

TOWN OF PORTSMOUTH, RHODE ISLAND

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015**

TOWN OF PORTSMOUTH, RHODE ISLAND

FOR THE YEAR ENDED JUNE 30, 2015

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Introductory Section



Town of Portsmouth, Rhode Island
2200 East Main Road, Portsmouth, RI 02871

Richard Rainer, *Town Administrator*
James Lathrop, *Deputy Town Administrator/Director of Finance*

February 5, 2016

To the Citizens of Portsmouth, Rhode Island

The Comprehensive Annual Financial Report of the Town of Portsmouth, Rhode Island for the fiscal year ended June 30, 2015, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months (unless an extension was granted by the State's Auditor General, which Portsmouth did receive) of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants licensed to practice in the State of Rhode Island.

This report consists of management's representations concerning the finance of the Town of Portsmouth, Rhode Island. Consequently, management assumes full responsibilities for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Portsmouth, Rhode Island has established a comprehensive internal control framework that is designed to both protect the government's accounts from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Portsmouth's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Portsmouth's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Portsmouth's financial statements have been audited by Marcum, LLP, a firm of licensed certified public accountants. The goal of independent audit was to provide reasonable assurance that the financial statements of the Town of Portsmouth for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Portsmouth's financial statement for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statement of the Town of Portsmouth was part of the broader, federal mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The

standards governing Single Audit engagements require the independent auditor to report not only on the fair presentations of the financial statements, but also on the audited government's internal controls and legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are issued separate of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Portsmouth's MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

General

The Town of Portsmouth, established in 1638 and incorporated as a town in 1640, had a population of 17,389 in 2010 and is located approximately 20 miles southeast of Providence. The Town occupies the northern portion of Aquidneck Island and is bordered by the Town of Bristol on the north, the Town of Middletown on the south, the Town of Tiverton on the east, and Narragansett Bay on the west. The Town limits extend over an area of 59.3 miles, including a land area of 23.2 square miles and an inland water area of 36.1 square miles. Routes 138 and 114 are major highways connecting the Town to I-195, I-95, Route 24 and the entire northeast corridor. Air transportation is available at the Newport State Air Park located in Middletown, which provides charter air service to all major airports in New England and New York. The state's major airport facility is located in the City of Warwick, approximately 30 miles from the Town. Nationwide intercity rail passenger service is offered through AMTRAK's Providence station. Freight transportation is provided by railroads and by local and long distance trucking firms and bus lines, and the nearby Port of Providence provides the Town with excellent shipping facilities.

Government

Portsmouth was established in 1638 and incorporated as a town in 1640. The Town is governed by a seven member Town Council, elected biannually in even years, and appointed Town Administrator. The Town operates under a Home Rule Charter, under which all powers of the Town are vested in the elected Town Council. The Council may enact local legislation subject only to the limitations imposed by Charter, the State Constitution and the General Laws. Under the Charter, the Council determines policy, enacts law and appoints the Town Administrator.

The Town Administrator is the chief executive officer and the head of the administrative branch of the Town government. The Town Administrator is responsible for carrying out the policies of the Town Council, for overseeing the day to day operations of the Town, and for appointing all other employees, except the Town Clerk, which is an elected position, and School District personnel.

The Town provides a full range of municipal services, including public safety protection, the construction and maintenance of highways, streets, and other infrastructure, recreational facilities, planning and zoning, education and administrative services. In addition the Town operates a solid waste facility.

The annual budget serves as the foundation for the Town of Portsmouth's financial planning and control. All departments of the Town are required to submit request for appropriation and revenue

estimates to the Town Administrator each year. The School Committee submits the proposed school budget. The Town Administrator uses these requests as the starting point for developing a proposed budget. It is the responsibility of the Town Administrator to submit a proposed budget for the following year to the Town Council on or before April 1 of each year. The Town Council holds several budget work sessions to discuss the details of the proposed budget document. The Town Council may revise and adopt a preliminary budget not later than 30 days after the submission of the Town Administrator's proposed budget. In June at a regular Town Council meeting, the Council adopts the final Town budget by ordinance.

Within two (2) weeks of the adoption of the final Town budget, any qualified elector of the town may circulate a petition request that a referendum be held on the final budget as approved by the town. Council. If no petition is filed within the designated time frame, the budget is considered adopted. If there is a petition, a referendum must be held not less than thirty-five (35) nor more than forty-five (45) days from the certification of the signatures on the petition.

The appropriated budget is prepared by fund, major program function (e.g., public safety) and department (e.g., police). Department heads may make a transfer of appropriation with a department. Transfer with a major program function may be made by the Town Administrator, provided that proper notification is given to the Town Council

Budget to actual comparisons are provided in this report for the general fund and school unrestricted fund on pages 79-81.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statement is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Portsmouth operates.

Local Economy

Portsmouth is surrounded by water and has been the major factor in creating the Town's impressive history as a leader in the marine trades industry. There are 39 companies of varying sizes located in Portsmouth engaged in marine and related services and manufacturing. The State of Rhode Island has designated the marine industry as one of five key sectors for economic growth in the State.

The 56-acre Portsmouth Business Park, is home to a mix of light industrial manufacturing firms. The convenient location with immediate access to state Route 24 places the Park in strategic location for light industrial markets and labor supply. There are 23 companies located in the park.

Portsmouth's largest employer is the Intergraded Defense Systems division of Raytheon Company. Current employment on the 150 acre campus is 1,175. This division is primarily involved in the research, development and manufacture of sonar and other shipboard and airborne electronic tracking systems.

Excess Navy land in the Melville Marine District was approved for release to bolster local marine trades. Commerce RI, the State's primary economic development agency, in cooperation with the Town, has been working in a partnership with marine companies to complete the transfer of the former Navy

fueling facility. The prime waterfront land will be key in stimulating expansion of the existing and new marine trades.

Pension and Other Post-Employment Benefits

Portsmouth has moved away from defined benefit type pensions. All new employees participate in a defined contribution (401 type) plan. There are grandfathered employees that are in either a defined benefit plan or a hybrid of defined benefit and defined contribution plan. All pension plans are locally administered plans, except for the Teachers that participate in the State plan.

In accordance with Rhode Island General Law, the Town submitted its Funding Improvement Plan (FIP) to the Locally-Administered Pension Plans Study Commission. The plan's funded ratio was 56.4% as of the July 1, 2014 report. It should be noted that the Town assumes a return on investment of 6.75%, which is lower than the recommended rate of 7.50%

Portsmouth has a net OPEB obligation of \$5,032,479 (\$4,240,434 for the Town and \$792,045 for the School Department). The Town has established an OPEB Trust and as of July 1, 2014 report this trust is funded 4.0% for the Town and 0% for the School Department.

Other

Portsmouth believed in transparency and the accountability it inspires. This is the first year that the Town's annual audit is presented in the form of Comprehensive Annual Financial Report. The Town has redesigned its monthly budget reports and publishes them, with other financial data, such as debt service schedules, monthly check registers, and actuary reports on the Town's website.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Town and School finance departments. We would like to express our appreciation to all members of the departments. Credit must also be given to the Town Council and the School Committee for the unfailing support for achieving and maintain the highest standards of professionalism in management of the Town of Portsmouth's finances.

Respectfully submitted,



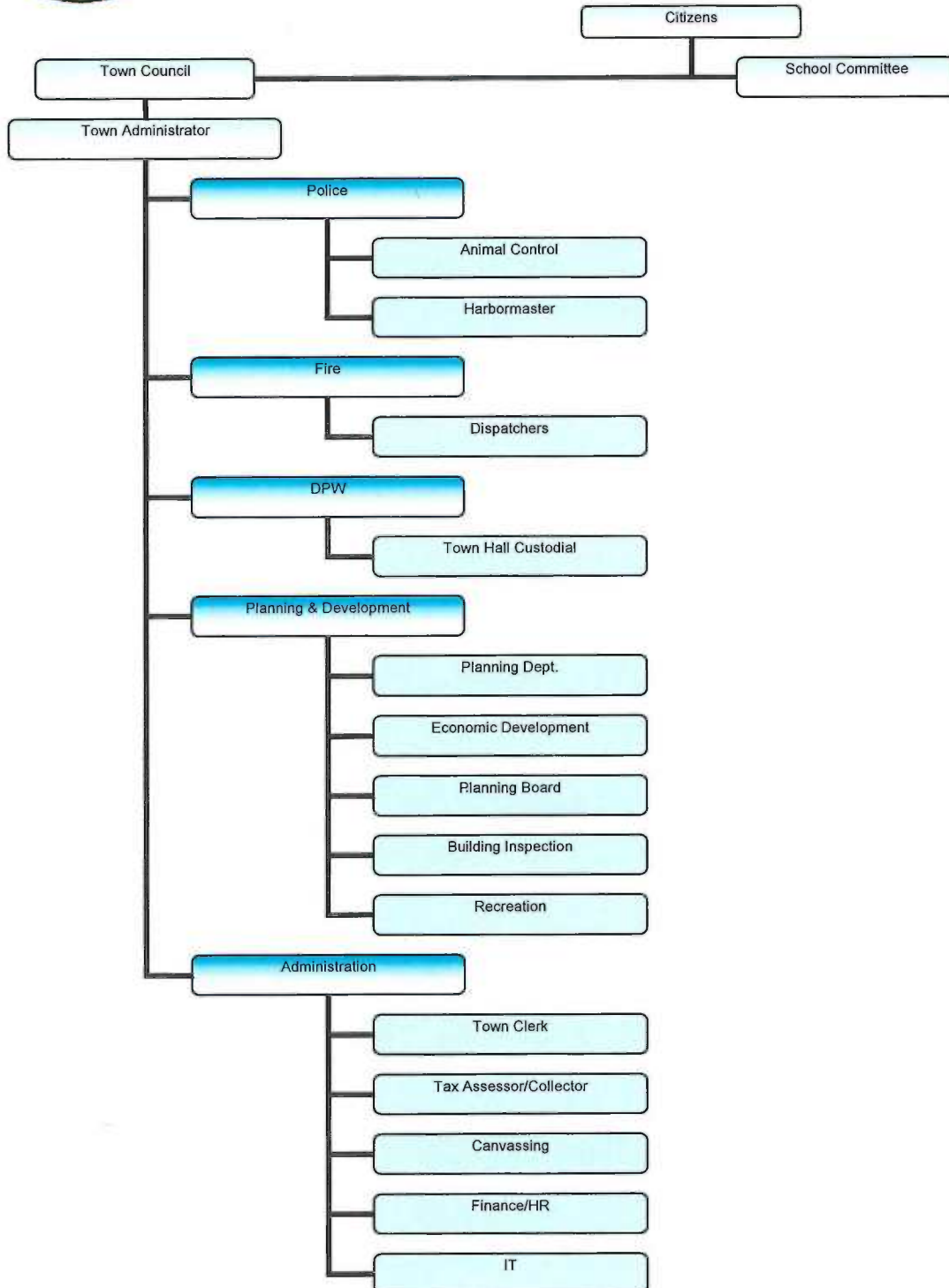
Richard Rainer
Town Administrator



James Lathrop
Deputy Town Administrator / Director of Finance



Organizational Chart





Portsmouth Town Council

Keith E. Hamilton, President

James A. Seveney, Vice President

Kevin M. Aguiar

Michael A. Buddemeyer

David M. Gleason

Elizabeth A. Pedro

Joseph W. Robicheau

Town Council Liaisons

Agriculture Committee	Elizabeth Pedro
Aquidneck Island Planning Commission	James Seveney (ad hoc member)
Conservation Commission	Elizabeth Pedro
Dog Park Planning Committee	Elizabeth Pedro
Economic Development Committee	James Seveney and Keith Aguiar
Glen Manor House Authority	David Gleason and Michael Buddemeyer
Glen Park Working Committee	Keith Hamilton
Harbor Commission	David Gleason
Joint Pension Review Commission	Joseph Robicheau
Lower Glen Farm Preservation Committee	David Gleason
Melville Park Committee	Kevin Aguiar
Newport County Chamber of Commerce	Keith Hamilton, James Seveney (alt.)
Open Space Committee	Elizabeth Pedro
Portsmouth Prevention Coalition	Keith Hamilton
Portsmouth Senior Center	James Seveney
School Committee	James Seveney, Keith Hamilton, Joseph Robicheau
Solid Waste/Recycling Study Committee	David Gleason
Tree Commission	David Gleason



Elected Town Officials

School Committee

Terri-Denise Cortvriend, Chair

Emily A. Copeland, Vice Chair

Frederick Faerber, III

Andrew V. Kelly

Jessica A. Lineberger

Thomas R. Vadney

John Wojichowski

Town Clerk

Joanne M. Mower

FINANCIAL SECTION

This Section contains the Following Subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council
Town of Portsmouth, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Portsmouth, Rhode Island as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Portsmouth, Rhode Island, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As discussed in Note 1 to the financial statements, the Town of Portsmouth, Rhode Island implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB No. 68*. As discussed in Note 17 to the financial statements, management analyzed the requirements of GASB No. 68 and 71, and determined that the beginning net position should be restated. The net position has been reduced by \$56,917,030 to reflect the net pension liability as of June 30, 2014. Our opinion is not modified with respect to these matters.

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, the Schedule of Funding Progress and Schedule of Employer Contributions for Pension Plans, and the Schedule of Funding Progress and Schedule of Employer Contributions for Pension and OPEB Plans, Changes in Net Pension Liability, Contributions and Investment Returns on Pages 4 through 11, Pages 79 through 93, respectively, 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 Town of Portsmouth, Rhode Island's basic financial statements. The combining town general fund and school unrestricted fund financial statements, the combining nonmajor fund financial statements, the combining agency fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining town general fund and school unrestricted fund financial statements, the combining nonmajor fund financial statements, the combining agency fund financial statements and other supplementary information 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 town general fund and school unrestricted fund financial statements, the combining nonmajor fund financial statements, the combining agency fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of the Town of Portsmouth, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Portsmouth, Rhode Island's internal control over financial reporting and compliance.

Marcum LLP

Providence, RI
February 5, 2016

TOWN OF PORTSMOUTH, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

As management of the Town of Portsmouth, we offer reader of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2015. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages i-iv of this report as well as the Town's basic financial statements that follow this section.

Financial Highlights

- The net position of the Town increased by \$649,885 (or 2.0%). The governmental net position increased by \$672,881 (or 2.0%) and the business-type net position decreased by \$22,996 thousand (or less than 1.0%).
- The governmental activities revenue increased from prior year by \$1,395,855 (or 2.2%) and the change in net position from governmental activities decreased from prior year by \$530,915. The results of governmental activities produced an increase in net position of \$672,881 in fiscal year 2015 compare to a net position increase of \$1,203,796 in fiscal year 2014.
- The business-type activities revenue decreased from prior year by \$746,677 (or 36.5%) and the change in net position from business-type activities decreased from prior year by \$706,904. In fiscal year 2015, the results of business-type activities produced a decrease in business-type net position of \$22,996 compared to an increase in net position of \$683,908 in fiscal year 2014.
- The General Fund (the main operating fund) reflected on a current financial resource basis reported a decrease in fund balance of \$26,709 (or less than 1.0%) for fiscal year 2015 compared to \$216,060 increase in the prior year.
- The liabilities and deferred inflows of resources of the Town of Portsmouth exceeded its assets and deferred outflows of resources at the end of the fiscal year ended June 30, 2015 by \$33,223,141.
- The Town's total liabilities increased by \$64,097,515. The increase is primarily due to the implementation of GASB No. 68 - *Accounting and Financial Reporting for Pensions* and GASB No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net pension obligation is \$65,573,431 at the end of fiscal year 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Portsmouth's basic financial statements. The Town's basic financial statements comprise three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

The Town's basic financial statements and other supplementary financial information provide information about all of the Town's activities. They provide both a short-term and long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the Town of Portsmouth that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, streets and highways, education, beach and recreation. The business-type activities of the Town include the Wind Turbine fund, Transfer Station fund, School Lunch fund, Summer School Fund and Septic System Loan Program fund.

The government-wide financial statements are reported on pages 12-13.

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 Town of Portsmouth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 resource 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 statement, 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Portsmouth maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Town Capital Project Fund, and School Capital Project Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental fund is provided in the form of combining statements included in the other supplementary information.

The Town of Portsmouth adopts an annual appropriated budget for its General Fund and School Unrestricted Fund. Budgetary comparison schedules have been provided for the General Fund and School Unrestricted Fund to demonstrate compliance with these budgets.

Proprietary Funds. The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has five proprietary funds. The Transfer Station Fund accounts for the solid waste operations of the Town. The main transfer station is located on Hedley Street. An additional transfer station is located on Prudence Island to serve the citizens living on the island. The Wind Turbine Fund accounts for activities associated with the Town owned wind turbine. As reported in the notes to this report, the wind turbine has not been in operation and the Town is in the process of having the turbine removed. The other proprietary funds are the School Lunch Fund, Summer School Fund and the Septic System Loan Program fund.

The basic propriety fund financial statements are presented on pages 18-20.

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 statement because resources of those funds are ***not*** available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on pages 21-22.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23-78.

Other Information. In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Portsmouth.

Required supplementary information is presented on pages 79-93.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 94-117.

Government-wide Financial Analysis

TOWN OF PORTSMOUTH, RHODE ISLAND NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	(restated)				(restated)	
	2015	2014	2015	2014	2015	2014
Current & Other Assets	\$ 13,774,174	\$ 15,381,021	\$ 388,140	\$ 236,841	\$ 14,162,314	\$ 15,617,862
Capital Assets, net of accumulated depreciation	\$ 31,464,018	\$ 30,286,698	\$ 2,703,452	\$ 2,704,534	\$ 34,167,470	\$ 32,991,232
Net Pension Asset	\$ 4,865,868	\$ 3,830,144	\$ -	\$ -	\$ 4,865,868	\$ 3,830,144
Total Assets	\$ 50,104,060	\$ 49,497,863	\$ 3,091,592	\$ 2,941,375	\$ 53,195,652	\$ 52,439,238
Deferred Outflows - Pension Related	\$ 7,394,081	\$ 2,342,769	\$ -	\$ -	\$ 7,394,081	\$ 2,342,769
Deferred Outflows on Refunding	\$ 159,208	\$ 189,059	\$ -	\$ -	\$ 159,208	\$ 189,059
Total Deferred Outflows of Resources	\$ 7,553,289	\$ 2,531,828	\$ -	\$ -	\$ 7,553,289	\$ 2,531,828
Current Liabilities	\$ 4,944,184	\$ 5,815,731	\$ 769,344	\$ 364,635	\$ 5,713,528	\$ 6,180,366
Long-term Liabilities	\$ 82,677,333	\$ 80,971,427	\$ 1,460,803	\$ 1,692,299	\$ 84,138,136	\$ 82,663,726
Total Liabilities	\$ 87,621,517	\$ 86,787,158	\$ 2,230,147	\$ 2,056,934	\$ 89,851,664	\$ 88,844,092
Deferred Inflows - Pension Related	\$ 4,120,418	\$ -	\$ -	\$ -	\$ 4,120,418	\$ -
Net Position:						
Net Investment in Capital Assets	\$ 19,065,856	\$ 17,181,434	\$ 1,011,013	\$ 778,209	\$ 20,076,869	\$ 17,959,643
Restricted	\$ 1,457,118	\$ -	\$ 52,185	\$ 41,468	\$ 1,509,303	\$ 41,468
Unrestricted	\$ (54,607,560)	\$ (51,938,901)	\$ (201,753)	\$ 64,764	\$ (54,809,313)	\$ (51,874,137)
Total Net Position	\$ (34,084,586)	\$ (34,757,467)	\$ 861,445	\$ 884,441	\$ (33,223,141)	\$ (33,873,026)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Portsmouth, the net position is \$(33,223,141) as of June 30, 2015 consisting of \$(34,084,586) from governmental activities and \$861,445 from business-type activities. For the fiscal year ended June 30, 2015 \$(54,809,313) of the total \$(33,223,141) in the net position is unrestricted.

Net investment in capital assets comprises \$20,076,869 and \$17,959,643 of net position at June 30, 2015 and 2014, respectively. This category reflects the total invested in capital assets (vehicles, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital asset cannot be used to liquidate these liabilities.

The second category of net assets, restricted net assets, represents net assets that are subject to external restriction on how they may be used. Restricted net assets as of June 30, 2015 totaled \$1,509,303.

The current and other assets are \$14,162,314 at June 30, 2015. Of that balance \$13,774,174 are from governmental activities and \$388,140 are from business-type activities. The total current and other assets consist of \$10,452,075 of cash and cash equivalents, cash on deposit and restricted cash, and investments, \$1,378,274 of property tax receivable, \$490,219 of ambulance receivable, \$659,685 of receivable due from federal and state governments, and \$1,182,061 of other assets.

The current liabilities are \$5,713,528 at the end of fiscal year 2015. Of that balance \$4,944,184 are from governmental activities and \$769,344 are from business-type activities. The total current liabilities consists of \$2,530,228 of short term payables and \$3,183,300 of short term payables related to borrowing.

The long term liabilities are \$84,138,136 at June 30, 2015. Of that balance \$82,677,333 are from governmental activities and \$1,460,803 are from business-type activities. The total long term liabilities consist of \$314,642 of unearned revenue, \$1,641,546 of accrued compensated absences, \$5,032,479 of net OPEB obligation, \$65,573,431 of net pension obligation, and \$11,576,038 of net long term liabilities.

**TOWN OF PORTSMOUTH
STATEMENT OF ACTIVITIES
For the Fiscal Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
<i>Program Revenues:</i>						
Changes for Services	\$ 3,697,119	\$ 4,033,148	\$ 1,078,109	\$ 1,054,618	\$ 4,775,228	\$ 5,087,766
Operating Grants & Contributions	\$ 4,283,641	\$ 2,872,433	\$ 211,539	\$ 200,640	\$ 4,495,180	\$ 3,073,073
Capital Grants & Contributions	\$ 193,000	\$ 115,000	\$ -	\$ -	\$ 193,000	\$ 115,000
<i>General Revenues:</i>						
Property Taxes	\$ 49,267,057	\$ 47,965,049	\$ -	\$ -	\$ 49,267,057	\$ 47,965,049
State Aid	\$ 6,048,181	\$ 6,778,745	\$ -	\$ -	\$ 6,048,181	\$ 6,778,745
Unrestricted Investment Earnings	\$ 11,621	\$ 13,792	\$ 9	\$ 13	\$ 11,630	\$ 13,805
Miscellaneous Revenue	\$ 1,351,979	\$ 1,678,576	\$ -	\$ -	\$ 1,351,979	\$ 1,678,576
	\$ 64,852,598	\$ 63,456,743	\$ 1,289,657	\$ 1,255,271	\$ 66,142,255	\$ 64,712,014
Expenses						
General Government	\$ 6,635,659	\$ 5,992,387	\$ -	\$ -	\$ 6,635,659	\$ 5,992,387
Public Safety	\$ 11,096,478	\$ 9,860,970	\$ -	\$ -	\$ 11,096,478	\$ 9,860,970
Public Works	\$ 3,315,586	\$ 2,870,292	\$ -	\$ -	\$ 3,315,586	\$ 2,870,292
Education	\$ 41,397,051	\$ 38,316,994	\$ -	\$ -	\$ 41,397,051	\$ 38,316,994
Public & Social Services	\$ 1,269,191	\$ 1,376,200	\$ -	\$ -	\$ 1,269,191	\$ 1,376,200
Capital	\$ -	\$ 2,551,459	\$ -	\$ -	\$ -	\$ 2,551,459
Amortization Expense	\$ 29,851	\$ 29,851	\$ -	\$ -	\$ 29,851	\$ 29,851
Interest on Long Term Debt	\$ 428,901	\$ 466,731	\$ -	\$ -	\$ 428,901	\$ 466,731
School Lunch Fund	\$ -	\$ -	\$ 655,980	\$ 644,770	\$ 655,980	\$ 644,770
Transfer Station Fund	\$ -	\$ -	\$ 485,025	\$ 539,373	\$ 485,025	\$ 539,373

Wind Turbine Fund	\$ -	\$ -	\$ 151,307	\$ 155,319	\$ 151,307	\$ 155,319
Non Major Funds	\$ -	\$ -	\$ 27,341	\$ 19,964	\$ 27,341	\$ 19,964
	\$ 64,172,717	\$ 61,464,884	\$ 1,319,653	\$ 1,359,426	\$ 65,492,370	\$ 62,824,310
Change in Net Position before Transfers	\$ 679,881	\$ 1,991,859	\$ (29,996)	\$ (104,155)	\$ 649,885	\$ 1,887,704
Transfers	\$ (7,000)	\$ (788,063)	\$ 7,000	\$ 788,063	\$ -	\$ -
Change in Net Position	\$ 672,881	\$ 1,203,796	\$ (22,996)	\$ 683,908	\$ 649,885	\$ 1,887,704
Net Position, at Beginning of Year (restated)	\$ (34,757,467)	\$ 20,955,767	\$ 884,441	\$ 200,533	\$ (33,873,026)	\$ 21,156,300
Net Position at End of Year	\$ (34,084,586)	\$ 22,129,563	\$ 861,445	\$ 884,441	\$ (33,223,141)	\$ 23,044,004

General revenues include all revenues not required to be reported as program revenues. The total of general revenues for the fiscal year 2015 and 2014 were \$64,852,598 and \$63,456,743 respectively in the governmental activities. Included in these totals were \$1,351,979 and \$1,678,576 of property taxes for the years ended June 30, 2015 and 2014, respectively. There is immaterial general revenue in the business-type activities as it should be program/function specific.

Expenses are presented by function and total \$65,492,370 and \$62,824,310 for the year ended June 30, 2015 and 2014, respectively. In fiscal year 2015 and 2014 expenses in the governmental activities were \$64,172,717 and \$61,464,884 respectively, and in the business-type activities were \$1,319,653 and \$1,359,426 respectively.

Total change in net position was an increase of \$649,885 and \$1,887,704 in fiscal year 2015 and 2014, respectively. The change was primarily due to increase in expenditures.

Financial Analysis of the Town of Portsmouth's Funds

As noted earlier, the Town of Portsmouth uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the Town of Portsmouth governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$10,690,189. Approximately 48% (\$5,189,193) is available for spending at the government's discretion with the Town's total Fund Balance. The remaining fund balance of \$5,500,996 includes \$1,145,154 non-spendable for prepaid items, \$1,457,118 restricted to specific programs, and \$2,898,724 committed and assigned.

The General Fund is the chief operation fund of the Town of Portsmouth. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,131,862, while the total fund balance was \$9,839,427. As a measure of the General Fund's liquidity it may be useful to compare both the unassigned fund balance and total fund balance to the total General Fund budgeted expenditures.

Unassigned fund balance represents 10.6% of the FY 2015 Adopted General Fund Expenditure Budget. While total fund balance represents 17.0% of the same amount.

General Fund Budgetary Highlights

Overall the Town of Portsmouth, Rhode Island finished the 2014-2015 fiscal year with a budgetary surplus of \$314,435.

Major General Fund Revenue Factors:

- Better tax collection in current year and prior years resulted \$450,657 in favor.
- Building fund balance reserve \$258,840 in favor.
- Wind turbine operation discontinued resulted no transfer to WTG fund, in the amount of \$275,000 in favor.
- Fees & licenses and Leases & rentals came in less than budgeted resulted unfavorably.

Major Expenditure Factors:

- Excess overtime in Public Safety and Public Works resulted unfavorably.
- Numerous retirements in Police resulted favorably.
- Melville Pond Campground transitioned to third party management in mid-year, \$104,986 in favor.
- Lower borrowing cost due to AAA rating and favorable market condition, \$247,426 in favor.

Capital Assets and Debt Administration

Capital Assets – The Town of Portsmouth’s capital assets for its government and business-type activities as of June 30, 2015 amounts to \$34,167,470 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park and recreation facilities, infrastructure, and construction in progress.

TOWN OF PORTSMOUTH’S CAPITAL ASSETS AT YEAR END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land & Land Improvements	\$ 4,401,531	\$ 4,333,883	\$ 45,908	\$ 45,908	\$ 4,447,439	\$ 4,379,791
Land Easements	\$ 1,420,000	\$ 1,420,000	\$ -	\$ -	\$ 1,420,000	\$ 1,420,000
Construction in Progress	\$ -	\$ 1,703,566	\$ -	\$ -	\$ -	\$ 1,703,566
Buildings & Improvements	\$ 12,311,104	\$ 12,282,425	\$ -	\$ -	\$ 12,311,104	\$ 12,282,425
Machinery & Equipment	\$ 1,171,977	\$ 1,263,799	\$ 2,657,544	\$ 2,658,626	\$ 3,829,521	\$ 3,922,425
Contraction Equipment	\$ 37,682	\$ 48,812	\$ -	\$ -	\$ 37,682	\$ 48,812
Infrastructure	\$ 10,117,284	\$ 7,096,605	\$ -	\$ -	\$ 10,117,284	\$ 7,096,605
Vehicles	\$ 2,004,440	\$ 2,137,608	\$ -	\$ -	\$ 2,004,440	\$ 2,137,608
	\$ 31,464,018	\$ 30,286,698	\$ 2,703,452	\$ 2,704,534	\$ 34,167,470	\$ 32,991,232

Debt Administration – At the end of the current fiscal year, the Town of Portsmouth had total bonded debt outstanding of \$13,971,094, entirely backed by the full faith and credit of the Town.

**TOWN OF PORTSMOUTH’S OUTSTANDING DEBT AT YEAR END
BONDS, LOANS AND CAPITALIZED LEASES PAYABLE**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 12,278,655	\$ 12,974,182	\$ 1,692,439	\$ 1,926,325	\$ 13,971,094	\$ 14,900,507

State statues limit the amount of general obligation bonded debt a town can issue to 3 percent of net assessed property values. The Town of Portsmouth has a policy that places the limit at 2% and the ratio of annual debt service payments shall not exceed 15% of the operating budget’s expenditures. Bonds approved by the State enabling legislation and voter referendums are exempt from the limit. As of June 30, 2015, the Town had a debt limit of \$64,834,429.

In October of 2015 the Town of Portsmouth was rated as part of a bond offering. Standard and Poor’s rated the Town of Portsmouth at AAA, the highest rating. Moody’s Investors Services rated the Town at Aa2.

Economic Factors and Next Year’s Budget and Rates

The Town of Portsmouth’s total proposed General Fund budget for fiscal year 2016 amounts to \$58,157,942, which reflects an increase of 0.29% over the fiscal 2015 budget. Of the Town’s \$58,157,942 budget, \$30,848,093 or 53% is budgeted for the Portsmouth Public Schools. The Town is budgeted to receive \$4,279,754 from the State of Rhode Island for Aid to Education.

The Town’s tax rate for fiscal year 2016 is 15.80 vs 15.80 for fiscal year 2015.

The Town’s debt service will start to see a decrease in annual debt service as debt is being extinguished. The Town has entered into a contract with a private company to remove the Town owned wind turbine that has been in-operable. As part of this agreement the private company will pay off the existing debt associated with this activity and lease land from the Town to erect their own wind turbine and sell the electricity it produces to the Town.

Request for Information: This financial report is designed to provide a general overview of the Town of Portsmouth’s finances for all those with an interest in the Town’s finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, Town Hall 2200 East Main Road, Portsmouth, RI 02871.

TOWN OF PORTSMOUTH, RHODE ISLAND

A-1

*Statement of Net Position
June 30, 2015*

	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash and cash equivalents	\$ 9,244,470	\$ 51,257	\$ 9,295,727
Cash on deposit at NCRSEP	711,090		711,090
Restricted cash held in escrow		300,000	300,000
Investments	145,258		145,258
Real estate and personal property tax receivable, net	1,378,274		1,378,274
Ambulance receivables	490,219		490,219
Due from federal and state governments	646,866	12,819	659,685
Internal balances	20,738	(20,738)	-
Inventories	57,173	25,345	82,518
Prepaid expenditures	590,534		590,534
Other receivables, net	489,552	19,457	509,009
Total Current Assets	13,774,174	388,140	14,162,314
<i>Noncurrent Assets:</i>			
Capital assets (non-depreciable)	5,457,922	37,251	5,495,173
Capital assets (net of depreciation)	26,006,096	2,666,201	28,672,297
Net Pension asset	4,865,868		4,865,868
Total Non-Current Assets	36,329,886	2,703,452	39,033,338
TOTAL ASSETS	50,104,060	3,091,592	53,195,652
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	7,394,081		7,394,081
Deferred charge on refunding	159,208		159,208
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,553,289	-	7,553,289
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	946,849	127,510	1,074,359
Accrued interest payable	78,395	7,948	86,343
Accrued expenses	1,455,869		1,455,869
Note payable		400,000	400,000
Current portion of long-term debt	2,463,071	233,886	2,696,957
Total Current Liabilities	4,944,184	769,344	5,713,528
<i>Noncurrent Liabilities:</i>			
Unearned revenue	312,392	2,250	314,642
Accrued compensated absences	1,641,546		1,641,546
Net OPEB obligation	5,032,479		5,032,479
Net pension obligation	65,573,431		65,573,431
Long-term liabilities, net	10,117,485	1,458,553	11,576,038
Total Noncurrent Liabilities	82,677,333	1,460,803	84,138,136
TOTAL LIABILITIES	87,621,517	2,230,147	89,851,664
DEFERRED INFLOWS OF RESOURCES			
Pension related	4,120,418		4,120,418
NET POSITION			
Net investment in capital assets	19,065,856	1,011,013	20,076,869
Restricted for specific programs	1,457,118	52,185	1,509,303
Unrestricted	(54,607,560)	(201,753)	(54,809,313)
TOTAL NET POSITION	\$ (34,084,586)	\$ 861,445	\$ (33,223,141)

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

TOWN OF PORTSMOUTH, RHODE ISLAND

A-2

*Statement of Activities
For the year ended June 30, 2015*

<i>Functions/Programs</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 6,635,659	\$ 321,465	\$ 250	\$ -	\$ (6,313,944)		\$ (6,313,944)
Public safety	11,096,478	1,593,544	166,715		(9,336,219)		(9,336,219)
Public services	3,315,586			193,000	(3,122,586)		(3,122,586)
Education	41,397,051	1,190,355	4,093,276		(36,113,420)		(36,113,420)
Community service	1,269,191	591,755	23,400		(654,036)		(654,036)
Interest on long-term debt	428,901				(428,901)		(428,901)
Amortization expense	29,851				(29,851)		(29,851)
Total governmental activities	64,172,717	3,697,119	4,283,641	193,000	(55,998,957)		(55,998,957)
Business-type Activity:							
School lunch fund	655,980	485,336	211,539			\$ 40,895	40,895
Transfer station	485,025	582,891				97,866	97,866
Wind turbine generator fund	151,307	-				(151,307)	(151,307)
Non-major funds	27,341	9,882				(17,459)	(17,459)
Total business type activity	1,319,653	1,078,109	211,539			(30,005)	(30,005)
Totals	\$ 65,492,370	\$ 4,775,228	\$ 4,495,180	\$ 193,000	(55,998,957)	(30,005)	(56,028,962)
General revenues:							
Property taxes and payments in lieu of taxes					49,267,057		49,267,057
State aid, unrestricted					6,048,181		6,048,181
Investment and interest income					11,621	9	11,630
Other revenues					1,351,979		1,351,979
Transfers					(7,000)	7,000	-
Total general revenues					56,671,838	7,009	56,678,847
Change in Net Position					672,881	(22,996)	649,885
Net Position - beginning of year, as restated					(34,757,467)	884,441	(33,873,026)
Net Position - ending of year					\$ (34,084,586)	\$ 861,445	\$ (33,223,141)

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

TOWN OF PORTSMOUTH, RHODE ISLAND

B-1

*Balance Sheet
Governmental Funds
June 30, 2015*

	General Fund	Town Capital Project Fund	School Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 8,642,031	\$ 153,748		\$ 448,691	\$ 9,244,470
Cash on deposit at NCRSEP	711,090				711,090
Investments				145,258	145,258
Real estate and personal property tax receivable (net)	1,378,274				1,378,274
Due from federal and state governments	214,568			432,298	646,866
Due from other funds	4,529,916	213,756	\$ 3,220,012	1,264,818	9,228,502
Ambulance receivable	615,208				615,208
Other receivables	489,552				489,552
Inventory	57,173				57,173
Prepaid expenditures	590,534				590,534
TOTAL ASSETS	<u>\$ 17,228,346</u>	<u>\$ 367,504</u>	<u>\$ 3,220,012</u>	<u>\$ 2,291,065</u>	<u>\$ 23,106,927</u>
LIABILITIES AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts payable	\$ 511,427	\$ 82,000		\$ 34,579	\$ 628,006
Accrued expenses	354,818			1,051	355,869
Due to other funds	4,576,828		\$ 3,100,985	1,529,951	9,207,764
Unearned revenue	33,139			279,253	312,392
Other liabilities	318,843				318,843
TOTAL LIABILITIES	<u>5,795,055</u>	<u>82,000</u>	<u>3,100,985</u>	<u>1,844,834</u>	<u>10,822,874</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable property tax revenue	978,656				978,656
Unavailable Ambulance revenue	615,208				615,208
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,593,864</u>				<u>1,593,864</u>
FUND BALANCES:					
Non-spendable	988,769			156,385	1,145,154
Restricted		285,504	119,027	1,052,587	1,457,118
Committed	2,709,418			179,928	2,889,346
Assigned	9,378				9,378
Unassigned	6,131,862			(942,669)	5,189,193
TOTAL FUND BALANCES	<u>9,839,427</u>	<u>285,504</u>	<u>119,027</u>	<u>446,231</u>	<u>10,690,189</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 17,228,346</u>	<u>\$ 367,504</u>	<u>\$ 3,220,012</u>	<u>\$ 2,291,065</u>	<u>\$ 23,106,927</u>

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

TOWN OF PORTSMOUTH, RHODE ISLAND

B-1 (Continued)

*Reconciliation of the Governmental Funds Balance Sheet (B-1)
to the Government-Wide Statement of Net Position (A-1)
June 30, 2015*

<i>Total Fund Balances - Total Governmental Funds (B-1)</i>	\$ 10,690,189
<i>Amounts reported for governmental activities in the statement of net position differ because:</i>	
Capital assets used in Governmental Activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	
Depreciable capital assets, net of accumulated depreciation	26,006,096
Nondepreciable capital assets	5,457,922
Other long-term assets are recognized as revenue in the period for which they are billed in the Government-Wide financial statements, but are reported as unearned revenue (a liability) in Governmental Fund financial statements.	
Unavailable property tax revenue	978,656
Unavailable ambulance revenue	615,208
Allowance for doubtful accounts for ambulance receivables are not recorded in the Governmental Fund financial statements because they are offset by unearned revenue.	(124,989)
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.	(78,395)
Claims and judgments do not require current financial resources. Therefore, additional accrued expenses are not reported as a liability in Governmental Funds Balance Sheet.	(1,100,000)
Net pension related deferred outflows.	3,273,663
Deferred gain on refunding and premium on bonds are deferred and amortized over the life of the related debt in the Government-Wide Financial Statements, but are reported as an expenditure and other financing source in the year of issuance in the Governmental Fund financial statements.	159,208
Long-term liabilities (including bonds payable, compensated absences and leases payable) are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	(14,222,102)
OPEB liability is recorded in the Governmental Activities, but not recorded in the Governmental Funds.	(5,032,479)
Pension liability is recorded in the Governmental Activities, but not recorded in the Governmental Funds.	(65,573,431)
Pension asset is recorded in the Governmental Activities, but not recorded in the Governmental Funds	<u>4,865,868</u>
<i>Net Position of Governmental Activities (A-1)</i>	<u>\$ (34,084,586)</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

B-2

**Statement of Revenues, Other Financing Sources
Expenditures, Other Financing Uses and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015**

	General Fund	Town Capital Project Fund	School Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
General property taxes and payments in lieu of taxes	\$ 49,727,566				\$ 49,727,566
State aid and grants	6,048,181			\$ 1,345,943	7,394,124
Licenses, permits and fees	266,426				266,426
Charges for services	1,829,031			216,238	2,045,269
Melville Ponds Campgrounds	144,494				144,494
Glen Manor House	447,261				447,261
Rescue wagon income	623,581				623,581
Fines and forfeitures	410,288				410,288
Interest and investment income	773			10,848	11,621
Contributions and private grants				204,133	204,133
Other revenues	911,260		\$ 23,000	7,431	941,691
Intergovernmental pension contribution	1,560,140				1,560,140
Total revenues	<u>61,969,001</u>	<u>\$ -</u>	<u>23,000</u>	<u>1,784,593</u>	<u>63,776,594</u>
Expenditures					
<i>Current:</i>					
General government	4,512,188			52,992	4,565,180
Public safety	10,491,848			201,634	10,693,482
Public works	2,724,434				2,724,434
Education	37,687,824			1,124,537	38,812,361
Public and social services	711,944				711,944
Park & recreation	422,483				422,483
Intergovernmental pension contribution	1,560,140				1,560,140
<i>Debt Service:</i>					
Principal payments	2,200,527				2,200,527
Interest and debt issuance costs	451,497	36,102			487,599
<i>Capital:</i>					
Capital expenditures		1,246,167	1,585,293	471,220	3,302,680
Total expenditures	<u>60,762,885</u>	<u>1,282,269</u>	<u>1,585,293</u>	<u>1,850,383</u>	<u>65,480,830</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>1,206,116</u>	<u>(1,282,269)</u>	<u>(1,562,293)</u>	<u>(65,790)</u>	<u>(1,704,236)</u>
Other financing sources (uses)					
Transfers in	285,000	1,000,000	402,237	108,588	1,795,825
Transfers out	(1,517,825)			(285,000)	(1,802,825)
Bond proceeds	-	1,505,000			1,505,000
Bond premiums	-	41,406			41,406
Net other financing sources (uses)	<u>(1,232,825)</u>	<u>2,546,406</u>	<u>402,237</u>	<u>(176,412)</u>	<u>1,539,406</u>
Net change in fund balances	<u>(26,709)</u>	<u>1,264,137</u>	<u>(1,160,056)</u>	<u>(242,202)</u>	<u>(164,830)</u>
Fund balances (deficit) - beginning of the year	<u>9,866,136</u>	<u>(978,633)</u>	<u>1,279,083</u>	<u>688,433</u>	<u>10,855,019</u>
Fund balances - end of the year	<u>\$ 9,839,427</u>	<u>\$ 285,504</u>	<u>\$ 119,027</u>	<u>\$ 446,231</u>	<u>\$ 10,690,189</u>

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

TOWN OF PORTSMOUTH, RHODE ISLAND

B-3

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (B-2) to the Statement of Activities (A-2)
For the year ended June 30, 2015*

<i>Net Change in Fund Balances - Total Governmental Funds (B-2)</i>	\$ (164,830)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets reported in the period.	3,267,788
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the Governmental fund statements.	(2,090,468)
Long-term compensated absences is reported in the Government-Wide Statement of Activities and Changes in Net Position, but does not require the use of current financial resources. Therefore, compensated absences is not reported as expenditures in Governmental fund financial statements. This is the change in long-term compensated absences for the year.	(176,772)
Repayment of bonds and capital leases is an expenditure in the Governmental Fund financial statements, but the payments reduce long-term liabilities in the Government-Wide financial statements.	2,200,527
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the Governmental Fund financial statements. This is the change in accrued interest for the year.	5,717
Bond proceeds and premiums are reported as other financing sources in the Governmental Fund financial statements. However, the proceeds are recorded as long-term liabilities in the Government-Wide financial statements.	(1,546,406)
Amortization of debt premium on bonds and gains on advance refunding are not reflected in Governmental Fund financial statements.	23,130
Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Fund financial statements.	(290,421)
Claims and judgments expense is reported in the Government-Wide Statement of Activities and Changes in Net Position, but not reported in the Governmental Fund financial statements.	(400,000)
The increase in pension liability is not recorded in the Governmental Fund. The change from prior year is reflected in the Statement of Activities and Changes in Net Position.	367,754
The increase in OPEB liability is not recorded in the Governmental Fund. The change from prior year is reflected in the Statement of Activities and Changes in Net Position.	<u>(523,138)</u>
<i>Change in Net Position of Governmental Activities (A-2)</i>	<u>\$ 672,881</u>

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

TOWN OF PORTSMOUTH, RHODE ISLAND

C-1

*Statement of Net Position
Proprietary Funds
June 30, 2015*

	School Cafeteria Fund	Transfer Station	Wind Turbine Generator Fund	Non-major Summer School	Non-major Septic System Loan Program	Total
ASSETS						
<i>Current assets:</i>						
Cash and cash equivalents	\$ 51,257					\$ 51,257
Restricted cash held in escrow					\$ 300,000	300,000
Due from other governmental units	12,819					12,819
Due from other funds	803,510	\$ 198,155		\$ 26,946	94,657	1,123,268
Accounts receivable		19,457				19,457
Inventory	25,345					25,345
Total current assets	892,931	217,612	\$ -	26,946	394,657	1,532,146
<i>Non-current assets:</i>						
Capital assets:						
Nondepreciable assets		37,251				37,251
Depreciable assets - net	53,277	141,432	2,471,492			2,666,201
Total non-current assets	53,277	178,683	2,471,492	-	-	2,703,452
TOTAL ASSETS	946,208	396,295	2,471,492	26,946	394,657	4,235,598
LIABILITIES						
<i>Current liabilities:</i>						
Accounts payable	53,364	62,955	11,191			127,510
Note payable					400,000	400,000
Current portion of long term debt		34,172	199,714			233,886
Accrued interest payable		108	2,854		4,986	7,948
Prepaid tuition				2,250		2,250
Due to other funds	785,937		341,062	17,007		1,144,006
Total current liabilities	839,301	97,235	554,821	19,257	404,986	1,915,600
<i>Non-current liabilities:</i>						
Bonds payable, net of current portion		34,172	1,424,381			1,458,553
Total non-current liabilities	-	34,172	1,424,381	-	-	1,458,553
TOTAL LIABILITIES	839,301	131,407	1,979,202	19,257	404,986	3,374,153
NET POSITION						
Net investment in capital assets	53,277	110,339	847,397			1,011,013
Restricted for recycling		52,185				52,185
Unrestricted	53,630	102,364	(355,107)	7,689	(10,329)	(201,753)
TOTAL NET POSITION	\$ 106,907	\$ 264,888	\$ 492,290	\$ 7,689	\$ (10,329)	\$ 861,445

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

TOWN OF PORTSMOUTH, RHODE ISLAND

C-2

*Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2015*

	School Cafeteria Fund	Transfer Station	Wind Turbine Generator Fund	Non-major Summer School	Non-major Septic System Loan Program	Total
<i>Operating Revenues:</i>						
Intergovernmental	\$ 211,539					\$ 211,539
Charges for services	485,336	\$ 582,891		\$ 9,882		1,078,109
<i>Total Operating Revenues</i>	696,875	582,891	\$ -	9,882	\$ -	1,289,648
<i>Operating Expenses:</i>						
Cafeteria operations	652,650					652,650
Transfer Station operations		476,453				476,453
Wind Turbine Generator operations			126,409			126,409
Education				17,012		17,012
Depreciation and amortization	3,330	8,572				11,902
<i>Total Operating Expenses</i>	655,980	485,025	126,409	17,012	-	1,284,426
<i>Income (loss) from operations</i>	40,895	97,866	(126,409)	(7,130)	-	5,222
<i>Non-operating Revenues (Expenses):</i>						
Interest expense			(24,898)		(10,329)	(35,227)
Interest income	9					9
Transfer in from School General Fund				7,000		7,000
<i>Net Non-operating Revenues (Expenses)</i>	9	-	(24,898)	7,000	(10,329)	(28,218)
<i>Change in net position</i>	40,904	97,866	(151,307)	(130)	(10,329)	(22,996)
<i>Net position - beginning of the year</i>	66,003	167,022	643,597	7,819	-	884,441
<i>Net position - ending of the year</i>	\$ 106,907	\$ 264,888	\$ 492,290	\$ 7,689	\$ (10,329)	\$ 861,445

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

TOWN OF PORTSMOUTH, RHODE ISLAND

C-3

*Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015*

	School Cafeteria Fund	Transfer Station	Wind Turbine Generator	Non-major Summer School	Non-major Septic System Loan Program	Total
<i>Cash flows from operating activities:</i>						
Cash received from customers	\$ 485,336	\$ 594,031	\$ -	\$ 12,132	\$ -	\$ 1,091,499
Intergovernmental	210,649					210,649
Cash payments to suppliers for goods and services	(663,478)	(481,910)	(115,218)	(17,012)	-	(1,277,618)
<i>Net cash provided by (used in) operating activities</i>	32,507	112,121	(115,218)	(4,880)	-	24,530
<i>Cash flows from non-capital financing activities:</i>						
Operating transfers from other funds				7,000		7,000
Interfund borrowings	(98,597)	(77,949)	341,062	(2,120)	(94,657)	67,739
<i>Net cash provided by (used in) non-capital financing activities</i>	(98,597)	(77,949)	341,062	4,880	(94,657)	74,739
<i>Cash flows from capital-related financing activities:</i>						
Acquisition and construction of capital assets	(10,820)					(10,820)
Interest income	9					9
Proceeds from note payable					400,000	400,000
Cash held in escrow					(300,000)	(300,000)
Principal paid on bonds		(34,172)	(199,714)			(233,886)
Interest paid on bonds			(26,130)		(5,343)	(31,473)
<i>Net cash provided by (used in) capital-related financing activities</i>	(10,811)	(34,172)	(225,844)	-	94,657	(176,170)
<i>Net decrease in cash and cash equivalents</i>	(76,901)		-	-	-	(76,901)
<i>Cash and cash equivalents, beginning of the year</i>	128,158	-	-	-	-	128,158
<i>Cash and cash equivalents, end of the year</i>	\$ 51,257	\$ -	\$ -	\$ -	\$ -	\$ 51,257
<i>Reconciliation of net income (loss) to net cash provided by (used in) operating activities:</i>						
Income (loss) from operations	\$ 40,895	\$ 97,866	\$ (126,409)	\$ (7,130)	\$ -	\$ 5,222
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	3,330	8,572				11,902
Changes in assets and liabilities:						
Due from other governmental units	(890)					(890)
Inventory	(6,189)					(6,189)
Accounts receivable		11,140				11,140
Accounts payable	(4,639)	(5,453)	11,191			1,099
Accrued interest		(4)				(4)
Prepaid tuition				2,250		2,250
Total adjustments	(8,388)	14,255	11,191	2,250	-	19,308
<i>Net cash provided by (used in) operating activities</i>	\$ 32,507	\$ 112,121	\$ (115,218)	\$ (4,880)	\$ -	\$ 24,530

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

TOWN OF PORTSMOUTH, RHODE ISLAND

D-1

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,183,591	\$ 620,473	\$ 706,478
Investments, at fair value	46,569,315		
Accounts Receivable	26,151		268,617
TOTAL ASSETS	<u>47,779,057</u>	<u>620,473</u>	<u>975,095</u>
LIABILITIES			
Deposits held in custody for others			975,095
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>975,095</u>
NET POSITION			
Restricted for pension and OPEB benefits	47,779,057	620,473	
TOTAL NET POSITION	<u>47,779,057</u>	<u>620,473</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 47,779,057</u>	<u>\$ 620,473</u>	<u>\$ 975,095</u>

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

TOWN OF PORTSMOUTH, RHODE ISLAND

D-2

*Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2015*

	Pension Trust Fund	OPEB Trust Fund
<i>Additions:</i>		
Contributions:		
Employer	\$ 4,054,721	\$ 640,072
Plan member	356,531	59,954
Total contributions	<u>4,411,252</u>	<u>700,026</u>
Investment income:		
Net gain on value of investments	397,945	1,126
Net investment income	<u>397,945</u>	<u>1,126</u>
<i>Total additions</i>	<u>4,809,197</u>	<u>701,152</u>
<i>Deductions:</i>		
Benefits paid	3,723,818	618,716
Administrative and other	150,204	6,500
<i>Total deductions</i>	<u>3,874,022</u>	<u>625,216</u>
<i>Changes in net position</i>	935,175	75,936
<i>Net position restricted for pensions - beginning of year</i>	<u>46,843,882</u>	<u>544,537</u>
<i>Net position restricted for pensions - ending of the year</i>	<u>\$ 47,779,057</u>	<u>\$ 620,473</u>

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

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Portsmouth was established in 1638 and incorporated as a Town in 1640. The Town of Portsmouth (the Town) is governed largely under the 1958 Home Rule Charter, which provides for a Council-Administrator form of government. The Town provides various services including education, solid waste disposal, public safety (police and fire), public works, (engineering, highway, recycling, public buildings, parks and recreation), social services and general government services.

As a general rule, the effect of inter-fund activity has been eliminated from the Government-Wide financial statements.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a) The primary government is legally entitled to or can otherwise access the organization's resources.
- b) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c) The primary government is obligated in some manner for the debt of the organization.

The following entity was considered for classification as a component unit for fiscal year 2015:

- * Portsmouth Water and Fire District

The Portsmouth Water and Fire District is a separate legal entity that appoints its own board members, sets its own billing rates and is not fiscally dependent upon the Town of Portsmouth. As a result, the Portsmouth Water and Fire District has not been included as a component unit.

The Town of Portsmouth does not have any component units.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards

The Town has implemented the following new accounting pronouncements:

- ✓ GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, effective for the Town’s fiscal year ending June 30, 2015.
- ✓ GASB Statement No. 69 – Government Combinations and Disposals of Government operations, effective for the Town’s fiscal year ending June 30, 2015.
- ✓ GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68, effective for the Town’s year ending June 30, 2015.

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

- ✓ GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Town’s fiscal year ending June 30, 2016.
- ✓ GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and amendments for certain provisions of GASB Statements No. 67 and No. 68, effective for the Town’s fiscal year ending June 30, 2016.
- ✓ GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Town’s fiscal year ending June 30, 2017.
- ✓ GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Town’s fiscal year ending June 30, 2018.
- ✓ GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Town’s fiscal year ending June 30, 2016.
- ✓ GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Town’s fiscal year ending June 30, 2016.

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

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. The statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund as the primary operating fund of the Town is always a major fund. Other funds are considered major if the fund meets the following criteria:

- (a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- (b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town has the option to designate a fund as major if it desires to do so.

TOWN OF PORTSMOUTH, RHODE ISLAND

***NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015***

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

The funds of the financial reporting entity are described below:

General Fund

The General Fund is used to account for resources devoted to financing the general services the Town performs for its citizens.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specific purposes other than debt service or capital projects.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds

Permanent Funds account for assets held by the Town pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Town's permanent funds are the Sherman Trust Fund and the Cemetery Fund.

Proprietary Funds

Proprietary Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Proprietary Funds include Enterprise and Internal Service Funds. The Town currently maintains five enterprise funds (School Cafeteria Fund, Transfer Station Fund, Wind Turbine Generator Fund, Summer School Fund, and Septic System Loan Program). The Town currently does not have Internal Service Funds.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes eleven agency funds (Soil Fund, Library State Fund, GMH Deposit Fund, Probate Court Fund, Glen Part Damage Deposit Fund, Prescott Point Fund and five Student Activities funds). Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Pension Trust Fund

Pension trust fund is used to account for resources restricted for future pension obligations of the Town. The Town maintains one pension trust fund at June 30, 2015.

OPEB Trust Fund

This fund accounts for resources held in trust for members and beneficiaries of the Town administered retiree health plan.

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
General Fund:	See above for description
Town Capital Project Fund	Accounts for the Town's acquisition or construction of specific capital projects. This fund did not meet the criteria for reporting as a major fund however, management elected to present the fund as a major fund.
School Capital Project Fund	Accounts for the School's acquisition or construction of specific capital projects.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Major and Non-Major Funds (Continued)

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

<u>Fund</u>	<u>Brief Description</u>
Major (Continued):	
Proprietary Funds:	
Wind Turbine Generator Fund	Accounts for the operation of the Town's wind turbine generator.
Transfer Station Fund	Accounts for the Town's transfer station operations. This fund did not meet the criteria for reporting as a major fund however, management elected to present the fund as a major fund.
School Cafeteria Fund	Accounts for the operation of the school breakfast and lunch program of the School Department.
Non-Major:	
Special Revenue Funds:	The Town currently maintains seventy (70) Special Revenue Funds which have been classified as non-major governmental funds.
Capital Project Funds:	The Town of Portsmouth currently maintains twelve (12) Capital Project Funds which have been classified as non-major governmental funds.
Permanent Funds	The Town of Portsmouth currently maintains two (2) Permanent Funds which have been classified as non-major governmental funds.
Proprietary Funds:	
Summer School Fund	Accounts for the operation of the summer school program of the School Department.
Septic System Loan Program	Accounts for activity related to the Town's septic system loan program.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b.) below and the accrual basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflows of resources liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end. Grant revenue (for expenditure reimbursement grants) of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. Substantially all other revenue (excluding municipal court fees and fines, and fire rescue services) of the governmental funds is recognized utilizing the modified accrual method of accounting and as such is recognized as it is earned and available. Municipal court fees and fines and fire rescue services are reported as receivable and unearned revenue until the amounts are collected.
- (b) The proprietary funds and private purpose trust funds utilize "economic resources" measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources associated with their activities are reported, as well as net position.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities, and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds, agency funds, and private purpose trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Taxes are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as non-operating revenues and expenses.

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.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, time and demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Under Rhode Island laws, depository institutions holding deposits of the State, its agencies or governmental subdivision of the State, must insure or pledge eligible collateral equal to 100% of the deposits maturing in greater than sixty days. Any institutions not meeting certain federally prescribed minimum capital standards must insure deposits or pledged collateral equal to 100% of the deposits, regardless of maturities. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risk.

Investments

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund and OPEB trust fund (Managed Funds). The Town's Pension/OPEB Trust Fund Investment Advisory Committee (Committee) is responsible for the supervision of the investment of the Town's Managed Funds investments with the objective of preserving capital and investing with care to minimize the risk of large losses.

Real Estate and Personal Property Tax

For the government-wide financial statements, property taxes are recognized as revenue in the fiscal year they are levied. For the fund financial statements, property taxes are recognized as revenue in the fiscal year they are levied and become available. To be considered available, property taxes must be due and collected during the year or within 60 days subsequent to year-end. Property taxes not considered available are reported as unearned revenues. Taxes are levied in July on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered.

Taxes levied in July are payable quarterly on September 1, December 1, March 1 and June 1. Failure to make payments on the prior year's assessment by mid-March will result in a lien on the taxpayer's property. Real estate and personal property tax are shown net of an allowance for uncollectible accounts. The allowance is calculated based on the age of the individual receivables and amounted to \$378,626 at June 30, 2015 in the governmental statement and statement of net position, respectively.

Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 4.00% over that of the preceding fiscal year.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity (Continued)

Due from federal and state governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectible amounts.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Inventory

Inventory reported in the Town's general fund is maintained on a perpetual system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

Capital Assets and Depreciation

Capital assets are reported in the statement of net position in the government-wide financial statements. Capital assets acquired by governmental funds are reported as capital outlay expenditures.

Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at the fair market value as of the date received. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not incurred during fiscal 2015.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not included in capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity
(Continued)***

Capital Assets and Depreciation (Continued)

The range of estimated useful life by type of asset is as follows:

	<u>Years</u>
Land improvements	20
Buildings and improvements	10-50
Machinery & equipment	4-20
Construction equipment	10
Infrastructure	10-50
Motor vehicles	6-20

Bond Premiums and Issuance Costs

In the governmental funds, bond premiums and issuance costs are treated as period costs in the year issued. Bond issuance costs are included in debt service expenditures and bond premiums are reflected as other financing sources.

In the statement of net position, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds payable. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position, that apply to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2015 the Town of Portsmouth, Rhode Island reports deferred outflows related to pension and deferred charges on refunding in the government-wide statement of net position. The deferred outflow of resources related to pension totaling \$7,394,081 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The deferred charge on refunding totaling \$159,208 for governmental activities is the unamortized balance of the difference between the carrying value of the refunded debt and the new debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity
(Continued)***

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2015 the Town had two items that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unavailable tax revenue represents property taxes receivables which are assessed on December 31, 2013 and prior and are not collected within 60 days of June 30, 2015. Net unavailable property tax revenue included in the fund financial statements was \$978,656 at June 30, 2015. The unavailable ambulance revenue represents ambulance rescue fee receivables that are not collected as of June 30, 2015. Net unavailable ambulance rescue fee revenue included in the fund financial statements was \$615,208 at June 30, 2015. These amounts are deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

Compensated Absences

Under the terms of various contracts and agreements, Town 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. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2015.

The entire compensated absence liability is reported in the statement of net position. For the governmental fund financial statements, accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability not paid with expendable available financial resources is not recorded in the governmental fund financial statements.

Accrued Liabilities and Long-Term Debt

All accrued liabilities and long-term debt are reported in the government wide financial statements.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity (Continued)

Accrued Liabilities and Long-Term Debt (Continued)

For the governmental fund financial statements, the accrued liabilities are generally reported as a 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 fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Fund financial statements until due. For other long-term obligations, only that portion expected to be financed from expendable available financial sources is reported as a fund liability of the governmental fund. The face amount of debt issued is reported as other financial sources.

Interfund Transactions

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds.

Interfund activity within and among the funds of the Town have been classified and reported as follows:

Reciprocal interfund activities:

Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.

Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.

Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.

Non-reciprocal interfund activities:

Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity
(Continued)***

Net Position/Fund Balance Classifications

Government-wide financial statements

Net position has been segregated into the following three components:

- (a) Net investment in capital assets - represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any.
- (b) Restricted - assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to the restricted assets.
- (c) Unrestricted net position – a residual category for the balance of net position.

Fund Balance

Governmental fund balance is classified as fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned as described below:

- **Non-Spendable** – the amount of fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact. At the end of each fiscal year, the Town’s Finance Director and School Department’s Director of Finance and Administration will report the portion of the fund balance that is not in spendable form as Non-Spendable on the annual financial statements.
- **Restricted** – the amount of fund balance that can only be spent on specific expenses due to constraints on the spending because of legal restrictions, outside party creditors, and grantor/donor requirements. The Town’s restricted fund balance amounts are considered to have been spent when an expenditure has been incurred satisfying such restriction. At the end of each fiscal year, the Town’s Finance Director and School Department’s Director of Finance and Administration will report restricted fund balance amounts that have applicable legal restrictions.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity (Continued)

Net Position/Fund Balance Classifications (Continued)

- **Committed** – the amount of fund balance that includes the portion of the spendable fund balance but has constraints on the spending that the Town Council has imposed upon itself by a formal action by vote. This constraint must be imposed prior to the fiscal year end, but the specific amount may be determined at a later date.
- **Assigned** – the amount of fund balance that includes the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by information operational planning. The assigned fund balance represents a “plan” for spending the amount, but it is not restricted or committed. The authority to “assign” fund balance has not been delegated by the Town Council.
- **Unassigned** – the amount of fund balance that is in the General Fund and includes all spendable amounts that are not otherwise contained in the classifications listed above, and therefore, not subject to any constraints or intended use. Unassigned amounts are available for any purpose. These are current resources available for which there are no external or self-imposed limitations or set spending plan. Although there is generally no set spending plan for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received. At the end of each fiscal year, the Town’s Finance Director will report the portion of the unassigned fund balance and will maintain an unassigned fund balance of no less than 8% and no more than 16% of total General Fund Budgeted Operating Expenditures in order to accommodate immediate cash flow and needs for unanticipated expenditures and/or emergencies.

The Town maintains a spending policy that states the Town shall, when possible, expend funds beginning with those funds that have the highest level of restriction first, and will spend those funds with the lowest level of restriction last. It shall be the Town’s Finance Director’s and School Department’s Director of Finance and Administration’s responsibility to ensure the Town’s expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the above policy. See Note 10 for current year classification of fund balance.

Proprietary fund net position is classified the same as in the Government-Wide financial statements.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity
(Continued)***

Claims and Judgments

The Town is exposed with respect to risks including, but not limited to, property damages, personal injury and workers' compensation. In the governmental fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. The Town and the School Department are members of The Trust. The Trust was established to offer a viable alternative to commercial insurance for public entities through intergovernmental pooling of risk. The Trust is a protected, self-insurance plan. The Town pays annual premium for its liability, property and worker's compensation coverage. The membership participation agreement provides that, in return for the payment of the annual premium, the Trust member transfers the financial responsibility for loss, but only according to the conditions of coverage and up to the stated maximum amount of insurance purchased by the Town or School Department. In the Government-Wide financial statements, the estimated liability for all claims and judgments is recorded as a liability and as an expense.

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements.” The details of this \$14,222,102 are as follows:

Bonds and notes payable	\$12,278,655
Deferred bond premiums	119,507
Compensated absences	<u>1,823,940</u>
Total	<u><u>\$14,222,102</u></u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of the reconciliation states that “the governmental funds report principal repayments on debt obligations as an expenditure.” The details of the \$2,200,527 are as follows:

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities (Continued)

Principal payment of bonds and notes payable	<u>\$ 2,200,527</u>
Total	<u><u>\$ 2,200,527</u></u>

Another element of that reconciliation states that, "Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds." Also, the allowance adjustment on the ambulance receivables affects the revenue recorded in the Statement of Activities. The details of this \$290,421 are as follows:

Unavailable property tax revenue,	\$ 460,509
Unavailable ambulance fees, net	<u>(170,088)</u>
Total	<u><u>\$ 290,421</u></u>

2. CASH DEPOSITS AND INVESTMENTS

The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

Deposits

At June 30, 2015, the carrying amount of the Town's cash and cash equivalents was \$11,806,269 (including Fiduciary Funds) while the bank balance was \$12,607,590. Of the bank balance, \$1,508,847 was covered by federal depository insurance and \$11,098,743 was uninsured. The Town has entered into collateralization agreements with various financial institutions and as a result, \$9,838,070 of the uninsured balance at June 30, 2015 was collateralized by securities held by the financial institutes and/or third parties in the name of the Town. Of the remaining uninsured balance, \$1,183,590 was held in money market accounts/funds.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Reconciliation to Government-Wide Statement of Net Position:

Total Cash and Cash Equivalents	\$ 11,806,269
Less: Fiduciary funds cash, including time deposits (not included in the Government-wide statement)	<u>(2,510,542)</u>
Total Cash and Cash Equivalents on A-1	<u>\$ 9,295,727</u>

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town 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 Town has a formal deposit policy for custodial credit risk, which follows State Laws as described below.

Cash on Deposit at NCRSEP

The Town's School Department participates in the Newport County Regional Special Education Program (NCRSEP). The Newport County Region bills for Medicaid services and maintains School's cash related to those billings. At June 30, 2015 cash on deposit with the Newport County Region was \$711,090.

Restricted Cash Held in Escrow

Restricted cash of \$300,000 reported in the Proprietary Funds at June 30, 2015 represents cash held in escrow by Rhode Island Housing for administration of the Town's Septic System Loan Program.

Investments

Investments are stated at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Concentration of Credit Risk

At June 30, 2015, the Town had a diversified portfolio in its General Fund and Pension Trust Funds were invested in various mutual funds. These investments, and their related underlying maturities, consisted of the following:

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk (Continued)

Type of Investment	Fair Value	N/A	0-3 Years	3-5 Years	Over 5 years
Mutual Funds					
Domestic Equity	\$ 12,893,190	\$ 12,893,190	\$ -	\$ -	\$ -
Global Real Estate	2,405,197	2,405,197	-	-	-
International Equity	5,970,589	5,970,589	-	-	-
Emerging Markets	4,255,716	4,255,716	-	-	-
Large Cap Multi-Style Fund Assn, 3%, 6/12/2028	4,527,644	4,527,644	-	-	-
Fixed Income Securities	145,258	-	-	-	145,258
	16,516,979	-	3,176,157	5,468,437	7,872,385
	<u>\$ 46,714,573</u>	<u>\$ 30,052,336</u>	<u>\$ 3,176,157</u>	<u>\$ 5,468,437</u>	<u>\$ 8,017,643</u>

Average ratings of the investments comprising the debt related securities above, as determined by Standards & Poor's are as follows:

	Fixed Income Securities
AAA	\$ 7,811,174
AA	3,943,957
A	2,681,376
BBB	2,080,472
Total	<u>\$ 16,516,979</u>

Interest Rate Risk

The Town's investments are held in mutual funds which do not bear specified interest rates. The rate of return on these investments is dependent on the operating results of the entities included in the portfolio of the mutual funds as well as overall economic conditions.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of financial institution failure, the Town's deposits and/or investments may not be returned. The Town does not believe that it has a significant custodial credit risk as all the investments are registered and held in the name of the Town. Additionally, the Town deposit policy requires that deposits be placed in financial institutions that are FDIC insured. The Town deposits are maintained in high rated financial institutions and the ratings of these institutions is reviewed by management on a periodic basis.

As of June 30, 2015, the following pension investments represent 5% or more of the Town Plan's net position:

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Dimensional Fund Advisors:

Vanguard Total Bond	\$ 7,926,287
Vanguard Total International Bond	\$ 5,278,904
Five Year Fixed income	\$ 3,311,788
US Core Equity 2 Portfolio	\$ 6,286,349
International Vector Equity	\$ 2,697,455
US Vector Equity Portfolio	\$ 6,606,841
Global Real Estate	\$ 2,405,197
Emerging Market Core	\$ 2,716,706

AQR:

International Multi-Style	\$ 2,126,765
Large Cap Multi-Style	\$ 4,527,644

As of June 30, 2015, all of the funds in the OBEB Trust Fund were invested in a bank money market account.

3. BUDGETARY AND LEGAL COMPLIANCE

The General Fund and the Public School Operations Fund are subject to an annual operating budget. The annual operating budgets' appropriation amounts are supported by revenue estimates and can be amended by either a special financial voter referendum or by the Town Council.

Actual revenue and expenditures in the Budgetary Basis Statements of Revenues and Expenditures for the General Fund and the Public School Operations Fund are presented on the budgetary basis which includes the net effect of non-budgeting for certain other items. Thus, the actual revenues and expenditures differ from those in the Governmental Fund financial statements which are presented in accordance with accounting principles generally accepted in the United States of America.

The following individual funds reported deficits in the unreserved fund balances in the fund financial statements at June 30, 2015:

Town:

EMPG 27-229-FY 11 Grant	\$ 310
Click-it or Ticket	\$ 286
Blue Riptide Impaired/Drunk Driver	\$ 448
Child Passenger Safety Grant	\$ 397
2008-2009 Warrants	\$ 19,029
2009-2010 Warrants	\$ 5,742
2012-2013 Warrants	\$ 916,215

School:

Title II	\$ 51
Perkins Grant	\$ 191

These deficits will be funded through loan proceeds, grant funds or transfers from other funds.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 4,037,922			\$ 4,037,922
Land easements	1,420,000			1,420,000
Construction in progress	1,703,566		\$ 1,703,566	-
Total capital assets not being depreciated	<u>7,161,488</u>	<u>-</u>	<u>1,703,566</u>	<u>5,457,922</u>
Depreciable assets:				
Land improvements	637,848	\$ 97,888		735,736
Buildings	21,840,237			21,840,237
Buildings and improvements	7,825,590	854,823	194,852	8,485,561
Machinery and equipment	5,952,127	273,995	34,929	6,191,193
Construction equipment	396,909			396,909
Infrastructure	21,470,962	3,716,127		25,187,089
Vehicles	4,902,066	98,618		5,000,684
Total capital assets being depreciated	<u>63,025,739</u>	<u>5,041,451</u>	<u>229,781</u>	<u>67,837,409</u>
Less accumulated depreciation for:				
Land improvements	341,887	30,240		372,127
Buildings	15,416,463	314,974		15,731,437
Buildings and improvements	1,966,939	441,073	124,755	2,283,257
Machinery and equipment	4,688,328	365,817	34,929	5,019,216
Construction equipment	348,097	11,130		359,227
Infrastructure	14,374,357	695,448		15,069,805
Vehicles	2,764,458	231,786		2,996,244
Total accumulated depreciation	<u>39,900,529</u>	<u>2,090,468</u>	<u>159,684</u>	<u>41,831,313</u>
Governmental Activities				
Capital Assets, net	<u>\$ 30,286,698</u>	<u>\$ 2,950,983</u>	<u>\$ 1,773,663</u>	<u>\$ 31,464,018</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 37,251	\$ -	\$ -	\$ 37,251
Total capital assets not being depreciated	<u>37,251</u>	<u>-</u>	<u>-</u>	<u>37,251</u>
Depreciable assets:				
Land improvements	8,879			8,879
Machinery and equipment	3,227,530	10,820		3,238,350
Total capital assets being depreciated	<u>3,236,409</u>	<u>10,820</u>	<u>-</u>	<u>3,247,229</u>
Less accumulated depreciation for:				
Land improvements	222			222
Machinery and equipment	568,904	11,902		580,806
Total accumulated depreciation	<u>569,126</u>	<u>11,902</u>	<u>-</u>	<u>581,028</u>
Business-Type Activities				
Capital Assets, net	<u>\$ 2,704,534</u>	<u>\$ (1,082)</u>	<u>\$ -</u>	<u>\$ 2,703,452</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 72,690
Public safety	304,876
Public works	572,835
Education	1,005,303
Community service	<u>134,764</u>
Total Depreciation Expense	<u>\$ 2,090,468</u>

Depreciation expense was charged to business-type activities as follows:

School Lunch	\$ 3,330
Transfer Station	<u>8,572</u>
Total Depreciation Expense	<u>\$ 11,902</u>

5. LEASE REVENUE

The Town receives rental payments for a communication tower leased to several communication companies. Future minimum rental payments to be received for these leases are as follows:

	<u>Governmental Activities</u>
June 30, 2016	<u>\$ 99,465</u>
Total	<u>\$ 99,465</u>

6. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Town issues general obligation bonds to provide funds for the acquisition of equipment, as well as construction and improvements to capital facilities. General obligation bonds have been issued for both general governmental and school department activities. In addition, general obligation bonds have been issued to refund previously outstanding general obligation bonds.

The Town's legal debt margin as set forth by State statute is limited to three percent of the total taxable assessed value which approximates \$97,251,643. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. At June 30, 2015, bonds outstanding totaled \$12,278,655.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

7. SHORT-TERM AND LONG-TERM OBLIGATIONS

Notes Payable – Enterprise Fund

At June 30, 2015 the Town had a general obligation bond anticipation note (BAN) in the amount of \$400,000. The note is due on October 22, 2015 with interest at an annual rate of 1.25%. Proceeds from this BAN are utilized to finance the Town’s Septic System Loan Program. The Town had no BANs outstanding at June 30, 2014.

Governmental Activities:

General Obligation Bonds, Revenue Bonds, Refunding Bonds and Loans:

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rate	Date of Maturity	As restated Balance, June 30, 2014	New Issues	Retired	Balance, June 30, 2015	Current Portion
School gymnasium	\$ 3,500,000	6/27/2006	4.00-5.00%	4/1/2026	\$ 2,100,000		\$ 175,000	\$ 1,925,000	\$ 175,000
Portsmouth Middle School sprinklers	\$ 1,900,000	5/16/2007	4.00-5.50%	4/1/2022	1,000,000		125,000	875,000	125,000
General Obligation Refunding Bond - Series A									
Open Space/Recreation Bond	\$ 250,000	5/23/2013	2.350%	2/15/2028	233,682		16,317	217,365	16,626
Town Improvements	\$ 562,000	5/23/2013	2.350%	2/15/2028	525,318		36,681	488,637	37,374
General Obligation Refunding Bond - Series B	\$ 927,000	5/23/2013	.53% -1.70%	2/15/2019	764,000		161,000	603,000	157,000
Portsmouth High School Sprinklers	\$ 1,100,000	8/7/2008	3.75-6.00%	5/15/2024	725,000		75,000	650,000	75,000
School Improvements	\$ 4,655,000	6/4/2009	2.00-5.00%	11/1/2020	3,400,000		515,000	2,885,000	500,000
Open Space/Recreation Bond	\$ 1,980,000	6/15/2010	2.00-4.00%	6/15/2025	1,380,000		150,000	1,230,000	125,000
Town Improvements	\$ 267,000	8/12/2009	4.10%	8/12/2014	26,700		26,700	-	-
School Information Technology	\$ 350,000	8/12/2009	4.10%	8/12/2014	35,000		35,000	-	-
School Information Technology	\$ 350,000	11/4/2010	2-3%	6/30/2016	140,000		69,369	70,631	70,631
School Improvements	\$ 350,000	11/4/2010	2-3%	6/30/2016	140,000		69,369	70,631	70,631
Town Improvements	\$ 345,000	11/4/2010	2-3%	6/30/2016	135,000		69,369	65,631	65,631
Fire Engine Purchase	\$ 970,000	11/4/2010	2-3%	6/30/2016	385,000		193,243	191,757	191,757
Wastewater Plan	\$ 750,000	11/4/2010	2-3%	6/30/2016	300,000		148,650	151,350	151,350
Building Repairs	\$ 350,000	6/12/2012	1.326%	6/30/2017	209,827		69,943	139,884	69,943
Building Repairs	\$ 350,000	6/12/2012	1.326%	6/30/2017	209,827		69,943	139,884	69,943
School Information Technology	\$ 350,000	6/12/2012	1.326%	6/30/2017	209,828		69,943	139,885	69,943
School Projects	\$ 1,100,000	8/28/2013	3.060%	6/30/2028	1,055,000		125,000	930,000	125,000
Town Projects	\$ 1,505,000	10/23/2014	1.75-4%	10/15/2024	-	\$ 1,505,000	-	1,505,000	155,000
Total general obligation bonds, revenue bonds, and loans					12,974,182	1,505,000	2,200,527	12,278,655	2,250,829
Deferred amount for issuance premiums					131,082	41,406	52,981	119,507	29,848
Compensated absences					1,647,168	176,772		1,823,940	182,394
Net pension liability					63,974,567	1,598,864		65,573,431	
Net OPEB Obligation					4,509,341	523,138		5,032,479	
					83,236,340	3,845,180	2,253,508	84,828,012	2,463,071

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

7. SHORT-TERM AND LONG-TERM OBLIGATIONS (CONTINUED)

Business-type Activities:

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rate	Date of Maturity	Balance, June 30, 2014	New Issues	Retired	Balance, June 30, 2015	Current Portion
Enterprise Funds									
General obligation bonds and loans:									
Transfer Station Construction Project	\$ 171,000	6/12/2012	1.326%	6/30/2017	102,515		34,172	68,343	34,172
Wind Turbine Construction Project	\$ 2,600,000	11/4/2008	1.15%	12/15/2022	1,560,001		173,333	1,386,668	173,333
Wind Turbine Construction Project	\$ 400,000	9/4/2008	2.00%	7/15/2023	263,809		26,381	237,428	26,381
Total enterprise fund long-term debt					<u>1,926,325</u>	<u>-</u>	<u>233,886</u>	<u>1,692,439</u>	<u>233,886</u>
Total long-term obligations					<u>\$85,162,665</u>	<u>\$ 3,845,180</u>	<u>\$ 2,487,394</u>	<u>\$86,520,451</u>	<u>\$ 2,696,957</u>

Scheduled annual debt service requirements

At June 30, 2015, scheduled annual debt service requirements for the general obligation bonds, revenue bonds, refunding bonds, loans and capital leases are as follows:

	Governmental Activities			Enterprise Funds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 2,250,829	\$ 408,880	\$ 2,659,709	\$ 233,886	\$ 20,344	\$ 254,230
2017	1,685,826	342,792	2,028,618	233,886	17,368	251,254
2018	1,463,000	292,193	1,755,193	199,714	14,393	214,107
2019	1,415,000	239,820	1,654,820	199,714	11,872	211,586
2020	1,224,000	189,271	1,413,271	199,714	9,351	209,065
2021-2025	3,750,000	415,419	4,165,419	625,525	13,191	638,716
2026-2028	490,000	24,810	514,810	-	-	-
	<u>\$12,278,655</u>	<u>\$ 1,913,185</u>	<u>\$14,191,840</u>	<u>\$ 1,692,439</u>	<u>\$ 86,519</u>	<u>\$ 1,778,958</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

8. RISK MANAGEMENT

Through their operations, the Town and the School Department are exposed to various risks of loss related, but not limited to, torts, general liability, errors and omissions, property losses due to theft, damage, or destruction, and employee injuries, each of which is insured through a public entity risk pool. The Town and the School Department are also exposed to risk loss related to claims for unemployment, for which the Town and the School Department retain the risk of loss.

- a) The Town and the School Department are members of the Rhode Island Interlocal Risk Management Trust (the Trust), a nonprofit public entity risk pool which provides insurance coverage to participants in exchange for an annual premium and a pro-rata share of certain administrative expenses. Coverage is provided in accordance with each member's policy, subject to maximum insurable limits and deductibles, through a pooling of risks among participants, supplemented by commercial reinsurance for excess losses. Management believes the Trust's reserves to be adequate to meet all reported claims, as well as an estimate of potential claims for losses incurred but not reported. Accordingly, no accrual has been made for potential liabilities arising from risks once they have been transferred to the Trust. The Town and the School Department are members of the Trust, a joint purchasing group which provides health and dental insurance coverage to participants in exchange for a premium. There have been no significant reductions in insurance coverage during the year ended June 30, 2015.

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

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

The Group agreement provides the Trust's Board of Directors a discretionary, fully allocable assessment feature with respect to specified circumstances. After it has been a member of the Trust for an initial three year period, a member may withdraw from the Trust by providing the Trust's Board of Directors with 90 days notice.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

9. INTERFUND BALANCES

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

Interfund receivables and payables are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 4,529,916	\$ 4,576,828
Town Capital Project Fund	213,756	-
School Capital Project Fund	3,220,012	3,100,985
Non-Major Governmental Funds	1,264,818	1,529,951
Proprietary School Cafeteria Fund	803,510	785,937
Proprietary Transfer Station Fund	198,155	-
Proprietary Wind Turbine Generator Fund	-	341,062
Non-Major Proprietary Funds	121,603	17,007
Totals	<u>\$10,351,770</u>	<u>\$10,351,770</u>

10. FUND BALANCES

The Town has classified governmental fund balances at June 30, 2015 as follows:

Nonspendable

Permanent Funds

Perpetual care and endowment permanent funds \$ 156,385

General Fund

Prepaid expenses 590,534

Inventory 57,173

Advances to other fund 341,062

Total Nonspendable Fund Balance \$ 1,145,154

Restricted

Town special revenue funds \$ 336,444

School special revenue funds 386,627

Town capital project funds 590,657

School capital project funds 143,390

Total Restricted Fund Balance \$ 1,457,118

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

10. FUND BALANCES (CONTINUED)

Committed	
Committed for education	\$ 2,709,418
Committed for preservation and maintenance of Glen Manor property	<u>179,928</u>
Total Committed Fund Balance	<u>\$ 2,889,346</u>
Assigned	
Open space	<u>\$ 9,378</u>

11. POST EMPLOYMENT HEALTH CARE BENEFITS

Other Post-Employment Benefits (OPEB) – Town Employees

Plan Description

Through its single-employer defined benefit plan (OPEB Plan), the Town provides postretirement healthcare benefits to all Town employees who meet years of service and age requirements. For police and fire employees, upon death of the retiree, health care coverage continues to unmarried surviving spouse and dependent children up to age 10. For general employees, retiree health care coverage is discontinued upon death of the retiree. The plan's provisions may be amended by the Town and the Trustees of the plan. The trust is accounted for as an OPEB trust fund in the Town's financial statements.

The most recent actuarial valuation for the OPEB Plan was performed as of June 30, 2015.

Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The OPEB activity is accounted for on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan. Administration costs are generally financed through the Town's General Fund.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – Town Employees (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

b. Benefits and Employee Contributions:

The Trust paid 100% of the amount for medical and dental costs incurred by eligible retirees, which totaled \$618,716 for the year ended June 30, 2015.

Public Works, Fire and Police contributed 0.25%, 1.5% and 1.0% of salary respectively, to the OPEB Trust which amounted to \$59,954 for the year ended June 30, 2015.

The Town pays 100% of the cost of the individual health care and dental insurance for all retired eligible employees until Medicare eligibility, except for Public Works employees who contribute 20% of the medical and dental premiums.

c. Covered Participants

As of June 30, 2015, the membership census is as follows:

Active Employees	
Active with coverage	96
Active without coverage	13
Retirees and beneficiaries	<u>43</u>
Total	<u><u>152</u></u>

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based upon the annual required contribution (ARC), 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 the normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation as of June 30, 2015.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – Town Employees (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual Required Contribution	\$ 1,313,035
Interest on Net OPEB obligation	194,264
Adjustment to annual required contribution	<u>(247,805)</u>
 Annual OPEB Cost	 1,259,494
 Implicit rate subsidy	 (86,212)
Employer contribution for pre-funding	(21,466)
Contributions made during the year	<u>(618,716)</u>
 Increase in net OPEB obligation	 533,100
Net OPEB obligation at Beginning of Year	<u>3,707,334</u>
 Net OPEB obligation at End of Year	 <u>\$ 4,240,434</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan for past three years, and the net OPEB obligation as of June 30, 2013, 2014 and 2015 are as follows:

<u>Year Ended June 30</u>	<u>OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,256,912	63.70%	\$ 3,268,590
2014	\$ 1,207,670	63.70%	\$ 3,707,334
2015	\$ 1,259,494	57.70%	\$ 4,240,434

Funded status and funding progress:

As of June 30, 2015, the funded status and funding progress were as follows:

Funded ratio	4.00%
Actuarial accrued liability for benefits	\$13,554,244
Actuarial value of assets	\$ 544,427
Unfunded actuarial accrued liability (UAAL)	\$13,009,817
Covered payroll	\$ 6,287,866
UAAL to covered payroll	206.90%

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – Town Employees (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial Methods and Assumptions

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

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

Some key assumptions are as follows:

Measurement date:	June 30, 2015, rolled back to July 1, 2014
Cost method:	Projected Unit Credit
Employer Funding Policy	Partially pre-funded by active employees' contributions
Discount rate:	5.24%, partially funded
Amortization:	Level dollar amount over 30 years based on an open group
Participation:	100% of active and inactive employees with current health coverage, 0% for employees with no health coverage
Health Care Trend Rates:	
Medical / Rx	9.0% per year, decreasing by 0.5% per year to an ultimate rate of 5.0% per year.
Dental	5.0% per year, decreasing by 0.25% per year to an ultimate rate of 4.0% per year.
Vision	3.0% per year.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – School Department Employees

Plan Description

The School Department maintains and administers a single-employer OPEB benefit plan that covers all School Department employees with fifteen years of service. The plan provides health benefits and dental insurance benefits to eligible retired employees and their beneficiaries. The plan's provisions may be amended by the Portsmouth School Committee and the Trustees of the plan. The School Department has not yet established a Trust to pre-fund OPEB liabilities. Accordingly, the OPEB activity is accounted for in the School Unrestricted Fund in the Town's financial statements.

Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The OPEB activity is accounted for on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan. Administrative costs are generally financed through the School Unrestricted Fund.

b. Benefits and employee contributions:

For the year ended June 30, 2015 the School Department Trust paid 100% of the cost of individual health care insurance and dental insurance benefits for all retired eligible employees, AFSCME and At-Will employees for six years, NEA (Teachers) and Administrators for nine years, capped at the premium cost at the time of retirement. The amounts due for these benefits are funded on an at-will basis. Employees who decline health coverage at retirement are eligible to receive a one-time payment of \$3,500.

In 2012, the School Department changed the retiree health benefits provisions. The School Department's explicit subsidy will be discontinued once the retiree becomes Medicare eligible, even if they are still within the first six years of retirement. Medicare eligible retirees may not be enrolled in the School Department's plan unless they are among the grandfathered current retirees who can remain in the School Department's Medicare Supplement plan. Premium reimbursement benefit for employees who decline health care at retirement will be discontinued once the retiree is eligible for Medicare, even if they are still within the first six years of retirement.

Effective July 1, 2015, individual contract employees, which includes At-Will employees and those that are non-NEA and non-AFSCME are no longer eligible for retiree health benefits.

School Department funds post-retirement benefits on a pay-as-you go basis, which totaled \$275,838 for the year ended June 30, 2015.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

c. Covered Participants

As of June 30, 2015, the membership census is as follows:

Active employees	
With coverage	230
Without coverage	51
Ineligible Actives	20
Retirees and beneficiaries	<u>69</u>
Total	<u><u>370</u></u>

Annual OPEB Cost and Net OPEB Obligation

The School's annual OPEB cost (expense) is calculated based upon the annual required contribution (ARC), 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 the normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the School's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School's net OPEB obligation as of June 30, 2015.

Annual Required Contribution	\$ 461,368
Interest on net OPEB obligation	32,080
Adjustment to annual required contribution	<u>(72,133)</u>
Annual OPEB cost	421,315
Implicit rate subsidy	(155,439)
Contributions made during the year	<u>(275,838)</u>
Decrease in net OPEB obligation	(9,962)
Net OPEB obligation at beginning of year	<u>802,007</u>
Net OPEB obligation at end of year	<u><u>\$ 792,045</u></u>

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan for past three years, and the net OPEB obligation as of June 30, 2013, 2014 and 2015 are as follows:

Year Ended June 30	OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 502,642	96.80%	\$ 838,559
2014	\$ 426,916	108.60%	\$ 802,007
2015	\$ 421,315	102.36%	\$ 792,045

Funded status and funding progress:

As of June 30, 2015, the funded status and funding progress were as follows:

Funded ratio	0.00%
Actuarial accrued liability for benefits	\$ 3,922,350
Actuarial value of assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 3,922,350
Covered payroll	\$19,008,574
UAAL to covered payroll	20.60%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

Actuarial Methods and Assumptions

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

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

Some key assumptions are as follows:

Measurement date:	June 30, 2015, rolled back to July 1, 2014
Cost method:	Projected Unit Credit
Employer Funding Policy:	Pay-as-you-go
Discount rate:	4.0%, unfunded
Amortization:	Level dollar amount over 15 years based on an open group
Participation:	100% of active non-certified employees and inactive employees with current health coverage, 80% of active certified employees with current health coverage, and 100% of active and inactive employees with no coverage (assumed to receive premium reimbursement benefit).
Health Care Cost Trend Rates:	9.0%, decreasing by 0.5% annually to an ultimate rate of 5.0%.

12. PENSION PLANS

(a) Town of Portsmouth Retirement Plan

Plan Description

The Town Retirement Plan is a single employer, contributory defined benefit pension plan which provides retirement, disability and death benefits to all full-time employees of the Town except School Department personnel certified by the Rhode Island Department of Education (Certified Employees) who are eligible to participate in the Employees' Retirements System of the State of Rhode Island and Police and Public Works employees hired on or after July 1, 2010. The Plan was established in accordance with the Town Charter and State statutes. The plan is reported as a Pension Trust Fund in the Town's financial statements.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Plan Membership

At June 30, 2015 pension plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	153
Inactive employees entitled to but not yet receiving benefits	7
Active members	<u>160</u>
 Total	 <u><u>320</u></u>

Benefit Provisions and Contributions

The following benefit provision and contribution requirements were established and may be amended by Town ordinance.

Any participant, who has attained his or her normal retirement date, as defined in the plan, is eligible for a normal retirement benefit. The monthly benefit payable upon normal retirement is based on average monthly salary multiplied by credited service as follows:

Police Employees 60% of average monthly earnings reduced plus 2% for each year beyond 20 years subject to a maximum of 70%. Does not apply to Police employees hired after July 1, 2010.

An employee's average monthly earnings are defined as the highest gross annual salary during the last three years of employment. Gross annual salary includes base salary and longevity, but excludes overtime, clothing allowance, holiday pay, and any forms of compensation.

Fire Employees 20 years of credited service.

For service before July 1, 2013: 3% of average monthly earnings per year of credited service to a maximum of 20 years plus 2% for each year beyond 20 years.

For service on or after July 1, 2013: 1% of average monthly earnings per year of credited service.

Fire Deputy and Fire Chief: 3% of average monthly earnings per year of credited service to a maximum of 20 years plus 2% for each year beyond 20 years.

The maximum benefit is 74% of average monthly earnings.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Benefit Provisions and Contributions (Continued)

Fire employees

An employee's average monthly earnings are defined as the highest gross annual salary during the last three years of employment. Gross annual salary includes base salary, longevity and E.M.T bonus, but excludes overtime, clothing allowance, holiday pay and any other forms of compensation.

Employees hired on or after July 1, 2013 are not entitled to Normal Retirement Benefits.

Town Non-Management

Age and Service Requirement: Age 60 with 10 years of credited service.

For service before July 1, 2013: 2.5% of average monthly earnings per year of credited service.

For service on or after July 1, 2013, 1% of average monthly earnings per year of credited service.

Benefit is reduced pro-rata if less than 20 years of service.

The maximum benefit is 67.5% of average monthly earnings.

Town Management

Age and Service Requirement: Age 60 with 10 years of credited service.

3.0% of average monthly earnings per year of credited service for up to 20 years of service, plus 2.0% of average monthly earnings per year of credited service to a maximum of 74%. For benefit accrual purposes, credited service is frozen as of July 1, 2014. Benefit is reduced prorata for less than 20 years of service.

All employee's average monthly earnings are defined as the highest annual salary (base salary and longevity for Non-Management) during the three years of employment.

Town Hall employees hired on or after July 1, 2012 are not eligible to participate in this Plan.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Benefit Provisions and Contributions (Continued)

School Employees

Age 60 with 10 years of credited service

Non-Certified:

For service before October 1, 2013: 2.5% of average monthly earnings per year of credited service.

For service on or after October 1, 2013: 1% of average monthly earnings per year of credited service.

Benefit is reduced pro-rata if less than 20 years of service.

Non-certified employees hired after July 1, 2012 and before October 1, 2013 were transferred to the defined contribution plan effective October 1, 2013.

Management:

2.5% of average monthly earnings per year of credited service. Benefit is reduced pro-rata for less than 20 years of service.

An employee's average monthly earnings are defined as gross annual salary averaged over the highest three years of employment.

School Department employees who are not School Management, who are hired on or after October 1, 2013 are not eligible in this Plan.

Public Works Employees

Age and Service Requirement: Age 60 with 10 years of credited service.

For employees with less than 10 years of credited service at July 1, 2013 who were hired before June 30, 2010: 2.5% of average monthly earnings per year of credited service for a maximum of ten years. Benefit is reduced pro-rata if less than 20 years of service.

For employees with 10 or more years of service as of June 30, 2013: 2.5% of average monthly earnings per year of credited service prior to July 1, 2013 to a maximum of 67.5%. Benefit is reduced pro-rata if less than 20 years of service.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. *PENSION PLANS (CONTINUED)*

(a) Town of Portsmouth Retirement Plan (Continued)

Benefit Provisions and Contributions (Continued)

Public Works Employees An employee's average monthly earnings are defined as annual salary (base salary and longevity) averaged over the final five years of employment.

Employees hired on or after July 1, 2010 are not entitled to Normal Retirement Benefits.

Employees are required to contribute to the Plan as follows:

Fire employees 4.0% of base pay; Fire Deputy and Fire Chief: 10.0% of gross annual earnings inclusive of base salary, longevity, EMT bonus and holiday pay.

No contribution for employees hired on or after July 1, 2013.

Police employees 9.0% of gross annual earnings.

No contributions for employees hired on or after July 1, 2010.

School employees **Non-Certified:** 4% of gross annual salary.

Management: 6% of gross annual salary. 2% of gross annual salary for employees hired before July 1, 1991.

Town employees **Non-management:** Effective July 1, 2014, 6% of base salary.

Management: No employee contributions after July 1, 2014.

Public Works employees For participants with less than 10 years of service who are eligible for an Option 1 benefit, 4.0% of annual salary, until participant has accrued 10 years of service.

No employee contributions after July 1, 2013 for other employees

The Town is required to contribute an amount determined in accordance with the actuarial valuation. The Town's contributions for the Town's Retirement Plan for the fiscal years ended June 30, 2015, 2014 and 2013 were \$4,054,721, \$2,792,576 and \$2,782,947, respectively.

Actuarial Methods and Significant Assumptions

Basis of Accounting – The Town Retirement Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

Method Used to Value Investments – Investments are reportable at fair value.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Investments

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund and OPEB trust fund (Managed Funds). The Town's Pension/OPEB Trust Fund Investment Advisory Committee (Committee) is responsible for the supervision of the investment of the Town's Managed Funds investments with the objective of preserving capital and investing with care to minimize the risk of large losses.

Asset Class	Target Allocation
Equities	65%
Fixed Income	34%
Cash and Cash Equivalents	<u>1%</u>
Total	<u><u>100%</u></u>

Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets and annual requirement contributions for the Plan were performed annually through June 30, 2015.

Net Pension Liability

The components of the net pension liability of the Pension System at June 30, 2015 were as follows:

Total pension liability	\$ 84,662,311
Plan fiduciary net position	\$ 47,752,906
Town's net pension liability	\$ 36,909,405
Plan fiduciary net position as a percentage of the total pension liability	56.40%

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Net Pension Liability (Continued)

Healthy mortality rates are based on RP-2014 Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally using Scale SSA-2014 2D from 2006. Disabled retire mortality rates are based on RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally using Scale SSA-2014 2D from 2006 and set forward 5 years.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.23%
International developed market equities	6.71%
International emerging markets equity	8.95%
Core fixed income	1.56%
Real Estate	4.09%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made as the current contribution rate and that the Town of Portsmouth's contributions will be made as the actuarially determined contribution rates. 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 of the Pension System, calculated using the discount rate of 6.75%, as well as what the Pension System's net pension liability would be if it were calculated using a discount rate that is 1-percentage -point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Sensitivity of the net pension liability to changes in the discount rate (Continued)

	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net pension liability as of June 30, 2015	\$ 49,211,166	\$ 36,909,405	\$ 26,954,383

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

For the year ended June 30, 2015, the Town recognized pension expense of \$4,280,699. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 983,706	\$ -
Changes in assumptions	1,875,079	-
Changes in benefit terms	-	-
Net difference between projected and actual earnings on pension plan investments	2,324,031	-
Total	\$ 5,182,816	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Recognition
2016	\$ 1,295,704
2017	1,295,704
2018	1,295,704
2019	1,295,704
Total	\$ 5,182,816

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(a) Town of Portsmouth Retirement Plan (Continued)

Funded Status of Plan

The required supplementary information which follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing and decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress with an actuarial valuation date of July 1, 2015:

Actuarial Value of Asset	\$ 47,537,913
Actuarial Accrued Liability (AAL)	<u>84,662,311</u>
Unfunded AAL (UAAL)	<u><u>\$(37,124,398)</u></u>
Funded Ratio	56.15%
Covered Payroll	\$ 7,969,261
UAAL as a percentage of covered payroll	465.84%

(b) Employees' Retirement System – Teachers (ERS)

General Information about the Pension Plan

Plan Description

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

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.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(b) Employees' Retirement System – Teachers (ERS) (Continued)

General Information about the Pension Plan (Continued)

Benefit Provisions (Continued)

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 covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, Town teachers were required to contribute 3.75% of their annual covered salary. The State and the Towns 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 Town; the rates were 9.19% and 13.41% of annual covered payroll for the fiscal year ended June 30, 2015 for the State and Town, respectively. The Town contributed \$2,188,388, \$2,079,773 and \$1,862,615 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(b) Employees' Retirement System – Teachers (ERS) (Continued)

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

At June 30, 2015, the Portsmouth School Department reported a liability of \$28,664,026 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town's School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Portsmouth School Department were as follows:

Portsmouth School Department proportionate share of the net pension liability	\$28,664,026
State's proportionate share of the net pension liability associated with the Portsmouth School Department	<u>19,656,243</u>
Total Net Pension Liability	<u><u>\$48,320,269</u></u>

The net pension liability was measured as of June 30, 2014, 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, 2013 rolled forward to June 30, 2014. The Town's School Department proportion of the net pension liability was based on a projection of the Town's School Department 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, 2014 the Town's School Department proportion was 1.18%.

Subsequent to June 30, 2014 (the measurement date), 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.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(b) Employees' Retirement System – Teachers (ERS) (Continued)

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

- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%.

For the year ended June 30, 2015 the Town's School Department recognized gross pension expense of \$3,359,035 and revenue of \$1,366,425 for support provided by the State. At June 30, 2015 the Town's School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Contributions subsequent to the measurement date	<u>\$ 2,188,388</u>
Deferred Inflows of Resources	
Change of assumptions	\$ 1,015,335
Net difference between projected and actual earnings on pension plan investments	<u>2,468,279</u>
Total	<u>\$ 3,483,614</u>

\$2,188,388 reported as deferred outflows of resources related to pensions resulting from the Town's School Department contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(b) Employees' Retirement System – Teachers (ERS) (Continued)

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

	<u>Year Ended June 30</u>
2016	\$ 760,824
2017	760,824
2018	760,824
2019	760,824
2020	143,754
Thereafter	<u>296,564</u>
Total	<u>\$ 3,483,614</u>

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 6.50%
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, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(b) Employees' Retirement System – Teachers (ERS) (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge Funds	8%	4.75%
Absolute Return Hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
Total	<u>100%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount Rate

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

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(b) Employees' Retirement System – Teachers (ERS) (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate (Continued)

	Current	
1% Decrease	Discount Rate	1% Increase
6.50%	7.50%	8.50%
\$35,898,150	\$28,664,026	\$21,281,465

Pension Plan Fiduciary Net Position

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

(c) Teachers Defined Contribution Pension Plan

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% (7% for teachers not covered by social security) of their annual covered salary and employers contribute 1% (3% for teachers not covered by social security) of the member's compensation. 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.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

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

The Town's School Department recognized pension expense of \$496,868, for the fiscal year ended June 30, 2015.

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

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(d) Teachers Survivor Benefits

General Information about the Pension Plan

Plan Description

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

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

Eligibility and Plan Benefits

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

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

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

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(d) Teachers Survivor Benefits (Continued)

Eligibility and Plan Benefits (Continued)

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

Highest Annual Salary	Basic Monthly Spouses' Benefit
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

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

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

Contributions

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

The Town's School Department contributed \$22,877, \$23,654 and \$23,232 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

12. PENSION PLANS (CONTINUED)

(d) Teachers Survivor Benefits (Continued)

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

At June 30, 2015 the Town's School Department reported an asset of \$4,865,868 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Town's School Department proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014 the Town's School Department proportion was 3.91%.

For the year ended June 30, 2015 the Town's School Department recognized pension expense of \$(375,077) – an increase in the net pension asset. At June 30, 2015 the Town's School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	\$ 22,877
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Deferred Inflows of Resources

Change of assumptions	\$ -
Net difference between projected and actual earnings on pension plan investments	636,804

Total	\$ 636,804
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\$22,877 reported as deferred outflows of resources related to pensions resulting from the Town's School Department contributions in fiscal year 2015 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(d) Teachers Survivor Benefits (Continued)

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

	<u>Year Ended June 30</u>	
2016	\$	159,201
2017		159,201
2018		159,201
2019		<u>159,201</u>
Total	\$	<u>636,804</u>

Actuarial Assumptions

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

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

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

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

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

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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission’s investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(d) Teachers Survivor Benefits (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge Funds	8%	4.75%
Absolute Return Hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
Total	<u>100%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount Rate

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

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

12. PENSION PLANS (CONTINUED)

(d) Teachers Survivor Benefits (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate (Continued)

	Current		
1% Decrease	Discount Rate	1% Increase	
6.50%	7.50%	8.50%	
<hr/>			
\$ 4,169,978	\$ 4,865,868	\$ 5,561,655	

Pension plan fiduciary net position

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

13. DEFERRED COMPENSATION PLAN

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to certain municipal employees, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

During the year ended June 30, 2000, the Town implemented the Governmental Accounting Standards Board, Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have been removed from the Town's financial statements.

14. CONTINGENT LIABILITIES AND COMMITMENTS

The Town is a defendant in various lawsuits. Although the outcome of most of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of some of these matters may have a material effect on the financial condition of the government. The Town has appropriately provided for these matters.

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material. Currently, there are no reviews taking place.

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

14. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

The School Department participates as part of the East Bay Collaborative for the school lunch program administered by the Compass Group, USA, Inc. through its Chartwells Division under five one year agreements.

The School Department had a five year agreement, through June 30, 2015, with First Student to provide busing for the School Department based on the rate schedule specified in the agreement. Busing costs associated with this agreement totaled approximately \$1,702,000 for the year ended June 30, 2015. The School Department has subsequently entered into a new 5-year contract with First Student, effective July 1, 2015 through June 30, 2020, for a total cost of approximately \$8,870,000 (or \$1,774,000 per year).

15. JOINT VENTURE

The Portsmouth School Department (PSD), in conjunction with three other member school departments, participates in a joint venture entitled the Newport County Regional Special Education Program (NCRSEP). NCRSEP was formed to provide services to qualified special needs students in the four towns. Each town is assessed its share of the NCRSEP annual operating budget based on the allocation formula approved by the NCRSEP Board of Directors. Each town pays salaries and employee benefits directly to the teachers and aides on their respective payroll that work directly for the program; such amounts are deducted from the gross annual assessment. The towns have no equity interest in the net assets of NCRSEP.

At June 30, 2015, a total of \$711,090 in Medicaid reimbursements due to PSD has been recorded as a liability of NCRSEP. This amount represents Medicaid reimbursements received by NCRSEP in excess of the budgeted receipts for Portsmouth. Separately audited financial statements of NCRSEP are available at Newport County Regional Special Education Program, Oliphant Lane, Middletown, RI 02842.

At its October 14, 2014 meeting, the Portsmouth School Committee voted to withdraw from and terminate its relationship with the NCRSEP effective June 30, 2015. Beginning July 1, 2015, special education services for qualified special needs students residing in the Town of Portsmouth will be provided by the Portsmouth School Department.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

16. SUBSEQUENT EVENTS

In November 2015, the Town issued \$4,860,000 of General Obligation Bonds, of which \$4,445,000 will be used to finance various capital projects and \$415,000 will be used to finance the Town's Septic System Loan Program. At the same time, the Town also issued \$1,615,000 of General Obligation Bond Anticipation Notes (BANs) to refinance debt associated with the Town's Wind Turbine Project.

Wind Turbine

The Town's wind turbine installed at the Portsmouth High School in fiscal year 2009 failed in June 2012 due to issues with the gearbox. The Town was unable to seek remedies from the manufacturer as they were no longer in business. Unable to operate, the turbine did not generate revenue to service the related debt, and funds were advanced to the operation to meet legal obligations.

If fiscal year 2015, the Town entered into an agreement with WED Portsmouth One LLC which stated that in exchange for a single payment of \$1.51 million from WED Portsmouth One LLC they could operate a wind turbine on the site. WED Portsmouth One LLC will remove the wind turbine and install a new turbine on the site. They will be able to operate the turbine for 25 years with the option for an additional 5 years and will establish a separate fund to have the turbine decommissioned and removed at the end of the term. Based on the financial performance of the turbine, the Town of Portsmouth may be entitled to additional compensation in later years of the agreement. The Town will use the payment from WED Portsmouth One LLC to pay debt related to the original turbine.

The Town of Portsmouth also agreed to purchase its electricity from WED Portsmouth One LLC at market rate with a floor of \$0.155 per kwh.

In November 2015, the Town and WED Portsmouth One LLC entered into several amendments to their original agreement, extending the date for removal of existing turbine and postponing the related closing to no later than May 1, 2016.

17. RESTATEMENT

The net position of the Governmental Activities has been restated as of June 30, 2014 to reflect the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The following reflects the effect of implementation of GASB Statements No. 68 and 71:

Governmental Activities:

Net position, June 30, 2014 as originally stated	\$ 22,159,563
Implementation of GASB Stmts. No. 68 & 71	<u>(56,917,030)</u>
Net position, June 30, 2014 as restated	<u>\$ (34,757,467)</u>

Required Supplementary Information

TOWN OF PORTSMOUTH, RHODE ISLAND

E-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
Revenues				
Property taxes	\$ 47,698,386	\$ 47,698,386	\$ 47,818,323	\$ 119,937
PILOT - Housing Authority	10,000	10,000	-	(10,000)
Prior year collections	1,500,000	1,500,000	1,830,720	330,720
School housing aid	395,156	395,156	445,823	50,667
Hotel & meal	190,000	190,000	195,457	5,457
Public service corporation	216,929	216,929	214,568	(2,361)
MV excise	84,872	84,872	78,523	(6,349)
State library	103,446	103,446	-	(103,446)
Muni incentive	82,517	82,517	82,157	(360)
Fees & licenses	2,457,850	2,457,850	2,288,886	(168,964)
Leases & rentals	900,846	900,846	831,580	(69,266)
Total revenues	<u>53,640,002</u>	<u>53,640,002</u>	<u>53,786,037</u>	<u>146,035</u>
Expenditures				
Town Council	18,566	18,566	20,779	(2,213)
Town administration	234,432	234,432	235,048	(616)
Town clerk	349,211	349,211	296,359	52,852
Canvassing	173,813	173,813	165,687	8,126
Planning board	27,662	27,662	58,305	(30,643)
Economic development	28,500	28,500	-	28,500
Finance	2,348,963	2,348,963	2,442,352	(93,389)
Legal	232,000	232,000	224,277	7,723
Tax assessor / collector	402,300	402,300	387,555	14,745
Police	5,468,203	5,468,203	5,010,416	457,787
Harbormaster	56,201	56,201	51,057	5,144
Animal control	108,183	108,183	108,541	(358)
Pl special service	90,540	90,540	91,899	(1,359)
Fire	4,547,800	4,547,800	5,229,935	(682,135)
Public works	2,501,503	2,501,503	2,724,434	(222,931)
Building inspection	230,116	230,116	227,471	2,645
Planning	279,835	279,835	154,355	125,480
Public support	672,820	672,820	711,944	(39,124)
Melville	205,179	205,179	100,193	104,986
Glen park	6,750	6,750	5,611	1,139
Manor house	269,692	269,692	220,745	48,947
Recreation department	-	-	25,788	(25,788)
Sandy point beach	66,350	66,350	70,146	(3,796)
Miscellaneous	-	-	300,000	(300,000)
Debt Service	2,899,450	2,899,450	2,652,024	247,426
Total expenditures	<u>21,218,069</u>	<u>21,218,069</u>	<u>21,514,921</u>	<u>(296,852)</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

E-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
SCHEDULE OF REVENUE AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>32,421,933</u>	<u>32,421,933</u>	<u>32,271,116</u>	<u>(150,817)</u>
<i>Other financing sources (uses)</i>				
Transfer to WTG	(275,000)	(275,000)	-	275,000
PI Foundation	(40,000)	(40,000)	-	40,000
Fund balance & contingency	(258,840)	(258,840)	-	258,840
Road improvements	(1,000,000)	(1,000,000)	(1,000,000)	-
School: local appropriation	(30,848,093)	(30,848,093)	(30,848,093)	-
Transfer to other funds	-	-	(108,588)	(108,588)
<i>Total other financing sources (uses)</i>	<u>(32,421,933)</u>	<u>(32,421,933)</u>	<u>(31,956,681)</u>	<u>465,252</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,435</u>	<u>\$ 314,435</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

E-2

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE FOR THE SCHOOL UNRESTRICTED FUND
SCHEDULE OF REVENUE AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Impact aid	\$ 130,000	\$ 130,000	\$ 175,932	\$ 45,932
State aid: General aid	4,340,152	4,340,152	4,334,950	(5,202)
State aid: Group home aid	547,483	547,483	547,476	(7)
Facilities rental income	30,000	30,000	48,847	18,847
Miscellaneous receipts	2,000	2,000	38,908	36,908
Tuition - Little Compton	1,180,000	1,180,000	1,142,275	(37,725)
Medicaid reimbursement	400,000	400,000	334,436	(65,564)
Total revenues	<u>6,629,635</u>	<u>6,629,635</u>	<u>6,622,824</u>	<u>(6,811)</u>
Expenditures				
Education	<u>37,819,015</u>	<u>37,819,015</u>	<u>37,687,824</u>	<u>131,191</u>
Total expenditures	<u>37,819,015</u>	<u>37,819,015</u>	<u>37,687,824</u>	<u>131,191</u>
Excess (deficiency) of revenues over expenditures	<u>(31,189,380)</u>	<u>(31,189,380)</u>	<u>(31,065,000)</u>	<u>124,380</u>
Other financing sources (uses):				
Transfer from General Fund-Town appropriation	30,848,093	30,848,093	30,848,093	-
Transfer from other funds	-	-	285,000	285,000
Transfer to other funds	(7,000)	(7,000)	(409,237)	(402,237)
Fund balance - prior years	348,287	348,287	-	(348,287)
Total other financing sources (uses)	<u>31,189,380</u>	<u>31,189,380</u>	<u>30,723,856</u>	<u>(465,524)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (341,144)</u>	<u>\$ (341,144)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

BUDGETARY – GAAP REPORTING RECONCILIATION

(A) Adoption

In accordance with Town's Home Rule Charter, the Town Administrator must present to the Town Council a recommended annual budget for the operations of all municipal departments no later than 90 days prior to the commencement of each fiscal year. The recommended budget must include the School Department's annual budget as approved by the School Committee. A final budget must be adopted by the Town Council by June 30th.

Budgets are adopted for the General Fund and the School Department's unrestricted fund (a special revenue fund) on a legally enacted budgetary basis which differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis of accounting, except that budgetary expenditures include encumbrances in the year incurring the commitment to purchase, and budgetary revenues include subsidies from fund balance previously recognized under U.S. GAAP.

Encumbrances are not liabilities and, therefore, are not recognized as expenditures under U.S. GAAP until receipt of materials or services. For budgetary purposes, unencumbered and unexpended appropriations lapse at year end and outstanding encumbrances are included in the budgetary expenditures in the year committed. The Town reserves a portion of fund balance in the governmental fund financial statements equal to outstanding encumbrances at year end. At June 30, 2015, the Town did not have open encumbrances.

Budgetary Compliance:

Municipal budgetary control is legally enforceable at the department level. An appropriation transfer between departments and intra-departmental transfers of municipal appropriations require approval of the Town Council. School Department budgetary control is legally enforced only at the Unrestricted Fund Level; inter-departmental transfers may be made without School Committee approval. In addition to limits enforced by the budget, the Town's Home Rule Charter further restricts municipal expenditures relative to budgeted revenues.

The Fire, Public Works and Miscellaneous departments exceeded their appropriation by \$682,135, \$222,931 and \$300,000, respectively for the year ended June 30, 2015.

TOWN OF PORTSMOUTH, RHODE ISLAND

E-3 (Continued)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

BUDGETARY – GAAP REPORTING RECONCILIATION (CONTINUED)

(B) Budgetary to GAAP Basis Reconciliation

There were no differences between budgetary basis and GAAP basis of accounting for the Town's General Fund for the year ended June 30, 2015.

The following reconciliation summarizes the difference for the School Unrestricted Fund between the budgetary and GAAP basis accounting principles for the year ended June 30, 2015:

<u>Revenue and Other Financing Sources</u>	<u>School Unrestricted Fund</u>
Actual Amounts (Budgetary basis)	\$37,755,917
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the Town of Portsmouth is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	<u>1,560,140</u>
Total Revenues and other financing sources as reported in the Combining Statement of Revenues, Other Financing Sources, Expenditures, Other Financing Uses, and Changes in Fund Balance - Governmental Funds (F-2)	<u><u>\$39,316,057</u></u>
<u>Expenditures and Other Financing Uses</u>	
Actual Amounts (Budgetary basis)	\$38,097,061
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the Town of Portsmouth is not reported as a budgetary expense, but is a current year expenditure for financial reporting purposes.	<u>1,560,140</u>
Total expenditures and other financing uses as reported in the Combining Statement of Revenues, Other Financing Sources, Expenditures, Other Financing Uses, and Changes in Fund Balance - Governmental Funds (F-2)	<u><u>\$39,657,201</u></u>

**Required Supplementary Information
Schedule of Funding Progress
Year Ended June 30, 2015**

Other Post Employment Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage Of Covered Payroll ((b-a)/c)
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Municipal employees:

July 1, 2008	N/A	\$ 13,026,759	\$ 13,026,759	N/A	\$ 5,510,188	236.4%
July 1, 2009	N/A	\$ 13,026,759	\$ 13,029,759	N/A	\$ 5,510,188	236.5%
July 1, 2010	\$ 153,249	\$ 13,248,340	\$ 13,095,091	1.2%	\$ 6,383,155	205.2%
July 1, 2011	\$ 203,392	\$ 12,527,599	\$ 12,324,207	1.6%	\$ 6,574,650	187.5%
July 1, 2012	\$ 402,179	\$ 13,090,922	\$ 12,688,743	3.1%	\$ 5,407,210	234.7%
July 1, 2013	\$ 457,516	\$ 12,827,546	\$ 12,370,030	3.6%	\$ 5,569,426	222.1%
July 1, 2014	\$ 544,427	\$ 13,554,244	\$ 13,009,817	4.0%	\$ 6,287,866	206.9%

School employees:

July 1, 2008	\$ -	\$ 4,514,458	\$ 4,514,458	0.0%	N/A	N/A
July 1, 2009	\$ -	\$ 4,514,458	\$ 4,514,458	0.0%	N/A	N/A
July 1, 2010	\$ -	\$ 10,258,675	\$ 10,258,675	0.0%	\$ 18,890,918	54.3%
July 1, 2011	\$ -	\$ 7,207,872	\$ 7,207,872	0.0%	\$ 19,457,646	37.0%
July 1, 2012	\$ -	\$ 4,717,025	\$ 4,717,025	0.0%	\$ 18,612,603	25.3%
July 1, 2013	\$ -	\$ 4,067,108	\$ 4,067,108	0.0%	\$ 19,170,981	21.2%
July 1, 2014	\$ -	\$ 3,922,350	\$ 3,922,350	0.0%	\$ 19,008,574	20.6%

TOWN OF PORTSMOUTH, RHODE ISLAND

E-5

**Required Supplementary Information
Schedule of Employer Contributions
Year Ended June 30, 2015**

Town Pension Plan:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent of ARC Contributed</u>
June 30, 2009	\$ 2,346,316	\$ 2,346,316	100.0%
June 30, 2010	\$ 2,590,523	\$ 2,590,523	100.0%
June 30, 2011	\$ 2,514,420	\$ 2,514,420	100.0%
June 30, 2012	\$ 2,662,801	\$ 2,662,801	100.0%
June 30, 2013	\$ 2,782,947	\$ 2,782,947	100.0%
June 30, 2014	\$ 2,792,576	\$ 2,792,576	100.0%

Other Post Employment Benefits:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent of ARC Contributed</u>
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Municipal employees:

June 30, 2009	\$ 1,569,039	\$ 462,590	29.5%
June 30, 2010	\$ 1,569,039	\$ 645,276	41.1%
June 30, 2011	\$ 1,345,177	\$ 792,174	58.9%
June 30, 2012	\$ 1,248,914	\$ 953,389	76.3%
June 30, 2013	\$ 1,297,531	\$ 800,908	61.7%
June 30, 2014	\$ 1,254,874	\$ 768,926	61.3%
June 30, 2015	\$ 1,313,035	\$ 726,394	55.3%

School employees:

June 30, 2009	\$ 511,670	\$ 299,602	58.6%
June 30, 2010	\$ 511,670	\$ 322,804	63.1%
June 30, 2011	\$ 1,071,313	\$ 653,712	61.0%
June 30, 2012	\$ 592,410	\$ 567,085	95.7%
June 30, 2013	\$ 543,705	\$ 483,326	88.9%
June 30, 2014	\$ 468,795	\$ 463,468	98.9%
June 30, 2015	\$ 461,368	\$ 431,277	93.5%

Required Supplementary Information

Schedule of Actuarial Methods, Assumptions and Benefit Changes
Year Ended June 30, 2015

Valuation date	Actuarial determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and used assumptions to determine contribution rates	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar closed
Remaining amortization period	27 years remaining for the fiscal year ending June 30, 2015 contribution
Asset valuation method	Market value of assets as reported by the Town less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected market return and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	6.75% net of pension plan investment expenses, including inflation
Discount rate	6.75%
Inflation rate	2.75%
Projected salary increases	3.5% per year
Cost of Living Adjustments	Cost-of-living increase for pensioners whose COLAs were based on 50% of the percentage salary increase received the previous July 1 by the active bargaining unit from which the employee retired are assumed to be 2% annually.
Benefit changes	This valuation reflects the following changes in plan provisions: For Police, the Accidental Disability benefit was lowered from 72% to 67% of gross annual salary and the employee contribution rate increased from 8.0% to 9.0%; The employee contribution rate increased from 6.5% to 10% for the Fire Deputy and Fire Chief; For Town Management, credited service is frozen as of June 30, 2014 and employee contributions cease and for retirements effective on or after July 1, 2013 the COLA was changed from 3.0% commencing on the January 1st following the first anniversary of retirement to 1.7% commencing on the January 1st following the fifth anniversary of retirement ; and For Public Works, the employee contribution rate decreased from 5.5% to 4.0% and credited service is limited to the greater of service as of July 1, 2013 or 10 years.

TOWN OF PORTSMOUTH, RHODE ISLAND

E-7

Required Supplementary Information

Schedule of Changes in Net Pension Liability
Year Ended June 30, 2015

	2015	2014
Total pension liability		
Service Cost	\$ 1,240,913	\$ 1,389,334
Interest	5,245,240	4,915,100
Changes of benefit terms	-	(879,278)
Differences between expected and actual experience	1,229,633	2,000,989
Changes of Assumptions	2,343,849	(203,891)
Benefit payments, including refunds of employee contributions	<u>(3,727,333)</u>	<u>(3,417,068)</u>
Net change in total pension liability	6,332,302	3,805,186
Total pension liability-beginning	<u>78,330,009</u>	<u>74,524,823</u>
Total pension liability-ending (a)	<u>\$ 84,662,311</u>	<u>\$ 78,330,009</u>
Plan fiduciary net position		
Contributions - employer	\$ 4,054,721	\$ 2,792,576
Contributions - employee	348,380	388,692
Net Investment income	277,740	6,330,851
Benefits payments, including refunds of employee contributions	(3,727,333)	(3,417,068)
Administrative expense	<u>(30,000)</u>	<u>(61,112)</u>
Net change in plan fiduciary net position	923,508	6,033,939
Plan fiduciary net position - beginning	<u>46,829,397</u>	<u>40,795,458</u>
Plan fiduciary net position - ending (b)	<u>\$ 47,752,905</u>	<u>\$ 46,829,397</u>
Town's net pension liability - ending (a)-(b)	<u>\$ 36,909,406</u>	<u>\$ 31,500,612</u>
Plan fiduciary net position as a percentage of the total pension liability	56.40%	59.78%
Covered employee payroll	\$ 7,969,261	\$ 7,837,400
Town's net pension liability as a percentage of covered employee payroll	463.15%	401.93%

Required Supplementary Information
Schedule of Contributions
Year Ended June 30, 2015

Year Ended June 30	Actuarially Determined Contributions	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll*	Contributions as a Percentage of Covered Employee Payroll
2014	\$ 3,677,200	\$ 2,792,576	\$ 884,624	\$ 7,837,400	35.63%
2015	\$ 3,948,654	\$ 4,054,721	\$ (106,067)	\$ 7,969,261	50.88%

**Note: Includes payroll for employees eligible for a disability benefit only.*

TOWN OF PORTSMOUTH, RHODE ISLAND

E-9

**Required Supplementary Information
Annual Money-Weighted Rate of Return
Year Ended June 30, 2015**

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	0.59%

TOWN OF PORTSMOUTH, RHODE ISLAND

E-10

**SCHEDULE OF TOWN OF PORTSMOUTH'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**Employees' Retirement System
June 30, 2015**

	<u>2015</u>
Town's proportion of the net pension liability	1.18%
Town's proportionate share of the net pension liability	\$ 28,664,026
State's proportionate share of the net pension liability associated with the school district	<u>19,656,243</u>
Total	<u>\$ 48,320,269</u>
Town's covered employee payroll	\$ 15,698,623
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	182.59%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

Notes:

- 1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*

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

TOWN OF PORTSMOUTH, RHODE ISLAND

E-11

SCHEDULE OF TOWN OF PORTSMOUTH'S CONTRIBUTIONS

Employees' Retirement System
June 30, 2015

	<u>2015</u>
Actuarially determined contribution	\$ 2,188,388
Contributions in relation to the actuarially determined contribution	2,188,388
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 15,698,623
Contributions as a percentage of covered- employee payroll	13.94%

Notes:

1.) *Employers participating in the State Employee's Retirement System are required by RI*

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

TOWN OF PORTSMOUTH, RHODE ISLAND

E-12

**SCHEDULE OF TOWN OF PORTSMOUTH'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)**

**Teachers' Survivors Benefit Plan
June 30, 2015**

	<u>2015</u>
Town's proportion of the net pension asset	3.91%
Town's proportionate share of the net pension asset	\$ 4,865,868
Town's covered employee payroll	\$ 15,698,623
Town's proportionate share of the net pension asset as a percentage of its covered employee payroll	31.00%
Plan fiduciary net position as a percentage of the total pension liability	173.30%

Notes:

- 1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

TOWN OF PORTSMOUTH, RHODE ISLAND

E-13

SCHEDULE OF TOWN OF PORTSMOUTH'S CONTRIBUTIONS

Teachers' Survivors Benefit Plan

June 30, 2015

	<u>2015</u>
Statutorily determined contribution	\$ 22,877
Contributions in relation to the statutorily determined contribution	<u>22,877</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 15,698,623
Contributions as a percentage of covered-employee payroll	0.001457262

Notes:

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

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

Other Supplementary Information

TOWN OF PORTSMOUTH, RHODE ISLAND

F-1

Combining Balance Sheet
Town General Fund and School Department Unrestricted Fund
June 30, 2015

	General Fund	School Unrestricted Fund	Eliminations	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 7,022,516	\$ 1,619,515		\$ 8,642,031
Cash on deposit at NCRSEP		711,090		711,090
Real estate and personal property tax receivable (net)	1,378,274			1,378,274
Due from federal and state governments	214,568			214,568
Due from other funds	428,028	4,565,301	\$ (463,413)	4,529,916
Ambulance receivable	615,208			615,208
Other receivables	205,927	283,625		489,552
Inventory	57,173			57,173
Prepaid expenditures	199,628	390,906		590,534
TOTAL ASSETS	<u>\$ 10,121,322</u>	<u>\$ 7,570,437</u>	<u>\$ (463,413)</u>	<u>\$ 17,228,346</u>
LIABILITIES:				
Accounts payable	\$ 352,560	\$ 158,867		\$ 511,427
Accrued expenses	55,532	299,286		354,818
Due to other funds	1,028,281	4,011,960	\$ (463,413)	4,576,828
Unearned revenue	33,139			33,139
Other liabilities	318,843			318,843
TOTAL LIABILITIES	<u>1,788,355</u>	<u>4,470,113</u>	<u>(463,413)</u>	<u>5,795,055</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable property tax revenue	978,656			978,656
Unavailable ambulance revenue	615,208			615,208
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,593,864</u>	<u>-</u>	<u>-</u>	<u>1,593,864</u>
FUND BALANCES:				
Non-spendable	597,863	390,906		988,769
Committed		2,709,418		2,709,418
Assigned	9,378			9,378
Unassigned	6,131,862			6,131,862
TOTAL FUND BALANCES	<u>6,739,103</u>	<u>3,100,324</u>	<u>-</u>	<u>9,839,427</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,121,322</u>	<u>\$ 7,570,437</u>	<u>\$ (463,413)</u>	<u>\$ 17,228,346</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

F-2

***Combining Statement of Revenues, Other Financing Sources
Expenditures, Other Financing Uses, and Changes in Fund Balances
Town General Fund and School Department Unrestricted Fund
For the year ended June 30, 2015***

	General Fund	School Unrestricted Fund	Eliminations	Town General Fund
<i>Revenues</i>				
General property taxes and payments in lieu of taxes	\$ 49,727,566		\$ -	\$ 49,727,566
State aid and grants	989,823	\$ 5,058,358		6,048,181
Licenses, permits and fees	266,426			266,426
Charges for services	686,756	1,142,275		1,829,031
Melville Ponds Campgrounds	144,494			144,494
Glen Manor House	447,261			447,261
Rescue wagon income	623,581			623,581
Fines and forfeitures	410,288			410,288
Interest and investment income	773			773
Other revenues	489,069	422,191		911,260
Intergovernmental pension contribution		1,560,140		1,560,140
<i>Total revenues</i>	53,786,037	8,182,964	-	61,969,001
<i>Expenditures</i>				
<i>Current:</i>				
General government	4,512,188			4,512,188
Public safety	10,491,848			10,491,848
Public works	2,724,434			2,724,434
Education		37,687,824		37,687,824
<i>Community services:</i>				
Public and social services	711,944			711,944
Park & recreation	422,483			422,483
Intergovernmental pension contribution		1,560,140		1,560,140
<i>Debt Service:</i>				
Principal payments	2,200,527			2,200,527
Interest	451,497			451,497
<i>Total expenditures</i>	21,514,921	39,247,964	-	60,762,885
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	32,271,116	(31,065,000)	-	1,206,116
<i>Other financing sources (uses)</i>				
Transfers in		31,133,093	(30,848,093)	285,000
Transfers out	(31,956,681)	(409,237)	30,848,093	(1,517,825)
<i>Net other financing sources (uses)</i>	(31,956,681)	30,723,856	-	(1,232,825)
Net change in fund balances	314,435	(341,144)	-	(26,709)
<i>Fund balances - beginning of the year, as restated</i>	6,424,668	3,441,468	-	9,866,136
<i>Fund balances - ending of the year</i>	\$ 6,739,103	\$ 3,100,324	\$ -	\$ 9,839,427

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	Special Revenue Funds									
	School Restricted	CDBG	PPD Sex Offender	Bulletproof Vest Grant	Jules Buela Grant	EDC Workshop	EMA WMD	EMW-2013 Grant	EMPG 27-229-FY 11 Grant	
ASSETS										
Cash and cash equivalents	\$ -									
Investments	-									
Due from federal and state governments	421,568							\$ 2,602	\$ 7,000	
Due from other funds	517,831	\$ 1,864			\$ 54,593	\$ 1,263				
TOTAL ASSETS	\$ 939,399	\$ 1,864	\$ -	\$ -	\$ 54,593	\$ 1,263	\$ -	\$ 2,602	\$ 7,000	
LIABILITIES										
Accounts payable	\$ 27,128							\$ 2,602		
Accrued expenses	1,051									
Due to other funds	524,835								\$ 7,310	
Unearned revenue	-	\$ 1,864								
TOTAL LIABILITIES	553,014	1,864	\$ -	\$ -	\$ -	\$ -	\$ -	2,602	7,310	
FUND BALANCE										
Nonspendable										
Restricted	386,627				54,593	1,263				
Committed	-									
Assigned	-									
Unassigned	(242)									(310)
TOTAL FUND BALANCE	386,385	-	-	-	54,593	1,263	-	-	(310)	
TOTAL LIABILITIES AND FUND BALANCE	\$ 939,399	\$ 1,864	\$ -	\$ -	\$ 54,593	\$ 1,263	\$ -	\$ 2,602	\$ 7,000	

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	Special Revenue Funds							
	EMW-2012 <u>Grant</u>	Commemorative Bench <u>Program</u>	Impact <u>Fees</u>	Click It or <u>Ticket</u>	Active <u>Shooter</u>	Town Commons <u>Grant</u>	Alcohol <u>Survey</u>	AIPC West Side <u>Project</u>
ASSETS								
Cash and cash equivalents			\$ 294,501					
Investments								
Due from federal and state governments								
Due from other funds	\$	3,866	305			\$	288	\$ 20,000
TOTAL ASSETS	\$ -	\$ 3,866	\$ 294,806	\$ -	\$ -	\$ 288	\$ -	\$ 20,000
LIABILITIES								
Accounts payable								
Accrued expenses								
Due to other funds				\$ 286				
Unearned revenue			\$ 277,389					
TOTAL LIABILITIES	\$ -	\$ -	277,389	286	\$ -	\$ -	\$ -	\$ -
FUND BALANCE								
Nonspendable								
Restricted		3,866	17,417			288		20,000
Committed								
Assigned								
Unassigned				(286)				
TOTAL FUND BALANCE	\$ -	3,866	17,417	(286)	\$ -	288	\$ -	20,000
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 3,866	\$ 294,806	\$ -	\$ -	\$ 288	\$ -	\$ 20,000

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	Special Revenue Funds									
	Explorer Program	Fire Alarm Maintenance	Fire Plan Review	Historic Records Fund	Joan Haskins Memorial Fund	Fed Equitable Sharing- Drug Seizure	Melville Recreation Committee	NARC Forfeiture SEC 21-21-5.04	FDA Tobacco Survey	
ASSETS										
Cash and cash equivalents										
Investments										
Due from federal and state governments										
Due from other funds	\$ 766	\$ 21,078	\$ 42,454	\$ 19,933	\$ 3,715	\$ 2,425	\$ 942	\$ 11,626		
TOTAL ASSETS	\$ 766	\$ 21,078	\$ 42,454	\$ 19,933	\$ 3,715	\$ 2,425	\$ 942	\$ 11,626	\$ -	\$ -
LIABILITIES										
Accounts payable			\$ 839							
Accrued expenses										
Due to other funds										
Unearned revenue										
TOTAL LIABILITIES	\$ -	\$ -	\$ 839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE										
Nonspendable										
Restricted	766	21,078	41,615	19,933	3,715	2,425	942	11,626		
Committed										
Assigned										
Unassigned										
TOTAL FUND BALANCE	766	21,078	41,615	19,933	3,715	2,425	942	11,626	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 766	\$ 21,078	\$ 42,454	\$ 19,933	\$ 3,715	\$ 2,425	\$ 942	\$ 11,626	\$ -	\$ -

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	Special Revenue Funds								
	Blue Riptide Impaired/ Drunk Drive	Blue Riptide Speed Management	Dog Fund	Tank Farm	Substance Abuse	Technology Upgrades & Documentation Preservation	Tobacco Survey	Glen Farm Stable Donation	Fire Smoke Detector Inspection
ASSETS									
Cash and cash equivalents			\$ 7,193						
Investments									
Due from federal and state governments		\$ 940							
Due from other funds				\$ 4,700		\$ 52,291		\$ 443	\$ 39,044
TOTAL ASSETS	\$ -	\$ 940	\$ 7,193	\$ 4,700	\$ -	\$ 52,291	\$ -	\$ 443	\$ 39,044
LIABILITIES									
Accounts payable									
Accrued expenses									
Due to other funds	\$ 448	\$ 806	\$ 1,674						
Unearned revenue									
TOTAL LIABILITIES	448	806	1,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE									
Nonspendable									
Restricted		134	5,519	4,700		52,291		443	39,044
Committed									
Assigned									
Unassigned	(448)								
TOTAL FUND BALANCE	(448)	134	5,519	4,700	-	52,291	-	443	39,044
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 940	\$ 7,193	\$ 4,700	\$ -	\$ 52,291	\$ -	\$ 443	\$ 39,044

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	Special Reveune Funds									
	EMA Meds Plan	EMA Meds Pods	Low Income Spay/Neuter	Shelter Spay/ Neuter	Child Passenger Safety Grant	Conservation Commission Commons Maint	Trust Safety Grant	Portsmouth Tree Commission	Friends of Glen Park	
ASSETS										
Cash and cash equivalents										
Investments										
Due from federal and state governments					\$ 188					
Due from other funds	\$ 7,826	\$ 14,403	\$ 6,532	\$ 7,432		\$ 100			\$ 278	
TOTAL ASSETS	\$ 7,826	\$ 14,403	\$ 6,532	\$ 7,432	\$ 188	\$ 100	\$ -	\$ -	\$ -	\$ 278
LIABILITIES										
Accounts payable		\$ 2,285								
Accrued expenses										
Due to other funds					\$ 585					
Unearned revenue										
TOTAL LIABILITIES	\$ -	2,285	\$ -	\$ -	585	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE										
Nonspendable										
Restricted	7,826	12,118	6,532	7,432		100			278	
Committed										
Assigned										
Unassigned					(397)					
TOTAL FUND BALANCE	7,826	12,118	6,532	7,432	(397)	100	-	-	278	
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,826	\$ 14,403	\$ 6,532	\$ 7,432	\$ 188	\$ 100	\$ -	\$ -	\$ -	\$ 278

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>					
	Conservation Commission Grant	Total Special Revenue Funds	Road Improvements	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants
ASSETS								
Cash and cash equivalents		\$ 301,694		\$ 137,739	\$ 3	\$ 57	\$ 3	
Investments		-						
Due from federal and state governments		432,298						
Due from other funds	\$ 500	836,498		42,189				
TOTAL ASSETS	\$ 500	\$ 1,570,490	\$ -	\$ 179,928	\$ 3	\$ 57	\$ 3	\$ -
LIABILITIES								
Accounts payable		\$ 32,854						
Accrued expenses		1,051						
Due to other funds		535,944						\$ 19,029
Unearned revenue		279,253						
TOTAL LIABILITIES	\$ -	849,102	\$ -	\$ -	\$ -	\$ -	\$ -	19,029
FUND BALANCE								
Nonspendable		-						
Restricted	500	723,071			3	57	3	
Committed		-		179,928				
Assigned		-						
Unassigned		(1,683)						(19,029)
TOTAL FUND BALANCE	500	721,388	-	179,928	3	57	3	(19,029)
TOTAL LIABILITIES AND FUND BALANCE	\$ 500	\$ 1,570,490	\$ -	\$ 179,928	\$ 3	\$ 57	\$ 3	\$ -

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Concluded)

*Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015*

	Capital Projects Funds						Total Capital Projects Funds	Permanent Funds			Total Non-Major Governmental Funds
	09-10 Warrants	10-11 Warrants	11-12 Warrants	12-13 Warrants	Phase II Project	Technical Services		Sherman Trust Fund	Cemetery Fund	Total Permanent Funds	
ASSETS											
Cash and cash equivalents							\$ 137,802	\$ 1,383	\$ 7,812	\$ 9,195	\$ 448,691
Investments							-	15,027	130,231	145,258	145,258
Due from federal and state governments							-			-	432,298
Due from other funds		\$ 113,755	\$ 191,335		\$ 79,109		426,388		1,932	1,932	1,264,818
TOTAL ASSETS	\$ -	\$ 113,755	\$ 191,335	\$ -	\$ 79,109	\$ -	\$ 564,190	\$ 16,410	\$ 139,975	\$ 156,385	\$ 2,291,065
LIABILITIES											
Accounts payable					\$ 1,725		\$ 1,725			-	\$ 34,579
Accrued expenses							-			-	1,051
Due to other funds	\$ 5,742			\$ 916,215	53,021		994,007			-	1,529,951
Unearned revenue							-			-	279,253
TOTAL LIABILITIES	5,742	\$ -	\$ -	916,215	54,746	\$ -	995,732	\$ -	\$ -	\$ -	1,844,834
FUND BALANCE											
Nonspendable							-	16,410	139,975	156,385	156,385
Restricted		113,755	191,335		24,363		329,516			-	1,052,587
Committed							179,928			-	179,928
Assigned							-			-	-
Unassigned	(5,742)			(916,215)			(940,986)			-	(942,669)
TOTAL FUND BALANCE	(5,742)	113,755	191,335	(916,215)	24,363	-	(431,542)	16,410	139,975	156,385	446,231
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 113,755	\$ 191,335	\$ -	\$ 79,109	\$ -	\$ 564,190	\$ 16,410	\$ 139,975	\$ 156,385	\$ 2,291,065

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015*

	Special Revenue Funds								
	<u>School Restricted</u>	<u>CDBG</u>	<u>PPD Sex Offender</u>	<u>Bulletproof Vest Grant</u>	<u>Jules Buella Grant</u>	<u>EDC Workshop</u>	<u>EMA WMD</u>	<u>EMW-2013 Grant</u>	<u>EMPG 27-229-FY 11 Grant</u>
REVENUES:									
State aid and grants (Intergovernmental)	\$ 1,091,940		\$ 443				\$ 632	\$ 2,602	\$ 7,625
Charges for services	24,040								
Interest and investment income	-								
Contributions and private grants	10,883								
Other revenue	-								
TOTAL REVENUES	1,126,863	\$ -	443	\$ -	\$ -	\$ -	632	2,602	7,625
EXPENDITURES:									
Current:									
General government						199			
Public safety				908				2,602	7,000
Public works									
Education	1,124,537								
Capital:									
Capital expenditures	88,410								
TOTAL EXPENDITURES	1,212,947	-	-	908	-	199	-	2,602	7,000
Excess of revenue over (under) expenditures before other financing sources (uses)	(86,084)	-	443	(908)	-	(199)	632	-	625
Other financing sources (uses):									
Transfers from other funds	-								
Transfers to other funds	-								
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balance	(86,084)	-	443	(908)	-	(199)	632	-	625
FUND BALANCE, BEGINNING OF YEAR	472,469	-	(443)	908	54,593	1,462	(632)	-	(935)
FUND BALANCE, END OF YEAR	\$ 386,385	\$ -	\$ -	\$ -	\$ 54,593	\$ 1,263	\$ -	\$ -	\$ (310)

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015

	Special Revenue Funds							
	EMW-2012 Grant	Commemorative Bench Program	Impact Fees	Click It or Ticket	Active Shooter	Town Commons Grant	Alcohol Survey	AIPC West Side Project
REVENUES:								
State aid and grants (Intergovernmental)	\$ 135,375			\$ 3,361	\$ 2,088			
Charges for services			\$ 111,650					
Interest and investment income			667					
Contributions and private grants								
Other revenue								
TOTAL REVENUES	<u>135,375</u>	<u>\$ -</u>	<u>112,317</u>	<u>3,361</u>	<u>2,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:								
Current:								
General government								
Public safety	135,375		180	3,361			236	
Public works								
Education								
Capital:								
Capital expenditures								
TOTAL EXPENDITURES	<u>135,375</u>	<u>-</u>	<u>180</u>	<u>3,361</u>	<u>-</u>	<u>-</u>	<u>236</u>	<u>-</u>
Excess of revenue over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>112,137</u>	<u>-</u>	<u>2,088</u>	<u>-</u>	<u>(236)</u>	<u>-</u>
Other financing sources (uses):								
Transfers from other funds								
Transfers to other funds			(285,000)					
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(285,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(172,863)	-	2,088	-	(236)	-
FUND BALANCE, BEGINNING OF YEAR	-	3,866	190,280	(286)	(2,088)	288	236	20,000
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 3,866</u>	<u>\$ 17,417</u>	<u>\$ (286)</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ -</u>	<u>\$ 20,000</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015

Special Revenue Funds

	Explor Program	Fire Alarm Maintenance	Fire Plan Review	Historic Records Fund	Joan Haskins Memorial Fund	Fed Equitable Sharing- Drug Seizure	Melville Recreation Committee	NARC Forfeiture SEC 21-21-5.04	FDA Tobacco Survey
REVENUES:									
State aid and grants (Intergovernmental)									\$ 892
Charges for services		\$ 8,500	\$ 31,545	\$ 3,295					
Interest and investment income									
Contributions and private grants									
Other revenue							\$ 1,886		
TOTAL REVENUES	\$ -	8,500	31,545	3,295	\$ -	\$ -	\$ -	1,886	892
EXPENDITURES:									
Current:									
General government	382			1,088			294	4,613	
Public safety		3,106	23,112						892
Public works									
Education									
Capital:									
Capital expenditures									
TOTAL EXPENDITURES	382	3,106	23,112	1,088	-	-	294	4,613	892
Excess of revenue over (under) expenditures before other financing sources (uses)	(382)	5,394	8,433	2,207	-	-	(294)	(2,727)	-
Other financing sources (uses):									
Transfers from other funds									
Transfers to other funds									
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balance	(382)	5,394	8,433	2,207	-	-	(294)	(2,727)	-
FUND BALANCE, BEGINNING OF YEAR	1,148	15,684	33,182	17,726	3,715	2,425	1,236	14,353	-
FUND BALANCE, END OF YEAR	\$ 766	\$ 21,078	\$ 41,615	\$ 19,933	\$ 3,715	\$ 2,425	\$ 942	\$ 11,626	\$ -

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2 (Continued)

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015*

	Special Revenue Funds								
	Blue Riptide Impaired/ Drunk Drive	Blue Riptide Speed Management	Dog Fund	Tank Farm	Substance Abuse	Technology Upgrades & Documenation Preservation	Tobacco Survey	Glen Farm Stable Donation	Fire Smoke Detector Inspection
REVENUES:									
State aid and grants (Intergovernmental)	\$ 2,669	\$ 8,538		\$ 7,000	\$ 15,768		\$ 2,667		
Charges for services			\$ 7,193			\$ 19,794			\$ 9,391
Interest and investment income									
Contributions and private grants									
Other revenue									5,545
TOTAL REVENUES	2,669	8,538	7,193	7,000	15,768	19,794	2,667	\$ -	14,936
EXPENDITURES:									
Current:									
General government			1,674	2,300		41,522			
Public safety	2,669	8,476			7,840				2,393
Public works									
Education									
Capital:									
Capital expenditures									
TOTAL EXPENDITURES	2,669	8,476	1,674	2,300	7,840	41,522	-	-	2,393
Excess of revenue over (under) expenditures before other financing sources (uses)	-	62	5,519	4,700	7,928	(21,728)	2,667	-	12,543
Other financing sources (uses):									
Transfers from other funds									
Transfers to other funds									
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balance	-	62	5,519	4,700	7,928	(21,728)	2,667	-	12,543
FUND BALANCE, BEGINNING OF YEAR	(448)	72	-	-	(7,928)	74,019	(2,667)	443	26,501
FUND BALANCE, END OF YEAR	\$ (448)	\$ 134	\$ 5,519	\$ 4,700	\$ -	\$ 52,291	\$ -	\$ 443	\$ 39,044

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2 (Continued)

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015*

	Special Revenue Funds								
	EMA Meds <u>Plan</u>	EMA Meds <u>Pods</u>	Low Income <u>Spay/Neuter</u>	Shelter Spay/ <u>Neuter</u>	Child Passenger Safety <u>Grant</u>	Conservation Commission <u>Commons Maint</u>	Trust Safety <u>Grant</u>	Portsmouth Tree <u>Commission</u>	Friends of <u>Glen Park</u>
REVENUES:									
State aid and grants (Intergovernmental)					\$ 455				
Charges for services				\$ 830					
Interest and investment income									
Contributions and private grants								\$ 250	
Other revenue									
TOTAL REVENUES	\$ -	\$ -	\$ -	830	455	\$ -	\$ -	250	\$ -
EXPENDITURES:									
Current:									
General government			70				500	350	
Public safety	744	2,285			455				
Public works									
Education									
Capital:									
Capital expenditures									
TOTAL EXPENDITURES	744	2,285	70	-	455	-	500	350	-
Excess of revenue over (under) expenditures before other financing sources (uses)	(744)	(2,285)	(70)	830	-	-	(500)	(100)	-
Other financing sources (uses):									
Transfers from other funds									
Transfers to other funds									
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balance	(744)	(2,285)	(70)	830	-	-	(500)	(100)	-
FUND BALANCE, BEGINNING OF YEAR	8,570	14,403	6,602	6,602	(397)	100	500	100	278
FUND BALANCE, END OF YEAR	\$ 7,826	\$ 12,118	\$ 6,532	\$ 7,432	\$ (397)	\$ 100	\$ -	\$ -	\$ 278

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2 (Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015

	Special Revenue Funds		Capital Project Funds					
	Conservation Commission Grant	Total Special Revenue Funds	Road Improvements	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants
REVENUES:								
State aid and grants (Intergovernmental)		\$ 1,282,055						
Charges for services		216,238						
Interest and investment income		667		\$ 14				
Contributions and private grants		11,133	\$ 193,000					
Other revenue		7,431						
TOTAL REVENUES	\$ -	1,517,524	193,000	14	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:								
Current:								
General government		52,992						
Public safety		201,634						
Public works		-						
Education		1,124,537						
Capital:								
Capital expenditures		88,410	308,000	36,579				
TOTAL EXPENDITURES	-	1,467,573	308,000	36,579	-	-	-	-
Excess of revenue over (under) expenditures before other financing sources (uses)	-	49,951	(115,000)	(36,565)	-	-	-	-
Other financing sources (uses):								
Transfers from other funds		-		108,588				
Transfers to other funds		(285,000)						
Net other financing sources (uses)	-	(285,000)	-	108,588	-	-	-	-
Net change in fund balance	-	(235,049)	(115,000)	72,023	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	500	956,437	115,000	107,905	3	57	3	(19,029)
FUND BALANCE, END OF YEAR	\$ 500	\$ 721,388	\$ -	\$ 179,928	\$ 3	\$ 57	\$ 3	\$ (19,029)

TOWN OF PORTSMOUTH, RHODE ISLAND

G-2 (Concluded)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2015

	Capital Project Funds						Permanent Funds			Total Non-Major Governmental Funds	
	09-10 Warrants	10-11 Warrants	11-12 Warrants	12-13 Warrants	Phase II Project	Technical Services	Total Capital Projects Funds	Sherman Trust Fund	Cemetery Fund		Total Permanent Funds
REVENUES:											
State aid and grants (Intergovernmental)						\$ 63,888	\$ 63,888				\$ 1,345,943
Charges for services							-				216,238
Interest and investment income							14	\$ 947	\$ 9,220	\$ 10,167	10,848
Contributions and private grants							193,000			-	204,133
Other revenue							-			-	7,431
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	63,888	256,902	947	9,220	10,167	1,784,593
EXPENDITURES:											
Current:											
General government							-			-	52,992
Public safety							-			-	201,634
Public works							-			-	-
Education							-			-	1,124,537
Capital:											
Capital expenditures			11,347	23,434	3,450		382,810			-	471,220
TOTAL EXPENDITURES	-	-	11,347	23,434	3,450	-	382,810	-	-	-	1,850,383
Excess of revenue over (under) expenditures before other financing sources (uses)	-	-	(11,347)	(23,434)	(3,450)	63,888	(125,908)	947	9,220	10,167	(65,790)
Other financing sources (uses):											
Transfers from other funds							108,588			-	108,588
Transfers to other funds							-			-	(285,000)
Net other financing sources (uses)	-	-	-	-	-	-	108,588	-	-	-	(176,412)
Net change in fund balance	-	-	(11,347)	(23,434)	(3,450)	63,888	(17,320)	947	9,220	10,167	(242,202)
FUND BALANCE, BEGINNING OF YEAR	(5,742)	113,755	202,682	(892,781)	27,813	(63,888)	(414,222)	15,463	130,755	146,218	688,433
FUND BALANCE, END OF YEAR	\$ (5,742)	\$ 113,755	\$ 191,335	\$ (916,215)	\$ 24,363	\$ -	\$ (431,542)	\$ 16,410	\$ 139,975	\$ 156,385	\$ 446,231

TOWN OF PORTSMOUTH

H-1

*Special Revenue Funds - School Restricted
Combining Balance Sheet
June 30, 2015*

	VIS Grant	Gate Receipts	IDEA Part B PL 94-142	IDEA Pre-School	Title I	Title II	Title II - Math & Science	Title III	RTT FUNDS
ASSETS									
Due from federal and state government			\$ 314,154	\$ 15,283	\$ 54,174	\$ 25,203	\$ 529		\$ 2,435
Due from other funds	\$ 3,880	\$ 68,500	50,863	20,084	1,992	5,962		\$ 670	2,647
TOTAL ASSETS	\$ 3,880	\$ 68,500	\$ 365,017	\$ 35,367	\$ 56,166	\$ 31,165	\$ 529	\$ 670	\$ 5,082
LIABILITIES									
Accounts payable		\$ 678	\$ 20,020			\$ 6,430			
Accrued expenses			1,051						
Due to other funds		2,626	343,604	\$ 35,367	\$ 56,166	24,786	\$ 529		\$ 5,082
TOTAL LIABILITIES	\$ -	3,304	364,675	35,367	56,166	31,216	529	\$ -	5,082
FUND BALANCE									
Nonspendable									
Restricted	3,880	65,196	342					670	
Committed									
Assigned									
Unassigned						(51)			
TOTAL FUND BALANCE	3,880	65,196	342	-	-	(51)	-	670	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,880	\$ 68,500	\$ 365,017	\$ 35,367	\$ 56,166	\$ 31,165	\$ 529	\$ 670	\$ 5,082

TOWN OF PORTSMOUTH

H-1 (Continued)

*Special Revenue Funds - School Restricted
Combining Balance Sheet
June 30, 2015*

	<u>Perkins</u>	<u>Literacy Dropout</u>	<u>Technology</u>	<u>Substance Abuse Task Force</u>	<u>Student Equity Investment</u>	<u>RISCA</u>	<u>Concord Consortium</u>	<u>Early Childhood</u>	<u>United Way Melville Playground</u>
ASSETS									
Due from federal and state government				\$ 7,120					
Due from other funds		\$ 49,539	\$ 28,220	45,972	\$ 160,597	\$ 400	\$ 886	\$ 38,640	\$ 7,000
TOTAL ASSETS	\$ -	\$ 49,539	\$ 28,220	\$ 53,092	\$ 160,597	\$ 400	\$ 886	\$ 38,640	\$ 7,000
LIABILITIES									
Accounts payable									
Accrued expenses									
Due to other funds	\$ 191		\$ 19,891	\$ 32,049					\$ 1,874
TOTAL LIABILITIES	191	\$ -	19,891	32,049	\$ -	\$ -	\$ -	\$ -	1,874
FUND BALANCE									
Nonspendable									
Restricted		49,539	8,329	21,043	160,597	400	886	38,640	5,126
Committed									
Assigned									
Unassigned	(191)								
TOTAL FUND BALANCE	(191)	49,539	8,329	21,043	160,597	400	886	38,640	5,126
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 49,539	\$ 28,220	\$ 53,092	\$ 160,597	\$ 400	\$ 886	\$ 38,640	\$ 7,000

TOWN OF PORTSMOUTH

H-1 (Concluded)

*Special Revenue Funds - School Restricted
Combining Balance Sheet
June 30, 2015*

	Van Beuren Grant	Feinstein Grant	Common Core Grant	Career Tech Odd Year	Career Tech Education	General & Material Supplies Science	Champlin Foundation	DANA Science	School Restricted Total
ASSETS									
Due from federal and state government			\$ 2,670						\$ 421,568
Due from other funds	\$ 1			\$ 18,422	\$ 63	\$ 1,903	\$ 11,590		517,831
TOTAL ASSETS	\$ 1	\$ -	\$ 2,670	\$ 18,422	\$ 63	\$ 1,903	\$ 11,590	\$ -	\$ 939,399
LIABILITIES									
Accounts payable									\$ 27,128
Accrued expenses									1,051
Due to other funds			\$ 2,670						524,835
TOTAL LIABILITIES	\$ -	\$ -	2,670	\$ -	\$ -	\$ -	\$ -	\$ -	553,014
FUND BALANCE									
Nonspendable									-
Restricted	1	-	-	18,422	63	1,903	11,590		386,627
Committed									-
Assigned									-
Unassigned									(242)
TOTAL FUND BALANCE	1	-	-	18,422	63	1,903	11,590	-	386,385
TOTAL LIABILITIES AND FUND BALANCE	\$ 1	\$ -	\$ 2,670	\$ 18,422	\$ 63	\$ 1,903	\$ 11,590	\$ -	\$ 939,399

TOWN OF PORTSMOUTH

H-2

*Special Revenue Funds - School Restricted
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015*

	<u>VIS Grant</u>	<u>Gate Receipts</u>	<u>IDEA Part B PL 94-142</u>	<u>IDEA Pre-School</u>	<u>Title I</u>	<u>Title II</u>	<u>Title II - Math & Science</u>	<u>Title III</u>	<u>RTT FUNDS</u>
REVENUES:									
Federal and state grants			\$ 730,851	\$ 37,721	\$ 153,058	\$ 67,266	\$ 13,043		\$ 22,934
Charges for services		\$ 24,040							
Contributions and private grants									
TOTAL REVENUES	\$ -	24,040	730,851	37,721	153,058	67,266	13,043	\$ -	22,934
EXPENDITURES:									
Education		27,813	730,851	37,721	153,058	67,266	13,043		22,934
Capital expenditures									
TOTAL EXPENDITURES	-	27,813	730,851	37,721	153,058	67,266	13,043	-	22,934
Excess of revenue over (under) expenditures before other financing sources (uses)	-	(3,773)	-	-	-	-	-	-	-
Other financing sources (uses):									
Transfers from other funds									
Transfers to other funds									
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	(3,773)	-	-	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	3,880	68,969	342			(51)		670	
FUND BALANCE, END OF YEAR	\$ 3,880	\$ 65,196	\$ 342	\$ -	\$ -	\$ (51)	\$ -	\$ 670	\$ -

TOWN OF PORTSMOUTH

H-2 (Continued)

Special Revenue Funds - School Restricted
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	<u>Perkins</u>	<u>Literacy Dropout</u>	<u>Technology</u>	<u>Substance Abuse Task Force</u>	<u>Student Equity Investment</u>	<u>RISCA</u>	<u>Concord Consortium</u>	<u>Early Childhood</u>	<u>United Way Melville Playground</u>
REVENUES:				\$ 64,397					
Federal and state grants									
Charges for services									
Contributions and private grants									
TOTAL REVENUES	\$ -	\$ -	\$ -	64,397	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				59,190					
Education									
Capital expenditures									
TOTAL EXPENDITURES	-	-	-	59,190	-	-	-	-	-
Excess of revenue over (under) expenditures before other financing sources (uses)	-	-	-	5,207	-	-	-	-	-
Other financing sources (uses):									
Transfers from other funds									
Transfers to other funds									
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	5,207	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	(191)	49,539	8,329	15,836	160,597	400	886	38,640	5,126
FUND BALANCE, END OF YEAR	\$ (191)	\$ 49,539	\$ 8,329	\$ 21,043	\$ 160,597	\$ 400	\$ 886	\$ 38,640	\$ 5,126

TOWN OF PORTSMOUTH

H-2 (Concluded)

*Special Revenue Funds - School Restricted
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2015*

	Van Beuren Grant	Feinstein Grant	Common Core Grant	Career Tech Odd Year	Career Tech Education	General & Material Supplies Science	Champlin Foundation	DANA Science	School Restricted Total
REVENUES:									
Federal and state grants			\$ 2,670						\$ 1,091,940
Charges for services									24,040
Contributions and private grants				\$ 10,883					10,883
TOTAL REVENUES	\$ -	\$ -	2,670	10,883	\$ -	\$ -	\$ -	\$ -	1,126,863
EXPENDITURES:									
Education		5,655	2,670		4,336			-	1,124,537
Capital expenditures							88,410		88,410
TOTAL EXPENDITURES	-	5,655	2,670	-	4,336	-	88,410	-	1,212,947
Excess of revenue over (under) expenditures before other financing sources (uses)	-	(5,655)	-	10,883	(4,336)	-	(88,410)	-	(86,084)
Other financing sources (uses):									
Transfers from other funds									-
Transfers to other funds									-
Net other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	(5,655)	-	10,883	(4,336)	-	(88,410)	-	(86,084)
FUND BALANCE, BEGINNING OF YEAR	1	5,655	-	7,539	4,399	1,903	100,000		472,469
FUND BALANCE, END OF YEAR	\$ 1	\$ -	\$ -	\$ 18,422	\$ 63	\$ 1,903	\$ 11,590	\$ -	\$ 386,385

TOWN OF PORTSMOUTH, RHODE ISLAND

I-1

***Combining Statement of Changes in Assets and Liabilities
Town Agency Funds
For the year ended June 30, 2015***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>SOIL AGENCY FUND</u>				
<u>Asset</u>				
Accounts Receivable	\$ 237,455	\$ 101,565	\$ 129,770	\$ 209,250
<u>Liability</u>				
Deposits Held in Custody for Others	\$ 237,455	\$ 101,565	\$ 129,770	\$ 209,250
<u>LIBRARY STATE AID</u>				
<u>Asset</u>				
Accounts Receivable	\$ -	\$ 103,554	\$ 103,554	\$ -
<u>Liability</u>				
Deposits Held in Custody for Others	\$ -	\$ 103,554	\$ 103,554	\$ -
<u>GMH DEPOSIT AGENCY FUND</u>				
<u>Asset</u>				
Accounts Receivable	\$ 15,500	\$ 36,000	\$ 38,500	\$ 13,000
<u>Liability</u>				
Deposits Held in Custody for Others	\$ 15,500	\$ 36,000	\$ 38,500	\$ 13,000
<u>PROBATE COURT AGENCY FUND</u>				
<u>Asset</u>				
Cash and cash equivalents	\$ 235,641	\$ 119	\$ -	\$ 235,760
<u>Liability</u>				
Deposits Held in Custody for Others	\$ 235,641	\$ 119	\$ -	\$ 235,760
<u>GLEN PARK DAMAGE DEPOSIT</u>				
<u>Asset</u>				
Accounts receivable	\$ 1,100	\$ 500	\$ 950	\$ 650
<u>Liability</u>				
Deposits Held in Custody for Others	\$ 1,100	\$ 500	\$ 950	\$ 650
<u>PRESCOTT POINT FUND</u>				
<u>Asset</u>				
Cash and cash equivalents	\$ 99,998	\$ 8,583	\$ 2,206	\$ 106,375
<u>Liability</u>				
Deposits Held in Custody for Others	\$ 99,998	\$ 8,583	\$ 2,206	\$ 106,375
<u>TOTAL TOWN ACTIVITY AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	\$ 335,639	\$ 8,702	\$ 2,206	\$ 342,135
Accounts Receivable	254,055	241,619	272,774	222,900
TOTAL ASSETS	\$ 589,694	\$ 250,321	\$ 274,980	\$ 565,035
<u>Liabilities</u>				
Deposits Held in Custody for Others	\$ 589,694	\$ 250,321	\$ 274,980	\$ 565,035

TOWN OF PORTSMOUTH, RHODE ISLAND

I-2

***Combining Statement of Changes in Assets and Liabilities
School Agency Funds
For the year ended June 30, 2015***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>HATHAWAY</u>				
<u>ASSETS</u>				
Citizens Bank Checking	\$ 6,511	\$ 11,576	\$ -	\$ 18,087
<u>LIABILITIES</u>				
Deposits Held in Custody for Others	\$ 6,511	\$ 11,576	\$ -	\$ 18,087
<u>MELVILLE</u>				
<u>ASSETS</u>				
Citizens Bank Checking	\$ 24,583	\$ 35,804	\$ 12,970	\$ 47,417
Citizens Bank Savings	2,687		2,687	-
	\$ 27,270	\$ 35,804	\$ 15,657	\$ 47,417
<u>LIABILITIES</u>				
Deposits Held in Custody for Others	\$ 27,270	\$ 35,804	\$ 15,657	\$ 47,417
<u>PORTSMOUTH MIDDLE SCHOOL</u>				
<u>ASSETS</u>				
Citizens Bank Checking	\$ 56,341	\$ 46,195	\$ 40,355	\$ 62,181
<u>LIABILITIES</u>				
Deposits Held in Custody for Others	\$ 56,341	\$ 46,195	\$ 40,355	\$ 62,181
<u>PORTSMOUTH HIGH SCHOOL</u>				
<u>ASSETS</u>				
Portsmouth High School CD	\$ 50,000	\$ 151	\$ -	\$ 50,151
Citizens Bank Checking	137,367	162,388	117,225	182,530
Citizens Bank Savings	3,970	7		3,977
	\$ 191,337	\$ 162,546	\$ 117,225	\$ 236,658
<u>LIABILITIES</u>				
Deposits Held in Custody for Others	\$ 191,337	\$ 162,546	\$ 117,225	\$ 236,658
<u>INTERSCHOOL ACTIVITIES</u>				
<u>ASSETS</u>				
Accounts Receivable	\$ 45,717	\$ -	\$ -	\$ 45,717
<u>LIABILITIES</u>				
Deposits Held in Custody for Others	\$ 45,717	\$ -	\$ -	\$ 45,717
<u>TOTAL SCHOOL ACTIVITY AGENCY FUNDS</u>				
<u>ASSET</u>				
Cash	\$ 281,459	\$ 256,121	\$ 173,237	\$ 364,343
Accounts Receivable	45,717	-	-	45,717
TOTAL ASSETS	\$ 327,176	\$ 256,121	\$ 173,237	\$ 410,060
<u>LIABILITIES</u>				
Deposits Held in Custody for Others	\$ 327,176	\$ 256,121	\$ 173,237	\$ 410,060
TOTAL LIABILITIES	\$ 327,176	\$ 256,121	\$ 173,237	\$ 410,060

TOWN OF PORTSMOUTH, RHODE ISLAND

J-1

SCHEDULE OF PROPERTY TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2015

Tax Roll Year	Balance July 1, 2014	2013 Assessment	Additions	Abatements & Adjustments	Amount to be Collected	Current Year Collections	Refunds	Balance June 30, 2015
2014		\$ 49,187,965	\$ 103,331	\$ 23,859	\$ 49,267,437	\$ 47,960,642	\$ 50,416	\$ 1,357,211
2013	\$ 1,835,668		970	588	1,836,050	1,735,782	183	100,451
2012	120,927		749	297	121,379	64,331	-	57,048
2011	66,295			372	65,923	9,724	88	56,287
2010	54,060			23	54,037	8,285	22	45,774
2009	32,295			23	32,272	2,434	4	29,842
2008	28,401			22	28,379	2,435	-	25,944
2007	20,452			23	20,429	1,697	2	18,734
2006	16,469			37	16,432	1,523	5	14,914
2005	15,661			60	15,601	1,283	12	14,330
2004	12,601			89	12,512	1,214	13	11,311
2003	13,681			11,686	1,995	1,181	183	997
Total	2,216,510	\$ 49,187,965	\$ 105,050	\$ 37,079	\$ 51,472,446	\$ 49,790,531	\$ 50,928	1,732,843
Less: Allowance for Uncollectible accounts	(340,656)							(378,626)
	<u>\$ 1,875,854</u>							<u>\$ 1,354,217</u>

Schedule of property valuation assessed as of December 31, 2013:

	Valuation	Levy
Real property	\$3,008,653,825	\$ 47,536,748
Motor vehicles	173,544,462	3,904,750
Tangible personal property	59,523,139	940,466
Total	3,241,721,426	52,381,964
Less: Exemptions and motor vehicle phase out		
Real property	(79,457,068)	(1,255,422)
Motor vehicles	(86,159,106)	(1,938,544)
Tangible personal property	(2,080)	(33)
Total	<u>\$3,076,103,172</u>	<u>\$ 49,187,965</u>

Statistical Section

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.

Town of Portsmouth, Rhode Island

Schedule 1

Net Position by Component
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,473,289	\$ 10,956,435	\$ 10,369,477	\$ 12,160,493	\$ 11,929,405	\$ 13,131,880	\$ 13,342,227	\$ 13,361,790	\$ 17,181,434	\$ 19,065,856
Permanent Trust Funds										
Expandable	120,939	128,694	-	-	-	-	-	-	-	-
Nonexpandable	4,821	4,821	-	-	-	-	-	-	-	-
Education	497,129	572,753	-	-	-	-	-	-	-	-
Restricted for specific programs	1,055,740	976,380	2,325,230	714,727	3,111,864	-	-	-	-	1,457,118
Unrestricted	(1,272,428)	(916,148)	743,944	(142,360)	(800,628)	2,186,695	4,868,397	7,593,977	4,978,129	(54,607,560)
Total Governmental Activities Net Position	\$ 3,879,490	\$ 11,722,935	\$ 13,438,651	\$ 12,732,860	\$ 14,240,641	\$ 15,318,575	\$ 18,210,624	\$ 20,955,767	\$ 22,159,563	\$ (34,084,586)
Business-type Activities:										
Net Investment in Capital Assets	\$ -	\$ -	\$ 39,524	\$ 165,507	\$ 216,776	\$ 263,758	\$ 337,289	\$ 558,288	\$ 778,209	\$ 1,011,013
Restricted for specific programs	-	-	-	5,399	51,204	61,272	117,652	42,216	41,468	52,185
Unrestricted	-	-	19,323	(85,385)	(169,294)	(206,059)	(218,110)	(399,971)	64,764	(201,753)
Total Business-type Activities Net Position	\$ -	\$ -	\$ 58,847	\$ 85,521	\$ 98,686	\$ 118,971	\$ 236,831	\$ 200,533	\$ 884,441	\$ 861,445
Primary Government:										
Net Investment in Capital Assets	\$ 3,473,289	\$ 10,956,435	\$ 10,409,001	\$ 12,326,000	\$ 12,146,181	\$ 13,395,638	\$ 13,679,516	\$ 13,920,078	\$ 17,959,643	\$ 20,076,869
Permanent Funds:										
Expandable	120,939	128,694	-	-	-	-	-	-	-	-
Nonexpandable	4,821	4,821	-	-	-	-	-	-	-	-
Education	497,129	572,753	-	-	-	-	-	-	-	-
Restricted for specific programs	1,055,740	976,380	2,325,230	720,126	3,163,068	61,272	117,652	42,216	41,468	1,509,303
Unrestricted	(1,272,428)	(916,148)	763,267	(227,745)	(969,922)	1,980,636	4,650,287	7,194,006	5,042,893	(54,809,313)
Total Primary Government Net Position	\$ 3,879,490	\$ 11,722,935	\$ 13,497,498	\$ 12,818,381	\$ 14,339,327	\$ 15,437,546	\$ 18,447,455	\$ 21,156,300	\$ 23,044,004	\$ (33,223,141)

Town of Portsmouth, Rhode Island

Schedule 2

Changes in Net Position
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,133,876	\$ 1,143,158	\$ 1,691,792	\$ 1,220,039	\$ 1,195,247	\$ 1,390,030	\$ 1,457,302	\$ 325,937	\$ 207,860	\$ 321,465
General Education	911,129	2,209,710	1,949,409	779,170	934,883	963,936	1,072,173	1,095,603	1,284,080	1,190,355
Public Safety	865,350	632,127	563,970	598,341	632,623	561,940	559,735	1,916,306	1,928,936	1,593,544
Public Services	313,879	238,651	119,507	-	-	38,239	36,045	-	-	-
Community Service	628,428	691,965	559,770	-	-	-	-	596,985	612,272	591,755
Operating Grants and Contributions	9,147,430	8,670,075	7,947,968	3,508,986	3,231,539	3,582,471	3,351,960	2,640,398	2,872,433	4,283,641
Capital Grants and Contributions	1,170,164	1,135,619	53,993	89,015	355,810	441,054	293,313	106,790	115,000	193,000
Total Governmental Activities Program Revenues	14,170,256	14,721,305	12,886,409	6,195,551	6,350,102	6,977,670	6,770,528	6,682,019	7,020,581	8,173,760
Business-type Activities:										
Charges for Services:										
School Lunch Fund	-	-	525,336	495,299	415,623	468,778	458,888	439,792	474,039	485,336
Transfer Station	-	-	-	461,766	582,877	618,213	582,454	554,501	567,679	582,891
Wind Turbine Generator Fund	-	-	-	140,149	508,545	320,594	324,197	55,120	-	-
Non-major Funds	-	-	-	-	70,332	14,449	15,908	14,925	12,900	9,882
Operating Grants and Contributions	-	-	131,922	182,147	147,946	183,077	168,652	181,779	200,640	211,539
Total Business-type Activities	-	-	657,258	1,279,361	1,725,323	1,605,111	1,550,099	1,246,117	1,255,258	1,289,648
Total Primary Government Program Revenues	14,170,256	14,721,305	13,543,667	7,474,912	8,075,425	8,582,781	8,320,627	7,928,136	8,275,839	9,463,408
Expenses:										
Governmental Activities:										
General Government	5,292,457	4,673,009	4,956,102	5,064,984	4,930,847	5,024,199	4,607,181	5,022,256	5,992,387	6,635,659
General Education	32,916,165	35,367,608	35,706,487	38,467,906	37,942,790	38,798,267	38,514,354	39,516,556	38,316,994	41,397,051
Public Safety	7,364,449	7,772,362	7,798,115	8,441,333	8,529,945	8,810,077	9,185,098	9,606,117	9,860,970	11,096,478
Public Services	1,996,758	2,855,500	2,531,625	2,916,519	2,657,651	3,557,560	2,791,589	3,120,357	2,870,292	3,315,586
Community Service	1,639,301	1,402,505	1,428,005	1,477,988	1,556,963	1,274,895	1,346,146	1,045,438	1,376,200	1,269,191
Capital Outlay	-	-	1,625,111	46,059	143,750	39,727	320,161	106,499	2,551,459	-
Interest on Long Term Debt	703,318	735,194	791,135	756,738	632,034	525,631	524,720	392,363	466,731	428,901
Amortization Expense	-	-	-	43,313	91,050	69,566	47,885	50,501	29,851	29,851
Non-Operating Expense	-	-	-	37,250	-	-	-	-	-	-
Total Governmental Activities Expenses	49,912,448	52,806,178	54,836,580	57,252,090	56,485,030	58,099,922	57,337,134	58,860,087	61,464,884	64,172,717
Business-type Activities:										
School Lunch Fund	-	-	640,606	650,200	557,748	641,843	628,779	649,650	644,770	655,980
Transfer Station	-	-	-	726,962	673,097	639,453	522,349	513,140	539,373	485,025
Wind Turbine Generator Fund	-	-	-	159,750	462,739	310,526	310,035	99,702	155,319	151,307
Non-major Funds	-	-	-	-	60,647	14,244	50,535	19,938	19,964	27,341
Total Business-type Activities	-	-	640,606	1,536,912	1,754,231	1,606,066	1,511,698	1,282,430	1,359,426	1,319,653
Total Primary Government Program Expenses	49,912,448	52,806,178	55,477,186	58,789,002	58,239,261	59,705,988	58,848,832	60,142,517	62,824,310	65,492,370

(Continued)

Changes in Net Position
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expenses)/Revenue:										
Governmental Activities	(35,742,192)	(38,084,873)	(41,950,171)	(51,056,539)	(50,134,928)	(51,122,252)	(50,566,606)	(52,178,068)	(54,444,303)	(55,998,957)
Business-type Activities	-	-	16,652	(257,551)	(28,908)	(955)	38,401	(36,313)	(104,168)	(30,005)
Total Primary Government Net Expenses	(35,742,192)	(38,084,873)	(41,933,519)	(51,314,090)	(50,163,836)	(51,123,207)	(50,528,205)	(52,214,381)	(54,548,471)	(56,028,962)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, MV Phase Out, and PILOT	35,484,836	38,102,246	40,184,494	41,791,630	43,728,918	44,388,491	45,490,728	46,517,787	47,965,049	49,267,057
State Aid (unrestricted)	680,619	654,697	2,901,839	7,426,530	6,947,321	6,937,773	6,871,423	7,005,457	6,778,745	6,048,181
Investment Income	184,587	124,894	156,895	41,839	11,798	10,392	11,855	(123,492)	13,792	11,621
Other Revenues	448,089	514,475	416,789	1,250,718	1,042,461	884,770	1,164,085	719,182	1,678,576	1,351,979
Transfers	-	-	-	(284,225)	(96,875)	(21,240)	(79,435)	-	(788,063)	(7,000)
Total Governmental Activities	36,798,131	39,396,312	43,660,017	50,226,492	51,633,623	52,200,186	53,458,656	54,118,934	55,648,099	56,671,838
Business-type Activities:										
Transfers	-	-	-	284,225	96,875	21,240	79,435	-	788,063	7,000
Investment Income	-	-	-	-	-	-	24	15	13	9
Total Business-type Activities	-	-	-	284,225	96,875	21,240	79,459	15	788,076	7,009
Total Primary Government General Revenues and Other Changes in Net Position	36,798,131	39,396,312	43,660,017	50,510,717	51,730,498	52,221,426	53,538,115	54,118,949	56,436,175	56,678,847
Change in Net Position:										
Governmental Activities	1,055,939	1,311,439	1,709,846	(830,047)	1,498,695	1,077,934	2,892,050	1,940,866	1,203,796	672,881
Business-type Activities	-	-	16,652	26,674	67,967	20,285	117,860	(36,298)	683,908	(22,996)
Total Change in Net Position of Primary Government	\$ 1,055,939	\$ 1,311,439	\$ 1,726,498	\$ (803,373)	\$ 1,566,662	\$ 1,098,219	\$ 3,009,910	\$ 1,904,568	\$ 1,887,704	\$ 649,885

(Concluded)

Town of Portsmouth, Rhode Island

Schedule 3

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Nonspendable:										
Permanent Funds:										
Perpetual Care and Endowed Funds	\$ 125,760	\$ 133,515	\$ 139,922	\$ 142,467	\$ 143,325	\$ 4,821	\$ 4,821	\$ 140,468	\$ 146,218	\$ 156,385
General Fund:										
Advances to Other Funds								492,296		341,062
Prepaid Expenses			455,280					968	199,374	590,534
Inventory	20,380	17,445	2,232	29,956	47,179	58,646	60,892	17,450	31,236	57,173
Encumbrances	90,529	103,407	9,554	30,178	7,222	-	-	-	-	-
Total Nonspendable Fund Balance	\$ 236,669	\$ 254,367	\$ 606,988	\$ 202,601	\$ 197,726	\$ 63,467	\$ 65,713	\$ 651,182	\$ 376,828	\$ 1,145,154
Restricted:										
Town Special Revenue Funds	\$ 399,513	\$ 310,850	\$ 567,724	\$ 128,048	\$ 364,358	\$ 649,649	\$ 744,295	\$ 333,999	\$ 614,792	\$ 336,444
School Special Revenue Funds	497,129	572,753	-	-	-	-	-	418,230	472,711	386,627
Town Capital Project Funds	1,432,181	3,361,355	1,801,210	594,123	1,243,349	752,148	694,536	620,253	316,497	590,657
School Capital Project Funds	-	-	-	-	-	-	-	1,521,010	1,306,896	143,390
Total Restricted Fund Balance	\$ 2,328,823	\$ 4,244,958	\$ 2,368,934	\$ 722,171	\$ 1,607,707	\$ 1,401,797	\$ 1,438,831	\$ 2,893,492	\$ 2,710,896	\$ 1,457,118
Committed:										
Committed for Education	\$ 174,200	\$ 194,307	\$ 671,741	\$ 540,526	\$ 1,381,503	\$ 2,489,136	\$ 3,330,247	\$ 3,922,953	\$ 3,441,468	\$ 2,709,418
Committed for Preservation and Maintenance of Glen Manor Property	37,042	-	-	-	323,744	130,959	111,776	137,715	107,908	179,928
Total Committed Fund Balance	\$ 211,242	\$ 194,307	\$ 671,741	\$ 540,526	\$ 1,705,247	\$ 2,620,095	\$ 3,442,023	\$ 4,060,668	\$ 3,549,376	\$ 2,889,346
Assigned:										
Open Space	\$ 293,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,378	\$ 9,378
Recreational Facilities	155,782	191,626	218,571	27,078	-	-	-	-	-	-
Total Assigned Fund Balance	\$ 449,161	\$ 501,005	\$ 527,950	\$ 336,457	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,378	\$ 9,378
Unassigned:										
General Fund	\$ 1,489,536	\$ 916,644	\$ 1,804,318	\$ 2,224,139	\$ 2,734,147	\$ 2,156,100	\$ 4,747,344	\$ 5,098,694	\$ 6,076,343	\$ 6,131,862
Town Capital Project Fund	1,432,181	3,361,355	1,801,210	594,123	1,552,728	(390,981)	(130,301)	(574,506)	(978,633)	-
Other Governmental Funds	1,017,581	968,593	659,121	120,604	502,862	40,210	87,009	(7,554)	(1,189,169)	(942,669)
Total Unassigned Fund Balance	\$ 3,939,298	\$ 5,246,592	\$ 4,264,649	\$ 2,938,866	\$ 4,789,737	\$ 1,805,329	\$ 4,704,052	\$ 4,516,634	\$ 3,908,541	\$ 5,189,193

Town of Portsmouth, Rhode Island

Schedule 4

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenues	\$ 51,066,871	\$ 53,853,109	\$ 56,509,633	\$ 56,531,020	\$ 57,821,397	\$ 57,812,020	\$ 61,599,852	\$ 61,121,224	\$ 62,673,856	\$ 63,776,594
Total expenses	55,483,050	55,182,231	57,376,853	60,735,102	57,984,642	61,005,409	58,831,202	60,318,227	64,562,131	65,480,830
Excess (deficit) of revenues over (under) expenditures before other financing sources (uses)	(4,416,179)	(1,329,122)	(867,220)	(4,204,082)	(163,245)	(3,193,389)	2,768,650	802,997	(1,888,275)	(1,704,236)
Other financing sources (uses)	4,774,000	2,766,004	694,836	2,259,131	2,682,471	2,839,249	1,970,641	689,000	311,937	1,539,406
	357,821	1,436,882	(172,384)	(1,944,951)	2,519,226	(354,140)	4,739,291	1,491,997	(1,576,338)	(164,830)
Beginning fund balance	4,357,615	4,715,436	6,152,318	5,979,934	4,034,983	6,554,209	6,200,069	10,939,360	12,431,357	10,855,019
Ending fund balance	<u>\$ 4,715,436</u>	<u>\$ 6,152,318</u>	<u>\$ 5,979,934</u>	<u>\$ 4,034,983</u>	<u>\$ 6,554,209</u>	<u>\$ 6,200,069</u>	<u>\$ 10,939,360</u>	<u>\$ 12,431,357</u>	<u>\$ 10,855,019</u>	<u>\$ 10,690,189</u>

Town of Portsmouth, Rhode Island

Schedule 5

Assessed Values and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year Ended June 30	Residential GAV	Commercial GAV	Tangible Personal Property GAV	Inventory GAV	MV GAV	Less Exemptions	Total Taxable NAV	Tax Rate RP	Tax Rate MV @ 70%	Estimated Actual Gross Taxable Value	Assessed Value as a % of Actual Value
2006	2,988,546,400	241,063,900	51,844,650	4,114,200	131,510,075	184,292,249	3,232,786,976	\$10.350/1,000	\$22.50/1,000	3,417,079,225	94.61%
2007	3,038,138,000	241,654,000	55,151,725	3,928,600	143,454,606	201,927,694	3,280,399,237	\$11.290/1,000	\$22.50/1,000	3,482,326,931	94.20%
2008*	3,081,400,700	243,328,500	59,227,108	3,824,250	143,400,815	202,788,704	3,328,392,669	\$11.380/1,000	\$22.50/1,000	3,531,181,373	94.26%
2009	3,366,636,500	312,957,500	64,407,673	-	148,314,618	230,841,362	3,661,474,929	\$10.840/1,000	\$22.50/1,000	3,892,316,291	94.07%
2010	3,411,101,400	313,234,400	72,767,234	-	134,245,632	226,188,811	3,705,159,855	\$11.265/1,000	\$22.50/1,000	3,931,348,666	94.25%
2011*	3,505,542,600	309,948,600	67,737,408	-	161,943,404	215,446,368	3,829,725,644	\$11.301/1,000	\$22.50/1,000	4,045,172,012	94.67%
2012	2,903,773,900	290,414,100	58,963,767	-	167,343,161	178,571,223	3,241,923,705	\$13.908/1,000	\$22.50/1,000	3,420,494,928	94.78%
2013	2,895,214,200	288,264,200	55,698,040	-	174,418,799	171,416,932	3,242,178,307	\$14.238/1,000	\$22.50/1,000	3,413,595,239	94.98%
2014*	2,904,679,000	294,055,900	58,439,219	-	173,244,400	172,448,628	3,257,969,891	\$14.526/1,000	\$22.50/1,000	3,430,418,519	94.97%
2015	2,714,119,625	294,534,200	59,523,139	-	173,544,462	165,618,254	3,076,103,172	\$15.800/1,000	\$22.50/1,000	3,241,721,426	94.89%

Source: Town of Portsmouth Tax Assessor Office

GAV=Gross Assessed Value; NAV=Net Assessed Value

*State Mandated Revaluation as of 12/31 prior year, which was effective for * tax roll year

Inventory Tax Rate:2007=\$2.30/1,000, 2006=\$4.60/1,000, 2005=\$6.89/1,000

Town of Portsmouth, Rhode Island

Schedule 6

Principal Property Taxpayers
Current Year and Ten Years Ago
(UNAUDITED)

Taxpayer	2006			2015		
	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value
Carnegie Holdings LLC				\$ 65,277,400	1	2.120
Raytheon Corp	\$ 39,257,900	1	1.200	38,680,002	2	1.260
Newport Water				22,687,900	3	0.740
Northern Waterfront Assoc LP				18,547,800	4	0.600
National Grid	9,559,700	6	0.296	16,671,594	5	0.540
Carnegie Abbey Club Acquisitions LP				16,044,400	6	0.520
TDS Realty	5,344,900	9	0.165	15,549,355	7	0.510
GMH Military Housing	16,007,100	3	0.495	15,183,900	8	0.490
Talaria RE Holdings	16,587,180	2	0.513	15,093,215	9	0.490
Conlan RI Acquisitions LLC				8,291,700	10	0.270
Carnegie Abbey Golf Club LLC	14,926,600	4	0.462			
OC Tower Associates LP	11,631,400	5	0.360			
Edward Zucker Trustee of Bay View Realty	8,207,200	7	0.254			
Nationwide Health Properties INC	6,874,000	8	0.213			
Church Community Housing Corp.	4,701,900	10	0.145			
TOTAL	\$ 133,097,880		4.103	\$ 232,027,266		7.540

Source: Town of Portsmouth Tax Assessor Office

Town of Portsmouth, Rhode Island

Schedule 7

Property Tax Levies and Collections
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year Ended June 30	Taxes Levied	Collection within the Fiscal Year of the Levy		Total Collections to Date as of 6/30/2015	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2006	34,128,893	33,149,352	97.13%	33,992,957	99.60%
2007	36,525,098	35,230,954	96.46%	36,468,091	99.84%
2008	38,442,372	37,312,489	97.06%	38,413,389	99.92%
2009	40,361,114	38,595,827	95.63%	40,172,728	99.53%
2010	42,275,881	40,486,044	95.77%	42,085,304	99.55%
2011	44,171,990	41,146,530	93.15%	43,880,338	99.34%
2012	45,807,376	43,913,817	95.87%	45,604,015	99.56%
2013	46,892,536	45,436,722	96.90%	46,813,427	99.83%
2014	48,021,888	46,165,831	96.13%	47,901,430	99.75%
2015	49,187,965	47,811,260	97.20%	47,811,260	97.20%

Source: Town of Portsmouth Tax Assessor Office

Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year June 30	Governmental Activities			Business-type Activities		Total	Percentage of Personal Income	Personal ^{1,3} Income	Net Bonded Debt per Capita	Population ^{1,2}	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine & Transfer Station								
2006	14,132,500	3,500,000	-	-	17,632,500	0.2295%	40,461	1,020	17,293	3,232,786,976	0.5454%	
2007	12,864,261	5,225,000	-	-	18,089,261	0.2259%	40,871	1,045	17,317	3,280,399,237	0.5514%	
2008	11,423,436	4,920,000	-	-	16,343,436	0.2526%	41,280	942	17,341	3,328,392,669	0.4910%	
2009	10,425,700	6,345,000	-	2,826,667	19,597,367	0.2127%	41,690	1,129	17,365	3,661,474,929	0.5352%	
2010	11,083,082	5,825,000	-	2,622,667	19,530,749	0.2156%	42,099	1,123	17,389	3,705,159,855	0.5271%	
2011	12,139,282	5,305,000	36,336	2,422,952	19,903,570	0.2109%	41,968	1,147	17,348	3,829,725,644	0.5197%	
2012	11,179,482	4,785,000	22,010	2,394,238	18,380,730	0.2261%	41,554	1,063	17,293	3,241,923,705	0.5670%	
2013	9,991,411	4,270,000	53,242	2,160,212	16,474,865	0.2721%	44,821	953	17,293	3,242,178,307	0.5081%	
2014	8,094,182	4,880,000	-	1,926,325	14,900,507	0.3015%	44,920	862	17,293	3,257,969,891	0.4574%	
2015	7,898,655	4,380,000	-	1,692,439	13,971,094	-	Unavailable	808	17,293	3,076,103,172	0.4542%	

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

Town of Portsmouth, Rhode Island

Schedule 9

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year June 30	Governmental Activities			Business-type Activities	Total	Personal ^{1,3} Income	Percentage of Personal Income	Population ^{1,2}	Per Capita	Taxable Assessed Value	Percentage of Taxable Assessed Value of Property
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine & Transfer Station							
2006	14,132,500	3,500,000	-	-	17,632,500	40,461	0.2295%	17,293	1,020	3,232,786,976	0.5454%
2007	12,864,261	5,225,000	-	-	18,089,261	40,871	0.2259%	17,317	1,045	3,280,399,237	0.5514%
2008	11,423,436	4,920,000	-	-	16,343,436	41,280	0.2526%	17,341	942	3,328,392,669	0.4910%
2009	10,425,700	6,345,000	-	2,826,667	19,597,367	41,690	0.2127%	17,365	1,129	3,661,474,929	0.5352%
2010	11,083,082	5,825,000	-	2,622,667	19,530,749	42,099	0.2156%	17,389	1,123	3,705,159,855	0.5271%
2011	12,139,282	5,305,000	36,336	2,422,952	19,903,570	41,968	0.2109%	17,348	1,147	3,829,725,644	0.5197%
2012	11,179,482	4,785,000	22,010	2,394,238	18,380,730	41,554	0.2261%	17,293	1,063	3,241,923,705	0.5670%
2013	9,991,411	4,270,000	53,242	2,160,212	16,474,865	44,821	0.2721%	17,293	953	3,242,178,307	0.5081%
2014	8,094,182	4,880,000	-	1,926,325	14,900,507	44,920	0.3015%	17,293	862	3,257,969,891	0.4574%
2015	7,898,655	4,380,000	-	1,692,439	13,971,094	Unavailable	-	17,293	808	3,076,103,172	0.4542%

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

Town of Portsmouth, Rhode Island

Schedule 10

Legal Debt Margin Information
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Assessed Value	\$ 3,232,786,976	\$ 3,280,399,237	\$ 3,328,392,669	\$ 3,661,474,929	\$ 3,705,159,855	\$ 3,829,725,644	\$ 3,241,923,705	\$ 3,242,178,307	\$ 3,257,969,891	\$ 3,076,103,172
RI General Law Debt Limitation as % of Assessed Value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt Limit	96,983,609	98,411,977	99,851,780	109,844,248	111,154,796	114,891,769	97,257,711	97,265,349	97,739,097	92,283,095
Total Debt Applicable to Limit General Obligation Bonds	17,632,500	18,089,261	16,343,436	19,597,367	19,530,749	19,867,234	18,358,720	16,421,623	14,900,507	13,971,094
Legal Debt Margin	\$ 79,351,109	\$ 80,322,716	\$ 83,508,344	\$ 90,246,881	\$ 91,624,047	\$ 95,024,535	\$ 78,898,991	\$ 80,843,726	\$ 82,838,590	\$ 78,312,001
Total Net Debt Applicable to the Limit as % of Debt Limit	22.22%	22.52%	19.57%	21.72%	21.32%	20.91%	23.27%	20.31%	17.99%	17.84%

Town of Portsmouth, Rhode Island

Schedule 11

Demographic and Economic Statistics
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year June 30	Population ^{1,2}	School Enrollment ⁴	Poverty Population***			Per Capita Income***		Unemployment Rate**		
			Portsmouth ¹	RI ¹	US ¹	Portsmouth ^{1,3}	RI ¹	Portsmouth ³	RI ³	US ⁵
2006	17,293	2,723	705	116,595	38,208,414	40,461	25,937	4.10%	5.10%	4.61%
2007	17,317	2,723	705	116,595	38,208,414	40,871	27,777	4.00%	5.20%	4.62%
2008	17,341	2,781	705	116,595	38,208,414	41,280	29,011	6.10%	7.70%	5.80%
2009	17,365	2,800	1,064	118,618	39,537,240	41,690	28,772	8.80%	10.90%	9.30%
2010	17,389	2,859	1,064	123,396	40,917,513	42,099	27,667	9.80%	11.70%	9.60%
2011	*17,348	2,796	1,064	129,454	42,739,924	41,968	29,277	9.80%	11.20%	9.60%
2012	*17,293	2,715	1,257	133,462	44,852,527	41,554	29,389	8.60%	10.30%	8.10%
2013	*17,293	2,658	1,331	137,244	46,663,433	44,821	30,748	8.20%	9.50%	7.40%
2014	*17,293	2,647	1,355	143,996	47,755,606	44,920	30,830	6.80%	7.70%	6.10%
2015	*17,293	2,532	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

⁴ Portsmouth School Department

⁵ US Bureau of Labor Statistic

* 7/1/2012 resident population estimate per RIDOP

** Not seasonally adjusted

*** Estimated by the US Census Bureau

Town of Portsmouth, Rhode Island

Schedule 12

Principal Employers
Current Year and Ten Years Ago
(UNAUDITED)

Employer	2005			2014*		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Raytheon Company	1800	1	30.43%	1250	1	21.66%
All Island Landscape, Inc.	9	10	0.15%			0.00%
The Hickley Company	98	2	1.66%	115	4	1.99%
New England Boatworks	90	4	1.52%	127	3	2.20%
Vanguard Sailboats	80	5	1.35%	50	7	0.87%
East Coast Construction	45	7	0.76%	49	9	0.85%
International Manufacturing Svcs.	38	9	0.64%	41	10	0.71%
Atria Aquidneck Place	51	6	0.86%	50	8	0.87%
Carnegie Abbey Club			0.00%	85	6	1.47%
Hodges Badge Co. Inc.	98	3	1.66%	91	5	1.58%
Hunt Yachts	40	8	0.68%			0.00%
Visiting Nurse Srv of Newport & Bristol Counties			0.00%	250	2	4.33%

*Most recent information available

Source: Town Officials

Town of Portsmouth, Rhode Island

Schedule 13

Full-Time Equivalent Town Employees by Department
Last Ten Fiscal Years
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Council	7	7	7	7	7	7	7	7	7	7
Administration	2	2	2	2	2	2	2	2	2	2
Town Clerk	4	4	4	4	4	4	4	3	3	2
Canvassing	1	1	1	1	1	1	1	1	1.5	1.5
Finance/Personnel	5	5	5	5	5	5	5	5	5	5
Tax Assessment/Collection	5	5	5	5	5	5	5	4	5	5
Planning and Development	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.5
Building Inspection/Zoning	3.5	3.5	3.5	2.5	2.5	2.5	2.5	2.5	3	3
Total General Government	29	29	29	28	28	28	28	26	28	28
Public Safety:										
Police	31	32	31	34	32	32	31	31	30	33
Harbormaster	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Prudence Island Public Safety	1	1	1	1	1	1	1	1	1	1
Animal Control	1	1	1	1	1	1	1	1	1	1
Fire	35	35	35	36	33	33	34	35	34	34
Total Public Safety	68.5	69.5	68.5	72.5	67.5	67.5	67.5	68.5	66.5	69.5
Public Health:										
Public Works	17	18	18	17	16	16	16	16	16	16
Total Public Health	17	18	18	17	16	16	16	16	16	16
Public Welfare:										
Parks and Recreation	5	5	5	5	5	5	5	5	5	5
Total Public Welfare	5	5	5	5	5	5	5	5	5	5
Public Education:										
Teachers	254.2	246.7	248.9	245	239	230.9	227.6	219.9	223	210
Pupil Support	92	104.1	105.5	105.1	104.5	101.5	101.6	101.6	103	75
Executive and Administrative	14	15	15	15	16	15.5	14.5	15	16	16
Total Public Education	360.2	365.8	369.4	365.1	359.5	347.9	343.7	336.5	342	301
Total	479.7	487.3	489.9	487.6	476	464.4	460.2	452	457.5	419.5

Source: Town of Portsmouth Finance & Personnel Office

Town of Portsmouth, Rhode Island

Schedule 14

Operating Indicators by Function
Last Ten Fiscal Years
(UNAUDITED)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Building permits issued	956	866	595	672	586	604	616	682	612	535
Number of inspections made	3,277	2,465	2,161	1,440	1,041	1,554	1,795	1,852	2,304	2,210
Town Clerk:										
Number of transactions										
Beverage licenses	31	31	30	30	34	34	30	31	32	35
Dog licenses	1,797	165	1,636	1,671	1,676	1,834	1,589	1,608	1,651	1,652
Other licenses	186	173	170	188	174	149	166	160	213	209
Vital records	1,340	1,113	1,065	1,089	1,128	1,134	1,355	1,135	1,372	1,050
Land evidence	5,647	5,205	4,108	4,616	4,530	4,160	5,156	4,701	3,631	4,227
Probate cases	100	88	108	87	88	93	79	104	100	92
Public Safety:										
Number of police personnel and officers	31	32	31	34	32	32	31	31	30	33
Number of arrests	788	756	661	606	649	540	513	552	586	714
Number of parking violations	115	59	64	101	163	25	41	41	47	74
Number of traffic violations	2,865	2,111	2,393	2,714	2,169	1,520	1,828	2,120	2,344	1,987
Number of fatal car crashes	3	0	3	3	0	1	3	3	1	0
Number of paid firefighters	35	35	35	36	33	33	34	35	34	34
Number of fire emergency responses	606	565	540	623	839	732	741	751	755	679
Number of fires extinguished	110	103	104	91	98	102	133	118	134	88
Number of ambulance calls	1,696	1,624	1,661	1,765	1,786	1,792	1,837	1,945	1,884	1,924
Number of motor vehicle accidents	202	164	183	164	140	137	149	149	159	159
Public Works:										
Number of streets paved	0	2	2	0	9	6	0	15	26	27
Inches of snow removed (accumulative)	24.2	12.6	17.4	41.4	34.1	43.2	13.5	41.7	49.9	69.3
Tons collected and disposed:										
Solid waste	8,161	8,070	7,129	6,484	4,672	4,692	4,718	4,004	3,955	4,327
Metal, Mattress, Tires	338	245	191	178	154	145	197	117	189	62
Recycleable	945	1,119	1,072	1,666	1,958	2,048	1,924	1,931	2,134	1,981
Number of Christmas trees pickup								1,378	1,433	
Wastewater										
Catch basins cleaned	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+
Number of new street signs	137	80	87	140	108	154	86	109	41	145

Source: Various Town Departments

Town of Portsmouth, Rhode Island

Schedule 15

Capital Asset Statistics by Function
Last Ten Fiscal Years
(UNAUDITED)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Number of Public Works buildings	2	2	2	2	2	2	2	2	2	2
Number of Transfer Station	1	1	1	1	1	1	1	1	1	1
Miles of streets	111	111	111	111	111	111	111	111	111	111
Number of street lights										
Miles of storm water drains	49	49	49	49	49	49	49	49	49	49
Water:										
Miles of water mains	Unavailable	125+	126+	126+	126+	127+	129+	129+	130+	130+
Number of fire hydrants	Unavailable	562	564	564	564	567	574	581	578	581
Recreations and Parks:										
Number of parks and recreation facilities	17	17	17	17	17	17	17	17	17	17
Acres of parks and recreation facilities	354.98	354.98	354.98	354.98	354.98	354.98	354.98	354.98	354.98	354.98

Source: Various Town Departments