

TOWN OF BURRILLVILLE, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY: FINANCE DEPARTMENT

TOWN OF BURRILLVILLE

INTRODUCTORY SECTION

TOWN OF BURRILLVILLE, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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TOWN OF BURRILLVILLE, RHODE ISLAND

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND

MUNICIPAL OFFICERS

June 30, 2018

TOWN COUNCIL

John F. Pacheco III, President

Steven N. Rawson, Pro-tem

Jeremy Bailey

Donald A. Fox

David J. Place

John Anthony Scott

Raymond J. Trinqu

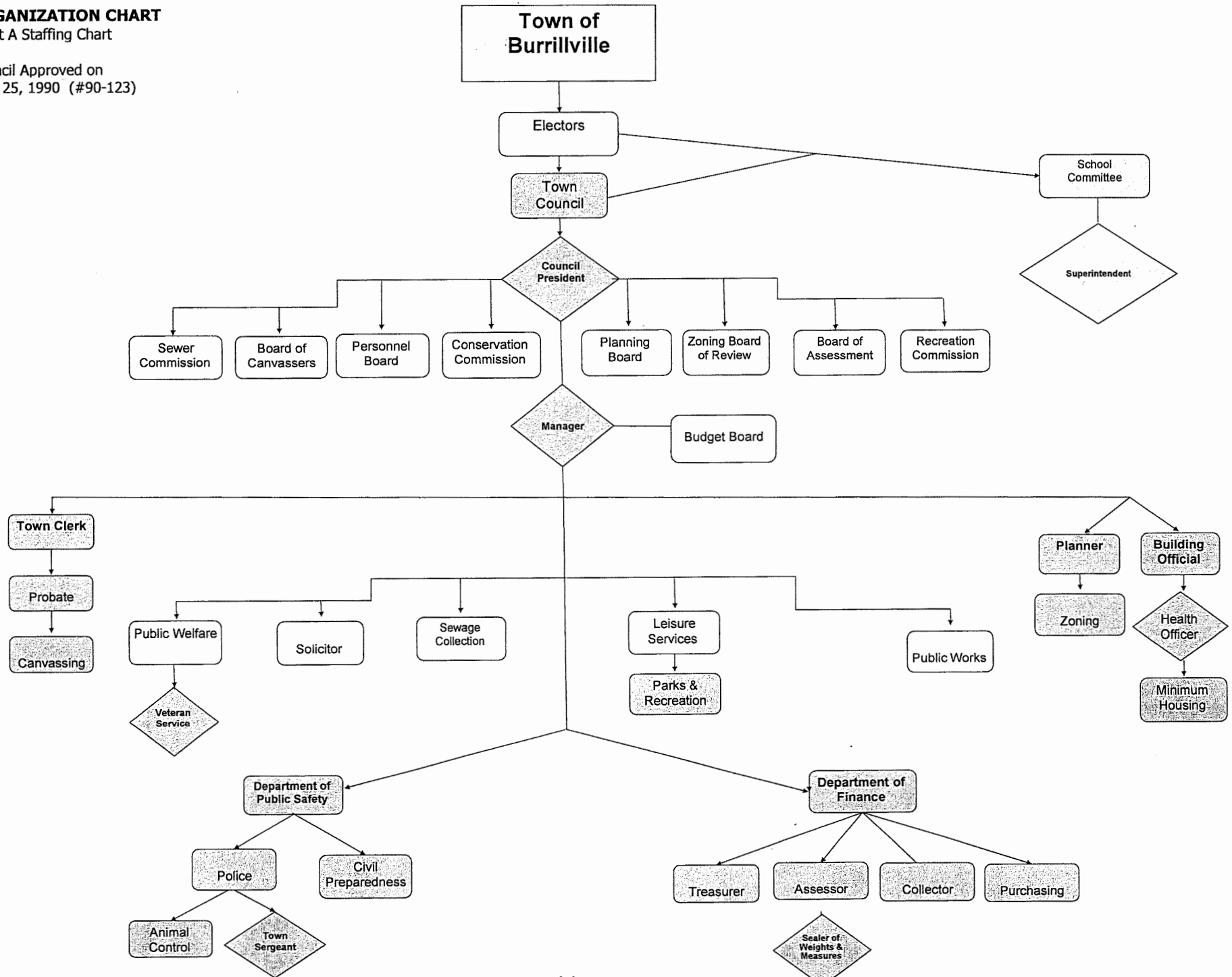
TOWN OFFICIALS

Town Manager	Michael C. Wood
Assessor	Jennifer Mooney
Building Official	Joseph F. Raymond
Clerk	Louise R. Phaneuf, CMC
Emergency Management Director	Glen D. Biddiscombe
Finance Director/Tax Collector	Michael Larocque
Municipal Court Judge	Richard Fleury, Esq.
Planning/Economic Development Coordinator	Ray Goff
Police Chief	Col. Stephen J. Lynch
Probate Court Judge	Timothy F. Kane
Public Works-Director/Engineer	Jeffrey M. McCormick, PE
Recreation Director/Special Events Coordinator	Andrea C. Hall
School Superintendent	Dr. Michael Sollitto
Solicitor	William Dimitri
Treasurer	Rose Doughty
Wastewater Treatment Facility-Superintendent	John E. Martin III

ORGANIZATION CHART

* Not A Staffing Chart

Council Approved on
April 25, 1990 (#90-123)



TOWN OF BURRILLVILLE

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Gerard R. Cayer
CPA, MST

Mark V. Caccia
CPA, MST

Donna T. Caccia
CPA, MST, CFP™

To the Honorable Town Council
Burrillville, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Burrillville, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Burrillville, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Cayer Caccia, LLP | Certified Public Accountants and Business Consultants

931 Jefferson Boulevard, Suite 2007, Warwick, RI 02886 | Phone: (401) 732-8900 | Fax: (401) 732-8920 | www.cayercaccia.com

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Burrillville, Rhode Island, as of June 30, 2018, 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

Change In Accounting Principle

As discussed in Note 9 to the financial statements, during the fiscal year ended June 30, 2018, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The beginning net position of the Town has been restated to recognize the net OPEB liability required in implementing GASB No. 75. 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 management's discussion and analysis, historical pension and other post-employment benefit information, and budgetary comparison information on pages 4 through 23 and 101 through 112 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Burrillville, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, detailed budgetary schedules, Tax Collector's Annual Report, and Annual Supplemental Transparency Report, 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, detailed budgetary schedules, Tax Collector's Annual Report, and Annual Supplemental Transparency Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, detailed budgetary schedules, Tax Collector's Annual Report, and Annual Supplemental Transparency Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of the Town of Burrillville, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Burrillville, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Burrillville, Rhode Island's internal control over financial reporting and compliance.

Cayer Caccia, LLP

Warwick, Rhode Island
January 14, 2019

Town of Burrillville, Rhode Island
Management's Discussion and Analysis
JUNE 30, 2018

The Town of Burrillville (the Town) provides this Management Discussion and Analysis (MD&A), in a format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns for fiscal year ending June 30, 2018. The Town annually presents its financial statements in compliance with the reporting model required by GASB 34.

Effective July 1, 2014, the Town of Burrillville implemented GASB Statement No. 68, which established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes, and currently known facts, please read it in conjunction with the accompanying financial statements.

Financial Highlights

- The total assets of the Town of Burrillville exceeded its liabilities at the close of the fiscal year ending June 30, 2018 by \$76.29 million (net position).
- As of June 30, 2018, the Town's governmental activities reported total net position of \$50.84 million.
- The Town of Burrillville's total net position increased by \$1.08 million, or 1.43%, for the year ended June 30, 2018. The net position of governmental activities increased by \$0.72 million, a 1.43% increase from fiscal 2017. The net position of business-type activities increased by \$0.36 million, or 1.44% from 2017.
- The Town's general fund reported a fund balance of \$13.92 million at the end of fiscal year ending 2018. This compares to a fund balance of \$15.19 million at the end of fiscal 2017. The unassigned fund balance for the year was \$8.72 million (\$7.03 million in 2017). This is a \$1.69 million increase over the prior year's unassigned fund balance.
- The Town ended the fiscal year with a budgetary operating excess of revenues over expenditures of \$3,785,116 in 2018. Included in this amount is \$2,318,714 of unexpended capital improvement funds which have been carried over to fiscal year ending June 2019.

Financial Highlights (Continued)

- The School Department ended the fiscal year with a budgetary excess of revenues over expenditures of \$161,762 (\$145,251 in 2017). The School fund balance is \$757,386 (\$778,320 in 2017).
- The Town's total noncurrent liabilities (\$53,386,222) increased by \$337,711 [government activities increased by \$860,423 and business-type activities decreased by \$522,712] or 1.06% in 2018 which was primarily due to an increase in the net pension liability of \$1,861,454, offset by scheduled debt payments of \$1,986,000. The Town also refunded debt of \$2,700,000 and received proceeds from a water bond of \$700,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Burrillville's basic financial statements. The Town's basic financial statements include three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Basic Financial Statements*. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining financial statements) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements

The *Government-wide Financial Statements* present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Burrillville's finances, in a manner similar to a private-sector business. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long term debt). Additionally, certain eliminations have been made in regards to inter-fund activity, payables and receivables.

The *Fund Financial Statements* include statements for three categories of activities – governmental, proprietary, and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resource measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

Government-wide Financial Statements

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

Government-wide Financial Statements (Continued)

The *Statement of Net Position* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses that are reported in this statement are for items that will only result in cash flows in future fiscal periods. This statement combines and consolidates governmental funds' current financial resources (short term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the Town's property tax base and the condition of the Town's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the Town.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

Both the *Statement of Net Position* and the *Statement of Activities* are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the *Statement of Net Position* and the *Statement of Activities*, the Town is divided into three types of activities:

- Governmental Activities – Most of the Town's basic services are reported here, including the police, planning and development, transportation, parks and recreation, and general administration. Property taxes and State Aid finance most of these activities.
- Business-type Activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer system, school cafeteria, rink and day care facilities are reported here.
- Component Units – The Town considered several important, separate legal entities in its report – including the Town's four fire districts (Harrisville, Nasonville, Oakland-Mapleville and Pascoag), the Harrisville Water District and the Pascoag Utility District. These entities are legally separate but did not meet the criteria set forth in GASB Statement 34. The Town also reviewed the Burrillville Redevelopment Agency and the Jesse M. Smith Memorial Library and determined that these agencies met the criteria to be disclosed as discretely presented component units.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by state law and by bond covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. Both Town funds - *governmental* and *proprietary* – utilize different accounting approaches.

Fund Financial Statements (Continued)

• *Governmental Funds* – The majority of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term impact of the government’s near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The Town of Burrillville maintains numerous individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the School Department, which are considered to be major funds. Data from the individual governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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 Town maintains certain funds that have been reclassified to the Town General Fund under GASB 54. The ending fund balance of these funds was \$2,370,669 at June 30, 2018.

Fund Financial Statements (Continued)

The focus of the Town of Burrillville'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.

- *Proprietary Funds* – The Town charges customers for the 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 Fund Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the Town's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Town of Burrillville maintains four individual enterprise funds. The Town uses enterprise funds to account for its sewer, school cafeteria, Levy Rink and extended day care facilities. The funds provide the same type of information as the government-wide financial statements - only in more detail. The proprietary fund financial statements provide separate information for the sewer, school cafeteria, and Levy Rink and day care activities.

The Town as Trustee - Reporting the Town's Fiduciary Responsibilities

- *Fiduciary Funds* - The Town is the trustee, or fiduciary, for a number of different activities including student activity and scholarship programs. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activities of these funds are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to the 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 can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to the employees and budgetary comparative information for the Town general fund and the School Department general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's Overall Operations

The Town of Burrillville has prepared the fiscal year ending June 30, 2018 financials in a format prescribed by the Government Accounting Standards Board Statement 34 (GASB 34).

June 30, 2018

The Town's combined net position was \$76.29 million in 2018. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities are \$50.84 million and the business-type activities net position was \$25.44 million in 2018. This analysis focuses on the net position (Table 1), changes in net position - activities (Table 2), and changes in general revenues and significant expenses of the Town's governmental and business-type activities.

By far the largest portion of the Town's net position (103%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to 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 cannot be used to liquidate these liabilities.

The amounts reported in Table 1 and Table 2 for the year ended June 30, 2017 have been restated to adjust for the net other post-employment benefit liability per GASB Statement No. 75. See Note 9 for details of the restatement.

June 30, 2017

The Town's combined net position was \$75.21 million in 2017. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities are \$50.13 million and the business-type activities net position is \$25.08 million in 2017. This analysis focuses on the net position (Table 1), changes in net position - activities (Table 2), and changes in general revenues and significant expenses of the Town's governmental and business-type activities.

By far the largest portion of the Town's net position (98%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to 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 cannot be used to liquidate these liabilities.

Table 1

Town of Burrillville
Statement of Net Position - Primary Government
June 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		As Restated		As Restated		As Restated
Current and other assets	\$ 35,429,328	\$ 34,358,062	\$ 5,634,911	\$ 6,087,118	\$ 41,064,239	\$ 40,445,180
Capital assets	64,798,903	65,123,180	28,113,124	28,147,095	92,912,027	93,270,275
Total assets	100,228,231	99,481,242	33,748,035	34,234,213	133,976,266	133,715,455
Deferred outflows of resources	13,654,065	10,799,115	0	0	13,654,065	10,799,115
Current liabilities	8,373,321	7,641,693	1,033,807	1,358,720	9,407,128	9,000,413
Noncurrent liabilities	46,114,063	45,253,640	7,272,159	7,794,871	53,386,222	53,048,511
Total liabilities	54,487,384	52,895,333	8,305,966	9,153,591	62,793,350	62,048,924
Deferred inflows of resources	8,550,348	7,255,781	0	0	8,550,348	7,255,781
Net position:						
Net investment in capital assets	57,906,084	58,075,135	20,428,142	19,962,685	78,334,226	78,037,820
Restricted	1,327,646	1,299,897			1,327,646	1,299,897
Unrestricted	(8,389,166)	(9,245,789)	5,013,927	5,117,937	(3,375,239)	(4,127,852)
Total net position	\$ 50,844,564	\$ 50,129,243	\$25,442,069	\$ 25,080,622	\$ 76,286,633	\$ 75,209,865

The total net position in governmental activities increased by \$0.72 million. Governmental activities current and other assets increased by \$1.07 million. Governmental activities deferred outflows of resources increased by \$2.85 million. Governmental activities current liabilities increased by \$0.7 million. Governmental activities noncurrent liabilities increased by \$0.09 million. Governmental activities deferred inflows of resources increased by \$1.29 million.

The net position in Business-type activities increased by \$0.36 million.

Table 2

Town of Burrillville
Statement of Activities - Primary Government
Year Ended June 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017 As Restated</u>	<u>2018</u>	<u>2017 As Restated</u>	<u>2018</u>	<u>2017 As Restated</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,545,162	\$ 1,452,441	\$4,101,826	\$4,079,372	\$ 5,646,988	\$ 5,531,813
Operating grants and contributions	15,948,271	17,399,909	412,732	436,327	16,361,003	17,836,236
Capital grants and contributions	1,369,138	1,749,259	0	2,400	1,369,138	1,751,659
General revenues:						
Property Taxes	32,943,486	31,777,195			32,943,486	31,777,195
Unrestricted Investment Contributions not restricted to specific programs	198,461	61,121	9,628	7,676	208,089	68,797
Total Revenues	<u>52,004,518</u>	<u>52,589,925</u>	<u>4,524,186</u>	<u>4,525,775</u>	<u>56,528,704</u>	<u>57,115,700</u>
Expenses:						
General government	5,502,267	5,004,812			5,502,267	5,004,812
Public safety	4,372,706	4,003,499			4,372,706	4,003,499
Public works	3,758,038	3,337,629			3,758,038	3,337,629
Education	35,440,001	33,941,693			35,440,001	33,941,693
Parks and recreation	880,406	830,729			880,406	830,729
Libraries	1,023,507	1,026,149			1,023,507	1,026,149
Community development	5,635	819,787			5,635	819,787
Interest on long-term debt	262,637	263,589			262,637	263,589
Sewer Authority			2,284,694	2,244,037	2,284,694	2,244,037
School Cafeteria			874,840	901,071	874,840	901,071
Levy Rink			463,481	435,861	463,481	435,861
Extended Day Care			583,724	561,093	583,724	561,093
Total expenses	<u>51,245,197</u>	<u>49,227,887</u>	<u>4,206,739</u>	<u>4,142,062</u>	<u>55,451,936</u>	<u>53,369,949</u>
Revenues over (under) expenses	759,321	3,362,038	317,447	383,713	1,076,768	3,745,751
Transfers in (out)	<u>(44,000)</u>	<u>(22,193)</u>	<u>44,000</u>	<u>22,193</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net position	715,321	3,339,845	361,447	405,906	1,076,768	3,745,751
Net Position, July 1, as restated	<u>50,129,243</u>	<u>46,789,398</u>	<u>25,080,622</u>	<u>24,674,716</u>	<u>75,209,865</u>	<u>71,464,114</u>
Net Position, June 30	<u>\$ 50,844,564</u>	<u>\$50,129,243</u>	<u>\$25,442,069</u>	<u>\$25,080,622</u>	<u>\$76,286,633</u>	<u>\$75,209,865</u>

Governmental activity revenues decreased by \$0.59 million primarily due to a decrease in operating grants and contributions of \$1.45 million, a decrease in capital grants and contributions of \$0.38 million, an increase in property taxes of \$1.17 million.

Governmental activity expenses increased by \$2.02 million which reflect increased costs associated with education of (\$1.50 million) and general government of (\$0.50 million).

The net position associated with business-type activities increased by \$0.36 million due primarily to an increase in the Sewer Authority of \$0.33 million.

Review of Major Governmental Funds

General Fund

The General Fund is the primary fund through which the majority of the Town's revenues and expenditures flow. The Town finished the year within the limits established by the adopted budget. The Town carefully monitors its expenditures and eliminates all but the most necessary. When savings are incurred in a given area, every effort is made to avoid unnecessary spending so that those savings can be returned to the General Fund.

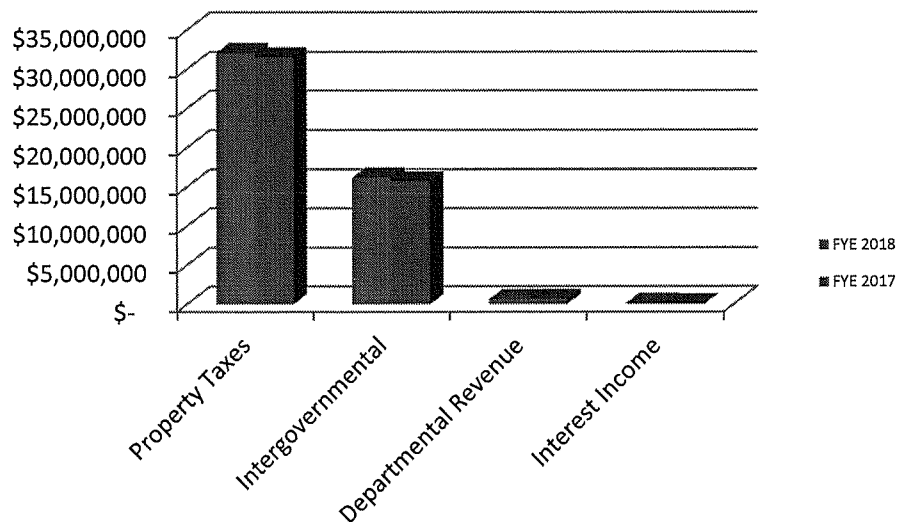
During FYE 2018, there were five (5) supplemental budget appropriations adopted by the Town Council, which totaled \$3,855,167 including one transfer of \$2,939,319 related to capital improvements carried forward from the prior year.

A comparative breakdown of revenues and expenditures associated with the General Fund on a budgetary basis for the fiscal years ending June 30, 2018 and 2017 is listed below. This information is provided for general purposes only.

The Town's general revenues increased in FYE 2018 when compared to the prior year by 2.33% or \$1,118,858.

<u>Revenues</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>% Change</u>	<u>\$ Change</u>
Property Taxes	\$32,103,363	\$31,518,851	1.86%	\$ 584,512
Intergovernmental Revenue	16,179,604	15,711,920	2.98%	467,684
Departmental Revenue	615,456	653,377	0.58%	(37,921)
Interest Income	146,359	41,776	39.95%	104,583
Total Revenues	<u>\$49,044,782</u>	<u>\$47,925,924</u>	<u>2.33%</u>	<u>\$ 1,118,858</u>

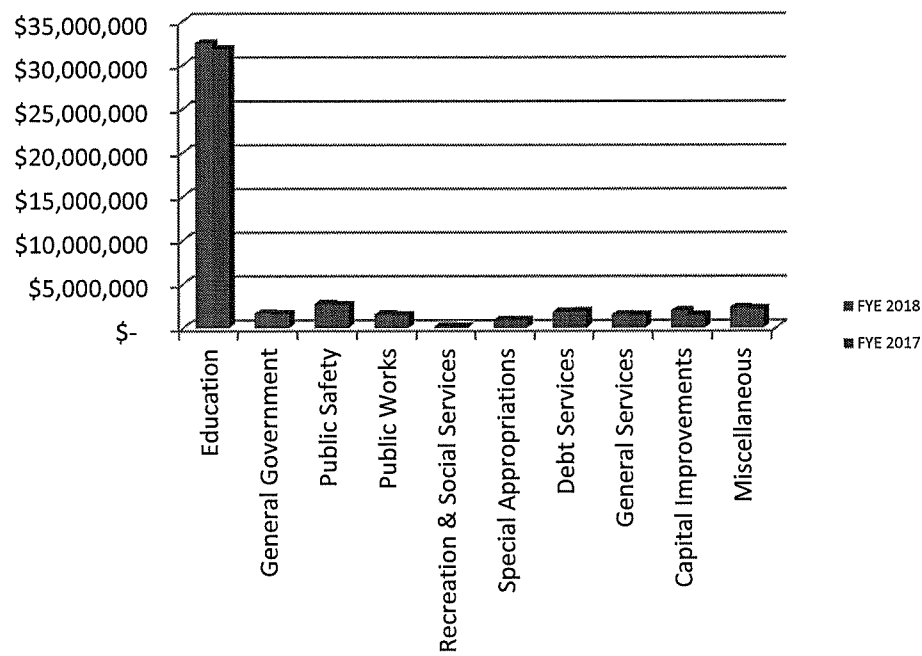
General Fund (Continued)



The Town's general expenditures increased in FYE 2018 when compared to the prior year by (3.15%) or \$1,381,242.

	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>% Chg</u>	<u>\$ Chg</u>
<u>Expenditures</u>				
Education	\$32,500,000	\$31,817,500	2.15%	\$682,500
General Government	1,638,667	1,563,601	4.80%	75,066
Public Safety	2,729,380	2,582,845	5.67%	146,535
Public Works	1,528,922	1,413,021	8.20%	115,901
Recreation & Social Services	158,209	152,233	3.93%	5,976
Special Appropriations	905,521	875,799	3.39%	29,722
Debt Service	1,808,753	1,857,701	(2.63)%	(48,948)
General Services	1,498,769	1,469,069	2.02%	29,700
Capital Improvements	1,953,773	1,432,098	36.43%	521,675
Miscellaneous	2,294,555	2,164,963	5.99%	129,592
<u>Other Financing (Sources) Uses</u>				
Transfer from Fund Balance	(3,855,167)	(3,186,464)	(20.99)%	(668,703)
Transfers In	(187,443)	(45,907)	308.31%	(141,536)
Transfer Out-Capital Projects	1,264,982	1,612,503	21.55%	(347,521)
Transfer Out-Special Revenue	960,848	31,694	29.32%	929,154
Proceeds from refunding bonds	(2,780,000)		(100.00)%	(2,780,000)
Payment to refunded bond escrow agent	2,749,071		100.00%	2,749,071
Town – held tax liens	90,826	137,768	(34.07)%	(46,942)
Total Expenditures (Net of Transfers)	<u>\$ 45,259,666</u>	<u>\$ 43,878,424</u>	<u>3.15%</u>	<u>\$ 1,381,242</u>
Excess of Revenues over Expenditures- Budgetary Basis	<u>\$ 3,785,116</u>	<u>\$ 4,047,500</u>	<u>(6.48)%</u>	<u>\$ 262,384</u>

General Fund (Continued)



June 30, 2018

Overall non-tax revenues were \$534,346 more than the prior year due mainly to an increase in intergovernmental [motor vehicle phase out]. Actual revenues were \$922,832 more than budgeted. The primary reasons for the favorable revenue variance within the fiscal year were:

- First, the Town exceeded its budget expectations in relation to the collection of property taxes. This was primarily due to an increase in tax collections over budgeted projections that totaled \$326,198 - which includes tax revenue of \$328,768. The Town collected approximately 98.2% of the fiscal year 2018 tax levy.
- Second, the Town's intergovernmental revenue was more than the budget by \$396,594. This amount includes additional amounts received from Medicaid reimbursements (\$177,139), motor vehicle phase out (\$92,360), and school construction (\$144,133).
- Third, the Town's departmental revenue was more than budget by \$77,781 which is primarily due to an increase in licenses and fees of \$59,810 and an increase in building official fees of \$27,655.
- Finally, interest income was over budget in the amount of \$122,259.

The Town has continued its aggressive tax collection position, which was implemented many years ago. A 98.8% collection rate was budgeted for FYE 2018 and 98.2% was actually collected. The collection rate used for budgeting purposes was based upon historical collection data.

A comparison of actual expenditures incurred during FYE 2018 reveals that the Town expenses were \$3,205,880 less than the amount appropriated. This was achieved by limiting expenditures to essential services only. A significant portion of this amount [\$2,318,714] is for capital improvement activities related to general administration, police, school, and public works projects which has been re-appropriated for FYE June 30, 2019. In addition, debt service expenditures were less than budget by \$508,176.

General Fund (Continued)

The most significant governmental expense for the municipality during 2018 was in providing for public safety, which incurred expenses of \$2.73 million. The major components of public safety are police and animal control. Other significant governmental expenses for the municipality include public works at \$1.53 million; general government at \$1.64 million, which includes all administrative offices; general services (\$1.50 million) such as refuse collection/recycling; debt at \$1.81 million, and insurance/benefits at \$2.15 million.

June 30, 2017

Overall non-tax revenues were \$513,846 less than the prior year due mainly to a decrease in intergovernmental [School Construction, School Aid, and Medicaid] revenue. Actual revenues were \$513,097 more than budgeted. The primary reasons for the favorable revenue variance within the fiscal year were:

- First, the Town exceeded its budget expectations in relation to the collection of property taxes. This was primarily due to an increase in tax collections over budgeted projections that totaled \$551,793 - which includes tax revenue of \$539,803. The Town collected approximately 98.30% of the fiscal year 2017 tax levy.
- Second, the Town's intergovernmental revenue was less than the budget by \$224,074. This amount includes additional amounts received from Medicaid reimbursements (\$40,719), revaluation (\$68,544), and school reimbursements (\$49,948) netted against short falls from school construction aid (\$259,696), school operations aid (\$48,176) and PILOT payments (\$47,876).
- Third, the Town's departmental revenue was more than budget by \$167,702 which is primarily due to an increase in real estate transfer stamps (\$54,686) and building/mechanical permits (\$62,992/\$10,500).
- Finally, interest income was over budget in the amount of \$17,676.

The Town has continued its aggressive tax collection position, which was implemented many years ago. A 98.61% collection rate was budgeted for FYE 2017 and 98.3% was actually collected.

A comparison of actual expenditures incurred during FYE 2017 reveals that the Town expenses were \$4,003,150 less than the amount appropriated. This was achieved by limiting expenditures to essential services only. A significant portion of this amount [\$2,939,319] is for capital improvement activities related to general administration, police, school, and public works projects which has been re-appropriated for FYE June 30, 2018. In addition, the Town had a favorable debt service variance of \$508,936 primarily related to Sewer bond obligation payments budgeted as part of the General Fund budget but correctly recorded by the Sewer Authority.

The most significant governmental expense for the municipality during 2017 was in providing for public safety, which incurred expenses of \$2.58 million. The major components of public safety are police and animal control. Other significant governmental expenses for the municipality include public works at \$1.41 million; general government at \$1.56 million, which includes all administrative offices; general services (\$1.47 million) such as refuse collection/recycling; debt at \$1.86 million, and insurance/benefits at \$2.01 million.

Fund Balance

June 30, 2018

The net effect of operations as described above on the budgetary basis reveals that the Town completed fiscal year ending June 30, 2018 with a net excess of revenues over expenditures in the amount of \$3,785,116. Note that this amount included as revenue the budgeted amount of \$3,855,167 from the Unassigned Fund Balance. When this is factored out, there is actually a net decrease to fund balance associated with the deficiency of revenues under expenditures of \$70,051.

The Town's fund balance decreased from \$15,194,219 to \$13,922,761. GASB Statement No. 54 funds accounted for \$1,201,407 of this decrease. The Town's fund balance is broken down into the following components which are detailed in footnote 9(a) and is comprised of cash or other assets that will eventually be converted into cash such as receivables:

1. Nonspendable. An amount \$298,829 attributed to tax sale property that was not bid on at public auction. The Town has subsequently acquired tax deeds over the years to protect its interest in those properties that have outstanding taxes/sewer assessments due.
2. Committed. An amount \$4,771,693 which includes a number of funds that had previously been identified as special revenue funds in prior audits including Other School Activities, Debt Reduction, Other Post Employment Benefits, Unfunded Liability/Incentive Pay, Recycling Program, Pension Reserve Fund, and Healthcare Contingency. It also includes \$2,318,714 which was re-appropriated in FYE 2017 for capital projects.
3. Assigned. An amount \$133,123 related to funding reserved for the School Department.
4. Unassigned. Finally after all of the above items are considered, the remaining value of \$8,719,116 is referred to as the Town's Unassigned Fund Balance, which increased by \$1,691,169 over last year's Unassigned Fund Balance of \$7,027,947. This increase is due to the net effect of budget activity combined with a number of planned fund balance draw downs during FYE 2018 related to capital improvement carryover and fund balance in excess of the fund balance policy. This leaves an Unassigned Fund Balance on June 30, 2018 of \$8,719,116 which is approximately 17.59% of the total budget currently appropriated for FYE June 30, 2019 (\$49,568,319).

June 30, 2017

The net effect of operations as described above on the budgetary basis reveals that the Town completed fiscal year ending June 30, 2017 with a net excess of revenues over expenditures in the amount of \$4,047,500. Note that this amount included as revenue the budgeted amount of \$3,186,464 from the Unassigned Fund Balance. When this is factored out, there is a net increase to fund balance associated with the excess of revenues over expenditures of \$861,036.

Fund Balance (Continued)

The Town's fund balance decreased from \$17,558,633 to \$15,194,219. The Town's fund balance is broken down into the following components and comprised of cash or other assets that will eventually be converted into cash such as receivables:

1. Nonspendable. An amount (\$389,656) attributed to tax sale property that was not bid on at public auction. The Town has subsequently acquired tax deeds over the years to protect its interest in those properties that have outstanding taxes/sewer assessments due.
2. Committed. An amount (\$7,648,076) which includes a number of funds that had previously been identified as special revenue funds in prior audits including Other School Activities, Debt Reduction, Other Post Employment Benefits, Unfunded Liability/Incentive Pay, Recycling Program, Drug Addiction Prevention, and Healthcare Contingency. It also includes \$2,939,319 which was re-appropriated in FYE 2017 for capital projects.
3. Assigned. An amount (\$128,540) related to funding reserved for the School Department.
4. Unassigned. Finally after all of the above items are considered, the remaining value of \$7,027,947 is referred to as the Town's Unassigned Fund Balance, which decreased by \$778,251 over last year's Unassigned Fund Balance of \$7,806,198. This decrease is due to the net effect of budget activity combined with a number of planned fund balance draw downs during FYE 2017 related to capital improvement carryover and fund balance in excess of the fund balance policy. This leaves an Unassigned Fund Balance on June 30, 2017 of \$7,027,947 which is approximately 13.91% of the total budget currently appropriated for FYE June 30, 2018 (\$50,517,780).

School Department

June 30, 2018

The School Department had revenues for the year ended June 30, 2018 of \$15.11 million. This was derived from \$13.63 million of intergovernmental revenues and \$1.47 million of state pension contribution revenues. In addition to general operating revenues, the School Department also received \$18.87 million of other financing sources in the form of transfers in from the General Fund.

Expenditures for the School Department totaled \$33.99 million. This entire amount represents expenditures related to education.

The excess of expenditures over revenues was \$0.21 million for the fiscal year ended June 30, 2018.

June 30, 2017

The School Department had revenues for the year ended June 30, 2017 of \$14.79 million. This was derived from \$13.42 million of intergovernmental revenues and \$1.37 million of state pension contribution revenues. In addition to general operating revenues, the School Department also received \$18.40 million of other financing sources in the form of transfers in from the General Fund.

School Department (Continued)

Expenditures for the School Department totaled \$33.07 million. This entire amount represents expenditures related to education.

The excess of expenditures over revenues was \$0.12 million for the fiscal year ended June 30, 2017.

Business-type Activities

Proprietary Activities

June 30, 2018

Revenues and transfers in for the Town's business-type activities were \$4.57 million for the fiscal year ending June 30, 2018. Expenses for the Town's business-type activities were \$4.21 million for the year, resulting in an increase in net position of \$0.36 million. The increase in net position was mainly from the result of an increase in the net position of the Sewer Authority of \$0.33 million.

June 30, 2017

Revenues of the Town's business-type activities were \$4.55 million for the fiscal year ending June 30, 2017. Expenses for the Town's business-type activities were \$4.14 million for the year, resulting in an increase in net position of \$0.41 million. The increase in net position was mainly from the result of an increase in the net position of the Sewer Authority of \$0.37 million.

Capital Assets and Debt Administration

Capital Project Funds

The Town had several active capital projects during the fiscal year ended June 30, 2018.

Some projects that continue to carry balances at year end include the Commerce Park Water Loop, Public Works Complex, Animal Control Facility Renovation, School Roof Improvements, Wilson Spillway, and School Department Capital Projects.

Additionally, the Town maintains revolving funds for the purpose of addressing Open Space Land Acquisition, Debt Reduction, and Major Capital projects.

Capital Assets

At the end of fiscal year 2018, the Town had \$92.91 million invested in a broad range of capital assets, including police and public work equipment, buildings, park facilities, roads, bridges, and sewer lines. (See Table 3.) This amount represents a net decrease (including additions and deductions) of \$0.36 million under the prior fiscal year's net capital assets (\$93.27 million).

The presentation below lists the major categories of capital assets for governmental and business type activities. Infrastructure assets, which are assets that can be preserved for a significantly greater number of years than most capital assets and are typically stationary in nature such as streets, sidewalks, curbing and bridges, are subject to different rules under the GASB 34 standards.

Capital Assets (Continued)

The Town of Burrillville reports its capital assets in accordance with GASB 34. The retroactive reporting of pre-GASB-34 infrastructure, roads, bridges, etc. was completed in FYE 2008 as required.

Table 3

Capital Assets - Primary Government June 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 3,212,397	\$ 3,212,397	\$ 382,443	\$ 382,443	\$ 3,594,840	\$ 3,594,840
Construction in progress	2,432,102	1,085,010		7,054,367	2,432,102	8,139,377
Leasehold improvements			34,398	34,398	34,398	34,398
Collection systems			42,394,387	34,714,465	42,394,387	34,714,465
Buildings and improvements	77,016,009	76,642,004	8,338,522	8,338,522	85,354,531	84,980,526
Equipment	3,042,998	2,995,356	465,151	465,151	3,508,149	3,460,507
Vehicles	5,370,532	5,046,170	135,261	135,261	5,505,793	5,181,431
Furniture			889,662	856,502	889,662	856,502
Infrastructure	23,679,064	22,680,446			23,679,064	22,680,446
Total Assets	114,753,102	111,661,383	52,639,824	51,981,109	167,392,926	163,642,492
Less accumulated depreciation	(49,954,199)	(46,538,203)	(24,526,700)	(23,834,014)	(74,480,899)	(70,372,217)
Totals	<u>\$ 64,798,903</u>	<u>\$ 65,123,180</u>	<u>\$ 28,113,124</u>	<u>\$ 28,147,095</u>	<u>\$ 92,912,027</u>	<u>\$ 93,270,275</u>

- Completion of road/sidewalk improvements (Lake Shore Drive, Log Road). Work on Wilson Spillway and the Dog Park.
- Acquisition of various equipment including 3 police vehicles, 1 dump truck, 1 pickup truck and 1 boiler.
- The School Department also had funding allocated towards various building improvements – primarily related to building safety, HVAC system, Eccleston field house, dishwasher, new boiler and bleachers.
- The increase in construction in progress is primarily related to the construction of a new public works complex.

The 2019 Capital Budget has been adopted and while individual projects are subject to change the budget calls for spending on capital projects, principally in these major categories: administration, schools, library, Police Department, animal control building and street improvements along with funding for a new DPW facility from the Major Capital Fund.

Additional information on the Town's capital assets can be found in Note 7.

Debt Administration

June 30, 2018

The total outstanding long-term bonded debt on June 30, 2018 was \$18,123,515, which represents an decrease of \$1,278,260 from June 30, 2017 (\$19,401,775). This decrease was primarily due to the net effect of additional bond proceeds of \$3,480,000, offset by annual debt payments (\$1,986,000) and bond refundings (\$2,700,000) on outstanding issues.

June 30, 2017

The total outstanding long-term bonded debt on June 30, 2017 was \$19,401,775, which represents a decrease of \$1,941,275 from June 30, 2016 (\$21,343,050). This decrease was primarily due to the net effect of annual debt payments (\$1,801,000) on outstanding issues.

Table 4

	Long Term Debt June 30			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
				<u>As Restated</u>
General Obligation Bonds	\$10,538,515	\$11,339,775	\$7,585,000	\$8,062,000
Capital Lease			99,982	122,410
Compensated Absences	1,032,431	1,033,981	71,099	93,849
Net OPEB Obligation			25,589	25,440
Landfill Post-Closure Costs	831,900	860,100		
Totals	<u>\$12,402,846</u>	<u>\$13,233,856</u>	<u>\$7,781,670</u>	<u>\$8,303,699</u>

As discussed in Note 9 to the financial statements, during the fiscal year ended June 30, 2018, the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The long-term debt of the governmental activities was not restated since the OPEB liability is not a component of long-term debt. The long-term debt of the business-type activities was restated by \$25,440 to reflect the initial year of the Sewer Authority reporting an OPEB liability.

Debt Administration(Continued)

Below is a comparison of various long-term bonded debt ratios for June 30, 2018 and June 30, 2017. Note that Loans Payable, Bond Anticipation Notes (BANS), and Bond Premiums are not incorporated in these calculations.

<u>Various Debt Ratios</u>		
	<u>6/30/2018</u>	<u>6/30/2017</u>
Total Outstanding Long-Term Bonded Debt	\$17,742,229	\$18,948,229
Debt per Capita -		
2010 Census (15,955)	\$ 1,112	\$ 1,188
State Average \$1,781		
City/town average \$1,673		
Net Assessed Values	\$1,683,588,822	\$1,651,599,015
Debt to Net Assessed Values	1.13%	1.15%
Tax Rate per \$ 1,000:		
Real Estate	\$ 17.56	\$ 17.39
Motor Vehicle	\$ 40.00	\$ 40.00
Credit Ratings -		
Fitch's Investor's Service	AA	AA
Moody's Rating Agency	Aa2	Aa2

The Town received a rating upgrade by both Fitch's Investor's Service (from A to A+) and Moody's Rating Agency (from A2 to A1) in 2000. Subsequently the Town's A1 credit rating with Moody's Rating Agency was reaffirmed and upgraded by Fitch's Investor's Service to AA- in 2006. Fitch Investor's Service again reaffirmed the AA- rating in 2008. Moody's and Fitch recalibrated the Town's ratings in April 2010 to Aa2 and AA respectively. Fitch reaffirmed its rating when a surveillance review was conducted in 2010, 2012, and, September 2014. In October 2016, Fitch upgraded the Town's General Obligation Bond Rating to AAA while maintaining the Issuers Default Rating (IDR) at AA.

Historically the Town has utilized a significant amount of its Unassigned Fund Balance as an interim source of revenue for capital projects and other one time expenditures. For many years this has allowed the Town to avoid borrowing in anticipation of taxes. As of FYE 1994, the Town returned to its reserve policy objective relative to maintaining an unassigned fund balance that was the greater of either (1) 12% fund balance or (2) one year's annual debt payment. With the results of this year's operations, the Town at 17.59% is above its minimal goal of maintaining a sufficient unassigned fund balance. Maintenance of this minimum balance will continue to be a priority as part of the overall process involved with improving financial operations.

Debt Administration (Continued)

Bond rating companies look at four main factors when determining the credit worthiness of a municipal offering. The four factors are 1) debt, 2) economics, 3) fiscal, and 4) administrative. The Town has little control over its demographics and no control over the region's economy. The Town cannot control the fact that its median income is low or that it relies primarily on a residential tax base.

Additional information on the Town's long-term debt can be found in Note 8.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rates, and fees that will be charged for the business-type activities.

One of these factors is the economy. Some basic economic information regarding the Town of Burrillville is as follows:

- The unemployment rate for the Town of Burrillville is 3.3 percent. This compares to the State's average unemployment rate of 3.8 percent and the national average of 3.7 percent.
- According to the Tax Assessor, the average 2018 single family home in Burrillville is valued for assessment purposes at \$230,610, the average commercial property is valued at \$503,858, and the average industrial property is valued at \$905,036.
- The bond market remains favorable with its continued low interest rates and demand for municipal tax exempt debt which will provide a strong market for potential Town debt issues.
- The State's reductions of various State aid to the communities continue to impact the Town's budget.
- Certain employment costs including health insurance continue to rise significantly requiring constant reevaluation of those programs.
- The Town of Burrillville is meeting its 10% federal and state affordable housing goal. (Greenridge Affordable Housing Development has opened offering affordable rents for those earning up to 80% of area median income).

Economic Factors and Next Year's Budgets and Rates (Continued)

A number of factors were considered when the Town's budget for the fiscal year ending June 30, 2019 was being prepared including the following:

- The overall adopted budget was \$49,568,319, which was a decrease of \$949,460 over the revised 2018 budget [\$50,517,780].
 - Capital improvements increased by \$216,865 [8.15%].
 - The School operating budget increased from \$32,500,000 to \$33,132,051 or 1.94%. The net dollar increase is \$632,051.
 - The municipal operating and debt budgets decreased \$201,970 [1.52%].
- The General Fund's largest single revenue source is property taxes – State revenue is second. The Town's tax rate was increased from \$17.56 per \$1,000 valuation to \$18.20 per \$1,000 valuation for fiscal year ending 2019. The average single family home value increased from \$230,287 to \$230,610 (\$323 increase). This resulted in the average single family homeowner's tax liability increasing by \$153 when comparing the 2019 tax bill to the prior year.
- The 2019 Budget provides for continuation of the Town's capital improvement program, which annually includes significant infrastructure upgrades. This year's CIP Budget does not include any reliance on the current year tax levy due to the reliance on the revenues generated from the OSP/TransCanada tax agreement.
- The General Fund's portion of property tax revenue for FY 2019 is estimated to be \$32.67 million. The increase in tax levy (approximately \$0.61 million) relates primarily to a loss of school state aid.
- The Town continues to pursue economic development opportunities to assist in spreading the tax burden among commercial and residential property owners.

Requests for Information

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the Town of Burrillville, 105 Harrisville Main Street, Harrisville, RI 02830.

TOWN OF BURRILLVILLE

BASIC FINANCIAL STATEMENTS

TOWN OF BURRILLVILLE, RHODE ISLAND**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 27,760,441	\$ 4,865,800	\$ 32,626,241	\$ 231,237
Receivables:				
Taxes, net	974,464		974,464	
Sewer assessments and user fees, net		576,863	576,863	
Loans				1,550
Other	230,942	12,692	243,634	281
Town-held tax liens	298,829		298,829	
Due from:				
Primary government				329,861
Other governments	3,255,852	21,482	3,277,334	
Internal balances	81,438	(81,438)		
Prepaid expenses	84	3,214	3,298	144,362
Deposits				274,534
Inventory		20,747	20,747	
Total current assets	32,602,050	5,419,360	38,021,410	981,825
Noncurrent assets:				
Loans receivable, net				7,797
Net pension asset	2,827,278		2,827,278	
Capital assets:				
Non-depreciable	5,644,499	382,443	6,026,942	217,075
Depreciable, net	59,154,404	27,730,681	86,885,085	74,109
Sewer assessment fees		215,551	215,551	
Total noncurrent assets	67,626,181	28,328,675	95,954,856	298,981
TOTAL ASSETS	100,228,231	33,748,035	133,976,266	1,280,806
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	13,566,369		13,566,369	
Deferred expense on refunding bonds	87,696	0	87,696	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,654,065	0	13,654,065	0

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES:				
Current liabilities:				
Accounts payable	1,939,822	404,140	2,343,962	20,338
Accrued payroll	2,343,685	27,537	2,371,222	11,828
Accrued interest	57,638	55,349	112,987	
Retainage payable	62,617		62,617	
Due to:				
Other governments	1,105	4,400	5,505	
Component unit	329,861		329,861	
Current portion of long-term debt	1,808,319	509,511	2,317,830	12,162
Unearned revenue	1,772,196	20,246	1,792,442	
Other liabilities	58,078	12,624	70,702	
Total current liabilities	8,373,321	1,033,807	9,407,128	44,328
Noncurrent liabilities:				
Long-term debt, net	10,594,527	7,246,570	17,841,097	74,835
Net other post-employment benefit liability	4,155,473	25,589	4,181,062	
Net pension liability	31,364,063		31,364,063	
Total noncurrent liabilities	46,114,063	7,272,159	53,386,222	74,835
TOTAL LIABILITIES	54,487,384	8,305,966	62,793,350	119,163
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	8,550,348		8,550,348	
TOTAL DEFERRED INFLOWS OF RESOURCES	8,550,348	0	8,550,348	0
NET POSITION:				
Net investment in capital assets	57,906,084	20,428,142	78,334,226	291,184
Restricted - nonexpendable	407,138		407,138	
Restricted for:				
General government	83,626		83,626	
Public safety	71,325		71,325	
Recreation and social services	207,883		207,883	
Education	492,354		492,354	
Community development	65,320		65,320	
Unrestricted	(8,389,166)	5,013,927	(3,375,239)	870,459
TOTAL NET POSITION	\$ 50,844,564	\$ 25,442,069	\$ 76,286,633	\$ 1,161,643

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government:								
Governmental activities:								
General government	\$ 5,502,267	\$ 589,387	\$ 1,043,692		\$ (3,869,188)		\$ (3,869,188)	
Public safety	4,372,706	105,966	55,560	\$ 7,481	(4,203,699)		(4,203,699)	
Public works	3,758,038	17,464	2,415	95,508	(3,642,651)		(3,642,651)	
Education	35,440,001	543,627	14,592,158	965,271	(19,338,945)		(19,338,945)	
Recreation and social services	880,406	259,813	78,882	39,317	(502,394)		(502,394)	
Libraries	1,023,507		170,118	261,561	(591,828)		(591,828)	
Community development	5,635	28,905	5,446		28,716		28,716	
Interest on long-term debt	262,637				(262,637)		(262,637)	
Total governmental activities	51,245,197	1,545,162	15,948,271	1,369,138	(32,382,626)		(32,382,626)	
Business-type activities:								
Sewer Authority	2,284,694	2,605,917				\$ 321,223	321,223	
School Cafeteria	874,840	457,405	412,732			(4,703)	(4,703)	
Levy Rink	463,481	457,475				(6,006)	(6,006)	
Extended Day Care	583,724	581,029				(2,695)	(2,695)	
Total business-type activities	4,206,739	4,101,826	412,732	0	0	307,819	307,819	
Total primary government	\$ 55,451,936	\$ 5,646,988	\$ 16,361,003	\$ 1,369,138	(32,382,626)	307,819	(32,074,807)	
Component Units:								
Burrillville Redevelopment Agency	\$ 57,103	\$ 35,592						\$ (21,511)
Jesse M. Smith Memorial Library	897,192	15,396	931,740					49,944
Total component units	\$ 954,295	\$ 50,988	\$ 931,740	\$ 0				28,433
General revenues:								
Property taxes					32,943,486		32,943,486	
Unrestricted investment earnings					198,461	9,628	208,089	1,539
Transfers					(44,000)	44,000		
Total general revenues and transfers					33,097,947	53,628	33,151,575	1,539
Change in net position					715,321	361,447	1,076,768	29,972
Net Position - beginning of year, as restated					50,129,243	25,080,622	75,209,865	1,131,671
Net Position - end of year					\$ 50,844,564	\$ 25,442,069	\$ 76,286,633	\$ 1,161,643

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 24,203,470	\$ 531,163	\$ 3,025,808	\$ 27,760,441
Receivables:				
Taxes, net	974,464			974,464
Other	22,471	2,468	206,003	230,942
Town-held tax liens	298,829			298,829
Due from:				
Other funds	423,932	3,373,151	7,828,131	11,625,214
Other governments	419,745	32,553	2,803,554	3,255,852
Prepaid expenditures			84	84
TOTAL ASSETS	\$ 26,342,911	\$ 3,939,335	\$ 13,863,580	\$ 44,145,826
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 339,993	\$ 965,071	\$ 634,758	\$ 1,939,822
Accrued payroll and benefits	145,032	2,081,352	117,301	2,343,685
Retainage payable	30,093		32,524	62,617
Due to:				
Other funds	10,572,811	118,377	852,588	11,543,776
Component units	329,861			329,861
Other governments			1,105	1,105
Unearned revenues		17,149	1,755,047	1,772,196
Other liabilities	51,165		6,913	58,078
TOTAL LIABILITIES	11,468,955	3,181,949	3,400,236	18,051,140
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	951,195	0	0	951,195
TOTAL DEFERRED INFLOWS OF RESOURCES	951,195	0	0	951,195

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (Continued):				
FUND BALANCES:				
Nonspendable	298,829		108,309	407,138
Restricted			920,508	920,508
Committed	4,771,693	115,000	9,435,543	14,322,236
Assigned	133,123	642,386		775,509
Unassigned	8,719,116		(1,016)	8,718,100
TOTAL FUND BALANCES	<u>13,922,761</u>	<u>757,386</u>	<u>10,463,344</u>	<u>25,143,491</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u><u>\$ 26,342,911</u></u>	 <u><u>\$ 3,939,335</u></u>	 <u><u>\$ 13,863,580</u></u>	 <u><u>\$ 44,145,826</u></u>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018**

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

Total Fund Balances (B-1)		\$ 25,143,491
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.		
Governmental capital assets	114,753,102	
Less: accumulated depreciation	<u>(49,954,199)</u>	
		64,798,903
Net pension asset is not reported in the governmental fund statements.		2,827,278
Deferred outflows related to pension plans are reported in the Statement of Net Position but not in the governmental fund statements.		13,566,369
Net other post-employment benefit (OPEB) liability is not reported in the governmental fund statements. This amount represents accumulated plan contributions in excess of annual OPEB costs.		(4,155,473)
Some liabilities, including bonds payable and related deferred outflows of resources, are not due and payable in the current period and therefore are not reported in the governmental fund statements.		
Governmental bonds payable	(10,157,229)	
Premium	(453,546)	
Current year amortization	72,260	
Deferred expense on refunding bonds	97,703	
Current year amortization	(10,007)	
Compensated absences	(1,032,431)	
Landfill closure and post-closure care costs	<u>(831,900)</u>	
		(12,315,150)
Net pension liability is not reported in the governmental fund statements.		(31,364,063)
Pension related deferrals are not reported in the governmental fund statements.		(8,550,348)
Certain deferred inflows of resources in governmental fund statements are susceptible to full accrual on the government-wide statements.		951,195
Accrued interest payable is recorded in governmental activities, but is not recorded in the governmental fund statements.		(57,638)
Total Net Position (A-1)		<u><u>\$ 50,844,564</u></u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	\$ 32,103,363			\$ 32,103,363
Intergovernmental	2,557,415	\$ 13,631,812	\$ 1,878,541	18,067,768
Licenses, permits and fees	540,289			540,289
Investment income	178,433		20,028	198,461
Departmental	75,167			75,167
Other	83,952		855,117	939,069
Intergovernmental - pension contribution		1,473,239		1,473,239
TOTAL REVENUES	35,538,619	15,105,051	2,753,686	53,397,356
EXPENDITURES:				
Current:				
General government	3,210,632		871,640	4,082,272
Public safety	2,768,426		93,221	2,861,647
Public works	1,566,402			1,566,402
Education	280,080	32,278,170	1,435,715	33,993,965
Recreation and social services	158,715		308,437	467,152
Libraries	855,545		170,118	1,025,663
Community development			5,635	5,635
Employee benefits and other	2,394,665			2,394,665
Intergovernmental - pension contribution		1,473,239		1,473,239
Debt Service:				
Principal	1,509,000			1,509,000
Interest and other costs	273,403		18,000	291,403
Bond issuance costs	26,350			26,350
Capital:				
Capital outlay	1,953,773	93,764	1,517,279	3,564,816
TOTAL EXPENDITURES	14,996,991	33,845,173	4,420,045	53,262,209
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	20,541,628	(18,740,122)	(1,666,359)	135,147

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):				
Payment to refunded bond escrow agent	(2,749,071)			(2,749,071)
Proceeds from refunding bonds	2,780,000			2,780,000
Proceeds from bond issuance			700,000	700,000
Town-held tax liens	(90,826)			(90,826)
Transfers in	343,513	18,868,188	3,990,001	23,201,702
Transfers out	(22,096,702)	(149,000)	(1,000,000)	(23,245,702)
NET OTHER FINANCING SOURCES (USES)	(21,813,086)	18,719,188	3,690,001	596,103
NET CHANGE IN FUND BALANCES	(1,271,458)	(20,934)	2,023,642	731,250
FUND BALANCE AT BEGINNING OF YEAR	15,194,219	778,320	8,439,702	24,412,241
FUND BALANCE AT END OF YEAR	\$ 13,922,761	\$ 757,386	\$ 10,463,344	\$ 25,143,491

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES (B-2) TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (A-2)
YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ 731,250
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.	(324,277)
The governmental funds report OPEB contributions as expenditures when paid. However, in the Statement of Activities, differences between OPEB plan contributions and OPEB costs for the year are reported as an OPEB liability.	45,202
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	2,943,904
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 position. This amount is the net effect of these differences.	729,000
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.	80,401
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	116,976
Adjustment to accrued interest payable related to general obligation bonds which is required to be recorded for government-wide financial statement presentation.	16,961
Pension expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditures in governmental funds.	(3,624,096)
Change in Net Position of Governmental Activities (A-2)	\$ 715,321

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2018**

	<u>Sewer Authority</u>	<u>School Cafeteria Fund</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 4,042,700	\$ 212,412	\$ 610,688	\$ 4,865,800
Accounts receivable, net		4,936	7,756	12,692
Sewer assessments and user fees, net	576,863			576,863
Due from other governments		21,482		21,482
Prepaid expenses	2,179		1,035	3,214
Inventory	4,565	16,182		20,747
Total current assets	4,626,307	255,012	619,479	5,500,798
Noncurrent assets:				
Sewer assessment fees	215,551			215,551
Net capital assets	27,756,409	2,456	354,259	28,113,124
Total noncurrent assets	27,971,960	2,456	354,259	28,328,675
TOTAL ASSETS	32,598,267	257,468	973,738	33,829,473
LIABILITIES:				
Current liabilities:				
Accounts payable	243,906	145,511	14,723	404,140
Accrued payroll	13,008		14,529	27,537
Accrued interest	55,349			55,349
Due to other funds	15,717	339	65,382	81,438
Due to other governments	4,400			4,400
Other liabilities	12,624			12,624
Unearned revenue		16,000	4,246	20,246
Capital lease payable			23,411	23,411
Accrued compensated absences	5,080	1,100	920	7,100
Current portion of long-term debt	479,000			479,000
Total current liabilities	829,084	162,950	123,211	1,115,245
Noncurrent liabilities:				
Capital lease payable, net			76,571	76,571
Accrued compensated absences	45,854	9,894	8,251	63,999
Long-term debt, net	7,106,000			7,106,000
Net other post employment benefit obligation	25,589			25,589
Total noncurrent liabilities	7,177,443	9,894	84,822	7,272,159
TOTAL LIABILITIES	8,006,527	172,844	208,033	8,387,404
NET POSITION:				
Net investment in capital assets	20,171,409	2,456	254,277	20,428,142
Unrestricted	4,420,331	82,168	511,428	5,013,927
TOTAL NET POSITION	\$ 24,591,740	\$ 84,624	\$ 765,705	\$ 25,442,069

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2018**

	<u>Sewer Authority</u>	<u>School Cafeteria Fund</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for usage and service	\$ 2,559,519	\$ 457,405	\$ 1,038,504	\$ 4,055,428
Miscellaneous	46,398			46,398
Total operating revenues	<u>2,605,917</u>	<u>457,405</u>	<u>1,038,504</u>	<u>4,101,826</u>
OPERATING EXPENSES:				
Operations	720,050	785,186	372,925	1,878,161
Personnel	899,760	85,699	614,652	1,600,111
Depreciation	634,468	3,955	54,263	692,686
Total operating expenses	<u>2,254,278</u>	<u>874,840</u>	<u>1,041,840</u>	<u>4,170,958</u>
OPERATING INCOME (LOSS)	<u>351,639</u>	<u>(417,435)</u>	<u>(3,336)</u>	<u>(69,132)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	6,603	816	2,209	9,628
Intergovernmental		412,732		412,732
Interest expense	(30,416)		(5,365)	(35,781)
Total nonoperating revenue (expense)	<u>(23,813)</u>	<u>413,548</u>	<u>(3,156)</u>	<u>386,579</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>327,826</u>	<u>(3,887)</u>	<u>(6,492)</u>	<u>317,447</u>
TRANSFERS IN (OUT)		<u>0</u>	<u>44,000</u>	<u>44,000</u>
CHANGE IN NET POSITION	<u>327,826</u>	<u>(3,887)</u>	<u>37,508</u>	<u>361,447</u>
TOTAL NET POSITION - BEGINNING, AS RESTATED	<u>24,263,914</u>	<u>88,511</u>	<u>728,197</u>	<u>25,080,622</u>
TOTAL NET POSITION - ENDING	<u>\$ 24,591,740</u>	<u>\$ 84,624</u>	<u>\$ 765,705</u>	<u>\$ 25,442,069</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Sewer Authority</u>	<u>School Cafeteria Fund</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,654,400	\$ 457,695	\$ 1,035,615	\$ 4,147,710
Cash received from providing services	46,398			46,398
Cash paid to suppliers	(718,626)	(768,622)	(373,341)	(1,860,589)
Cash paid to employees	(922,760)	(84,455)	(614,554)	(1,621,769)
Net cash provided by (used for) operating activities	<u>1,059,412</u>	<u>(395,382)</u>	<u>47,720</u>	<u>711,750</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Nonoperating grants received		455,725		455,725
Transfer from other funds			44,000	44,000
Decrease in due from other funds			843	843
Increase (decrease) in due to other funds	(46,317)	(302,975)	59,865	(289,427)
Decrease in due to other governments	(1,800)			(1,800)
Net cash provided by (used for) noncapital financing activities	<u>(48,117)</u>	<u>152,750</u>	<u>104,708</u>	<u>209,341</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(800,806)		(33,160)	(833,966)
Principal payment on long-term debt	(477,000)			(477,000)
Principal payment on capital lease			(22,428)	(22,428)
Interest expense	(28,443)		(5,365)	(33,808)
Net cash used for capital and related financing activities	<u>(1,306,249)</u>	<u>0</u>	<u>(60,953)</u>	<u>(1,367,202)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	6,603	816	2,209	9,628
Net cash provided by investing activities	<u>6,603</u>	<u>816</u>	<u>2,209</u>	<u>9,628</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(288,351)</u>	<u>(241,816)</u>	<u>93,684</u>	<u>(436,483)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,331,051</u>	<u>454,228</u>	<u>517,004</u>	<u>5,302,283</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,042,700</u>	<u>\$ 212,412</u>	<u>\$ 610,688</u>	<u>\$ 4,865,800</u>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Sewer Authority</u>	<u>School Cafeteria Fund</u>	<u>Non-major Enterprise Funds</u>	<u>Totals</u>
<i>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</i>				
Operating income (loss)	\$ 351,639	\$ (417,435)	\$ (3,336)	\$ (69,132)
Adjustments to reconcile:				
Depreciation	634,468	3,955	54,263	692,686
Decrease in allowance for doubtful accounts			(2,000)	(2,000)
(Increase) decrease in accounts receivable	94,881	(1,000)	(1,172)	92,709
Decrease in prepaid expenses	2,129		1,165	3,294
Decrease in inventory		4,225		4,225
Increase (decrease) in accounts payable	3,236	12,339	(1,581)	13,994
Increase (decrease) in accrued payroll	1,842		(899)	943
Decrease in other liabilities	(3,941)			(3,941)
Increase in unearned revenue		1,290	283	1,573
Increase (decrease) in accrued compensated absences	(24,991)	1,244	997	(22,750)
Increase in net other post employment benefit obligation	149			149
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 1,059,412</u>	<u>\$ (395,382)</u>	<u>\$ 47,720</u>	<u>\$ 711,750</u>
<i>Supplemental cash flow disclosure:</i>				
Capital assets purchased through bond payable	<u>\$ 163,089</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 163,089</u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2018

Agency
Funds

Pupil Activity
Funds

ASSETS:

Cash and cash equivalents

\$ 150,586

LIABILITIES:

Deposits held in custody for others

\$ 150,586

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Burrillville, 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. 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 Burrillville was incorporated in 1806. The Town is governed under the 1989 Burrillville Home Rule Charter. The Town operates under a Town Council/Town Manager form of government with a seven-member Town Council headed by a Council President.

The Town Manager is appointed by the Council and serves as the chief executive officer over all municipal services.

A seven-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 and primary education to Town residents.

The accompanying financial statements present the government and its component units. 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 the Governmental Accounting Standards Board (GASB). A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Through the application of GASB criteria, the Burrillville Redevelopment Agency and the Jesse M. Smith Memorial Library have been presented as component units of the Town, hereafter referred to as "component units", in the accompanying financial statements.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Discretely Presented Component Units Disclosure - The following component units are reported in the financial statements to emphasize that they are legally separate from the Town but are included because the Town is financially accountable for and is able to impose its will on the organizations. Unless otherwise indicated, the notes to the basic financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the primary government. A description of the component units and their relationship with the Town are as follows:

Burrillville Redevelopment Agency (BRA) - The Burrillville Redevelopment Agency was created and organized as a legally separate public body under Rhode Island general law. The Agency was created to encourage, direct, and regulate new development and redevelopment within Town Districts and to acquire and redevelop those areas, which the Agency determined cannot be redeveloped otherwise in order to carryout RIGL 1956 Chapter 45-31 to 45-33. The Agency is governed by seven members (five voting and two alternates) who are appointed by the Town Council. Officers are elected from among these members. Furthermore, the Town exerts significant control over its functions since the Agency is empowered to act in areas only after appropriate designation by the Town Council. Separate financial statements for the Agency are not issued.

Jesse M. Smith Memorial Library - Established under the Levy Trust in 1933, the Jesse M. Smith Memorial Library (the "Library") provides free educational and reference resources to residents of the Town as well as other patrons. The Library is governed by a Board of Trustees, which must be composed of five members that are appointed by the Town Council. Operations of the Library are primarily financed through an appropriation from the Town's General Fund and the Town Council must approve any issuance of debt. The Library's capital assets belong to the Town. Separate financial statements for the Library are not issued.

Recently Issued Accounting Standards

The Town implemented the following pronouncements for the year ended June 30, 2018.

- GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- GASB Statement No. 85 – Omnibus 2017.
- GASB Statement No. 86 – Certain Debt Extinguishment Issues.

With the exception of GASB Statement No. 75, the adoption of these Statements did not have an impact on the Town's financial position or results of operations. See Note 9 for implementation details.

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

- GASB Statement No. 83 - Certain Asset Retirement Obligations, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 84 – Fiduciary Activities, effective for the Town's fiscal year ending June 30, 2020.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

- GASB Statement No. 87 – Leases, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 89 – Accounting for Interest Costs Incurred Before the End of a Construction Period, effective for the Town's fiscal year ending June 30, 2021.

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

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position 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 separate accounting entities. 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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 or administratively 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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency Funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is as follows:

- Pupil Activity 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>
<i>Major:</i>	
General:	See above for description
Special Revenue:	Burrillville School Department – This fund accounts for the operation and maintenance of the Burrillville Public Schools. Its primary revenue sources are the appropriation from the Town of Burrillville, operating aid from the State of Rhode Island, and Medicaid reimbursements.
Proprietary:	Sewer Authority – This fund is used to account for the activities of the Sewer Commission. School Cafeteria Fund – This fund accounts for the School Department's food service operation.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Major and Non-Major Funds

Non-Major:

Special Revenue:	School Restricted Grants, Community Recreation, Town Clerk – Technology, Historical Records, Solemn Federal Task Force, Animal Shelter Donation Account, Library Grant, Community Emergency Response Training, Byrne Grant, Clear River Energy Fund, Spring Lake, Community Development Block Grant, Blackstone Valley Prevention Coalition, Partnership for Success, Cops That Care, Ocean State Power Funds, EMA Performance Grant, Narcotics Guidance Council, Police Legislative Grant, Police Grant – Operation Riptide, Wallace Lees Scholarship, Snack Pack Program, Police Grants, and Police Task Force.
Capital Projects:	Dog Park, Commerce Park Water Loop, Public Works Complex Fund, Animal Control Facility Renovation, Wilson Spillway, School Roof Improvements, Oakland/Mapleville Bike Path, North Road Bridge Project, Open Space/Land Acquisition, School Department Capital Projects, and Major Capital.
Permanent:	Cemetery Fund, Frank H. Potter Bridgeway Fund, Alice McGreevy Thompson Fund, and Jesse M. Smith Memorial Library Fund.
Proprietary:	Levy Rink and Extended Day Care.

Measurement Focus

On the government-wide Statement of Net Position 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.
- (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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

In the government-wide Statement of Net Position 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 \$476,400 for property taxes. Business-type activities report usage and service fees as its major receivables.

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 and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 which are available on a daily basis.

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

Materials and Supplies

Inventories are maintained on a periodic system and are stated at cost (first-in, first-out method of inventory valuation). The costs of governmental fund-type inventories are recorded as expenditures when purchased.

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 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 of greater than \$10,000.

Prior to July 1, 2002, infrastructure assets were not capitalized. During fiscal year 2007, the Town conducted a detailed study of all infrastructure assets in order to have a complete inventory of its infrastructure assets and be in compliance with GASB Statement No. 34. As of June 30, 2007, the government-wide financial statements include all infrastructure assets in accordance with GASB Statement No. 34.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (Continued)

Government-Wide Statements (Continued)

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 Position. 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>
Buildings and improvements.....	5 - 50 years
Plant.....	5 - 39 years
Collection system.....	25 - 60 years
Equipment.....	3 - 25 years
Vehicles.....	3 - 20 years
Leasehold improvements.....	5 - 15 years
Infrastructure and land improvements	5 - 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.

Interest incurred during the construction phase of capital assets of proprietary funds is included as part of the capitalized value of the assets constructed.

Bond Issuance Costs

Bond issuance costs are recorded as operating expenses when incurred. The implementation of GASB Statement No. 65 resulted in the write-off of bond issuance costs as of July 1, 2013.

Amount Deferred on Refunding

During periods of declining interest rates, the Town has refunded certain bond obligations reducing aggregate debt service. The difference between the reacquisition price and the net carrying amount of the refunded bonds is recorded as an amount deferred on refunding. The deferred amount on refunding is amortized over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter. The amortization amount is a component of interest on bonds, and the unamortized balances are recorded as deferred outflows or inflows on the government-wide Statement of Net Position.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and the additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows and Outflows of Resources

In addition to assets, the government-wide statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflow of resources related to pension/OPEB in the government-wide financial statements. A deferred inflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

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. 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.

At June 30, 2018, the Town's obligation to its non-proprietary fund employees for accumulated vacation and sick leave benefits consisted of the following:

	<u>Vacation</u>	<u>Sick Leave</u>	<u>Total</u>
Police Department.....	\$119,007		\$ 119,007
Administrative Departments.....	43,606		43,606
Public Works Department.....	42,691		42,691
Recreation Department.....	3,849		3,849
School Department	39,016	\$784,262	823,278
Total.....	\$248,169	\$784,262	\$1,032,431

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available resources and, therefore, are not available for appropriation.

Land Held for Resale

Land held for resale by the Burrillville Redevelopment Agency (a discretely presented component unit) is stated at acquisition cost plus improvements, but not in excess of net realizable value. As land is sold, all costs associated with that land are expensed.

Long-Term Debt

In the governmental-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed as incurred.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The total bond premiums at June 30, 2018 were \$501,691, while the accumulated amortization was \$120,405.

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 certain governmental funds. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles. The only outstanding encumbrances at June 30, 2018 were for the Burrillville School Department and amounted to \$71,778.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

Government-Wide Statements

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

- (a) Net investment in capital assets - 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 position - Consists of net position 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 position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund 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 to 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.

Committed - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints formally imposed by a simple majority vote of the Town Council through a Town Council resolution. 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 and 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 Town and School General Funds, assigned amounts represent intended uses established by majority vote of the Town Council and School Committee.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Statements (Continued)

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's charter requires a minimum unassigned fund balance of 5% of the subsequent year's budget. Management, along with Town Council support, has recommend a 12% minimum fund balance since 1988.

Net Position Flow Assumption

The Town occasionally funds outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to be reported as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to use restricted resources first, then unrestricted as they are needed.

Fund Balance Flow Assumption

The Town may fund outlays for a particular purpose from both restricted and unrestricted (total committed, assigned and unassigned fund balances) resources. To calculate the amounts to report as restricted, committed, assigned or unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 position 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 \$324,277 difference are as follows:

Capital outlay.....	\$3,091,719
Depreciation expense	<u>(3,415,996)</u>
Net adjustment to decrease <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net position</i> <i>of governmental activities</i>	<u>\$ (324,277)</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 "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 position. The details of this \$729,000 difference are as follows:

Issuance of general obligation debt	\$3,480,000
Principal repayments – general obligation debt	(1,509,000)
Principal refunded – general obligation debt.....	<u>(2,700,000)</u>
Net adjustment to decrease <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net position</i> <i>of governmental activities</i>	<u>\$ (729,000)</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 \$131,566 difference are as follows:

Deferred revenue – beginning.....	\$ (870,794)
Deferred revenue – ending	<u>1,002,360</u>
Net adjustment to increase <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net</i> <i>position of governmental activities</i>	<u>\$ 131,566</u>

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 \$116,976 difference are as follows:

Decrease in liability for compensated absences.....	\$ 1,550
Decrease in liability for landfill closure	28,200
Deferred outflows of resources.....	24,973
Amortization of current year deferred expense on refunding.....	(10,007)
Amortization of current year bond premium.....	<u>72,260</u>
Net adjustment to increase <i>net change in fund balances -</i> <i>total governmental funds</i> to arrive at <i>change in net position</i> <i>of governmental activities</i>	<u>\$ 116,976</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 \$16,961 difference are as follows:

Accrued interest – beginning.....	\$ 74,599
Accrued interest – ending	<u>(57,638)</u>
Net adjustment to increase <i>net change in fund balances-</i> <i>total governmental funds</i> to arrive at <i>change in net position of</i> <i>governmental activities</i>	<u>\$ 16,961</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

2. BUDGETARY PROCESS

(a) Adoption

The annual budgetary process begins in January each year when the various Town departments and agencies submit their budget requests to the Budget Board. The Budget Board then reviews the requests, holds hearings as necessary, and submits their recommendations to the Manager no later than the first Monday in April.

The Town Manager is responsible for submitting a proposed departmental budget to the Town Council no later than the first Monday in May. At least two (2) public hearings are to be held and concluded by the first Monday in June. The Town Council may revise and adopt its budget no later than June 15th.

There is a provision for item veto by the Manager as well as voter initiative. The level of budgetary control for the General Fund (i.e. the level at which expenditures cannot legally exceed appropriations) is fixed by Council resolution. The resolution authorizes the spending within the total sum appropriated for municipal purposes. At any time during the fiscal year, the Town Council may by resolution transfer part or all of the unencumbered appropriation balance from one department to another department. While this restriction prohibits spending in excess of the authorized budget, the policy enables the Town Council to use unexpended funds within the overall appropriations budget to offset overexpenditures that may arise within a specific budgeted account.

Management may transfer part or all of any unencumbered appropriation balance within its respective department. Budgeted departments are defined by the Town Council through the budget resolution.

Based on State statute, the School Committee is also authorized to spend funds up to the total amount appropriated. The budget of the School Department is prepared annually and submitted by the School Committee to the Budget Board. The amount of the annual transfer from the Town's General Fund to the School Special Revenue Fund is ultimately determined through the adoption of the General Fund budget each year.

Budget appropriations lapse at the end of the fiscal year. There were five supplemental budgetary revisions made during the year totaling \$3,855,167. The increase was due primarily to capital improvement budget appropriations of \$2,939,319.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

2. BUDGETARY PROCESS (Continued)

(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 2018 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 - General School Activities, have been adjusted to a basis consistent with the Town's budget for 2018.

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) (E-8)	\$ 55,867,392	\$ 52,082,276
Less: Transfer from Fund Balance to revenue for current year	(3,855,167)	
Less: School Department revenues included in General Fund Budget	(13,631,812)	
Less: School Department expenditures included in General Fund		(13,631,812)
Activity of funds classified with the General Fund for the purposes of GASB Statement No. 54	<u>281,719</u>	<u>1,483,126</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$ 38,662,132</u>	<u>\$ 39,933,590</u>

A reconciliation of the School Department's General Fund revenues, expenditures and other financing sources (uses) as reported on schedules B-2 and E-9 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 (E-9)	\$32,500,000	\$32,558,238
Less: Current year encumbrances		(71,778)
Add: Prior year encumbrances		34,474
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	<u>1,473,239</u>	<u>1,473,239</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$33,973,239</u>	<u>\$33,994,173</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$28,889,633 while the bank balance was \$30,176,681, of which \$7,281,140 was covered by federal depository insurance and \$22,895,541 was uninsured and collateralized by securities held by the pledging financial institution's trust department in the Town's name.

In addition, at June 30, 2018, the Town had deposits of \$1,028,399 and \$3,071,856 held through Federally Insured Cash Account (FICA) and Insured Cash Sweep Service (ICS), respectively. The FICA and ICS places Town funds at other FDIC insured banks in amounts that do not exceed the FDIC insured maximum. Through the FICA and ICS programs the Town can exclude specific banks to insure the FDIC insured limit is never exceeded at the destination banks.

The following is a reconciliation of the Town's cash and cash equivalents as of June 30, 2018:

	<u>Primary Government</u>	<u>Component Units</u>
Total deposits	\$ 28,658,396	\$231,237
Add: petty cash and cash on hand	18,176	0
Add: Federally Insured Cash Account	1,028,399	0
Add: Insured Cash Sweep	3,071,856	0
Less: fiduciary funds cash (not included in the government-wide financial statements)	<u>(150,586)</u>	<u>0</u>
Total cash and cash equivalents reported in the financial statements (A-1)	<u>\$ 32,626,241</u>	<u>\$231,237</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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

3. DEPOSITS AND INVESTMENTS (Continued)

(b) Investments (Continued)

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, 2018, the Town did not have any material uncollateralized investments.

Concentration of Credit Risk - At June 30, 2018, the Town had substantially all of its investments concentrated in federally insured certificates of deposit. At June 30, 2018, the Town did not have any investments in common stock or other equity investments.

The Town's investments are stated at fair value. As outlined in the Town's investment policy, funds of the Town may be invested in the following instruments:

1. Obligations of the Federal Government, its agencies, and instrumentalities;
2. Top rated obligations of the State of Rhode Island, its agencies, and instrumentalities;
3. Top rated obligations of other states, their agencies, and instrumentalities;
4. Top rated (AAA, AA, A) Municipal Government Securities;
5. Certificates of Deposit and other evidence of deposit at banks, saving banks, national banks or trust companies, loan and investment companies, and credit unions;
6. Prime Bankers' Acceptances;
7. Prime Commercial paper (A1/P1);
8. Prime Corporate and Utility Bonds and/or Notes (BBB or Higher);
9. Collateralized Repurchase Agreements;
10. Prime Money Market Funds whose investments consist of instruments in items 1 - 8 above;
11. State investment pools;
12. No load, open-end diversified management investment companies incorporated under the General Laws of the State and designed exclusively for use by all state and local government entities, agencies, and instrumentalities.

As of June 30, 2018, the Town had the following cash and investments:

<u>Description</u>	<u>Fair Value</u>
Deposits	\$28,889,633
Federally Insured Cash Account	1,028,399
Insured Cash Sweep	3,071,856
Petty cash and cash on hand	18,176
Total cash and investments	<u>\$33,008,064</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

4. TAXES RECEIVABLE

The Town's property tax is levied each June 30, 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, 2016. 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 12% 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 August 1, November 1, February 1, and May 1 following the levy date.

Net property taxes levied for the fiscal year 2018 were based on an assessed value of approximately \$1,683,588,822 at December 31, 2016 and amounted to \$31,973,214. Collections on the 2018 tax levy through June 30, 2018 amounted to \$31,395,158, which represents 98.2% of the total tax levy.

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, 2018 (\$1,450,864) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$476,400. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2018 are recorded as unearned revenue and amounted to \$776,705 at June 30, 2018. Property taxes recognized as revenue for the fiscal year ended June 30, 2018 (due to their collection within the 60 days immediately following June 30, 2018) amounted to \$197,759.

User charges are assessed each year in an amount necessary to cover the projected operating expenses of the Sewer Commission fund for that year. The allowance for uncollectible accounts of the Sewer Commission fund is based on that portion of sewer assessment and user charges and miscellaneous accounts receivable which is estimated to be doubtful of collection, or which may be abated due to appeals now under consideration. In addition, the Sewer Commission has unrecognized assessment receivables of approximately \$303,593. These receivables are only collectible upon the transfer of title to the property.

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

5. INTERGOVERNMENTAL RECEIVABLES AND PAYABLES

Intergovernmental receivables and payables 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	\$ 350,794	
School Department General Fund	32,553	
Non-major funds	625,020	\$ 843
Total	<u>1,008,367</u>	<u>843</u>
Federal government:		
Major funds:		
General Fund	47,196	
School Department General Fund		262
Non-major funds	1,221,308	
Total	<u>1,268,504</u>	<u>262</u>
Other governments:		
Major Funds:		
General Fund	21,755	
Non-major funds	957,226	
Total	<u>978,981</u>	<u>0</u>
Total governmental activities	<u>\$ 3,255,852</u>	<u>\$1,105</u>
Business-type activities:		
State of Rhode Island:		
Sewer Authority		\$4,400
Total	<u>\$ 0</u>	<u>4,400</u>
Federal government:		
School Cafeteria Fund	21,482	
Total	<u>21,482</u>	<u>0</u>
Total business-type activities	<u>\$ 21,482</u>	<u>\$4,400</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

6. INTERFUND BALANCES

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances represent balances resulting from operating advances. The composition of interfund balances at June 30, 2018 is as follows.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities:		
Major funds:		
General Fund	\$ 432,932	\$10,572,811
School Department General Fund	3,373,151	118,377
Non-major funds	<u>7,828,131</u>	<u>852,588</u>
Total governmental activities	<u>11,625,214</u>	<u>11,543,776</u>
Business-type activities:		
Major funds:		
Sewer Authority		15,717
School Cafeteria Fund		339
Non-major funds		<u>65,382</u>
Total business type activities	<u>0</u>	<u>81,438</u>
Balances at June 30, 2018	<u>\$11,625,214</u>	<u>\$11,625,214</u>

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Discretely Presented Component Unit Balances:		
Primary government:		
General fund	\$ 0	\$ 329,861
Discretely presented component units:		
Burrillville Redevelopment Agency	212,624	0
Jesse M. Smith Memorial Library	<u>117,237</u>	<u>0</u>
Balances at June 30, 2018	<u>\$ 329,861</u>	<u>\$ 329,861</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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	\$ 3,212,397			\$ 3,212,397
Construction in progress	1,085,010	\$2,345,710	\$ (998,618)	2,432,102
Total capital assets not being depreciated	4,297,407	2,345,710	(998,618)	5,644,499
Other capital assets:				
Buildings and improvements	76,642,004	374,005		77,016,009
Equipment	2,995,356	47,642		3,042,998
Vehicles	5,046,170	324,362		5,370,532
Infrastructure	22,680,446	998,618		23,679,064
Total other capital assets	107,363,976	1,744,627	0	109,108,603
Less: accumulated depreciation for:				
Buildings and improvements	(28,865,489)	(1,705,671)		(30,571,160)
Equipment	(1,930,504)	(235,582)		(2,166,086)
Vehicles	(3,491,533)	(336,206)		(3,827,739)
Infrastructure	(12,250,677)	(1,138,537)		(13,389,214)
Total accumulated depreciation	(46,538,203)	(3,415,996)	0	(49,954,199)
Other capital assets, net	60,825,773	(1,671,369)	0	59,154,404
Governmental activities capital assets, net	\$ 65,123,180	\$ 674,341	\$ (998,618)	\$ 64,798,903

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

7. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 382,443			\$ 382,443
Construction in progress	7,054,367	\$ 625,555	\$(7,679,922)	
Total capital assets not being depreciated ...	7,436,810	625,555	(7,679,922)	382,443
Other capital assets:				
Leasehold improvements	34,398			34,398
Collection systems	34,714,465	7,679,922		42,394,387
Plant and buildings	8,338,522			8,338,522
Plant equipment	465,151			465,151
Motor vehicles	135,261			135,261
Furniture and equipment	856,502	33,160		889,662
Total other capital assets	44,544,299	7,713,082	0	52,257,381
Less: accumulated depreciation for:				
Leasehold improvements	(33,476)	(804)		(34,280)
Collection systems	(15,528,069)	(549,445)	(4,151)	(16,081,665)
Plant and buildings	(7,351,789)	(63,992)		(7,415,781)
Plant equipment	(246,750)	(24,285)		(271,035)
Motor vehicles	(139,412)		4,151	(135,261)
Furniture and equipment	(534,518)	(54,160)		(588,678)
Total accumulated depreciation	(23,834,014)	(692,686)	0	(24,526,700)
Other capital assets, net	20,710,285	7,020,396	0	27,730,681
Business-type activities capital assets, net	\$28,147,095	\$ 7,645,951	\$(7,679,922)	\$ 28,113,124

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

Governmental activities:	
General government	\$ 231,074
Public safety	175,856
Education	1,249,822
Recreation and social services	366,811
Public works	1,392,433
Total governmental activities depreciation expense	\$3,415,996
Business-type activities:	
Sewer Authority	\$ 634,468
School Cafeteria Fund	3,955
Non-major enterprise funds	54,263
Total business-type activities depreciation expense	\$ 692,686

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

7. CAPITAL ASSETS (Continued)

Discretely Presented Component Units:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Burrillville Redevelopment Agency:				
Capital assets not being depreciated:				
Land	\$217,075			\$217,075
Capital assets, net	<u>\$217,075</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$217,075</u>
Jesse M. Smith Memorial Library:				
Other capital assets:				
Furniture and equipment	\$105,684	\$15,400		\$ 121,084
Less: accumulated depreciation for:				
Furniture and equipment	(38,303)	(8,672)		(46,975)
Other capital assets, net	<u>\$ 67,381</u>	<u>\$(6,728)</u>	<u>\$0</u>	<u>\$ 74,109</u>

8. LONG-TERM LIABILITIES

(a) Change in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2018 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	\$10,886,229	\$3,480,000	\$(4,209,000)	\$10,157,229	\$1,638,619
Plus: bond premium, net of amortization	453,546		(72,260)	381,286	
Total long-term debt	<u>11,339,775</u>	<u>3,480,000</u>	<u>(4,281,260)</u>	<u>10,538,515</u>	<u>1,638,619</u>
Other long-term liabilities:					
Compensated absences	1,033,981	334,642	(336,192)	1,032,431	122,000
Landfill closure and post-closure costs	860,100		(28,200)	831,900	47,700
Total other long-term liabilities	<u>1,894,081</u>	<u>334,642</u>	<u>(364,392)</u>	<u>1,864,331</u>	<u>169,700</u>
Governmental activities long-term liabilities	<u>\$13,233,856</u>	<u>\$3,814,642</u>	<u>\$(4,645,652)</u>	<u>\$12,402,846</u>	<u>\$1,808,319</u>

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

8. LONG-TERM LIABILITIES (Continued)

(a) Change in Long-Term Liabilities (Continued):

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance, As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type activities:					
Long-term debt:					
General obligation debt.....	\$8,062,000		\$(477,000)	\$7,585,000	\$479,000
Total long-term debt	<u>8,062,000</u>	<u>\$ 0</u>	<u>(477,000)</u>	<u>7,585,000</u>	<u>479,000</u>
Other long-term liabilities:					
Capital lease	122,410		(22,428)	99,982	23,411
Compensated absences	93,849	49,399	(72,149)	71,099	7,100
Net OPEB obligation.....	25,440	149		25,589	
Total other long-term liabilities.....	<u>241,699</u>	<u>49,548</u>	<u>(94,577)</u>	<u>196,670</u>	<u>30,511</u>
Total business-type activities.....	<u>\$8,303,699</u>	<u>\$ 49,548</u>	<u>\$(571,577)</u>	<u>\$7,781,670</u>	<u>\$509,511</u>

GASB requires bonds, notes and other long-term liabilities directly related to and expected to be paid from proprietary funds to be included in the accounts of such funds. Based on the Sewer Commission resolution dated May 9, 2006, the Sewer Authority committed to repaying the cost of the Sewer bonds and all interest associated therewith from its user charges. Therefore, these bonds are specific fund liabilities of the Sewer Authority even though they are general obligation bonds backed by the full faith and credit of the Town.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds and Notes Outstanding

At June 30, 2018, the Town's bonds and notes 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, 2017</u>	<u>Issued</u>	<u>Refunded</u>	<u>Paid</u>	<u>Outstanding June 30, 2018</u>
Sewer bonds:	11/13/03	\$5,600,000	9/1/24	1.410%	\$ 2,723,000			\$ 317,000	\$2,406,000
	11/1/06	400,000	11/1/26	4.0% - 5.0%	200,000	\$ 200,000		0	0
	Subtotal				2,923,000	\$ 0	200,000	317,000	2,406,000
Refunding bonds:	10/1/02	9,145,000	7/15/17	2.5% - 5.0%	305,000			305,000	0
	12/22/15	3,380,000	5/15/26	3.0% - 5.0%	3,025,000			350,000	2,675,000
	9/7/17	2,780,000	11/1/26	2.015%	0	2,780,000		325,000	2,455,000
	Subtotal				3,330,000	2,780,000		980,000	5,130,000
Library bonds:	11/1/06	5,000,000	11/1/26	4.0% - 5.0%	2,500,000		2,500,000		0
Landfill bonds:	6/24/10	2,160,000	9/1/25	0.27% - 2.79%	1,296,000			144,000	1,152,000
Road bonds:	8/29/14	680,000	9/1/25	0.30% - 1.85%	612,000			68,000	544,000
Water bonds:	6/19/18	700,000	9/1/37	1.0% - 2.710%	0	700,000		0	700,000
	Subtotal general obligation bonds				10,661,000	3,480,000	2,700,000	1,509,000	9,932,000
Note payable:	5/20/09	610,000	5/20/19	None	225,229	0	0	0	225,229
	Total general obligation debt				\$10,886,229	\$ 3,480,000	\$2,700,000	\$1,509,000	\$10,157,229

BUSINESS-TYPE ACTIVITIES

Sewer bonds:	12/21/06	\$3,500,000	9/1/27	1.165% - 1.315%	\$ 1,925,000			\$ 175,000	\$1,750,000
	7/30/15	3,700,000	9/1/34	0.53% - 2.67%	3,537,000			165,000	3,372,000
	6/2/16	2,600,000	9/1/35	0.31% - 2.24%	2,600,000			137,000	2,463,000
	Total general obligation debt				\$ 8,062,000	\$ 0	\$ 0	\$ 477,000	\$7,585,000

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds and Notes Outstanding (Continued)

During the fiscal year ended June 30, 2018, the Town retired \$1,509,000 in principal for the governmental activities and \$477,000 in principal for the business-type activities on its existing outstanding bonds and loans. The Town also refunded \$2,700,000 of prior year general obligation bonds as described below.

During the fiscal year ended June 30, 2018, the Town incurred the following interest expense:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Sewer bonds	\$ 54,210	\$30,416
Refunding bonds.....	179,847	
Landfill bonds.....	28,735	
Road bonds.....	10,611	
Total	<u>\$273,403</u>	<u>\$30,416</u>

Interest expense for the business-type activities does not include capitalized interest of \$129,042.

The Town has issued seven bonds under the Maximum Aggregate Indebtedness provision (3% Debt Limit) of the Rhode Island General Laws 45-12-2. The seven bonds issued consisted of a 2006 \$3,500,000 Wastewater bond issue, a 2010 \$2,160,000 Landfill bond issue, a 2014 \$680,000 Road bond issue, a 2015 \$3,700,000 Wastewater bond issue, a 2016 \$2,600,000 Wastewater bond issue, a 2015 \$3,380,000 Refunding bond issue; and a \$700,000 Drinking Water bond issue. All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

(c) Long-Term Liability Activity

2017 General Obligation Refunding Bonds

On September 7, 2017, the Town issued the 2017 General Obligation Refunding Bonds in the amount of \$2,780,000. The bond requires interest at 2.015% and annual principal payments beginning November 1, 2017 through November 1, 2026.

The Town issued the 2017 Refunding Bonds to advance refund the 2006 Series A General Obligation Bonds which had an outstanding principal balance of \$2,700,000 and interest rates ranging from 4.00% to 5.00%. Under terms of the refunding agreement, the proceeds of the 2017 Refunding Bond were deposited in an escrow account pledged solely for the benefit of holders of the 2006 Series A Bonds. As a result, the 2006 Series A Bonds are considered defeased, and the Town has removed the liability from its accounts. The 2006 Series A Bonds were redeemed in full from the escrow deposits on October 10, 2017.

The Town completed the September 7, 2017 refunding to reduce its total debt service payments over the next ten years by \$232,909 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$210,558.

Since the Series 2006 Bonds have, in effect, been redeemed under the defeasance, they are no longer outstanding under the Town's bond resolution and therefore, the liability for those bonds and related escrow funds are not reflected in the June 30, 2018 financial statements.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

8. LONG-TERM LIABILITIES (Continued)

(c) Long-Term Liability Activity (Continued)

2018 Water System Improvement Bond

On June 19, 2018, the Town issued a \$700,000 bond financed through the Rhode Island Infrastructure Bank to provide financing for improvements to the Town's municipal water system. The bond requires interest at rates varying between 1.00% to 2.71% and annual principal payments beginning September 1, 2018 through September 1, 2037.

The "Water System Improvements" capital project fund was established to account for the water line extension at the Route 102 / Daniele Drive intersection with Broncos Highway (Route 102). The Harrisville Fire District and Industrial Foundation of Burrillville are also participating in this project.

Burrillville Redevelopment Agency

On February 12, 2018, the Burrillville Redevelopment Agency (BRA) borrowed \$90,000 from the Industrial Foundation of Burrillville. The term of the promissory note is seven years and requires interest at 2.00%, commencing March 1, 2018. Principal and interest payments totaling \$3,452.55 are due quarterly beginning June 1, 2018, with a final payment due March 1, 2025. The note may be prepaid anytime without penalty.

Annual principal and interest requirements on the promissory note are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$12,162	\$1,648	\$13,810
2020	12,405	1,405	13,810
2021	12,656	1,154	13,810
2022	12,911	899	13,810
2023	13,171	639	13,810
2024	13,437	373	13,810
2025	<u>10,255</u>	<u>103</u>	<u>10,358</u>
Total.....	<u>\$86,997</u>	<u>\$6,221</u>	<u>\$93,218</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

8. LONG-TERM LIABILITIES (Continued)

(d) Note Payable

On May 20, 2009, the Town entered into a \$610,000 promissory note with the Industrial Foundation of Burrillville (a Rhode Island nonprofit corporation) related to the purchase of real estate for future Town development. The note is interest-free and matures no later than May 20, 2019. Notwithstanding the May 20, 2019 maturity date, the note requires all proceeds from the sale of certain Town owned lots in Commerce Park to be applied immediately against the outstanding loan principal. Any remaining balance is due on May 20, 2019. Due to the sale of Town property, a principal payment of \$384,771 was made during the fiscal year ended June 30, 2012. The outstanding balance of the note payable was \$225,229 at June 30, 2018. The loan may be prepaid at any time without penalty.

(e) Capital Leases

The Levy Rink has a lease agreement for financing the acquisition of an ice resurfacing machine. The assets acquired through the capital lease is as follows:

Business-type Activities

	<u>Levy Rink</u>
Assets:	
Equipment.....	\$285,260
Less: accumulated depreciation	<u>(123,776)</u>
Total	<u>\$161,484</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, 2018:

<u>Fiscal year ending</u> <u>June 30:</u>	<u>Business-type</u> <u>Activities</u>
2019	\$ 27,793
2020	27,793
2021	27,793
2022	<u>27,793</u>
Total minimum lease payments	111,172
Less: amount representing interest.....	<u>(11,190)</u>
Present value of future minimum lease payments	<u>\$ 99,982</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

8. LONG-TERM LIABILITIES (Continued)

(f) Debt Service Requirements

At June 30, 2018, the Town has remaining authorized but unissued bond authority of \$500,000 for Open Space Recreation Projects.

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

<u>Year Ending June 30.</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,401,229	\$ 274,752	\$ 1,675,981
2020	1,173,000	252,916	1,425,916
2021	1,207,800	217,785	1,425,585
2022	1,209,800	182,145	1,391,945
2023	1,206,800	146,066	1,352,866
2024	1,204,800	109,872	1,314,672
2025	1,202,800	73,427	1,276,227
2026	835,800	40,740	876,540
2027	288,800	15,097	303,897
2028	38,800	11,660	50,460
2029	38,800	10,694	49,494
2030	38,800	9,662	48,462
2031	38,800	8,593	47,393
2032	38,800	7,493	46,293
2033	38,800	6,359	45,159
2034	38,800	5,202	44,002
2035	38,800	4,036	42,836
2036	38,800	2,882	41,682
2037	38,800	1,733	40,533
2038	38,400	578	38,978
Total	\$10,157,229	\$1,381,695	\$11,538,924

<u>Year Ending June 30.</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 479,000	\$ 162,727	\$ 641,727
2020	481,000	155,860	636,860
2021	483,000	148,537	631,537
2022	486,000	140,699	626,699
2023	489,000	132,295	621,295
2024	493,000	123,392	616,392
2025	497,000	114,073	611,073
2026	501,000	104,206	605,206
2027	506,000	93,540	599,540
2028	511,000	82,085	593,085
2029	341,000	71,609	412,609
2030	347,000	62,210	409,210
2031	354,000	52,338	406,338
2032	360,000	42,044	402,044
2033	367,000	31,367	398,367
2034	374,000	20,462	394,462
2035	382,000	9,331	391,331
2036	134,000	1,836	135,836
Total	\$7,585,000	\$1,548,611	\$9,133,611

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

9. FUND EQUITY

(a) Fund Balance Constraints

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

	<u>General Fund</u>	<u>School Department</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Perpetual care			\$ 82,309	\$ 82,309
Endowments			26,000	26,000
Tax sale property	\$ 298,829			298,829
<i>Restricted for:</i>				
Town Clerk			83,626	83,626
Police department			71,325	71,325
Recreation			207,883	207,883
Education			492,354	492,354
Community development			65,320	65,320
<i>Committed to:</i>				
Recycling program	50,695			50,695
Revaluation project	195,195			195,195
Recreational programs			130,561	130,561
Debt service	764,850			764,850
Capital projects	215,433		8,676,613	8,892,046
Unfunded liability and incentive pay	168,910			168,910
Employee benefits	1,057,896			1,057,896
Subsequent year's budget	2,318,714	\$115,000		2,433,714
Professional services			628,369	628,369
<i>Assigned for:</i>				
Educational programs	133,123	642,386		775,509
<i>Unassigned</i>	8,719,116		(1,016)	8,718,100
<i>Total Fund Balances</i>	<u>\$13,922,761</u>	<u>\$757,386</u>	<u>\$10,463,344</u>	<u>\$25,143,491</u>

(b) Fund Deficits

The following fund had a fund equity deficit balance at June 30, 2018:

Dog Park	\$1,016
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The Town's policy is to cover deficit fund equity balances through General Fund contributions.

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TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

9. FUND EQUITY (Continued)

(c) Fund Deficits

The following individual funds had deficits for the year ended June 30, 2018:

Major Funds:

General Fund	\$ 70,051
Less: funds classified with the General Fund for purposes of GASB 54	<u>1,201,407</u>
Net General Fund deficit	1,271,458

School Department	20,934
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School Cafeteria Fund	3,887
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Non-major governmental activities:

Special Revenue Funds:

Animal Shelter Donation Account	3,692
Community Emergency Response Training	774
Ocean State Power Funds	9,094
Snack Pack Program	283

Capital Project Funds:

Dog Park	1,016
Oakland/Mapleville Bike Path	8,812
Major Capital	1,592,466

Proprietary Funds:

Extended Day Care	486
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TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

9. FUND EQUITY (Continued)

(d) Restatement

As disclosed in Note 2, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. GASB Statement No. 75 has substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be reported on the employer's financial statement rather than a footnote disclosure.

GASB No. 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB No. 75 requires a liability to be recorded for OPEB obligations, known as the NET OPEB Liability, on the statement of net position of participating employers. Changes in the Net OPEB Liability will be immediately recognized as OPEB expenses on the statement of activities or reported as deferred inflows/outflows of resources depending on the nature of the change.

The following restatements were recorded to the beginning net position of the governmental and business-type activities due to the implementation of GASB Statement No. 75.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position as of June 30, 2017, as previously reported.....	\$54,339,076	\$25,103,228
Adjustments:		
Net other post-employment benefit liability (asset), as previously reported as of June 30, 2017	(9,158)	2,834
Actual net other post-employment benefit liability per GASB No. 75 as of June 30, 2017	<u>(4,200,675)</u>	<u>(25,440)</u>
Net position as of July 1, 2017, as restated.....	<u>\$50,129,243</u>	<u>\$25,080,622</u>

10. DEFINED BENEFIT PENSION PLANS

(a) Municipal Employees' Retirement System

General Information about the Pension Plan

Plan Description - The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Benefits Provided

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

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

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

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

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

General Employees

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

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

General Employees (Continued)

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

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

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

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

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

Police and Fire Employees

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

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

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

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

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

Police and Fire Employees (Continued)

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

Prior to July 1, 2012, some units had specific provisions that apply only to that unit. Per section 45-21.2-5 benefits for members eligible to retire prior to June 30, 2012 are preserved for the calculation of the retirement benefits. For service accrued after July 1, 2012, retirement benefits will be calculated in accordance with section 45-21.2-2 and adjustments to benefits will be provided as set forth in 45-21-52. Under these special provisions, the retirement benefit for members eligible to retire on or before June 30, 2012 and having 20 or more years of service is improved. The new formula is 60.00% x Final Average Compensation (FAC), plus 1.50% x FAC x Years of Service in Excess of 20, with a maximum benefit equal to 75% of FAC. In addition to this benefit change, the member contribution rate increased from 9.00% to 10.20%.

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

Other benefit provisions

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

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

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

- (a) The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.
- (b) Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%
- (c) The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

10. DEFINED BENEFIT PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

Employees covered by benefit terms.

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	<u>General Employees</u>	<u>Police Employees</u>
Retirees and Beneficiaries	102	18
Inactive, Nonretired Members	42	3
Active Members	141	23
Total	285	44

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Public safety employees are required to contribute 10% of their salaries. The Town of Burrillville contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Burrillville contributed \$480,821 in the year ended June 30, 2018 for general employees and \$309,733 for public safety employees, which was 7.40% and 19.43% of annual covered payroll, respectively.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2017 measurement date (June 30, 2016 valuation rolled forward to June 30, 2017)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.50%
Mortality	<ul style="list-style-type: none">• Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.• Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

10. DEFINED BENEFIT PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

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

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

<u>Asset Class</u>	<u>Long-Term Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Global Equity		
U.S. Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset) - General Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 28,191,182	\$ 26,053,428	\$ 2,137,754
Changes for the Year			
Service cost	574,233		574,233
Interest on the total pension liability	2,077,583		2,077,583
Changes in benefits			
Difference between expected and actual experience	(196,024)		(196,024)
Changes in assumptions	1,414,072		1,414,072
Employer contributions		505,102	(505,102)
Employee contributions		201,088	(201,088)
Net investment income		2,973,434	(2,973,434)
Benefit payments, including employee refunds	(1,554,384)	(1,554,384)	
Administrative expense		(28,092)	28,092
Other changes		(151,230)	151,230
Net changes	2,315,480	1,945,918	369,562
Balances as of June 30, 2017	\$ 30,506,662	\$ 27,999,346	\$ 2,507,316

Changes in the Net Pension Liability (Asset) - Police Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2016	\$ 11,559,287	\$ 9,102,882	\$ 2,456,405
Changes for the Year			
Service cost	300,347		300,347
Interest on the total pension liability	855,725		855,725
Changes in benefits			
Difference between expected and actual experience	392,564		392,564
Changes in assumptions	685,079		685,079
Employer contributions		329,218	(329,218)
Employee contributions		151,157	(151,157)
Net investment income		1,066,189	(1,066,189)
Benefit payments, including employee refunds	(599,582)	(599,582)	
Administrative expense		(10,073)	10,073
Other changes		(24)	24
Net changes	1,634,133	936,885	697,248
Balances as of June 30, 2017	\$ 13,193,420	\$ 10,039,767	\$ 3,153,653

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
General Employees	\$ 6,035,968	\$ 2,507,316	\$ (120,305)
Police Employees	\$ 4,671,468	\$ 3,153,653	\$ 2,023,471

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2018, the employer recognized pension expense of \$830,949 for the general employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>General Employees</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 640,919
Changes in assumptions	1,203,071	
Net difference between projected and actual earnings on pension plan investments	1,741,372	1,208,808
Contributions subsequent to measurement date		
	480,821	
Total	<u>\$3,425,264</u>	<u>\$1,849,727</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources totaling \$480,821 related to pensions resulting from the Town of Burrillville's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ 116,375
2020	569,634
2021	402,966
2022	<u>5,741</u>
Total	<u>\$1,094,716</u>

For the year ended June 30, 2018 the employer recognized pension expense of \$344,405 for the police employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Police Employees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 331,288	\$ 580,307
Changes in assumptions	578,144	25,430
Net difference between projected and actual earnings on pension plan investments	598,210	432,093
Contributions subsequent to measurement date	<u>309,733</u>	<u> </u>
Total	<u>\$1,817,375</u>	<u>\$1,037,830</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources totaling \$309,733 related to pensions resulting from the Town of Burrillville's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$ 7,258
2020	128,694
2021	60,638
2022	40,643
2023	164,202
Thereafter	<u>68,377</u>
Total	<u>\$ 469,812</u>

(b) Employees' Retirement System

General Information about the Pension Plan

Plan description - Certain employees of the Burrillville School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

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

(CONTINUED)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Benefit provisions – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2018, Burrillville School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the Burrillville School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by Burrillville School Department; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the State and Burrillville School Department, respectively. The Burrillville School Department contributed \$1,991,879, \$1,861,155, and \$1,936,089, for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year. 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 and amounted to \$1,473,239 for fiscal year 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the Burrillville School Department reported a liability of \$25,703,094 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Burrillville School Department as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Burrillville School Department were as follows:

Burrillville School Department proportionate share of the net pension liability	\$25,703,094
State's proportionate share of the net pension liability associated with the Burrillville School Department	<u>19,425,363</u>
Total net pension liability	<u>\$45,128,457</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The Burrillville School Department's proportion of the net pension liability was based on a projection of the Burrillville School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2017 the Burrillville School Department proportion was 0.81491404%.

For the year ended June 30, 2018, the Burrillville School Department recognized gross pension expense of \$3,527,480 and revenue of \$1,637,390 for support provided by the State. At June 30, 2018, the Burrillville School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources	
Contributions subsequent to the measurement date	\$2,128,625
Changes in assumptions	2,244,795
Net difference between projected and actual earnings on pension plan investments	1,988,772
Changes in proportion and differences between employer contributions and proportionate share of contributions	160,874
Total	\$6,523,066
Deferred inflows of resources	
Change of assumptions	\$ 405,041
Differences between expected and actual experience	609,360
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,010,544
Net difference between projected and actual earnings on pension plan investments	1,339,494
Total	\$4,364,439

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Deferred outflows of resources totaling \$2,128,625 related to pensions resulting from the Burrillville School Department's contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (134,276)
2020	293,647
2021	(23,055)
2022	(474,844)
2023	49,028
Thereafter	319,501
Total	\$ 30,001

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

Inflation	2.5%
Salary increases	3.0% to 13.5%
Investment rate of return	7.0%

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

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Long-Term Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Global Equity		
U.S. Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

Discount rate - the discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$32,302,648	\$25,703,094	\$20,787,476

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

(c) Teachers' Survivors Benefit Plan

General Information about the Pension Plan

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

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at www.ersri.org.

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

General Information about the Pension Plan (Continued)

Eligibility and plan benefits (Continued)

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse's Benefit</u>
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Burrillville School Department contributed \$24,725, \$20,722, and \$20,010 for the fiscal years ended June 30, 2018, 2017, and 2016, respectively, equal to 100% of the required contributions for each year.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the Burrillville School Department reported an asset of \$2,827,278 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Burrillville School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016, the Burrillville School Department's proportion was 3.41762439%.

For the year ended June 30, 2018, the Burrillville School Department recognized pension expense of \$560,891. At June 30, 2018, the Burrillville School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources	
Contributions subsequent to the measurement date	\$ 24,725
Differences between expected and actual experience	557,984
Changes in assumptions	465,769
Net difference between projected and actual investment earnings	650,017
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,169
Total	<u>\$1,800,664</u>
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	\$469,380
Changes in proportion and differences between employer contributions and proportionate share of contributions	234,852
Differences between expected and actual experience	594,120
Total	<u>\$1,298,352</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred inflows of resources totaling \$24,725 related to pensions resulting from the Burrillville School Department contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 81,792
2020	220,805
2021	119,453
2022	(29,652)
2023	52,940
Thereafter	32,249
Total	\$ 477,587

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

Inflation	2.55%
Salary increases	3.0% to 13.5%
Investment rate of return	7.0%

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

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

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

(CONTINUED)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Long-Term Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Global Equity		
U.S. Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

Discount rate - the discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$(1,933,779)	\$(2,827,278)	\$(3,492,465)

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

11. DEFINED CONTRIBUTION PENSION PLAN

Defined Contribution Plan Description:

Certain employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Contribution rates for general employees, public safety employees, teachers, and the employer were as follows for the fiscal year ended June 30, 2018:

	<u>Employee Contribution</u>	<u>Employer Contribution</u>
General employees with more than 20 years of service on July 1, 2012	No DC plan contributions after July 1, 2015	
General employees that had less than 20 years of service on July 1, 2012	5%	1% to 1.5% depending on years of service
Public safety employees	No DC plan participation	
Teachers with more than 20 years of service on July 1, 2012	No DC plan contributions after July 1, 2015	
Teachers that had less than 20 years of service on July 1, 2012	7%	3% to 3.5% depending on years of service

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

11. DEFINED CONTRIBUTION PLAN (Continued)

Defined Contribution Plan Description (Continued):

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

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

The Town of Burrillville recognized pension expense of \$31,795, for the fiscal year ended June 30, 2018. Town of Burrillville plan members contributed \$151,716 during the fiscal year ended June 30, 2018. The Burrillville School Department recognized pension expense of \$302,640 and \$27,506 for teachers and general employees, respectively for the fiscal year ended June 30, 2018. Burrillville School Department plan members contributed \$904,577 during the fiscal year ended June 30, 2018.

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

12. CONTINGENT LIABILITIES

Board of Administration

The Town is committed under an agreement for the rental of the Town Hall facilities. The terms are determined by the Board of Administration on an annual basis as provided under the will of Austin T. Levy. Total payments made for fiscal year ending June 30, 2018 totaled \$164,120. Total payments to be made for fiscal year ending June 30, 2019 total \$164,120.

School Department

The School Department has contracted with DATTCO, Inc. to have bus service provided for students through the last day of school in June 2018. The annual payment on this contract varies from year to year based on the transportation needs of the department. There is a 2.8% increase each year on the cost per bus as dictated by the bus transportation contract with DATTCO, Inc. Busing costs associated with this agreement totaled approximately \$2,072,800 for the year ended June 30, 2018.

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 2018 because Town officials are of the opinion that, based upon prior years' experience, any claims relating to this period will be immaterial.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

12. CONTINGENT LIABILITIES (Continued)

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.

13. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town's OPEB Plan is a single-employer defined benefit plan offering healthcare benefits that are administered by the Rhode Island Interlocal Risk Management Trust. The Town provides post employment healthcare benefits to eligible retirees in accordance with the various labor contracts and personnel policies. As of June 30, 2017, 329 individuals (302 active employees and 27 retirees plus beneficiaries) were participating in the Plan. Since 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, Clarity in Numbers, LLC, 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, 2017. The plan does not issue a stand-alone 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. For the most part, participating retirees pay 100% of the cost of the health plan with one exception as identified in *Benefit/Cost Sharing* below. Contributions are recognized when due on a pay-as-you-go basis, pursuant to formal budgetary commitments and contractual requirements.

Benefit Provisions and Contributions:

The Town offers family or individual 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.

Plan Type: **Medical:** Self funded health insurance through the Rhode Island Interlocal Risk Management Trust.

Eligibility: Employees are eligible for medical benefits upon retirement if enrolled in the active medical plan immediately prior to retiring. Employees are eligible as follows:

Council 94/School – NonCertified/Waste Water/Municipal NonUnion(Including Library)

Years of Service as of July 1, 2012	Benefit Start Date
Less than 5	Normal Social Security Age
Between 5 and 30	59
30 or more	Any age

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Benefit Provisions and Contributions (Continued):

Eligibility (Continued):

School (Certified): Age 60 and 10 years of service, or 28 years of service at any age.

Police: Age 55 and 25 years of service.

Benefit/Cost Sharing:

All eligible employees may elect coverage in the Plan until age 65. Coverage beyond age 65 is provided only to School retirees who retired prior to August 31, 1997. Spouses may be covered for as long as the retiree is covered (i.e., until retiree attains age 65). The retiree is responsible for paying a portion of the premium as follows:

Municipal Council 94: If a retiree has at least 20 years of service, then the Town covers 100% of the premium for a single plan for five years. If a retiree has less than 20 years of service, the retiree is responsible for 100% of the medical premium. If the retiree was hired on or after July 1, 2006, then he or she is required to pay a co-share of \$40 every two weeks for the first five years.

Municipal non-union (including Library): If a retiree has at least 20 years of service, then the Town covers 100% of the premium for a single plan for the first five years. If the retiree was hired on or after July 1, 2006, then he or she is required to pay a co-share of \$40 every two weeks for the first five years. If a retiree has less than 20 years of service, the retiree is responsible for 100% of the medical premium.

Municipal Council 94 and Police participants who retired prior to July 1, 2012 have been grandfathered in under the prior coverage: If a retiree has less than 15 years of service, then he or she must pay 100% of the premium. If a retiree has at least 15 years of service, then the Town pays 100% of the premium for the first two years of retirement, 50% of the premium for the next two years of retirement, and 0% thereafter.

School (certified and non-certified): The retiree is responsible for 100% of the premium cost.

Police: The Town pays 100% of the premium for a single plan for five years minus the retiree co-share listed below:

Date of hire:	Before July 1, 2005	Between July 1, 2005 and December 31, 2009	After December 31, 2009
Co-share:	None	\$40 every two weeks	15% of the premium

Wastewater: The retiree is responsible for 100% of the premium cost.

Dental Coverage: Dental benefits are offered to some groups, with the retiree responsible for paying 100% of the premium.

The Plan provides "spousal benefits" for all Plan members. The Plan does not provide a "surviving spouse benefit" for any of its Plan members.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Classes of Employees Covered

As of July 1, 2017 membership data was as follows:

Active Employees	302
Retirees plus beneficiaries	<u>27</u>
Total Plan Members	<u>329</u>

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

	<u>General Government</u>	<u>Sewer</u>
Total OPEB liability	\$ 4,155,473	\$25,589
Plan fiduciary net position	<u>0</u>	<u>0</u>
Town's net OPEB liability	<u>\$ 4,155,473</u>	<u>\$25,589</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%

The Town of Burrillville's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher. Rates were taken from the S&P municipal bond 20 year high grade rate index as of the measurement date.

Changes in the Net OPEB Liability:

		General Employees <u>Increase (Decrease)</u>	
	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balances as of June 30, 2017	\$ 4,200,675	\$ 0	\$ 4,200,675
Changes for the Year			
Service cost	106,149		106,149
Interest on the total OPEB liability	113,564		113,564
Changes in assumptions	(244,656)		(244,656)
Employee contributions	252,761	252,761	0
Employer contributions		20,259	(20,259)
Benefit payments	(273,020)	(273,020)	0
Net changes	(45,202)	0	(45,202)
Balances as of June 30, 2018	\$ 4,155,473	\$ 0	\$ 4,155,473

		Sewer <u>Increase (Decrease)</u>	
	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balances as of June 30, 2017	\$ 25,440	\$ 0	\$ 25,440
Changes for the Year			
Service cost	293		293
Interest on the total OPEB liability	689		689
Changes in assumptions	(833)		(833)
Employee contributions			
Employer contributions			
Benefit payments			
Net changes	149	0	149
Balances as of June 30, 2018	\$ 25,589	\$ 0	\$ 25,589

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, calculated using the discount rate of 3.13%, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13%) or 1 percentage point higher (4.13%) than the current rate.

	<u>1% Decrease</u> <u>2.13%</u>	<u>Current Discount Rate</u> <u>3.13%</u>	<u>1% Increase</u> <u>4.13%</u>
Net OPEB Liability	\$4,553,014	\$4,181,062	\$3,851,507

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, calculated using the current healthcare cost trend rates as well as what the Town's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$3,782,843	\$4,181,062	\$4,644,384

Funded Status and Funding Progress

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 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.

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used in the July 1, 2016 funding valuation:

Discount Rate.....	3.13% for determining fiscal 2018 disclosure
Actuarial Cost Method.....	Entry Age Normal
Amortization Method	Level Percent
Initial medical inflation rate.....	7.35%
Ultimate medical inflation rate.....	4.50%
Year when ultimate inflation rate reached	2037
Asset Valuation Method	N/A
Mortality Table.....	RP-2014 Combined Mortality Table backed off to 2006 and projected generationally with Scale MP- 2018
Salary Increase	2.50%

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

14. MAJOR TAX REVENUE SOURCE

The Town of Burrillville had a tax treaty and agreement with TransCanada/Ocean State Power (OSP), an electric generating facility, which required OSP to pay the Town annual fixed payments in lieu of taxes. As of December 31, 2011, the agreement with OSP expired and OSP has been included in the tax levy.

OSP exercised its right to appeal the tax levy. Ocean State Power then filed four lawsuits in Superior Court challenging the valuation of its property, for the tax years 2011 through 2014.

The Town vigorously defended those suits. The 2011 suit was scheduled for trial on March 28, 2016. On December 9, 2015, the parties signed a settlement regarding all claims by Ocean State Power. The settlement resulted in the dismissal of all claims and suits with no refunds of any taxes or payments of interest to Ocean State Power. In addition, the parties executed a new tax agreement for six (6) years using an agreed assessed valuation of \$160 million. The parties also executed a new tax agreement that will take effect if Ocean State Power builds a new plant.

In June 2017, LS Power Equity Advisors LLC acquired the Ocean State Power facility along with three other generating facilities from TransCanada Corporation.

15. DEFERRED COMPENSATION PLAN

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to all municipal employees, permits the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town Council is responsible for establishing or amending the Plan's provisions and establishing or amending contribution requirements. The defined contribution Plan is currently administered by Voya Financial and AXA Equitable Financial Services, LLC.

The Town has implemented the Governmental Accounting Standards Board, Statement No. 32, "Accounting for Internal Revenue Code Section 457 Deferred Compensation Plans." All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have not been included in the Town's financial statements for the year ended June 30, 2018. Employees are allowed to make contributions to the Plan up to IRC limits, currently \$18,500 (\$24,500 if age 50 or older). There is no Town required contribution and no additional obligation incurred by the Town as a result of the employee contributions. Employee contributions to the Plan for the year ended June 30, 2018 were \$81,865. The Town has an obligation to prudently manage these monies.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

16. RISK MANAGEMENT

The Town of Burrillville is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a 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 signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims 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. There have been no reductions in insurance coverage from the previous year. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past 31 fiscal years.

During the fiscal year ended June 30, 2018, the Town paid premiums of \$115,584 for workers' compensation coverage and \$171,858 for property and liability coverage.

At June 30, 2018, the Trust held reserves for future payments of open cases of \$140,012 for property and liability claims and \$6,527 for workers compensation claims for the Town of Burrillville. 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, 2018, the Town believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

The above reserves do not include reserves for any claims associated with the School Department or Sewer Commission Fund because they are treated by the Trust as separate entities having their own coverage.

17. 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. During the year ended June 30, 2018, the interfund transfers were primarily to transfer budgeted amounts to the School Department for operations and to a capital project fund.

Interfund transfers for fiscal year ended June 30, 2018 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major funds:		
General Fund	\$ 343,513	\$22,096,702
School Department	18,868,188	149,000
Non-major funds	3,990,001	1,000,000
Total governmental activities	<u>\$23,201,702</u>	<u>\$23,245,702</u>
 Business-type activities:		
Non-major funds	\$ 44,000	
Total business-type activities	<u>\$ 44,000</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

18. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The Town accounts for its postclosure care costs under GASB Statement No. 18. This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," which establishes closure requirements for all municipal solid waste landfills (MSWLF's) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for MSWLF's that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and postclosure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

The Town utilizes the General Fund to account for closure and postclosure care costs of its two closed landfills (Clear River Road and Whipple Avenue). The Clear River Road landfill was closed in 1991. Postclosure monitoring costs are estimated at \$14,900 per year for the remaining three years.

The Whipple Avenue landfill was closed in 1976. During fiscal year 2008, the Town, in accordance with state and federal regulations, entered into a voluntary compliance program which required the Town to place a final cover on the landfill and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The landfill capping project was completed in fiscal year 2011. Postclosure monitoring costs are estimated at \$32,800 per year for the remaining 24 years. These estimates are based on an independent evaluation of the cost to perform closure and postclosure monitoring. These estimates are subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations. Annual postclosure monitoring costs are expected to be funded through General Fund appropriations.

The Town has summarized landfill closure and post closure care costs as follows:

<u>Town Landfill</u>	<u>Year of Closure</u>	<u>Remaining Capping Cost (Estimate)</u>	<u>Monitoring Costs (Estimate)</u>	<u>Years Remaining</u>	<u>Projected Liability</u>	<u>Short-Term Liability</u>	<u>Long-Term Liability</u>
Clear River Road	1991	N/A	\$14,900	3	\$ 44,700	\$14,900	\$ 29,800
Whipple Avenue	1976	N/A	32,800	24	787,200	32,800	754,400
			<u>\$47,700</u>		<u>\$831,900</u>	<u>\$47,700</u>	<u>\$784,200</u>

19. 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).

(CONTINUED)

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

19. PUBLIC ENTITY RISK POOL (Continued)

The Health Pool (Continued)

Using the rate calculations prepared by the Trust, 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 1) at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool, and 2) with the intent that over the long term each member is contributing its fair share. 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 participation in the Pool at its discretion, but a withdrawal may only be effective on June 30th of any year. Any election to terminate participation in the Pool requires a written notification to the Trust of such intent to withdraw no later than May 1st or two (2) months prior to the policy expiration date, whichever date is earlier. Liquidated damages would be assessed at the time of departure 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, 2018, unaudited results indicate that the Pool generated \$128,051,277 in revenues and had a change in net position, revenues less expenses, of \$428,540. The Pool had \$56,378,529 in total assets and \$30,783,379 in total equity as of June 30, 2018.

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, 2018, the Pool's membership consisted of 47 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.

20. SUBSEQUENT EVENTS

Tax Agreement

On November 3, 2016, the Town of Burrillville approved a tax agreement with Clear River Energy LLC, an electric generating facility (power plant) proposed for Wallum Lake Road in Pascoag. Much of the revenue from the tax agreement is subject to the state's Energy Facility Siting Board permitting the plant. The Town opposes the plant and has engaged in a lengthy and costly battle to convince the state to deny the application to site the Clear River Energy Center in Burrillville.

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20. SUBSEQUENT EVENTS (Continued)

Tax Agreement (Continued)

Part of the tax agreement provides for payments of \$3,675,000 to the Town before the project is approved. Of that amount, \$1,925,000 was received in FY2017 and \$500,000 was received during FY2018. These "support and impact fees" will be paid even if the power plant is not approved. On December 13, 2016, the Town Council established the Clear River Energy Fund. The provisions of the fund mandate that all money received upfront from Clear River Energy LLC will be deposited in this fund to finance the response and defense against the proposed power plant.

If, despite the Town's efforts to stop the power plant, the state permits construction of the Clear River Energy Plant, the tax agreement provides for annual payments to the Town. The amount of the annual payment depends upon a number of factors, including the size of the power plant that is approved. Tax payments in the first year after the commercial operation date is achieved would be between \$3,600,000 and \$7,137,500 escalating annually. In the 20th and final year, payments would be between \$5,755,141 and \$11,410,366. Originally slated to be operational in 2019, the company recently announced a delay to at least 2021.

The Tax Agreement also includes a Decommissioning Agreement which provides for removal or reuse at the end of the power plant's operating life and restoring the site to its original state, a Property Value Guarantee Agreement (PVA) for 116 neighboring property owners, and an Opt Out Agreement for neighboring property owners who choose to opt out of the PVA.

In 2018, the Town was in formal hearings before the RI Energy Facilities Siting Board (EFSB), which will end in February 2019. A decision by the RI EFSB is expected in April or May of 2019. If the plant is permitted, the Town most likely will appeal the decision in court which will extend the final resolution of the project into calendar year 2020.

In August 2017, National Grid applied for an interconnect permit to reconstruct the transmission line from the Enbridge (Spectra) compressor station site to the Sherman Farm Road substation. This upgrade would be needed to transmit power from the new power plant should it be built. The project is estimated to cost between \$60 - \$80 million dollars.

The permit application filed by NationalGrid has been docketed by the RI EFSB but is on hold until the disposition of the power plant is known. If the power plant is permitted, the RI EFSB will proceed to formal hearings on the interconnection transmission lines in 2019.

Transportation Contract

Effective July 1, 2018, the School Department renewed its bus service contract with DATTCO, Inc. through the last day of school in June 2021. The annual contract varies from year to year based on the transportation needs of the Department. There is a 2.75% increase each year on the cost per bus as dictated by the bus transportation contract with DATTCO, Inc.

(CONCLUDED)

TOWN OF BURRILLVILLE

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BURRILLVILLE, RHODE ISLAND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	General Employees			
	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability				
1. Service Cost	\$ 574,233	\$ 570,934	\$ 558,807	\$ 571,246
2. Interest on the Total Pension Liability	2,077,583	2,034,644	1,965,817	1,868,378
3. Changes of benefit terms	0	0	556,208	0
4. Difference between expected and actual experience of the Total Pension Liability	(196,024)	(467,173)	(703,472)	0
5. Changes of assumptions	1,414,072	0	0	206,772
6. Benefit payments, including refunds of employee contributions	(1,554,384)	(1,580,673)	(1,350,801)	(1,331,179)
7. Net change in total pension liability	2,315,480	557,732	1,026,559	1,315,217
8. Total pension liability – beginning	28,191,182	27,633,450	26,606,891	25,291,674
9. Total pension liability – ending (a)	30,506,662	28,191,182	27,633,450	26,606,891
B. Plan fiduciary net position				
1. Contributions – employer	505,102	505,089	501,237	476,580
2. Contributions – employee	201,088	201,073	120,591	120,310
3. Net investment income	2,973,434	(1,813)	631,724	3,599,161
4. Benefit payments, including refunds of employee contributions	(1,554,384)	(1,580,673)	(1,350,801)	(1,331,179)
5. Pension Plan Administrative Expense	(28,092)	(31,557)	(17,873)	(22,538)
6. Other	(151,230)	4,998	48,443	(47,580)
7. Net change in plan fiduciary net position	1,945,918	(902,883)	(66,679)	2,794,754
8. Plan fiduciary net position – beginning	26,053,428	26,956,311	27,022,990	24,228,236
9. Plan fiduciary net position – ending (b)	27,999,346	26,053,428	26,956,311	27,022,990
C. Net pension liability - ending (a) - (b)	\$ 2,507,316	\$ 2,137,754	\$ 677,139	\$ (416,099)
D. Plan fiduciary net position as a percentage of the total pension liability	91.78%	92.42%	97.55%	101.56%
E. Covered employee payroll	\$ 6,228,126	\$ 6,028,871	\$ 6,021,628	\$ 5,799,448
F. Net pension liability as a percentage of covered payroll	40.26%	35.46%	11.25%	-7.17%
				(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Police Employees			
	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability				
1. Service Cost	\$ 300,347	\$ 284,607	\$ 261,005	\$ 238,634
2. Interest on the Total Pension Liability	855,725	838,227	832,456	796,207
3. Changes of benefit terms	0	0	286,545	0
4. Difference between expected and actual experience of the Total Pension Liability	392,564	(303,421)	0	0
5. Changes of assumptions	685,079	0	(776,149)	(61,110)
6. Benefit payments, including refunds of employee contributions	(599,582)	(588,358)	(489,084)	(514,109)
7. Net change in total pension liability	1,634,133	231,055	114,773	459,622
8. Total pension liability – beginning	11,559,287	11,328,232	11,213,459	10,753,837
9. Total pension liability – ending (a)	13,193,420	11,559,287	11,328,232	11,213,459
B. Plan fiduciary net position				
1. Contributions – employer	329,218	358,658	330,750	159,913
2. Contributions – employee	151,157	138,824	106,479	98,864
3. Net investment income	1,066,189	(3,159)	215,730	1,205,386
4. Benefit payments, including refunds of employee contributions	(599,582)	(588,358)	(489,084)	(514,109)
5. Pension Plan Administrative Expense	(10,073)	(8,500)	(8,656)	(7,548)
6. Other	(24)	(1)	0	(1)
7. Net change in plan fiduciary net position	936,885	(102,536)	155,219	942,505
8. Plan fiduciary net position – beginning	9,102,882	9,205,418	9,050,199	8,107,694
9. Plan fiduciary net position – ending (b)	10,039,767	9,102,882	9,205,418	9,050,199
C. Net pension liability - ending (a) - (b)	\$ 3,153,653	\$ 2,456,405	\$ 2,122,814	\$ 2,163,260
D. Plan fiduciary net position as a percentage of the total pension liability	76.10%	78.75%	81.26%	80.71%
E. Covered employee payroll	\$ 1,511,560	\$ 1,395,130	\$ 1,330,979	\$ 1,235,806
F. Net pension liability as a percentage of covered payroll	208.64%	176.07%	159.49%	175.05%
				(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND**SCHEDULE OF EMPLOYER CONTRIBUTIONS****Municipal Employees' Retirement System - General Employees**

	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 480,821	\$ 505,102	\$ 505,089	\$ 501,237
Contributions in relation to the actuarially determined contribution	(480,821)	(505,102)	(505,089)	(501,237)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 6,497,581	\$ 6,228,126	\$ 6,028,871	\$ 6,021,628
Contributions as a percentage of covered-employee payroll	7.40%	8.11%	8.38%	8.32%

Municipal Employees' Retirement System - Police Employees

	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 309,733	\$ 329,218	\$ 358,658	\$ 330,750
Contributions in relation to the actuarially determined contribution	(309,733)	(329,218)	(358,658)	(330,750)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 1,594,097	\$ 1,511,560	\$ 1,395,130	\$ 1,330,979
Contributions as a percentage of covered-employee payroll	19.43%	21.78%	25.71%	24.85%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2.) The schedules are intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Changes in benefit provisions:

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Employees' Retirement System				
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Burrillville School Department's proportionate percentage of the net pension liability	0.81491404%	0.83485176%	0.82699821%	0.92527010%
Burrillville School Department's proportionate share of the net pension liability	\$ 25,703,094	\$ 24,908,450	\$ 22,767,283	\$ 22,521,078
State of Rhode Island's proportionate share of the net pension liability associated with the Burrillville School Department	19,425,363	17,058,630	15,553,893	15,443,740
Total	<u>\$ 45,128,457</u>	<u>\$ 41,967,080</u>	<u>\$ 38,321,176</u>	<u>\$ 37,964,818</u>
Burrillville School Department's covered employee payroll	\$ 15,044,403	\$ 14,925,060	\$ 14,801,904	\$ 14,552,080
Burrillville School Department's proportionate share of the net pension liability as a percentage of its covered employee payroll	170.85%	166.89%	153.81%	154.76%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2.) The schedules are intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

TOWN OF BURRILLVILLE, RHODE ISLAND

SCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S CONTRIBUTIONS

Employees' Retirement System

	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Actuarially determined contribution	\$ 1,991,879	\$ 1,861,155	\$ 1,936,089	\$ 1,861,211
Contributions in relation to the actuarially determined contribution	(1,991,879)	(1,861,155)	(1,936,089)	(1,861,211)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 15,044,403	\$ 14,925,060	\$ 14,801,904	\$ 14,552,080
Contributions as a percentage of covered- employee payroll	13.24%	12.47%	13.08%	12.79%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2.) The schedules are intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)**

Teachers' Survivors Benefit Plan				
	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Burrillville School Department's proportionate percentage of the net pension asset	3.41762439%	3.20515468%	3.31903683%	3.29654812%
Burrillville School Department's proportionate share of the net pension asset	\$ 2,827,278	\$ 3,191,433	\$ 3,098,507	\$ 4,098,293
Burrillville School Department's covered employee payroll	\$ 15,044,403	\$ 14,925,060	\$ 14,801,904	\$ 14,552,080
Burrillville School Department's proportionate share of the net pension asset as a percentage of its covered employee payroll	18.8%	21.4%	20.9%	28.2%
Plan fiduciary net position as a percentage of the total pension liability	136.1%	153.3%	146.6%	173.3%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2.) The schedules are intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

TOWN OF BURRILLVILLE, RHODE ISLAND

SCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S CONTRIBUTIONS

Teachers' Survivors Benefit Plan

	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Statutorily determined contribution	\$ 24,725	\$ 20,722	\$ 20,010	\$ 20,027
Contributions in relation to the statutorily determined contribution	(24,725)	(20,722)	(20,010)	(20,027)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered-employee payroll	\$ 15,044,403	\$ 14,925,060	\$ 14,801,904	\$ 14,552,080
Contributions as a percentage of covered-employee payroll	0.16%	0.14%	0.14%	0.14%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.
- 2.) The schedules are intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST FISCAL YEAR***

	General Employees	Sewer Employees
	Year Ended June 30, 2018	Year Ended June 30, 2018
Total OPEB liability		
Service cost	\$ 106,149	\$ 293
Interest on the total OPEB liability	113,564	689
Effect of economic/demographic gains or losses	0	0
Effect of assumptions changes or inputs	(244,656)	(833)
Differences between expected and actual experience	0	0
Employee contributions	252,761	0
Benefit payments	(273,020)	0
Net change in total OPEB liability	(45,202)	149
Total OPEB liability - beginning	4,200,675	25,440
Total OPEB liability - ending	4,155,473	25,589
Plan fiduciary net position		
Contributions - employer	20,259	0
Contributions - employee	252,761	0
Net investment income	0	0
Benefit payments	(273,020)	0
OPEB plan administrative expense	0	0
Net change in plan fiduciary net position	0	0
Plan fiduciary net position - beginning	0	0
Plan fiduciary net position - ending	0	0
Net OPEB liability (asset) - ending	\$ 4,155,473	\$ 25,589
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 23,683,959	\$ 622,325
Net OPEB liability as a percentage of covered payroll	17.55%	4.11%

*Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

TOWN OF BURRILLVILLE, 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, 2018**

	Originally Adopted Budget	Final Approved Budget	Actual Budgetary Basis	Variance
REVENUES:				
General property taxes	\$ 31,777,165	\$ 31,777,165	\$ 32,103,363	\$ 326,198
Intergovernmental	15,783,010	15,783,010	16,179,604	396,594
Licenses, permits and fees	440,175	440,175	540,289	100,114
Investment income	24,100	24,100	146,359	122,259
Departmental	97,500	97,500	75,167	(22,333)
Total revenues	48,121,950	48,121,950	49,044,782	922,832
EXPENDITURES:				
Current:				
General government	3,307,369	3,311,594	3,137,436	174,158
Public safety	2,784,806	2,788,806	2,729,380	59,426
Public works	1,417,272	1,530,272	1,528,922	1,350
Recreation and social services	163,170	167,170	158,209	8,961
Libraries	850,163	854,963	854,963	
Employee benefits and other	2,483,900	2,480,208	2,345,113	135,095
Debt service:				
Principal	1,931,000	1,798,667	1,509,000	289,667
Interest and other costs	518,262	518,262	273,403	244,859
Bond issuance costs	0	0	26,350	(26,350)
Capital outlay	2,443,150	4,272,487	1,953,773	2,318,714
Total expenditures	15,899,092	17,722,429	14,516,549	3,205,880
Excess of revenues over expenditures	32,222,858	30,399,521	34,528,233	4,128,712
Other financing sources (uses):				
Transfers out	(33,868,687)	(34,725,830)	(34,725,830)	0
Transfers in	1,645,829	471,142	187,443	(283,699)
Payment to refunded bond escrow agent	0	0	(2,749,071)	(2,749,071)
Proceeds from refunding bonds	0	0	2,780,000	2,780,000
Town-held tax liens	0	0	(90,826)	(90,826)
Reappropriation of prior year's fund balance	0	3,855,167	3,855,167	0
Net other financing sources (uses)	(32,222,858)	(30,399,521)	(30,743,117)	(343,596)
Excess of revenues and other sources over expenditures and other uses	\$ 0	\$ 0	3,785,116	\$ 3,785,116
Less: reappropriated fund balance			(3,855,167)	
Less: deficiency of revenues and other sources under expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54			(1,201,407)	
Fund Balance, beginning of year			15,194,219	
Fund Balance, end of year			\$ 13,922,761	

TOWN OF BURRILLVILLE, RHODE ISLAND

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

**BURRILLVILLE SCHOOL DEPARTMENT GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Originally Adopted Budget	Final Approved Budget	Actual Budgetary Basis	Variance
Revenues:				
State aid	\$ 13,154,673	\$ 13,154,673	\$ 13,154,673	
Miscellaneous	300,000	300,000	477,139	\$ 177,139
Total revenues	<u>13,454,673</u>	<u>13,454,673</u>	<u>13,631,812</u>	<u>177,139</u>
Expenditures:				
Current:				
Salaries	19,131,334	19,104,587	19,023,094	81,493
Employee benefits	7,382,613	7,349,361	7,177,192	172,169
Purchased services	4,905,520	4,974,476	5,020,012	(45,536)
Supplies and materials	1,034,585	1,019,685	1,013,958	5,727
Other	33,460	33,460	45,893	(12,433)
Capital outlay	<u>83,488</u>	<u>89,431</u>	<u>129,089</u>	<u>(39,658)</u>
Total expenditures	<u>32,571,000</u>	<u>32,571,000</u>	<u>32,409,238</u>	<u>161,762</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(19,116,327)</u>	<u>(19,116,327)</u>	<u>(18,777,426)</u>	<u>338,901</u>
Other financing sources (uses):				
Transfer from Town of Burrillville	19,045,327	19,045,327	18,868,188	(177,139)
Transfer from fund balance	220,000	220,000	220,000	
Transfer to Town of Burrillville	(105,000)	(105,000)	(105,000)	
Transfers to other funds	(44,000)	(44,000)	(44,000)	
Net other financing sources (uses)	<u>19,116,327</u>	<u>19,116,327</u>	<u>18,939,188</u>	<u>(177,139)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>161,762</u>	<u>\$ 161,762</u>
Add: current year encumbrances			71,778	
Less: prior year encumbrances			(34,474)	
Less: reappropriated fund balance			(220,000)	
Fund balance, beginning of year			<u>778,320</u>	
Fund balance, end of year			<u>\$ 757,386</u>	

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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, 2018:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 3,785,116
Fund balance reappropriated	(3,855,167)
Deficiency of revenues and other sources under expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54.....	<u>(1,201,407)</u>
Net change in fund balance (GAAP)	<u>\$ (1,271,458)</u>

The following reconciliation summarizes the differences for the School Department's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2018:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$161,762
Fund balance reappropriated	(220,000)
Current year encumbrances.....	71,778
Prior year encumbrances	<u>(34,474)</u>
Net change in fund balance (GAAP)	<u>\$ (20,934)</u>

TOWN OF BURRILLVILLE

**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The following funds are reported in this section:

School Restricted Grants

The Restricted set of accounts is used to reflect designated funds which are limited by law for specific purposes or programs.

Community Recreation

This fund accounts for both the Community Recreation Center Fund and the Recreation Capital Fund. The Community Recreation Center Fund accounts for the operation and maintenance of the Community Recreation Center (the Lodge). Funding is provided from rental fees, interest earnings, and the General Fund. The Recreation Capital Fund was created pursuant to the 1980 Public Law Chapter 13, which allows for the Town to require a payment in lieu of land for public recreation.

Town Clerk – Technology

This fund accounts for monies (10% of recording fees) utilized for the purpose of document preservation and technological upgrades [RIGL 34-13-7].

Historical Records

This fund accounts for document filing fees collected by the Town which are to be used for the preservation of historical Town records.

Solemn Federal Task Force

This fund accounts for grant funding received for the purpose of assisting in various police related undercover activities in the region.

Animal Shelter Donation Account

This fund accounts for donations received and expenses incurred in the performance of various animal control duties.

Library Grant

This fund accounts for grant activity related to the Jesse M. Smith Memorial Library and the Pascoag Library.

(CONTINUED)

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Community Emergency Response Training

This fund accounts for monies utilized in the training of local citizens in programs offered through the Town's Emergency Management Agency (EMA).

Byrne Grant

This fund accounts for grant monies utilized for Police Department equipment.

Clear River Energy Fund

This fund accounts for monies received from Clear River Energy LLC outlined in the November 3, 2016 tax agreement to cover expenses related to the Town's response and defense against the Clear River Energy Center power plant in Burrillville, RI, and any subsequent legal action authorized by the Town Council.

Spring Lake

This fund accounts for the operation and maintenance of Spring Lake Beach. Funding is provided from fees and the General Fund.

Community Development Block Grant

This fund accounts for funds obtained through the Community Development Block Grant Program and the U.S. Department of Housing and Urban Development, which are restricted for specific purposes of programs. This fund also accounts for the CDBG Revolving Loan Program which provides loans to qualified homeowners for various home improvements.

Blackstone Valley Prevention Coalition

This fund accounts for grant money received for substance abuse prevention and awareness through the regional coalition – Blackstone Valley Prevention Coalition.

Partnership for Success

This fund accounts for grant monies received for substance abuse prevention and awareness.

Cops That Care

This fund accounts for grant monies received for various community activities designed to promote positive relationships with the local police department.

(CONTINUED)

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Ocean State Power Funds

This fund accounts for monies received from Ocean State Power. Per an agreement with the Town, Ocean State Power contributed every year for twenty years to the Ocean State Power Scholarship Fund. The fund is headed by a committee which approves the awards of local scholarships.

EMA Performance Grant

This fund accounts for grant money received and spent under the Emergency Management Performance Grant Program for StormReady RI.

Narcotics Guidance Council

This fund accounts for the various activities conducted by the Burrillville Narcotic Guidance Council. Funding is provided by the General Fund and other grant programs.

Police Legislative Grant

This fund accounts for grant monies received through the State to be used by the Town in its law enforcement activities.

Police Grant – Operation Riptide

This fund accounts for grant monies utilized for the purpose of enforcing the driving under the influence laws.

Wallace Lees Scholarship

This fund accounts for memorial donations received to be used for scholarships for local students.

Snack Pack Program

This fund accounts for monies used in the Burrillville Weekend Snack Pack Program (provides weekend meals for needy Burrillville students).

Police Grants

This fund accounts for various grants and donations given to the police department and related expenses.

Police Task Force

This fund accounts for monies received from forfeiture and drug related activities.

(CONTINUED)

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund transfers. The following funds are reported in this section:

Dog Park

This fund accounts for grant money and matching funds related to the creation of a new fenced dog park, walking paths, and parking lot near the existing animal shelter.

Commerce Park Water Loop

This fund accounts for expenses related to a water system improvement project for Commerce Park.

Public Works Complex Fund

This fund accounts for expenses related to the new Public Works Complex being constructed on Clear River Drive.

Animal Control Facility Renovation

This fund accounts for expenses related to renovating the Animal Control facility.

Wilson Spillway

This fund accounts for grant money and matching funds related to the Wilson Reservoir Spillway flood control project.

School Roof Improvements

This fund accounts for monies used to upgrade the roofs at Burrillville's various schools.

Oakland/Mapleville Bike Path

This fund accounts for monies utilized in the creation of the Oakland/Mapleville Bike Path.

(CONTINUED)

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

North Road Bridge Project

This fund accounts for bond proceeds received from the Rhode Island Infrastructure Bank for the purpose of replacing the North Road Bridge.

Open Space/Land Acquisition

This fund accounts for Town appropriations specifically set aside for the purpose of acquiring land for open space and other purposes.

School Department Capital Projects

This fund allows the Burrillville School Department to utilize the remaining capital funds from the approved five-year plan for additional school capital projects approved by Rhode Island Department of Education (RIDE).

Major Capital

This fund accounts for Town appropriations set aside for the purpose of funding major capital acquisitions.

(CONTINUED)

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Cemetery Fund

The cemetery fund accounts for monies received by individuals to be used for the perpetual care of Town cemeteries and are under the custody of the Town Clerk.

Frank H. Potter Bridgeway Fund

The Frank H. Potter Bridgeway Fund accounts for monies received under the will of the late Austin T. Levy. Interest received is to be used for the maintenance of the Frank H. Potter Bridgeway.

Alice McGreevy Thompson Fund

This fund accounts for money gifted to the Town from Mrs. Alice McGreevy Thompson for the purpose of establishing a perpetual fund to be held in trust by the Town. Interest earned is to be paid annually to a high school senior with the highest average in chemistry.

Jesse M. Smith Memorial Library Fund

This fund accounts for two contributions received under the will of the late Austin T. Levy. Interest received is to be used for the purpose of acquiring library books and general operations of the Jesse M. Smith Memorial Library.

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds					
	School Restricted Grants	Community Recreation	Town Clerk - Technology	Historical Records	Solemn Federal Task Force	Animal Shelter Donation Account
ASSETS:						
Cash and cash equivalents	\$ 324,428	\$ 123,344				
Other receivables						
Due from:						
Other funds	31,583	47,718	\$ 46,918	\$ 37,636		\$ 2,732
Other governments	148,069					
Prepaid expenditures						
TOTAL ASSETS	\$ 504,080	\$ 171,062	\$ 46,918	\$ 37,636	\$ 0	\$ 2,732
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	\$ 17,586	\$ 6	\$ 85			
Retainage payable						
Accrued payroll and benefits	105,607					
Due to:						
Other funds	307,496					
Other governments	262			\$ 843		
Unearned revenues	73,129					
Other liabilities						
TOTAL LIABILITIES	504,080	6	85	843	\$ 0	0
FUND BALANCES:						
Nonspendable for:						
Perpetual care						
Endowments						
Restricted for:						
General government			46,833	36,793		2,732
Public safety						
Recreation and social services		101,542				
Education						
Community development						
Committed for:						
General government		69,514				
Recreation and social services						
Capital projects						
Unassigned						
TOTAL FUND BALANCES	0	171,056	46,833	36,793	0	2,732
TOTAL LIABILITIES AND FUND BALANCES	\$ 504,080	\$ 171,062	\$ 46,918	\$ 37,636	\$ 0	\$ 2,732

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds					
	Library Grant	Community Emergency Response Training	Byrne Grant	Clear River Energy Fund	Spring Lake	Community Development Block Grant
ASSETS:						
Cash and cash equivalents				\$	126,004	\$ 64,393
Other receivables						185,376
Due from:						
Other funds		\$ 56,452		\$ 673,232	71,277	925
Other governments	\$ 20		\$ 7,560			969,773
Prepaid expenditures						
TOTAL ASSETS	\$ 20	\$ 56,452	\$ 7,560	\$ 673,232	\$ 197,281	\$ 1,220,467
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	\$ 5			\$ 44,863	\$ 10,138	
Retainage payable					9,325	
Accrued payroll and benefits						
Due to:						
Other funds			\$ 7,560		113,271	\$ 1,075
Other governments						
Unearned revenues					3,500	1,154,072
Other liabilities	15					
TOTAL LIABILITIES	20	\$ 0	7,560	44,863	136,234	1,155,147
FUND BALANCES:						
Nonspendable for:						
Perpetual care						
Endowments						
Restricted for:						
General government		56,452				
Public safety						
Recreation and social services						
Education						
Community development						
Committed for:						
General government				628,369	61,047	65,320
Recreation and social services						
Capital projects						
Unassigned						
TOTAL FUND BALANCES	0	56,452	0	628,369	61,047	65,320
TOTAL LIABILITIES AND FUND BALANCES	\$ 20	\$ 56,452	\$ 7,560	\$ 673,232	\$ 197,281	\$ 1,220,467

(CONTINUED)

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TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds						
	Blackstone Valley Prevention Coalition	Partnership for Success	Cops That Care	Ocean State Power Funds	EMA Performance Grant	Narcotics Guidance Council	Police Legislative Grant
ASSETS:							
Cash and cash equivalents	\$ 20,627			\$ 556,972			
Other receivables							
Due from:							
Other funds		\$ 9,725	\$ 232			\$ 151,116	\$ 578
Other governments		94,106					
Prepaid expenditures						84	
TOTAL ASSETS	\$ 20,627	\$ 103,831	\$ 232	\$ 556,972	\$ 0	\$ 151,200	\$ 578
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable	\$ 54	\$ 1,182		\$ 38,874		\$ 2,822	
Retainage payable							
Accrued payroll and benefits		1,292				1,077	
Due to:							
Other funds	2,516			30,744		49,861	
Other governments							
Unearned revenues	18,057	95,357	\$ 232				
Other liabilities							
TOTAL LIABILITIES	20,627	97,831	232	69,618	\$ 0	53,760	\$ 0
FUND BALANCES:							
Nonspendable for:							
Perpetual care							
Endowments							
Restricted for:							
General government							578
Public safety		6,000				97,440	
Recreation and social services							
Education				487,354			
Community development							
Committed for:							
General government							
Recreation and social services							
Capital projects							
Unassigned							
TOTAL FUND BALANCES	0	6,000	0	487,354	0	97,440	578
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,627	\$ 103,831	\$ 232	\$ 556,972	\$ 0	\$ 151,200	\$ 578

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds					Capital Project Funds		
	Police Grant - Operation Riptide	Wallace Lees Scholarship	Snack Pack Program	Police Grants	Police Task Force	Dog Park	Commerce Park Water Loop	
ASSETS:								
Cash and cash equivalents					\$ 12,912			
Other receivables								
Due from:								
Other funds								
Other governments		\$ 5,000	\$ 2,901	\$ 2,500		\$ 100,000	\$ 693,000	
Prepaid expenditures	\$ 1,800							
TOTAL ASSETS	\$ 1,800	\$ 5,000	\$ 2,901	\$ 2,500	\$ 12,912	\$ 100,000	\$ 693,000	
LIABILITIES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable							\$ 11,000	
Retainage payable								
Accrued payroll and benefits								
Due to:								
Other funds					\$ 3,849	\$ 5,081		
Other governments						95,935		
Unearned revenues	\$ 1,800							
Other liabilities								
TOTAL LIABILITIES	\$ 1,800	\$ 0	\$ 0	\$ 0	\$ 3,849	\$ 101,016	\$ 11,000	
FUND BALANCES:								
Nonspendable for:								
Perpetual care								
Endowments								
Restricted for:								
General government								
Public safety				2,500	9,063			
Recreation and social services								
Education		5,000						
Community development								
Committed for:								
General government								
Recreation and social services								
Capital projects								
Unassigned							682,000	
TOTAL FUND BALANCES	\$ 0	\$ 5,000	\$ 2,901	\$ 2,500	\$ 9,063	\$ (1,016)	\$ 682,000	
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,800	\$ 5,000	\$ 2,901	\$ 2,500	\$ 12,912	\$ 100,000	\$ 693,000	

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Project Funds						
	Public Works Complex Fund	Animal Control Facility Renovation	Wilson Spillway	School Roof Improvements	Oakland/ Mapleville Bike Path	North Road Bridge Project	Open Space/ Land Acquisition
ASSETS:							
Cash and cash equivalents							\$ 102,472
Other receivables							
Due from:							
Other funds			\$ 58,892	\$ 1,090,741			
Other governments		\$ 783,783	\$ 125,000		\$ 400,000	\$ 264,226	
Prepaid expenditures	\$ 3,303,336						
TOTAL ASSETS	\$ 3,303,336	\$ 783,783	\$ 183,892	\$ 1,090,741	\$ 400,000	\$ 264,226	\$ 102,472
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable	\$ 441,812	\$ 917					
Retainage payable	30,341	2,183					
Accrued payroll and benefits							
Due to:							
Other funds					\$ 49,427	\$ 185,395	\$ 93,982
Other governments							
Unearned revenues					285,273		
Other liabilities			\$ 29,492				
TOTAL LIABILITIES	472,153	3,100	29,492	\$ 0	334,700	185,395	93,982
FUND BALANCES:							
Nonspendable for:							
Perpetual care							
Endowments							
Restricted for:							
General government							
Public safety							
Recreation and social services							
Education							
Community development							
Committed for:							
General government							
Recreation and social services							
Capital projects	2,831,183	780,683	154,400	1,090,741	65,300	78,831	8,490
Unassigned							
TOTAL FUND BALANCES	2,831,183	780,683	154,400	1,090,741	65,300	78,831	8,490
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,303,336	\$ 783,783	\$ 183,892	\$ 1,090,741	\$ 400,000	\$ 264,226	\$ 102,472

(CONTINUED)

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Project Funds		Permanent Funds				Total Non-Major Governmental Funds
	School Department Capital Projects	Major Capital	Cemetery Fund	Frank H. Potter Bridgeway Fund	Alice McGreevy Thompson Fund	Jesse M. Smith Memorial Library Fund	
ASSETS:							
Cash and cash equivalents		\$ 1,599,511	\$ 82,874	\$ 16,305	\$ 1,220	\$ 15,373	\$ 3,025,808
Other receivables							206,003
Due from:							
Other funds	\$ 668,481	782,373					7,828,131
Other governments							2,803,554
Prepaid expenditures							84
TOTAL ASSETS	\$ 668,481	\$ 2,381,884	\$ 82,874	\$ 16,305	\$ 1,220	\$ 15,373	\$ 13,863,580
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable	\$ 56,955	\$ 8,425	\$ 34				\$ 634,758
Retainage payable							32,524
Accrued payroll and benefits							117,301
Due to:							
Other funds			531				852,588
Other governments							1,105
Unearned revenues							1,755,047
Other liabilities				\$ 6,305	\$ 220	\$ 373	6,913
TOTAL LIABILITIES	56,955	8,425	565	6,305	220	373	3,400,236
FUND BALANCES:							
Nonspendable for:							
Perpetual care			82,309				82,309
Endowments				10,000	1,000	15,000	26,000
Restricted for:							
General government							83,626
Public safety							71,325
Recreation and social services							207,883
Education							492,354
Community development							65,320
Committed for:							
General government							628,369
Recreation and social services							130,561
Capital projects	611,526	2,373,459					8,676,613
Unassigned							(1,016)
TOTAL FUND BALANCES	611,526	2,373,459	82,309	10,000	1,000	15,000	10,463,344
TOTAL LIABILITIES AND FUND BALANCES	\$ 668,481	\$ 2,381,884	\$ 82,874	\$ 16,305	\$ 1,220	\$ 15,373	\$ 13,863,580

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds					
	School Restricted Grants	Community Recreation	Town Clerk - Technology	Historical Records	Solemn Federal Task Force	Animal Shelter Donation Account
REVENUES:						
Intergovernmental	\$ 1,466,698	\$ 985			\$ 494	
Investment income	5,163	20,120	\$ 15,808	\$ 2,636		\$ 19,570
Other	1,471,861	21,105	15,808	2,636	494	19,570
TOTAL REVENUES						
EXPENDITURES:						
Current:						
General government			2,543	892		
Public safety					494	23,262
Public libraries						
Recreation and social services		1,490				
Education	1,432,462					
Community development						
Debt service:						
Interest and other costs						
Capital outlay						
TOTAL EXPENDITURES						
	39,399					
	1,471,861	1,490	2,543	892	494	23,262
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)						
	0	19,615	13,265	1,744	0	(3,692)
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out						
NET OTHER FINANCING SOURCES (USES)						
	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES						
	0	19,615	13,265	1,744	0	(3,692)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR						
	0	151,441	33,568	35,049	0	6,424
FUND BALANCE (DEFICIT) AT END OF YEAR						
	\$ 0	\$ 171,056	\$ 46,833	\$ 36,793	\$ 0	\$ 2,732
						(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds					
	Library Grant	Community Emergency Response Training	Byrne Grant	Clear River Energy Fund	Spring Lake	Community Development Block Grant
REVENUES:						
Intergovernmental	\$ 170,118		\$ 4,983			\$ 5,446
Investment income					\$ 892	2,152
Other				\$ 500,000	239,693	28,905
TOTAL REVENUES	170,118	\$ 0	4,983	500,000	240,585	36,503
EXPENDITURES:						
Current:						
General government				856,945		
Public safety		774				
Public libraries	170,118				233,782	
Recreation and social services						
Education						
Community development						5,635
Debt service:						
Interest and other costs						
Capital outlay			4,983			
TOTAL EXPENDITURES	170,118	774	4,983	856,945	233,782	5,635
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(774)	0	(356,945)	6,803	30,868
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in				500,000		
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	500,000	0	0
NET CHANGE IN FUND BALANCES	0	(774)	0	143,055	6,803	30,868
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	57,226	0	485,314	54,244	34,452
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 56,452	\$ 0	\$ 628,369	\$ 61,047	\$ 65,320
						(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds						
	Blackstone Valley Prevention Coalition	Partnership for Success	Cops That Care	Ocean State Power Funds	EMA Performance Grant	Narcotics Guidance Council	Police Legislative Grant
REVENUES:							
Intergovernmental		\$ 70,278		\$ 1,869			\$ 3,000
Investment income	\$ 4,779	2,000			\$ 2,498		
Other	4,779	72,278	\$0	1,869	2,498	0	3,000
TOTAL REVENUES							
EXPENDITURES:							
Current:							
General government				10,963			
Public safety					2,498	39,960	2,715
Public libraries							
Recreation and social services	4,779	63,025					
Education		3,253					
Community development							
Debt service:							
Interest and other costs							
Capital outlay							
TOTAL EXPENDITURES							
	4,779	66,278	0	10,963	2,498	39,960	2,715
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)							
	0	6,000	0	(9,094)	0	(39,960)	285
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in						94,778	
Transfers out							
NET OTHER FINANCING SOURCES (USES)							
	0	0	0	0	0	94,778	0
NET CHANGE IN FUND BALANCES							
	0	6,000	0	(9,094)	0	54,818	285
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR							
	0	0	0	496,448	0	42,622	293
FUND BALANCE (DEFICIT) AT END OF YEAR							
	\$ 0	\$ 6,000	\$0	\$ 487,354	\$ 0	\$ 97,440	\$ 578
(CONTINUED)							

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds					Capital Project Funds		
	Police Grant - Operation Riptide	Wallace Lees Scholarship	Snack Pack Program	Police Grants	Police Task Force	Dog Park	Commerce Park Water Loop	
REVENUES:								
Intergovernmental	\$ 22,699				\$ 26	\$ 4,065		
Investment income		\$ 1,770	\$ 5,078	\$ 3,000	4,097			
Other		1,770	5,078	3,000	4,123	4,065	\$ 0	
TOTAL REVENUES	22,699							0
EXPENDITURES:								
Current:								
General government								
Public safety	20,800			500	2,218			
Public libraries								
Recreation and social services			5,361					
Education								
Community development								
Debt service:								
Interest and other costs						5,081		18,000
Capital outlay	1,899							
TOTAL EXPENDITURES	22,699	0	5,361	500	2,218	5,081		18,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	1,770	(283)	2,500	1,905	(1,016)		(18,000)
OTHER FINANCING SOURCES (USES):								
Proceeds from bond issuance								700,000
Transfers in								
Transfers out								
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0		700,000
NET CHANGE IN FUND BALANCES	0	1,770	(283)	2,500	1,905	(1,016)		682,000
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	3,230	3,184	0	7,158	0		0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 5,000	\$ 2,901	\$ 2,500	\$ 9,063	\$ (1,016)	\$ 682,000	

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Capital Project Funds						
	Public Works Complex Fund	Animal Control Facility Renovation	Wilson Spillway	School Roof Improvements	Oakland/ Mapleville Bike Path	North Road Bridge Project	Open Space/ Land Acquisition
REVENUES:							
Intergovernmental			\$ 95,508		\$ 35,252		\$ 819
Investment income							
Other							
TOTAL REVENUES	\$ 0	\$ 0	\$ 95,508	\$ 0	\$ 35,252	\$ 0	\$ 819
EXPENDITURES:							
Current:							
General government							
Public safety							
Public libraries							
Recreation and social services							
Education							
Community development							
Debt service:							
Interest and other costs							
Capital outlay	963,222	56,036	169,371	39,500	44,064		
TOTAL EXPENDITURES	963,222	56,036	169,371	39,500	44,064	0	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(963,222)	(56,036)	(73,863)	(39,500)	(8,812)	0	819
BEFORE OTHER FINANCING SOURCES (USES)							
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance	1,000,000	836,719	228,263	1,130,241			
Transfers in							
Transfers out							
NET OTHER FINANCING SOURCES (USES)	1,000,000	836,719	228,263	1,130,241	0	0	0
NET CHANGE IN FUND BALANCES	36,778	780,683	154,400	1,090,741	(8,812)	0	819
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	2,794,405	0	0	0	74,112	78,831	7,671
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 2,831,183	\$ 780,683	\$ 154,400	\$ 1,090,741	\$ 65,300	\$ 78,831	\$ 8,490

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	Capital Project Funds		Permanent Funds				Total Non-Major Governmental Funds
	School Department Capital Projects	Major Capital	Cemetery Fund	Frank H. Potter Bridgeway Fund	Alice McGreevy Thompson Fund	Jesse M. Smith Memorial Library Fund	
REVENUES:							
Intergovernmental		\$ 12,784	\$ 238	\$ 130	\$ 10	\$ 123	\$ 1,878,541
Investment income							20,028
Other							855,117
TOTAL REVENUES	\$ 0	12,784	238	130	10	123	2,753,686
EXPENDITURES:							
Current:							
General government			34	130	10	123	871,640
Public safety							93,221
Public libraries							170,118
Recreation and social services							308,437
Education							1,435,715
Community development							5,635
Debt service:							
Interest and other costs							18,000
Capital outlay	122,474	71,250					1,517,279
TOTAL EXPENDITURES	122,474	71,250	34	130	10	123	4,420,045
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(122,474)	(58,466)	204	0	0	0	(1,666,359)
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance		200,000					700,000
Transfers in	734,000	(1,734,000)					3,990,001
Transfers out	734,000	(1,534,000)	0	0	0	0	(1,000,000)
NET OTHER FINANCING SOURCES (USES)							3,690,001
NET CHANGE IN FUND BALANCES	611,526	(1,592,466)	204	0	0	0	2,023,642
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	3,965,925	82,105	10,000	1,000	15,000	8,439,702
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 611,526	\$ 2,373,459	\$ 82,309	\$ 10,000	\$ 1,000	\$ 15,000	\$ 10,463,344
(CONCLUDED)							

TOWN OF BURRILLVILLE

NON-MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Levy Rink

This fund accounts for the operation of the Levy Ice Rink.

Extended Day Care

This fund accounts for the operation of a Town managed Day Care Facility.

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING STATEMENT OF FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2018

	Levy Rink	Extended Day Care	Totals
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 222,721	\$ 387,967	\$ 610,688
Accounts receivable, net		7,756	7,756
Prepaid expenses		1,035	1,035
Total current assets	222,721	396,758	619,479
Noncurrent assets:			
Net capital assets	349,835	4,424	354,259
Total noncurrent assets	349,835	4,424	354,259
TOTAL ASSETS	572,556	401,182	973,738
LIABILITIES:			
Current liabilities:			
Accounts payable	8,774	5,949	14,723
Accrued payroll		14,529	14,529
Due to other funds	15,583	49,799	65,382
Unearned revenue		4,246	4,246
Capital lease payable	23,411		23,411
Accrued compensated absences	920		920
Total current liabilities	48,688	74,523	123,211
Noncurrent liabilities:			
Capital lease payable, net	76,571		76,571
Accrued compensated absences	8,251		8,251
Total noncurrent liabilities	84,822	0	84,822
TOTAL LIABILITIES	133,510	74,523	208,033
NET POSITION:			
Net investment in capital assets	249,853	4,424	254,277
Unrestricted	189,193	322,235	511,428
TOTAL NET POSITION	\$ 439,046	\$ 326,659	\$ 765,705

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Levy Rink</u>	<u>Extended Day Care</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for usage and service	\$ 457,475	\$ 581,029	\$ 1,038,504
Total operating revenues	<u>457,475</u>	<u>581,029</u>	<u>1,038,504</u>
OPERATING EXPENSES:			
Operations	247,542	125,383	372,925
Personnel	161,415	453,237	614,652
Depreciation	49,159	5,104	54,263
Total operating expenses	<u>458,116</u>	<u>583,724</u>	<u>1,041,840</u>
OPERATING LOSS	<u>(641)</u>	<u>(2,695)</u>	<u>(3,336)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income		2,209	2,209
Interest expense	(5,365)		(5,365)
Total nonoperating revenues (expenses)	<u>(5,365)</u>	<u>2,209</u>	<u>(3,156)</u>
LOSS BEFORE TRANSFERS	<u>(6,006)</u>	<u>(486)</u>	<u>(6,492)</u>
TRANSFERS IN	<u>44,000</u>	<u>0</u>	<u>44,000</u>
CHANGE IN NET POSITION	<u>37,994</u>	<u>(486)</u>	<u>37,508</u>
TOTAL NET POSITION - BEGINNING	<u>401,052</u>	<u>327,145</u>	<u>728,197</u>
TOTAL NET POSITION - ENDING	<u>\$ 439,046</u>	<u>\$ 326,659</u>	<u>\$ 765,705</u>

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Levy Rink	Extended Day Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 457,475	\$ 578,140	\$ 1,035,615
Cash paid to suppliers	(247,493)	(125,848)	(373,341)
Cash paid to employees	(160,418)	(454,136)	(614,554)
Net cash provided by (used for) operating activities	49,564	(1,844)	47,720
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from other funds	44,000		44,000
Decrease in due from other funds	843		843
Increase in due to other funds	15,583	44,282	59,865
Net cash provided by noncapital financing activities	60,426	44,282	104,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(33,160)		(33,160)
Principal payment on capital lease	(22,428)		(22,428)
Interest expense	(5,365)		(5,365)
Net cash used for capital and related financing activities	(60,953)	0	(60,953)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments		2,209	2,209
Net cash provided by investing activities	0	2,209	2,209
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,037	44,647	93,684
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	173,684	343,320	517,004
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 222,721	\$ 387,967	\$ 610,688

**Reconciliation of operating loss to net cash provided by
(used for) operating activities:**

Operating loss	\$ (641)	\$ (2,695)	\$ (3,336)
Adjustments to reconcile:			
Depreciation	49,159	5,104	54,263
Decrease in allowance for doubtful accounts		(2,000)	(2,000)
Increase in accounts receivable		(1,172)	(1,172)
Decrease in prepaid expenses		1,165	1,165
Increase (decrease) in accounts payable	49	(1,630)	(1,581)
Decrease in accrued payroll		(899)	(899)
Increase in unearned revenue		283	283
Increase in accrued compensated absences	997		997
Net cash provided by (used for) operating activities	\$ 49,564	\$ (1,844)	\$ 47,720

TOWN OF BURRILLVILLE

AGENCY FUNDS

Pupil Activity Funds

This fund accounts for the student activity funds of the School Department.

TOWN OF BURRILLVILLE, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
<u>PUPIL ACTIVITY FUNDS</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 190,674	\$ 378,198	\$ 418,286	\$ 150,586
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 190,674	\$ 378,198	\$ 418,286	\$ 150,586

TOWN OF BURRILLVILLE

COMPONENT UNITS

Burrillville Redevelopment Agency

This Agency was created to encourage, direct, and regulate new development and redevelopment within the Town Districts and to acquire and redevelop those areas, which the Agency determined cannot be redeveloped otherwise in order to carryout RIGL 1956 Chapter 45-31 to 45-33.

Jesse M. Smith Memorial Library

This component unit was created to account for the activities of the Jesse M. Smith Memorial Library.

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF FUND NET POSITION
COMPONENT UNITS
JUNE 30, 2018**

	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 133,181	\$ 98,056	\$ 231,237
Loan receivable	1,550		1,550
Other receivable	281		281
Due from:			
Primary government	212,624	117,237	329,861
Prepaid expenses	143,494	868	144,362
Deposit	274,534		274,534
Total current assets	<u>765,664</u>	<u>216,161</u>	<u>981,825</u>
Noncurrent assets:			
Loan receivable, net	7,797		7,797
Capital assets:			
Non-depreciable	217,075		217,075
Depreciable, net		74,109	74,109
Total noncurrent assets	<u>224,872</u>	<u>74,109</u>	<u>298,981</u>
TOTAL ASSETS	<u>990,536</u>	<u>290,270</u>	<u>1,280,806</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	8,670	11,668	20,338
Accrued payroll	1,749	10,079	11,828
Note payable, current portion	12,162		12,162
Total current liabilities	<u>22,581</u>	<u>21,747</u>	<u>44,328</u>
Noncurrent liabilities:			
Note payable, net	74,835		74,835
Total noncurrent liabilities	<u>74,835</u>	<u>0</u>	<u>74,835</u>
TOTAL LIABILITIES	<u>97,416</u>	<u>21,747</u>	<u>119,163</u>
NET POSITION:			
Net investment in capital assets	217,075	74,109	291,184
Unrestricted	676,045	194,414	870,459
TOTAL NET POSITION	<u>\$ 893,120</u>	<u>\$ 268,523</u>	<u>\$ 1,161,643</u>

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED JUNE 30, 2018**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	
Burrillville Redevelopment Agency							
Economic Development	\$ 57,103	\$ 35,592	\$ 0	\$ 0	\$ (21,511)		\$ (21,511)
Total Burrillville Redevelopment Agency	57,103	35,592	0	0	(21,511)		(21,511)
Jesse M. Smith Memorial Library							
Operations	897,192	15,396	931,740	0	0	\$ 49,944	49,944
Total Jesse M. Smith Memorial Library	897,192	15,396	931,740	0	0	49,944	49,944
Total component units	\$ 954,295	\$ 50,988	\$ 931,740	\$ 0	(21,511)	49,944	28,433
General revenues:							
Unrestricted investment earnings					1,333	206	1,539
Total general revenues					1,333	206	1,539
Change in net position					(20,178)	50,150	29,972
Net Position - beginning of year					913,298	218,373	1,131,671
Net Position - end of year					\$ 893,120	\$ 268,523	\$ 1,161,643

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2018**

	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	Totals
OPERATING REVENUES:			
Charges for usage and service	\$ 35,592	\$ 15,396	\$ 50,988
Total operating revenues	<u>35,592</u>	<u>15,396</u>	<u>50,988</u>
OPERATING EXPENSES:			
Operations	44,513	187,797	232,310
Personnel	5,867	700,723	706,590
Depreciation and amortization	6,273	8,672	14,945
Total operating expenses	<u>56,653</u>	<u>897,192</u>	<u>953,845</u>
OPERATING LOSS	<u>(21,061)</u>	<u>(881,796)</u>	<u>(902,857)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,333	206	1,539
Interest expense	(450)		(450)
Nonoperating grants		931,740	931,740
Net nonoperating revenues	<u>883</u>	<u>931,946</u>	<u>932,829</u>
CHANGE IN NET POSITION	<u>(20,178)</u>	<u>50,150</u>	<u>29,972</u>
TOTAL NET POSITION - BEGINNING	<u>913,298</u>	<u>218,373</u>	<u>1,131,671</u>
TOTAL NET POSITION - ENDING	<u>\$ 893,120</u>	<u>\$ 268,523</u>	<u>\$ 1,161,643</u>

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS
YEAR ENDED JUNE 30, 2018**

	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 35,311	\$ 15,292	\$ 50,603
Cash paid to suppliers	(42,018)	(187,619)	(229,637)
Cash paid to employees	(6,029)	(701,430)	(707,459)
Net cash used for operating activities	(12,736)	(873,757)	(886,493)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating grants received		931,740	931,740
(Increase) decrease in due from primary government	198,772	(41,583)	157,189
Net cash provided by noncapital financing activities	198,772	890,157	1,088,929
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets		(15,400)	(15,400)
Deposit on capital asset	(274,534)		(274,534)
Proceeds from note payable	90,000		90,000
Principal payment on note payable	(3,003)		(3,003)
Net cash used for capital and related financing activities	(187,537)	(15,400)	(202,937)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Collections on loan receivable	1,682		1,682
Interest on investments	1,333	206	1,539
Interest expense	(450)		(450)
Net cash provided by investing activities	2,565	206	2,771
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,064	1,206	2,270
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	132,117	96,850	228,967
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 133,181	\$ 98,056	\$ 231,237
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	\$ (21,061)	\$ (881,796)	\$ (902,857)
Adjustments to reconcile:			
Depreciation and amortization	6,273	8,672	14,945
Increase in other receivables	(281)		(281)
Increase in prepaid expenses		(468)	(468)
Increase in accounts payable	2,495	646	3,141
Decrease in accrued payroll	(162)	(707)	(869)
Decrease in unearned revenue		(104)	(104)
Net cash used for operating activities	\$ (12,736)	\$ (873,757)	\$ (886,493)

TOWN OF BURRILLVILLE

GENERAL FUND BUDGETARY SCHEDULES

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments to Budgetary Basis	Actual Budgetary Basis	Variance
Property taxes:						
Current and prior years	\$ 31,592,165	\$ 31,592,165	\$ 31,920,933		\$ 31,920,933	\$ 328,768
Interest on delinquent taxes and other	167,000	167,000	161,424		161,424	(5,576)
Payment in lieu of taxes	18,000	18,000	21,006		21,006	3,006
Total property taxes	31,777,165	31,777,165	32,103,363	0	32,103,363	326,198
Intergovernmental revenues:						
State of Rhode Island including:						
School aid	13,185,862	13,185,862		13,154,673	13,154,673	(31,189)
School construction	781,739	781,739	925,872		925,872	144,133
Motor vehicle phase out	667,362	667,362	759,722		759,722	92,360
Medicaid reimbursement	300,000	300,000		477,139	477,139	177,139
Meals and beverage tax	213,788	213,788	217,762		217,762	3,974
Pilot	97,322	97,322	98,273		98,273	951
Telephone tax	207,376	207,376	204,641		204,641	(2,735)
Police and other	68,000	68,000	79,961		79,961	11,961
Library construction	261,561	261,561	261,561		261,561	0
Total intergovernmental revenues	15,783,010	15,783,010	2,547,792	13,631,812	16,179,604	396,594
Departmental revenues:						
Licenses, permits and fees:						
Licenses and fees	325,175	325,175	384,985		384,985	59,810
Building official	73,000	73,000	100,655		100,655	27,655
Miscellaneous	42,000	42,000	54,649		54,649	12,649
Services/assessments	97,500	97,500	75,167		75,167	(22,333)
Total departmental revenues	537,675	537,675	615,456	0	615,456	77,781
Investment income	24,100	24,100	146,359	0	146,359	122,259
Total revenues	48,121,950	48,121,950	35,412,970	13,631,812	49,044,782	922,832

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
General Government:						
Elected officials	46,000	46,000	45,767		45,767	233
Town clerk	246,393	246,393	245,573		245,573	820
Tax assessor	136,915	136,915	133,902		133,902	3,013
Town manager	210,981	210,981	204,410		204,410	6,571
Building official	132,576	132,576	132,314		132,314	262
Town treasurer	346,399	346,399	310,447		310,447	35,952
Tax collector	128,368	128,368	110,833		110,833	17,535
Information systems	213,957	213,957	187,846		187,846	26,111
Town planner	137,975	137,975	135,649		135,649	2,326
Boards, agencies, and committees	120,635	124,860	104,680		104,680	20,180
General fund contingency	60,000	60,000	12,988		12,988	47,012
Miscellaneous town expense	13,650	13,650	12,233		12,233	1,417
Buildings - administration	2,400	2,400	2,025		2,025	375
Total general government	1,796,249	1,800,474	1,638,667	0	1,638,667	161,807
Public Safety:						
Police department	2,612,958	2,612,958	2,557,799		2,557,799	55,159
Animal control	139,856	143,856	142,781		142,781	1,075
Civil defense	10,442	10,442	9,251		9,251	1,191
Municipal court	21,550	21,550	19,549		19,549	2,001
Total public safety	2,784,806	2,788,806	2,729,380	0	2,729,380	59,426
Public Works:						
Highway department	1,417,272	1,530,272	1,528,922		1,528,922	1,350
Total public works	1,417,272	1,530,272	1,528,922	0	1,528,922	1,350

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Recreation and Social Services:						
Participation recreation	138,670	139,170	130,746		130,746	8,424
Operation of mini-bus	24,500	28,000	27,463		27,463	537
Total recreation and social services	163,170	167,170	158,209	0	158,209	8,961
Special Appropriations	50,450	50,558	50,558	0	50,558	0
Debt Service:						
General obligation bonds:						
Principal	1,931,000	1,798,667	1,509,000		1,509,000	289,667
Interest	516,262	516,262	273,403		273,403	242,859
Bond issuance costs	0	0	26,350		26,350	(26,350)
Bond registration fees and other	2,000	2,000	0		0	2,000
Total debt service	2,449,262	2,316,929	1,808,753	0	1,808,753	508,176
General Services	1,511,120	1,511,120	1,498,769	0	1,498,769	12,351
Capital Improvements Program:						
School department	400,000	689,368	383,875		383,875	305,493
Police department	219,650	284,259	222,961		222,961	61,298
Public works	1,726,500	2,798,252	1,322,824		1,322,824	1,475,428
Administration	97,000	425,608	24,113		24,113	401,495
Recreation	0	75,000	0		0	75,000
Total capital improvements program	2,443,150	4,272,487	1,953,773	0	1,953,773	2,318,714
Library:						
Pascoag Library	66,500	66,500	66,500		66,500	0
Jesse M. Smith Memorial Library	783,663	788,463	788,463		788,463	0
Total library	850,163	854,963	854,963	0	854,963	0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments to Budgetary Basis	Actual Budgetary Basis	Variance
Miscellaneous:						
Employee insurance and benefits	2,288,950	2,278,150	2,146,562		2,146,562	131,588
Legal services	115,000	117,000	116,814		116,814	186
Other professional services	29,500	34,500	31,179		31,179	3,321
Total miscellaneous	2,433,450	2,429,650	2,294,555	0	2,294,555	135,095
Total expenditures	15,899,092	17,722,429	14,516,549	0	14,516,549	3,205,880
Excess of revenues over expenditures before other financing sources (uses)	32,222,858	30,399,521	20,896,421	13,631,812	34,528,233	4,128,712
Other financing sources (uses):						
Transfers out:						
Special revenue funds	(32,500,000)	(33,460,848)	(19,829,036)	(13,631,812)	(33,460,848)	0
Capital project funds	(1,368,687)	(1,264,982)	(1,264,982)		(1,264,982)	0
Transfers in:						
Special revenue funds	30,100	24,100	187,443		187,443	163,343
Capital project funds	1,168,687	0	0		0	0
Enterprise funds	447,042	447,042	0		0	(447,042)
Town-held tax liens	0	0	(90,826)		(90,826)	(90,826)
Payment to refunded bond escrow agent	0	0	(2,749,071)		(2,749,071)	(2,749,071)
Proceeds from refunding bonds	0	0	2,780,000		2,780,000	2,780,000
Reappropriation of prior year's designated fund balance	0	3,855,167		3,855,167	3,855,167	0
Net other financing uses	(32,222,858)	(30,399,521)	(20,966,472)	(9,776,645)	(30,743,117)	(343,596)
Net change in fund balance - budgetary basis	\$ 0	\$ 0	\$ (70,051)	\$ 3,855,167	\$ 3,785,116	\$ 3,785,116

(CONCLUDED)

**TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

[illegible]

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Rates	Valuations		Levy	Current year collections	\$	31,866,820
Real-Property- Residential	\$	17.56	\$ 1,172,226,200	\$ 19,988,919			
Real-Property-Commercial/Industrial		17.56	264,719,600	4,613,375			
Motor Vehicles		40.00	130,933,117	4,294,211			197,759
Tangible and Personal Property		17.56	175,203,897	3,076,709			
Total			<u>1,743,082,814</u>	<u>\$ 31,973,214</u>			
Exemptions			<u>(59,493,992)</u>				(185,120)
Net Assessed Values			<u>\$ 1,683,588,822</u>		Add refunds and adjustments		27,612
					Add miscellaneous adjustment		13,862
					Current year property tax revenue	\$	<u>31,920,933</u>

Town of Burrillville
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 31,534,621	\$ -
Last Year's Levy Tax Collection	306,355	-
Prior Years Property Tax Collection	79,958	-
Interest & Penalty	161,424	-
PILOT & Tax Treaty (excluded from levy) Collection	21,006	-
Other Local Property Taxes	-	-
Licenses and Permits	116,308	-
Fines and Forfeitures	58,440	-
Investment Income	180,849	-
Departmental	1,054,857	-
Rescue Run Revenue	-	-
Police & Fire Detail	53,150	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	-
Impact Aid	-	-
Medicaid	-	477,139
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	343,738
CDBG	4,371	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	1,395,889
MV Excise Tax Reimbursement & Phase-out	759,722	-
State PILOT Program	98,273	-
Distressed Community Relief Fund	-	-
Library Resource Aid	125,887	-
Library Construction Aid	261,561	-
Public Service Corporation Tax	204,641	-
Meals & Beverage Tax / Hotel Tax	217,762	-
LEA Aid	-	13,154,673
Group Home	-	-
Housing Aid Capital Projects	628,200	-
Housing Aid Bonded Debt	297,672	-
State Food Service Revenue	-	10,582
Incentive Aid	-	-
Property Revaluation Reimbursement	7,208	-
Other State Revenue	36,914	75,971
Other Revenue	608,057	1,018,107
Local Appropriation for Education	-	18,868,188
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 36,817,235	\$ 35,344,288
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	360,000	-
Financing Sources: Debt Proceeds	2,780,000	-
Financing Sources: Other	(16,487)	-
Rounding	-	-
Total Other Financing Sources	\$ 3,123,513	\$ -

Town of Burrillville
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 680,843	\$ 508,317	\$ 370,866	\$ 75,886	\$ 282,349	\$ 513,172	\$ 996,313	\$ 73,662	\$ 1,674,233
Compensation - Group B	-	-	-	-	-	-	-	-	101,565
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	193	1,474	-	-	-	-	119,340	-	192,290
Overtime - Group B	-	-	-	-	-	-	-	-	3,623
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	36,498
Active Medical Insurance - Group A	96,432	130,958	61,455	6,409	68,060	99,097	202,214	20,486	303,201
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	27,595
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	6,776	9,822	3,600	200	4,600	7,397	12,639	1,200	17,481
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,587
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	45,466	38,907	28,573	5,972	20,901	44,946	85,988	5,635	155,922
Life Insurance	878	923	347	135	441	939	1,763	104	2,687
State Defined Contribution- Group A	3,625	4,961	1,606	739	2,379	3,464	9,765	708	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	3,227	2,526	371	25	411	-	3,273	123	34,469
Other Benefits- Group B	-	-	-	-	-	-	-	-	173
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	24,370	36,709	11,884	5,102	18,017	27,938	71,467	3,491	308,111
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	7,510
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	1,038,859	114,764	45,652	47,412	340	38,836	76,824	480	1,813
Materials/Supplies	19,123	9,484	57,853	358	1,617	66,186	53,108	2,195	58,272
Software Licenses	5,938	-	-	62,212	-	4,233	-	1,896	6,205
Capital Outlays	532,566	23,074	5,104	9,382	5,345	8,671	1,218,630	-	229,903
Insurance	284,677	-	-	-	-	-	-	-	-
Maintenance	2,497	1,342	2,003	-	979	23,162	28,555	25,989	26,120
Vehicle Operations	229	286	2,670	-	2,125	-	175,587	386	79,777
Utilities	6,976	-	4,421	3,633	8,008	47,461	29,618	16,423	71,342
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	823	-	-
Revaluation	-	12,013	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	146,582	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,106,799	-	-
Claims & Settlements	5,725	-	-	-	-	-	-	-	-
Community Support	148,068	-	-	-	-	-	-	-	-
Other Operation Expenditures	266,024	37,504	38,953	734	2,025	745	5,550	10,768	47,794
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,172,492	\$ 933,066	\$ 635,358	\$ 218,198	\$ 417,595	\$ 886,248	\$ 4,344,839	\$ 163,546	\$ 3,388,172

Town of Burrillville
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 191,624	\$ 108,364	\$ -	\$ -	\$ -	\$ 5,475,628	\$ 15,482,165
Compensation - Group B	-	32,433	8,998	-	-	-	142,997	1,538,544
Compensation - Group C	-	-	-	-	-	-	-	2,944,118
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	50,824	10,441	-	-	-	374,562	-
Overtime - Group B	-	-	-	-	-	-	3,623	-
Overtime - Group C	-	-	-	-	-	-	-	31,668
Police & Fire Detail	-	-	-	-	-	-	36,498	-
Active Medical Insurance- Group A	-	45,624	28,858	-	-	-	1,062,795	2,604,220
Active Medical Insurance- Group B	-	-	-	-	-	-	27,595	151,099
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,083,843
Active Dental Insurance- Group A	-	3,487	1,587	-	-	-	68,789	181,342
Active Dental Insurance- Group B	-	-	-	-	-	-	1,587	6,150
Active Dental Insurance- Group C	-	-	-	-	-	-	-	66,455
Payroll Taxes	-	21,390	10,387	-	-	-	464,086	529,718
Life Insurance	-	365	208	-	-	-	8,791	64,559
State Defined Contribution- Group A	-	1,948	517	-	-	-	29,711	314,407
State Defined Contribution - Group B	-	-	-	-	-	-	-	21,295
State Defined Contribution - Group C	-	-	-	-	-	-	-	29,272
Other Benefits- Group A	-	265	1,056	-	-	-	45,748	210,404
Other Benefits- Group B	-	-	-	-	-	-	173	21,054
Other Benefits- Group C	-	-	-	-	-	-	-	59,277
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	13,471	7,931	-	-	-	528,491	2,001,933
State Defined Benefit Pension - Group B	-	-	-	-	-	-	7,510	160,434
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	180,799
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	-	1,392	-	-	-	1,366,371	5,463,364
Materials/Supplies	-	760	6,184	-	-	-	275,140	413,993
Software Licenses	-	17,947	-	-	-	-	98,430	32,132
Capital Outlays	-	-	-	-	-	-	2,032,676	128,508
Insurance	-	-	-	-	-	-	284,677	162,609
Maintenance	-	-	757	-	-	-	111,405	219,779
Vehicle Operations	-	-	3,392	-	-	-	264,453	65,081
Utilities	-	20,011	9,307	-	-	-	217,199	897,865
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	823	-
Revaluation	-	-	-	-	-	-	12,013	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	146,582	-
Trash Removal & Recycling	-	-	-	-	-	-	1,106,799	-
Claims & Settlements	-	-	-	-	-	-	5,725	41,000
Community Support	-	-	-	-	-	-	148,068	37,240
Other Operation Expenditures	-	160	2,312	-	-	-	412,567	56,487
Local Appropriation for Education	-	-	-	18,868,188	-	-	18,868,188	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	854,000	-	854,000	-
Municipal Debt- Interest	-	-	-	-	126,693	-	126,693	-
School Debt- Principal	-	-	-	-	655,000	-	655,000	-
School Debt- Interest	-	-	-	-	146,709	-	146,709	-
Retiree Medical Insurance- Total	-	-	-	-	-	37,586	37,586	(75,593)
Retiree Dental Insurance- Total	-	-	-	-	-	1,387	1,387	3,779
OPEB Contribution- Total	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 400,308	\$ 201,690	\$ 18,868,188	\$ 1,782,403	\$ 38,972	\$ 35,451,075	\$ 35,129,002

Financing Uses: Transfer to Capital Funds	\$ 2,395,223	\$ -
Financing Uses: Transfer to Other Funds	349,778	149,000
Financing Uses: Payment to Bond Escrow Agent	2,749,071	-
Financing Uses: Other	74,339	-
Total Other Financing Uses	\$ 5,568,412	\$ 149,000
Net Change in Fund Balance¹	(1,078,739)	66,286
Fund Balance1- beginning of year	\$16,225,051	\$1,018,048
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	16,225,051	1,018,048
Rounding	-	-
Fund Balance¹ - end of year	\$ 15,146,312	\$ 1,084,334

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

Town of Burrillville
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2018

	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
\$	\$ 35,538,619	\$ 3,123,513	\$ 14,996,991	\$ 24,936,599	\$ (1,271,458)	\$ 15,194,219	\$ -	\$ 15,194,219	\$ 13,922,761
	500,000	500,000	856,945	-	143,055	485,314	-	485,314	628,369
	947,342	-	897,192	-	50,150	218,373	-	218,373	268,523
	583,238	-	583,724	-	(486)	327,145	-	327,145	326,659
	36,503	-	5,635	-	30,868	34,452	-	34,452	65,320
\$	\$ 37,605,702	\$ 3,623,513	\$ 17,340,487	\$ 24,936,599	\$ (1,047,871)	\$ 16,259,503	\$ -	\$ 16,259,503	\$ 15,211,632
	\$ -	\$ -	\$ 18,868,188	\$ (18,868,188)	\$ -	\$ -	\$ -	\$ -	\$ -
	36,498	-	36,498	-	-	-	-	-	-
	(36,503)	-	(5,635)	-	(30,868)	(34,452)	-	(34,452)	(65,320)
	(788,463)	-	(788,463)	-	-	-	-	-	-
	-	(500,000)	-	(500,000)	-	-	-	-	-
	-	-	-	1	-	-	-	-	-
	\$ 36,817,235	\$ 3,123,513	\$ 35,451,075	\$ 5,568,412	\$ (1,078,799)	\$ 16,225,051	\$ -	\$ 16,225,051	\$ 15,146,312

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

Town of Burrillville
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Other		Total Other		Net Change		Beginning Fund		Prior Period		Restated Beginning		Ending	
	Total	Financing	Financing	Expenditures	Uses	in Fund	Fund Balance ¹	(Deficit)	Adjustment	(Deficit)	Fund Balance ¹	(Deficit)	Fund Balance ¹	(Deficit)
School Unrestricted Fund	\$ 33,973,239	\$ -	\$ 33,845,174	\$ 149,000	\$ 149,000	\$ (20,935)	\$ 778,320	\$ -	\$ -	\$ -	\$ 778,320	\$ -	\$ 757,385	\$ -
Enterprise Fund1	1,372,428	-	1,338,321	-	-	34,107	489,563	-	-	-	489,563	-	523,670	-
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	1,471,860	-	1,471,860	-	-	-	-	-	-	-	-	-	-	-
Totals per audited financial statements	\$ 36,817,527	\$ -	\$ 36,655,355	\$ 149,000	\$ 149,000	\$ 13,172	\$ 1,267,883	\$ -	\$ -	\$ -	\$ 1,267,883	\$ -	\$ 1,281,055	\$ -
Reconciliation from financial statements to MTP2														
State contributions on behalf of teacher pensions are reported as revenue & expenditures on financial statements only	\$ (1,473,239)	\$ -	\$ (1,473,239)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expenses recognized on Financial Statements NOT recognized for MTP2 or UCOA and NET INVESTMENT IN CAPITAL ASSETS FOR SCHOOL LUNCH FUND AS OF JUNE 30, 2018 NOT RECOGNIZED IN UCOA	-	-	(53,115)	-	-	53,115	(249,835)	-	-	-	(249,835)	-	(196,720)	-
Totals Per MTP2	\$ 35,344,288	\$ -	\$ 35,129,002	\$ 149,000	\$ 149,000	\$ 66,286	\$ 1,018,048	\$ -	\$ -	\$ -	\$ 1,018,048	\$ -	\$ 1,084,334	\$ -
Reconciliation from MTP2 to UCOA														
No reconciling items from MTP2 to UCOA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals per UCOA Validated Totals Report	\$ 35,344,288	\$ -	\$ 35,129,002	\$ 149,000	\$ 149,000	\$ 66,286	\$ 1,018,048	\$ -	\$ -	\$ -	\$ 1,018,048	\$ -	\$ 1,084,334	\$ -

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

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)
JUNE 30, 2018**

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND**NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)
JUNE 30, 2018**

NOTE 4. Employee Groups - Compensation and Benefit Costs (Continued)

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

NOTE 5. Education Revenue and Expenditures

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

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

(CONCLUDED)

TOWN OF BURRILLVILLE

REPORT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Cayer Caccia

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CPA, MST

Donna T. Caccia
CPA, MST, CFP™

***INDEPENDENT AUDITOR'S 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,
Burrillville, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Burrillville, Rhode Island, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Burrillville, Rhode Island's basic financial statements and have issued our report thereon dated December 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Burrillville, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Burrillville, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Burrillville, Rhode Island's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2018-1, 2018-2).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies. (2018-1, 2018-2).

Compliance and Other Matters

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

The Town of Burrillville, Rhode Island's Response to Findings

The Town of Burrillville, Rhode Island's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Burrillville, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cayer Caccia, LLP

Warwick, Rhode Island
January 14, 2019

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Burrillville.
2. Internal control over financial reporting:

Two significant deficiencies disclosed during the audit of the financial statements are summarized below in findings 2018-1 and 2018-2. Both of the deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of the Town of Burrillville, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINDINGS RELATED TO AUDIT OF FINANCIAL STATEMENTS

2018-1 Oversight of the Town's Financial Reporting Process

The Town Council and management are responsible for the effective oversight of the financial reporting process, including the preparation of Town financial statements and related footnote disclosures. During fiscal year 2018, the Town relied upon the external auditor to prepare its financial statements and related footnote disclosures to ensure that they were prepared in accordance with generally accepted accounting principles. Therefore, adequate controls were not in place as of June 30, 2018 to prevent and detect misstatements in the financial statement preparation and reporting process.

Recommendation – We recommend that the Town continue to strengthen its internal controls to decrease the risk of misstatements over the financial reporting process. Management can improve controls related to the financial reporting process by dedicating resources to improve the oversight of the financial reporting process.

Corrective Action Plan – Although the Town will continue to utilize the external auditor to prepare the financial statements, the Finance Department is taking a more active role by reviewing the financial statements and preparing a disclosure checklist to ensure all required disclosures are included and the financial statements are complete. This increased level of involvement in preparing and reviewing the financial statements should eliminate this comment in future years.

2018-2 Accurate Posting of Financial Activity

Required general ledger maintenance procedures related to the Town's larger and more complex side funds (special revenue, capital project, and component unit funds) are not being completed on a timely basis. As a result, we noted posting errors which required correcting entries to be made. In addition, we provided management with adjusting entries to record and reclassify financial activity in the MUNIS general ledger.

Recommendation – We recommend that the Finance Department continue to establish and implement monthly review and reconciliation procedures for the Town's significant side funds.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

B. FINDINGS RELATED TO AUDIT OF FINANCIAL STATEMENTS (Continued)

2018-2 Accurate Posting of Financial Activity (Continued)

Corrective Action Plan – The Finance Department will work more closely with Town departments to improve grant accounting and external reporting. The Finance Department has implemented procedures to oversee the Town's grant activity. These procedures include reconciling grant activity with the Munis general ledger and supporting documentation on a monthly basis. In addition, this will help ensure the grant funds are reconciled prior to the start of the audit.

C. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2017-1 Oversight of the Town's Financial Reporting Process

The Town Council and management are responsible for the effective oversight of the financial reporting process, including the preparation of Town financial statements and related footnote disclosures. During fiscal year 2017, the Town relied upon the external auditor to prepare its financial statements and related footnote disclosures to ensure that they were prepared in accordance with generally accepted accounting principles. Therefore, adequate controls were not in place as of June 30, 2017 to prevent and detect misstatements in the financial statement preparation and reporting process.

Recommendation – We recommend that the Town continue to strengthen its internal controls to decrease the risk of misstatements over the financial reporting process. Management can improve controls related to the financial reporting process by dedicating resources to improve the oversight of the financial reporting process.

Current Status – The Town acknowledges that it relied on the external auditors to assist in the recording of certain complex transactions and the final preparation of the GAAP financial statements. The Finance Department is taking a more active role by reviewing the financial statements before they are finalized.

2017-2 Accurate Posting of Financial Activity

Required general ledger maintenance procedures related to the Town's larger and more complex side funds (special revenue and component unit funds) are not being completed on a timely basis. As a result, we noted posting errors which required correcting entries to be made. In addition, we provided management with adjusting entries to record and reclassify financial activity in the MUNIS general ledger.

Recommendation – We recommend that the Finance Department continue to establish and implement monthly review and reconciliation procedures for the Town's significant side funds.

Current Status – The Finance Department is currently working Town Departments to improve grant accounting and external reporting, including reconciling grant activity with the MUNIS general ledger and supporting documentation on a monthly basis.

(CONCLUDED)