

***EXETER–WEST GREENWICH REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENTS***

*For the Fiscal Year Ended
June 30, 2017*

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Members of the School Committee
Exeter-West Greenwich Regional School District
West Greenwich, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Exeter-West Greenwich Regional School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Exeter-West Greenwich Regional School District'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, each major fund, and the aggregate remaining fund information of the Exeter-West Greenwich Regional School District, as of June 30, 2017, and the respective changes in financial position 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, budgetary comparison information, and supplementary pension and other postemployment benefit information on pages 4 through 9 and pages 50 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Exeter-West Greenwich Regional School District's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, the Annual Supplemental Transparency Report (MTP2), and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, the Annual Supplemental Transparency Report (MTP2) and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 nonmajor fund financial statements, the combining fiduciary fund financial statements, the Annual Supplemental Transparency Report (MTP2) and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of the Exeter-West Greenwich Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Exeter-West Greenwich Regional School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Exeter-West Greenwich Regional School District's internal control over financial reporting and compliance.

Bacon & Company, LLC

Warwick, Rhode Island
December 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Exeter-West Greenwich Regional School District (the District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of the fiscal year by \$ \$14,207,283 (net position). This is an increase from the prior year of \$ \$329,939.
- As of June 30, 2017, the General Fund reported an accumulated fund balance of \$2,630,265, a decrease of \$ 562,169 over the prior fiscal year. However, the District ended the fiscal year with a budgetary surplus of \$70,974.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to financial statements. The financial statements also contain other required supplementary information in addition to the basic financial statements, including the budgetary comparison schedule and notes thereto for the General Fund.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position provides information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two being reported as net position. Over time, changes in net position assist us in determining the District's financial health. The statement of activities provides information on how the District's net position changed during the most recent fiscal year.

These statements are reported on the accrual basis of accounting. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, along with other state and local governments, uses fund accounting to guarantee and demonstrate compliance with finance-related legal requirements.

The District utilizes the following two kinds of funds:

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The fiduciary funds maintained by the District are agency funds, comprised of student activity accounts for individual schools.

Notes to the Basic 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 basic financial statements are presented following the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This supplementary information includes a budgetary comparison schedule, which includes a reconciliation between the budgeted revenues and expenditures, and the actual revenues and expenditures for the General Fund as presented in the governmental funds financial statements. Required supplementary information is presented following the notes to the basic financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis

Net investment in capital assets, totaling \$ 10,955,924, encompasses the largest portion of the District’s net position. This is a direct result of the District’s investment in land, buildings, and equipment, less any related debt. These assets are not available for future spending and the resources needed to repay the related debt must be provided by other sources. \$ 50,952 of the total net position is restricted for education grants and programs.

Exeter-West Greenwich Regional School District
Statements of Net Position
June 30,

	Governmental Activities	
	2017	2016
	<hr/>	<hr/>
Assets:		
Current and other assets	\$ 5,200,360	\$ 5,868,880
Capital assets	15,273,737	15,732,036
	<hr/>	<hr/>
Total assets	20,474,097	21,600,916
	<hr/>	<hr/>
Deferred outflows of resources	5,060,503	2,342,386
	<hr/>	<hr/>
Liabilities:		
Current liabilities	2,819,985	2,785,279
Noncurrent liabilities	32,687,873	30,831,859
	<hr/>	<hr/>
Total liabilities	35,507,858	33,617,438
	<hr/>	<hr/>
Deferred inflows of resources	4,234,025	4,203,208
	<hr/>	<hr/>
Net position:		
Net investment in capital assets	10,955,924	11,184,475
Restricted	50,952	42,888
Unrestricted	(25,214,159)	(25,104,707)
	<hr/>	<hr/>
Total net position	\$ (14,207,283)	\$ (13,877,344)
	<hr/>	<hr/>

Noncurrent liabilities at the end of the current fiscal year consists of \$ 87,545 in accrued compensated absences, net postemployment benefit obligation of \$ 1,916,339, capital lease payable of \$ 23,977, Net pension liabilities of \$ 26,821,619 and \$ 3,340,000 in outstanding bonded debt and a loan, which are backed by the government and will be paid in full by the year 2029. Additional information about the District’s long-term obligations can be found in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Exeter-West Greenwich Regional School District
 Changes in Net Position
 for the fiscal year ended June 30,

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 750,427	\$ 684,781
Grants and contributions	3,205,814	3,872,493
General revenues:		
Town appropriations	23,809,727	23,255,694
State aid, unrestricted	6,206,580	6,217,632
Miscellaneous income	74,809	41,517
Total revenues	<u>34,047,357</u>	<u>34,072,117</u>
Expenses:		
Instruction	18,062,972	18,556,422
Instructional support	4,982,559	4,667,624
Operations	5,280,961	5,285,045
Other commitments, principally out-of-district tuitions and transportation	2,801,335	3,520,152
Leadership	2,072,646	2,035,389
Debt service	154,600	243,070
Depreciation	1,022,223	958,558
Total expenses	<u>34,377,296</u>	<u>35,266,260</u>
Change in net position	(329,939)	(1,194,143)
Net position, beginning of year	<u>\$ (13,877,344)</u>	<u>\$ (12,683,201)</u>
Net position, end of year	<u>\$ (14,207,283)</u>	<u>\$ (13,877,344)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Governmental Funds

As noted previously, the District uses fund accounting to ensure and demonstrate compliance with financial related requirements.

The General Fund is the major operating fund of the District. As of June 30, 2017, the District's governmental funds reported a combined ending fund balance of \$2,939,842. The General Fund balance of \$2,630,265 makes up 89% of the total fund balance. The remaining balance consists of Special Revenue Funds, Debt Service, and Capital Project Funds totaling \$309,577, or 11% of the total fund balance.

The General Fund fund balance decreased by \$562,169 from the June 30, 2016 balance for the year ended June 30, 2017.

The District maintains 15 individual nonmajor governmental funds. The information is presented separately in the nonmajor governmental fund combining balance sheet and the combining statement of revenues, expenditures and changes in fund balances.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017 amounted to \$15,273,737.

Exeter-West Greenwich Regional School District Capital Assets

	2017	2016
Land	\$ 655,844	\$ 655,844
Land improvements	53,000	53,000
Buildings and improvements	33,072,395	32,552,256
Machinery and equipment	1,141,187	1,097,402
Motor vehicles	116,451	116,451
Accumulated depreciation	(19,765,140)	(18,742,917)
Governmental activities capital assets, net depreciation	\$ 15,273,737	\$ 15,732,036

Long-Term Obligations

At the end of fiscal year 2017, the District had outstanding long-term obligations totaling \$33,252,312. All general obligation debt currently outstanding was approved by a vote of the citizens of the Towns of Exeter and West Greenwich, Rhode Island and is backed by the full faith and credit of the two towns and the State of Rhode Island. For additional information, refer to "Notes to Basic Financial Statements," Note 8, Long-Term Obligations.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Long-Term Obligations (Continued)

<u>Long-Term Obligations</u>	<u>2017</u>		<u>2016</u>	
	<u>Ending Balance</u>	<u>Due in One Year</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
General obligation bond	350,000	175,000	525,000	175,000
Loans payable	3,475,000	310,000	4,030,000	310,000
Capital leases payable	54,434	30,457	210,972	191,501
	3,879,434	515,457	4,765,972	676,501
Plus amortized premium on loans	498,393	-	-	-
	4,377,827	515,457	4,765,972	676,501
Compensated absences	136,527	48,982	162,773	48,982
Net postemployment benefit obligation	1,916,339	-	1,895,603	-
Net pension liability	26,821,619	-	24,732,994	-
Total	<u>33,252,312</u>	<u>564,439</u>	<u>31,557,342</u>	<u>725,483</u>

Economic Factors and Next Year’s Budget

In preparing the District’s budget for the 2017-2018 fiscal year, the following factors were considered:

- Employee contractual salary increases
- Increases in transportation
- Increases in out of district tuitions
- Increases in charter school tuitions
- Projected 3.0% decrease in State Aid mandated by funding formula legislation

On April 10, 2017, an operating budget for the 2017-2018 fiscal year was adopted in the amount of 31,733,320, an increase from the prior year of 3.4%

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the District Treasurer, 940 Nooseneck Hill Road, West Greenwich, RI 02817.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 3,145,744
Investments	222,013
Due from state and federal governments	404,187
Accounts receivable	11,168
Prepaid expenses	26,027
Total current assets	<u>3,809,139</u>
Noncurrent assets:	
Capital assets:	
Land	655,844
Buildings, property and equipment, net	14,617,893
Other assets	1,391,221
Total noncurrent assets	<u>16,664,958</u>
Total assets	<u>20,474,097</u>
Deferred Outflows of Resources:	
Deferred amounts on refunding	267,469
Deferred pension amounts	4,793,034
Total deferred outflows of resources	<u>5,060,503</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	2,255,546
Current portion of long term obligations:	
Accrued compensated absences	48,982
Bonds, loan and lease payable	515,457
Total current liabilities	<u>2,819,985</u>
Noncurrent liabilities:	
Accrued compensated absences	87,545
Bonds payable	175,000
Loan payable	3,663,393
Capital lease payable	23,977
Net pension liabilities	26,821,619
Net post-employment benefit obligation	1,916,339
Total noncurrent liabilities	<u>32,687,873</u>
Total liabilities	<u>35,507,858</u>
Deferred Inflows of Resources:	
Deferred pension amounts	4,234,025
Total deferred inflows of resources	<u>4,234,025</u>
NET POSITION	
Net investment in capital assets	10,955,924
Restricted for specific education programs	50,952
Unrestricted	(25,214,159)
Total net position	<u>\$ (14,207,283)</u>

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

*Statement of Activities
For the Fiscal Year Ended June 30, 2017*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<i>Net (Expense)</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Revenue and Changes in Net Position</i>
					<u>Total</u>
					<i>Governmental Activities</i>
Governmental activities:					
Instruction	\$18,062,972	\$ 110,941	\$ 1,496,745	\$ -	\$ (16,455,286)
Instructional support	4,982,559	326,611	551,383	-	(4,104,565)
Operations	5,280,961	306,955	132,537	-	(4,841,469)
Other commitments	2,801,335	5,920	38,144	234,035	(2,523,236)
Leadership	2,072,646	-	92,107	-	(1,980,539)
Debt service	154,600	-	660,863	-	506,263
Depreciation	1,022,223	-	-	-	(1,022,223)
Total	<u>\$34,377,296</u>	<u>\$ 750,427</u>	<u>\$ 2,971,779</u>	<u>\$ 234,035</u>	<u>\$ (30,421,055)</u>
		General revenues:			
		Town appropriations			23,809,727
		State aid, unrestricted			6,206,580
		Miscellaneous			74,809
		Total general revenues			<u>30,091,116</u>
		Change in net position			(329,939)
		Net position - beginning of year			<u>(13,877,344)</u>
		Net position - end of year			<u>\$ (14,207,283)</u>

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2017*

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 3,042,491	\$ 103,565	\$ 3,146,056
Investments	222,013	-	222,013
Due from state and federal government	27,782	376,405	404,187
Accounts receivable	10,817	351	11,168
Due from other funds	284,762	328,725	613,487
Prepaid expenditures	26,027	-	26,027
Other assets	1,391,221	-	1,391,221
Total assets	<u>\$ 5,005,113</u>	<u>\$ 809,046</u>	<u>\$ 5,814,159</u>
 Liabilities and Fund Balances			
Liabilities			
Cash overdraft	\$ -	\$ 312	\$ 312
Accounts payable and accrued expenditures	1,846,105	214,395	2,060,500
Due to other funds	328,725	284,762	613,487
Claims payable	151,036	-	151,036
Accrued compensated absences	48,982	-	48,982
Total liabilities	<u>2,374,848</u>	<u>499,469</u>	<u>2,874,317</u>
 Fund balances			
Nonspendable:			
Prepaid expenditures	26,027	-	26,027
Deposit with WB Community Health	1,240,185	-	1,240,185
Restricted for:			
Education programs	-	50,952	50,952
Capital projects	-	5,580	5,580
Committed for:			
OPEB Trust	275,000	-	275,000
Debt service	-	22,842	22,842
Capital projects	-	230,203	230,203
Assigned for:			
2018 budget	124,469	-	124,469
Unassigned	964,584	-	964,584
Total fund balances	<u>2,630,265</u>	<u>309,577</u>	<u>2,939,842</u>
 Total liabilities and fund balances	 <u>\$ 5,005,113</u>	 <u>\$ 809,046</u>	 <u>\$ 5,814,159</u>

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017*

Total Fund Balances - Total Governmental Funds	\$ 2,939,842
 Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	15,273,737
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(44,010)
Long-term liabilities (including bonds, loans, lease payable, net other post-employment benefit obligations, net pension liabilities and compensated absences) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(32,704,937)
Deferred pension amounts are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements as follows:	
Deferred outflows of resources	4,793,034
Deferred inflows of resources	(4,234,025)
Deferred amounts on refunding are not reported in the Governmental Funds financial statements, but are reported net of accumulated amortization as deferred outflows of resources in the Government-Wide financial statements.	267,469
Premiums on debt are not reported in the Governmental Funds financial statements, but are reported net of accumulated amortization as a liability in the Government-Wide financial statements	(498,393)
 Net Position of Governmental Activities	 <u><u>\$ (14,207,283)</u></u>

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2017

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Assessment to member Towns:			
Exeter	\$ 11,433,430	\$ 115,585	\$ 11,549,015
West Greenwich	12,376,296	125,116	12,501,412
State and federal aid and grants	7,621,067	1,538,084	9,159,151
Other revenue	512,061	323,176	835,237
Total revenues	<u>31,942,854</u>	<u>2,101,961</u>	<u>34,044,815</u>
Expenditures			
Current:			
Instruction	18,092,806	420,734	18,513,540
Instructional support	4,728,183	312,472	5,040,655
Operations	4,871,972	401,931	5,273,903
Other commitments	2,655,789	75,420	2,731,209
Leadership	2,126,273	-	2,126,273
Capital outlay	44,700	569,529	614,229
Debt service	-	708,189	708,189
Total expenditures	<u>32,519,723</u>	<u>2,488,275</u>	<u>35,007,998</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(576,869)	(386,314)	(963,183)
Other financing sources (uses)			
Refunding debt issued	-	3,200,000	3,200,000
Capital lease issued	44,700	-	44,700
Premium on debt issued	-	539,926	539,926
Payment to refunding debt escrow agent	-	(3,699,758)	(3,699,758)
Transfers from other funds	-	30,000	30,000
Transfers to other funds	(30,000)	-	(30,000)
Total other financing sources (uses)	<u>14,700</u>	<u>70,168</u>	<u>84,868</u>
Net change in fund balance	(562,169)	(316,146)	(878,315)
Fund balances - beginning of year	<u>3,192,434</u>	<u>625,723</u>	<u>3,818,157</u>
Fund balances - end of year	<u>\$ 2,630,265</u>	<u>\$ 309,577</u>	<u>\$ 2,939,842</u>

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2017*

Net Changes in Fund Balances - Total Governmental Funds \$ (878,315)

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

Governmental Funds financial statement report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 563,924

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds financial statements. (1,022,223)

Long-term compensated absences and net post-employment benefit obligations are reported in the the Government-Wide Statement of Activities , but they do not require the use of financial resources. Therefore, compensated absences and net post-employment benefit obligations are not reported as expenditures in the Governmental Funds financial statements. 5,510

Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities , but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in the Governmental Funds financial statements. 14,345

Bonds, loan and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases the long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond, loan and lease principal is an expenditure in the Governmental Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents refunding debt issued during the year. (3,200,000)
This amount represents capital leases issued during the year. (44,700)
This amount represents long-term debt payments. 721,238
This amount represents the debt refunded during the year. 3,410,000

Long-term net pension liabilities (assets) are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources or are not available to pay for current period expenditures. Therefore, long-term net pension liabilities (assets) are not reported as expenditures/revenues in Governmental Funds financial statements. This is the amount of the change in long-term net pension liabilities (assets) and related deferred pension amounts in the current period. 331,206

Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding debt are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. (539,926)
This amount represents premium on debt issued during the current period. 289,758
This amount represents the deferred amounts on refunding debt issued during the current period. (22,289)
This amount represents amortization of deferred amounts on refunding debt during the current period. 41,533

Change in Net Position of Governmental Activities \$ (329,939)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2017

ASSETS

Cash \$ 224,378

Total assets \$ 224,378

LIABILITIES

Deposits held in custody for others \$ 224,378

Total liabilities \$ 224,378

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

The financial statements of the Exeter-West Greenwich Regional School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the School District's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Exeter-West Greenwich Regional School District was formed by the Towns of Exeter and West Greenwich, through an agreement dated July 1, 1965, for the responsibility of operating elementary and secondary schools within the Towns. The District is governed by an elected School Committee.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the School District applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", GASB Statement No. 61 "Financial Reporting Omnibus" and GASB Statement No. 80 "Blending Requirements for Certain Component Units". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or based on the nature and significance of the organization's relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Exeter-West Greenwich Regional School District does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the School District are not included in these statements.

The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through local appropriations, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered. The School District has no business-type activities as of June 30, 2017 or for the year then ended.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including local appropriations and general state aid are represented as general revenues.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the School District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

Fund Financial Statements

Fund Financial Statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity and revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary and fiduciary. The School District had no proprietary funds as of June 30, 2017 or for the year then ended. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the School District are Town contributions, state-aid and grants and tuitions. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

interest on general long-term debt, claim and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – The General Fund is the general operating fund of the School District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported for in another fund.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governments. The School District's fiduciary funds include agency funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The School District has implemented the following new accounting pronouncements:

- GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the School District's fiscal year ending June 30, 2017.
- GASB Statement No. 78 – *Pensions Provided Through Certain Multiple – Employer Defined Benefit Pension Plans*, effective for the School District's fiscal year ending June 30, 2017.
- GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*, effective for the School District's fiscal year ending June 30, 2017.
- GASB Statement No. 80 – *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14, effective for the School District'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 School District's fiscal year ending June 30, 2017.

The adoption of GASB Statement Numbers 74, 78, 79, 80 and 82 did not have an impact on the School District's financial position or results of operations.

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

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the School District's fiscal year ending June 30, 2018.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*, effective for the School District's fiscal year ending June 30, 2018.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*, effective for the School District’s fiscal year ending June 30, 2019.
- GASB Statement No. 84 – *Fiduciary Activities*, effective for the School District’s fiscal year ending June 30, 2020.
- GASB Statement No. 85 – *Omnibus 2017*, effective for the School District’s fiscal year ending June 30, 2018.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*, effective for the School District’s fiscal year ending June 30, 2018.
- GASB Statement No. 87 – *Leases*, effective for the School District’s fiscal year ending June 30, 2021.

The impact of these pronouncements on the School District’s financial statements has not been determined.

D. CASH EQUIVALENTS

The School District considers cash and cash equivalents to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

E. INVESTMENTS

The School District’s reports investments at fair value, except for money market funds, which are reported at net asset value per share (which approximates fair value).

F. ACCOUNTS RECEIVABLE

The significant receivable balances include amounts due from the State of Rhode Island. There is no allowance for uncollectible accounts as receivables are expected to be fully collectible.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position. In the fund financial statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The School District follows the policy of not capitalizing assets with a cost of less than \$5,000 and a useful life of less than 1 year.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land improvements	20 years
Building and improvements	5-50 years
Machinery and equipment	5-20 years
Motor vehicles	5 years

I. DEBT PREMIUMS

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source”. In the Governmental-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Government-Wide Financial Statements, deferred outflows of resources and deferred inflows of resources are reported for amounts related to the School District’s pension plans that will be amortized as a component of pension expense in future years. Deferred outflows are also reported for deferred amounts related to refunding debt issues which will be amortized as a component of interest expense in future years.

K. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, School District employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Employees covered under the Council 94 contract are eligible to receive 60% of their accumulated sick leave at retirement or upon their death. The School District accrued the cost associated with these sick leave benefits for those employees with over 20 years of service. The liability is calculated at the rate of pay in effect at June 30, 2017.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For the Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

L. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

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

M. PENSIONS

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Rhode Island, and the Municipal Employees' Retirement System plans and the additions to/deductions from each respective plan's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

N. ESTIMATES

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

NOTE 2 – CASH DEPOSITS

Deposits – are in two financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and Government-Wide Statement of Net Position as “Cash and Cash Equivalents” and “Cash Overdraft.”

	<i>Carrying Amount</i>
Total Deposits	<u>\$3,370,122</u>
<i>Total Cash and Cash Equivalents – Reported in the Financial Statements</i>	<u><u>\$3,370,122</u></u>

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Custodial Credit Risk – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The School District does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2017, \$3,850,079 of the School District’s bank balance of \$4,350,079 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured (Federal depository insurance funds)	\$500,000
Collateralized with securities held by the pledging Financial institution or its agent not in the School District’s name	3,758,136
Uninsured and uncollateralized	<u>91,943</u>
Total	<u>\$4,350,079</u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to 100% of the deposits which are time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturity. At June 30, 2017, the School District’s uncollateralized deposits with institutions were \$91,943. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

NOTE 3 – INVESTMENTS

As of June 30, 2017, the School District’s investments were as follows:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Money Market Funds	N/A	\$222,013	Not Rated

The money market investments have a maturity of less than one year. The fair value of the money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlying investments, which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no participant withdrawal limitations.

The School District’s General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State’s General Laws. This law generally allows for short-term investments, such as Certificate of Deposits, Money Market Funds, Obligations guaranteed by the U.S. Government, etc. with the goal of seeking reasonable income while preserving capital.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

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

Credit Risk – The School District is governed by State Laws that limit investment choices to short-term investments for its General Fund. The School District does not have a formal policy that limits investment choices.

Concentration of Credit Risk – The School District does not have a formal policy that limits the amount the School District may invest in any one issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE 4 – FAIR VALUE MEASUREMENTS

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The School District had no recurring or nonrecurring fair value measurements as of June 30, 2017.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u><i>Beginning Balance</i></u>	<u><i>Increases</i></u>	<u><i>Decreases</i></u>	<u><i>Ending Balance</i></u>
<i>Governmental Activities:</i>				
Nondepreciable assets:				
Land	\$ 655,844	\$ -	\$ -	\$ 655,844
	<u>655,844</u>	<u>-</u>	<u>-</u>	<u>655,844</u>
Depreciable assets:				
Land improvements	53,000	-	-	53,000
Buildings and improvements	32,552,256	520,139	-	33,072,395
Furniture and equipment	1,097,402	43,785	-	1,141,187
Motor vehicles	116,451	-	-	116,451
	<u>33,819,109</u>	<u>563,924</u>	<u>-</u>	<u>34,383,033</u>
<i>Total capital assets</i>	<u>34,474,953</u>	<u>563,924</u>	<u>-</u>	<u>35,038,877</u>
Less accumulated depreciation for:				
Land improvements	442	2,650		3,092
Buildings and improvements	17,685,775	970,435	-	18,656,210
Furniture and equipment	968,365	36,138	-	1,004,503
Motor vehicles	88,335	13,000	-	101,335
<i>Total accumulated depreciation</i>	<u>18,742,917</u>	<u>1,022,223</u>	<u>-</u>	<u>19,765,140</u>
<i>Governmental activities capital assets net</i>	<u>\$ 15,732,036</u>	<u>\$ (458,299)</u>	<u>\$ -</u>	<u>\$ 15,273,737</u>

Depreciation expense for the year ended June 30, 2017 was \$1,022,223.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

NOTE 6 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

Assumptions: The School District disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The School District expects to receive all receivables within the subsequent year.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2017 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
<i>Governmental activities:</i>				
General Fund	\$ 395,092	\$ 1,451,013	\$ 151,036	\$ 1,997,141
Other governmental funds	162,360	52,035	-	214,395
Reconciliation of balances in fund financial statements to government -wide financial statements	-	-	44,010	44,010
	<u>\$ 557,452</u>	<u>\$ 1,503,048</u>	<u>\$ 195,046</u>	<u>\$ 2,255,546</u>

NOTE 7 – INTERFUND TRANSACTIONS

The School District reports interfund transactions between many of its funds. The totals of all balances agree with the sum of interfund transactions presented in the fund statements.

Interfund receivable and payables balances at June 30, 2017 are as follows:

	<u>Due From:</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Due To:</u>			
<i>Interfund Balances</i>			
General Fund	\$ -	\$ 284,762	\$ 284,762
Other Governmental Funds	328,725	-	328,725
Total	<u>\$ 328,725</u>	<u>\$ 284,762</u>	<u>\$ 613,487</u>

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Inter-fund transfer balances at June 30, 2017 are as follows:

	<u>Transfer From:</u>
	<u>General</u>
	<u>Fund</u>
Transfer To:	
Nonmajor Governmental Funds	\$ 30,000
Total	<u><u>\$ 30,000</u></u>

NOTE 8 –LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

The following schedule reflects the changes in long-term liabilities for the year ended June 30, 2017:

	<u><i>Beginning Balance</i></u>	<u><i>Increases</i></u>	<u><i>Decreases</i></u>	<u><i>Ending Balance</i></u>	<u><i>Due Within One Year</i></u>
<i>Governmental Activities:</i>					
<i>Bonds, loans and capital leases payable:</i>					
General obligation bonds	\$ 525,000	\$ -	\$ 175,000	\$ 350,000	\$ 175,000
Loans payable	4,030,000	3,200,000	3,755,000	3,475,000	310,000
Capital leases payable	210,972	44,700	201,238	54,434	30,457
	<u>4,765,972</u>	<u>3,244,700</u>	<u>4,131,238</u>	<u>3,879,434</u>	<u>515,457</u>
Plus amortized premium on loans	-	539,926	41,533	498,393	-
Total bonds, loans and capital leases	<u>4,765,972</u>	<u>3,784,626</u>	<u>4,172,771</u>	<u>4,377,827</u>	<u>515,457</u>
<i>Other liabilities</i>					
Compensated absences	162,773	-	26,246	136,527	48,982
Net postemployment benefit obligation	1,895,603	20,736	-	1,916,339	-
Net pension liabilities	24,732,994	2,088,625	-	26,821,619	-
Total Governmental Activities					
Long-Term Liabilities	<u><u>\$ 31,557,342</u></u>	<u><u>\$ 5,893,987</u></u>	<u><u>\$ 4,199,017</u></u>	<u><u>\$ 33,252,312</u></u>	<u><u>\$ 564,439</u></u>

The payments on the bonds and loans are made from the Debt Service Fund. The payment of capital leases, compensated absences, other post-employment benefit obligations and net pension liabilities are paid from the General Fund.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

B. GENERAL OBLIGATION BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2017</u>
<i>General obligation bonds payable</i>								
School bonds	1/15/98	4.1-6.5%	9/15/18	\$ 3,500,000	\$ 525,000	\$ -	\$ 175,000	\$ 350,000
<i>Total general obligation bonds payable</i>				<u>\$ 3,500,000</u>	<u>\$ 525,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 350,000</u>

C. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2017, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	175,000	13,125
2019	175,000	4,375
	<u>\$350,000</u>	<u>\$17,500</u>

D. LOANS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2017</u>
<i>Loans payable:</i>								
RIHEBC Series 2008B	8/7/2008	3.75%-5.25%	5/15/2018	\$ 5,875,000	\$ 4,030,000	\$ -	\$ 3,720,000	\$ 310,000
RIHEBC Series 2016A	8/10/2016	2%-5%	5/15/2029	3,200,000	-	3,200,000	35,000	3,165,000
<i>Total loans payable</i>				<u>\$ 9,075,000</u>	<u>\$ 4,030,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,755,000</u>	<u>\$ 3,475,000</u>

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

E. LOAN DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2017, were as follows:

<u><i>Fiscal Year Ending June 30,</i></u>	<i>Governmental Activities</i>	
	<i>Loans</i>	
	<u><i>Principal</i></u>	<u><i>Interest</i></u>
2018	\$310,000	156,438
2019	300,000	137,838
2020	300,000	125,838
2021	295,000	113,838
2022	290,000	102,038
2023-2027	1,425,000	310,590
2028-2029	555,000	29,076
	<u>\$3,475,000</u>	<u>\$975,656</u>

F. REFUNDING OF LONG-TERM DEBT

On August 10, 2016, the School District entered into a loan agreement with the RI Health and Educational Building Corporation (RIHEBC) in the amount of \$3,200,000 with an average interest rate of 4.36% to advance refund \$3,410,000 of the RIHEBC Series 2008B loan with an average interest rate of 5.04%. The net proceeds of \$3,699,758 (after receipt of premium of \$539,926 and payment of \$40,168 in underwriter's fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited to an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2008B loan. As a result, the Series 2008B loan is considered defeased and the liability for the loan has been removed from long-term debt.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$289,758. The difference is reported in the accompanying Government-wide financial statements as deferred outflows of resources and is being amortized to interest expense in the Statement of Activities through 2029 using the straight-line method. The School District completed the advance refunding to reduce its total debt service payments over the next 13 years by \$520,810 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$463,003.

G. CAPITAL LEASE COMMITMENTS

The School District acquired computers and related equipment valued at \$749,924 that were financed with lease purchase agreements.

Obligation of governmental activities under capital leases at June 30, 2017 was as follows:

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<u>Fiscal Year Ending June 30,</u>	<u>Lease Payment Requirements</u>
2018	\$ 33,624
2019	13,313
2020	13,313
Total minimum lease payments	60,250
Less: amount representing interest cost	(5,816)
Present value of minimum lease payments	<u>\$ 54,434</u>

NOTE 9 – NET POSITION/FUND BALANCES

The Government-Wide Financial Statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents balances limited to uses specified either externally by creditors, contributors, laws and regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The School District considers restricted resources to have been spent when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. prepaid items, deposits with WB Community Health).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision- making authority. These committed amounts cannot be used for any other purpose unless the School District removes or changes the specific use by taking the same type of action it employed to previously commit those amount.

Assigned Fund Balance – This classification includes amounts constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by the School Committee. Assigned fund balances are authorized to the Superintendent.

The School District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The School District considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

The School District has a policy requiring a minimum fund balance in the General Fund representing 2% if the School District’s annual operating budget.

NOTE 10 – SUMMARY DISCLOSURE OF CONTINGENCIES AND COMMITMENTS

A. CONTINGENCIES

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

B. FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The School District participates in various federal financial assistance programs. The audit of these programs through the year ended June 30, 2017 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor’s reports thereon are presented in the Single Audit Section of this report. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. The costs, if any, which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

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June 30, 2017

C. OPERATING LEASES

The School District leases certain equipment under noncancellable operating leases expiring in July 2021. At June 30, 2017, Future minimum lease payments are as follows:

<i>Year Ending June 30,</i>	
2018	\$ 66,463
2019	66,463
2020	50,697
2021	3,163
	<u>\$ 186,786</u>

Rental expenditures for operating leases for the year ended June 30, 2017 totaled \$132,335.

NOTE 11 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. As a result, the School District has purchased commercial insurance to insure workers' compensation claims and participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the School District signed a participation agreement which outlines the rights and responsibilities of both the Trust and the School District.

The agreement states that for premiums paid by the School District, the Trust will assume financial responsibility for the School District's losses up to the maximum amount of insurance purchased, minus the School District's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

The School District also participates in a healthcare self-insurance pool administered by WB Community Health (WBCH). WB Community Health is a not-for-profit organization formed to administer health and dental programs for Rhode Island cities, towns and school districts. Upon joining WBCH each member enters into a member agreement with WBCH that outlines the rights and responsibilities of each member and WBCH.

WBCH is a claims-servicing or account pool, which is an arrangement by which a pool manages separate accounts for each pool member from which the claims and administration costs of each member are paid. This arrangement does not result in the transfer of risk to WBCH or the pooling (sharing) of risk amongst the members of WBCH. The School District is retaining the risk and it recognizes and measures its claims liabilities and related expenditures/expenses in accordance with

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GASB Statement No. 10 because the risk of loss has not been transferred to an unrelated third party. The School District's payments of premiums to WBCH are reported as deposits (other assets) in the General Fund. The claims paid by WBCH on the School District's behalf and the administrative costs paid to WBCH are reported as a reduction of the deposits and an increase in expenditures in the General Fund. The premiums are based on "working rates" determined by WBCH based on available funds on deposit and claims experience.

In order to avoid catastrophic losses, the School District purchases specific stop loss re-insurance. Under the stop loss re-insurance, the School District is covered for medical claims in excess of \$200,000 per person per contract period.

The claims liability of \$151,036 reported in the General Fund at June 30, 2017 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the School District's claims liability for the past two fiscal years were:

	<i><u>Beginning Fiscal Year Liability</u></i>	<i><u>Current Year Claims and Changes In Estimate</u></i>	<i><u>Claims Payments</u></i>	<i><u>Balance Fiscal Year End</u></i>
2016-2017	\$155,964	\$4,196,359	\$4,201,287	\$151,036
2015-2016	\$126,687	\$3,695,643	\$3,666,366	\$155,964

NOTE 12 – POST EMPLOYMENT BENEFITS

Plan Description

The Exeter-West Greenwich Regional School District administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 13. The plan provides medical and dental insurance for eligible retirees and their spouses through the School District's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School District and the respective unions.

The Plan does not issue a stand-alone financial report.

Employees are eligible for retiree benefits once they meet the retirement eligibility requirements of the Rhode Island Employees Retirement System (ERSRI). The plan provides the following benefits:

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Employees who retire with 20 years of service receive two years of standard individual healthcare coverage plus accrued sick time converted to years of healthcare coverage.

Employees who retire with 15 years of service receive one year of standard individual healthcare coverage plus accrued sick time converted to years of healthcare coverage.

The District also offers retirees a choice between the medical coverage described above and a single lump sum payment at the time of retirement for teachers with 20 or more years of service. The lump sum is equal to the annual medical premium at the time of retirement converted to a daily premium amount, then multiplied by the days of accrued sick time. The lump sum is capped at 730 days (two years) of accrued sick time.

The expiration date is the earlier of the date healthcare coverage runs out or age 65. After the retiree's expiration date, the retirees have an option to pay 100% of the premium plus a 2% carrying charge until age 65.

The retirees, upon retirement have the option to continue dental insurance coverage until age 65 by paying 100% of the dental insurance premium plus a 2% carrying charge.

As of July 1, 2016 the total number of plan participants consisted of the following:

Active employees	122
Retirees	16
<i>Total plan participants</i>	<u>138</u>

Funding Policy

Contribution requirements are negotiated between the School District and the respective unions. The School District is required to contribute 100% of the cost of medical and dental benefits prior to the retirees' expiration date, except for any annual increases over 5%. For the year ended June 30, 2017, the plan operated on a "pay as you go basis" and no provision has been made to fund future benefits to be provided to plan members.

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other postemployment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School District's net OPEB obligation:

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Annual required contribution (ARC)	\$244,153
Interest on net OPEB obligation	75,824
Adjustment to annual required contribution	(119,140)
Annual OPEB cost (expense)	<u>200,837</u>
Contributions made	(180,101)
Decrease in net OPEB obligation	<u>20,736</u>
Net OPEB obligation – beginning of year	1,895,603
Net OPEB obligation – end of year	<u>\$1,916,339</u>

The School District's contribution to the plan was \$180,101, which is 73.8% of the annual required contribution.

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for past three fiscal years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2015	\$388,655	39.2%	\$1,637,525
June 30, 2016	405,076	36.3%	1,895,603
June 30, 2017	200,837	89.7%	1,916,339

Funded Status and Funding Progress

The funded status of the School District's plan as of July 1, 2016 is as follows:

Actuarial Accrued Liability (AAL)	\$2,119,910
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability	<u>\$2,119,910</u>
Funded ratio (Actuarial Value of Plan Assets / AAL)	0%
Annual Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

The plan had an accumulated gain over the past two years primarily due to demographic and plan cost changes.

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 financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial assumptions and methods used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the fiscal 2017 was determined using the entry age cost method. The portion of the actuarial present value allocated to a valuation year is called the normal cost. The portion of the actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. The actuarial assumptions included: a) 4% discount rate; b) medical trend rate – 8.0% per year grading down to an ultimate rate of 5.0% in 2019 and c) dental trend rate - 5%. The unfunded actuarial accrued liability as of the July 1, 2016 is being amortized using level dollar amounts or as a level percentage of projected payroll of active members.

Actuarial assumption changes since the last valuation include the following:

- Mortality table was updated to the RPH – 2014 Total Dataset mortality table projected using scale MP-2016 from 2006 on a generational basis.
- The healthcare cost trend rate was reset to 8.0% in 2016, grading down 1.0% per annum to an ultimate rate of 5.0% in years 2019 and later.
- The retirement eligibility assumptions were updated to reflect the current retirement eligibility provisions in the ERSRI.
- The retirement and turnover rates were updated to reflect assumptions in the most recent ERSRI valuation.

NOTE 13 – PENSION PLANS

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

Defined Benefit Plan

General Information about the Pension Plan

Plan Description - Certain employees of the Exeter-West Greenwich Regional School District 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'

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

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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 administered by the System. 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.

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 2017, Exeter-West Greenwich Regional School District 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 Exeter-West Greenwich Regional School District 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 the Exeter-West Greenwich Regional School District; the rates were 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2017 for the State and the Exeter-West Greenwich Regional School District, respectively. The Exeter-West Greenwich Regional School District contributed \$1,885,191, \$1,868,811 and \$1,855,459 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,362,566 for fiscal year

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2017 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

At June 30, 2017, the Exeter-West Greenwich Regional School District reported a liability of \$24,718,508 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Exeter-West Greenwich Regional School District 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 Exeter-West Greenwich Regional School District were as follows:

Exeter-West Greenwich Regional School District's proportionate share of the net pension liability	\$24,718,508
State's proportionate share of the net pension liability associated with the Exeter-West Greenwich Regional School District	<u>16,928,548</u>
Total net pension liability	<u>\$41,647,056</u>

The net pension liability was measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016. The Exeter-West Greenwich Regional School District's proportion of the net pension liability was based on a projection of the Exeter-West Greenwich Regional School District'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, 2016 the Exeter-West Greenwich Regional School District proportion was 0.82848552%.

For the year ended June 30, 2017, the Exeter-West Greenwich Regional School District recognized in the Government-Wide financial statements gross pension expense of \$2,972,166 and revenue of \$1,417,029 for support provided by the State. At June 30, 2017, the Exeter-West Greenwich Regional School District 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	\$1,885,191
Net difference between projected and actual earnings on pension plan investments	<u>1,928,918</u>
Total	<u>\$3,814,109</u>

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Deferred inflows of resources:	
Change in assumptions	\$512,031
Difference between expected and actual experience	487,710
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>2,843,380</u>
Total	<u>\$3,843,121</u>

\$1,885,191 reported as deferred outflows of resources related to pensions resulting from the Exeter-West Greenwich Regional School District contributions in fiscal year 2017 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$(353,566)
2019	(353,566)
2020	80,547
2021	(240,736)
2022	(699,060)
thereafter	(347,822)

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

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for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class, are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</u>	

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

Discount Rate - The discount rate used to measure the total pension liability was 7.5 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 to Changes in the Discount Rate - The following presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the net pension liability 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%)
\$30,525,194	\$24,718,508	\$19,964,864

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Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, 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.

Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. 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 Exeter-West Greenwich Regional School District recognized pension expense of \$132,696 and employees contributed \$535,484 for the fiscal year ended June 30, 2017. For financial reporting purposes, the State's share of contributions totaling \$51,921 for fiscal year 2017 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

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

Defined Benefit Plans

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)

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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 <http://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. 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. The Exeter-West Greenwich Regional School District has only general employees that participate in the MERS Plan.

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, 2016 measurement date and are reflected in the summary of benefit provisions described below.

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Notes to Financial Statements

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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. 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.

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.

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

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. When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a.) The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b.) Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c.) The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Employees Covered by Benefit Terms - At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan
Retirees and Beneficiaries	31
Inactive, Nonretired	
Members	22
Active Members	65
Total	<u>118</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. The Exeter-West Greenwich Regional School District contributes at a rate of covered employee payroll as determined

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Exeter-West Greenwich Regional School District contributed \$354,488 for general employees in the year ended June 30, 2017. The School District's contributions represented 12.57% of annual covered payroll.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, 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, 2016 Measurement Date (June 30, 2015 valuation rolled forward to June 30, 2016)	
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%
Inflation	2.75%
Mortality	<ul style="list-style-type: none">• Male Employees, MERS General: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.• Female Employees, MERS General: 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, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:	38.00%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.00%	4.10%
Private Equity	7.00%	10.15%
Core Fixed Income	15.00%	2.37%
Absolute Return Hedge Funds	7.00%	4.10%
Infrastructure	3.00%	5.58%
Real Estate	8.00%	5.33%
Other Real Return Assets:	11.00%	
Master Limited Partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay and Money Market	3.00%	0.82%
	<u>100.00%</u>	

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.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

**General Employees Plan
Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2015	\$10,712,523	\$9,014,637	\$1,697,886
Changes for the Year:			
Service cost	276,844	-	276,844
Interest on the total pension liability	795,682	-	795,682
Changes in benefits	-	-	-
Difference between expected and actual experience	(254,966)	-	(254,966)
Changes in assumptions	-	-	-
Employer contributions	-	345,419	(345,419)
Employee contributions	-	78,330	(78,330)
Net investment income	-	(3,104)	3,104
Benefit payments, including employee refunds	(483,713)	(483,713)	-
Administrative expense	-	(8,351)	8,351
Other changes	-	41	(41)
Net changes	333,847	(71,378)	405,225
Balances as of June 30, 2016	\$11,046,370	\$8,943,259	\$2,103,111

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 7.5 percent, as well as what the employer's net pension liability 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.

Plan	1.00% Decrease (6.5%)	Current Discount	1.00 Increase (8.5%)
		Rate (7.5%)	
General Employees	\$3,258,022	\$2,103,111	\$1,157,938

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

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

For the year ended June 30, 2017, the School District recognized pension expense of \$316,718. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>General Employees Plan</u>
Deferred Outflows of Resources:	
Contributions subsequent to the measurement date	\$354,488
Change in assumptions	52,892
Net difference between projected and actual investment earnings	<u>571,545</u>
Total	<u><u>\$978,925</u></u>
Deferred Inflows of Resources:	
Difference between expected and actual experience	<u><u>\$390,904</u></u>

The deferred outflows of resources related to pensions resulting from the School District's contributions in fiscal year 2017 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Net Deferred Outflow/ (Inflows) of Resources</u>	
Year	
Ending June 30	<u>General Employees Plan</u>
2018	\$(12,250)
2019	(36,275)
2020	163,910
2021	118,148

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2017

Defined Contribution Plan

Plan Description

General employees participating in the defined benefit plan, as described above, may 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.

General employees contribute 5% of their annual covered salary and employers contribute depending on years of service 1% to 1.5% of annual covered salary. 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 Exeter-West Greenwich Regional School District recognized pension expense of \$29,437 and employees contributed \$129,172 for the fiscal year ended June 30, 2017.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

C. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Liability	Pension Expense
Employees' Retirement System Plan	\$3,814,109	\$3,843,121	\$24,718,508	\$2,972,166
General Employees Plan	978,925	390,904	2,103,111	316,718
Total	<u>\$4,793,034</u>	<u>\$4,234,025</u>	<u>\$26,821,619</u>	<u>\$3,288,884</u>

EXETER- WEST GREENWICH REGIONAL SCHOOL DISTRICT
Required Supplementary Information
Employees' Retirement System Pension Plan
Schedule of the School District's Proportionate Share of the Net Pension Liability (I)
"Unaudited"

<i>Fiscal Year</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.82848552%	0.83672670%	0.96888373%
School District's proportionate share of the net pension liability	\$ 24,718,508	\$ 23,035,108	\$ 23,582,634
State's proportionate share of the net pension liability associated with the School District	<u>16,928,548</u>	<u>15,736,863</u>	<u>16,171,698</u>
Total	<u>\$ 41,647,056</u>	<u>\$ 38,771,971</u>	<u>\$ 39,754,332</u>
School District's covered-employee payroll	\$ 13,608,574	\$ 13,592,031	\$ 15,561,501
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.64%	169.48%	151.54%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.60%	61.40%

(I) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Required Supplementary Information
General Employees Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:			
Service cost	\$ 276,844	\$ 259,734	\$ 267,514
Interest	795,682	766,292	712,481
Changes of benefit terms	-	205,086	-
Differences between expected and actual experience	(254,966)	(388,478)	-
Changes of assumptions	-	-	168,269
Benefits payments, including refunds of member contributions	(483,713)	(434,931)	(418,856)
Net change in total pension liability	<u>333,847</u>	<u>407,703</u>	<u>729,408</u>
Total pension liability - beginning	<u>10,712,523</u>	<u>10,304,820</u>	<u>9,575,412</u>
Total pension liability - ending (a)	<u>\$ 11,046,370</u>	<u>\$ 10,712,523</u>	<u>\$ 10,304,820</u>
Plan fiduciary net position:			
Contributions - employer	\$ 345,419	\$ 321,897	\$ 292,720
Contributions - employee	78,330	52,189	52,046
Net investment income	(3,104)	211,259	1,181,758
Benefits payments, including refunds of member contributions	(483,713)	(434,931)	(418,856)
Administrative expense	(8,351)	(8,575)	(7,400)
Other	41	1	(1,483)
Net change in plan fiduciary net position	<u>(71,378)</u>	<u>141,840</u>	<u>1,098,785</u>
Plan fiduciary net position - beginning	<u>9,014,637</u>	<u>8,872,797</u>	<u>7,774,012</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,943,259</u>	<u>\$ 9,014,637</u>	<u>\$ 8,872,797</u>
School District's net pension liability (asset) - ending (a) - (b)	<u>\$ 2,103,111</u>	<u>\$ 1,697,886</u>	<u>\$ 1,432,023</u>
Plan fiduciary net position as a percentage of the total pension liability	80.96%	84.15%	86.10%
Covered employee payroll	\$ 2,779,558	\$ 2,610,391	\$ 2,602,274
Net pension liability as a percentage of covered employee payroll	75.66%	65.04%	55.03%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Required Supplementary Information - Pension Plans
Schedule of School District Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employees' Retirement System Plan</u>			
Actuarially determined contribution	\$ 1,885,191	\$ 1,868,811	\$ 1,855,459
Contributions in relation to the actuarially determined contribution	1,885,191	1,868,811	1,855,459
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 14,041,319	\$ 13,608,574	\$ 13,592,031
Contributions as a percentage of covered employee payroll	13.43%	13.73%	13.65%
<u>General Employees Plan</u>			
Actuarially determined contribution	\$ 354,488	\$ 345,419	\$ 321,897
Contributions in relation to the actuarially determined contribution	354,488	345,419	321,897
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,820,110	\$ 2,779,558	\$ 2,610,391
Contributions as a percentage of covered employee payroll	12.57%	12.43%	12.33%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Required Supplementary Information - Other Post Employment Benefit Plan (1)
Schedule of Funding Progress
"Unaudited"

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Liability (Funding Excess)</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>Unfunded Liability (Funded Excess) as a Percentage of Covered Payroll</i>
07/01/2012	\$ -	\$ 3,792,980	\$ 3,792,980	0.0%	N/A	N/A
07/01/2014	\$ -	\$ 3,323,259	\$ 3,323,259	0.0%	N/A	N/A
07/01/2016	\$ -	\$ 2,119,910	\$ 2,119,910	0.0%	N/A	N/A

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2017

	<i>General Fund</i>			
	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Amounts</i> <i>(Budgetary</i> <i>Basis)</i>	<i>Final Budget</i> <i>Positive</i> <i>(Negative)</i>
Revenues				
Assessment to member Towns:				
Exeter	11,433,430	11,433,430	11,433,430	\$ -
West Greenwich	12,376,296	12,376,296	12,376,296	-
State and federal aid and grants	6,206,580	6,206,580	6,206,580	-
Other revenue	472,946	472,946	512,061	39,115
Reappropriated fund balance	200,000	200,000	-	(200,000)
Use of assigned fund balance	-	-	286,715	286,715
Total revenues	30,689,252	30,689,252	30,815,082	125,830
Expenditures				
Current:				
Instruction	16,884,537	16,893,999	16,771,008	122,991
Instructional support	4,251,125	4,243,246	4,442,745	(199,499)
Operations	4,937,524	4,937,464	4,832,925	104,539
Other commitments	2,569,948	2,569,948	2,655,789	(85,841)
Leadership	2,046,118	2,044,595	2,011,641	32,954
Total expenditures	30,689,252	30,689,252	30,714,108	(24,856)
Excess of revenues over expenditures				
before other financing uses	-	-	100,974	100,974
Other financing uses				
Transfers to other funds	-	-	(30,000)	(30,000)
Total other financing uses	-	-	(30,000)	(30,000)
Excess of revenues over expenditures and				
other financing uses-budgetary basis	\$ -	\$ -	\$ 70,974	\$ 70,974

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2017

NOTE 1 – PENSION PLANS

The actuarial methods and assumptions used to calculate the total pension liability are described in Note 13 A and B to the financial statements.

The net pension liability amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

At its October 2016 meeting, the State Investment Commission voted to redeem the investment in seven hedge funds totaling approximately \$586 million held within the Pooled Investment Trust. The action was taken as part of an overall asset allocation review. Approximately \$508 million has been redeemed through August 31, 2017. Remaining redemptions are estimated to continue through March 2018.

In May 2017, the Employees' Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability (asset) for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

Actuarially Determined Contributions:

Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years after the actuarial valuation. The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method – Entry Age Normal
- Amortization method - Level percentage of payroll, closed
- Remaining amortization period - 21 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 3.50% to 13.50% for teachers; 3.75% to 7.50% for general employees
- Retirement age – Experienced-based table of rates that are specific to the type of eligibility condition.
- Mortality – Males, General Employees – 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Females, General Employees – 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Males and Females, Teachers – 97% and 92%, respectively, of rates in GRS table based on male and female teacher experience, projected with Scale AA from 2000.

Employers participating in the Employees' Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year. Employers participating in the Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Required Supplementary Information

"Unaudited"

NOTE 2 - SCHEDULE OF FUNDING PROGRESS

The information presented in the required supplementary information was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<i>Other Postemployment Benefit Plan</i>	
Valuation date	7/1/2016	
Actuarial cost method	Entry Age	
Amortization method	Level percent of payroll over a closed period	
Average amortization period	30 years	
Asset valuation method	Not applicable - the plan has no assets	
Actuarial assumptions:		
Investment rate of return	4%	
Projected salary increases	3.5%	
Medical Trend Rate	8%, decreased by 1% per year until the ultimate trend rate of 5% is reached in 2019 and later	
Dental Trend Rate	5%	
Annual Payroll Growth Rate	2.50%	
Participant information	Active employees	122
	Retirees and beneficiaries	16
		<u>138</u>

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Notes to Required Supplementary Information

June 30, 2017

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the District's bylaws and State law, the District has formally established budgetary accounting control for its General Fund and Debt Service Fund. The General Fund operating budget and Debt Service Fund budget are prepared annually by the Superintendent and submitted to the School Committee for review and adoption. The adopted final budgets are then acted upon by the voters at an all-day referendum.

The School District's General Fund budget is prepared on a budgetary basis of accounting, which is not in conformity with generally accepted accounting principles. The Debt Service Fund budget is prepared in accordance with generally accepted accounting principles. The budget to actual presentation in the financial statement for the General Fund is reflected on the appropriate basis of accounting. A reconciliation between the General Fund budgetary and GAAP basis of accounting is presented below.

Changes to the total appropriated budgets require action by the voters at an all-day referendum. Amendments to the operating budget that do not result in additional appropriations may be made within major budget classifications by the Superintendent by means of a transfer. Transfers made outside the major budget classifications level require School Committee approval.

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

Revenues and Other Financing Sources

Actual amounts (budgetary basis) \$30,815,082

Differences – budget to GAAP:

The pension contributions made to the Employees' Retirement System by the State on behalf of the Exeter-West Greenwich Regional School District are not reported as a budgetary revenue, but are a revenue for financial reporting purposes. 1,414,487

The use of assigned fund balance is reported as budgetary revenue, but is not a revenue for financial reporting purposes. (286,715)

Capital lease proceeds are not reported as a budgetary financing source, but are a financing source for financial reporting purposes. 44,700

Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds **\$31,987,554**

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2017

Expenditures and Other Financing Uses

Actual amounts (budgetary basis)	\$30,744,108
Differences – budget to GAAP:	
The pension contributions made to the Employees’ Retirement System by the State on behalf of the Exeter-West Greenwich Regional School District are not reported as a budgetary expenditure, but are a expenditure for financial reporting purposes.	1,414,487
Capital lease purchase are not reported as a budgetary expenditure but are an expenditure for financial reporting purposes.	44,700
Expenditures included for financial reporting purposes, but not included for budgetary purposes.	<u>346,428</u>
<i>Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$32,549,723</u>

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

Special Revenue Funds

	<i>Food Service</i>	<i>IDEA Part B</i>	<i>IDEA Preschool</i>	<i>Title I</i>	<i>Title II Improving Teacher Quality</i>
ASSETS					
Cash	\$ 63,494	\$ 655	\$ -	\$ -	\$ -
Due from state and federal government	26,462	175,084	3,502	58,093	26,812
Accounts receivable	351	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 90,307	\$ 175,739	\$ 3,502	\$ 58,093	\$ 26,812
 LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Cash overdraft	\$ -	\$ -	\$ 2	\$ 248	\$ -
Accounts payable and accrued expenditures	36,750	28,755	-	8,153	6,737
Due to other funds	2,605	146,984	3,500	49,692	20,075
Total liabilities	39,355	175,739	3,502	58,093	26,812
<i>Fund balances</i>					
Restricted	50,952	-	-	-	-
Committed	-	-	-	-	-
Total fund balances	50,952	-	-	-	-
Total liabilities and fund balances	\$ 90,307	\$ 175,739	\$ 3,502	\$ 58,093	\$ 26,812

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2017

	<u>Special Revenue Funds</u>				<u>Debt Service Fund</u>
	<u>Local Initiatives Support Corp</u>	<u>English Language Learners</u>	<u>Substance Abuse Task Force</u>	<u>RIC Sherlock Center</u>	<u>Debt Service Fund</u>
ASSETS					
Cash	\$ -	\$ -	\$ 39,416	\$ -	\$ -
Due from state and federal government	-	13	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	49	-	-	22,842
Total assets	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 39,416</u>	<u>\$ -</u>	<u>\$ 22,842</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ 62	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	29,890	-	-
Due to other funds	-	-	9,526	-	-
Total liabilities	<u>-</u>	<u>62</u>	<u>39,416</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted	-	-	-	-	-
Committed	-	-	-	-	22,842
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,842</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 39,416</u>	<u>\$ -</u>	<u>\$ 22,842</u>

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2017

Capital Projects Funds

	<i>\$5,875,000 Capital Project Fund</i>	<i>Other Capital Projects WCI Fund</i>	<i>Capital Reseve School Improvement</i>	<i>School Housing Aid Capital Project</i>	<i>Computer Technology Capital Project Fund</i>	<i>Total</i>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,565
Due from state and federal government	-	52,380	-	-	34,059	376,405
Accounts receivable	-	-	-	-	-	351
Due from other funds	5,580	-	37,220	262,135	899	328,725
Total assets	\$ 5,580	\$ 52,380	\$ 37,220	\$ 262,135	\$ 34,958	\$ 809,046
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312
Accounts payable and accrued expenditures	-	-	5,976	98,134	-	214,395
Due to other funds	-	52,380	-	-	-	284,762
Total liabilities	-	52,380	5,976	98,134	-	499,469
Fund balances						
Restricted	5,580	-	-	-	-	56,532
Committed	-	-	31,244	164,001	34,958	253,045
Total fund balances	5,580	-	31,244	164,001	34,958	309,577
Total liabilities and fund balances	\$ 5,580	\$ 52,380	\$ 37,220	\$ 262,135	\$ 34,958	\$ 809,046

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2017

	<i>Special Revenue Funds</i>				
	<i>Food Service</i>	<i>IDEA Part B</i>	<i>IDEA Preschool</i>	<i>Title I</i>	<i>Title II Improving Teacher Quality</i>
Revenues					
Assessment to member Towns					
Exeter	\$ -	\$ -	\$ -	\$ -	\$ -
West Greenwich	-	-	-	-	-
State and federal aid and grants	129,643	505,747	15,974	151,339	70,355
Other revenue	306,955	-	-	-	-
Total revenues	<u>436,598</u>	<u>505,747</u>	<u>15,974</u>	<u>151,339</u>	<u>70,355</u>
Expenditures					
Current:					
Instruction	-	252,602	14,727	73,050	70,355
Instructional support	-	233,461	-	78,289	-
Operations	397,178	1,647	1,247	-	-
Other commitments	-	18,037	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>397,178</u>	<u>505,747</u>	<u>15,974</u>	<u>151,339</u>	<u>70,355</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>39,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Refunding debt issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Payment to refunding debt escrow agent	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	39,420	-	-	-	-
Fund balances - beginning of year	<u>11,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 50,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2017

	<u>Special Revenue Funds</u>				<u>Debt Service Fund</u>
	<u>Local Initiatives Support Corp</u>	<u>English Language Learners</u>	<u>Substance Abuse Task Force</u>	<u>RIC Sherlock Center</u>	<u>Debt Service Fund</u>
Revenues					
Assessment to member Towns					
Exeter	\$ -	\$ -	\$ -	\$ -	\$ 115,585
West Greenwich	-	-	-	-	125,116
State and federal aid and grants	-	722	20,107	-	420,162
Other revenue	10,000	-	5,920	301	-
Total revenues	<u>10,000</u>	<u>722</u>	<u>26,027</u>	<u>301</u>	<u>660,863</u>
Expenditures					
Current:					
Instruction	10,000	-	-	-	-
Instructional support	-	722	-	-	-
Operations	-	-	-	-	-
Other commitments	-	-	57,383	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	708,189
Total expenditures	<u>10,000</u>	<u>722</u>	<u>57,383</u>	<u>-</u>	<u>708,189</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,356)</u>	<u>301</u>	<u>(47,326)</u>
Other financing sources (uses)					
Refunding debt issued	-	-	-	-	3,200,000
Premium on debt issued	-	-	-	-	539,926
Payment to refunding debt escrow agent	-	-	-	-	(3,699,758)
Transfers from other funds	-	-	-	-	30,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,168</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(31,356)</u>	<u>301</u>	<u>22,842</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>31,356</u>	<u>(301)</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,842</u>

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2017

	Capital Projects Funds					
	<u>\$5,875,000 Capital Project Fund</u>	<u>Other Capital Projects WCI Fund</u>	<u>Capital Reseve School Improvement</u>	<u>School Housing Aid Capital Project</u>	<u>Computer Technology Capital Project Fund</u>	<u>Total</u>
Revenues						
Assessment to member Towns						
Exeter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,585
West Greenwich	-	-	-	-	-	125,116
State and federal aid and grants	-	-	-	189,976	34,059	1,538,084
Other revenue	-	-	-	-	-	323,176
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,976</u>	<u>34,059</u>	<u>2,101,961</u>
Expenditures						
Current:						
Instruction	-	-	-	-	-	420,734
Instructional support	-	-	-	-	-	312,472
Operations	1,859	-	-	-	-	401,931
Other commitments	-	-	-	-	-	75,420
Capital outlay	-	-	18,554	550,975	-	569,529
Debt service	-	-	-	-	-	708,189
Total expenditures	<u>1,859</u>	<u>-</u>	<u>18,554</u>	<u>550,975</u>	<u>-</u>	<u>2,488,275</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,859)</u>	<u>-</u>	<u>(18,554)</u>	<u>(360,999)</u>	<u>34,059</u>	<u>(386,314)</u>
Other financing sources (uses)						
Refunding debt issued	-	-	-	-	-	3,200,000
Premium on debt issued	-	-	-	-	-	539,926
Payment to refunding debt escrow agent	-	-	-	-	-	(3,699,758)
Transfers from other funds	-	-	-	-	-	30,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,168</u>
Net change in fund balance	<u>(1,859)</u>	<u>-</u>	<u>(18,554)</u>	<u>(360,999)</u>	<u>34,059</u>	<u>(316,146)</u>
Fund balances - beginning of year	<u>7,439</u>	<u>-</u>	<u>49,798</u>	<u>525,000</u>	<u>899</u>	<u>625,723</u>
Fund balances - end of year	<u>\$ 5,580</u>	<u>\$ -</u>	<u>\$ 31,244</u>	<u>\$ 164,001</u>	<u>\$ 34,958</u>	<u>\$ 309,577</u>

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2017

	<i>Wawaloam School Student Activity Fund</i>	<i>Metcalf School Student Activity Fund</i>	<i>Senior High Student Activity Fund</i>	<i>Junior High Student Activity Fund</i>	<i>Lineham School Student Activity Fund</i>	<i>Total Agency Funds</i>
<i>Assets</i>						
Cash	<u>\$ 6,197</u>	<u>\$ 35,729</u>	<u>\$ 146,251</u>	<u>\$ 35,350</u>	<u>\$ 851</u>	<u>\$ 224,378</u>
<i>Total assets</i>	<u><u>\$ 6,197</u></u>	<u><u>\$ 35,729</u></u>	<u><u>\$ 146,251</u></u>	<u><u>\$ 35,350</u></u>	<u><u>\$ 851</u></u>	<u><u>\$ 224,378</u></u>
<i>Liabilities</i>						
Deposits held in custody for others	<u>\$ 6,197</u>	<u>\$ 35,729</u>	<u>\$ 146,251</u>	<u>\$ 35,350</u>	<u>\$ 851</u>	<u>\$ 224,378</u>
<i>Total liabilities</i>	<u><u>\$ 6,197</u></u>	<u><u>\$ 35,729</u></u>	<u><u>\$ 146,251</u></u>	<u><u>\$ 35,350</u></u>	<u><u>\$ 851</u></u>	<u><u>\$ 224,378</u></u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Exeter-West Greenwich Regional School District
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

<u>REVENUE</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ -
Last Year's Levy Tax Collection	-
Prior Years Property Tax Collection	-
Interest & Penalty	-
PILOT & Tax Treaty (excluded from levy) Collection	-
Other Local Property Taxes	-
Licenses and Permits	-
Fines and Forfeitures	-
Investment Income	-
Departmental	-
Rescue Run Revenue	-
Police & Fire Detail	-
Other Local Non-Property Tax Revenues	-
Tuition	110,941
Impact Aid	-
Medicaid	326,611
Federal Stabilization Funds	-
Federal Food Service Reimbursement	107,007
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	769,442
MV Excise Tax Reimbursement	-
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	-
Meals & Beverage Tax / Hotel Tax	-
LEA Aid	6,206,580
Group Home	-
Housing Aid Capital Projects	189,976
Housing Aid Bonded Debt	420,162
State Food Service Revenue	22,636
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	34,782
Other Revenue	391,764
Local Appropriation for Education	-
Regional Appropriation for Education	24,050,428
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 32,630,328
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	3,739,926
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 3,739,926

Exeter-West Greenwich Regional School District
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

<u>EXPENDITURES</u>	<u>Education Department</u>
Compensation- Group A	\$ 13,201,201
Compensation - Group B	1,837,774
Compensation - Group C	2,438,416
Compensation -Volunteer	-
Overtime- Group A	-
Overtime - Group B	-
Overtime - Group C	30,746
Police & Fire Detail	-
Active Medical Insurance - Group A	2,101,687
Active Medical Insurance- Group B	219,037
Active Medical Insurance- Group C	856,857
Active Dental insurance- Group A	147,696
Active Dental Insurance- Group B	14,394
Active Dental Insurance- Group C	57,857
Payroll Taxes	1,340,635
Life Insurance	93,287
State Defined Contribution- Group A	68,652
State Defined Contribution - Group B	16,197
State Defined Contribution - Group C	25,355
Other Benefits- Group A	108,127
Other Benefits- Group B	8,863
Other Benefits- Group C	43,867
Local Defined Benefit Pension- Group A	-
Local Defined Benefit Pension - Group B	-
Local Defined Benefit Pension - Group C	-
State Defined Benefit Pension- Group A	1,715,518
State Defined Benefit Pension - Group B	230,472
State Defined Benefit Pension - Group C	292,943
Other Defined Benefit / Contribution	31,449
Purchased Services	5,299,254
Materials/Supplies	527,177
Software Licenses	69,773
Capital Outlays	752,761
Insurance	114,553
Maintenance	150,732
Vehicle Operations	5,649
Utilities	506,089
Contingency	62,144
Street Lighting	-
Revaluation	-
Snow Removal-Raw Material & External Contracts	-
Trash Removal & Recycling	-
Claims & Settlements	-
Community Support	-
Other Operation Expenditures	-
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Municipal Debt- Principal	-
Municipal Debt- Interest	-
School Debt- Principal	520,000
School Debt- Interest	148,021
Retiree Medical Insurance- Total	162,602
Retiree Dental Insurance- Total	-
OPEB Contribution- Total	-
Non-Qualified OPEB Trust Contribution	-
Rounding	-
Total Expenditures	\$ 33,199,788
Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	3,699,758
Financing Uses: Other	-
Total Other Financing Uses	<u>\$ 3,699,758</u>
Net Change in Fund Balance ¹	(529,292)
Fund Balance1- beginning of year	\$2,231,544
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance1 - beginning of year adjusted	<u>2,231,544</u>
Rounding	-
Fund Balance1 - end of year	<u>\$ 1,702,252</u>

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

Exeter-West Greenwich Regional School District
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2017

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
General Fund	\$ 31,942,854	\$ 44,700	\$ 32,519,723	\$ 30,000	\$ (562,169)	\$ 3,192,434	\$ -	\$ 3,192,434	\$ 2,630,265
Other Governmental Funds	2,101,961	3769926	2,488,275	3699758	(316,146)	625,723	-	625,723	309,577
Totals per audited financial statements	\$ 34,044,815	\$ 3,814,626	\$ 35,007,998	\$ 3,729,758	\$ (878,315)	\$ 3,818,157	\$ -	\$ 3,818,157	\$ 2,939,842
<u>Reconciliation from financial statements to MTP2</u>									
Capital lease proceeds and related capital purchases are reported as other financing sources and expenditures on the audited financial statements, but are not reported on the State MTP2 report.	\$ -	\$ (44,700)	\$ (44,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher defined benefit and defined contributions pensions plans are reported as revenue and expenditures on the audited financial statements, but are not reported on the State MTP2 report.	(1,414,487)	-	(1,414,487)	-	-	-	-	-	-
Adjustments to report the WB Community Health deposits, expenditures and claims liabilities in conformance with GASB Statement No. 10 are reported on the audited financial statements, but are not reported on the State MTP2 report.	-	-	(346,428)	-	346,428	(1,586,613)	-	(1,586,613)	(1,240,185)
Elimination of Transfers not reflected in MTP2	-	(30,000)	-	(30,000)	-	-	-	-	-
Indirect costs not reported in UCOA	-	-	(2,595)	-	2,595	-	-	-	2,595
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	\$ 32,630,328	\$ 3,739,926	\$ 33,199,788	\$ 3,699,758	\$ (529,292)	\$ 2,231,544	\$ -	\$ 2,231,544	\$ 1,702,252
<u>Reconciliation from MTP2 to UCOA</u>									
Reappropriated Fund Balance reported in UCOA	286,715	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	\$ 32,917,043	\$ 3,739,926	\$ 33,199,788	\$ 3,699,758	\$ -	\$ -	\$ -	\$ -	\$ -

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

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Reportable Government Services with

MTP2 Notes

Fiscal Year Ended June 30, 2017

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1 - BASIS OF PRESENTATION

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

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

NOTE 2 - REPORTABLE GOVERNMENT SERVICES

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

NOTE 3 - EMPLOYEE GROUPS - COMPENSATION AND BENEFIT COSTS

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

The Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: Education Department - professional staff providing direct services to students.

Group B: Education Department - executive/mid-level educational administration employees.

Group C: Education Department - administrative and support staff.

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

NOTE 4 - EDUCATION REVENUE AND EXPENDITURES

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

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



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Members of the School Committee
Exeter-West Greenwich Regional School District
West Greenwich, 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, each major fund, and the aggregate remaining fund information of the Exeter-West Greenwich Regional School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Exeter-West Greenwich Regional School District's basic financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Exeter-West Greenwich Regional School District'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 Exeter-West Greenwich Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Exeter-West Greenwich Regional School District's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Exeter-West Greenwich Regional School District'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*.

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.



Warwick, Rhode Island
December 22, 2017



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE***

Independent Auditor's Report

To the Members of the School Committee
Exeter-West Greenwich Regional School District
West Greenwich, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the Exeter-West Greenwich Regional School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Exeter-West Greenwich Regional School District's major federal programs for the year ended June 30, 2017. The Exeter-West Greenwich Regional School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Exeter-West Greenwich Regional School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Exeter-West Greenwich Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Exeter-West Greenwich Regional School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Exeter-West Greenwich Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Exeter-West Greenwich Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Exeter-West Greenwich Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Exeter-West Greenwich Regional School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bacon & Company, LLC

Warwick, Rhode Island
December 22, 2017

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for Major federal programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Number

Name of Program or Cluster

84.027A
84.173A

Special Education Cluster
IDEA Part B
IDEA- Preschool

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

- Auditee qualified as low-risk auditee? _____ yes X no

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2017

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity identifying Number</i>	<i>Total Federal Expenditures</i>
<i>U.S. Department of Education</i>			
<i>Pass-through Rhode Island Department of Education:</i>			
Title I	84.010A	2725-11702-701	\$ 151,339
<i>Special Education Cluster:</i>			
IDEA Part B	84.027A	2725-13202-701	505,747
IDEA, Preschool	84.173A	2725-13502-701	15,974
<i>Total Special Education Cluster</i>			<u>521,721</u>
Title II - Improving Teacher Quality	84.367A	2725-16402-701	70,355
<i>Total U.S. Department of Education</i>			<u>743,415</u>
<i>U.S. Department of Agriculture</i>			
<i>Pass-through Rhode Island Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program			
Cash assistance	10.555	N/A	107,007
Non-cash assistance(commodities)	10.555	N/A	4,714
School Breakfast Program	10.553	N/A	17,921
<i>Total U.S. Department of Agriculture</i>			<u>129,642</u>
<i>U.S. Department of Health and Human Services</i>			
<i>Pass-through Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals:</i>			
Substance Abuse Block Grant	93.959	N/A	20,107
<i>Total U.S. Department of Health and Human Services</i>			<u>20,107</u>
<i>U.S. Department of Justice</i>			
<i>Pass-through the Town of West Greenwich, Rhode Island</i>			
Public Safety Partnership and Community Policing	16.710	N/A	20,000
<i>Total U.S. Department of Justice</i>			<u>20,000</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 913,164</u>

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Exeter-West Greenwich Regional School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Exeter-West Greenwich Regional School District, it is not intended to and does not present the financial position and changes in financial position, of the Exeter-West Greenwich Regional School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The Exeter-West Greenwich Regional School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.