

**TOWN OF
BURRILLVILLE, RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY: FINANCE DEPARTMENT

TOWN OF BURRILLVILLE, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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(CONCLUDED)

TOWN OF BURRILLVILLE

INTRODUCTORY SECTION

TOWN OF BURRILLVILLE, RHODE ISLAND

MUNICIPAL OFFICERS

June 30, 2016

TOWN COUNCIL

John F. Pacheco III, President
Steven N. Rawson, Pro-tem
Nancy F. Binns
Michelle D. Bouchard
Kimberly A. Brissette-Brown
Donald A. Fox
David J. Place

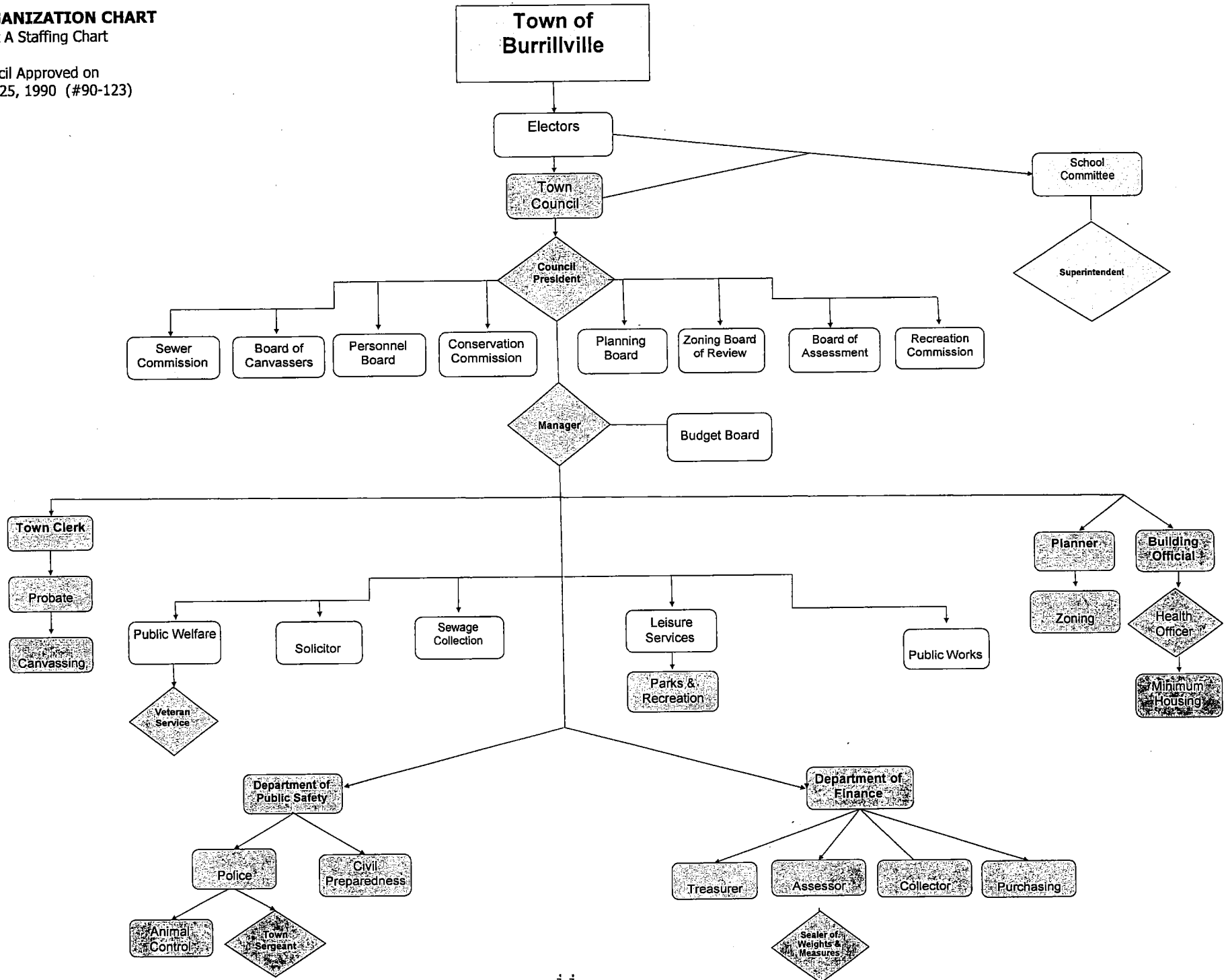
TOWN OFFICIALS

Town Manager	Michael C. Wood
Assessor	Susan R. Makar, RICA
Building Official	Joseph F. Raymond
Clerk	Louise R. Phaneuf, CMC
Emergency Management Director	Glen D. Biddiscombe
Finance Director/Tax Collector	Michael C. Wood
Municipal Court Judge	Kevin D. Heitke
Planning/Economic Development Coordinator	Thomas J. Kravitz, MCP
Police Chief	Col. Stephen J. Lynch
Probate Court Judge	Pierre G. Rondeau
Public Works-Director/Engineer	Jeffrey M. McCormick, PE
Recreation Director /Special Events Coordinator	Andrea C. Hall
School Superintendent	Dr. Frank Pallotta
Solicitor	Oleg Nikolyszyn
Treasurer	Mark A. Adams
Wastewater Treatment Facility-Superintendent	John E. Martin III

ORGANIZATION CHART

* Not A Staffing Chart

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





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Burrillville
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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, 2016, 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.

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and other post-employment benefit information, and budgetary comparison information on pages 4 through 24 and 93 through 103 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, and Tax Collector's Annual 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, and Tax Collector's Annual 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, and Tax Collector's Annual Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 December 23, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Burrillville, Rhode Island's internal control over financial reporting and compliance.

Cayer Caccia, LLP

December 23, 2016

Town of Burrillville, Rhode Island
Management's Discussion and Analysis
JUNE 30, 2016

The Town of Burrillville (the Town) provides this Management Discussion and Analysis (MD&A), 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, 2016. 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, 2016 by \$75.70 million (net position).
- As of June 30, 2016, the Town's governmental activities reported total net position of \$47.69 million.
- The Town of Burrillville's total net position increased by \$2.80 million, or 3.85%, for the year ended. The net position of governmental activities increased by \$1.41 million, a 3.05% increase from fiscal 2015. The net position of business-type activities increased by \$1.39 million, or 5.24% from 2015.
- The Town's general fund reported a fund balance of \$22.68 million at the end of fiscal year ending 2016. This compares to a fund balance of \$16.75 million at the end of fiscal 2015. The unassigned fund balance for the year was \$7.81 million (\$6.43 million in 2015). This is a \$1.38 million decrease over the prior year's unassigned fund balance.
- The Town ended the fiscal year with a budgetary operating excess of revenues over expenditures of \$8,620,938 in 2016. Included in this amount is \$2,186,464 of unexpended capital improvement funds which have been carried over to fiscal year ending June 2017 and \$6,300,000 in unbudgeted bond proceeds which are restricted for future Sewer construction commitments.

Financial Highlights (Continued)

- The School Department ended the fiscal year with a budgetary excess of revenues over expenditures of \$245,689 (\$67,040 in 2015). The School fund balance is \$653,672 (\$467,090 in 2015).
- The Town's total noncurrent liabilities (\$46,990,178) increased by \$5,406,838 [government activities increased by \$5,396,727 and business-type activities increased by \$10,111] or 13.00% in 2016 which was primarily due to bond proceeds of \$9,680,000 and an increase in the net pension liability of \$882,898, offset by scheduled debt payments of \$2,029,000 and refunding existing debt of \$3,750,000.

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 interfund 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 \$6,797,526 at June 30, 2016.

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 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, 2016 financials in a format prescribed by the Government Accounting Standards Board Statement 34 (GASB 34).

June 30, 2016

The Town's combined net position was \$75.70 million in 2016. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities are \$47.69 million and the business-type activities net position is \$28.01 million in 2016. 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 (121%) 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 large deficit unrestricted net position is due mainly to the inclusion of the net pension liability of \$25.57 million offset by the net pension asset of \$3.10 million due to the implementation of GASB Statement No. 68.

June 30, 2015

The Town's combined net position was \$72.89 million in 2015. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities are \$46.28 million and the business-type activities net position is \$26.61 million in 2015. 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 (108%) 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 large deficit unrestricted net position is due mainly to the inclusion of the net pension liability of \$24.68 million offset by the net pension asset of \$4.51 million due to the implementation of GASB Statement No. 68.

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 38,767,343	\$ 32,666,628	\$ 5,348,362	\$ 4,562,598	\$ 44,115,705	\$ 37,229,226
Capital assets	66,010,555	65,694,293	23,605,357	22,428,899	89,615,912	88,123,192
Total assets	104,777,898	98,360,921	28,953,719	26,991,497	133,731,617	125,352,418
Deferred outflows of resources	6,903,575	2,735,804	0	0	6,903,575	2,735,804
Current liabilities	9,584,250	8,212,759	871,241	313,339	10,455,491	8,526,098
Noncurrent liabilities	46,913,732	41,517,005	76,446	66,335	46,990,178	41,583,340
Total liabilities	56,497,982	49,729,764	947,687	379,674	57,445,669	50,109,438
Deferred inflows of resources	7,492,970	5,086,147	0	0	7,492,970	5,086,147
Net position:						
Net investment in capital assets	57,854,246	56,173,440	23,605,357	22,428,899	81,459,603	78,602,339
Restricted	6,715,341	1,404,629			6,715,341	1,404,629
Unrestricted	(16,879,066)	(11,297,255)	4,400,675	4,182,924	(12,478,391)	(7,114,331)
Total net position	\$ 47,690,521	\$ 46,280,814	\$ 28,006,032	\$26,611,823	\$ 75,696,553	\$ 72,892,637

The total net position in governmental activities increased by \$1.41 million. Governmental activities capital assets increased by \$0.32 million. For additional analysis see Table 3. Governmental activities current liabilities increased by \$1.37 million. Governmental activities noncurrent liabilities increased by \$5.40 million due mainly to the net effect of additional bond proceeds of \$6.3 million and an increase in the net pension liability of \$0.9 million offset by annual debt payments of \$2.03 million.

The net position in Business-type activities increased by \$1.39 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,452,805	\$ 1,296,385	\$3,855,448	\$3,556,766	\$ 5,308,253	\$ 4,853,151
Operating grants and contributions	17,924,551	16,732,895	478,635	471,072	18,403,186	17,203,967
Capital grants and contributions	2,345,603	2,032,741	35,000		2,380,603	2,032,741
General revenues:						
Property Taxes	30,818,461	29,901,085			30,818,461	29,901,085
Unrestricted Investment	43,317	35,212	2,929	518	46,246	35,730
Contributions not restricted to specific programs	650,000				650,000	
Total Revenues	<u>53,234,737</u>	<u>49,998,318</u>	<u>4,372,012</u>	<u>4,028,356</u>	<u>57,606,749</u>	<u>54,026,674</u>
Expenses:						
General government	5,358,017	4,367,763			5,358,017	4,367,763
Public safety	3,887,279	3,553,642			3,887,279	3,553,642
Public works	3,692,622	3,373,957			3,692,622	3,373,957
Education	35,174,139	32,988,419			35,174,139	32,988,419
Parks and recreation	919,878	694,829			919,878	694,829
Libraries	908,905	841,952			908,905	841,952
Community development	353,131	145,521			353,131	145,521
Interest on long-term debt	480,241	569,569			480,241	569,569
Burrillville Redevelopment Agency	65,000				65,000	
Sewer Authority			2,120,725	2,043,668	2,120,725	2,043,668
School Cafeteria			910,218	911,469	910,218	911,469
Levy Rink			382,839	364,075	382,839	364,075
Extended Day Care			549,839	460,702	549,839	460,702
Total expenses	<u>50,839,212</u>	<u>46,535,652</u>	<u>3,963,621</u>	<u>3,779,914</u>	<u>54,802,833</u>	<u>50,315,566</u>
Revenues over (under) expenses	2,395,525	3,462,666	408,391	248,442	2,803,916	3,711,108
Transfers in (out)	(985,818)	199,647	985,818	(199,647)	0	0
Increase (decrease) in net position	1,409,707	3,662,313	1,394,209	48,795	2,803,916	3,711,108
Net Position, July 1,	46,280,814	42,618,501	26,611,823	26,563,028	72,892,637	69,181,529
Net Position, June 30	<u>\$ 47,690,521</u>	<u>\$46,280,814</u>	<u>\$28,006,032</u>	<u>\$26,611,823</u>	<u>\$75,696,553</u>	<u>\$72,892,637</u>

Governmental activities revenues increased by \$3.24 million primarily due to an increase in operating grants and contributions of \$1.19 million, an increase in property taxes of \$0.97 million, and an increase in contributions not restricted to specific programs of \$0.65 million.

Governmental activity expenses increased by \$4.30 million which reflect increased costs associated with general government (\$0.99 million), increased costs for public safety (\$0.33 million), and increased costs for education (\$2.19 million).

The net position associated with business-type activities increased by \$1.39 million which relates to an increase associated with the Sewer Authority (transfer from the General Fund of \$0.94 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.

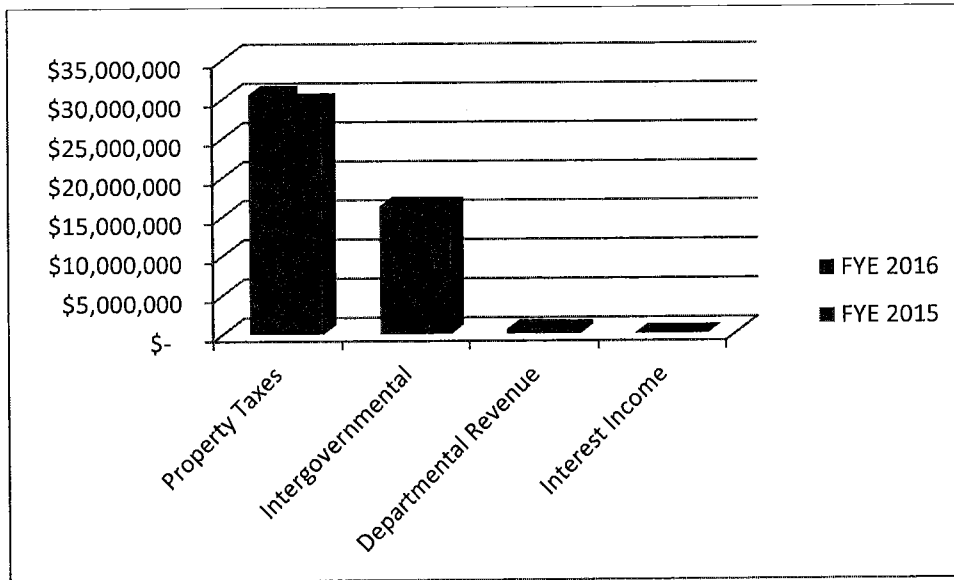
During FYE 2016, there were five (5) supplemental budget appropriations adopted by the Town Council, which totaled \$3,109,515 including one transfer of \$1,665,380 related to capital improvements carried forward from the prior year. Other budget appropriations included the following: \$527,240 for school CIP, \$264,500 to provide funding for one-time contingencies, and a transfer to the debt reduction fund of \$652,395.

A comparative breakdown of revenues and expenditures associated with the General Fund on a budgetary basis for the fiscal years ending June 30, 2016 and 2015 is listed below. This information is provided for general purposes only.

The Town's general revenues increased in FYE 2016 when compared to the prior year by 2.29% or \$1,066,423.

<u>Revenues</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>% Change</u>	<u>\$ Change</u>
Property Taxes	\$30,658,653	\$29,649,702	3.40%	\$ 1,008,951
Intergovernmental Revenue	16,318,236	16,288,169	0.18%	30,067
Departmental Revenue	574,486	557,633	3.02%	16,853
Interest Income	28,197	17,645	59.80%	10,552
Total Revenues	<u>\$47,579,572</u>	<u>\$46,513,149</u>	<u>2.29%</u>	<u>\$1,066,423</u>

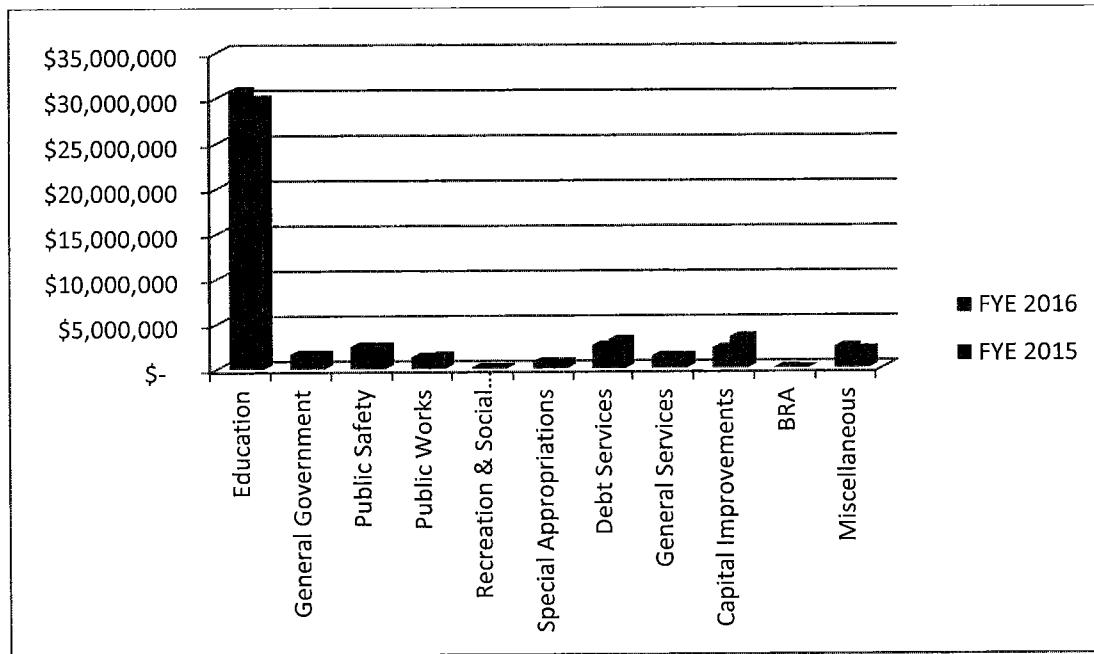
General Fund (Continued)



The Town's general expenditures decreased in FYE 2016 when compared to the prior year by 10.19% or \$4,420,028.

	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>% Chg</u>	<u>\$ Chg</u>
<u>Expenditures</u>				
Education	\$30,830,000	\$29,867,052	3.22%	\$962,948
General Government	1,634,819	1,599,250	2.22%	35,569
Public Safety	2,481,724	2,468,772	0.52%	12,952
Public Works	1,313,932	1,443,284	(8.96)%	(129,352)
Recreation & Social Services	136,770	149,163	(8.31)%	(12,393)
Special Appropriations	773,050	712,650	8.48%	60,400
Debt Services	2,571,823	3,220,370	(20.14)%	(648,547)
General Services	1,393,451	1,363,619	2.19%	29,832
Capital Improvements	2,257,671	3,508,243	(35.65)%	(1,250,572)
Burrillville Redevelopment Agency	65,000		100.00%	65,000
Miscellaneous	2,408,799	2,081,934	15.70%	326,865
<u>Other Financing (Sources) Uses</u>				
Transfer from Fund Balance	(2,582,275)	(3,255,760)	20.69%	673,485
Transfers In	(1,274,200)	(2,329,290)	45.30%	1,055,090
Transfer Out-Capital Projects	1,256,257	1,103,723	13.82%	152,534
Transfer Out-Special Revenue	857,383	1,445,652	(40.69)%	(588,269)
Transfer Out-Enterprise funds	1,181,156		100.00%	1,181,156
Proceeds from refunding bonds	(3,380,000)		100.00%	(3,380,000)
Bond Premium	(501,691)		100.00%	(501,691)
Proceeds from Bond Issuance	(6,300,000)		100.00%	(6,300,000)
Payment to refunded bond escrow agent	3,834,965		100.00%	3,834,965
Total Expenditures (Net of Transfers)	<u>\$38,958,634</u>	<u>\$ 43,378,662</u>	<u>10.19%</u>	<u>\$(4,420,028)</u>
Excess of Revenues over Expenditures- Budgetary Basis	<u>\$ 8,620,938</u>	<u>\$ 3,134,487</u>	<u>175.04%</u>	<u>\$5,486,451</u>

General Fund (Continued)



June 30, 2016

Overall non-tax revenues were \$57,472 more than the prior year due mainly to an increase in intergovernmental [Medicaid] and departmental revenue. Actual revenues were \$756,862 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 \$539,473 - which includes tax revenue of \$510,719. The Town collected approximately 98.3% of the fiscal year 2016 tax levy.
- Second, the Town's intergovernmental revenue was more than the budget by \$120,881. This amount includes additional amounts received from Medicaid reimbursements \$129,659.
- Third, the Town's departmental revenue was more than budget by \$89,811 which is primarily due to an increase in licenses and fees of \$50,136 and an increase in building official fees of \$33,149.
- Finally, interest income was over budget in the amount of \$6,697.

The Town has continued its aggressive tax collection position, which was implemented many years ago. This again has resulted in the current year collections for the fiscal year ended June 30, 2016 being greater than anticipated. A 98.2% collection rate was budgeted for FYE 2016 and 98.3% was actually collected. The collection rate used for budgeting purposes was based upon historical collection data.

A comparison of actual expenditures incurred during FYE 2016 reveals that the Town expenses were \$2,513,458 less than the amount appropriated. This was achieved by limiting expenditures to essential services only. A significant portion of this amount [\$2,186,464] is for capital improvement activities related to general administration, police, school, and public works projects which has been re-appropriated for FYE June 30, 2017. In addition, the Town received \$6.3 million in unbudgeted bond proceeds during fiscal year 2016, which are restricted for future Sewer construction commitments.

General Fund (Continued)

The most significant governmental expense for the municipality during 2016 was in providing for public safety, which incurred expenses of \$2.48 million. The major components of public safety are police and animal control. Other significant governmental expenses for the municipality include public works at \$1.31 million; general government at \$1.63 million, which includes all administrative offices; general services (\$1.39 million) such as refuse collection/recycling; debt at \$2.57 million, and insurance/benefits at \$2.06 million.

June 30, 2015

Overall non-tax revenues were \$598,649 more than the prior year due mainly to an increase in intergovernmental [FEMA, State] and departmental revenue. Actual revenues were \$1,076,852 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 \$478,203 - which includes tax revenue of \$452,844. The Town collected approximately 97.70% of the fiscal year 2015 tax levy.
- Second, the Town's intergovernmental revenue was more than the budget by \$523,746. This amount includes additional amounts received from Medicaid reimbursements (\$69,748), School aid (\$69,367), and School Construction (\$256,619).
- Third, the Town's departmental revenue was more than budget by \$78,758 which is primarily due to an increase in service/assessment (\$40,781) receipts. Service/assessment relates to an increase in police details.
- Finally, interest income was again slightly under budget in the amount of \$3,855. The decrease is primarily attributed to the continued low interest rate environment.

The Town has continued its aggressive tax collection position, which was implemented many years ago. This again has resulted in the current year collections for the fiscal year ended June 30, 2015 being greater than anticipated. A 97.16% collection rate was budgeted for FYE 2015 and 97.80% was actually collected. The collection rate used for budgeting purposes was based upon historical collection data.

A comparison of actual expenditures incurred during FYE 2015 reveals that the Town expenses were \$1,849,919 less than the amount appropriated. This was achieved by limiting expenditures to essential services only. A significant portion of this amount [\$1,665,380] is for capital improvement activities related to general administration, police, school, and public works projects which has been re-appropriated for FYE June 30, 2016.

The most significant governmental expense for the municipality during 2015 was in providing for public safety, which incurred expenses of \$2.47 million. The major components of public safety are police and animal control. Other significant governmental expenses for the municipality include public works at \$1.44 million; general government at \$1.60 million, which includes all administrative offices; general services (\$1.36 million) such as refuse collection/recycling; debt at \$3.22 million, and insurance/benefits at \$1.96 million.

Fund Balance

June 30, 2016

The net effect of operations as described above on the budgetary basis reveals that the Town completed fiscal year ending June 30, 2016 with a net excess of revenues over expenditures in the amount of \$8,620,938. Note that this amount included as revenue the budgeted amount of \$2,582,275 from the Unassigned Fund Balance. When this is factored out, there is actually a net increase to fund balance associated with the excess of revenues over expenditures of \$6,038,663. The majority of this increase (\$6,300,000) relates to Sewer Bond proceeds.

The Town's fund balance increased from \$16,754,463 to \$22,677,477. The Town's fund balance is broken down into the following components and is comprised of cash or other assets that will eventually be converted into cash such as receivables:

1. Nonspendable. An amount \$(527,424) 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. This balance also includes \$186,405 for prepaid expenditures.
2. Restricted. An amount (\$5,118,844) related to unspent bond proceeds for Sewer Authority capital projects.
3. Committed. An amount (\$8,910,066) 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 \$2,186,464 which was re-appropriated in FYE 2017 for capital projects.
4. Assigned. An amount (\$128,540) related to funding reserved for the School Department.
5. Unassigned. Finally after all of the above items are considered, the remaining value of \$7,806,198 is referred to as the Town's Unassigned Fund Balance, which increased by \$1,378,400 over last year's Unassigned Fund Balance of \$6,427,798. This increase is due to the net effect of budget activity combined with a number of planned fund balance draw downs during FYE 2016 related to capital improvement carryover and fund balance in excess of the fund balance policy. This leaves an Unassigned Fund Balance on June 30, 2016 of \$7,806,198 which is approximately 15.11% of the total budget currently appropriated for FYE June 30, 2017 (\$51,729,383).

June 30, 2015

The net effect of operations as described above on the budgetary basis reveals that the Town completed fiscal year ending June 30, 2015 with a net excess of revenues over expenditures in the amount of \$3,134,487. Note that this amount included as revenue the budgeted amount of \$3,255,760 from the Unassigned Fund Balance. When this is factored out, there is actually a net decrease to fund balance associated with the excess of expenditures over revenues of \$121,273.

The Town's fund balance increased from \$15,877,267 to \$16,754,463. The Town's fund balance is broken down into the following components which are detailed in footnote 9(a) and comprised of cash or other assets that will eventually be converted into cash such as receivables:

1. Nonspendable. An amount (\$526,987) 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 (\$9,708,597) 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 \$1,665,379 which was re-appropriated in FYE 2016 for capital projects.
3. Assigned. An amount (\$91,081) related to funding reserved for the School Department.
4. Unassigned. Finally after all of the above items are considered, the remaining value of \$6,427,798 is referred to as the Town's Unassigned Fund Balance, which decreased from \$1,224,660 over last year's Unassigned Fund Balance of \$7,652,458. This decrease is due to the net effect of budget activity combined with a number of planned fund balance draw downs during FYE 2015 related to capital improvement carryover and fund balance in excess of the fund balance policy. This leaves an Unassigned Fund Balance on June 30, 2015 of \$6,427,798 which is approximately 13.36% of the total budget currently appropriated for FYE June 30, 2016 (\$48,128,356).

School Department

June 30, 2016

The School Department had revenues for the year ended June 30, 2016 of \$14.95 million. This was derived from \$13.72 million of intergovernmental revenues and \$1.23 million of state pension contribution revenues. In addition to general operating revenues, the School Department also received \$17.11 million of other financing sources in the form of transfers in from the General Fund.

Expenditures for the School Department totaled \$31.87 million. This entire amount represents expenditures related to education.

The excess of revenues over expenditures was \$0.19 million for the fiscal year ended June 30, 2016.

June 30, 2015

The School Department had revenues for the year ended June 30, 2015 of \$14.76 million. This was derived from \$13.59 million of intergovernmental revenues and \$1.17 million of state pension contribution revenues. In addition to general operating revenues, the School Department also received \$16.30 million of other financing sources in the form of transfers in from the General Fund.

Expenditures for the School Department totaled \$31.12 million. This entire amount represents expenditures related to education.

The excess of expenditures over revenues was \$0.08 million for the fiscal year ended June 30, 2015.

Business-type Activities

Proprietary Activities

June 30, 2016

Revenues and transfers in for the Town's business-type activities were \$5.36 million for the fiscal year ending June 30, 2016. Expenses for the Town's business-type activities were \$3.96 million for the year, resulting in an increase in net position of \$1.4 million. The increase in net position was mainly from the following:

- The Town's Sewer Authority recorded charges for services of \$2.36 million, expenses of \$2.12 million and transfers in of \$0.94 million resulting in an increase in net position of \$1.18 million.

June 30, 2015

Revenues of the Town's business-type activities were \$4.03 million for the fiscal year ending June 30, 2015. Expenses for the Town's business-type activities were \$3.98 million for the year, resulting in an increase in net position of \$0.05 million. The increase in net position was mainly from the result of an increase in the net position of the Levy Rink of \$0.11 million, an increase in the net position of the Extended Day Care of \$0.07 million offset by a decrease in the net position of the Sewer Authority of \$0.16 million.

Capital Assets and Debt Administration

Capital Project Funds

The Town had several active capital projects during the fiscal year ended June 30, 2016.

Some projects that continue to carry balances at year end include the School Roof Improvements and North Road Bridge Project.

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 2016, the Town had \$89.62 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 increase (including additions and deductions) of \$1.50 million over the prior fiscal year's net capital assets (\$88.12 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.

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.

Capital Assets and Debt Administration (Continued)

Capital Assets (Continued)

Table 3

Capital Assets - Primary Government June 30

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,909,741	\$ 2,909,741	\$ 382,443	\$ 382,443	\$ 3,292,184	\$ 3,292,184
Construction in progress	1,624,047	632,595	2,054,926	480,217	3,678,973	1,112,812
Leasehold improvements			34,398	34,398	34,398	34,398
Collection systems			34,714,465	34,714,465	34,714,465	34,714,465
Buildings and improvements	75,233,740	74,675,147	8,315,374	8,086,385	83,549,114	82,761,532
Equipment	2,719,243	2,038,818	402,210	402,210	3,121,453	2,441,028
Vehicles	4,708,564	4,792,620	135,261	135,261	4,843,825	4,927,881
Furniture			717,233	676,258	717,233	676,258
Infrastructure	22,164,666	20,736,517			22,164,666	20,736,517
Total Assets	109,360,001	105,785,438	46,756,310	44,911,637	156,116,311	150,697,075
Less accumulated depreciation	(43,349,446)	(40,091,145)	(23,150,953)	(22,482,738)	(66,500,399)	(62,573,883)
Totals	<u>\$ 66,010,555</u>	<u>\$ 65,694,293</u>	<u>\$ 23,605,357</u>	<u>\$ 22,428,899</u>	<u>\$ 89,615,912</u>	<u>\$ 88,123,192</u>

- Completion of construction and road/sidewalk improvements (Gonyea Park, playground at Stillwater Mill Center, White Mill Park, crack sealing, and a number of roads [Hill, Snake Hill, Smith Hill, Union]).
- Acquisition of various equipment including 3 police vehicles, and new slides for Spring Lake.
- The School Department also had funding allocated towards various building improvements – primarily related to roof replacements, and building safety.

The 2017 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, economic development, parks and recreation, schools, and street improvements along with funding for a new DPW facility from the Debt Reduction Fund.

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

Capital Assets and Debt Administration (Continued)

Debt Administration

June 30, 2016

The total outstanding long-term bonded debt on June 30, 2016 was \$21,343,050, which represents an increase of \$4,350,395 from June 30, 2015 (\$16,992,655). This increase was primarily due to the net effect of additional bond proceeds of \$9,680,000, offset by annual debt payments (\$2,029,000) and bond refundings (\$3,750,000) on outstanding issues.

June 30, 2015

The total outstanding long-term bonded debt on June 30, 2015 was \$16,992,655, which represents a decrease of \$1,966,215 from June 30, 2014 (\$18,958,870). This decrease was primarily due to the net effect of annual debt payments (\$2,618,000) on outstanding issues. This decrease was offset by loan proceeds from the RI Infrastructure Bank for the replacement of the North Road Bridge [\$680,000].

Table 4

	Long Term Debt			
	June 30			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$21,343,050	\$16,992,655		
Compensated Absences	1,113,446	1,139,878	\$82,538	\$85,897
Net OPEB Obligation		4,934	2,138	2,088
Landfill Post-Closure Costs	930,500	924,000		
Totals	<u>\$23,386,996</u>	<u>\$19,061,467</u>	<u>\$84,676</u>	<u>\$87,985</u>

The Town does have overlapping debt totaling \$2,060,289 which is associated with long-term obligations incurred by three (3) out of four (4) Fire Districts. There is no legal obligation incurred by the Town on these debts. These Fire District debts are assessed against the same property that is being assessed by the Town.

Below is a comparison of various long-term bonded debt ratios for June 30, 2016 and June 30, 2015. Note that Loans Payable, Bond Anticipation Notes (BANS), and Bond Premiums are not incorporated in these calculations.

Capital Assets and Debt Administration (Continued)

Debt Administration (Continued)

	<u>Various Debt Ratios</u>	
	<u>6/30/2016</u>	<u>6/30/2015</u>
Total Outstanding Long-Term Bonded Debt	\$20,749,229	\$16,848,229
Debt per Capita -		
2010 Census (15,955)	\$ 1,300	\$ 1,056
State Average \$1,781		
City/town average \$1,673		
Net Assessed Values	\$1,486,998,914	\$1,440,926,137
Debt to Net Assessed Values	1.40%	1.17%
Tax Rate per \$ 1,000:		
Real Estate	\$ 18.88	\$ 18.88
Motor Vehicle	\$ 40.00	\$ 40.00
Portion of Tax Rate Funding Debt - Percent of Tax Dollar	4.98%	6.31%
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 15.09% 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 our financial operations.

Capital Assets and Debt Administration (Continued)

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 2017 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 4.80 percent. This compares to the State's average unemployment rate of 5.10 percent and the national average of 5.10 percent.
- According to the Tax Assessor, the average 2016 single family home in Burrillville is valued for assessment purposes at \$229,337, the average commercial property is valued at \$576,319, and the average industrial property is valued at \$933,671.
- As part of a major wastewater treatment plant upgrade, the Town closed on a \$3.7 million sewer bond with RI Infrastructure Bank in July, 2015 and closed on an additional \$2.6 million bond in June 2016. Additionally, the Town was part of a bond refunding issue with RI Health and Educational Building Corporation in December, 2015 which resulted in a savings of approximately 9% on the remaining amount due on the bond. 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 overall economy and the continued freeze and reductions of various State aid to the communities continue to impact the Town's budget significantly.
- Certain employment costs including health insurance continue to rise significantly requiring constant reevaluation of those programs.

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, 2017 was being prepared including the following:

- The overall adopted budget was \$51,729,383, which was an increase of \$3,601,027 over the 2016 budget [\$48,128,356].
 - Capital improvements decreased by \$1,322,093 [37.70%].
 - The School operating budget increased from \$30,830,000 to \$31,857,500 or 3.20%. The net dollar increase is \$1,027,500.
 - The municipal operating and debt budgets increased \$186,753 [1.44%].
- The General Fund's largest single revenue source is property taxes – State revenue is second. The Town's tax rate was reduced from \$18.88 per \$1,000 valuation to \$17.40 per \$1,000 valuation for fiscal year ending 2017. The average single family home value increased from \$202,221 to \$229,614 (\$27,393 increase). This resulted in the average single family homeowner's tax liability increasing by \$177 when comparing the 2017 tax bill to the prior year.
- The 2017 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 with the settlement of the OSP/TransCanada tax treaty.
- The General Fund's portion of property tax revenue for FY 2017 is estimated to be \$31.40 million. The increase in tax levy (approximately \$.92 million) relates primarily to an increase in school operating expenses and the transfer of \$3 million for the initial funding of the new DPW facility.
- 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 ISLANDSTATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 24,763,533	\$ 4,490,303	\$ 29,253,836	\$ 241,622
Receivables:				
Taxes, net	931,715		931,715	
Sewer assessments and user fees, net		773,664	773,664	
Loans				1,550
Other	229,316	14,037	243,353	
Town-held tax liens	527,424		527,424	
Due from:				
Primary government				382,739
Other governments	8,745,650	16,446	8,762,096	
Internal balances	253,096	(253,096)		
Prepaid expenses	186,405	5,145	191,550	156,040
Inventory		22,574	22,574	
Total current assets	35,637,139	5,069,073	40,706,212	781,951
Noncurrent assets:				
Loans receivable, net				10,958
Net pension asset	3,098,507		3,098,507	
Capital assets:				
Non-depreciable	4,533,788	2,437,369	6,971,157	517,833
Depreciable, net	61,476,767	21,167,988	82,644,755	76,181
Sewer assessment fees		279,289	279,289	
Net other post-employment benefit asset	31,697		31,697	
Total noncurrent assets	69,140,759	23,884,646	93,025,405	604,972
TOTAL ASSETS	104,777,898	28,953,719	133,731,617	1,386,923
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions	6,810,834		6,810,834	
Deferred expense on refunding bonds	92,741	0	92,741	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,903,575	0	6,903,575	0

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLANDSTATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES:				
Current liabilities:				
Accounts payable	2,309,106	680,632	2,989,738	38,503
Accrued payroll	2,697,201	67,161	2,764,362	28,412
Accrued interest	113,001		113,001	
Retainage payable	48,422	86,273	134,695	
Due to:				
Other governments	105	1,800	1,905	
Component unit	382,739		382,739	
Current portion of long-term debt	2,040,500	8,230	2,048,730	
Unearned revenue	1,986,625	16,784	2,003,409	104
Other liabilities	6,551	10,361	16,912	
Total current liabilities	9,584,250	871,241	10,455,491	67,019
Noncurrent liabilities:				
Long-term debt, net	21,346,496	76,446	21,422,942	
Net pension liability	25,567,236		25,567,236	
Total noncurrent liabilities	46,913,732	76,446	46,990,178	0
TOTAL LIABILITIES	56,497,982	947,687	57,445,669	67,019
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	7,492,970		7,492,970	
TOTAL DEFERRED INFLOWS OF RESOURCES	7,492,970	0	7,492,970	0
NET POSITION:				
Net investment in capital assets	57,854,246	23,605,357	81,459,603	594,014
Restricted - nonexpendable	821,797		821,797	
Restricted for:				
Sewer Authority	5,118,844		5,118,844	
General government	66,955		66,955	
Public safety	64,014		64,014	
Recreation and social services	111,970		111,970	
Education	508,818		508,818	
Community development	22,943		22,943	
Unrestricted	(16,879,066)	4,400,675	(12,478,391)	725,890
TOTAL NET POSITION	\$ 47,690,521	\$ 28,006,032	\$ 75,696,553	\$ 1,319,904

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 5,358,017	\$ 539,576	\$ 752,817		\$ (4,065,624)		\$ (4,065,624)	
Public safety	3,887,279	130,426	53,537	\$ 98,335	(3,604,981)		(3,604,981)	
Public works	3,692,622	11,989	15,100		(3,665,533)		(3,665,533)	
Education	35,174,139	481,753	16,508,667	1,788,899	(16,394,820)		(16,394,820)	
Recreation and social services	919,878	253,624	129,571	181,868	(354,815)		(354,815)	
Libraries	908,905		144,949	276,501	(487,455)		(487,455)	
Community development	353,131	35,437	319,910		2,216		2,216	
Burrillville Redevelopment Agency	65,000				(65,000)		(65,000)	
Interest on long-term debt	480,241				(480,241)		(480,241)	
Total governmental activities	50,839,212	1,452,805	17,924,551	2,345,603	(29,116,253)		(29,116,253)	
Business-type activities:								
Sewer Authority	2,120,725	2,357,715				\$ 236,990	236,990	
School Cafeteria	910,218	461,310	476,055			27,147	27,147	
Levy Rink	382,839	462,520		35,000		114,681	114,681	
Extended Day Care	549,839	573,903	2,580			26,644	26,644	
Total business-type activities	3,963,621	3,855,448	478,635	35,000	0	405,462	405,462	
Total primary government	\$ 54,802,833	\$ 5,308,253	\$ 18,403,186	\$ 2,380,603	(29,116,253)	405,462	(28,710,791)	
Component Units:								
Burrillville Redevelopment Agency	\$ 57,774	\$ 35,417	\$ 350,000					\$ 327,643
Jesse M. Smith Memorial Library	815,747	15,101	811,182					10,536
Total component units	\$ 873,521	\$ 50,518	\$ 1,161,182	\$ 0				338,179
General revenues:								
Property taxes					30,818,461		30,818,461	
Unrestricted investment earnings					43,317	2,929	46,246	758
Contributions not restricted to specific programs					650,000		650,000	
Transfers					(985,818)	985,818		
Total general revenues and transfers					30,525,960	988,747	31,514,707	758
Change in net position					1,409,707	1,394,209	2,803,916	338,937
Net Position - beginning of year					46,280,814	26,611,823	72,892,637	980,967
Net Position - end of year					\$ 47,690,521	\$ 28,006,032	\$ 75,696,553	\$ 1,319,904

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 21,776,244	\$ 297,969	\$ 2,689,320	\$ 24,763,533
Receivables:				
Taxes, net	931,715			931,715
Other		5,174	224,142	229,316
Town-held tax liens	527,424			527,424
Due from:				
Other funds	443,056	3,843,121	1,145,707	5,431,884
Other governments	5,512,310	28,204	3,205,136	8,745,650
Prepaid expenditures	186,405			186,405
TOTAL ASSETS	\$ 29,377,154	\$ 4,174,468	\$ 7,264,305	\$ 40,815,927
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 909,760	\$ 1,264,448	\$ 134,898	\$ 2,309,106
Accrued payroll and benefits	332,302	2,232,859	132,040	2,697,201
Retainage payable			48,422	48,422
Due to:				
Other funds	4,255,361		923,427	5,178,788
Component units	382,739			382,739
Other governments			105	105
Unearned revenues		23,489	1,963,136	1,986,625
Other liabilities			6,551	6,551
TOTAL LIABILITIES	5,880,162	3,520,796	3,208,579	12,609,537
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	819,515	0	0	819,515
TOTAL DEFERRED INFLOWS OF RESOURCES	819,515	0	0	819,515

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General Fund</u>	<u>School Department</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (Continued):				
FUND BALANCES:				
Nonspendable	713,829		107,968	821,797
Restricted	5,118,844		774,700	5,893,544
Committed	8,910,066		3,186,714	12,096,780
Assigned	128,540	653,672		782,212
Unassigned	7,806,198		(13,656)	7,792,542
TOTAL FUND BALANCES	<u>22,677,477</u>	<u>653,672</u>	<u>4,055,726</u>	<u>27,386,875</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 29,377,154</u>	 <u>\$ 4,174,468</u>	 <u>\$ 7,264,305</u>	 <u>\$ 40,815,927</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, 2016**

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

Total Fund Balances (B-1) \$ 27,386,875

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	109,360,001	
Less: accumulated depreciation	<u>(43,349,446)</u>	66,010,555

Net pension asset 3,098,507

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position. 6,810,834

Net other post-employment benefit (OPEB) asset is not reported in the governmental funds. This amount represents accumulated plan contributions in excess of annual OPEB costs. 31,697

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 funds.

Governmental bonds payable	(20,749,229)	
Premium	(646,117)	
Current year amortization	52,296	
Deferred expense on refunding bonds	118,767	
Current year amortization	(26,026)	
Compensated absences	(1,113,446)	
Landfill closure and post-closure care costs	<u>(930,500)</u>	(23,294,255)

Net pension liability (25,567,236)

Pension related deferrals (7,492,970)

Certain deferred inflows of resources in governmental funds are susceptible to full accrual on the entity-wide statements. 819,515

Accrued interest payable is recorded in governmental activities, but is not recorded in the funds. (113,001)

Total Net Position (A-1) \$ 47,690,521

(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, 2016**

	General Fund	School Department	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	\$ 30,658,653			\$ 30,658,653
Intergovernmental	2,616,516	\$ 13,716,820	\$ 2,555,196	18,888,532
Licenses, permits and fees	472,999			472,999
Investment income	36,152		7,165	43,317
Departmental	101,487			101,487
Other	64,083		507,990	572,073
Intergovernmental - pension contribution		1,230,265		1,230,265
TOTAL REVENUES	33,949,890	14,947,085	3,070,351	51,967,326
EXPENDITURES:				
Current:				
General government	3,101,023		403,561	3,504,584
Public safety	2,511,391		74,342	2,585,733
Public works	1,344,151			1,344,151
Education	14,635	30,447,794	1,332,840	31,795,269
Recreation and social services	161,766		371,525	533,291
Libraries	762,864		144,949	907,813
Community development			353,131	353,131
Burrillville Redevelopment Agency	65,000			65,000
Employee benefits and other	2,698,943			2,698,943
Intergovernmental - pension contribution		1,230,265		1,230,265
Debt Service:				
Principal	2,029,000			2,029,000
Interest and other costs	496,097			496,097
Bond issuance costs	46,726			46,726
Capital:				
Capital outlay	2,257,671	151,624	1,399,146	3,808,441
TOTAL EXPENDITURES	15,489,267	31,829,683	4,079,494	51,398,444
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	18,460,623	(16,882,598)	(1,009,143)	568,882

(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, 2016**

	<u>General Fund</u>	<u>School Department</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):				
Payment to refunded bond escrow agent	(3,834,965)			(3,834,965)
Proceeds from refunding bonds	3,380,000			3,380,000
Bond premium	501,691			501,691
Proceeds from bond issuance	6,300,000			6,300,000
Transfers in	606,746	17,113,180	1,818,599	19,538,525
Transfers out	(19,491,081)	(44,000)	(989,262)	(20,524,343)
NET OTHER FINANCING SOURCES (USES)	<u>(12,537,609)</u>	<u>17,069,180</u>	<u>829,337</u>	<u>5,360,908</u>
NET CHANGE IN FUND BALANCES	5,923,014	186,582	(179,806)	5,929,790
FUND BALANCE AT BEGINNING OF YEAR	<u>16,754,463</u>	<u>467,090</u>	<u>4,235,532</u>	<u>21,457,085</u>
FUND BALANCE AT END OF YEAR	<u>\$ 22,677,477</u>	<u>\$ 653,672</u>	<u>\$ 4,055,726</u>	<u>\$ 27,386,875</u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

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, 2016**

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ 5,929,790
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 capital outlays exceeded depreciation in the current period.	316,262
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 asset.	31,697
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	2,811,156
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.	(3,901,000)
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.	(40,990)
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.	(365,590)
Adjustment to accrued interest payable related to general obligation bonds which is required to be recorded for government-wide financial statement presentation.	36,312
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.	<u>(3,407,930)</u>
Change in Net Position of Governmental Activities (A-2)	<u>\$ 1,409,707</u>

TOWN OF BURRILLVILLE, RHODE ISLAND

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Sewer Authority	School Cafeteria Fund	Non-major Enterprise Funds	Totals
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 3,474,882	\$ 400,139	\$ 615,282	\$ 4,490,303
Accounts receivable, net		4,313	9,724	14,037
Sewer assessments and user fees, net	773,664			773,664
Due from other governments		16,446		16,446
Prepaid expenses	4,415		730	5,145
Inventory	4,565	18,009		22,574
Total current assets	4,257,526	438,907	625,736	5,322,169
Noncurrent assets:				
Sewer assessment fees	279,289			279,289
Net capital assets	23,401,588	10,366	193,403	23,605,357
Total noncurrent assets	23,680,877	10,366	193,403	23,884,646
TOTAL ASSETS	27,938,403	449,273	819,139	29,206,815
LIABILITIES:				
Current liabilities:				
Accounts payable	509,086	139,936	31,610	680,632
Accrued payroll	33,281		33,880	67,161
Retainage payable	86,273			86,273
Due to other funds		188,375	64,721	253,096
Due to other governments	1,800			1,800
Other liabilities	10,361			10,361
Unearned revenue		13,827	2,957	16,784
Accrued compensated absences	6,600	900	730	8,230
Total current liabilities	647,401	343,038	133,898	1,124,337
Noncurrent liabilities:				
Accrued compensated absences	59,523	8,233	6,552	74,308
Net other post employment benefit obligation	2,138			2,138
Total noncurrent liabilities	61,661	8,233	6,552	76,446
TOTAL LIABILITIES	709,062	351,271	140,450	1,200,783
NET POSITION:				
Net investment in capital assets	23,401,588	10,366	193,403	23,605,357
Unrestricted	3,827,753	87,636	485,286	4,400,675
TOTAL NET POSITION	\$ 27,229,341	\$ 98,002	\$ 678,689	\$ 28,006,032

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, 2016**

	Sewer Authority	School Cafeteria Fund	Non-major Enterprise Funds	Totals
OPERATING REVENUES:				
Charges for usage and service	\$ 2,312,109	\$ 461,310	\$ 1,036,423	\$ 3,809,842
Miscellaneous	45,606			45,606
Total operating revenues	2,357,715	461,310	1,036,423	3,855,448
OPERATING EXPENSES:				
Operations	667,422	802,996	329,507	1,799,925
Personnel	820,765	103,267	571,449	1,495,481
Depreciation	632,538	3,955	31,722	668,215
Total operating expenses	2,120,725	910,218	932,678	3,963,621
OPERATING INCOME (LOSS)	236,990	(448,908)	103,745	(108,173)
NONOPERATING REVENUES:				
Investment income	2,440		489	2,929
Intergovernmental		476,055		476,055
Nonoperating grant			37,580	37,580
Total nonoperating revenues	2,440	476,055	38,069	516,564
INCOME BEFORE TRANSFERS	239,430	27,147	141,814	408,391
TRANSFERS IN	941,818	0	44,000	985,818
CHANGE IN NET POSITION	1,181,248	27,147	185,814	1,394,209
TOTAL NET POSITION - BEGINNING	26,048,093	70,855	492,875	26,611,823
TOTAL NET POSITION - ENDING	\$ 27,229,341	\$ 98,002	\$ 678,689	\$ 28,006,032

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	Sewer Authority	School Cafeteria Fund	Non-major Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,432,138	\$ 462,804	\$ 1,033,629	\$ 3,928,571
Cash received from providing services	45,606			45,606
Cash paid to suppliers	(673,291)	(815,059)	(321,922)	(1,810,272)
Cash paid to employees	(822,291)	(99,463)	(560,175)	(1,481,929)
Net cash provided by (used for) operating activities	982,162	(451,718)	151,532	681,976
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Nonoperating grants received		487,636	2,580	490,216
Transfer from other funds			44,000	44,000
Transfer to other funds	(239,338)			(239,338)
Increase (decrease) in due to other funds	(35,248)	111,376	51,360	127,488
Increase in due to other governments	(4,800)			(4,800)
Net cash provided by (used for) noncapital financing activities	(279,386)	599,012	97,940	417,566
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Nonoperating grants received			35,000	35,000
Acquisition of capital assets	(71,001)		(28,900)	(99,901)
Net cash provided by (used for) capital and related financing activities	(71,001)	0	6,100	(64,901)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	2,440		489	2,929
Net cash provided by investing activities	2,440	0	489	2,929
NET INCREASE IN CASH AND CASH EQUIVALENTS	634,215	147,294	256,061	1,037,570
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,840,667	252,845	359,221	3,452,733
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,474,882	\$ 400,139	\$ 615,282	\$ 4,490,303
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 236,990	\$ (448,908)	\$ 103,745	\$ (108,173)
Adjustments to reconcile:				
Depreciation	632,538	3,955	31,722	668,215
(Increase) decrease in accounts receivable	120,029	(65)	(2,851)	117,113
(Increase) decrease in prepaid expenses	(1,527)		4,128	2,601
Increase in inventory		(6,976)		(6,976)
Increase (decrease) in accounts payable	(14,191)	(5,087)	3,457	(15,821)
Increase in accrued payroll	4,332		12,529	16,861
Increase in other liabilities	9,849			9,849
Increase in unearned revenue		1,559	57	1,616
Increase (decrease) in accrued compensated absences	(5,908)	3,804	(1,255)	(3,359)
Increase in net other post employment benefit obligation	50			50
Net cash provided by (used for) operating activities	\$ 982,162	\$ (451,718)	\$ 151,532	\$ 681,976
Supplemental cash flow disclosure:				
Capital assets purchased through accounts payable	\$ 467,519	\$ 0	\$ 12,075	\$ 479,594

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	<u>Agency Funds</u>
	<u>Pupil Activity Funds</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 127,536</u>
LIABILITIES:	
Deposits held in custody for others	<u>\$ 127,536</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016**

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, 2016.

- GASB Statement No. 72 - Fair Value Measurement and Application.
- GASB Statement No. 73 - Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68.
- GASB Statement No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants.

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

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

- GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, effective for the Town's fiscal year ending June 30, 2017.
- GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 77 - Tax Abatement Disclosures, effective for the Town's fiscal year ending June 30, 2017.
- GASB Statement No. 78 – Pensions Provided through Certain Multiple – Employer Defined Benefit Pension Plans, effective for the Town's fiscal year ending June 30, 2017.
- GASB Statement No. 82 – Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, effective for the Town's fiscal year ending June 30, 2017.

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.

The funds of the financial reporting entity are described below:

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major:	
General:	See above for description
Special Revenue:	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.
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, Bulletproof Vest Program, Spring Lake, Community Development Block Grant, Automatic External Defibrillator, Homeland Security Grant, Partnership for Success, Cops That Care, Ocean State Power Funds, Narcotics Guidance Council, Police Grant – Operation Riptide, Police Legislative Grant, Levy Foundation Grants, Wallace Lees Scholarship, Snack Pack Program, Invenergy, and Police Task Force.
Capital Projects:	Eagle Peak Recreation, White Mill Park, Stillwater Mill Revitalization, Granite Mill/Gonyea Park, School Roof Improvements, Oakland/Mapleville Bike Path, North Road Bridge Project, Route 102 Commerce Park, Open Space/Land Acquisition, 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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 \$407,400 for property taxes. Major receivable balances for the governmental activities include property taxes (9% of balance) and intergovernmental grants and aid (88% of balance). 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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.....	5 - 25 years
Vehicles.....	3 - 20 years
Leasehold improvements.....	5 - 15 years
Infrastructure and land improvements	15 - 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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 currently has two items which qualify for reporting in this category: contributions subsequent to the measurement date for pensions which will be applied to the net pension liability in the next fiscal year and the deferred charges on refunding.

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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has two items which qualify for reporting in this category. On the Statement of Net Position, the Town reports the deferral of pension expense that results from the implementation of GASB Statement No. 68. On the governmental funds Balance Sheet, under the modified accrual basis of accounting, the Town reports unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes 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, 2016, 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.....	\$106,982		\$ 106,982
Administrative Departments.....	48,392		48,392
Public Works Department.....	43,519		43,519
Recreation Department.....	3,033		3,033
School Department.....	29,641	\$881,879	911,520
Total.....	\$231,567	\$881,879	\$1,113,446

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 were \$956,435, while the accumulated amortization was \$362,614.

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, 2016 were for the Burrillville School Department and amounted to \$55,077.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016**

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 \$316,262 difference are as follows:

Capital outlay.....	\$ 3,757,563
Depreciation expense	<u>(3,441,301)</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>\$ 316,262</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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 \$3,901,000 difference are as follows:

Issuance of general obligation bonds.....	\$ (9,680,000)
Principal repayments – general obligation debt.....	2,029,000
Principal refunded – general obligation debt.....	<u>3,750,000</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>\$ (3,901,000)</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 \$40,990 difference are as follows:

Deferred revenue – beginning.....	\$ (860,505)
Deferred revenue – ending.....	<u>819,515</u>
Net adjustment to decrease <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>\$ (40,990)</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 \$(365,590) difference are as follows:

Decrease in liability for compensated absences.....	\$ 26,432
Increase in liability for landfill closure.....	(6,500)
Decrease in liability for net OPEB obligation.....	4,934
Amortization of current year deferred expense on refunding.....	(26,026)
Issuance of bond premium.....	(501,691)
Amortization of current year bond premium.....	52,296
Deferred outflow of resources.....	<u>84,965</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>\$ (365,590)</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 \$36,312 difference are as follows:

Accrued Interest – beginning.....	\$ 149,313
Accrued Interest – ending.....	<u>(113,001)</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>\$ 36,312</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$3,109,515. The increase was due primarily to capital improvement budget appropriations of \$2,192,620.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 2016 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 2016.

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)	\$ 61,617,738	\$ 52,996,800
Less: Transfer from Fund Balance to revenue for current year	(2,582,275)	
Less: School Department revenues included in General Fund Budget	(13,716,820)	
Less: School Department expenditures included in General Fund		(13,716,820)
Activity of funds classified with the General Fund for the purposes of GASB Statement No. 54	<u>(580,316)</u>	<u>(464,667)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$ 44,738,327</u>	<u>\$ 38,815,313</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)	\$30,905,924	\$30,660,235
Less: Transfer from Fund Balance to revenue for current year	(75,924)	
Less: Current year encumbrances		(55,077)
Add: Prior year encumbrances		38,260
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	<u>1,230,265</u>	<u>1,230,265</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$32,060,265</u>	<u>\$31,873,683</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$25,511,001 while the bank balance was \$26,049,307, of which \$7,399,144 was covered by federal depository insurance and \$18,650,163 was uninsured and collateralized by securities held by the pledging financial institution's trust department in the Town's name. The Town also had nonnegotiable certificates of deposit totaling \$2,029,595 which were FDIC insured under the Certificate of Deposit Account Registry Service (CDARS) at June 30, 2016.

In addition, at June 30, 2016, the Town had deposits of \$1,010,605 and \$1,004,748 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, 2016:

	<u>Primary Government</u>	<u>Component Units</u>
Total deposits	\$ 25,269,379	\$241,622
Add: petty cash and cash on hand	67,040	0
Add: certificates of deposit (CDARS)	2,029,595	0
Add: Federally Insured Cash Account	1,010,605	0
Add: Insured Cash Sweep	1,004,748	0
Add: investments classified as cash equivalents	5	0
Less: fiduciary funds cash (not included in the government-wide financial statements)	<u>(127,536)</u>	<u>0</u>
Total cash and cash equivalents reported in the financial statements (A-1)	<u>\$ 29,253,836</u>	<u>\$241,622</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, 2016**

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, 2016, the Town did not have any material uncollateralized investments.

Concentration of Credit Risk - At June 30, 2016, the Town had substantially all of its investments concentrated in federally insured certificates of deposit. At June 30, 2016, 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, 2016, the Town had the following cash and investments:

<u>Description</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Institutional Money Market Funds-U.S. Treasury	\$ 5	Varies (1)	Daily	Aaa-mf/AAAm
Total investments	5			
Deposits	25,511,001			
Federally Insured Cash Account	1,010,605			
Insured Cash Sweep	1,004,748			
Certificate of deposit	1,014,674	0.25%	7/07/16	not rated
Certificate of deposit	1,014,921	0.25%	9/29/16	not rated
Petty cash and cash on hand	67,040			
Total cash and investments	<u>\$29,622,994</u>			

(1) Annualized 30 day yield of 0.0% for June 2016.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

3. DEPOSITS AND INVESTMENTS (Continued)

(b) Investments (Continued)

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

Reconciliation to Government-wide Statement of Net Position:

Investments.....	\$	5
Less: investments classified as cash equivalents.....		(5)
Total investments (A-1)	\$	<u>0</u>

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, 2014. 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 2016 were based on an assessed value of approximately \$1,486,998,914 at December 31, 2014 and amounted to \$30,476,875. Collections on the 2016 tax levy through June 30, 2016 amounted to \$29,949,126, which represents 98.3% 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, 2016 (\$1,339,115) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$407,400. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2016 are recorded as unearned revenue and amounted to \$734,470 at June 30, 2016. Property taxes recognized as revenue for the fiscal year ended June 30, 2016 (due to their collection within the 60 days immediately following June 30, 2016) amounted to \$197,245.

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 \$317,230. 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, 2016

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	\$ 355,812	
School Department General Fund.....	28,204	
Non-major funds	<u>742,466</u>	\$ 105
Total	<u>1,126,482</u>	<u>105</u>
Federal government:		
Major funds:		
General Fund	37,654	
Non-major funds	<u>1,327,367</u>	
Total	<u>1,365,021</u>	<u>0</u>
Other governments:		
Major funds:		
General Fund	5,118,844	
Non-major funds	<u>1,135,303</u>	
Total	<u>6,254,147</u>	<u>0</u>
Total governmental activities	<u>\$ 8,745,650</u>	<u>\$ 105</u>
Business-type activities:		
State of Rhode Island:		
Sewer Authority		\$1,800
Total	<u>\$ 0</u>	<u>1,800</u>
Federal government:		
School Cafeteria Fund	16,446	
Total	<u>16,446</u>	<u>0</u>
Total business-type activities	<u>\$ 16,446</u>	<u>\$ 1,800</u>

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, 2016 is as follows.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental activities:		
Major funds:		
General Fund	\$ 443,056	\$4,255,361
School Department General Fund.....	3,843,121	
Non-major funds	<u>1,145,707</u>	<u>923,427</u>
Total governmental activities	<u>5,431,884</u>	<u>5,178,788</u>
Business-type activities:		
Major funds:		
School Cafeteria Fund		188,375
Non-major funds		<u>64,721</u>
Total business type activities	<u>0</u>	<u>253,096</u>
Balances at June 30, 2016	<u>\$5,431,884</u>	<u>\$5,431,884</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

6. **INTERFUND BALANCES (Continued)**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Discretely Presented Component Unit Balances:		
Primary government:		
General fund.....	\$ 0	\$382,739
Discretely presented component units:		
Burrillville Redevelopment Agency	358,970	0
Jesse M. Smith Memorial Library	<u>23,769</u>	<u>0</u>
Balances at June 30, 2016	<u>\$382,739</u>	<u>\$382,739</u>

7. **CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 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	\$ 2,909,741			\$ 2,909,741
Construction in progress	<u>632,595</u>	\$ 1,526,590	\$ (535,138)	<u>1,624,047</u>
Total capital assets not being depreciated	<u>3,542,336</u>	<u>1,526,590</u>	<u>(535,138)</u>	<u>4,533,788</u>
Other capital assets:				
Buildings and improvements	74,675,147	558,593		75,233,740
Equipment	2,038,818	680,425		2,719,243
Vehicles	4,792,620	98,944	(183,000)	4,708,564
Infrastructure	<u>20,736,517</u>	<u>1,428,149</u>		<u>22,164,666</u>
Total other capital assets	<u>102,243,102</u>	<u>2,766,111</u>	<u>(183,000)</u>	<u>104,826,213</u>
Less: accumulated depreciation for:				
Buildings and improvements	(25,664,383)	(1,674,993)		(27,339,376)
Equipment	(1,460,339)	(228,606)		(1,688,945)
Vehicles	(3,088,700)	(289,237)	183,000	(3,194,937)
Infrastructure	<u>(9,877,723)</u>	<u>(1,248,465)</u>		<u>(11,126,188)</u>
Total accumulated depreciation	<u>(40,091,145)</u>	<u>(3,441,301)</u>	<u>183,000</u>	<u>(43,349,446)</u>
Other capital assets, net	<u>62,151,957</u>	<u>(675,190)</u>	<u>0</u>	<u>61,476,767</u>
Governmental activities capital assets, net	<u>\$ 65,694,293</u>	<u>\$ 851,400</u>	<u>\$(535,138)</u>	<u>\$ 66,010,555</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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	480,217	\$ 1,803,698	\$(228,989)	2,054,926
Total capital assets not being depreciated ...	862,660	1,803,698	(228,989)	2,437,369
Other capital assets:				
Leasehold improvements	34,398			34,398
Collection systems	34,714,465			34,714,465
Plant and buildings	8,086,385	228,989		8,315,374
Plant equipment	402,210			402,210
Motor vehicles	135,261			135,261
Furniture and equipment	676,258	40,975		717,233
Total other capital assets	44,048,977	269,964	0	44,318,941
Less: accumulated depreciation for:				
Leasehold improvements	(31,726)	(875)		(32,601)
Collection systems	(14,405,206)	(549,446)		(14,954,652)
Plant and buildings	(7,215,875)	(54,658)		(7,270,533)
Plant equipment	(218,360)	(24,284)		(242,644)
Motor vehicles	(131,112)	(4,150)		(135,262)
Furniture and equipment	(480,459)	(34,802)		(515,261)
Total accumulated depreciation	(22,482,738)	(668,215)	0	(23,150,953)
Other capital assets, net	21,566,239	(398,251)	0	21,167,988
Business-type activities capital assets, net	\$22,428,899	\$ 1,405,447	\$(228,989)	\$ 23,605,357

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

Governmental activities:	
General government	\$ 228,635
Public safety	180,400
Education	1,225,076
Recreation and social services	341,589
Public works	<u>1,465,601</u>
Total governmental activities depreciation expense	<u>\$3,441,301</u>
Business-type activities:	
Sewer Authority	\$ 632,538
School Cafeteria Fund	3,955
Non-major enterprise funds	<u>31,722</u>
Total business-type activities depreciation expense	<u>\$ 668,215</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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	\$517,833			\$517,833
Capital assets, net	<u>\$517,833</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$517,833</u>
Jesse M. Smith Memorial Library:				
Other capital assets:				
Furniture and equipment	\$ 52,684	\$ 53,000		\$ 105,684
Less: accumulated depreciation for:				
Furniture and equipment	(23,462)	(6,041)		(29,503)
Other capital assets, net	<u>\$ 29,222</u>	<u>\$46,959</u>	<u>\$0</u>	<u>\$ 76,181</u>

8. LONG-TERM LIABILITIES

(a) Change in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2016 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	\$16,848,229	\$9,680,000	\$(5,779,000)	\$20,749,229	\$1,801,000
Plus: bond premium, net of amortization	144,426	501,691	(52,296)	593,821	
Total long-term debt	<u>16,992,655</u>	<u>10,181,691</u>	<u>(5,831,296)</u>	<u>21,343,050</u>	<u>1,801,000</u>
Other long-term liabilities:					
Compensated absences	1,139,878	432,086	(458,518)	1,113,446	192,000
Landfill closure and post-closure costs	924,000	6,500		930,500	47,500
Net OPEB obligation	4,934		(4,934)		
Total other long-term liabilities	<u>2,068,812</u>	<u>438,586</u>	<u>(463,452)</u>	<u>2,043,946</u>	<u>239,500</u>
Governmental activities long-term liabilities	<u>\$19,061,467</u>	<u>\$10,620,277</u>	<u>\$(6,294,748)</u>	<u>\$23,386,996</u>	<u>\$2,040,500</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

8. **LONG-TERM LIABILITIES (Continued)**

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

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type activities:					
Other long-term liabilities:					
Compensated absences	\$85,897	\$48,872	\$(52,231)	\$82,538	\$8,230
Net OPEB obligation	2,088	50		2,138	
Total other long-term liabilities	<u>87,985</u>	<u>48,922</u>	<u>(52,231)</u>	<u>84,676</u>	<u>8,230</u>
Total business-type activities	<u>\$87,985</u>	<u>\$48,922</u>	<u>\$(52,231)</u>	<u>\$84,676</u>	<u>\$8,230</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, 2016**

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds and Notes Outstanding

At June 30, 2016, 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, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>Refunded</u>	<u>Outstanding June 30, 2016</u>	
School bonds:	8/15/00	8,000,000	8/15/15	4.5% - 5.25%	\$ 500,000		\$ 500,000		\$ 0	
	6/15/06	7,500,000	5/15/26	4.0% - 5.0%	4,125,000		375,000	\$ 3,750,000	0	
	Subtotal				4,625,000	\$ 0	875,000	3,750,000	0	
Sewer bonds:	11/13/03	5,600,000	9/1/24	1.410%	3,339,000		305,000		3,034,000	
	11/1/06	400,000	11/1/26	4.0% - 5.0%	240,000		20,000		220,000	
	12/21/06	3,500,000	9/1/27	1.165% - 1.315%	2,275,000		175,000		2,100,000	
	7/30/15	3,700,000	9/1/34	0.53% - 2.67%	0	3,700,000	0		3,700,000	
	6/2/16	2,600,000	9/1/35	0.31% - 2.24%	0	2,600,000	0		2,600,000	
	Subtotal				5,854,000	6,300,000	500,000	0	11,654,000	
Refunding bonds:	10/1/02	9,145,000	7/15/17	2.5% - 5.0%	880,000		260,000		620,000	
	12/22/15	3,380,000	5/15/26	3.0% - 5.0%	0	3,380,000			3,380,000	
	Subtotal				880,000	3,380,000	260,000	0	4,000,000	
Library bonds:	11/1/06	5,000,000	11/1/26	4.0% - 5.0%	3,000,000	0	250,000	0	2,750,000	
Landfill bonds:	6/24/10	2,160,000	9/1/25	0.27% - 2.79%	1,584,000	0	144,000	0	1,440,000	
Road bonds:	8/29/14	680,000	9/1/25	0.30% - 1.85%	680,000	0	0	0	680,000	
					Subtotal general obligation bonds	16,623,000	9,680,000	2,029,000	3,750,000	20,524,000
Note payable:	5/20/09	610,000	5/20/19	None	225,229	0	0	0	225,229	
					Total general obligation debt	\$16,848,229	\$ 9,680,000	\$2,029,000	\$3,750,000	\$20,749,229

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

8. LONG-TERM LIABILITIES (Continued)

(b) Bonds and Notes Outstanding (Continued)

During the fiscal year ended June 30, 2016, the Town retired \$2,029,000 in principal on its existing outstanding bonds and loans.

During the fiscal year ended June 30, 2016, the Town incurred the following interest expense:

Library bonds	\$118,814
Sewer bonds	121,483
School bonds	117,188
Refunding bonds	88,470
Landfill bonds	41,990
Road bonds	<u>5,052</u>
Total	<u>\$492,997</u>

The Town has issued five bonds under the Maximum Aggregate Indebtedness provision (3% Debt Limit) of the Rhode Island General Laws 45-12-2. The five 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 2015 \$2,600,000 Wastewater bond issue, and a 2015 \$3,380,000 Refunding 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

2015 Series C Refunding Bonds

On December 22, 2015, the Town issued the 2015 Series C Refunding Bonds, with term bonds of \$3,380,000 at rates varying from 3.00% to 5.00%. The terms bonds mature at various dates from May 15, 2017 through May 15, 2026.

The Town issued the 2015 Series C Refunding Bonds to fully defease the 2006 Series A General Obligation School Bonds. Upon delivery of the 2015 Series C Refunding Bonds, the Town established an irrevocable escrow trust fund pursuant to a Refunding Trust Agreement between the Town and J.P. Morgan Securities, LLC. Under terms of the Refunding Trust Agreement, the proceeds of the 2015 Series C Refunding Bonds were deposited into escrow funds established for each series of refunded bonds which were invested in investment obligations maturing in amounts and bearing interest at rates sufficient to pay, when due, interest, and upon maturity or prior redemption on the earliest available redemption date, the outstanding principal of the refunded bonds. The escrow fund is pledged solely for the benefit of holders of the applicable series of refunded bonds.

The Town completed the December 22, 2015 refunding to reduce its total debt service payments over the next ten years by \$489,478 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$430,057.

Since those 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, 2016 financial statements.

The outstanding principal of the Town's defeased bonds is summarized below:

<u>Description</u>	<u>Defeased Bonds Outstanding June 30, 2016</u>
2006 Series A School Bonds	\$0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016. 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 asset acquired through the capital lease is as follows:

Business-type Activities

	<u>Levy Rink</u>
Assets:	
Equipment.....	\$112,850
Less: accumulated depreciation	<u>(66,724)</u>
Total	<u>\$ 46,126</u>

(f) Debt Service Requirements

At June 30, 2016, the Town has remaining authorized but unissued bond authority of \$500,000 for Open Space Recreation Projects.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

8. LONG-TERM LIABILITIES (Continued)

(f) Debt Service Requirements (Continued)

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>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,801,000	\$ 509,207	\$ 2,310,207
2018	1,931,000	516,259	2,447,259
2019	1,854,229	479,164	2,333,393
2020	1,633,000	444,841	2,077,841
2021	1,637,000	396,094	2,033,094
2022	1,647,000	346,335	1,993,335
2023	1,652,000	295,454	1,947,454
2024	1,664,000	243,739	1,907,739
2025	1,671,000	191,134	1,862,134
2026	1,313,000	141,664	1,454,664
2027	776,000	100,794	876,794
2028	511,000	83,673	594,673
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	\$20,749,229	\$4,039,555	\$24,788,784

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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			\$ 81,968	\$ 81,968
Endowments			26,000	26,000
Tax sale property	\$ 527,424			527,424
Prepaid expenditures	186,405			186,405
<i>Restricted for:</i>				
Sewer Authority	5,118,844			5,118,844
Town Clerk			66,955	66,955
Police department			64,014	64,014
Recreation			66,466	66,466
Social Services			45,504	45,504
Educational scholarships			508,818	508,818
Community development			22,943	22,943
<i>Committed to:</i>				
Recycling program	107,580			107,580
Public safety programs	10,000			10,000
Recreational programs			118,654	118,654
Debt service	4,317,980			4,317,980
Capital projects	54,616		3,068,060	3,122,676
Unfunded liability and incentive pay	265,027			265,027
Employee benefits	1,968,399			1,968,399
Subsequent year's budget	2,186,464			2,186,464
<i>Assigned for:</i>				
Educational programs	128,540	\$653,672		782,212
<i>Unassigned</i>	<u>7,806,198</u>		<u>(13,656)</u>	<u>7,792,542</u>
Total Fund Balances	<u>\$22,677,477</u>	<u>\$653,672</u>	<u>\$4,055,726</u>	<u>\$27,386,875</u>

(b) Fund Deficits

The following funds had a deficit equity balance at June 30, 2016:

Eagle Peak Recreation	\$12,656
Oakland/Mapleville Bike Path	1,000

It is the intention of the Town to cover the above deficits through General Fund Contributions. The Town's general policy is to cover deficit fund equity balances through General Fund contributions.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

9. FUND EQUITY (Continued)

(c) Fund Deficits

The following individual funds had deficits for the year ended June 30, 2016:

Non-major governmental activities:

Special Revenue Funds:

Animal Shelter Donation Account	\$ 4,632
Spring Lake	34,013
Ocean State Power Funds	9,542
Police Legislative Grant	3,406
Police Task Force	5,092

Capital Project Funds:

Eagle Peak Recreation	5,070
White Mill Park	91,241
Stillwater Mill Revitalization	36,494
Granite Mill/Gonyea Park	5,920
Oakland/Mapleville Bike Path	1,000
North Road Bridge Project	63,690
Route 102 Commerce Park	106,482
Major Capital	55,343

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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Benefits Provided (Continued)

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 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

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

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

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

General employees (Continued)

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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

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 (i) 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.

Employees covered by benefit terms.

At the June 30, 2014 valuation date, the following employees were covered by the benefit terms:

	<u>General Employees</u>	<u>Police Employees</u>
Retirees and Beneficiaries	98	15
Inactive, Nonretired Members	47	3
Active Members	136	21
Total	281	39

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

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 8.25%. 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 \$497,482 in the year ended June 30, 2016 for general employees and \$357,575 for public safety employees, which was 8.52% and 25.65% of annual covered payroll, respectively.

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2014 and rolled forward to June 30, 2015, 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, 2015 measurement date (June 30, 2014 valuation rolled forward to June 30, 2015)	
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	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
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.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Net Pension Liability (Asset) (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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	<u>3.0%</u>	7.80%
	100.0%	

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

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 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, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(a) Municipal Employees' Retirement System (Continued)

Net Pension Liability (Asset) (Continued)

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, 2014	\$ 26,606,891	\$ 27,022,990	\$ (416,099)
Changes for the Year			
Service cost	558,807		558,807
Interest on the total pension liability	1,965,817		1,965,817
Changes in benefits	556,208		556,208
Difference between expected and actual experience	(703,472)		(703,472)
Changes in assumptions			
Employer contributions		501,237	(501,237)
Employee contributions		120,591	(120,591)
Net investment income		631,724	(631,724)
Benefit payments, including employee refunds	(1,350,801)	(1,350,801)	
Administrative expense		(17,873)	17,873
Other changes		48,443	(48,443)
Net changes	1,026,559	(66,679)	1,093,238
Balances as of June 30, 2015	\$ 27,633,450	\$ 26,956,311	\$ 677,139

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, 2014	\$ 11,213,459	\$ 9,050,199	\$ 2,163,260
Changes for the Year			
Service cost	261,005		261,005
Interest on the total pension liability	832,456		832,456
Changes in benefits	286,545		286,545
Difference between expected and actual experience			
Changes in assumptions	(776,149)		(776,149)
Employer contributions		330,750	(330,750)
Employee contributions		106,479	(106,479)
Net investment income		215,730	(215,730)
Benefit payments, including employee refunds	(489,084)	(489,084)	
Administrative expense		(8,656)	8,656
Other changes			
Net changes	114,773	155,219	(40,446)
Balances as of June 30, 2015	\$ 11,328,232	\$ 9,205,418	\$ 2,122,814

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 7.5 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 (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
General Employees	\$ 3,580,883	\$ 677,139	\$(1,699,395)
Police Employees	\$ 3,306,319	\$ 2,122,814	\$ 1,154,245

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, 2016, the employer recognized pension expense of \$713,432 for the general employees. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>General Employees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 0	\$ 544,614
Differences in assumptions	143,106	0
Excess (deficit) investment returns	1,095,048	1,087,325
Contributions subsequent to measurement date	<u>497,482</u>	<u> </u>
Total	<u>\$1,735,636</u>	<u>\$1,631,939</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$497,482 related to pensions resulting from the Town of Burrillville's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. 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>
2017	\$(215,705)
2018	(215,705)
2019	(215,704)
2020	237,555
2021	<u>15,774</u>
Total	<u>\$(393,785)</u>

For the year ended June 30, 2016 the employer recognized pension expense of \$434,334 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>
Differences in experience	\$ 0	\$ 642,996
Differences in assumptions	0	43,270
Excess (deficit) investment returns	368,613	364,301
Contributions subsequent to measurement date	<u>357,575</u>	<u> </u>
Total	<u>\$726,188</u>	<u>\$1,050,567</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$357,575 related to pensions resulting from the Town of Burrillville's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. 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>
2017	\$(171,353)
2018	(171,353)
2019	(171,355)
2020	(49,919)
2021	<u>(117,974)</u>
Total	<u>\$(681,954)</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 financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Benefit provisions (Continued)

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 2015, 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 8.52% and 13.08% of annual covered payroll for the fiscal year ended June 30, 2016 for the State and Burrillville School Department, respectively. The Burrillville School Department contributed \$1,936,089, \$1,861,211, and \$1,821,960 for the fiscal years ended June 30, 2016, 2015, and 2014, 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 \$1,230,265 for fiscal year 2016.

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

At June 30, 2016, the Burrillville School Department reported a liability of \$22,767,283 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	\$22,767,283
State's proportionate share of the net pension liability associated with the Burrillville School Department	<u>15,553,893</u>
Total net pension liability	<u>\$38,321,176</u>

The net pension liability was measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015. 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, 2015 the Burrillville School Department proportion was 0.82699821%.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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)

For the year ended June 30, 2016, the Burrillville School Department recognized gross pension expense of \$4,300,849 and revenue of \$1,888,666 for support provided by the State. At June 30, 2016, 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	\$1,936,089
Net difference between projected and actual earnings on pension plan investments	1,282,825
Total	\$3,218,914
Deferred inflows of resources	
Change of assumptions	612,062
Differences between expected and actual experience	148,246
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,323,487
Net difference between projected and actual earnings on pension plan investments	1,300,001
Total	\$4,383,796

Deferred outflows of resources totaling \$1,936,089 related to pensions resulting from the Burrillville School Department's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. 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:	
2017	\$ (595,643)
2018	(595,643)
2019	(595,643)
2020	(162,309)
2021	(483,015)
Thereafter	(668,718)
Total	\$(3,100,971)

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<i>Type of Investment</i>	<i>Target Allocation</i>	<i>Long-term expected real rate of return</i>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	<u>3.0%</u>	7.80%
	100.0%	

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, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Employees' Retirement System (Continued)

Actuarial Assumptions (Continued)

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 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 (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$28,549,990	\$22,767,283	\$18,033,319

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

General Information about the Pension Plan (Continued)

Eligibility and plan benefits (Continued)

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

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

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

<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 \$20,010, \$20,027, and \$20,082 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, the Burrillville School Department reported an asset of \$3,098,507 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, 2015, 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, 2014, rolled forward to June 30, 2015. The Burrillville School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015, the Burrillville School Department's proportion was 3.31903683%.

For the year ended June 30, 2016, the Burrillville School Department recognized pension expense of \$199,957 – an increase in the net pension asset. At June 30, 2016, 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	\$ 20,010
Differences between expected and actual experience	716,372
Net difference between projected and actual investment earnings	393,714
Total	<u>\$1,130,096</u>
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	\$405,007
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,661
Total	<u>\$426,668</u>

\$20,010 reported as deferred inflows of resources related to pensions resulting from the Burrillville School Department contributions in fiscal year 2016 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 48,030
2018	48,030
2019	48,030
2020	183,033
2021	84,604
Thereafter	271,691
Total	<u>\$ 683,418</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

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, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	<u>3.0%</u>	7.80%
	100.0%	

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, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teachers' Survivors Benefit Plan (Continued)

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 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 (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$(2,406,228)	\$(3,098,507)	\$(3,665,042)

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 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, 2016:

	<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 contributions	
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, 2016

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 \$26,641, for the fiscal year ended June 30, 2016. Town of Burrillville plan members contributed \$124,562 during the fiscal year ended June 30, 2016. The Burrillville School Department recognized pension expense of \$265,746 and \$23,255 for teachers and general employees, respectively for the fiscal year ended June 30, 2016. Burrillville School Department plan members contributed \$677,096 during the fiscal year ended June 30, 2016.

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, 2016 totaled \$161,120. Total payments to be made for fiscal year ending June 30, 2017 total \$181,120 consisting of \$164,120 for rental of Town Hall facilities and \$17,000 for capital improvements.

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 2016. The annual payment on this contract varies from year to year based on the transportation needs of the department. There is a 3% increase each year on the cost per bus as dictated by the bus transportation contract with DATTCO, Inc. Busing costs associated with this agreement totaled approximately \$2,042,000 for the year ended June 30, 2016.

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 2016 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, 2016**

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

The Town'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, 2014, 343 individuals (302 active employees and 41 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, 2014. 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: **Municipal Council 94:** 30 years of service at any age or 10 years of service at age 58 but not after age 65.

Municipal non-union: 30 years of service at any age or 10 years of service at age 58 but not after age 65.

School (non-certified): 30 years of service at any age or age 58 with at least 10 years of service. Those that retired on or prior to August 31, 1997, can continue to receive benefits after they are 65 years old. There are no employees in this category. For anyone who retired after August 31, 1997, benefits cease at age 65.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Benefit Provisions and Contributions (Continued):

Eligibility (Continued):

School (certified): Age 60 with at least 10 years of service or 28 years of service but not after age 65. Those that retired on or prior to August 31, 1997, can continue to receive benefits after they are 65 years old. There is only one employee in this category. For anyone who retired after August 31, 1997, benefits cease at age 65.

Police: Age 55 and 25 years of service.

Wastewater: 30 years of service at any age or 10 years of service at age 58 but not after age 65.

Benefit/Cost Sharing:

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.

Municipal non-union: If a retiree has over 20 years of service, then the Town covers 100% of the premium for a single plan 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 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.

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

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

Classes of Employees Covered

As of July 1, 2014 membership data was as follows:

Active Employees	302
Retirees plus beneficiaries	<u>41</u>
Total Plan Members	<u>343</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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

The Town may contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year ending June 30, 2016, the Town made no contributions to a trust and instead elected to continue funding on a pay-as-you-go basis, which was determined to be \$273,469. These costs are recognized as an expense when claims or premiums are paid. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation.

Annual required contribution (ARC)	\$ 236,898
Interest on net OPEB obligation	281
Adjustment to annual required contribution	<u>(291)</u>
Annual OPEB cost (expense)	236,888
Contributions made	<u>(273,469)</u>
Decrease in net OPEB obligation	(36,581)
 Net OPEB obligation - July 1, 2015	 <u>7,022</u>
Net OPEB obligation (asset) - June 30, 2016	<u>\$ (29,559)</u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2014	\$231,663	103.5%	\$ 18,623
6/30/2015	\$233,843	105.0%	\$ 7,022
6/30/2016	\$236,888	115.4%	\$(29,559)

The governmental activities are reporting a net OPEB asset of \$31,697, while the business-type activities are reporting a net OPEB obligation of \$2,138.

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2015 was as follows:

<u>Actuarial Valuation Date</u>	<u>(A) Actuarial Value of Assets</u>	<u>(B) Actuarial Accrued Liability (AAL)</u>	<u>(B-A) Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>(A/B)</u>	<u>(C)</u>	<u>[(A-B)/C] UAAL as a Percentage of Covered Payroll</u>
				<u>Funded Ratio</u>	<u>Covered Payroll</u>	
July 1, 2015	\$0	\$3,096,447	\$(3,096,447)	0.0%	\$25,289,355	(12.2%)

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

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Actuarial Methods and Assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the Plan by employers in comparison to the ARC, an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The annual OPEB cost was determined as part of the actuarial valuation. Additional information and assumptions used as of the last actuarial valuations is summarized below:

Discount Rate	4.00%
Health Care and Trend Rate Contribution	4.00% - 7.00%
Ultimate Medical Trend Rate	4.00%
Year Ultimate Medical Trend Rate Reached	2035
Actuarial Funding Method	Projected Unit Credit
Actuarial Cost Method	Entry Age Normal - Level Percentage
The remaining amortization period at June 30, 2014 .	20 years
Valuation Type	Open Group
Payroll Growth Rate	2.50%
Mortality Rate	RP-2014 Combined Healthy Mortality Table Projected Generationally with Scale MP-2014
General Inflation Rate	2.5%

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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016. Employees are allowed to make contributions to the Plan up to IRC limits, currently \$18,000 (\$24,000 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, 2016 were \$101,875. The Town has an obligation to prudently manage these monies.

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 29 fiscal years.

During the fiscal year ended June 30, 2016, the Town paid premiums of \$90,607 for workers' compensation coverage and \$137,830 for property and liability coverage.

At June 30, 2016, the Trust held reserves for future payments of open cases of \$92,896 for property and liability claims and \$64,483 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, 2016, 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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016, the interfund transfers were primarily to transfer budgeted amounts to a capital project fund and to transfer bond proceeds to the Sewer Authority.

Interfund transfers for fiscal year ended June 30, 2016 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major funds:		
General Fund	\$ 606,746	\$19,491,081
School Department	17,113,180	44,000
Non-major funds	<u>1,818,599</u>	<u>989,262</u>
Total governmental activities	<u>\$19,538,525</u>	<u>\$20,524,343</u>
Business-type activities:		
Major funds:		
Sewer Authority	\$ 941,818	
Non-major funds	<u>44,000</u>	
Total business-type activities	<u>\$ 985,818</u>	<u>\$ 0</u>

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 \$14,500 per year for the remaining five 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 \$33,000 per year for the remaining 26 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.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

18. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

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	\$14,500	5	\$ 72,500	\$14,500	\$ 58,000
Whipple Avenue	1976	N/A	<u>33,000</u>	26	<u>858,000</u>	<u>33,000</u>	<u>825,000</u>
			<u>\$47,500</u>		<u>\$930,500</u>	<u>\$47,500</u>	<u>\$883,000</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. The Pool is part of a not-for-profit organization (the Trust) formed to provide programs of liability, workers compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. The Pool is governed by the Trust Board of Directors (Board).

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

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

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

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

After it has been a member of the Pool for an initial three-year period, a member may withdraw from the Pool by providing the Trust with 90 days notice; otherwise 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, 2016, unaudited results indicate that the Pool generated \$129,590,219 in revenues and had a change in net position, of revenues less expenses of \$(7,389,364). The Pool had \$62,921,919 in total assets and \$33,311,344 in total equity as of June 30, 2016.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

19. PUBLIC ENTITY RISK POOL (Continued)

The Health Pool (Continued)

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, 2016, 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

Capital Lease

On July 6, 2016, the Burrillville School Department entered into a 5-year capital lease for the purchase of an ice resurfacing machine. The annual payment is \$27,785 and the lease term commences on the delivery date of the machine.

Tax Agreement

Invenergy Thermal Development LLC has applied to the Energy Facility Siting Board to construct the Clear River Energy Center power plant in Burrillville. The Town has very little legal control over the siting, land use and zoning issues associated with this type of facility, those powers being vested by State Law with an independent, quasi-judicial regulator titled the EFSB.

In response to the application, the Town hired experts to evaluate air emissions, noise, traffic, environmental, storm water, utilities including water and sewer and hazardous materials. When the expert reports were received the Town Council adopted a resolution opposing the siting of Clear River Energy in Burrillville and vowed to fight aggressively against the proposal.

On November 3, 2016, the Town entered into a Tax Agreement with Clear River Energy LLC that will provide financial protection for the Town including up to \$200 million over the next 20 years should the power plant actually be built in Burrillville. This amount includes upfront fees of \$2,925,000 to be paid through January, 2019. There is an additional \$750,000 if the project is delayed beyond January 2, 2020. These upfront costs will be set aside in the Town's Clear River Energy Special Revenue Fund and be used to fund the response and defense against Invenergy Thermal Development LLC's application to construct the Clear River Energy Center power plant in Burrillville.

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 for some of the neighboring property owners, and an Opt Out Agreement for some neighboring property owners who opt out of the PVA.

(CONCLUDED)

TOWN OF BURRILLVILLE

**REQUIRED SUPPLEMENTARY
INFORMATION**



TOWN OF BURRILLVILLE, RHODE ISLAND**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>General Employees</u>		<u>Police Employees</u>	
	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
A. Total pension liability				
1. Service Cost	\$ 558,807	\$ 571,246	\$ 261,005	\$ 238,634
2. Interest on the Total Pension Liability	1,965,817	1,868,378	832,456	796,207
3. Changes of benefit terms	556,208	0	286,545	0
4. Difference between expected and actual experience of the Total Pension Liability	(703,472)	0	0	0
5. Changes of assumptions	0	206,772	(776,149)	(61,110)
6. Benefit payments, including refunds of employee contributions	(1,350,801)	(1,331,179)	(489,084)	(514,109)
7. Net change in total pension liability	1,026,559	1,315,217	114,773	459,622
8. Total pension liability – beginning	26,606,891	25,291,674	11,213,459	10,753,837
9. Total pension liability – ending (a)	27,633,450	26,606,891	11,328,232	11,213,459
B. Plan fiduciary net position				
1. Contributions – employer	501,237	476,580	330,750	159,913
2. Contributions – employee	120,591	120,310	106,479	98,864
3. Net investment income	631,724	3,599,161	215,730	1,205,386
4. Benefit payments, including refunds of employee contributions	(1,350,801)	(1,331,179)	(489,084)	(514,109)
5. Pension Plan Administrative Expense	(17,873)	(22,538)	(8,656)	(7,548)
6. Other	48,443	(47,580)	0	(1)
7. Net change in plan fiduciary net position	(66,679)	2,794,754	155,219	942,505
8. Plan fiduciary net position – beginning	27,022,990	24,228,236	9,050,199	8,107,694
9. Plan fiduciary net position – ending (b)	26,956,311	27,022,990	9,205,418	9,050,199
C. Net pension liability - ending (a) - (b)	<u>\$ 677,139</u>	<u>\$ (416,099)</u>	<u>\$ 2,122,814</u>	<u>\$ 2,163,260</u>
D. Plan fiduciary net position as a percentage of the total pension liability	97.55%	101.56%	81.26%	80.71%
E. Covered employee payroll	\$ 6,021,628	\$ 5,799,448	\$ 1,330,979	\$ 1,235,806
F. Net pension liability as a percentage of covered payroll	11.25%	-7.17%	159.49%	175.05%

TOWN OF BURRILLVILLE, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Municipal Employees' Retirement System - General Employees

	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 497,482	\$ 497,261
Contributions in relation to the actuarially determined contribution	(497,482)	(497,261)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 5,838,991	\$ 6,012,830
Contributions as a percentage of covered-employee payroll	8.52%	8.27%

Municipal Employees' Retirement System - Police Employees

	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 357,575	\$ 323,503
Contributions in relation to the actuarially determined contribution	(357,575)	(323,503)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 1,394,055	\$ 1,299,209
Contributions as a percentage of covered-employee payroll	25.65%	24.90%

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 ISLANDSCHEDULE OF EMPLOYER CONTRIBUTIONS**Changes in benefit provisions:**

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. 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, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan based on the members years of service (an additional .25% for members with 10-15 years of service and .50% for members with 15-20 years of service) . Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before 7/1/2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND**SCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Employees' Retirement System		
	Fiscal 2016	Fiscal 2015
Burrillville School Department's proportionate percentage of the net pension liability	0.82699821%	0.92527010%
Burrillville School Department's proportionate share of the net pension liability	\$ 22,767,283	\$ 22,521,078
State of Rhode Island's proportionate share of the net pension liability associated with the Burrillville School Department	15,553,893	15,443,740
Total	<u>\$ 38,321,176</u>	<u>\$ 37,964,818</u>
Burrillville School Department's covered employee payroll	\$ 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	153.81%	154.76%
Plan fiduciary net position as a percentage of the total pension liability	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 Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.*

TOWN OF BURRILLVILLE, RHODE ISLANDSCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S CONTRIBUTIONS**Employees' Retirement System**

	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 1,936,089	\$ 1,861,211
Contributions in relation to the actuarially determined contribution	(1,936,089)	(1,861,211)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 14,801,904	\$ 14,552,080
Contributions as a percentage of covered- employee payroll	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 Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, 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		
	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Burrillville School Department's proportionate percentage of the net pension asset	3.31903683%	3.29654812%
Burrillville School Department's proportionate share of the net pension asset	\$ 3,098,507	\$ 4,098,293
Burrillville School Department's covered employee payroll	\$ 13,366,189	\$ 13,966,578
Burrillville School Department's proportionate share of the net pension asset as a percentage of its covered employee payroll	23.2%	29.3%
Plan fiduciary net position as a percentage of the total pension liability	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 Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.*
- 4.) *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 ISLANDSCHEDULE OF BURRILLVILLE SCHOOL DEPARTMENT'S CONTRIBUTIONS**Teachers' Survivors Benefit Plan**

	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Statutorily determined contribution	\$ 20,010	\$ 20,027
Contributions in relation to the statutorily determined contribution	(20,010)	(20,027)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 13,366,189	\$ 13,966,578
Contributions as a percentage of covered- employee payroll	0.15%	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 Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.*
- 4.) *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
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>June 30</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Overfunded (Unfunded) AAL (UAAL) <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((a-b)/c)</u>
<u>Other Post Employment Benefits</u>						
7/01/13 (FY14)	\$0	\$2,712,358	\$(2,712,358)	0%	\$22,066,792	(12.3%)
7/01/14 (FY15)	\$0	\$3,120,605	\$(3,120,605)	0%	\$24,672,541	(12.6%)
7/01/15 (FY16)	\$0	\$3,096,447	\$(3,096,447)	0%	\$25,289,355	(12.2%)

Notes to the Schedule of Funding Progress

Changes Since Last Valuation:

None.

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, 2016**

	Originally Adopted Budget	Final Approved Budget	Actual Budgetary Basis	Variance
REVENUES:				
General property taxes	\$ 30,119,180	\$ 30,119,180	\$ 30,658,653	\$ 539,473
Intergovernmental	16,197,355	16,197,355	16,318,236	120,881
Licenses, permits and fees	388,175	388,175	472,999	84,824
Investment income	21,500	21,500	28,197	6,697
Departmental	96,500	96,500	101,487	4,987
Total revenues	46,822,710	46,822,710	47,579,572	756,862
EXPENDITURES:				
Current:				
General government	3,225,258	3,148,358	3,028,270	120,088
Public safety	2,508,989	2,510,389	2,481,724	28,665
Public works	1,373,745	1,375,145	1,313,932	61,213
Recreation and social services	165,935	167,335	136,770	30,565
Libraries	762,500	762,500	762,500	
Employee benefits and other	2,370,150	2,434,450	2,419,349	15,101
Burrillville Redevelopment Agency	0	65,000	65,000	
Debt service:				
Principal	2,029,000	2,029,000	2,029,000	
Interest and other costs	520,733	520,733	496,097	24,636
Bond issuance costs	0	0	46,726	(46,726)
Capital outlay	3,507,046	4,444,135	2,257,671	2,186,464
Total expenditures	16,463,356	17,457,045	15,037,039	2,420,006
Excess of revenues over expenditures	30,359,354	29,365,665	32,542,533	3,176,868
Other financing sources (uses):				
Transfers out	(30,835,000)	(32,950,826)	(34,124,796)	(1,173,970)
Transfers in	475,646	1,002,886	1,274,200	271,314
Payment to refunded bond escrow agent	0	0	(3,834,965)	(3,834,965)
Proceeds from refunding bonds	0	0	3,380,000	3,380,000
Bond premium	0	0	501,691	501,691
Proceeds from bond issuance	0	0	6,300,000	6,300,000
Reappropriation of prior year's fund balance	0	2,582,275	2,582,275	0
Net other financing sources (uses)	(30,359,354)	(29,365,665)	(23,921,595)	5,444,070
Excess of revenues and other sources over expenditures and other uses	\$ 0	\$ 0	8,620,938	\$ 8,620,938
Less: reappropriated fund balance			(2,582,275)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with the General Fund for purposes of GASB Statement No. 54			(115,649)	
Fund Balance, beginning of year			16,754,463	
Fund Balance, end of year			\$ 22,677,477	

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, 2016**

	Originally Adopted Budget	Final Approved Budget	Actual Budgetary Basis	Variance
Revenues:				
State aid	\$ 13,287,161	\$ 13,287,161	\$ 13,287,161	
Miscellaneous	300,000	300,000	429,659	\$ 129,659
Total revenues	<u>13,587,161</u>	<u>13,587,161</u>	<u>13,716,820</u>	<u>129,659</u>
Expenditures:				
Current:				
Salaries	17,837,675	17,837,894	17,869,694	(31,800)
Employee benefits	6,836,076	6,861,199	6,701,621	159,578
Purchased services	4,836,521	4,785,271	4,676,975	108,296
Supplies and materials	1,215,738	1,204,973	1,157,827	47,146
Other	35,840	36,299	45,913	(9,614)
Capital outlay	100,074	136,288	164,205	(27,917)
Total expenditures	<u>30,861,924</u>	<u>30,861,924</u>	<u>30,616,235</u>	<u>245,689</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(17,274,763)</u>	<u>(17,274,763)</u>	<u>(16,899,415)</u>	<u>375,348</u>
Other financing sources (uses):				
Transfer from Town of Burrillville	17,242,839	17,242,839	17,113,180	(129,659)
Transfers to other funds	(44,000)	(44,000)	(44,000)	
Reappropriation of prior year fund balance	75,924	75,924	75,924	
Net other financing sources (uses)	<u>17,274,763</u>	<u>17,274,763</u>	<u>17,145,104</u>	<u>(129,659)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>245,689</u>	<u>\$ 245,689</u>
Add: current year encumbrances			55,077	
Less: prior year encumbrances			(38,260)	
Less: reappropriated fund balance			(75,924)	
Fund balance, beginning of year			<u>467,090</u>	
Fund balance, end of year			<u>\$ 653,672</u>	

TOWN OF BURRILLVILLE, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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, 2016:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 8,620,938
Fund balance reappropriated	(2,582,275)
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>(115,649)</u>
Net change in fund balance (GAAP)	<u>\$ 5,923,014</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, 2016:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 245,689
Fund balance reappropriated	(75,924)
Current year encumbrances.....	55,077
Prior year encumbrances	<u>(38,260)</u>
Net change in fund balance (GAAP)	<u>\$ 186,582</u>

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 upgrades to the Police Department's all-terrain vehicles.

Bulletproof Vest Program

This fund accounts for monies received from Dept. of Justice Bulletproof Vest Partnership to upgrade Burrillville police officers' bulletproof vests.

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.

Automatic External Defibrillator

This fund accounts for monies received to assist in the purchase of automated external defibrillators.

Homeland Security Grant

This fund accounts for grant monies received for School communication improvements.

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.

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 Grant – Operation Riptide

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

Police Legislative Grant

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

Levy Foundation Grants

This fund accounts for funds received from the Levy Foundation that were passed through to the Board of Administration.

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).

Invenergy

This fund accounts for monies received from Invenergy for expenses related to evaluating the impact of Invenergy's proposed power plant in Burrillville.

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:

Eagle Peak Recreation

This fund accounts for monies utilized for land acquisition to be used for active and passive recreation purposes.

White Mill Park

This fund accounts for monies utilized for repairing and upgrading the White Mill Park.

Stillwater Mill Revitalization

This fund accounts for monies utilized to create a public playground area at the Stillwater Mill Complex.

Granite Mill/Gonyea Park

This fund accounts for monies utilized for the purpose of constructing a park in Pascoag at the site of the former Granite Mill.

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.

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.

(CONTINUED)

TOWN OF BURRILLVILLE

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Route 102 Commerce Park

This fund accounts for monies set aside for the purpose of planning and developing Route 102.

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.

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, 2016**

	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	\$ 44,578	\$ 122,044				
Other receivables						
Due from:						
Other funds	271,975	13,204	\$ 35,859	\$ 32,889		\$ 5,829
Other governments	405,898					
TOTAL ASSETS	\$ 722,451	\$ 135,248	\$ 35,859	\$ 32,889	\$0	\$ 5,829
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	\$ 37,040		\$ 1,688			\$ 721
Retainage payable						
Accrued payroll and benefits	107,438					
Due to:						
Other funds	500,745					
Other governments				\$ 105		
Unearned revenues	77,228					2,037
Other liabilities						
TOTAL LIABILITIES	722,451	\$ 0	1,688	105	\$0	2,758
FUND BALANCES:						
Nonspendable for:						
Perpetual care						
Endowments						
Restricted for:						
General government			34,171	32,784		
Public safety						3,071
Recreation and social services		66,466				
Education						
Community development						
Committed for:						
Recreation and social services		68,782				
Capital projects						
Unassigned						
TOTAL FUND BALANCES	0	135,248	34,171	32,784	0	3,071
TOTAL LIABILITIES AND FUND BALANCES	\$ 722,451	\$ 135,248	\$ 35,859	\$ 32,889	\$0	\$ 5,829

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds						
	Library Grant	Community Emergency Response Training	Byrne Grant	Bulletproof Vest Program	Spring Lake	Community Development Block Grant	Automatic External Defibrillator
ASSETS:							
Cash and cash equivalents					\$ 111,931	\$ 44,844	
Other receivables						223,412	
Due from:							
Other funds		\$ 54,162			17,005	2,493	
Other governments				\$ 3,094		957,740	
TOTAL ASSETS	\$0	\$ 54,162	\$0	\$ 3,094	\$ 128,936	\$ 1,228,489	\$0
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable					\$ 8,350	\$ 243	
Retainage payable							
Accrued payroll and benefits					24,602		
Due to:							
Other funds				\$ 3,094	42,612	22,497	
Other governments							
Unearned revenues					3,500	1,182,806	
Other liabilities							
TOTAL LIABILITIES	\$0	\$ 0	\$0	3,094	79,064	1,205,546	\$0
FUND BALANCES:							
Nonspendable for:							
Perpetual care							
Endowments							
Restricted for:							
General government							
Public safety		54,162					
Recreation and social services							
Education							
Community development						22,943	
Committed for:							
Recreation and social services					49,872		
Capital projects							
Unassigned							
TOTAL FUND BALANCES	0	54,162	0	0	49,872	22,943	0
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$ 54,162	\$0	\$ 3,094	\$ 128,936	\$ 1,228,489	\$0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds						
	Homeland Security Grant	Partnership for Success	Cops That Care	Ocean State Power Funds	Narcotics Guidance Council	Police Grant - Operation Riptide	Police Legislative Grant
ASSETS:							
Cash and cash equivalents				\$ 553,985			
Other receivables				730			
Due from:							
Other funds			\$ 232		\$ 56,350		\$ 914
Other governments	\$ 8,698	\$ 92,947			15,628	\$ 828	
TOTAL ASSETS	\$ 8,698	\$ 92,947	\$ 232	\$ 554,715	\$ 71,978	\$ 828	\$ 914
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable		\$ 10,252		\$ 38,894			\$ 914
Retainage payable							
Accrued payroll and benefits							
Due to:							
Other funds	\$ 8,698	39,425		10,233	\$ 29,009	\$ 828	
Other governments							
Unearned revenues		43,270	\$ 232				
Other liabilities							
TOTAL LIABILITIES	8,698	92,947	232	49,127	29,009	828	914
FUND BALANCES:							
Nonspendable for:							
Perpetual care							
Endowments							
Restricted for:							
General government							
Public safety							
Recreation and social services					42,969		
Education				505,588			
Community development							
Committed for:							
Recreation and social services							
Capital projects							
Unassigned							
TOTAL FUND BALANCES	0	0	0	505,588	42,969	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,698	\$ 92,947	\$ 232	\$ 554,715	\$ 71,978	\$ 828	\$ 914

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				Capital Project Funds		
	Levy Foundation Grants	Wallace Lees Scholarship	Snack Pack Program	Invenergy	Police Task Force	Eagle Peak Recreation	White Mill Park
ASSETS:							
Cash and cash equivalents					\$ 12,862		
Other receivables							
Due from:							
Other funds		\$ 3,230	\$ 2,535	\$ 10,205			
Other governments						\$ 85,000	
TOTAL ASSETS	\$0	\$ 3,230	\$ 2,535	\$ 10,205	\$ 12,862	\$ 85,000	\$0
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable				\$ 10,205			
Retainage payable							
Accrued payroll and benefits							
Due to:							
Other funds					\$ 6,081	\$ 97,656	
Other governments							
Unearned revenues							
Other liabilities							
TOTAL LIABILITIES	\$0	\$ 0	\$ 0	10,205	6,081	97,656	\$0
FUND BALANCES:							
Nonspendable for:							
Perpetual care							
Endowments							
Restricted for:							
General government							
Public safety					6,781		
Recreation and social services			2,535				
Education		3,230					
Community development							
Committed for:							
Recreation and social services							
Capital projects							
Unassigned						(12,656)	
TOTAL FUND BALANCES	0	3,230	2,535	0	6,781	(12,656)	0
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$ 3,230	\$ 2,535	\$ 10,205	\$ 12,862	\$ 85,000	\$0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Capital Project Funds						Open Space/ Land Acquisition
	Stillwater Mill Revitalization	Granite Mill/ Gonyea Park	School Roof Improvements	Oakland/ Mapleville Bike Path	North Road Bridge Project	Route 102 Commerce Park	
ASSETS:							\$ 101,392
Cash and cash equivalents							
Other receivables							
Due from:							
Other funds							
Other governments	\$ 100,000		\$ 545,858	\$ 400,000	\$ 589,445		
TOTAL ASSETS	\$ 100,000	\$0	\$ 545,858	\$ 400,000	\$ 589,445	\$0	\$ 101,392
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable			\$ 20,072				
Retainage payable			47,922		\$ 500		
Accrued payroll and benefits							
Due to:							
Other funds	\$ 100,000		29,782	\$ 1,000	31,280		
Other governments							
Unearned revenues			254,063	400,000			
Other liabilities							
TOTAL LIABILITIES	100,000	\$0	351,839	401,000	31,780	\$0	\$ 0
FUND BALANCES:							
Nonspendable for:							
Perpetual care							
Endowments							
Restricted for:							
General government							
Public safety							
Recreation and social services							
Education							
Community development							
Committed for:							
Recreation and social services							
Capital projects			194,019		557,665		101,392
Unassigned				(1,000)			
TOTAL FUND BALANCES	0	0	194,019	(1,000)	557,665	0	101,392
TOTAL LIABILITIES AND FUND BALANCES	\$ 100,000	\$0	\$ 545,858	\$ 400,000	\$ 589,445	\$0	\$ 101,392

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Capital Project	Permanent Funds			Total Non-Major Governmental Funds	
	Funds					
	Major Capital	Cemetery Fund	Frank H. Potter Bridgeway Fund	Alice McGreevy Thompson Fund	Jesse M. Smith Memorial Library Fund	
ASSETS:						
Cash and cash equivalents	\$ 1,582,659	\$ 82,474	\$ 16,133	\$ 1,207	\$ 15,211	\$ 2,689,320
Other receivables						224,142
Due from:						
Other funds	638,825					1,145,707
Other governments						3,205,136
TOTAL ASSETS	\$ 2,221,484	\$ 82,474	\$ 16,133	\$ 1,207	\$ 15,211	\$ 7,264,305
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	\$ 6,500	\$ 19				\$ 134,898
Retainage payable						48,422
Accrued payroll and benefits						132,040
Due to:						
Other funds		487				923,427
Other governments						105
Unearned revenues						1,963,136
Other liabilities			\$ 6,133	\$ 207	\$ 211	6,551
TOTAL LIABILITIES	6,500	506	6,133	207	211	3,208,579
FUND BALANCES:						
Nonspendable for:						
Perpetual care		81,968				81,968
Endowments			10,000	1,000	15,000	26,000
Restricted for:						
General government						66,955
Public safety						64,014
Recreation and social services						111,970
Education						508,818
Community development						22,943
Committed for:						
Recreation and social services						118,654
Capital projects	2,214,984					3,068,060
Unassigned						(13,656)
TOTAL FUND BALANCES	2,214,984	81,968	10,000	1,000	15,000	4,055,726
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,221,484	\$ 82,474	\$ 16,133	\$ 1,207	\$ 15,211	\$ 7,264,305

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds					
	School Restricted Grants	Community Recreation	Town Clerk - Technology	Historical Records	Solemn Federal Task Force	Animal Shelter Donation Account
REVENUES:						
Intergovernmental	\$1,352,471				\$ 3,518	
Investment income		\$ 217				
Other	63,859	31,756	\$ 15,085	\$ 2,573		\$ 11,913
TOTAL REVENUES	1,416,330	31,973	15,085	2,573	3,518	11,913
EXPENDITURES:						
Current:						
General government			8,086			
Public safety					3,518	16,545
Public libraries						
Recreation and social services		1,037				
Education	1,326,677					
Community development						
Capital outlay	89,653		3,293			
TOTAL EXPENDITURES	1,416,330	1,037	11,379	0	3,518	16,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	30,936	3,706	2,573	0	(4,632)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	30,936	3,706	2,573	0	(4,632)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	104,312	30,465	30,211	0	7,703
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 135,248	\$ 34,171	\$ 32,784	\$ 0	\$ 3,071

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds						
	Library Grant	Community Emergency Response Training	Byrne Grant	Bulletproof Vest Program	Spring Lake	Community Development Block Grant	Automatic External Defibrillator
REVENUES:							
Intergovernmental	\$ 144,949	\$ 3,813	\$ 17,162	\$ 3,094		\$ 319,910	
Investment income					\$ 221	2,489	
Other					221,868	35,437	
TOTAL REVENUES	144,949	3,813	17,162	3,094	222,089	357,836	\$ 0
EXPENDITURES:							
Current:							
General government							140
Public safety		825					
Public libraries	144,949						
Recreation and social services					243,452		
Education							
Community development						353,131	
Capital outlay			17,162	3,094	12,650		
TOTAL EXPENDITURES	144,949	825	17,162	3,094	256,102	353,131	140
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	2,988	0	0	(34,013)	4,705	(140)
OTHER FINANCING SOURCES (USES):							
Transfers in							488
Transfers out							
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	488
NET CHANGE IN FUND BALANCES	0	2,988	0	0	(34,013)	4,705	348
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	51,174	0	0	83,885	18,238	(348)
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 54,162	\$ 0	\$ 0	\$ 49,872	\$ 22,943	\$ 0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds						
	Homeland Security Grant	Partnership for Success	Cops That Care	Ocean State Power Funds	Narcotics Guidance Council	Police Grant - Operation Riptide	Police Legislative Grant
REVENUES:							
Intergovernmental	\$ 80,889	\$ 111,211			\$ 14,009	\$ 22,007	\$ 8,500
Investment income				\$ 691			
Other							
TOTAL REVENUES	80,889	111,211	\$0	691	14,009	22,007	8,500
EXPENDITURES:							
Current:							
General government				10,233			
Public safety	3,786				13,961	22,007	11,906
Public libraries							
Recreation and social services		105,048					
Education		6,163					
Community development							
Capital outlay	77,103						
TOTAL EXPENDITURES	80,889	111,211	0	10,233	13,961	22,007	11,906
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	0	0	(9,542)	48	0	(3,406)
OTHER FINANCING SOURCES (USES):							
Transfers in					5,000		
Transfers out					(5,000)		
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	0	0	0	(9,542)	48	0	(3,406)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	0	0	515,130	42,921	0	3,406
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 0	\$0	\$ 505,588	\$ 42,969	\$ 0	\$ 0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds					Capital Project Funds	
	Levy Foundation Grants	Wallace Lees Scholarship	Snack Pack Program	Invenergy	Police Task Force	Eagle Peak Recreation	White Mill Park
REVENUES:							
Intergovernmental						\$ 85,000	\$ 28,425
Investment income					\$ 13		
Other	\$ 20,000		\$ 4,523	\$ 100,000	976		
TOTAL REVENUES	<u>20,000</u>	<u>\$ 0</u>	<u>4,523</u>	<u>100,000</u>	<u>989</u>	<u>85,000</u>	<u>28,425</u>
EXPENDITURES:							
Current:							
General government				100,000			
Public safety					1,794		
Public libraries							
Recreation and social services	20,000		1,988				
Education							
Community development							
Capital outlay					4,287	295,070	74,690
TOTAL EXPENDITURES	<u>20,000</u>	<u>0</u>	<u>1,988</u>	<u>100,000</u>	<u>6,081</u>	<u>295,070</u>	<u>74,690</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>2,535</u>	<u>0</u>	<u>(5,092)</u>	<u>(210,070)</u>	<u>(46,265)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in						205,000	
Transfers out							(44,976)
NET OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>205,000</u>	<u>(44,976)</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>2,535</u>	<u>0</u>	<u>(5,092)</u>	<u>(5,070)</u>	<u>(91,241)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>0</u>	<u>3,230</u>	<u>0</u>	<u>0</u>	<u>11,873</u>	<u>(7,586)</u>	<u>91,241</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 0</u>	<u>\$ 3,230</u>	<u>\$ 2,535</u>	<u>\$ 0</u>	<u>\$ 6,781</u>	<u>\$ (12,656)</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Capital Project Funds						
	Stillwater Mill Revitalization	Granite Mill/ Gonyea Park	School Roof Improvements	Oakland/ Mapleville Bike Path	North Road Bridge Project	Route 102 Commerce Park	Open Space/ Land Acquisition
REVENUES:							
Intergovernmental	\$ 68,443		\$ 291,795				
Investment income							\$ 203
Other							
TOTAL REVENUES	68,443	\$ 0	291,795	\$ 0	\$ 0	\$ 0	203
EXPENDITURES:							
Current:							
General government						106,482	
Public safety							
Public libraries							
Recreation and social services							
Education							
Community development							
Capital outlay	105,343	6,240	514,630	1,000	63,690		
TOTAL EXPENDITURES	105,343	6,240	514,630	1,000	63,690	106,482	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(36,900)	(6,240)	(222,835)	(1,000)	(63,690)	(106,482)	203
OTHER FINANCING SOURCES (USES):							
Transfers in	406	320	416,854				
Transfers out							
NET OTHER FINANCING SOURCES (USES)	406	320	416,854	0	0	0	0
NET CHANGE IN FUND BALANCES	(36,494)	(5,920)	194,019	(1,000)	(63,690)	(106,482)	203
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	36,494	5,920	0	0	621,355	106,482	101,189
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 0	\$ 194,019	\$ (1,000)	\$ 557,665	\$ 0	\$ 101,392

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Capital Project Funds	Permanent Funds				Total Non-Major Governmental Funds
	Major Capital	Cemetery Fund	Frank H. Potter Bridgeway Fund	Alice McGreevy Thompson Fund	Jesse M. Smith Memorial Library Fund	
REVENUES:						
Intergovernmental						\$ 2,555,196
Investment income	\$ 3,171	\$ 96	\$ 32	\$ 2	\$ 30	7,165
Other						507,990
TOTAL REVENUES	3,171	96	32	2	30	3,070,351
EXPENDITURES:						
Current:						
General government	178,518	38	32	2	30	403,561
Public safety						74,342
Public libraries						144,949
Recreation and social services						371,525
Education						1,332,840
Community development						353,131
Capital outlay	131,241					1,399,146
TOTAL EXPENDITURES	309,759	38	32	2	30	4,079,494
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(306,588)	58	0	0	0	(1,009,143)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,190,531					1,818,599
Transfers out	(939,286)					(989,262)
NET OTHER FINANCING SOURCES (USES)	251,245	0	0	0	0	829,337
NET CHANGE IN FUND BALANCES	(55,343)	58	0	0	0	(179,806)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	2,270,327	81,910	10,000	1,000	15,000	4,235,532
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 2,214,984	\$ 81,968	\$ 10,000	\$ 1,000	\$ 15,000	\$ 4,055,726

(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, 2016**

	<u>Levy Rink</u>	<u>Extended Day Care</u>	<u>Totals</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 223,883	\$ 391,399	\$ 615,282
Accounts receivable, net		9,724	9,724
Prepaid expenses		730	730
Total current assets	223,883	401,853	625,736
Noncurrent assets:			
Net capital assets	177,031	16,372	193,403
Total noncurrent assets	177,031	16,372	193,403
TOTAL ASSETS	400,914	418,225	819,139
LIABILITIES:			
Current liabilities:			
Accounts payable	28,213	3,397	31,610
Accrued payroll		33,880	33,880
Due to other funds	24,307	40,414	64,721
Unearned revenue		2,957	2,957
Accrued compensated absences	730		730
Total current liabilities	53,250	80,648	133,898
Noncurrent liabilities:			
Accrued compensated absences	6,552		6,552
Total noncurrent liabilities	6,552	0	6,552
TOTAL LIABILITIES	59,802	80,648	140,450
NET POSITION:			
Net investment in capital assets	177,031	16,372	193,403
Unrestricted	164,081	321,205	485,286
TOTAL NET POSITION	\$ 341,112	\$ 337,577	\$ 678,689

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	<u>Levy Rink</u>	<u>Extended Day Care</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for usage and service	\$ 462,520	\$ 573,903	\$ 1,036,423
Total operating revenues	462,520	573,903	1,036,423
OPERATING EXPENSES:			
Operations	207,822	121,685	329,507
Personnel	150,857	420,592	571,449
Depreciation	24,160	7,562	31,722
Total operating expenses	382,839	549,839	932,678
OPERATING INCOME	79,681	24,064	103,745
NONOPERATING REVENUES (EXPENSES):			
Nonoperating grant	35,000	2,580	37,580
Investment income		489	489
Total nonoperating revenues (expenses)	35,000	3,069	38,069
INCOME BEFORE TRANSFERS	114,681	27,133	141,814
TRANSFERS IN	44,000	0	44,000
CHANGE IN NET POSITION	158,681	27,133	185,814
TOTAL NET POSITION - BEGINNING	182,431	310,444	492,875
TOTAL NET POSITION - ENDING	\$ 341,112	\$ 337,577	\$ 678,689

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	Levy Rink	Extended Day Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 462,520	\$ 571,109	\$ 1,033,629
Cash paid to suppliers	(200,807)	(121,115)	(321,922)
Cash paid to employees	(152,112)	(408,063)	(560,175)
Net cash provided by operating activities	109,601	41,931	151,532
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating grants received		2,580	2,580
Transfer from other funds	44,000		44,000
Increase in due to other funds	16,322	35,038	51,360
Net cash provided by noncapital financing activities	60,322	37,618	97,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Nonoperating grants received	35,000		35,000
Acquisition of capital assets	(28,900)		(28,900)
Net cash provided by capital and related financing activities	6,100	0	6,100
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments		489	489
Net cash provided by investing activities	0	489	489
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,023	80,038	256,061
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	47,860	311,361	359,221
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 223,883	\$ 391,399	\$ 615,282
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 79,681	\$ 24,064	\$ 103,745
Adjustments to reconcile:			
Depreciation	24,160	7,562	31,722
Increase in accounts receivable		(2,851)	(2,851)
Decrease in prepaid expenses		4,128	4,128
Increase (decrease) in accounts payable	7,015	(3,558)	3,457
Increase in accrued payroll		12,529	12,529
Increase in unearned revenue		57	57
Decrease in accrued compensated absences	(1,255)		(1,255)
Net cash provided by operating activities	\$ 109,601	\$ 41,931	\$ 151,532
Supplemental cash flow disclosure:			
Capital assets purchased through accounts payable	\$ 12,075	\$ 0	\$ 12,075

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, 2016**

<u>PUPIL ACTIVITY FUNDS</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 159,578	\$ 370,124	\$ 402,166	\$ 127,536
Investments	1,923		1,923	
TOTAL ASSETS	\$ 161,501	\$ 370,124	\$ 404,089	\$ 127,536
<u>LIABILITIES</u>				
Deposits held in custody for others	\$ 161,501	\$ 370,124	\$ 404,089	\$ 127,536

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, 2016**

	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 131,778	\$ 109,844	\$ 241,622
Loan receivable	1,550		1,550
Due from:			
Primary government	358,970	23,769	382,739
Prepaid expenses	156,040		156,040
Total current assets	648,338	133,613	781,951
Noncurrent assets:			
Loan receivable, net	10,958		10,958
Capital assets:			
Non-depreciable	517,833		517,833
Depreciable, net		76,181	76,181
Total noncurrent assets	528,791	76,181	604,972
TOTAL ASSETS	1,177,129	209,794	1,386,923
LIABILITIES:			
Current liabilities:			
Accounts payable	24,424	14,079	38,503
Accrued payroll	2,018	26,394	28,412
Unearned revenue		104	104
Total current liabilities	26,442	40,577	67,019
TOTAL LIABILITIES	26,442	40,577	67,019
NET POSITION:			
Net investment in capital assets	517,833	76,181	594,014
Unrestricted	632,854	93,036	725,890
TOTAL NET POSITION	\$ 1,150,687	\$ 169,217	\$ 1,319,904

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED JUNE 30, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Burrillville Redevelopment Agency	
Burrillville Redevelopment Agency						
Economic Development	\$ 57,774	\$ 35,417	\$ 350,000	\$ 0	\$ 327,643	\$ 327,643
Total Burrillville Redevelopment Agency	57,774	35,417	350,000	0	327,643	327,643
Jesse M. Smith Memorial Library						
Operations	815,747	15,101	811,182	0	0	\$ 10,536
Total Jesse M. Smith Memorial Library	815,747	15,101	811,182	0	0	10,536
Total component units	\$ 873,521	\$ 50,518	\$ 1,161,182	\$ 0	327,643	10,536
General revenues:						
Unrestricted investment earnings					647	111
Total general revenues					647	111
Change in net position					328,290	10,647
Net Position - beginning of year					822,397	158,570
Net Position - end of year					\$ 1,150,687	\$ 169,217
						\$ 1,319,904

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 COMPONENT UNITS
 YEAR ENDED JUNE 30, 2016**

	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	Totals
OPERATING REVENUES:			
Charges for usage and service	\$ 35,417	\$ 15,101	\$ 50,518
Total operating revenues	35,417	15,101	50,518
OPERATING EXPENSES:			
Operations	44,531	177,493	222,024
Personnel	6,970	632,213	639,183
Depreciation and amortization	6,273	6,041	12,314
Total operating expenses	57,774	815,747	873,521
OPERATING LOSS	(22,357)	(800,646)	(823,003)
NONOPERATING REVENUES:			
Investment income	647	111	758
Nonoperating grants	350,000	811,182	1,161,182
Total nonoperating revenues	350,647	811,293	1,161,940
CHANGE IN NET POSITION	328,290	10,647	338,937
TOTAL NET POSITION - BEGINNING	822,397	158,570	980,967
TOTAL NET POSITION - ENDING	\$ 1,150,687	\$ 169,217	\$ 1,319,904

TOWN OF BURRILLVILLE, RHODE ISLAND

**COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS
YEAR ENDED JUNE 30, 2016**

	Burrillville Redevelopment Agency	Jesse M. Smith Memorial Library	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 36,467	\$ 14,950	\$ 51,417
Cash paid to suppliers	(22,534)	(167,997)	(190,531)
Cash paid to employees	(6,863)	(626,099)	(632,962)
Net cash provided by (used for) operating activities	7,070	(779,146)	(772,076)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Nonoperating grants received	350,000	811,182	1,161,182
(Increase) decrease in due from primary government	(358,820)	20,747	(338,073)
Net cash provided by (used for) noncapital financing activities	(8,820)	831,929	823,109
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets		(53,000)	(53,000)
Net cash used for capital and related financing activities	0	(53,000)	(53,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Collections on loan receivable	1,367		1,367
Interest on investments	647	111	758
Net cash provided by investing activities	2,014	111	2,125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	264	(106)	158
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	131,514	109,950	241,464
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 131,778	\$ 109,844	\$ 241,622
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (22,357)	\$ (800,646)	\$ (823,003)
Adjustments to reconcile:			
Depreciation and amortization	6,273	6,041	12,314
Decrease in other receivables	1,050		1,050
Increase in accounts payable	21,997	9,496	31,493
Increase in accrued payroll	107	6,114	6,221
Decrease in unearned revenue		(151)	(151)
Net cash provided by (used for) operating activities	\$ 7,070	\$ (779,146)	\$ (772,076)

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, 2016**

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments to Budgetary Basis	Actual Budgetary Basis	Variance
Property taxes:						
Current and prior years	\$ 29,934,180	\$ 29,934,180	\$ 30,444,899		\$ 30,444,899	\$ 510,719
Interest on delinquent taxes and other	167,000	167,000	191,807		191,807	24,807
Payment in lieu of taxes	18,000	18,000	21,947		21,947	3,947
Total property taxes	30,119,180	30,119,180	30,658,653	\$ 0	30,658,653	539,473
Intergovernmental revenues:						
State of Rhode Island including:						
School aid	13,323,549	13,323,549		13,287,161	13,287,161	(36,388)
School construction	1,420,000	1,420,000	1,407,451		1,407,451	(12,549)
Motor vehicle phase out	201,655	201,655	200,798		200,798	(857)
Medicaid reimbursement	300,000	300,000		429,659	429,659	129,659
Meals and beverage tax	203,076	203,076	192,888		192,888	(10,188)
Pilot	111,567	111,567	145,198		145,198	33,631
Telephone tax	216,868	216,868	207,376		207,376	(9,492)
Police and other	68,000	68,000	92,943		92,943	24,943
Library construction	276,501	276,501	276,501		276,501	0
Pension incentives	76,139	76,139	78,261		78,261	2,122
Total intergovernmental revenues	16,197,355	16,197,355	2,601,416	13,716,820	16,318,236	120,881
Departmental revenues:						
Licenses, permits and fees:						
Licenses and fees	285,175	285,175	335,311		335,311	50,136
Building official	63,000	63,000	96,149		96,149	33,149
Miscellaneous	40,000	40,000	41,539		41,539	1,539
Services/assessments	96,500	96,500	101,487		101,487	4,987
Total departmental revenues	484,675	484,675	574,486	0	574,486	89,811
Investment income	21,500	21,500	28,197	0	28,197	6,697
Total revenues	46,822,710	46,822,710	33,862,752	13,716,820	47,579,572	756,862

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUNDSCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments to Budgetary Basis	Actual Budgetary Basis	Variance
General Government:						
Elected officials	46,000	46,500	46,354		46,354	146
Town clerk	242,864	244,264	233,867		233,867	10,397
Tax assessor	135,870	138,670	138,172		138,172	498
Town manager	198,633	200,033	182,519		182,519	17,514
Building official	127,541	128,941	128,789		128,789	152
Town treasurer	297,031	299,831	295,962		295,962	3,869
Tax collector	161,343	144,843	129,840		129,840	15,003
Information systems	212,266	215,066	214,869		214,869	197
Town planner	132,226	133,626	131,848		131,848	1,778
Boards, agencies, and committees	137,416	137,916	103,309		103,309	34,607
General fund contingency	100,000	24,600	15,468		15,468	9,132
Miscellaneous town expense	13,300	13,300	11,969		11,969	1,331
Buildings - administration	2,400	2,400	1,853		1,853	547
Total general government	1,806,890	1,729,990	1,634,819	0	1,634,819	95,171
Public Safety:						
Police department	2,345,385	2,346,785	2,326,577		2,326,577	20,208
Animal control	132,202	132,202	126,789		126,789	5,413
Civil defense	9,302	9,302	8,264		8,264	1,038
Municipal court	22,100	22,100	20,094		20,094	2,006
Total public safety	2,508,989	2,510,389	2,481,724	0	2,481,724	28,665
Public Works:						
Highway department	1,373,745	1,375,145	1,313,932		1,313,932	61,213
Total public works	1,373,745	1,375,145	1,313,932	0	1,313,932	61,213

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments to Budgetary Basis	Actual Budgetary Basis	Variance
Recreation and Social Services:						
Participation recreation	138,435	139,835	115,173		115,173	24,662
Operation of mini-bus	27,500	27,500	21,597		21,597	5,903
Total recreation and social services	165,935	167,335	136,770	0	136,770	30,565
Special Appropriations	10,950	10,950	10,550	0	10,550	400
Debt Service:						
General obligation bonds:						
Principal	2,029,000	2,029,000	2,029,000		2,029,000	0
Interest	518,733	518,733	492,997		492,997	25,736
Bond issuance costs	0	0	46,726		46,726	(46,726)
Bond registration fees and other	2,000	2,000	3,100		3,100	(1,100)
Total debt service	2,549,733	2,549,733	2,571,823	0	2,571,823	(22,090)
General Services	1,418,368	1,418,368	1,393,451	0	1,393,451	24,917
Capital Improvements Program:						
School department	433,440	945,641	478,797		478,797	466,844
Police department	92,500	147,576	92,293		92,293	55,283
Public works	2,777,936	2,847,109	1,560,256		1,560,256	1,286,853
Administration	130,120	436,309	126,325		126,325	309,984
Recreation	73,050	67,500	0		0	67,500
Total capital improvements program	3,507,046	4,444,135	2,257,671	0	2,257,671	2,186,464
Library:						
Pascoag Library	62,500	62,500	62,500		62,500	0
Jesse M. Smith Memorial Library	700,000	700,000	700,000		700,000	0
Total library	762,500	762,500	762,500	0	762,500	0
Burrillville Redevelopment Agency	0	65,000	65,000	0	65,000	0

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLANDGENERAL FUND**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual GAAP Basis	Adjustments to Budgetary Basis	Actual Budgetary Basis	Variance
Miscellaneous:						
Employee insurance and benefits	2,221,500	2,073,300	2,062,725		2,062,725	10,575
Legal services	110,000	311,000	310,222		310,222	778
Other professional services	27,700	39,200	35,852		35,852	3,348
Total miscellaneous	2,359,200	2,423,500	2,408,799	0	2,408,799	14,701
Total expenditures	16,463,356	17,457,045	15,037,039	0	15,037,039	2,420,006
Excess of revenues over expenditures before other financing sources (uses)	30,359,354	29,365,665	18,825,713	13,716,820	32,542,533	3,176,868
Other financing sources (uses):						
Transfers out:						
Special revenue funds	(30,835,000)	(31,686,895)	(17,970,563)	(13,716,820)	(31,687,383)	(488)
Capital project funds	0	(1,263,931)	(1,256,257)		(1,256,257)	7,674
Enterprise funds	0	0	(1,181,156)		(1,181,156)	(1,181,156)
Transfers in:						
Special revenue funds	44,100	44,100	255,600		255,600	211,500
Capital project funds	207,046	734,286	779,262		779,262	44,976
Enterprise funds	224,500	224,500	239,338		239,338	14,838
Payment to refunded bond escrow agent	0	0	(3,834,965)		(3,834,965)	(3,834,965)
Proceeds from refunding bonds	0	0	3,380,000		3,380,000	3,380,000
Bond premium	0	0	501,691		501,691	501,691
Proceeds from bond issuance	0	0	6,300,000		6,300,000	6,300,000
Reappropriation of prior year's designated fund balance	0	2,582,275		2,582,275	2,582,275	0
Net other financing sources (uses)	(30,359,354)	(29,365,665)	(12,787,050)	(11,134,545)	(23,921,595)	5,444,070
Net change in fund balance - budgetary basis	\$ 0	\$ 0	\$ 6,038,663	\$ 2,582,275	\$ 8,620,938	\$ 8,620,938

(CONCLUDED)

TOWN OF BURRILLVILLE, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Real Estate and Personal Property Taxes								
Fiscal Year End	Balance July 1, 2015	Current year Assessment	Additions	(Abatements)	Refunds and Adjustments	Amount to be Collected	Collections	Balance June 30, 2016
2016		\$ 30,476,875	\$ 21,551	\$ 15,851	\$ 28,044	\$ 30,510,619	\$ 29,949,126	\$ 561,493
2015	\$ 641,288			910	739	641,117	506,110	135,007
2014	144,168			437	2,923	146,654	47,211	99,443
2013	104,774			23	4,051	108,802	24,802	84,000
2012	100,737			330	2,794	103,201	10,491	92,710
2011	89,973			1,076	1,123	90,020	3,539	86,481
2010	50,843			187	2,530	53,186	347	52,839
2009	54,579			1,099	1,734	55,214	626	54,588
2008	50,799			869	788	50,718	2,039	48,679
2007	45,780			8	1,525	47,297	1,946	45,351
2006 and prior	143,315		4,495	67,492	(1,722)	78,596	72	78,524
	1,426,256	\$ 30,476,875	\$ 26,046	\$ 88,282	\$ 44,529	\$ 31,885,424	\$ 30,546,309	1,339,115
Less: estimated allowance for uncollectible accounts	(392,400)							(407,400)
Net property taxes	\$ 1,033,856							\$ 931,715

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	Rates	Assessed Valuations	Levy
Real-Property- Residential	\$ 18.88	\$ 1,026,163,578	\$ 18,786,355
Real-Property-Commercial/Industrial	18.88	265,142,600	4,981,246
Motor Vehicles	40.00	141,920,817	4,549,375
Tangible and Personal Property	18.88	114,395,440	2,159,899
Total		<u>1,547,622,435</u>	<u>\$ 30,476,875</u>
Exemptions		(60,623,521)	
Net Assessed Values		<u>\$ 1,486,998,914</u>	

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 30,546,309
<u>Adjustments and reversals</u>	
Add: Revenue collected 60 days subsequent to fiscal year ended June 30, 2016	197,245
Less: Prior year revenue collected 60 days subsequent to fiscal year ended June 30, 2015	(268,006)
Less refunds and adjustments	(44,529)
Add miscellaneous adjustment	13,880
Current year property tax revenue	<u>\$ 30,444,899</u>

TOWN OF BURRILLVILLE

**REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING
STANDARDS**



Cayer Caccia

Gerard R. Cayer
CPA, MST

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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, 2016, 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 23, 2016.

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 were not 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. (2016-1, 2016-2).

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. (2016-1, 2016-2).

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

December 23, 2016

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

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 2016-1 and 2016-2. 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

2016-1 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 2016, 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, 2016 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 – Management is not aware of any misstatements in the financial statement and reporting process. Management will move to reduce the exposure when we reorganize and staff the financial department. We will still rely on the independent, external auditors to assist with the complex transactions and preparation of GAAP financial statements, but we will modify our internal controls to be more proactive.

2016-2 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.

Corrective Action Plan – Posting of financial data is performed on a monthly basis. Certain transactions required additional analysis, research and discussion with the auditors. The duties and responsibilities assigned to staff will be reprioritized in an effort to focus on the concerns being raised.

(CONTINUED)

TOWN OF BURRILLVILLE, RHODE ISLAND

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

C. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2015-1 Accurate Posting of Side Fund Financial Activity

Condition: 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: Posting of financial data and interfund reconciliations are performed on a monthly basis as time permits. Certain transactions required additional analysis, research and discussion with the auditors.

(CONCLUDED)
