co.	-	-	-	-	754,090	10	0.15%	20,142
Totals	\$ 33,362,305		2.99%	\$ 2,501,476	\$ 28,302,020		5.51%	\$ 755,925

Sources: Town of Glocester Tax Assessor and Tax Collector

- (1) In 2003, Factory Mutual Insurance Co., (FMIC) the Town's largest taxpayer, entered into a 20 year payment-in-lieu-of-taxes (PILOT) agreement with the Town. Taxes due to the Town will not be based on assessed value during the time the agreement is in place.
- (2) In 2010, the Providence Water Supply Board (PWSB), an enterprise fund of the City of Providence, entered into a 10 year tax treaty with the Town. Taxes due to the Town will not be based on assessed value during the time the agreement is in place.
- (3) The Taxes assessed columns are displayed here to show that, even though the PILOT amount paid by FMIC is not based on assessments of their property, FMIC continues to be the Town's largest taxpayer.
- (4) Factory Mutual Insurance Co. changed the name on the property owned in the Town of Glocester to West Glocester LLC in 2010.

Schedule 8
Town of Gloucester, Rhode Island
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 13,660,445	\$ 13,248,002	96.98%	\$ 396,315	\$ 13,644,317	99.88%
2003	13,840,762	13,452,836	97.20%	364,164	13,817,000	99.83%
2004	14,089,356	13,639,790	96.81%	422,367	14,062,157	99.81%
2005	14,976,565	14,553,049	97.17%	397,629	14,950,678	99.83%
2006	15,659,038	15,174,996	96.91%	454,624	15,629,620	99.81%
2007	16,582,490	16,062,164	96.86%	485,925	16,548,089	99.79%
2008	18,144,280	17,589,870	96.94%	519,209	18,109,079	99.81%
2009	19,572,268	19,044,425	97.30%	487,482	19,531,907	99.79%
2010	20,389,875	19,767,563	96.95%	539,793	20,307,356	99.60%
2011	20,971,453	20,285,517	96.73%	-	20,285,517	96.73%

(1) Total Tax Levy for Fiscal Year is the original certified net levy for each year adjusted for all subsequent abatements and additions occurring for the same year.

Source: Town of Gloucester Tax Collector

Schedule 9
Town of Gloucester, 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			
2002	\$ 6,780,000	\$ 250,000	\$ -	\$ 7,030,000	3.08% (a)	\$ 707 (c)
2003	6,165,000	250,000	-	6,415,000	2.81% (a)	645 (c)
2004	5,550,000	250,000	-	5,800,000	2.54% (a)	583 (c)
2005	4,930,000	250,000	-	5,180,000	2.27% (a)	521 (c)
2006	4,335,000	247,765	37,661	4,620,426	2.03% (a)	464 (c)
2007	6,750,000	210,088	29,429	6,989,517	3.07% (a)	703 (c)
2008	6,085,000	166,472	20,569	6,272,041	2.75% (a)	630 (c)
2009	5,415,000	152,845	13,401	5,581,246	2.45% (a)	561 (c)
2010	5,240,000	136,571	20,261	5,396,832	1.74% (b)	554 (d)
2011	4,515,000	112,226	8,526	4,635,752	1.50% (b)	476 (d)

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

- (a) Ratio is calculated using personal income from 2000 census year.
- (b) Ratio is calculated using personal income from 2010 census year.
- (c) Ratio is calculated using population from 2000 census year.
- (d) Ratio is calculated using population from 2010 census year.

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

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Total		
2002	\$ 6,780,000	\$ 6,780,000	1.32%	\$ 681.54
2003	6,165,000	6,165,000	0.89%	619.72
2004	5,550,000	5,550,000	0.80%	557.90
2005	4,930,000	4,930,000	0.70%	495.58
2006	4,335,000	4,335,000	0.40%	435.77
2007	6,750,000	6,750,000	0.61%	678.53
2008	6,085,000	6,085,000	0.55%	611.68
2009	5,415,000	5,415,000	0.49%	544.33
2010	5,240,000	5,240,000	0.48%	537.66
2011	4,515,000	4,515,000	0.40%	463.27

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 Glocester, Rhode Island
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Estimated Share of Overlapping Debt Less Housing Aid (b)
Debt repaid with property taxes				
Foster-Gloster Regional School District	\$ 53,000,000	63.21% (a)	\$ 33,501,300	\$ 13,400,520
Chepachet Fire District	-	100.00%	-	-
Harmony Fire District	186,614	100.00%	186,614	186,614
West Glocester Fire District	263,699	100.00%	263,699	263,699
Subtotal, overlapping debt			33,951,613	13,850,833
Town direct debt			4,515,000	4,125,600
Total direct and overlapping debt			<u>\$ 38,466,613</u>	<u>\$ 17,976,433</u>

Sources: Debt outstanding data provided by each governmental unit.

- (a) Estimated percentage applicable for the Foster-Glocester Regional School District portion of the debt is from the Foster-Glocester Regional School District Fiscal 2012 budget.
- (b) It is anticipated that approximately 60% [\$31,800,000] of the Foster-Glocester Regional School District debt will be paid by the State of Rhode Island in the form of housing aid. Similarly, \$885,000 of the *Town direct debt* is for the Glocester Schools of which it is estimated that 44% will be paid by housing aid. The *Estimated Share of Overlapping Debt less Housing Aid* column is displayed here to show the net anticipated obligation of the Town.

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

Legal Debt Margin Calculation for Fiscal Year 2011	
Assessed Value	\$ 1,121,806,916
Debt limit (3% of assessed value)	33,654,207
Debt applicable to limit:	
General obligation bonds	590,000
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>590,000</u>
Legal debt margin	<u>\$ 33,064,207</u>

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 15,464,020	\$ 20,709,527	\$ 20,702,946	\$ 21,074,773	\$ 32,736,315	\$ 33,161,659	\$ 33,263,834	\$ 33,023,590	\$ 32,802,949	\$ 33,654,208
Total net debt applicable to limit	-	-	-	-	-	750,000	710,000	670,000	630,000	590,000
Legal debt margin	<u>\$ 15,464,020</u>	<u>\$ 20,709,527</u>	<u>\$ 20,702,946</u>	<u>\$ 21,074,773</u>	<u>\$ 32,736,315</u>	<u>\$ 32,411,659</u>	<u>\$ 32,553,834</u>	<u>\$ 32,353,590</u>	<u>\$ 32,172,949</u>	<u>\$ 33,064,208</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	2.26%	2.13%	2.03%	1.92%	1.75%

Note: With certain exceptions, under the General Laws of the State 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.

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

The Town of Gloucester, Rhode Island has no non-general obligation long-term debt backed by pledged revenues.

Schedule 14
Town of Glocester, 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>
2002	9,948	\$ 227,948,472	\$ 22,914	38.2	1,936	3.7%
2003	9,948	227,948,472	22,914	38.2	1,951	4.2%
2004	9,948	227,948,472	22,914	38.2	1,947	3.9%
2005	9,948	227,948,472	22,914	38.2	1,894	3.9%
2006	9,948	227,948,472	22,914	38.2	1,669	4.0%
2007	9,948	227,948,472	22,914	38.2	1,864	4.2%
2008	9,948	227,948,472	22,914	38.2	1,736	6.1%
2009	9,948	227,948,472	22,914	38.2	1,614	8.8%
2010	9,746	310,049,498	31,813	42.7	1,523	9.6%
2011	9,746	310,049,498	31,813	42.7	1,466	7.0%

Sources:

- (1) Population, Personal Income, Per Capita Personal Income, and Median Age obtained from U.S. Census Bureau.
- (2) School enrollment provided by the Glocester School District Business Office and the Foster-Glocester Regional School District Business Office. Enrollment includes students in Glocester Public Schools [grades K - 5] and Glocester students enrolled in the Foster Glocester-Regional School District [grades 6 - 12].
- (3) Unemployment rates obtained from State of Rhode Island Dept. of Labor and Training.

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

Employer	2011			2002 (1)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Foster-Glocester Regional School District	176	1	2.88%			
Town of Glocester	150	2	2.45%			
Harmony Hill School Inc.	146	3	2.39%			
Factory Mutual Insurance Co.	103	4	1.68%			
Dino's Park-n-Shop	69	5	1.13%			
Putnam Pike CVS	36	6	0.59%			
Chester's Restaurant	36	7	0.59%			
Dunkin' Donuts	24	8	0.39%			
Iron Mountain Record Management Co.	25	9	0.41%			
Ferrellgas Inc.	21	10	0.23%			
Total	<u>786</u>		<u>12.74%</u>			

Source: U.S. Census Bureau and survey of Town businesses.

(1) Data is unavailable for 2002

Schedule 16
Town of Gloucester, Rhode Island
Full-time Equivalent Town Government Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</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>	<u>2010</u>	<u>2011</u>
Central Administration										
Town Council	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Town Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Board of Canvassers	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Probate Court	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Building/Zoning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wastewater	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-
Planning Board	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Zoning Board	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Land Trust	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Historic District	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-
Town Sergeant	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Financial Administration										
Treasurer's Office	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Tax Collection	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Tax Assessor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police										
Officers	13.0	13.0	13.0	14.0	14.0	14.0	15.0	15.0	14.0	15.0
Civilians	4.6	4.6	4.8	4.8	5.3	5.3	5.3	5.3	5.3	5.3
Animal Control										
Officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	0.5	0.5	0.5	0.5	0.5	0.9	0.9	0.9	0.9	0.9
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	0.1	0.1	0.1	0.1
Public Works Department										
Director	1.8	1.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Transfer Station										
Refuse Collection	2.4	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.3
Highway										
Driver/Laborer	7.4	7.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.2
Maintenance										
Building/Grounds	1.0	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0	1.0
Custodial	0.8	0.8	0.8	1.0	1.5	1.5	1.5	1.5	1.5	1.5
Vehicles & Equipment	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Recreation Department										
Director	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Summer Programs	2.7	2.7	2.7	2.7	2.7	2.9	2.8	2.8	2.8	2.8
Human Services Department										
Director	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Senior Van Driver	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Senior Center										
Director	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Mealsite	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7

Source: Office of Human Resources, and Town Budgets

Schedule 17
Town of Glocester, Rhode Island
Operating Indicators by Function/Program,
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety (1)										
Police										
Calls	13,554	14,045	15,091	15,480	15,007	15,075	15,605	15,381	16,969	9,041
Physical arrests	525	486	555	415	457	400	353	351	346	194
Citations	2,932	3,102	3,780	3,678	3,716	3,303	3,260	2,803	2,482	1,399
Accidents	304	293	315	286	249	251	249	280	236	120
Animal Control										
Dog licenses issued	670	645	564	515	526	503	473	471	470	390
Public Works										
Transfer Station										
Refuse collected (avg. tons per month)	331	3	306	306	289	285	275	281	221	250
Recyclables collected (avg. tons per month)	52	72	74	80	81	74	79	77	96	129
Highway										
Street resurfacing (miles)	25.2	10.9	7.6	3.9	3.6	0.0	0.4	1.5	2.8	3.9
Street repairs (miles)	9.1	2.1	0.0	0.0	6.7	0.2	0.0	0.0	0.0	0.0
Building/Zoning (1)										
Commercial construction permits	28	20	27	38	34	25	20	26	20	8
Residential construction permits - new homes	58	47	36	35	24	19	15	13	17	10
Residential construction permits - other	218	262	321	253	252	253	277	177	205	86
Parks and Recreation										
Athletic field permits	3	3	3	3	3	3	3	3	3	3
Human Services										
Mini-bus passenger transports	780	780	785	790	795	676	658	750	700	711

Sources: Various Town departments.

(1) Statistics for Public Safety and Building Zoning are based on a calendar year. Totals for 2011 are through June 30, 2011.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone Offices	-	-	-	-	-	-	-	-	-	-
Patrol Units	15	15	17	17	17	17	17	17	16	15
Animal Control										
Animal Shelters	1	1	1	1	1	1	1	1	1	1
Public Works										
Transfer Station										
Roll-off Truck	2	2	2	2	2	2	2	2	2	2
Streets and Highways (in miles)										
Highways (State owned)	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3
Roads (Town owned)	78.1	78.1	78.1	78.1	78.1	78.1	78.1	78.1	78.1	78.1
Roads - Private (non-Town)	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
Park Access	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Driftway	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total highway and road miles	<u>148.8</u>									
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic Signals (State owned)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks and Recreation										
Acreage	165.3	165.3	165.3	165.3	165.3	165.3	165.3	165.3	165.3	165.3
Playgrounds	3	3	3	3	3	3	3	3	3	3
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Beaches	2	2	2	2	2	2	2	2	2	2
Baseball/Softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/Football fields	1	1	1	1	1	1	1	1	1	1
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Senior Center	-	-	-	-	-	1	1	1	1	1
Human Services										
Transit mini-bus	1	1	1	1	1	1	1	1	1	1

Sources: Various Town Departments

TOWN OF GLOUCESTER

**REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**





Cayer Caccia

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

To the Honorable Town Council,
Glocester, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Glocester, Rhode Island, as of and for the year ended June 30, 2011, which collectively comprise the Town of Glocester, Rhode Island's basic financial statements and have issued our report thereon dated December 21, 2011. 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 Glocester, 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 Glocester, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Glocester, Rhode Island's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Glocester, 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 management of the Town of Glocester, Rhode Island in a separate letter dated December 21, 2011.

This report is intended solely for the information and use of management, the Town Council, others within the entity, 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.

Cayer Caccia, LLP

December 21, 2011