

Analysis of School Surplus Fund Balance and State Housing Aid

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Key Points

- The Tiverton School Department is operating with a structural surplus perhaps approaching \$1 million per year.
- This surplus resulted from legal technicalities and misleading accounting during the period of federal stimulus payments in the 2009-2012 timeframe.
- The school department cannot use its surplus fund balance for reimbursable capital expenditures under the state's housing aid program with its current accounting methods.
- The school department has already cost the town hundreds of thousands of dollars in state aid by not following the procedure for such grants.

Summary Argument

The Town of Tiverton's Home Rule Charter charges the budget committee to "review the budgets submitted by the Town Administrator and the School Department, in which review the Committee shall consider both the supporting evidence for each requested budget expenditure and the ability of the Town to support the level of service recommended."¹

In undertaking this charge, the committee must consider past experience as well as the future consequences of its decisions. With respect to the school department, state law imposes the additional consideration of maintenance of effort,² which requires that any local funds appropriated to the schools set a new permanent baseline for future budgets.

With this background, this analysis will argue that:

- The school department has a structural surplus that arose from the flow of federal stimulus funds during fiscal years 2009 through 2012. **Page 2**
- The surplus fund balance is in the operational "school unrestricted" fund and cannot be used for reimbursable capital projects — through state "school housing aid" — unless it is placed in a dedicated fund. **Page 4**
- The town and school department have created no such fund, and the town has already lost hundreds of thousands of dollars in reimbursements because the school department has not followed the state's process for capital expenditure reimbursement. **Page 4**

¹ Town of Tiverton. "Home Rule Charter: Amendments Through Special Election of November 8, 2011." Section 703. p. 17. Available at: <http://www.tiverton.ri.gov/documents/generaldocs/Home%20Rule%20Charter%20Amendments%20Through%20Special%20Election11-8-2011.pdf> (Accessed 4/1/17)

² Rhode Island General Laws. "Foundation Level School Support." Title 16, Chapter 16, Section 7. Available at: <http://webserver.rilin.state.ri.us/Statutes/TITLE16/16-7/16-7-23.HTM> (Accessed 4/1/17)

- The pressure on Tiverton’s budget for fiscal year 2018, which is currently before the budget committee, comes primarily from payments on a new bond for repairs that *are* part of the school department’s state-approved capital plan. **Page 5**
- The budget committee’s preliminary proposal to maintain local funding for the school department at last year’s level — effectively offsetting \$515,000 in new debt payments with \$293,499 in a reduced increase for the school department — is reasonable. **Page 5**
- This adjustment would shift the schools’ annual structural surplus toward the long-term payment of the bond, which the state will reimburse at a rate of 35%. **Page 6**
- Moving forward, the town should set up a dedicated “Capital Project Fund” (*outside maintenance of effort*) and the school department should deposit its \$3,454,163 fund balance into it. In developing future budgets, the budget committee and taxpayers could therefore transparently consider and balance the benefits of adding money into the fund, in order to capture the 35% reimbursement, against other priorities. **Page 6**

The school department has a structural surplus that arose from the flow of federal stimulus funds during fiscal years 2009 through 2012.

When the “Great Recession” hit Rhode Island and the United States of America, the federal government sought to support government expenditures at every level by providing additional “stimulus” funds to states to distribute. (See **Attachment A** for a previously submitted summary of the effects on Tiverton’s school budget.)

\$177,058 in Extra Local Funds

For fiscal year 2009, the State of Rhode Island replaced state funds with federal funds for Rhode Island school districts. For Tiverton, this meant a reduction of \$870,241 in official “state aid.” However, the district received \$150,000 in “other” revenue, and the federal government passed \$363,306 through the state Department of Education and the municipal budget to the school district (see **Attachment B**).

In the shuffling of these funds, the \$25,059,299 that Tiverton’s financial town meeting (FTM) had appropriated for the school department actually *increased* to \$25,236,357, or \$177,058 more.

\$367,165 Lawsuit

For the second year of federal stimulus funds (fiscal year 2010), the state and federal governments took a different approach. The state created five new funds (almost all “restricted” accounts) and deposited money that otherwise would have been general state aid into these accounts (see **Attachment C**):³

- Literacy Set-Aside \$149,744
- Technology \$49,024
- Student Equity \$451,704

³ This list comes from an email that Tiverton Schools Superintendent William Rearick sent to this author on February 10, 2017.

- Early Childhood \$80,361
- Vocational Equity \$9,000

These new accounts represented a transfer of regular state aid to restricted state aid. From the original town budget for fiscal year 2009 to the actual state aid for 2010, Tiverton saw a decrease of \$1,048,928 in regular state aid. At the same time, *restricted* aid increased by \$1,404,587.

However, because the change from regular aid to restricted aid happened after the town's budgeting process was complete, the town estimated state aid too high. The school department sued the town to collect the difference from local taxpayers, and the state commissioner of education found in favor of the school department, summarizing the history as follows:

The anticipated state aid of \$4,852,762 fell short by \$669,232 resulting in a sum of state aid proper of only \$4,183,530. This sum of \$4,183,530 of state aid however was augmented by \$293,067 in Federal Stabilization Funds for a total of \$4,476,597 in state education aid paid to Tiverton. This meant that there was a shortfall of some \$367,165 in expected state funding, the amount currently at issue.⁴

As the school committee and superintendent have acknowledged (although overstating the percentage), this \$367,165 appeared as part of the \$984,508 increase in its surplus fund balance in fiscal year 2012.

\$739,833 in "Restated" Restricted Funds

With the end of the "stimulus" program, the state shifted the federal money back onto its own books. Because the state and federal governments start their fiscal years at different times, and budgets change for various other reasons, year-to-year shifts are not necessarily clear. The bottom line is that, from 2010 to 2012, regular state aid increased \$895,587 while "restricted" aid decreased \$921,360.

The school department claimed that it was simply making an accounting change when it "restated" its budget to be \$739,833 greater, and the budget committee creating the fiscal year 2012 budget *modified* the docket for the financial town meeting to make it appear that the school department was only requesting a 2.6% increase rather than a 5.5% increase (see **Attachment D**). An actual appropriation increase of \$1,415,724 was presented as an increase of \$675,891.

In summary, as these funds shifted from regular to restricted aid, the town made up all or most of the difference in the budget. With the funds shifting back the other way, the school department took credit for the funds again. If it had "restated" the restricted funds as regular funds from the beginning of the stimulus program, it would never have "lost" state aid, and it would never have taken the additional money from the town.

⁴ Commissioner of Education. *Tiverton School Committee v. Town of Tiverton*. June 11, 2011. p. 2. Available at: http://www2.ride.ri.gov/applications/RideDirectory/DOCS/2011/0009-11_Tiverton_S._D._v._Town_of_Tiverton_061711.pdf (Accessed 4/1/17)

As stated above, the school department's surplus fund balance increased \$984,508 that year. That total is very close to the \$362,000 credited to the school department after its lawsuit plus the \$675,891 increase in local funds that it requested for 2012 but apparently did not need.

The surplus fund balance is in the operational “school unrestricted” fund and cannot be used for reimbursable capital projects — through state “school housing aid” — unless it is placed in a dedicated fund.

On Thursday evening, March 30, 2017, the Tiverton School Committee and administration presented to the budget committee a “5-Year Capital Improvement Plan” totaling \$25,372,913 that has been approved by the state Department of Education (RIDE). Of that total, \$15,203,479 will be funded through new town debt from a recently passed bond initiative.

The School Committee made the case that its surplus fund balance should be used toward the remaining \$10,169,434 in order to capture 35–39% reimbursements from the state. This money would be credited on the municipal side of the budget through state “school housing aid.”

On Friday morning, March 31, 2017, Rhode Island Department of Education School Construction Coordinator Joseph da Silva confirmed in a telephone conversation that these funds will not receive any reimbursement unless they are first placed in a dedicated account. “Housing Aid Instructions” available through RIDE’s Web site explain:

Projects cannot be paid out of operating funds. There must be a properly constituted capital reserve fund at the district and/or municipal level.⁵

The town and school department have created no such fund, and the town has already lost hundreds of thousands of dollars in reimbursements because the school department has not followed the state’s process for capital expenditure reimbursement.

As the town’s audit for fiscal year 2016 shows, the school committee has “committed” \$1,783,375 of its \$3,454,163 surplus fund balance to some form of capital expenses. However, the committee has kept this money under its “school unrestricted” fund.⁶

The auditors did *not* designate this as a capital account. Instead, they created an arbitrary category (not a fund) called “Various school renovation projects” (see **Attachment E**). This row on the table could have been called anything. It is not listed in the row for “capital,” and it is not in a “capital fund,” but in the “unrestricted fund” column.

⁵ Rhode Island Department of Education. “Housing Aid Reimbursement Forms and Instructions.” FY 2017. p. 5. Available at: <http://www.ride.ri.gov/Portals/0/Uploads/Documents/Funding-and-Finance-Wise-Investments/School-Facilities/Housing-Aid/FY17HousingAidInstructions.doc> (Accessed 4/1/17)

⁶ Tiverton Finance Department. “Town of Tiverton Annual Financial Report.” Year ended June 30, 2016. p. 22. Available at: <http://www.municipalfinance.ri.gov/documents/data/audits/2016/Tiverton2016Audit.pdf> (Accessed 4/1/17)

Contrast this accounting with Portsmouth's audit, which has a dedicated "School Capital Project Fund" (see **Attachment F**).

The Tiverton School Department's accounting has real budgetary consequences. The school department has repeatedly taken credit for having used \$1,967,548 in capital expenses from its fund balance from fiscal years 2013 through 2017, but the town *has not received a penny in school housing aid* for this spending. If that total had been in the capital plan and in a dedicated capital fund, the town would have received reimbursements totaling at least \$688,642.

In contrast, Portsmouth is receiving \$517,762 in "school housing aid" during this fiscal year alone for expenditures out of its school capital fund in prior years (see **Attachment G**).

Mr. da Silva — the state construction coordinator and a Tiverton taxpayer — expressed frustration at the Tiverton School Department's failure to follow the process for reimbursements. He specifically mentioned the replacement of the septic system in fiscal year 2014. That \$688,000 project, he said, could have been "fast tracked" through RIDE and, at the 35% reimbursement rate, would have produced \$240,800 in revenue for the town instead of \$0.

Presenting to the budget committee, the school committee actually *bragged* about having spent this money without having to "come back to the town." By not following the appropriate process, they actually *cost* the town nearly a quarter-million dollars on the septic alone.

The pressure on Tiverton's budget for fiscal year 2018, which is currently before the budget committee, comes primarily from payments on a new bond for repairs that *are* part of the school department's state-approved capital plan.

The Tiverton Town Council and municipal administration have worked diligently to keep their budget down despite that fact that the new school bond will add \$515,000 in interest-only payments on their side of the budget. That expense alone represents a 1% increase in the budget.

The repairs to be performed with money from the bond are on the school department's state-approved capital improvement plan and will therefore be reimbursed at the 35% rate.

The budget committee's preliminary proposal to maintain local funding for the school department at last year's level — effectively offsetting \$515,000 in new debt payments with \$293,499 in a reduced increase for the school department — is reasonable.

At its February 16, 2017, meeting, the budget committee voted (8 to 3), on a preliminary basis, to fund the school department with a \$1 increase in local funds. This produced a budget of \$29,893,257, or \$293,499 less than the school department's requested \$30,186,756.⁷ The committee also sent a letter to the school committee requesting that it revise its request by that amount as a show of cooperation. On March 14, 2017, School Superintendent William Rearick sent a reply stating the school committee's unwillingness to change its request.

⁷ Official minutes not yet available.

It remains within the budget committee's authority to make its preliminary vote final and submit the lower budget to voters at the financial town referendum (FTR) for approval.

This adjustment would shift the schools' annual structural surplus toward the long-term payment of the bond, which the state will reimburse at a rate of 35%.

Prior to fiscal year 2012, the school department had never had a surplus fund balance greater than \$535,551. A balance of around \$200,000 was more typical (see **Attachment H**). Yet, since 2012, the surplus fund balance has *grown* between \$222,004 and \$1,130,867 every year *despite* the fact that the school department has spent an average of \$393,510 out of this account every year.

Adding its current fund balance to its expenditures from the account through fiscal year 2016, *the district has collected \$4,926,074 more in local taxes and other revenue than it needed for its operating budget. This indicates a structural surplus of up to \$985,215, or about 3.3%.*

Redirecting \$293,499 of the school department's requested budget for fiscal year 2018 to help cover the new bond capital costs would only partially eliminate this surplus. It is likely, therefore, that the school department's fund balance will continue to grow despite this reduction of its request, and even if that proves not to be the case, it represents only 8.5% of its surplus fund balance.

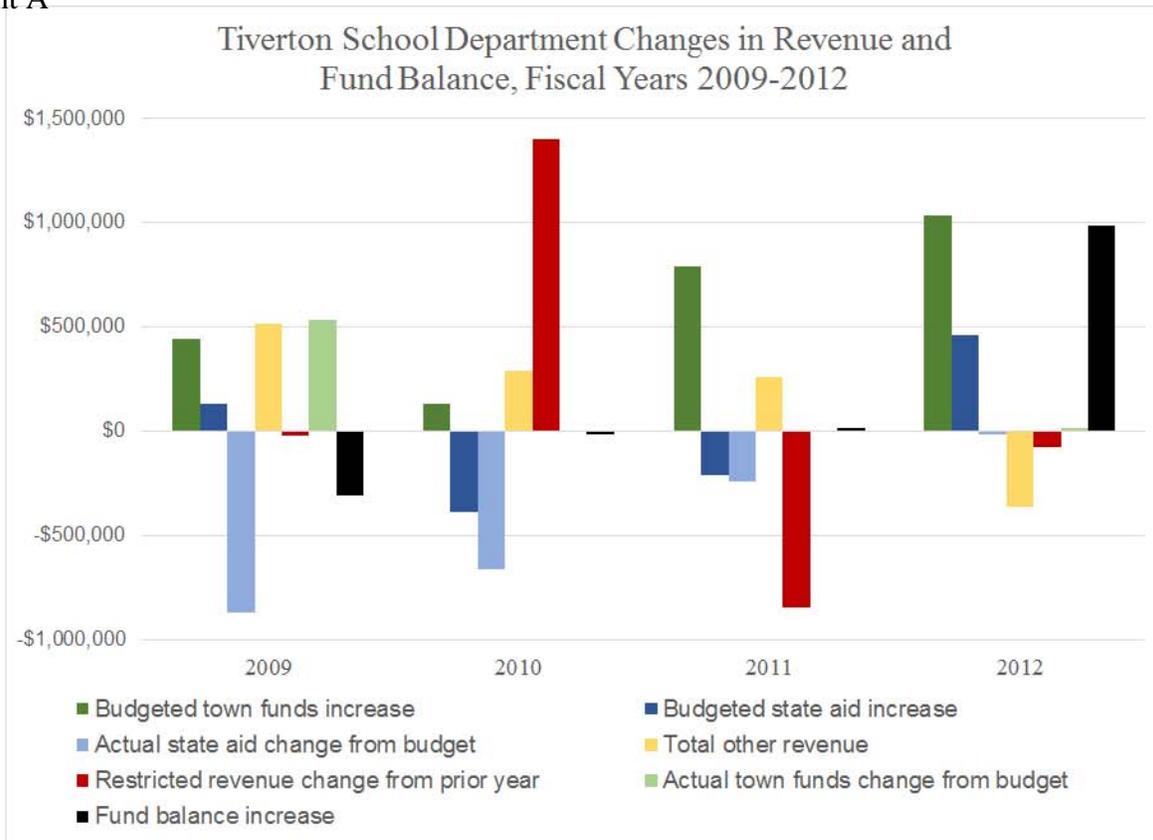
In the meantime, this money would essentially go toward the new bond, which (again) will be reimbursed at a rate of 35% by the state.

Moving forward, the town should set up a dedicated "Capital Project Fund" (*outside maintenance of effort*) and the school department should deposit its \$3,454,163 fund balance into it. In developing future budgets, the budget committee and taxpayers could therefore transparently consider and balance the benefits of adding money into the fund, in order to capture the 35% reimbursement, against other priorities.

The current budget process is already underway and bound by a schedule dictated in Tiverton's Home Rule Charter. The budget committee should therefore carry forward as intended — making its preliminary school budget vote final and presenting voters with a budget with a lower tax increase than would otherwise be the case.

The town council, town treasurer, and school committee should then work together to create the necessary capital project fund to ensure reimbursement for its expenditures. The school committee should then vote to deposit its \$3,454,163 surplus fund balance (or whatever the current amount) into this new account.

In future budget cycles, the town government and the voters can transparently weigh expenditures reaping 35% reimbursement against all of its obligations and interests. Money that the town chooses to put toward capital expenses would also then be *outside of the maintenance of effort requirement* and would not become permanent parts of the school department's budget even when all repairs are completed.



Note: The town is liable for total appropriation, so if state aid estimates are too high, we pay the difference.

2009: The schools started with a sizable increase in local funds. With the recession, the state reduced its aid, replacing much with federal money. Because *the state* didn't technically give the appropriated aid, the schools took the difference from the town and wound up with \$177,058 more than appropriated.

2010: The May 2009 financial town meeting reduced the schools' request for FY10 by \$627,247. The state reduced its aid both from the prior year and midyear and replaced it with federal aid, mostly "restricted."

Note that federal ARRA was *supposed* to be just a short-term stimulus, not a budget builder.

2011: The district started with a big increase in local funds, making up for the reduced federal stimulus. The school department then claimed that restricted funds had been "restated," but they were the same accounts introduced the year before.

2012: Largely reflecting this "restatement," the schools received a huge boost in local funds to start the next year, *almost all of which* turned into a surplus. Those surpluses have continued.

Fiscal year	Appropriation (per school dept. handout)	Budget			Actual				School fund balance	Appropriation	Actual town contribution
		Regular state aid	Other	Transfer from town	Regular state aid	Other	Transfer from town	Restricted			
2008	\$24,545,812	\$5,108,170		\$19,372,999	\$5,120,824	\$150,000	\$19,403,804	\$826,698	\$535,551		
2009	\$25,059,299	\$5,241,458		\$19,817,841	\$4,371,217	\$513,306	\$20,351,834	\$806,493	\$229,546	2.09%	4.89%
2010	\$25,635,047	\$4,852,762		\$19,951,130	\$4,192,530	\$293,067	\$19,951,130	\$2,211,080	\$212,054	2.30%	-1.97%
2011	\$25,520,782	\$4,641,742		\$20,743,210	\$4,398,650	\$259,000	\$20,743,210	\$1,367,246	\$225,962	-0.45%	3.97%
2012	\$26,936,506	\$5,102,018	\$362,000	\$21,777,284	\$5,088,117		\$21,791,184	\$1,289,720	\$1,210,470	5.55%	5.05%
2013	\$27,917,397	\$5,390,284		\$22,438,109	\$5,677,809		\$22,438,109	\$1,042,047	\$1,472,491	3.64%	2.97%
2014	\$28,729,425	\$5,755,375		\$22,974,050	\$6,175,390		\$22,974,050	\$1,072,095	\$1,694,495	2.91%	2.39%
2015	\$29,275,439	\$5,800,664		\$23,474,775	\$5,800,664	-\$34,754	\$23,474,775	\$923,160	\$2,323,296	1.90%	2.18%
2016	\$29,455,785	\$5,980,785		\$23,475,000	\$6,008,046	-\$73,916	\$23,489,232	\$1,194,873	\$3,454,163	0.62%	0.06%
										2.31%	2.42%
										20%	21%

REQUIRED SUPPLEMENTARY INFORMATION
TIVERTON PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Intergovernmental revenue	\$ 5,241,458	\$ 5,241,458	\$ 4,371,217	\$ (870,241)
Other	-	-	150,000	150,000
Total revenue	<u>5,241,458</u>	<u>5,241,458</u>	<u>4,521,217</u>	<u>(720,241)</u>
Expenditures				
Salaries	14,229,078	14,229,078	14,436,978	(207,900)
Benefits	5,513,567	5,513,567	5,264,147	249,420
Purchased Services	3,163,919	3,163,919	3,762,060	(598,141)
Supplies	731,425	731,425	727,875	3,550
Capital Outlay	15,232	15,232	13,509	1,723
Other	1,406,078	1,406,078	1,343,740	62,338
Total expenditures	<u>25,059,299</u>	<u>25,059,299</u>	<u>25,548,309</u>	<u>(489,010)</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(19,817,841)</u>	<u>(19,817,841)</u>	<u>(21,027,092)</u>	<u>(1,209,251)</u>
Other financing sources				
Operating transfer from other funds	19,817,841	19,817,841	20,351,834	533,993
Transfer from general - Federal revenue	-	-	363,306	363,306
Total other financing sources	<u>19,817,841</u>	<u>19,817,841</u>	<u>20,715,140</u>	<u>897,299</u>
Excess revenues and other sources over (under) expenditures and other sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (311,952)</u>	<u>\$ (311,952)</u>

Source: Tiverton 2009 financial report (audit)

SUPPLEMENTARY INFORMATION
TIVERTON PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2010

	<u>Literacy</u>	<u>Early Childhood</u>	<u>Technology</u>	<u>Student Equity</u>	<u>E-Rate</u>	<u>Total</u>
Revenues						
Intergovernmental revenue	\$ 149,744	\$ 80,361	\$ 49,024	\$ 451,704	\$ -	\$ 2,211,080
Other	-	-	-	-	19,001	30,099
Total revenues	<u>149,744</u>	<u>80,361</u>	<u>49,024</u>	<u>451,704</u>	<u>19,001</u>	<u>2,241,179</u>
Expenditures						
Salaries	102,950	52,049	27,443	313,397	-	1,259,561
Employee benefits	32,360	1,152	-	117,428	-	411,053
Purchased services	-	-	-	-	19,001	465,831
Supplies and materials	-	-	21,523	-	-	34,044
Other costs	-	-	-	-	-	7,353
Total expenditures	<u>135,310</u>	<u>53,201</u>	<u>48,966</u>	<u>430,825</u>	<u>19,001</u>	<u>2,177,842</u>
Excess revenues over (under) expenditures	14,434	27,160	58	20,879	-	63,337
Fund balances - unreserved July 1, 2009	-	-	-	(88,112)	-	(88,112)
Fund balances - unreserved June 30, 2010	<u>\$ 14,434</u>	<u>\$ 27,160</u>	<u>\$ 58</u>	<u>\$ (67,233)</u>	<u>\$ -</u>	<u>\$ (24,775)</u>

(concluded)

Source: Tiverton 2010 financial report (audit)

School Budget: Budget Committee review of two issues; 1) Previously Restricted Aid, and 2) Local Funding.

1) Previously Restricted Aid. The new funding formula for Unrestricted State Education Aid, that begins next year (FY 11-12), includes certain monies that were previously restricted for specific expenses. This is essentially an accounting change that will shift expenses and revenues from a separate, restricted, account to the Town's General Fund. After discussions with the School Committee and the RI Dep't of Education, the Budget Committee decided to treat this change as an "extraordinary event", and present a restated (adjusted) School budget for FY 10-11 in the docket for the Financial Town Meeting, in order to show a truer picture of the recommended increase in the School's general operating budget for FY 11-12. As shown in the table below, considering this change as a normal increase in the School budget (unadjusted) does not fairly represent the year-over-year change.

Previously Restricted Aid (\$\$ shifting to Gen'l Fund):	\$	739,833			
		FY 10-11	FY 11-12	Year/Year Change	
Estimated Revenue (State Aid) UNADJUSTED for change:	\$	4,641,742	\$ 5,102,018	\$ 460,276	9.92%
ADJUSTED for change:	\$	5,381,575	\$ 5,102,018	\$ (279,557)	-5.19%
Recommended Expenses UNADJUSTED for change:	\$	25,520,782	\$26,936,506	\$ 1,415,724	5.55%
ADJUSTED for change:	\$	26,260,615	\$26,936,506	\$ 675,891	2.57%

Unadjusted for the accounting shift, increases in revenues & expenses do not fairly represent true increases.

2) Local Funding. Rhode Island law sets a maximum, or cap, on the budget increase that a School Dep't can request. The cap pertains to the portion of a School budget that is locally funded (total less Unrestricted State Education Aid) and is set at 4.25% for next year (FY 11-12). Actual Unrestricted Education Aid received by Tiverton this year (FY 10-11) is less than what was estimated - the same issue at the core of the dispute over the FY 09-10 School appropriation (see page SR-1, footnote 1). The table below shows the difference between the estimated and actual aid for FY 10-11 and presents the School Committee's requested increase in local funding for next year (FY 11-12) using actual aid received for the current year and estimated aid for next year. The Budget Committee recognizes that the requested increase, based on actual aid received, is less than the maximum set by RI law. The expectation for the future is that the new State funding formula will help to resolve this issue.

Actual FY 10-11 Unrestricted State Education Aid:	\$	4,392,485			
Estimated FY 10-11 Unrestricted State Education Aid:	\$	4,641,742			
Difference:	\$	(249,257)			
		FY 10-11	FY 11-12 School Request	Year/Year Change	
Total Budget:	\$	25,520,782	\$26,936,506		
State Education Aid (FY 11 actual, FY 12 estimate):	\$	4,392,485	\$ 5,018,830*		
Local Funds:	\$	21,128,297	\$21,917,676	\$ 789,379	3.74%

Requested increase in Local Funds, calculated using actual FY 10-11 aid, is less than the 4.25% maximum allowed.

* Note: The School Committee used an early estimate of \$5,018,830 for State aid. The Budget Committee's recommended State aid of \$5,102,108 is a more recent estimate.

TOWN OF TIVERTON, RHODE ISLAND

Notes to the Financial Statements

June 30, 2016

Note 13. Fund Balance Classifications

	Major Funds		Non-Major Funds			Total
	General Fund	School Department	Special Revenue	Capital Projects	Debt Service Fund	
Fund Balances						
Nonspendable						
In Form	\$ 519,383	\$ -	\$ -	\$ -	\$ -	\$ 519,383
Restricted for						
Public safety programs	-	-	84,480	-	-	84,480
Educational purposes	-	1,670,788	230,021	-	-	1,900,809
Public works programs	-	-	378,074	-	-	378,074
Health and human services programs	-	-	17,629	-	-	17,629
Committed to						
General government purposes	25,163	-	366,467	-	-	391,630
Finance administration purposes	141,258	-	-	-	-	141,258
Public safety programs	-	-	27,703	-	-	27,703
Health and human services programs	-	-	14,322	-	-	14,322
Public works programs	216,952	-	46,166	6,803,412	-	7,066,530
Parks and recreation	-	-	121	381,579	-	381,700
Capital projects	-	-	-	19,224	-	19,224
Various school renovation projects	-	1,783,375	-	-	-	1,783,375
Debt service bonds	-	-	-	-	534,026	534,026
Unassigned	<u>1,617,493</u>	<u>-</u>	<u>(461)</u>	<u>(30,282)</u>	<u>-</u>	<u>1,586,750</u>
	<u>\$ 2,520,249</u>	<u>\$ 3,454,163</u>	<u>\$ 1,164,522</u>	<u>\$ 7,173,933</u>	<u>\$ 534,026</u>	<u>\$ 14,846,893</u>

Note 14. Fund Deficit

The following funds had deficits at year end:

Old Stone Bridge	\$ (30,282)
Wastewater Management	(336)
Parents as teachers	(125)

It was further noted that the deficit related to Old Stone Bridge has been recuperated as of December 2016 and the deficit related to the Wastewater Management fund was an outstanding receivable related to electricity costs that was received in 2016.

Note 15. Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events that have occurred subsequent to June 30, 2016 and through December 19, 2016, the date of which the financial statements were issued.

As of December 19, 2016, the Town did not have any significant subsequent events to disclose.

TOWN OF PORTSMOUTH, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2016*

	General Fund	Town Capital Project Fund	School Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 15,284,646	\$ 6,275		\$ 316,688	\$ 15,607,609
Cash held in escrow		35,142			35,142
Real estate and personal property tax receivable (net)	1,225,138				1,225,138
Due from federal and state governments	223,391			656,386	879,777
Due from other funds	2,527,623	2,796,202	\$ 3,220,012	4,273,596	12,817,433
Ambulance receivable	489,780				489,780
Other receivables	267,148	103,000			370,148
Inventory	36,300				36,300
Prepaid expenditures	429,048				429,048
TOTAL ASSETS	<u>\$ 20,483,074</u>	<u>\$ 2,940,619</u>	<u>\$ 3,220,012</u>	<u>\$ 5,246,670</u>	<u>\$ 31,890,375</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts payable	\$ 300,064	\$ 120,478		\$ 439,585	\$ 860,127
Accrued expenses	1,195,040			7,596	1,202,636
Due to other funds	8,484,198		\$ 3,100,985	2,523,398	14,108,581
Unearned revenue	38,377			1,864	40,241
Other liabilities	675,933				675,933
TOTAL LIABILITIES	<u>10,693,612</u>	<u>120,478</u>	<u>3,100,985</u>	<u>2,972,443</u>	<u>16,887,518</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable property tax revenue	838,194				838,194
Unavailable Ambulance revenue	489,780				489,780
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,327,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,327,974</u>
FUND BALANCES:					
Non-spendable	465,348			160,404	625,752
Restricted		2,820,141	119,027	2,765,564	5,704,732
Committed	1,114,909			289,948	1,404,857
Assigned	9,378				9,378
Unassigned	6,871,853			(941,689)	5,930,164
TOTAL FUND BALANCES	<u>8,461,488</u>	<u>2,820,141</u>	<u>119,027</u>	<u>2,274,227</u>	<u>13,674,883</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 20,483,074</u>	<u>\$ 2,940,619</u>	<u>\$ 3,220,012</u>	<u>\$ 5,246,670</u>	<u>\$ 31,890,375</u>

Source: Portsmouth 2016 financial report (audit).

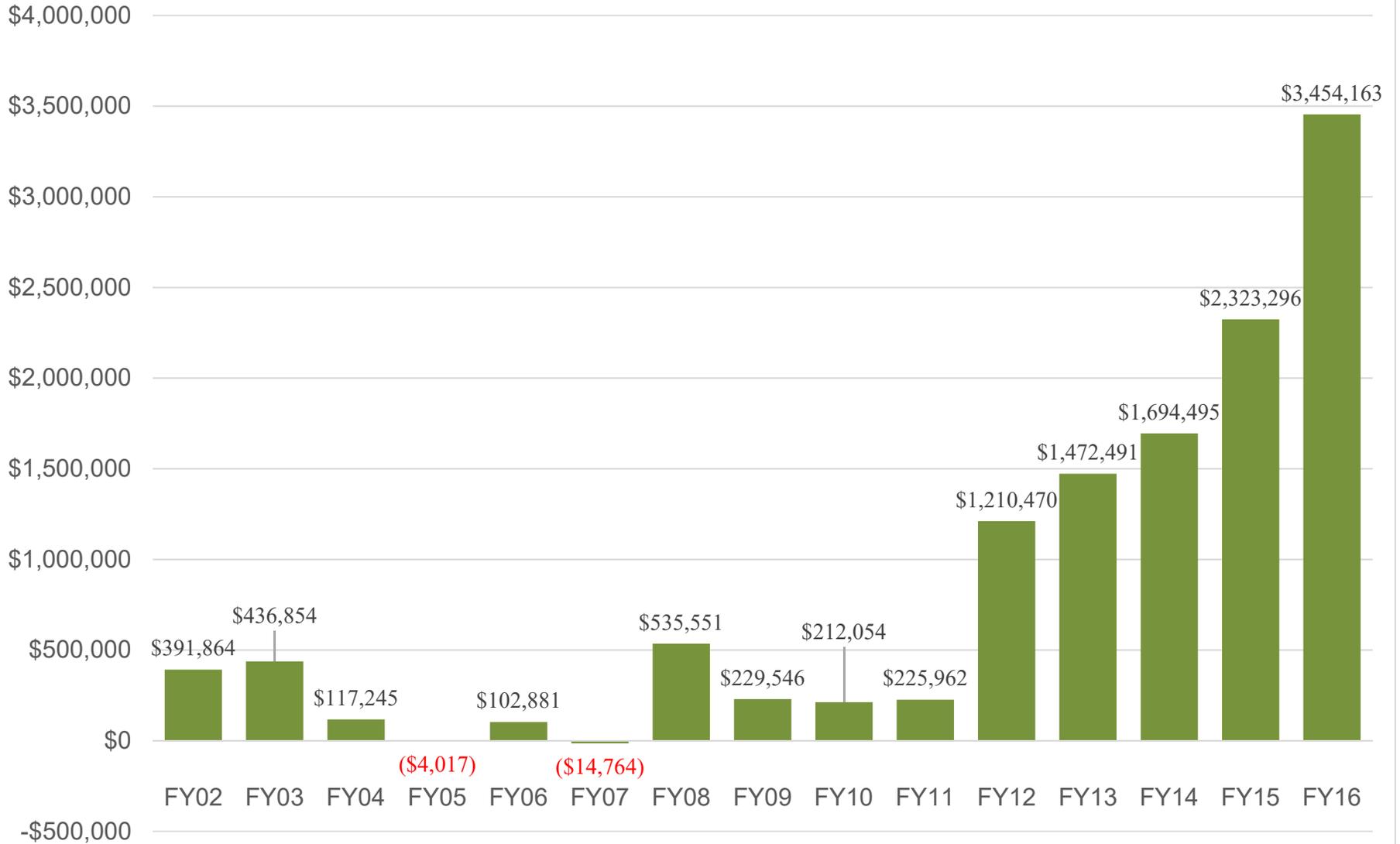
The notes to the financial statements are an integral part of this statement.

Attachment G
FY 2017 FINAL HOUSING AID ENTITLEMENTS *

LEA	TOTAL HOUSING AID (including RIHEBC funded projects)	PORTION OF AID PAID DIRECTLY TO RIHEBC **	HOUSING AID (net paid to district)	DISTRICT PAYMENT 9/15/2016	DISTRICT PAYMENT 3/15/2017
School District:				***	***
Barrington	\$769,427	\$23,513	\$745,914	\$372,957	\$372,957
Bristol-Warren	\$1,849,418	\$1,047,660	\$801,758	\$400,879	\$400,879
Burrillville	\$1,147,804	\$307,164	\$840,640	\$420,320	\$420,320
Central Falls	\$1,456,221	\$1,417,173	\$39,048	\$19,524	\$19,524
Chariho	\$1,253,870	\$879,238	\$374,632	\$187,316	\$187,316
Coventry	\$1,472,583	\$325,489	\$1,147,094	\$573,547	\$573,547
Cranston	\$1,981,594	\$493,026	\$1,488,568	\$744,284	\$744,284
Cumberland	\$2,631,835	\$866,473	\$1,765,362	\$882,681	\$882,681
East Greenwich	\$1,766,751	\$1,298,765	\$467,986	\$233,993	\$233,993
East Providence	\$1,949,163	\$1,101,105	\$848,058	\$424,029	\$424,029
Exeter-West Greenwich	\$610,138	\$304,302	\$305,836	\$152,918	\$152,918
Foster	\$0	\$0	\$0	\$0	\$0
Foster-Glocester	\$3,304,866	\$3,167,020	\$137,846	\$68,923	\$68,923
Glocester	\$24,903	\$24,903	\$0	\$0	\$0
Jamestown	\$80,938	\$0	\$80,938	\$40,469	\$40,469
Johnston	\$355,058	\$0	\$355,058	\$177,529	\$177,529
Lincoln	\$1,264,262	\$0	\$1,264,262	\$632,131	\$632,131
Little Compton	\$349,009	\$349,009	\$0	\$0	\$0
Middletown	\$318,188	\$0	\$318,188	\$159,094	\$159,094
Narragansett	\$495,836	\$486,480	\$9,356	\$4,678	\$4,678
New Shoreham	\$200,426	\$0	\$200,426	\$100,213	\$100,213
Newport	\$1,456,244	\$1,104,950	\$351,294	\$175,647	\$175,647
North Kingstown	\$1,165,824	\$442,858	\$722,966	\$361,483	\$361,483
North Providence	\$997,176	\$600,100	\$397,076	\$198,538	\$198,538
North Smithfield	\$1,058,258	\$954,680	\$103,578	\$51,789	\$51,789
Pawtucket	\$2,185,121	\$1,660,275	\$524,846	\$262,423	\$262,423
Portsmouth	\$775,971	\$258,209	\$517,762	\$258,881	\$258,881
Providence	\$24,871,031	\$24,871,031	\$0	\$0	\$0
Scituate	\$140,872	\$92,996	\$47,876	\$23,938	\$23,938
Smithfield	\$517,711	\$136,291	\$381,420	\$190,710	\$190,710
South Kingstown	\$808,748	\$0	\$808,748	\$404,374	\$404,374
Tiverton	\$822,208	\$822,208	\$0	\$0	\$0
Warwick	\$1,250,607	\$375,559	\$875,048	\$437,524	\$437,524
West Warwick	\$1,060,331	\$170,217	\$890,114	\$445,057	\$445,057
Westerly	\$1,864,928	\$886,214	\$978,714	\$489,357	\$489,357
Woonsocket	\$5,362,182	\$4,837,330	\$524,852	\$524,852	\$0
Charter Schools:					
Compass	\$41,869	\$41,869	\$0	\$0	\$0
Cuffee	\$134,530	\$0	\$134,530	\$67,265	\$67,265
CVS Highlander	\$91,013	\$91,013	\$0	\$0	\$0
Kingston Hill	\$121,133	\$60,463	\$60,670	\$30,335	\$30,335
Learning Community	\$193,485	\$62,655	\$130,830	\$65,415	\$65,415
Times 2 Academy	\$808,567	\$808,567	\$0	\$0	\$0
	\$69,010,099	\$50,368,805	\$18,641,294	\$9,583,073	\$9,058,221
RIHEBC				\$24,862,706	\$25,506,099
				\$34,445,779	\$34,564,320
Total Housing Aid	\$69,010,099	\$50,368,805			

** Per RIGL 16-7-41, aid shall be paid to the Rhode Island Health and Educational Building Corporation (RIHEBC) for projects funded with RIHEBC bonds for subsequent reimbursement to the applicable LEA. RIGL 16-7-44 requires projects approved after June 30, 2003 to be financed with RIHEBC bonds to be eligible for aid on interest.

Tiverton School Department Total End-of-Year Fund Balance (Surplus), Fiscal Years 2002-2016



Source: Town audits