

BURRILLVILLE SCHOOL DEPARTMENT

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014**

BURRILLVILLE SCHOOL DEPARTMENT

JUNE 30, 2014

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page(s)</u>
Independent Auditor's Report.....		1 - 3
<i>Fund Financial Statements:</i>		
Governmental Funds:		
Balance Sheet.....	A-1	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	A-2	5
Proprietary Funds:		
Statement of Fund Net Position.....	B-1	6
Statement of Revenues, Expenses, and Changes in Fund Net Position	B-2	7
Statement of Cash Flows.....	B-3	8
Fiduciary Funds:		
Statement of Fiduciary Net Position	C-1	9
Notes to Financial Statements		10 - 26
Required Supplementary Information:		
Municipal Employees' Retirement System	D-1	27
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) and Changes in Fund Balance, (Non-GAAP Budgetary Basis) Budget and Actual – General Fund	D-2	28
Notes to Required Supplementary Information		29
Combining Financial Statements:		
Non-Major Governmental Funds:		
Balance Sheet.....	E-1	30 - 33
Statement of Revenues, Expenditures and Changes in Fund Balance	E-2	34 - 37
Fiduciary Funds:		
Agency Funds:		
Schedule of Changes in Assets and Liabilities.....	F-1	38



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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Committee
Burrillville School Department
Burrillville, Rhode Island

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the Burrillville School Department (a department of the Town of Burrillville, Rhode Island) as of and for the year ended June 30, 2014, and related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Burrillville School Department, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Burrillville School Department, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Burrillville, Rhode Island that is attributable to the transactions of the Burrillville School Department. They do not purport to and do not present fairly the financial position of the Town of Burrillville, Rhode Island as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the historical pension and budgetary comparison information on pages 27 through 29 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burrillville School Department's financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements 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. Such information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

December 22, 2014

Cayer Caccia, LLP

BURRILLVILLE SCHOOL DEPARTMENT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 673,267	\$ 79,801	\$ 753,068
Intergovernmental receivable	6,030	301,695	307,725
Other receivables	13,643		13,643
Due from Town of Burrillville	2,791,759	12,282	2,804,041
Due from other funds	271,712	91,387	363,099
TOTAL ASSETS	\$ 3,756,411	\$ 485,165	\$ 4,241,576
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	\$ 1,113,858	\$ 22,988	\$ 1,136,846
Accrued payroll and benefits	2,035,501	131,766	2,167,267
Unearned revenues	17,853	157,593	175,446
Due to other funds	37,909	172,818	210,727
TOTAL LIABILITIES	3,205,121	485,165	3,690,286
FUND BALANCES:			
Committed	124,871		124,871
Unassigned	426,419		426,419
TOTAL FUND BALANCES	551,290	0	551,290
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,756,411	\$ 485,165	\$ 4,241,576

SEE NOTES TO FINANCIAL STATEMENTS.

BURRILLVILLE SCHOOL DEPARTMENT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Federal sources	\$ 340,601	\$ 1,616,850	\$ 1,957,451
State sources	13,054,183	125,410	13,179,593
Miscellaneous		13,993	13,993
Intergovernmental - pension contribution	1,066,253		1,066,253
TOTAL REVENUES	14,461,037	1,756,253	16,217,290
EXPENDITURES:			
Current:			
Salaries	16,799,150	1,023,388	17,822,538
Employee benefits	6,320,267	401,430	6,721,697
Purchased services	4,829,026	250,093	5,079,119
Supplies and materials	1,256,555	54,911	1,311,466
Other	40,908		40,908
Intergovernmental - pension contribution	1,066,253		1,066,253
Capital outlay	152,173	26,431	178,604
TOTAL EXPENDITURES	30,464,332	1,756,253	32,220,585
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(16,003,295)	0	(16,003,295)
OTHER FINANCING SOURCES (USES):			
Transfers from Town of Burrillville	15,910,216		15,910,216
Transfers from Town of Burrillville - Fuel	70,000		70,000
Transfers to other funds	(44,000)		(44,000)
NET OTHER FINANCING SOURCES	15,936,216	0	15,936,216
NET CHANGE IN FUND BALANCES	(67,079)	0	(67,079)
FUND BALANCE AT BEGINNING OF YEAR	618,369	0	618,369
FUND BALANCE AT END OF YEAR	\$ 551,290	\$ 0	\$ 551,290

SEE NOTES TO FINANCIAL STATEMENTS.

BURRILLVILLE SCHOOL DEPARTMENT

**STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014**

	Enterprise Funds		
	Cafeteria Fund	Levy Rink	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 253,917	\$ 3,410	\$ 257,327
Inventory	10,012		10,012
Account receivables	3,613		3,613
Due from:			
Other governments	24,579		24,579
Total Current Assets	292,121	3,410	295,531
Noncurrent Assets:			
Net capital assets	24,858	181,486	206,344
TOTAL ASSETS	316,979	184,896	501,875
LIABILITIES:			
Current Liabilities:			
Accounts payable	178,644	3,594	182,238
Unearned revenue	15,392		15,392
Due to other funds	71,831	80,541	152,372
Capital lease payable		22,518	22,518
Accrued compensated absences	400	1,020	1,420
Total Current Liabilities	266,267	107,673	373,940
Noncurrent Liabilities:			
Accrued compensated absences	4,089	9,174	13,263
Total Noncurrent Liabilities	4,089	9,174	13,263
TOTAL LIABILITIES	270,356	116,847	387,203
NET POSITION:			
Net investment in capital assets	24,858	158,968	183,826
Unrestricted	21,765	(90,919)	(69,154)
TOTAL NET POSITION	\$ 46,623	\$ 68,049	\$ 114,672

SEE NOTES TO FINANCIAL STATEMENTS.

BURRILLVILLE SCHOOL DEPARTMENT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014**

	Enterprise Funds		
	Cafeteria Fund	Levy Rink	Total
OPERATING REVENUES:			
Charges for usage and service	\$ 449,302	\$ 422,243	\$ 871,545
Total Operating Revenues	449,302	422,243	871,545
OPERATING EXPENSES:			
Operations	795,380	205,633	1,001,013
Personnel	101,350	204,618	305,968
Depreciation	8,720	20,818	29,538
Total Operating Expenses	905,450	431,069	1,336,519
OPERATING LOSS	(456,148)	(8,826)	(464,974)
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental	490,419		490,419
Interest expense		(2,423)	(2,423)
Net Nonoperating Revenues (Expenses)	490,419	(2,423)	487,996
INCOME (LOSS) BEFORE TRANSFERS	34,271	(11,249)	23,022
TRANSFERS IN	0	44,000	44,000
CHANGE IN NET POSITION	34,271	32,751	67,022
TOTAL NET POSITION - BEGINNING	12,352	35,298	47,650
TOTAL NET POSITION - ENDING	\$ 46,623	\$ 68,049	\$ 114,672

SEE NOTES TO FINANCIAL STATEMENTS.

BURRILLVILLE SCHOOL DEPARTMENT

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014**

	Enterprise Funds		
	Cafeteria Fund	Levy Rink	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 455,340	\$ 422,243	\$ 877,583
Cash paid to suppliers	(790,301)	(211,028)	(1,001,329)
Cash paid to employees	(101,160)	(212,116)	(313,276)
Net cash used for operating activities	(436,121)	(901)	(437,022)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating grants received	495,130		495,130
Transfer from other funds		44,000	44,000
Decrease in due from Town of Burrillville	61,066		61,066
Increase (decrease) in due to other funds	61,700	(18,934)	42,766
Net cash provided by noncapital financing activities	617,896	25,066	642,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(12,115)		(12,115)
Principal payment on capital lease payable		(21,740)	(21,740)
Interest expense		(2,423)	(2,423)
Net cash used for capital and related financing activities	(12,115)	(24,163)	(36,278)
NET INCREASE IN CASH AND CASH EQUIVALENTS	169,660	2	169,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84,257	3,408	87,665
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 253,917	\$ 3,410	\$ 257,327
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (456,148)	\$ (8,826)	\$ (464,974)
Adjustments to reconcile:			
Depreciation	8,720	20,818	29,538
Decrease in accounts receivables	1,815		1,815
Decrease in inventory	725		725
Increase (decrease) in accounts payable	4,354	(5,395)	(1,041)
Increase in unearned revenue	4,223		4,223
Increase (decrease) in accrued compensated absences	190	(7,498)	(7,308)
Net cash used for operating activities	\$ (436,121)	\$ (901)	\$ (437,022)

SEE NOTES TO FINANCIAL STATEMENTS.

BURRILLVILLE SCHOOL DEPARTMENT

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 138,575
Investments	2,122
TOTAL ASSETS	<u>\$ 140,697</u>
LIABILITIES:	
Deposits held in custody for others	<u>\$ 140,697</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The financial statements of the Burrillville School Department (the School Department) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Burrillville School Department is a department of the Town of Burrillville. Those funds and activities which are administered by the School Department are included herein.

Reporting Entity

The School Department's financial statements include all funds over which the School Department exercises significant oversight responsibility or management control. Oversight responsibility is determined upon the basis of the School Department's participation with each entity in the following areas: financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. There are no component units combined with the oversight unit reporting entity for financial presentation purposes.

The accompanying financial statements present only the Burrillville School Department and are not intended to present fairly the financial position of the Town of Burrillville and the results of its operations in conformity with generally accepted accounting principles.

Basis of Presentation

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 School or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the 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 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 Fund Types

General Fund - This fund is used to account for all unrestricted resources available to operate the Burrillville School Department. Revenues are principally from Town of Burrillville appropriations and State of Rhode Island operating aid. Expenditures from this fund are under the budgetary control of the Burrillville School Committee.

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BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

Special Revenue Funds - Special revenue funds are used to account for revenues restricted for specific educational purposes. The special revenue funds are used to account for grants-in-aid and related expenditures resulting from Federal, State, and local government funded programs.

Proprietary Fund Types

Enterprise Funds - These funds are used to account for activities that are similar to those found in the private sector. The intent of the School Department is that the costs of providing goods or services on a continuing basis be financed or recorded primarily through user charges and fees or where the School Department has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues of the Proprietary Funds consists of customer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue.

Fiduciary Fund Types

Agency Funds - These funds are used to account for assets held by the School in a trustee capacity or as an agent. Funds are custodial in nature and do not involve measurement of results of operations.

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 fund:	See above for description
Proprietary funds:	Cafeteria Fund Levy Rink
Non-major:	
Special Revenue:	Title I, Title II, Woonsocket Perkins, IDEA Part B, Kindergarten, Preschool, Literacy, Burrillville Alumni, RTTT, BMS Champlin, BHS United Way, FFVP Grant, Student Technology, CRESH Grant, Feinstein Foundation, RI Council of the Arts, School Permanent, Professional Development, and Vocational Education.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

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.
- (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 position.
- (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 fund financial statements, governmental funds and agency 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 within sixty days thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

All proprietary 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.

Federal and state grants and state aid are susceptible to accrual. Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Inventory and Supplies

Governmental Fund Types

Inventory and supplies are recorded as expenditures when purchased.

Proprietary Fund Types

Inventory is recorded at the lower of cost or market, valued on the first-in, first-out (FIFO) basis.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities.

Unearned Revenue

The School Department reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School Department before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School Department has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Property, Plant and Equipment

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 for governmental fund operations are presented in the Town's basic financial statements. Capital assets used in proprietary fund operations are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The capitalization threshold is any individual item with a total cost equal to or greater than \$10,000.

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>Class</u>	<u>Useful Life</u>
Land Improvements.....	40 years
Building improvements	25 years
Equipment.....	5 - 25 years
Vehicles	5 years

Cash and Cash Equivalents

The School Department considers all investments with a maturity date of three months or less when purchased to be cash equivalents.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

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 in spendable form, 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.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the School Committee. Those committed amounts cannot be used for any other purpose unless the School Committee 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 School Department 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 School Committee or a management official delegated that authority by formal School Committee 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 School Department 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.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards

The School Department implemented the following pronouncements for the year ended June 30, 2014.

- GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities.
- GASB Statement No. 66 - Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62.
- GASB Statement No. 67 - Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25.
- GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.

The adoption of these Statements did not have an impact on the School Department's financial position or results of operations.

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

- GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the School Department's fiscal year ending June 30, 2015.
- GASB Statement No. 69 - Government Combinations and Disposals of Government Operations, effective for the School Department's fiscal year ending June 30, 2015.
- GASB Statement No. 71 - Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, effective for the School Department's fiscal year ending June 30, 2015.

Management is in the process of determining the impact of these pronouncements on the School Department's financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds. These amounts are classified as "due from other funds" or "due to other funds" on the balance sheet.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transfers

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds. During fiscal year 2014, the School General Fund transferred \$44,000 to the Levy Rink as a budgeted subsidy.

2. CASH AND INVESTMENTS

Deposits

The School Department does not have a deposit policy for custodial credit risk. At June 30, 2014, the carrying amount of the School Department's cash deposits was \$1,143,502 and the bank balance was \$1,182,674. The funds are on deposit in institutions covered by federal depository insurance. The amount covered by insurance is not determinable because the limits of insurance are determined on a Town-wide basis.

The carrying value of deposits, cash on hand, and petty cash relate to the Schedule A-1, B-1, and C-1 as follows:

Cash deposits	\$1,143,502
Petty cash and cash on hand	<u>5,468</u>
Total cash and cash equivalents	<u>\$1,148,970</u>
Schedule A-1	\$ 753,068
Schedule B-1	257,327
Schedule C-1	<u>138,575</u>
Total	<u>\$1,148,970</u>

Investments

Investments are stated at fair value as follows at June 30, 2014:

	<u>Investment Fair Value</u>	<u>Rate</u>	<u>Maturity</u>	<u>Rating</u>
Certificate of deposit	<u>\$2,122</u>	0.03%	May 29, 2015	N/A
Total investments (Schedule C-1)	<u>\$2,122</u>			

Custodial Credit Risk

Custodial credit risk is the risk that in the event of financial institution failure, the School Department's deposits and/or investments may not be returned. The School Department does not believe that it has a significant custodial credit risk as substantially all investment securities are registered and held in the name of the School Department.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

3. INTERGOVERNMENTAL RECEIVABLE AND PAYABLE

Amounts due from and to the Federal and State consisted of the following at June 30, 2014:

	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
Federal government:		
Non-major funds	\$292,545	
State of Rhode Island:		
Major funds:		
General Fund	6,030	
Non-major funds	9,150	
Total	<u>\$307,725</u>	<u>\$0</u>
Business-type activities:		
Federal government:		
Major funds:		
Cafeteria Fund	\$ 24,579	<u>\$0</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Other capital assets:				
Land Improvements	\$ 20,265			\$ 20,265
Equipment	225,568			225,568
Vehicles	11,000			11,000
Total other capital assets at historical cost	<u>256,833</u>	<u>\$ 0</u>	<u>\$0</u>	<u>256,833</u>
Less: accumulated depreciation for:				
Land Improvements	(3,549)	(507)		(4,056)
Equipment	(127,381)	(11,848)		(139,229)
Vehicles	(11,000)			(11,000)
Total accumulated depreciation	<u>(141,930)</u>	<u>(12,355)</u>	<u>0</u>	<u>(154,285)</u>
Governmental activities capital assets, net	<u>\$ 114,903</u>	<u>\$ (12,355)</u>	<u>\$0</u>	<u>\$ 102,548</u>
Business-type activities:				
Other capital assets:				
Equipment	\$ 456,649	\$12,115		\$ 468,764
Total other capital assets at historical cost	<u>456,649</u>	<u>12,115</u>	<u>\$0</u>	<u>468,764</u>
Less: accumulated depreciation for:				
Equipment	(232,882)	(29,538)		(262,420)
Total accumulated depreciation	<u>(232,882)</u>	<u>(29,538)</u>	<u>0</u>	<u>(262,420)</u>
Business-type activities capital assets, net	<u>\$ 223,767</u>	<u>\$(17,423)</u>	<u>\$0</u>	<u>\$ 206,344</u>

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the following function on the Town of Burrillville's government-wide financial statements:

Governmental activities:	
Education	\$12,355
Total governmental activities depreciation expense	\$12,355

Depreciation expense was charged to the following funds on the School Department's Statement of Revenues, Expenses and Changes in Fund Net Position (Schedule B-2):

Business-type activities:	
Cafeteria Fund	\$ 8,720
Levy Rink	20,818
Total business-type activities depreciation expense	\$29,538

5. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2014 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:					
Other long-term liabilities:					
Compensated absences	\$ 922,378	\$81,530	\$61,220	\$942,688	\$ 94,300
Total other long-term liabilities	922,378	81,530	61,220	942,688	94,300
Governmental activities:					
Long-term liabilities	\$ 922,378	\$81,530	\$61,220	\$942,688	\$94,300
Business-type activities:					
Long-term debt:					
Leases payable	\$ 44,258	\$ 0	\$21,740	\$ 22,518	\$ 22,518
Other long-term liabilities:					
Compensated absences	21,991	0	7,308	14,683	1,420
Business-type activities:					
Long-term liabilities	\$ 66,249	\$ 0	\$29,048	\$ 37,201	\$ 23,938

Payments on all long-term debt and other long-term liabilities that pertain to the School's governmental activities are made by the general fund. Payments made on other long-term liabilities that pertain to the School's business-type activities are made by the respective proprietary fund.

Long-term liabilities of the governmental activities of the School Department are presented in the Town of Burrillville's basic financial statements.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

5. LONG-TERM LIABILITIES (Continued)

(b) Capital Leases

The School Department has a lease agreement for financing the acquisition of an ice resurfacing machine.

The asset acquired through the capital lease is as follows:

Business-type Activities

	<u>Levy Rink</u>
Assets:	
Equipment.....	\$112,850
Less: accumulated depreciation...	<u>(44,154)</u>
Total.....	<u>\$ 68,696</u>

The following schedule summarizes the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2014:

Fiscal year ending <u>June 30:</u>	<u>Business-type Activities</u>
2015.....	<u>\$ 24,164</u>
Total minimum lease payments	24,164
Less: amount representing interest	<u>(1,646)</u>
Present value of future minimum lease payments	<u>\$ 22,518</u>

6. DEFINED BENEFIT PENSION PLANS

Effective July 1, 2012, the State administered retirement system was modified to include both defined benefit and defined contribution plan components. General employees and local teachers participate in a hybrid plan that combines both a defined benefit pension plan and a defined contribution plan.

(a) Municipal Employees' Retirement System

Plan Description

The School Department's defined benefit pension plan, Municipal Employees' Retirement System of the State of Rhode Island (MERS), provides retirement, death and disability benefits, and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly. MERS is an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Municipal Employee's 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 or at www.ersri.org. The payroll for employees covered by the System for the year ended June 30, 2014 was approximately \$2,564,903, and the total payroll for all School employees was \$18,057,880.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Municipal Employees' Retirement System (Continued)

Retirement Eligibility and Plan Benefits

Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefits options are available.

Cost of Living Adjustments

Pursuant to the Rhode Island Retirement Security Act, the Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

Disability Retirement Provisions

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

Funding Policy

The funding policy is outlined in RIGL Sections 45-21-41, 45-21-42, and 45-21-52 (which can be amended by the Rhode Island General Assembly). MERS members are required to contribute 2.0% of their annual covered salary. The School Department is required to contribute at an actuarially determined rate; the current rate is 7.86% of annual covered payroll.

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$132,930	100%	\$0
2013	\$189,472	100%	\$0
2014	\$201,601	100%	\$0

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(a) Municipal Employees' Retirement System (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date <u>June 30</u>	(A) Actuarial Value of <u>Assets</u>	(B) Actuarially Accrued <u>Liability (AAL)</u>	(A-B) Overfunded (Unfunded) AAL <u>(UAAL)</u>	(A/B) Funded <u>Ratio</u>	(C) Covered <u>Payroll</u>	[(B-A)/C] UAAL as A Percentage of Covered <u>Payroll</u>
2013	\$24,737,551	\$25,291,674	\$(554,123)	97.8%	\$5,673,504	(9.8%)

Annual Pension Cost

For 2014, the School Department's annual pension cost of \$201,601 for MERS was equal to the School Department's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation. The actuarial methods and assumptions used in that valuation follow:

**Municipal
Employees'
Pension Plan**

Valuation date	6/30/11
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Percent of Payroll - Closed
Remaining amortization period	22 years as of June 30, 2013
Asset valuation method	5-year Smoothed Market Value

Actuarial assumptions:

Investment rate of return	7.50%
Projected salary increases	4.0%-8.0%
Inflation adjustments	2.75%

Cost of living adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement. A 2% COLA is assumed after July 1, 2012.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Teacher's Pension Plan

Plan Description

All full-time teachers including superintendents, principals, school nurses and certain other school officials ("classified employees") in the School Department participate in the Employees' Retirement System a cost-sharing multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). In addition to classified employees, the System covers substantially all employees of the State of Rhode Island. The Plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly. The payroll for employees covered by the System for the year ended June 30, 2014, was \$13,948,925, including \$670,559 of federally reimbursed payroll; the total payroll for all School employees was \$18,057,880.

The System issues an annual 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, RI 02886 or at www.ersri.org.

Funding Policy

The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The School Department and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school district with the exception of teachers who work in federally funded programs where 100% is paid by the school district and reimbursed by the federal government. For fiscal 2014, the total employer rate 19.71% (8.03% State share and 11.68% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2014.

The School Department contributed \$1,683,080, \$1,530,068, and \$1,788,292 during the fiscal years 2014, 2013, and 2012, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of contributions are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

Teachers Survivor Benefits

The plan provides a survivor benefit to public school teachers in lieu of Social Security as outlined in sections 16-16-25 through 16-16-38 of the Rhode Island General Laws (RIGL). Spouse, parents, family or children's benefits are payable upon death of a member. In lieu of a survivor benefit, members may opt to receive a lump sum return of their contributions plus interest upon retirement. The benefits may be amended by the Rhode Island General Assembly.

The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the school district. These contributions are in addition to the contributions required for regular pension benefits.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

(b) Teacher's Pension Plan

Teachers Survivor Benefits (Continued)

The School Department contributed \$20,082, \$20,256, and \$20,249 during the fiscal years 2014, 2013, and 2012, respectively, equal to 100% of the required contributions for those respective years.

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

7. DEFINED CONTRIBUTION PLAN

(a) Plan Description

General employees and local teachers participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS Section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

(b) Plan Funding Policy

The funding policy for teachers, who do not contribute to social security, is outlined in RIGL Chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 7% of his/her compensation and the School Department is required to contribute 3.0% (net of State reimbursement). The plan members and School Department contributed \$872,074 and \$326,928 respectively, during the fiscal year ended June 30, 2014.

The funding policy for general employees is outlined in RIGL Chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 5% of his/her compensation and the School Department is required to contribute 1%. The plan members and School Department contributed \$122,158 and \$24,306 respectively, during the fiscal year ended June 30, 2014.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The most recent report available from the State for the fiscal year ending June 30, 2013 may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 50 Service Avenue, Warwick, Rhode Island, 02886 or at www.ersri.org.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

8. CONTINGENT LIABILITIES AND COMMITMENTS

Contracts

The School Department has contracted with Durham School Services to have bus service provided for students through the last day of school in June 2015. The annual payment on this contract varies from year to year based on the transportation needs of the Department. There is a 3% increase each year on the cost per bus as dictated by the bus transportation contract with Durham School Services. Busing costs associated with this agreement totaled approximately \$2,307,763 for the year ended June 30, 2014.

Grants

The School Department has received federal and state grants for specific purposes that are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. School Department officials believe such disallowances, if any, would be immaterial.

Self-Insurance

The School Department 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 2014 because School Department officials are of the opinion that, based upon prior years' experience, any claims relating to this period will be immaterial.

Compensated Absences

School Department non-certified employees are allowed eighteen days of sick leave per year. Unused sick leave accumulates up to a maximum of one hundred forty days for non-certified employees. Upon termination, non-certified employees hired before July 1, 1997 shall receive 75% of total accumulated sick leave to a maximum of one hundred forty days. Non-certified employees hired after July 1, 1997 can receive a percentage of their accumulated sick days after five years of service.

Certified employees are allowed fifteen days of sick leave per year plus an additional five days per year if the employee has perfect attendance for the year. Unused sick leave accumulates up to a maximum of two hundred fifty days for certified employees. Certified employee's sick leave benefits are forfeited upon termination, unless the employee serves 20 or more years in the Department and retires in which case, the employee receives 100% of total accumulated sick leave (to a maximum of two hundred fifty days) paid at the current substitute rate.

The total compensated absences accumulated as of June 30, 2014 is estimated at \$942,688 for governmental activities and \$14,683 for business-type activities.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

9. INTERFUND BALANCES

Interfund receivable and payable balances at June 30, 2014 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental activities:		
Major fund:		
General Fund.....	\$271,712	\$ 37,909
Non-major funds.....	<u>91,387</u>	<u>172,818</u>
Total governmental activities.....	<u>\$363,099</u>	<u>\$210,727</u>
Business-type activities:		
Major funds:		
Cafeteria Fund.....		\$ 71,831
Levy Rink.....		<u>80,541</u>
Total business-type activities.....	<u>\$ 0</u>	<u>\$152,372</u>

10. 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 fund balance classification.

	<u>General Fund</u>
Committed to:	
Subsequent year's expenditures.....	\$ 124,871
Unassigned.....	<u>426,419</u>
Total Fund Balances.....	<u>\$551,290</u>

11. RISK MANAGEMENT

The School Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the School Department participates 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 School Department signed a participation agreement which outlines the rights and responsibilities of both the Trust and the School Department. The agreement states that for premiums paid by the School Department, the Trust will assume financial responsibility for the School Department's losses up to the maximum amount of insurance purchased, minus the School Department's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims for losses that are above the Trust's self-insured retention. Under the participation agreement, the School Department is insured for general liability for a maximum of \$2,000,000 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 in any of the past 27 fiscal years.

During the fiscal year ended June 30, 2014, the School Department paid premiums of \$132,406 for workers' compensation coverage and \$116,514 for property and liability coverage.

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. RISK MANAGEMENT (Continued)

At June 30, 2014, the Trust held reserves for future payments of open cases of \$5,000 for property and liability claims and \$100,226 for workers compensation claims. The Trust is obligated to make payments on the School Department's behalf without any further obligation of the School Department, unless the School Department'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, 2014, the School Department believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

12. PUBLIC ENTITY RISK POOL

The Health Pool

The School Department 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. 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; otherwise liquidated damages would also be assessed at the time prior to the initial three-year period. The Trust may terminate a member's coverage for failure to pay amounts due.

For the year ended June 30, 2014, unaudited results indicate that the Pool generated \$129,713,593 in revenues and excess of revenues over expenses of \$14,603,863. The Pool had \$65,495,908 in total assets and \$39,384,370 in total equity as of June 30, 2014.

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 Health Excess Claims Stoploss Account internal to the Trust that is funded by annual Stoploss Account payments from the Health Pool. As of June 30, 2014, the Pool's membership consisted of 43 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)

REQUIRED SUPPLEMENTARY INFORMATION

BURRILLVILLE SCHOOL DEPARTMENT
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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
6/30/11	\$23,308,991	\$23,383,539	\$ (74,548)	99.7%	\$5,657,728	(1.3)%
6/30/12	\$23,934,744	\$23,889,151	\$ 45,593	100.2%	\$5,692,303	0.8%
6/30/13	\$24,737,551	\$25,291,674	\$ (554,123)	97.8%	\$5,673,504	(9.8)%

BURRILLVILLE SCHOOL DEPARTMENT

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

**GENERAL FUND
YEAR ENDED JUNE 30, 2014**

	Originally Adopted <u>Budget</u>	Final Approved <u>Budget</u>	Actual (Budgetary Basis)	<u>Variance</u>
Revenues:				
State aid	\$ 13,054,183	\$ 13,054,183	\$ 13,054,183	
Miscellaneous	250,000	250,000	340,601	\$ 90,601
Total revenues	<u>13,304,183</u>	<u>13,304,183</u>	<u>13,394,784</u>	<u>90,601</u>
Expenditures:				
Current:				
Salaries	16,868,484	16,817,632	16,799,150	18,482
Employee benefits	6,451,127	6,377,183	6,320,267	56,916
Purchased services	4,807,723	4,885,333	4,817,736	67,597
Supplies and materials	1,068,018	1,096,929	1,203,564	(106,635)
Other	31,608	39,509	40,908	(1,399)
Capital outlay	179,040	189,414	182,423	6,991
Total expenditures	<u>29,406,000</u>	<u>29,406,000</u>	<u>29,364,048</u>	<u>41,952</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(16,101,817)</u>	<u>(16,101,817)</u>	<u>(15,969,264)</u>	<u>132,553</u>
Other financing sources (uses):				
Transfers from Town of Burrillville	16,000,817	16,000,817	15,910,216	(90,601)
Transfers from Town of Burrillville - fuel	70,000	70,000	70,000	
Transfers to other funds	(44,000)	(44,000)	(44,000)	
Reappropriation of prior year fund balance	75,000	75,000	75,000	
Net other financing sources	<u>16,101,817</u>	<u>16,101,817</u>	<u>16,011,216</u>	<u>(90,601)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 0</u>	<u>\$ 0</u>	41,952	<u>\$ 41,952</u>
Add: current year encumbrances			50,875	
Less: prior year encumbrances			(84,906)	
Less: reappropriated fund balance			(75,000)	
Fund balance, beginning of year			<u>618,369</u>	
Fund balance, end of year			<u>\$ 551,290</u>	

BURRILLVILLE SCHOOL DEPARTMENT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

BUDGETARY TO GAAP BASIS RECONCILIATION

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>
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - (Non-GAAP Budgetary Basis) Budget and Actual (D-2).....	\$29,450,000	\$29,408,048
Reappropriated fund balance	(75,000)	
Current year encumbrances		(50,875)
Prior year encumbrances.....		84,906
On-behalf pension contribution by State of Rhode Island	<u>1,066,253</u>	<u>1,066,253</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds GAAP basis (A-2).....	<u>\$30,441,253</u>	<u>\$30,508,332</u>

BURRILLVILLE SCHOOL DEPARTMENT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

		Special Revenue			
	Title I	Title II	Woonsocket Perkins	IDEA Part B	Kindergarten
	\$ 105,771	\$ 20,485		\$ 124,878	
	18,565		\$ 12,282		
TOTAL ASSETS	\$ 124,336	\$ 20,485	\$ 12,282	\$ 124,878	\$ 0

ASSETS

Cash and cash equivalents
Intergovernmental receivable
Due from other funds
Due from Town of Burrillville

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable
Accrued payroll and benefits
Due to other funds
Unearned revenue
Total liabilities

\$ 59	\$ 12		\$ 7,821	
36,497	11,333		80,742	
87,780	9,140		36,315	
124,336	20,485	\$ 12,282	124,878	\$ 0

Fund Balance:

Restricted for education

0	0	0	0	0
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TOTAL LIABILITIES AND FUND BALANCE

\$ 124,336	\$ 20,485	\$ 12,282	\$ 124,878	\$ 0
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BURRILLVILLE SCHOOL DEPARTMENT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue				
	Preschool	Literacy	Burrilville Alumni	RTTT	BMS Champlin
Cash and cash equivalents	\$ 4,363	\$ 18,261	\$ 2,158	\$ 37,048	
Intergovernmental receivable		71,517		1,305	
Due from other funds					
Due from Town of Burrilville					
TOTAL ASSETS	\$ 4,363	\$ 89,778	\$ 2,158	\$ 38,353	\$ 0

ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 2	\$ 1,688	\$ 5,132
Accrued payroll and benefits	3,194		
Due to other funds	1,167		33,221
Unearned revenue		470	
Total liabilities	4,363	89,778	38,353

Fund Balance:

Restricted for education	0	0	0	0
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TOTAL LIABILITIES AND FUND BALANCE

\$ 4,363	\$ 89,778	\$ 2,158	\$ 38,353	\$ 0
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BURRILLVILLE SCHOOL DEPARTMENT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

Special Revenue

	BHS United Way	FFVP Grant	Student Technology	CRESH Grant	Feinstein Foundation
	\$ 5,000	\$ 9,150			\$ 10,936
TOTAL ASSETS	\$ 5,000	\$ 9,150	\$ 0	\$ 0	\$ 10,936

ASSETS

Cash and cash equivalents
Intergovernmental receivable
Due from other funds
Due from Town of Burrillville

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable
Accrued payroll and benefits
Due to other funds
Unearned revenue
Total liabilities

	\$ 1,522	\$ 5,474			\$ 2,800
	3,478	3,673			8,136
	5,000	9,150	\$ 0	\$ 0	10,936

Fund Balance:

Restricted for education

	0	0	0	0	0
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TOTAL LIABILITIES AND FUND BALANCE

	\$ 5,000	\$ 9,150	\$ 0	\$ 0	\$ 10,936
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(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue				Total Non-Major Governmental Funds
	RI Council of the Arts	School Permanent	Professional Development	Vocational Education	
			\$ 43,446	\$0	\$ 79,801
				\$0	301,695
					91,387
					12,282
TOTAL ASSETS	\$0	\$0	\$ 43,446	\$0	\$ 485,165

ASSETS

Cash and cash equivalents
Intergovernmental receivable
Due from other funds
Due from Town of Burrillville

TOTAL ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable \$ 22,988
Accrued payroll and benefits 131,766
Due to other funds 172,818
Unearned revenue 157,593
Total liabilities 485,165

Fund Balance:

Restricted for education 0

TOTAL LIABILITIES AND FUND BALANCE

\$0 \$0 \$ 43,446 \$0 \$ 485,165

BURRILLVILLE SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue				
	Title I	Title II	Woonsocket Perkins	IDEA Part B	Kindergarten
Revenues:					
Federal sources	\$ 569,279	\$ 138,316	\$ 22,221	\$ 764,057	\$ 26,384
State sources					
Local sources					
Total revenues	569,279	138,316	22,221	764,057	26,384
Expenditures:					
Current:					
Salaries	430,143	56,309		450,908	22,650
Employee benefits	136,350	31,827		220,609	3,734
Purchased services		50,180	4,595	92,540	
Supplies and materials	2,786		3,180		
Capital outlay			14,446		
Total expenditures	569,279	138,316	22,221	764,057	26,384
Net change in fund balances	0	0	0	0	0
Fund balance, beginning of year	0	0	0	0	0
Fund balance, end of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue				
	Preschool	Literacy	Burrillville Alumni	RIII	BMS Champlin
Revenues:					
Federal sources	\$ 25,116			\$ 97,861	
State sources		\$ 24,059			
Local sources			\$ 3,640		\$ 4,933
Total revenues	25,116	24,059	3,640	97,861	4,933
Expenditures:					
Current:					
Salaries	15,131			45,700	
Employee benefits	7,642			1,169	
Purchased services		18,041	705	50,992	4,933
Supplies and materials	2,343	6,018	2,935		
Capital outlay					
Total expenditures	25,116	24,059	3,640	97,861	4,933
Net change in fund balances	0	0	0	0	0
Fund balance, beginning of year	0	0	0	0	0
Fund balance, end of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(CONTINUED)

BURRILLVILLE SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue				
	BHS United Way	FFVP Grant	Student Technology	CRESH Grant	Feinstein Foundation
Revenues:					
Federal sources					
State sources	\$ 1,522	\$ 38,765	\$ 11,358	8	\$ 3,175
Local sources	1,522	38,765	11,358	8	3,175
Total revenues					
	1,522	38,765	11,358	8	3,175
Expenditures:					
Current:					
Salaries	1,500	1,047			
Employee benefits	22	77			
Purchased services					3,175
Supplies and materials		37,641		8	
Capital outlay			11,358		
Total expenditures					
	1,522	38,765	11,358	8	3,175
Net change in fund balances	0	0	0	0	0
Fund balance, beginning of year	0	0	0	0	0
Fund balance, end of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

BURRILLVILLE SCHOOL DEPARTMENT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue				Total Non-Major Governmental Funds
	RI Council of the Arts	School Permanent	Professional Development	Vocational Education	
Revenues:					
Federal sources					\$ 1,616,850
State sources		\$ 627		\$ 24,217	125,410
Local sources	715				13,993
Total revenues	715	627	\$0	24,217	1,756,253
Expenditures:					
Current:					
Salaries					1,023,388
Employee benefits					401,430
Purchased services	715			24,217	250,093
Supplies and materials					54,911
Capital outlay		627			26,431
Total expenditures	715	627	0	24,217	1,756,253
Net change in fund balances	0	0	0	0	0
Fund balance, beginning of year	0	0	0	0	0
Fund balance, end of year	\$ 0	\$ 0	\$0	\$ 0	\$ 0

(CONCLUDED)

BURRILLVILLE SCHOOL DEPARTMENT**FIDUCIARY FUNDS****COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2014**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
STUDENT ACTIVITY FUNDS:				
<i>Burrillville High School:</i>				
Athletic Association	\$ 3,237	\$ 53,203	\$ 46,504	\$ 9,936
Auren Jenks Scholarship Fund	2,321	1	200	2,122
Student Activity - Escrow	32,111	95,454	92,330	35,235
Abbie's Scholarship	7,090	4	0	7,094
Jackie Moran Scholarship	10,698	4	10,702	0
High School Administration	18,041	29,055	36,197	10,899
<i>Burrillville Middle School:</i>				
Student Activity	7,989	84,505	84,537	7,957
<i>Callahan School:</i>				
Student Activity	6,212	24,589	23,925	6,876
<i>Austin T. Levy School:</i>				
PAC	8,019	34,890	36,911	5,998
Student Activity Fund	19,199	28,516	28,001	19,714
<i>Steere Farm School:</i>				
Popcorn Fund	20,045	66,857	52,036	34,866
<i>Total student activity funds</i>	\$ 134,962	\$ 417,078	\$ 411,343	\$ 140,697