

**TOWN OF PORTSMOUTH, RHODE ISLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016**

**TOWN OF PORTSMOUTH, RHODE ISLAND**

**FOR THE YEAR ENDED JUNE 30, 2016**

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# Introductory Section

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

**Richard Rainer, *Town Administrator***  
**David Faucher, *Interim Director of Finance***

December 20, 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, 2016, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months 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 finances 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 has established a comprehensive internal control framework that is designed to protect the government's accounts from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the Town'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 the independent audit was to provide reasonable assurance that the financial statements of the Town of Portsmouth for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved the following: 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 unmodified opinion that the Town of Portsmouth's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements 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 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, local and long distance trucking firms and bus lines. The nearby Port of Providence provides the Town with excellent shipping facilities.

### **Government**

The Town is governed by a seven member Town Council, elected biannually in even years, and an appointed Town Administrator. The Town operates under a Home Rule Charter wherein all powers of government are vested in the elected Town Council. The Council may enact local legislation subject only to the limitations imposed by the 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 the following: carrying out the policies of the Town Council, overseeing the day to day operations of the Town and appointing all other employees, except the Town Clerk (an elected position) and School District personnel.

The Town provides a full range of municipal services as follows: 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's financial planning and control. All departments of the Town are required to submit requests 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 within a department. Transfer of 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 80-81 and 97, respectively.

## **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 which 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 Route 24 places the Park in a strategic location for light industrial markets and labor supply. There are 23 companies located in the park.

Portsmouth's largest employer is the Integrated 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 the local marine trades. In cooperation with the Town, Commerce RI (the State's primary economic development agency) 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 who are either in a defined benefit plan or a hybrid of defined benefit and defined contribution plans. All pension plans are locally administered plans, except for the Teachers who participate in the State administered 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 52.5% as of the July 1, 2016 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 \$5,442,721 (\$4,669,567 for the Town and \$773,154 for the School Department). The Town has established an OPEB Trust. As of the July 1, 2015 report, this trust is funded 4.3% for the Town and 0% for the School Department.

### **Other**

Portsmouth believes in transparency and the accountability it inspires. This is the second 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 on the Town's website, along with other financial data such as debt service schedules, monthly check registers and actuary reports.

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. Credit must also be given to the Town Council and the School Committee for their unfailing support for achieving and maintain the highest standards of professional management of the Town of Portsmouth's finances.

Respectfully submitted,



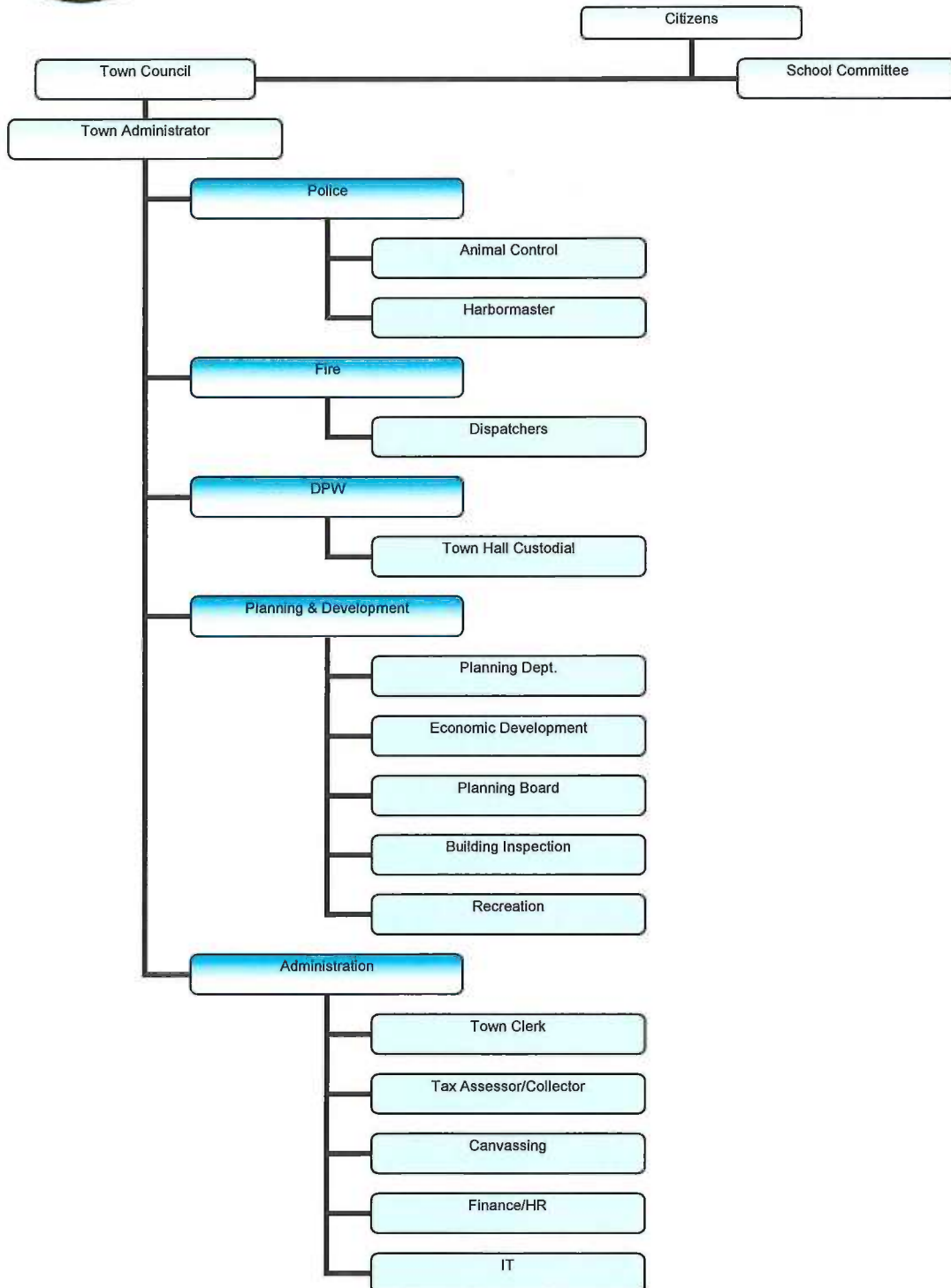
Richard Rainer  
Town Administrator



David Faucher  
Interim 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



The Government Finance Officers Association  
of the United States and Canada

*presents this*

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

*to*

**James Lathrop**

Deputy Town Administrator / Director of Finance  
Town of Portsmouth, Rhode Island



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date August 19, 2016

# **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, 2016, 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, 2016, 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.

## *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 80 through 94, 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 introductory section, combining town general fund and school unrestricted fund financial statements, budgetary comparison schedule for the school unrestricted fund, combining nonmajor fund financial statements, combining agency fund financial statements, schedule of property taxes receivable, and statistical section, 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 budgetary comparison schedule for the school unrestricted fund, the combining nonmajor fund financial statements, the combining agency fund financial statements and the schedule of property taxes receivable 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.



*Other Information (Continued)*

In our opinion, the combining town general fund and school unrestricted fund financial statements, the budgetary comparison schedule for the school unrestricted fund, the combining nonmajor fund financial statements, the combining agency fund financial statements and the schedule of property taxes receivable are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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  
December 20, 2016

TOWN OF PORTSMOUTH, RHODE ISLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016

As management of the Town of Portsmouth, we offer the readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2016. 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 decreased by \$1,538,395 (or 4.6%). The governmental net position decreased by \$450,304 (or 1.4%) and the business-type net position decreased by \$1,088,091 (or 3.3%).
- The governmental activities revenue increased from prior year by \$2,926,823 (or 4.5%) and the change in net position from governmental activities decreased from prior year by \$1,123,185. The results of governmental activities produced a decrease in net position of \$450,304 in fiscal year 2016 compared to a net position increase of \$672,881 in fiscal year 2015.
- The business-type activities revenue increased by \$116,990 (or 9.0%) and the change in net position from business-type activities decreased from prior year by \$1,065,095. In fiscal year 2016, the results of business-type activities produced a decrease in business-type net position of \$1,088,091 compared to a decrease in net position of \$22,996 in fiscal year 2015.
- The General Fund (the main operating fund) reflected on a current financial resource basis, reported a decrease in fund balance of \$1,377,939 (or 14.0%) for fiscal year 2016 compared to a \$26,709 decrease 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, 2016 by \$34,761,536.
- The Town's total liabilities increased by \$9,682,727 from prior year. The increase is primarily due to the increases in net pension obligation of \$5,968,993, net long-term liabilities of \$2,138,298 and note payable of \$1,215,000.

### **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 consist of three components:

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

This report 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 a 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, an 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 Generator 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.

Since 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, all of which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Fund data for each of these non-major governmental funds 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.

*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 there. The Wind Turbine Generator Fund accounts for activities associated with the Town owned wind turbine. During fiscal year ended June 30, 2016 the Town had disposed of the wind turbine, as it has not been in operation for years. 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 23-79.

**Other Information.** In addition to the basic 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 80-94.

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, along with the School Unrestricted Fund's budget to actual comparison schedule, can be found on pages 95-119.

### Government-wide Financial Analysis

#### TOWN OF PORTSMOUTH, RHODE ISLAND NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current & Other Assets	\$ 17,689,635	\$ 13,774,174	\$ 1,682,256	\$ 388,140	\$ 19,371,891	\$ 14,162,314
Capital Assets, net of accumulated depreciation	\$ 34,158,741	\$ 31,464,018	\$ 429,083	\$ 2,703,452	\$ 34,587,824	\$ 34,167,470
Net Pension Asset	\$ 3,529,933	\$ 4,865,868	\$ -	\$ -	\$ 3,529,933	\$ 4,865,868
Total Assets	\$ 55,378,309	\$ 50,104,060	\$ 2,111,339	\$ 3,091,592	\$ 57,489,648	\$ 53,195,652
Deferred Outflows - Pension Related	\$ 13,092,363	\$ 7,394,081	\$ -	\$ -	\$ 13,092,363	\$ 7,394,081
Deferred Outflows - on Refunding	\$ 129,357	\$ 159,208	\$ -	\$ -	\$ 129,357	\$ 159,208
Total Deferred Outflows of Resources	\$ 13,221,720	\$ 7,553,289	\$ -	\$ -	\$ 13,221,720	\$ 7,553,289
Current Liabilities	\$ 5,729,517	\$ 4,944,184	\$ 1,808,517	\$ 769,344	\$ 7,538,034	\$ 5,713,528
Long-term Liabilities	\$ 91,466,889	\$ 82,677,333	\$ 529,468	\$ 1,460,803	\$ 91,996,357	\$ 84,138,136
Total Liabilities	\$ 97,196,406	\$ 87,621,517	\$ 2,337,985	\$ 2,230,147	\$ 99,534,391	\$ 89,851,664
Deferred Inflows - Pension Related	\$ 5,938,513	\$ 4,120,418	\$ -	\$ -	\$ 5,938,513	\$ 4,120,418
Net Position:						
Net Investment in Capital Assets	\$ 18,884,330	\$ 19,065,856	\$ 214,640	\$ 1,011,013	\$ 19,098,970	\$ 20,076,869
Restricted	\$ 5,704,732	\$ 1,457,118	\$ 42,925	\$ 52,185	\$ 5,747,657	\$ 1,509,303
Unrestricted	\$ (59,123,952)	\$ (54,607,560)	\$ (484,211)	\$ (201,753)	\$ (59,608,163)	\$ (54,809,313)
Total Net Position	\$ (34,534,890)	\$ (34,084,586)	\$ (226,646)	\$ 861,445	\$ (34,761,536)	\$ (33,223,141)

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 \$(34,761,536) as of June 30, 2016 consisting of \$(34,534,890) from governmental activities and \$(226,646) from business-type activities. For the fiscal year ended June 30, 2016 \$(59,608,163) of the total \$(34,761,536) in the net position is unrestricted.

Net investment in capital assets comprises \$19,098,970 and \$20,076,869 of net position at June 30, 2016 and 2015, 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 position, restricted net position, represents net position that is subject to external restriction on how it may be used (i.e., special revenue funds, capital project funds and recycling). Restricted net position as of June 30, 2016 totaled \$5,747,657.

The current and other assets are \$19,371,891 at June 30, 2016. Of that balance \$17,689,635 is from governmental activities and \$1,682,256 is from business-type activities. The total current and other assets consist of the following: \$15,816,198 of cash and cash equivalents and restricted cash held in escrow, \$1,225,138 of property tax receivable, \$397,621 of ambulance receivables, \$893,517 of receivable due from federal and state governments and \$1,039,417 of other assets.

The current liabilities are \$7,538,034 at the end of fiscal year 2016. Of that balance, \$5,729,517 is from governmental activities and \$1,808,517 is from business-type activities. The total current liabilities consist of \$2,805,017 of short term payables and \$4,733,017 of short term payables related to borrowing.

The long term liabilities are \$91,996,357 at June 30, 2016. Of that balance \$91,466,889 is from governmental activities and \$529,468 is from business-type activities. The total long term liabilities consist of \$40,241 of unearned revenue, \$1,256,635 of accrued compensated absences, \$5,442,721 of net OPEB obligation, \$71,542,424 of net pension obligation and \$13,714,336 of net long term liabilities.

### TOWN OF PORTSMOUTH STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 4,170,030	\$ 3,697,119	\$ 1,148,409	\$ 1,078,109	\$ 5,318,439	\$ 4,775,228
Operating Grants & Contributions	\$ 5,581,847	\$ 4,283,641	\$ 254,731	\$ 211,539	\$ 5,836,578	\$ 4,495,180
Capital Grants & Contributions	\$ 250,313	\$ 193,000	\$ -	\$ -	\$ 250,313	\$ 193,000
<b>General Revenues:</b>						
Property Taxes	\$ 49,910,345	\$ 49,267,057	\$ -	\$ -	\$ 49,910,345	\$ 49,267,057
State Aid	\$ 6,359,063	\$ 6,048,181	\$ -	\$ -	\$ 6,359,063	\$ 6,048,181
Unrestricted Investment Earnings	\$ 13,433	\$ 11,621	\$ 7	\$ 9	\$ 13,440	\$ 11,630
Miscellaneous Revenue	\$ 1,452,173	\$ 1,351,979	\$ -	\$ -	\$ 1,452,173	\$ 1,351,979
<b>Total Revenues</b>	<b>\$ 67,737,204</b>	<b>\$ 64,852,598</b>	<b>\$ 1,403,147</b>	<b>\$ 1,289,657</b>	<b>\$ 69,140,351</b>	<b>\$ 66,142,255</b>
<b>Expenses</b>						
General Government	\$ 11,012,945	\$ 6,665,510	\$ -	\$ -	\$ 11,012,945	\$ 6,665,510
Public Safety	\$ 11,371,782	\$ 11,096,478	\$ -	\$ -	\$ 11,371,782	\$ 11,096,478
Public Works	\$ 3,237,659	\$ 3,315,586	\$ -	\$ -	\$ 3,237,659	\$ 3,315,586
Education	\$ 40,753,345	\$ 41,397,051	\$ -	\$ -	\$ 40,753,345	\$ 41,397,051
Public & Social Services	\$ 1,290,100	\$ 1,269,191	\$ -	\$ -	\$ 1,290,100	\$ 1,269,191
Interest on Long Term Debt	\$ 556,894	\$ 428,901	\$ -	\$ -	\$ 556,894	\$ 428,901
School Lunch Fund	\$ -	\$ -	\$ 711,503	\$ 655,980	\$ 711,503	\$ 655,980
Transfer Station Fund	\$ -	\$ -	\$ 569,944	\$ 485,025	\$ 569,944	\$ 485,025
Septic System Loan Program	\$ -	\$ -	\$ 16,421	\$ -	\$ 16,421	\$ -
Wind Turbine Fund	\$ -	\$ -	\$ 1,193,708	\$ 151,307	\$ 1,193,708	\$ 151,307
Summer School Fund	\$ -	\$ -	\$ 10,162	\$ 27,341	\$ 10,162	\$ 27,341
<b>Total Expenses</b>	<b>\$ 68,222,725</b>	<b>\$ 64,172,717</b>	<b>\$ 2,501,738</b>	<b>\$ 1,319,653</b>	<b>\$ 70,724,463</b>	<b>\$ 65,492,370</b>
Change in Net Position before Transfers	\$ (485,521)	\$ 679,881	\$ (1,098,591)	\$ (29,996)	\$ (1,584,112)	\$ 649,885
Transfers	\$ 35,217	\$ (7,000)	\$ 10,500	\$ 7,000	\$ 45,717	\$ -
Change in Net Position	\$ (450,304)	\$ 672,881	\$ (1,088,091)	\$ (22,996)	\$ (1,538,395)	\$ 649,885
Net Position, at Beginning of Year	\$ (34,084,586)	\$ (34,757,467)	\$ 861,445	\$ 884,441	\$ (33,223,141)	\$ (33,873,026)
Net Position, at End of Year	\$ (34,534,890)	\$ (34,084,586)	\$ (226,646)	\$ 861,445	\$ (34,761,536)	\$ (33,223,141)

General revenues include all revenues not required to be reported as program revenues. The totals of general revenues in the governmental activities for the fiscal year 2016 and 2015 were \$57,735,014 and \$56,678,838, respectively. Included in these totals were \$49,910,345 and \$49,267,057 of property taxes for the years ended June 30, 2016 and 2015, 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 \$70,724,463 and \$65,492,370 for the years ended June 30, 2016 and 2015, respectively. In fiscal years 2016 and 2015, expenses in the governmental activities were \$68,222,725 and \$64,172,717, respectively. In fiscal years 2016 and 2015, the business-type activities, expenses were \$2,501,738 and \$1,319,653, respectively.

Total changes in net position were a decrease of \$1,538,395 and an increase of \$649,885 in fiscal years 2016 and 2015, respectively. The change was primarily due to increases in net pension and OPEB obligations which were partially offset by increases in education grants and contributions.

### **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 \$13,674,883. Approximately 43% (\$5,930,164) is available from the Town's fund balance for spending at the government's discretion. The remaining fund balance of \$7,744,719 includes \$625,752 non-spendable for prepaid items, inventory and permanent funds, \$5,704,732 restricted to specific programs and \$1,414,235 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 \$6,871,853, while the total fund balance of the General Fund was \$8,461,488. 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 12.8% of the FY 2016 Adopted General Fund Expenditure Budget. Total fund balance represents 15.7% of the same budget.

The \$2,534,637 current fiscal year increase in fund balance of the Town's Capital Project Fund (one of major governmental funds) is due to fiscal 2016 bond issuance net of related capital expenditures.

### **General Fund Budgetary Highlights**

Overall, the Town of Portsmouth, Rhode Island finished the 2015-2016 fiscal year with a budgetary surplus of \$178,428.

#### **Major General Fund Revenue Factors:**

- Better tax collection in current year and prior years resulted in a favorable total of \$549,532;
- Building a favorable fund balance reserve of \$155,933; and,
- School capital projects boosted the housing aid by \$140,680.

**Major Expenditure Factors:**

- Excess overtime in Public Safety and Public Works impacted unfavorably;
- Delays in hiring the Fire Marshal and Planning Director provided a favorable total of \$195,580;
- A litigation settlement of \$800,000 impacted Legal unfavorably; and,
- Lower borrowing costs due to the AAA rating and favorable market conditions resulted in a favorable total of \$150,849.

**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, 2016 amount to \$34,587,824 (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. Additional information on the Town of Portsmouth’s capital assets can be found in Note 4 (pages 44-45) to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land & Land Improvements	\$ 5,060,403	\$ 4,401,531	\$ 37,251	\$ 45,908	\$ 5,097,654	\$ 4,447,439
Land Easements	\$ 1,420,000	\$ 1,420,000	\$ -	\$ -	\$ 1,420,000	\$ 1,420,000
Construction in Progress	\$ 177,715	\$ -	\$ -	\$ -	\$ 177,715	\$ -
Buildings & Improvements	\$ 12,173,021	\$ 12,311,104	\$ 210,449	\$ -	\$ 12,383,470	\$ 12,311,104
Machinery & Equipment	\$ 2,881,924	\$ 1,171,977	\$ 181,383	\$ 2,657,544	\$ 3,063,307	\$ 3,829,521
Construction Equipment	\$ 26,552	\$ 37,682	\$ -	\$ -	\$ 26,552	\$ 37,682
Infrastructure	\$ 10,418,238	\$ 10,117,284	\$ -	\$ -	\$ 10,418,238	\$ 10,117,284
Vehicles	\$ 2,000,888	\$ 2,004,440	\$ -	\$ -	\$ 2,000,888	\$ 2,004,440
Total	<u>\$ 34,158,741</u>	<u>\$ 31,464,018</u>	<u>\$ 429,083</u>	<u>\$ 2,703,452</u>	<u>\$ 34,587,824</u>	<u>\$ 34,167,470</u>

*Debt Administration* – At the end of the current fiscal year, the Town of Portsmouth had total bonded debt outstanding of \$14,726,999 and capital leases outstanding of \$564,798, entirely backed by the full faith and credit of the Town. Additional information on the Town of Portsmouth’s debt obligations can be found in Note 7 (pages 46-48) to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 14,098,425	\$ 12,278,655	\$ 628,574	\$ 1,692,439	\$ 14,726,999	\$ 13,971,094
Capital Leases	\$ 564,798	\$ -	\$ -	\$ -	\$ 564,798	\$ -

State statutes 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 percent of net assessed property values 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, 2016, the Town had a debt limit of \$65,530,615.



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 2017 amounts to \$60,668,949, which reflects an increase of 4.37% over the fiscal 2016 budget. Of the Town's \$60,668,949 budget, \$36,333,271 or 59.89% is budgeted for the Portsmouth Public Schools. The Town is budgeted to receive \$4,733,705 or 7.80% from the State of Rhode Island for Aid to Education.

The Town's tax rate for fiscal year 2017 is \$16.00 per thousand vs \$15.80 per thousand for fiscal year 2016.

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 its 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, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 15,607,609	\$ 41,460	\$ 15,649,069
Restricted cash held in escrow	35,142	131,987	167,129
Real estate and personal property tax receivable, net	1,225,138		1,225,138
Ambulance receivables	397,621		397,621
Due from federal and state governments	879,777	13,740	893,517
Internal balances	(1,291,148)	1,291,148	-
Inventories	36,300	25,908	62,208
Prepays	429,048		429,048
Other receivables, net	370,148	178,013	548,161
<b>Total Current Assets</b>	<b>17,689,635</b>	<b>1,682,256</b>	<b>19,371,891</b>
<b>Noncurrent Assets:</b>			
Capital assets (non-depreciable)	6,352,994	37,251	6,390,245
Capital assets (net of depreciation)	27,805,747	391,832	28,197,579
Net pension asset	3,529,933		3,529,933
<b>Total Non-Current Assets</b>	<b>37,688,674</b>	<b>429,083</b>	<b>38,117,757</b>
<b>TOTAL ASSETS</b>	<b>55,378,309</b>	<b>2,111,339</b>	<b>57,489,648</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	13,092,363		13,092,363
Deferred charge on refunding	129,357		129,357
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,221,720</b>	<b>-</b>	<b>13,221,720</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	1,536,060	66,321	1,602,381
Accrued interest	146,456	28,090	174,546
Accrued expenses	1,202,636		1,202,636
Note payable		1,615,000	1,615,000
Current portion of long-term debt	2,844,365	99,106	2,943,471
<b>Total Current Liabilities</b>	<b>5,729,517</b>	<b>1,808,517</b>	<b>7,538,034</b>
<b>Noncurrent Liabilities:</b>			
Unearned revenue	40,241		40,241
Accrued compensated absences	1,256,635		1,256,635
Net OPEB obligation	5,442,721		5,442,721
Net pension obligation	71,542,424		71,542,424
Long-term liabilities, net	13,184,868	529,468	13,714,336
<b>Total Noncurrent Liabilities</b>	<b>91,466,889</b>	<b>529,468</b>	<b>91,996,357</b>
<b>TOTAL LIABILITIES</b>	<b>97,196,406</b>	<b>2,337,985</b>	<b>99,534,391</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	5,938,513		5,938,513
<b>NET POSITION</b>			
Net investment in capital assets	18,884,330	214,640	19,098,970
Restricted for special revenue funds	1,201,320		1,201,320
Restricted for capital project funds	4,503,412		4,503,412
Restricted for recycling		42,925	42,925
Unrestricted	(59,123,952)	(484,211)	(59,608,163)
<b>TOTAL NET POSITION</b>	<b>\$ (34,534,890)</b>	<b>\$ (226,646)</b>	<b>\$ (34,761,536)</b>

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, 2016*

<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
<b>Governmental Activities:</b>							
General government	\$ 11,012,945	\$ 779,018	\$ 35,883		\$ (10,198,044)		\$ (10,198,044)
Public safety	11,371,782	810,523	62,343		(10,498,916)		(10,498,916)
Public services	3,237,659	786,402	32,694	\$ 105,908	(2,312,655)		(2,312,655)
Education	40,753,345	1,223,557	5,450,912	144,405	(33,934,471)		(33,934,471)
Community service	1,290,100	570,530	15		(719,555)		(719,555)
Interest on long-term debt	556,894				(556,894)		(556,894)
<b>Total governmental activities</b>	<b>68,222,725</b>	<b>4,170,030</b>	<b>5,581,847</b>	<b>250,313</b>	<b>(58,220,535)</b>	<b>\$ -</b>	<b>(58,220,535)</b>
<b>Business-type Activity:</b>							
School cafeteria fund	711,503	504,002	254,731			47,230	47,230
Transfer station	569,944	633,222				63,278	63,278
Wind turbine generator fund	1,193,708					(1,193,708)	(1,193,708)
Summer school	10,162	5,400				(4,762)	(4,762)
Septic system loan program	16,421	5,785				(10,636)	(10,636)
<b>Total business type activity</b>	<b>2,501,738</b>	<b>1,148,409</b>	<b>254,731</b>			<b>(1,098,598)</b>	<b>(1,098,598)</b>
<b>Totals</b>	<b>\$ 70,724,463</b>	<b>\$ 5,318,439</b>	<b>\$ 5,836,578</b>	<b>\$ 250,313</b>	<b>(58,220,535)</b>	<b>(1,098,598)</b>	<b>(59,319,133)</b>
<b>General revenues:</b>							
Property taxes and payments in lieu of taxes					49,910,345		49,910,345
State aid					6,359,063		6,359,063
Investment and interest income					13,433	7	13,440
Other revenues					1,452,173		1,452,173
Transfers					35,217	10,500	45,717
<b>Total general revenues</b>					<b>57,770,231</b>	<b>10,507</b>	<b>57,780,738</b>
<b>Change in Net Position</b>					<b>(450,304)</b>	<b>(1,088,091)</b>	<b>(1,538,395)</b>
<b>Net Position - beginning of year</b>					<b>(34,084,586)</b>	<b>861,445</b>	<b>(33,223,141)</b>
<b>Net Position - end of year</b>					<b>\$ (34,534,890)</b>	<b>\$ (226,646)</b>	<b>\$ (34,761,536)</b>

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, 2016*

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

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, 2016*

<i>Total Fund Balances - Total Governmental Funds (B-1)</i>	\$ 13,674,883
<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	27,805,747
Nondepreciable capital assets	6,352,994
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	838,194
Unavailable ambulance revenue	489,780
Allowance for doubtful accounts for ambulance receivables are not recorded in the Governmental Fund financial statements because they are offset by unearned revenue.	(92,159)
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.	(146,456)
Pension related deferred outflows are not reported in the Governmental Funds Balance Sheet.	13,092,363
Pension related deferred inflows are not reported in the Governmental Funds Balance Sheet.	(5,938,513)
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.	129,357
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.	(17,285,868)
OPEB liability is recorded in the Governmental Activities, but not recorded in the Governmental Funds.	(5,442,721)
Pension liability is recorded in the Governmental Activities, but not recorded in the Governmental Funds.	(71,542,424)
Pension asset is recorded in the Governmental Activities, but not recorded in the Governmental Funds	<u>3,529,933</u>
<i>Net Position of Governmental Activities (A-1)</i>	<u>\$ (34,534,890)</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, 2016**

	General Fund	Town Capital Project Fund	School Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
General property taxes and payments in lieu of taxes	\$ 50,050,807				\$ 50,050,807
State aid and grants	6,359,063			\$ 1,575,054	7,934,117
Licenses, permits and fees	350,716				350,716
Charges for services	1,973,694			592,303	2,565,997
Melville Ponds Campgrounds	42,676				42,676
Glen Manor House	527,854				527,854
Rescue wagon income	775,385				775,385
Fines and forfeitures	327,463				327,463
Interest and investment income	9,090			4,343	13,433
Contributions and private grants		\$ 64,000		87,780	151,780
Other revenues	802,904	20,845		961	824,710
Intergovernmental pension contribution	1,690,441				1,690,441
<b>Total revenues</b>	<u>62,910,093</u>	<u>84,845</u>	<u>\$ -</u>	<u>2,260,441</u>	<u>65,255,379</u>
<b>Expenditures</b>					
<i>Current:</i>					
General government	5,342,794			73,189	5,415,983
Public safety	10,809,291			95,442	10,904,733
Public works	2,494,942			32,694	2,527,636
Education	36,788,726			1,357,083	38,145,809
Public and social services	816,372				816,372
Parks & recreation	332,182				332,182
Intergovernmental pension contribution	1,690,441				1,690,441
<i>Debt Service:</i>					
Principal payments	2,316,739				2,316,739
Interest and debt issuance costs	390,780	73,044			463,824
<i>Capital:</i>					
Capital expenditures		3,703,299		1,215,019	4,918,318
<b>Total expenditures</b>	<u>60,982,267</u>	<u>3,776,343</u>	<u>-</u>	<u>2,773,427</u>	<u>67,532,037</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>1,927,826</u>	<u>(3,691,498)</u>	<u>-</u>	<u>(512,986)</u>	<u>(2,276,658)</u>
<b>Other financing sources (uses)</b>					
Transfers in	67,334	1,000,000		2,408,316	3,475,650
Transfers out	(3,373,099)	(200,000)		(67,334)	(3,640,433)
Issuance of bonds and lease purchase obligations	-	5,154,463			5,154,463
Proceeds from refunding bonds	-	2,180,000			2,180,000
Bond premiums	-	545,366			545,366
Payment to refunded bond escrow agent	-	(2,453,694)			(2,453,694)
<b>Net other financing sources (uses)</b>	<u>(3,305,765)</u>	<u>6,226,135</u>	<u>-</u>	<u>2,340,982</u>	<u>5,261,352</u>
<b>Net change in fund balances</b>	<u>(1,377,939)</u>	<u>2,534,637</u>	<u>-</u>	<u>1,827,996</u>	<u>2,984,694</u>
<b>Fund balances - beginning of the year</b>	<u>9,839,427</u>	<u>285,504</u>	<u>119,027</u>	<u>446,231</u>	<u>10,690,189</u>
<b>Fund balances - end of the year</b>	<u>\$ 8,461,488</u>	<u>\$ 2,820,141</u>	<u>\$ 119,027</u>	<u>\$ 2,274,227</u>	<u>\$ 13,674,883</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, 2016*

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<b>Net Change in Fund Balances - Total Governmental Funds (B-2)</b>	<b>\$ 2,984,694</b>
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.	4,890,384
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 financial statements.	(2,195,661)
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.	(187,517)
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.	2,296,201
Transfer out resulting from reclassification of non-current liabilities from Governmental Activities to Business-Type activities is recorded as other financing uses in the Governmental Fund financial statements, but increase long-term liabilities in the Government-Wide financial statements.	200,000
Payments to refunded bond escrow agent are reported as an other financing uses in the Governmental Fund financial statements, however these payments have no impact on the Government-Wide Statement of Activities.	2,453,694
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.	(68,061)
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.	(7,879,829)
Amortization of debt premium on bonds and gains on advance refunding are not reflected in Governmental Fund financial statements.	23,834
Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Fund financial statements.	(233,060)
Removal of claims and judgments expense from Government-Wide Statement of Activities and Changes in Net Position due to this expense now requiring use of current financial resources.	800,000
Recovery of prior year's claims and judgments expense is reported in the Government-Wide Statement of Activities and Changes in Net Position, but not reported in Governmental Fund financial statements.	300,000
The increase in net pension obligation, net of changes in related deferred outflows and inflows, is not recorded in the Governmental Fund financial statements. The change from prior year is reflected in the Statement of Activities and Changes in Net Position.	(3,424,741)
The increase in OPEB liability is not recorded in the Governmental Fund financial statements. The change from prior year is reflected in the Statement of Activities and Changes in Net Position.	(410,242)
<b>Change in Net Position of Governmental Activities (A-2)</b>	<b><u>\$ (450,304)</u></b>

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, 2016*

	School Cafeteria Fund	Transfer Station	Wind Turbine Generator Fund	Summer School	Septic System Loan Program	Total
<b>ASSETS</b>						
<i>Current assets:</i>						
Cash and cash equivalents	\$ 41,460					\$ 41,460
Restricted cash held in escrow					\$ 131,987	131,987
Due from other governmental units	13,740					13,740
Due from other funds	1,139,887	\$ 178,980	\$ 933,713	\$ 31,846	96,125	2,380,551
Accounts receivable		5,000			173,013	178,013
Inventory	25,908					25,908
<b>Total current assets</b>	<u>1,220,995</u>	<u>183,980</u>	<u>933,713</u>	<u>31,846</u>	<u>401,125</u>	<u>2,771,659</u>
<i>Non-current assets:</i>						
Capital assets:						
Nondepreciable assets		37,251				37,251
Depreciable assets - net	48,524	343,308				391,832
<b>Total non-current assets</b>	<u>48,524</u>	<u>380,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,083</u>
<b>TOTAL ASSETS</b>	<u>1,269,519</u>	<u>564,539</u>	<u>933,713</u>	<u>31,846</u>	<u>401,125</u>	<u>3,200,742</u>
<b>LIABILITIES</b>						
<i>Current liabilities:</i>						
Accounts payable and accrued expenses	48,950	16,430		941		66,321
Accrued interest payable		869	20,131		7,090	28,090
Note payable			1,615,000			1,615,000
Current portion of long term debt		54,106			45,000	99,106
Due to other funds	1,066,425			22,978		1,089,403
<b>Total current liabilities</b>	<u>1,115,375</u>	<u>71,405</u>	<u>1,635,131</u>	<u>23,919</u>	<u>52,090</u>	<u>2,897,920</u>
<i>Non-current liabilities:</i>						
Bonds payable, net of current portion		159,468			370,000	529,468
<b>Total non-current liabilities</b>	<u>-</u>	<u>159,468</u>	<u>-</u>	<u>-</u>	<u>370,000</u>	<u>529,468</u>
<b>TOTAL LIABILITIES</b>	<u>1,115,375</u>	<u>230,873</u>	<u>1,635,131</u>	<u>23,919</u>	<u>422,090</u>	<u>3,427,388</u>
<b>NET POSITION</b>						
Net investment in capital assets	48,524	166,116				214,640
Restricted for recycling		42,925				42,925
Unrestricted	105,620	124,625	(701,418)	7,927	(20,965)	(484,211)
<b>TOTAL NET POSITION</b>	<u>\$ 154,144</u>	<u>\$ 333,666</u>	<u>\$ (701,418)</u>	<u>\$ 7,927</u>	<u>\$ (20,965)</u>	<u>\$ (226,646)</u>

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, 2016**

	<u>School Cafeteria Fund</u>	<u>Transfer Station</u>	<u>Wind Turbine Generator Fund</u>	<u>Summer School</u>	<u>Septic System Loan Program</u>	<u>Total</u>
<b>Operating Revenues:</b>						
Intergovernmental	\$ 254,731					\$ 254,731
Charges for services	504,002	\$ 633,222		\$ 5,400	\$ 5,785	1,148,409
<b>Total Operating Revenues</b>	<u>758,733</u>	<u>633,222</u>	<u>\$ -</u>	<u>5,400</u>	<u>\$ 5,785</u>	<u>1,403,140</u>
<b>Operating Expenses:</b>						
Cafeteria operations	706,749					706,749
Transfer Station operations		550,429				550,429
Wind Turbine Generator operations			8,095			8,095
Education				10,162		10,162
Depreciation and amortization	4,754	13,600				18,354
<b>Total Operating Expenses</b>	<u>711,503</u>	<u>564,029</u>	<u>8,095</u>	<u>10,162</u>	<u>-</u>	<u>1,293,789</u>
<b>Income (loss) from operations</b>	<u>47,230</u>	<u>69,193</u>	<u>(8,095)</u>	<u>(4,762)</u>	<u>5,785</u>	<u>109,351</u>
<b>Non-operating Revenues (Expenses):</b>						
Interest expense		(5,915)	(39,690)		(16,421)	(62,026)
Interest income	7					7
Loss on disposal of capital assets			(1,145,923)			(1,145,923)
<b>Total Non-operating Revenues (Expenses)</b>	<u>7</u>	<u>(5,915)</u>	<u>(1,185,613)</u>	<u>-</u>	<u>(16,421)</u>	<u>(1,207,942)</u>
<b>Income (loss) before transfers</b>	<u>47,237</u>	<u>63,278</u>	<u>(1,193,708)</u>	<u>(4,762)</u>	<u>(10,636)</u>	<u>(1,098,591)</u>
Transfer in		5,500		5,000		10,500
<b>Change in net position</b>	<u>47,237</u>	<u>68,778</u>	<u>(1,193,708)</u>	<u>238</u>	<u>(10,636)</u>	<u>(1,088,091)</u>
<b>Net position - beginning of the year</b>	<u>106,907</u>	<u>264,888</u>	<u>492,290</u>	<u>7,689</u>	<u>(10,329)</u>	<u>861,445</u>
<b>Net position - end of the year</b>	<u>\$ 154,144</u>	<u>\$ 333,666</u>	<u>\$ (701,418)</u>	<u>\$ 7,927</u>	<u>\$ (20,965)</u>	<u>\$ (226,646)</u>

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, 2016*

	School Cafeteria Fund	Transfer Station	Wind Turbine Generator	Summer School	Septic System Loan Program	Total
<b><i>Cash flows from operating activities:</i></b>						
Cash received from customers	\$ 504,002	\$ 647,679	\$ -	\$ 3,150	\$ 5,785	\$ 1,160,616
Intergovernmental	253,810					253,810
Cash payments to suppliers for goods and services	(711,727)	(539,191)	(19,286)	(9,221)		(1,279,425)
Cash paid to employees		(57,762)				(57,762)
<b><i>Net cash provided by (used in) operating activities</i></b>	<b>46,085</b>	<b>50,726</b>	<b>(19,286)</b>	<b>(6,071)</b>	<b>5,785</b>	<b>77,239</b>
<b><i>Cash flows from non-capital financing activities:</i></b>						
Operating transfers from other funds		5,500		5,000		10,500
Interfund borrowings	(55,889)	19,175	(1,274,775)	1,071	(1,468)	(1,311,886)
<b><i>Net cash (used in) provided by non-capital financing activities</i></b>	<b>(55,889)</b>	<b>24,675</b>	<b>(1,274,775)</b>	<b>6,071</b>	<b>(1,468)</b>	<b>(1,301,386)</b>
<b><i>Cash flows from capital-related financing activities:</i></b>						
Acquisition and construction of capital assets		(215,477)				(215,477)
Net proceeds from disposal of capital assets			1,325,569			1,325,569
Interest income	7					7
Proceeds from note payable			1,615,000			1,615,000
Repayment of note payable					(400,000)	(400,000)
Cash held in escrow					(5,000)	(5,000)
Proceeds from long term debt		200,000			415,000	615,000
Principal paid on bonds		(54,770)	(1,624,095)			(1,678,865)
Interest paid on bonds and notes		(5,154)	(22,413)		(14,317)	(41,884)
<b><i>Net cash provided by (used in) capital-related financing activities</i></b>	<b>7</b>	<b>(75,401)</b>	<b>1,294,061</b>	<b>-</b>	<b>(4,317)</b>	<b>1,214,350</b>
<b><i>Net decrease in cash and cash equivalents</i></b>	<b>(9,797)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,797)</b>
<b><i>Cash and cash equivalents, beginning of the year</i></b>	<b>51,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,257</b>
<b><i>Cash and cash equivalents, end of the year</i></b>	<b>\$ 41,460</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,460</b>
<b><i>Reconciliation of net income (loss) to net cash provided by (used in) operating activities:</i></b>						
Income (loss) from operations	\$ 47,230	\$ 69,193	\$ (8,095)	\$ (4,762)	\$ 5,785	\$ 109,351
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	4,754	13,600				18,354
Changes in assets and liabilities:						
Due from other governmental units	(921)					(921)
Inventory	(563)					(563)
Accounts receivable		14,457				14,457
Accounts payable and accrued expenses	(4,415)	(46,524)	(11,191)	941		(61,189)
Prepaid tuition				(2,250)		(2,250)
Total adjustments	(1,145)	(18,467)	(11,191)	(1,309)	-	(32,112)
<b><i>Net cash provided by (used in) operating activities</i></b>	<b>\$ 46,085</b>	<b>\$ 50,726</b>	<b>\$ (19,286)</b>	<b>\$ (6,071)</b>	<b>\$ 5,785</b>	<b>\$ 77,239</b>

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, 2016***

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Agency Funds</b>
<b><i>ASSETS</i></b>			
Cash and cash equivalents	\$ 637,565		\$ 766,106
Investments, at fair value:			
Mutual funds	30,197,576	\$ 691,217	
Fixed income securities	16,094,596		
Accounts receivable - employee	20,940		250,995
<b><i>TOTAL ASSETS</i></b>	<b><u>\$ 46,950,677</u></b>	<b><u>\$ 691,217</u></b>	<b><u>\$ 1,017,101</u></b>
<b><i>LIABILITIES</i></b>			
Other liabilities	\$ 5,000		
Deposits held in custody for others			\$ 1,017,101
<b><i>TOTAL LIABILITIES</i></b>	<b><u>5,000</u></b>	<b><u>\$ -</u></b>	<b><u>1,017,101</u></b>
<b><i>NET POSITION</i></b>			
Restricted for pension and OPEB benefits	46,945,677	691,217	
<b><i>TOTAL NET POSITION</i></b>	<b><u>46,945,677</u></b>	<b><u>691,217</u></b>	<b><u>-</u></b>
<b><i>TOTAL LIABILITIES AND NET POSITION</i></b>	<b><u>\$ 46,950,677</u></b>	<b><u>\$ 691,217</u></b>	<b><u>\$ 1,017,101</u></b>

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, 2016*

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	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<i><b>Additions:</b></i>		
Contributions:		
Employer	\$ 3,623,290	\$ 765,646
Plan members	342,033	63,025
Total contributions	<u>3,965,323</u>	<u>828,671</u>
Investment income (loss):		
Net (depreciation) appreciation of investments	<u>(277,050)</u>	<u>9,594</u>
Net investment income (loss)	<u>(277,050)</u>	<u>9,594</u>
 <i>Total additions</i>	 <u>3,688,273</u>	 <u>838,265</u>
 <i>Deductions:</i>		
Benefits paid	4,358,001	765,646
Administrative and other	163,652	1,875
<i>Total deductions</i>	<u>4,521,653</u>	<u>767,521</u>
 <i>Changes in net position</i>	 (833,380)	 70,744
 <i>Net position restricted for pensions - beginning of year</i>	 <u>47,779,057</u>	 <u>620,473</u>
 <i>Net position restricted for pensions - end of year</i>	 <u>\$ 46,945,677</u>	 <u>\$ 691,217</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, 2016**

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**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 Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. 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 2016:

- \* 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, 2016**

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

***Recently Issued Accounting Standards***

The Town has implemented the following new accounting pronouncements:

- ✓ 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. 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. 79 – Certain External Investment Pools and Pool Participants, effective for the Town’s fiscal year ending June 30, 2016.

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

- ✓ GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Town’s fiscal year ending June 30, 2017.
- ✓ GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Town’s fiscal year ending June 30, 2018.
- ✓ GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Town’s fiscal year ending June 30, 2017.
- ✓ GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, effective for the Town’s fiscal year ending June 30, 2017.
- ✓ GASB Statement No. 80 – Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14, effective for the Town’s fiscal year ending June 30, 2017.
- ✓ GASB Statement No. 81 – Irrevocable Split-Interest Agreements, effective for the Town’s fiscal year ending June 30, 2018.
- ✓ GASB Statement No. 82 – Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for the Town’s fiscal year ending June 30, 2017.

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, 2016**

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**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, 2016**

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**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, 2016**

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**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 ten agency funds (Soil Fund, GMH Deposit Fund, Probate Court Fund, Glen Park 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**

A 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, 2016.

**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>
<b><i>Major:</i></b>	
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, 2016**

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

***Major and Non-Major Funds (Continued)***

<u>Fund</u>	<u>Brief Description</u>
<b><i>Major (Continued):</i></b>	
<b>Proprietary Funds:</b>	
School Cafeteria Fund	Accounts for the operation of the school breakfast and lunch program of the School Department.
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.
Wind Turbine Generator Fund	Accounts for the operation of the Town's wind turbine generator.
Summer School Fund	Accounts for the operation of the summer school program of the School Department. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.
Septic System Loan Program	Accounts for activity related to the Town's septic system loan program. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.
<b><i>Non-Major:</i></b>	
Special Revenue Funds:	The Town currently maintains sixty seven (67) Special Revenue Funds which have been classified as non-major governmental funds.
Capital Project Funds:	The Town of Portsmouth currently maintains thirteen (13) Capital Project Funds which have been classified as non-major governmental funds.

TOWN OF PORTSMOUTH, RHODE ISLAND

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

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

***Major and Non-Major Funds (Continued)***

<u>Fund</u>	<u>Brief Description</u>
<b><i>Non-Major (Continued):</i></b>	
Permanent Funds	The Town of Portsmouth currently maintains two (2) Permanent Funds which have been classified as non-major governmental funds.

***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 as follows:

- (a) All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, current 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, pension and OPEB trust 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, 2016**

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**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 compensated absences and general obligation bond principal and interest, which are reported when due.

All proprietary funds, pension and OPEB trust 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, 2016**

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

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

***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. Fair value is defined as 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. 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 deferred inflows. 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 \$407,107 at June 30, 2016 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, 2016**

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

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (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 governmental funds balance sheet. These internal balances are eliminated in the Government-wide statement of net position.

***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 2016.

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 Government-wide 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, 2016**

---

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

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

***Capital Assets and Depreciation (Continued)***

The estimated useful lives by type of capital asset are 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 the bonds are issued. Bond issuance costs are included in debt service expenditures and bond premiums are reflected as other financing sources in the governmental funds financial statements. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

In the Government-wide 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.

***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 and which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2016 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 \$18,275,179 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 \$129,357 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, 2016**

---

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

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance  
(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, 2016 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, 2014 and prior and are not collected within 60 days of June 30, 2016. Net unavailable property tax revenue included in the fund financial statements was \$838,194 at June 30, 2016. The unavailable ambulance revenue represents ambulance rescue fee receivables that are not collected as of June 30, 2016. Net unavailable ambulance rescue fee revenue included in the fund financial statements was \$489,780 at June 30, 2016. These amounts are deferred and will be recognized as an inflow of resources in the year 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, 2016.

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, 2016**

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

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance  
(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 an other financing source in the governmental funds financial statements.

***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. Transfers between fiduciary funds and governmental or business-type activities do not get eliminated.

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 provider 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, 2016**

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

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

***Net Position/Fund Balance Classifications***

**Government-wide Financial Statements – Net Position**

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. It does not include the deferred charge on refunding.
- (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.

**Governmental Fund Financial Statements - 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 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, 2016**

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

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

***Net Position/Fund Balance Classifications (Continued)***

**Governmental Fund Financial Statements - Fund Balance (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 (government’s highest level of decision-making authority) has imposed upon itself by a formal action (i.e., ordinance) 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, 2016**

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

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

***Pensions***

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

***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 Rhode Island Interlocal Risk Management Trust (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 premiums 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 Net Position and Fund Financial Statements Fund Balance**

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 \$17,285,868 are as follows:

Bonds, notes and lease payable	\$14,663,223
Deferred bond premiums	611,188
Compensated absences	<u>2,011,457</u>
Total	<u>\$17,285,868</u>

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**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**

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 \$2,296,201 are as follows:

Principal payment of bonds, notes and leases payable	<u>\$ 2,296,201</u>
Total	<u>\$ 2,296,201</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 \$233,060 are as follows:

Unavailable property tax revenue	\$ 140,462
Unavailable ambulance fees, net	<u>92,598</u>
Total	<u>\$ 233,060</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, 2016, the carrying amount of the Town’s cash and cash equivalents was \$17,052,740 (including Fiduciary Funds and excluding cash held in escrow) while the bank balance was \$18,584,219. Of the bank balance, \$4,145,479 was covered by federal depository insurance and \$14,438,740 was uninsured. The Town has entered into collateralization agreements with various financial institutions and as a result, \$13,785,240 of the uninsured balance at June 30, 2016 was collateralized by securities held by the financial institutes and/or third parties in the name of the Town. Of the remaining uninsured balance, \$637,565 was held in money market accounts/funds.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

***Deposits (Continued)***

Reconciliation to Government-wide Statement of Net Position:

Total Cash and Cash Equivalents	\$ 17,052,740
Less: Fiduciary funds cash, including time deposits (not included in the Government-wide statement)	<u>(1,403,671)</u>
Total Cash and Cash Equivalents on A-1	<u>\$ 15,649,069</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.

***Restricted Cash Held in Escrow***

Restricted cash held in escrow of \$167,129 reported in the Statement of Net Position at June 30, 2016 consists of \$131,987 reported in the Business-Type Activities (Proprietary Fund) representing cash held in escrow by Rhode Island Housing for administration of the Town's Septic System Loan Program, and \$35,142 reported in the Governmental Activities (Town's Capital Project Fund) representing unspent portion of capital lease proceeds held with the bank.

***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. The Town follows the guidance for fair value measurements and disclosures in accordance with GASB Statement No. 72, "Fair Value Measurement and Application".

In determining fair value, the Town uses various valuation approaches, as appropriate in the circumstances. GASB Statement No. 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**TOWN OF PORTSMOUTH, RHODE ISLAND**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

***Investments (Continued)***

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Town are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Town are deemed to be actively traded.

*Fixed income securities:* Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings and maturities.

The following table summarizes the assets and liabilities of the Town for which fair values are determined on a recurring basis as of June 30, 2016:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual Funds				
Domestic Equity	\$ 13,057,309	\$ 11,715,495	\$ 1,341,814	\$ -
Global Real Estate	2,491,278	2,466,063	25,215	-
International Equity	5,937,879	680,138	5,257,741	-
Emerging Markets	4,291,991	1,095,013	3,196,978	-
Large Cap Multi-Style Fund	4,419,119	4,238,066	181,053	-
Growth Fund	691,217	691,217	-	-
Fixed Income Securities	16,094,596	246,606	15,847,990	-
	<u>\$ 46,983,389</u>	<u>\$ 21,132,598</u>	<u>\$25,850,791</u>	<u>\$ -</u>

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

***Investments (Continued)***

The following are maturities of the Town's debt related securities:

Type of Investment	Fair Value	0-3 Years	3-5 Years	Over 5 years
Fixed Income Securities	<u>\$ 16,094,596</u>	<u>\$ 3,199,462</u>	<u>\$ 4,985,413</u>	<u>\$ 7,909,721</u>

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

	<u>Fixed Income Securities</u>
AAA	\$ 6,983,527
AA	4,069,156
A	2,394,069
BBB	<u>2,647,844</u>
Total	<u>\$ 16,094,596</u>

***Concentration of Credit Risk***

At June 30, 2016, the Town had a diversified portfolio in its General Fund and Pension and OPEB Trust Funds were invested in various mutual funds and fixed income securities, as detailed above.

***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's deposit policy requires that deposits be placed in financial institutions that are FDIC insured. The Town deposits are maintained in highly rated financial institutions and the ratings of these institutions is reviewed by management on a periodic basis.



**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**2. CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

***Custodial Credit Risk (Continued)***

As of June 30, 2016, the following pension investments represent 5% or more of the Town Plan's net position:

Dimensional Fund Advisors:

Vanguard Total Bond	\$ 7,738,751
Vanguard Total International Bond	\$ 5,162,426
Five Year Fixed income	\$ 3,193,419
US Core Equity 2 Portfolio	\$ 6,351,707
International Vector Equity	\$ 2,723,127
US Vector Equity Portfolio	\$ 6,705,602
Global Real Estate	\$ 2,491,278
Emerging Market Core	\$ 2,744,971

AQR:

Large Cap Multi-Style	\$ 4,419,119
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As of June 30, 2016, all of the funds in the OBEB Trust Fund were invested in mutual funds.

**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, 2016:

Town:

2008-2009 Warrants	\$ 19,029
2009-2010 Warrants	\$ 5,742
2012-2013 Warrants	\$ 916,215

School:

Title II	\$ 51
Perkins Grant	\$ 166
Career Tech Odd Year	\$ 486

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, 2016**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 is as follows:

	<b>Balance, July 1, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance, June 30, 2016</b>
<b>Governmental Activities:</b>				
Nondepreciable assets:				
Land	\$ 4,037,922	\$ 717,357		\$ 4,755,279
Land easements	1,420,000			1,420,000
Construction in progress	-	177,715		177,715
Total capital assets not being depreciated	<u>5,457,922</u>	<u>895,072</u>	<u>\$ -</u>	<u>6,352,994</u>
Depreciable assets:				
Land improvements	735,736			735,736
Buildings	21,840,237	78,201		21,918,438
Buildings and improvements	8,485,561	551,885		9,037,446
Machinery and equipment	6,191,193	2,093,717		8,284,910
Construction equipment	396,909			396,909
Infrastructure	25,187,089	1,046,351		26,233,440
Vehicles	5,000,684	225,158	79,340	5,146,502
Total capital assets being depreciated	<u>67,837,409</u>	<u>3,995,312</u>	<u>79,340</u>	<u>71,753,381</u>
Less accumulated depreciation for:				
Land improvements	372,127	58,485		430,612
Buildings	15,731,437	305,801		16,037,238
Buildings and improvements	2,283,257	462,368		2,745,625
Machinery and equipment	5,019,216	383,770		5,402,986
Construction equipment	359,227	11,130		370,357
Infrastructure	15,069,805	745,397		15,815,202
Vehicles	2,996,244	228,710	79,340	3,145,614
Total accumulated depreciation	<u>41,831,313</u>	<u>2,195,661</u>	<u>79,340</u>	<u>43,947,634</u>
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<u>\$ 31,464,018</u>	<u>\$ 2,694,723</u>	<u>\$ -</u>	<u>\$ 34,158,741</u>
<b>Business-Type Activities:</b>				
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	-
Buildings and improvements	-	215,477		215,477
Machinery and equipment	3,238,350		2,985,443	252,907
Total capital assets being depreciated	<u>3,247,229</u>	<u>215,477</u>	<u>2,994,322</u>	<u>468,384</u>
Less accumulated depreciation for:				
Land improvements	222		222	-
Buildings and improvements	-	5,028		5,028
Machinery and equipment	580,806	13,326	522,608	71,524
Total accumulated depreciation	<u>581,028</u>	<u>18,354</u>	<u>522,830</u>	<u>76,552</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, net</b>	<u>\$ 2,703,452</u>	<u>\$ 197,123</u>	<u>\$ 2,471,492</u>	<u>\$ 429,083</u>

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**4. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 76,348
Public safety	320,217
Public works	601,661
Education	1,055,889
Community service	<u>141,546</u>
Total Depreciation Expense	<u>\$ 2,195,661</u>

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

School Lunch	\$ 4,754
Transfer Station	<u>13,600</u>
Total Depreciation Expense	<u>\$ 18,354</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>Year Ended June 30,</u>	<u>Governmental Activities</u>
2017	\$ 103,525
2018	106,302
2019	81,217
2020	64,278
2021	<u>67,491</u>
Total	<u>\$ 422,813</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 and approximates \$98,296,000. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. At June 30, 2016, the Town's bonds outstanding totaled \$14,098,425.

TOWN OF PORTSMOUTH, RHODE ISLAND

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

**7. SHORT-TERM AND LONG-TERM OBLIGATIONS**

**Notes Payable – Business-Type Activities**

At June 30, 2016 the Town had a general obligation bond anticipation note (BAN) in the amount of \$1,615,000. The note was due on November 17, 2016 with interest at an annual rate of 1.25%. Proceeds from this BAN were utilized to refinance debt associated with the Town’s Wind Turbine Project. The \$400,000 BAN outstanding at June 30, 2015 has been repaid during fiscal year ended June 30, 2016 as part of the issuance of \$415,000 general obligation bond dated November 18, 2015.

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rate	Date of Maturity	Balance, June 30, 2015	Transfers In & New Issues	Transfers Out & Retired	Balance, June 30, 2016	Current Portion
<b>Governmental Activities:</b>									
<i>General obligation bonds, revenue bonds, refunding bonds and loans:</i>									
School gymnasium	\$ 3,500,000	6/27/2006	4.00-5.00%	4/1/2026	\$ 1,925,000		\$ 1,925,000	\$ -	\$ -
Portsmouth Middle School sprinklers	\$ 1,900,000	5/16/2007	4.00-5.50%	4/1/2022	875,000		750,000	125,000	125,000
General Obligation Refunding Bond - Series A									
Open Space/Recreation Bond	\$ 250,000	5/23/2013	2.350%	2/15/2028	217,365		16,626	200,739	16,626
Town Improvements	\$ 562,000	5/23/2013	2.350%	2/15/2028	488,637		37,375	451,262	37,374
General Obligation Refunding Bond - Series B									
Portsmouth High School Sprinklers	\$ 1,100,000	8/7/2008	3.75-6.00%	5/15/2024	650,000		75,000	575,000	75,000
School Improvements (refunding bond)	\$ 4,655,000	6/4/2009	2.00-5.00%	11/1/2020	2,885,000		500,000	2,385,000	495,000
Open Space/Recreation Bond	\$ 1,980,000	6/15/2010	2.00-4.00%	6/15/2025	1,230,000		125,000	1,105,000	125,000
School Information Technology	\$ 350,000	11/4/2010	2.00-3.00%	6/30/2016	70,631		70,631	-	-
School Improvements	\$ 350,000	11/4/2010	2.00-3.00%	6/30/2016	70,631		70,631	-	-
Town Improvements	\$ 345,000	11/4/2010	2.00-3.00%	6/30/2016	65,631		65,631	-	-
Fire Engine Purchase	\$ 970,000	11/4/2010	2.00-3.00%	6/30/2016	191,757		191,757	-	-
Wastewater Plan	\$ 750,000	11/4/2010	2.00-3.00%	6/30/2016	151,350		151,350	-	-
Building Repairs	\$ 350,000	6/12/2012	1.326%	6/30/2017	139,884		69,942	69,942	69,942
Building Repairs	\$ 350,000	6/12/2012	1.326%	6/30/2017	139,884		69,942	69,942	69,942
School Information Technology	\$ 350,000	6/12/2012	1.326%	6/30/2017	139,885		69,943	69,942	69,942
School Projects	\$ 1,100,000	8/28/2013	3.060%	6/30/2028	930,000		125,000	805,000	125,000
Town Projects	(**) \$ 1,305,000	10/23/2014	1.75-4.00%	10/15/2024	1,505,000		334,402	1,170,598	130,067
Open Space	\$ 600,000	11/18/2015	2.00-4.00%	10/1/2035	-	\$ 600,000	-	600,000	30,371
School Projects	\$ 471,500	11/18/2015	2.00-4.00%	10/1/2035	-	471,500	-	471,500	23,867
Town Projects	\$ 3,373,500	11/18/2015	2.00-4.00%	10/1/2035	-	3,373,500	-	3,373,500	170,762
General Obligation Refunding Bond - Series C									
School Projects	\$ 1,575,000	12/22/2015	3.00-5.00%	5/15/2026	-	1,575,000	-	1,575,000	165,000
School Projects	\$ 605,000	12/22/2015	3.00-5.00%	5/15/2022	-	605,000	-	605,000	-
<b>Total general obligation bonds, revenue bonds, and loans</b>					<u>12,278,655</u>	<u>6,625,000</u>	<u>4,805,230</u>	<u>14,098,425</u>	<u>1,880,893</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

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

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

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rate	Date of Maturity	Balance, June 30, 2015	Transfers In & New Issues	Transfers Out & Retired	Balance, June 30, 2016	Current Portion
<b>Governmental Activities (Continued):</b>									
<i>Capital lease obligations:</i>									
Town Information Technology & Vehicles	\$ 335,000	7/15/2015	3.750%	8/1/2018	-	335,000	86,509	248,491	80,850
School Information Technology	\$ 271,463	7/15/2015	5.110%	7/15/2019	-	271,463	58,156	213,307	52,595
Town Vehicles	\$ 393,991	8/12/2016	4.010%	8/15/2022	-	103,000	-	103,000	16,562
<b>Total capital lease obligations</b>					<u>-</u>	<u>709,463</u>	<u>144,665</u>	<u>564,798</u>	<u>150,007</u>
Deferred amount for issuance premiums					119,507	545,366	53,685	611,188	58,643
Compensated absences					1,823,940	942,339	754,822	2,011,457	754,822
Net pension obligation					65,573,431	5,968,993		71,542,424	
Net OPEB obligation					5,032,479	410,242		5,442,721	
<b>Total governmental activities long-term debt</b>					<u>84,828,012</u>	<u>15,201,403</u>	<u>5,758,402</u>	<u>94,271,013</u>	<u>2,844,365</u>
<b>Business-Type Activities:</b>									
<i>General obligation bonds and loans:</i>									
Transfer Station Construction Project	\$ 171,000	6/12/2012	1.326%	6/30/2017	68,343		34,171	34,172	34,172
Transfer Station Renovation Project (**)	\$ 200,000	10/23/2014	1.75-4.00%	10/15/2024	-	200,000	20,598	179,402	19,934
Wind Turbine Construction Project	\$ 2,600,000	11/4/2008	1.15%	12/15/2022	1,386,668		1,386,668	-	-
Wind Turbine Construction Project	\$ 400,000	9/4/2008	2.00%	7/15/2023	237,428		237,428	-	-
Septic System Loan Program	\$ 415,000	11/18/2015	2.34-3.236%	10/1/2025	-	415,000	-	415,000	45,000
<b>Total business-type activities long-term debt</b>					<u>1,692,439</u>	<u>615,000</u>	<u>1,678,865</u>	<u>628,574</u>	<u>99,106</u>
<b>Total long-term obligations</b>					<u>\$86,520,451</u>	<u>\$15,816,403</u>	<u>\$ 7,437,267</u>	<u>\$94,899,587</u>	<u>\$ 2,943,471</u>

(\*\*) Amount of original General Obligation bond issue was \$1,505,000 of which \$200,000 was transferred from Governmental Activities to Business-Type Activities during the year ended June 30, 2016.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

**Scheduled annual debt service requirements**

At June 30, 2016, scheduled annual debt service requirements for the general obligation bonds, revenue bonds, refunding bonds, loans and capital leases are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 2,030,900	\$ 526,302	\$ 2,557,202	\$ 99,106	\$ 19,418	\$ 118,524
2018	1,807,834	420,375	2,228,209	64,933	13,262	78,195
2019	1,753,791	365,024	2,118,815	64,933	11,611	76,544
2020	1,469,524	308,675	1,778,199	59,934	10,044	69,978
2021	1,408,732	256,776	1,665,508	59,934	8,734	68,668
2022-2026	3,782,442	755,470	4,537,912	279,734	19,369	299,103
2027-2029	2,410,000	374,218	2,784,218	-	-	-
	<u>\$14,663,223</u>	<u>\$3,006,840</u>	<u>\$17,670,063</u>	<u>\$ 628,574</u>	<u>\$ 82,438</u>	<u>\$ 711,012</u>

**Refundings and Defeased Debt**

On December 22, 2015, the Town issued \$2,180,000 of General Obligation Bonds with an average interest rate of 4.76% to current refund \$1,750,000 of outstanding 2006A Series bonds with an average interest of 4.74% and advance refund \$625,000 of outstanding 2007A Series bonds with an average interest of 4.71%. Proceeds of refunding bonds are deposited into an irrevocable escrow trust. The trust is held by an independent trustee and is invested in obligations of the United States Government which mature and bear interest in such amounts and at such times as will be sufficient to pay the principal and interest of the defeased bonds upon maturity. Accordingly, the escrow trust fund, as well as the defeased bonds, are not reflected in the Town's financial statements.

The refunding of this debt resulted in reduction of total debt service payments of \$260,667 and a present value economic gain of \$230,750.

As of June 30, 2016, the in-substance defeased bonds outstanding were \$625,000 and were excluded from the accompanying financial statements.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**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.

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, 2016 and no settlements exceeding the insurance coverage in the past three years.

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 Trust's 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, 2016**

**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:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 2,527,623	\$ 8,484,198
Town Capital Project Fund	2,796,202	-
School Capital Project Fund	3,220,012	3,100,985
Non-Major Governmental Funds	4,273,596	2,523,398
Proprietary School Cafeteria Fund	1,139,887	1,066,425
Proprietary Transfer Station Fund	178,980	-
Proprietary Wind Turbine Generator Fund	933,713	-
Summer School Fund	31,846	22,978
Septic System Loan Program Fund	96,125	-
Totals	<u>\$15,197,984</u>	<u>\$15,197,984</u>

**10. FUND BALANCES**

The Town has classified governmental fund balances at June 30, 2016 as follows:

**Nonspendable**

Permanent Funds

Perpetual care and endowment permanent funds      \$ 160,404

General Fund

Prepaid expenses      429,048

Inventory      36,300

Total Nonspendable Fund Balance      \$ 625,752

**Restricted**

Town special revenue funds      \$ 767,279

School special revenue funds      434,041

Town capital project funds      3,125,294

School capital project funds      1,378,118

Total Restricted Fund Balance      \$ 5,704,732



**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**10. FUND BALANCES (CONTINUED)**

Committed	
Committed for education	\$ 1,114,909
Committed for department reserve	98,739
Committed for preservation and maintenance of Glen Manor property	<u>191,209</u>
Total Committed Fund Balance	<u>\$ 1,404,857</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 the 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, 2016.

**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, 2016**

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**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 \$765,646 for the year ended June 30, 2016.

Public Works, Fire and Police contributed 0.25%, 1.5% and 1.0% of salary respectively, to the OPEB Trust which amounted to \$63,025 for the year ended June 30, 2016.

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, 2016, 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, 2016.

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**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	\$ 1,351,405
Interest on Net OPEB obligation	222,199
Adjustment to annual required contribution	<u>(283,439)</u>
 Annual OPEB Cost	 1,290,165
 Implicit rate subsidy	 (95,386)
Contributions made during the year	<u>(765,646)</u>
 Increase in net OPEB obligation	 429,133
Net OPEB obligation at Beginning of Year	<u>4,240,434</u>
 Net OPEB obligation at End of Year	 <u>\$ 4,669,567</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, 2014, 2015 and 2016 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>
2014	\$ 1,207,670	63.70%	\$ 3,707,334
2015	\$ 1,259,494	57.70%	\$ 4,240,434
2016	\$ 1,290,165	66.70%	\$ 4,669,567

*Funded status and funding progress:*

As of June 30, 2016, the funded status and funding progress were as follows:

Funded ratio	4.30%
Actuarial accrued liability for benefits	\$14,460,199
Actuarial value of assets	\$ 620,473
Unfunded actuarial accrued liability (UAAL)	\$13,839,726
Covered payroll	\$ 6,476,502
UAAL to covered payroll	213.69%

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**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.

Key assumptions are as follows:

Measurement date:	June 30, 2016, rolled back to July 1, 2015
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	8.5% per year, decreasing by 0.5% per year to an ultimate rate of 5.0% per year.
Dental	4.75% 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, 2016**

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**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, 2016 the School Department 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 \$230,829 for the year ended June 30, 2016.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**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, 2016, 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, 2016.

Annual Required Contribution	\$ 425,236
Interest on net OPEB obligation	31,682
Adjustment to annual required contribution	<u>(71,237)</u>
 Annual OPEB cost	 385,681
 Implicit rate subsidy	 (173,743)
Contributions made during the year	<u>(230,829)</u>
 Decrease in net OPEB obligation	 (18,891)
Net OPEB obligation at beginning of year	<u>792,045</u>
 Net OPEB obligation at end of year	 <u><u>\$ 773,154</u></u>

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**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, 2014, 2015 and 2016 are as follows:

Year Ended June 30	OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 426,916	108.60%	\$ 802,007
2015	\$ 421,315	102.36%	\$ 792,045
2016	\$ 385,681	104.90%	\$ 773,154

*Funded status and funding progress:*

As of June 30, 2016, the funded status and funding progress were as follows:

Funded ratio	0.00%
Actuarial accrued liability for benefits	\$ 3,655,790
Actuarial value of assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 3,655,790
Covered payroll	\$ 19,578,831
UAAL to covered payroll	18.67%

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.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**11. POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)**

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

**Actuarial Methods and Assumptions (Continued)**

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.

Key assumptions are as follows:

Measurement date:	June 30, 2016, rolled back to July 1, 2015
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:	8.5%, 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, 2016**

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**12. PENSION PLANS (CONTINUED)**

**(a) Town of Portsmouth Retirement Plan (Continued)**

**Plan Membership**

At June 30, 2016 pension plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	161
Inactive employees entitled to but not yet receiving benefits	7
Active members	<u>153</u>
Total	<u><u>321</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**

20 years of credited service.

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 other 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 and before June 30, 2016: 1% of average monthly earnings per year of credited service.

For service on or after July 1, 2016: 2% of average monthly earnings per year of credited service.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**12. PENSION PLANS (CONTINUED)**

**(a) Town of Portsmouth Retirement Plan (Continued)**

**Benefit Provisions and Contributions (Continued)**

Fire employees	<p>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.</p> <p>The maximum benefit is 74% of average monthly earnings.</p> <p>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.</p> <p>Employees hired on or after July 1, 2013 are not entitled to Normal Retirement Benefits.</p>
Town Non-Management	<p>Age 60 with 10 years of credited service.</p> <p>For service before July 1, 2013: 2.5% of average monthly earnings per year of credited service to a maximum of 27 years.</p> <p>For service on or after July 1, 2013 and before July 1, 2016: 1% of average monthly earnings per year of credited service.</p> <p>For service on or after July 1, 2016: 2% of average monthly earnings per year of credited service.</p> <p>The maximum benefit is 67.5% of average monthly earnings.</p> <p>Benefit is reduced pro-rata if less than 20 years of service.</p>
Town Management	<p>Age 60 with 10 years of credited service.</p> <p>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.</p> <p>An employee's average monthly earnings are defined as the highest annual salary (base salary and longevity) during the final three years of employment.</p> <p>Town Hall employees hired on or after July 1, 2012 are not eligible to participate in this Plan.</p>

TOWN OF PORTSMOUTH, RHODE ISLAND

*NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016*

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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 base annual salary and longevity pay averaged over the final three years of employment.

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

Public Works Employees

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 up to a maximum of 25%. 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, 2016**

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**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:

Police employees      9.0% of gross annual earnings.  
No contributions for employees hired on or after July 1, 2010.

Fire employees      4.0% of gross annual earnings inclusive of base salary, longevity, EMT bonus and holiday pay (previously, 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.

Town employees      **Non-management:** Effective July 1, 2016, 5.0% (previously, 6.0%) of base salary.  
**Management:** No employee contributions after July 1, 2014.

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.

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, 2016, 2015 and 2014 were \$3,623,290, \$4,054,721 and \$2,792,576, 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, 2016**

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**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, 2016.

***Net Pension Liability***

The components of the net pension liability of the Pension System at June 30, 2016 were as follows:

Total pension liability	\$ 89,361,468
Plan fiduciary net position	\$ 46,929,737
Town's net pension liability	\$ 42,431,731
Plan fiduciary net position as a percentage of the total pension liability	52.52%

***Actuarial Assumptions***

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 retiree 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.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**12. PENSION PLANS (CONTINUED)**

**(a) Town of Portsmouth Retirement Plan (Continued)**

***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, 2016 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.49%
International developed market equities	7.16%
International emerging markets equity	9.46%
Core fixed income	1.68%
Real estate	4.37%

***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, 2016*

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, 2016	\$ 55,311,152	\$ 42,431,731	\$ 32,000,109

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

For the year ended June 30, 2016, the Town recognized pension expense of \$6,737,727. At June 30, 2016, 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	\$ 1,557,695	\$ -
Changes in assumptions	1,406,309	-
Net difference between projected and actual earnings on pension plan investments	4,626,700	-
Total	\$ 7,590,704	\$ -

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
2017	\$ 2,221,603
2018	2,221,603
2019	2,221,599
2020	925,899
Total	\$ 7,590,704

**TOWN OF PORTSMOUTH, RHODE ISLAND**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**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, 2016:

Actuarial Value of Asset	\$ 49,583,425
Actuarial Accrued Liability (AAL)	<u>89,361,468</u>
Unfunded AAL (UAAL)	<u>\$(39,778,043)</u>
Funded Ratio	55.49%
Covered Payroll	\$ 8,073,529
UAAL as a percentage of covered payroll	492.70%

**(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 employer's payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

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

***Benefit Provisions***

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions.



**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**12. PENSION PLANS (CONTINUED)**

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

***General Information about the Pension Plan (Continued)***

***Benefit Provisions (Continued)***

In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

***Contributions***

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2016, Portsmouth School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the Portsmouth School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by Portsmouth School Department. The rates were 9.41% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2016 for the State and Portsmouth School Department, respectively. The Portsmouth School Department contributed \$2,445,691, \$2,304,139 and \$2,105,983 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

TOWN OF PORTSMOUTH, RHODE ISLAND

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

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**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, 2016, the Portsmouth School Department reported a liability of \$29,110,693 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Portsmouth 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	\$29,110,693
State's proportionate share of the net pension liability associated with the Portsmouth School Department	<u>19,887,512</u>
Total Net Pension Liability	<u>\$48,998,205</u>

The net pension liability was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The Portsmouth School Department's proportion of the net pension liability was based on a projection of the Portsmouth School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2015 the Portsmouth School Department's proportion was 1.06%.

For the year ended June 30, 2016 the Portsmouth School Department recognized gross pension expense of \$5,518,949 and revenue of \$2,414,885 for support provided by the State. At June 30, 2016 the Portsmouth School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF PORTSMOUTH, RHODE ISLAND

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

**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)**

**Deferred Outflows of Resources**

Contributions subsequent to the measurement date	\$ 2,445,691
Net difference between projected and actual earnings on pension plan investments	<u>1,640,245</u>
Total	<u>\$ 4,085,936</u>

**Deferred Inflows of Resources**

Difference between expected and actual experience	\$ (189,550)
Change of assumptions	(782,595)
Change in proportion and difference between employer contributions and proportionate share of contributions	(2,842,764)
Net difference between projected and actual earnings on pension plan investments	<u>(1,662,206)</u>
Total	<u>\$ (5,477,115)</u>

\$2,445,691 reported as deferred outflows of resources related to pensions resulting from the Portsmouth School Department contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2017	\$ (741,801)
2018	(741,801)
2019	(741,801)
2020	(187,732)
2021	(597,794)
Thereafter	<u>(825,941)</u>
Total	<u>\$ (3,836,870)</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

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

**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)**

**Actuarial Assumptions**

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

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

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

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

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

TOWN OF PORTSMOUTH, RHODE ISLAND

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

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**12. PENSION PLANS (CONTINUED)**

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

***Actuarial Assumptions (Continued)***

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

***Discount Rate***

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

***Sensitivity of the Net Pension Liability (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.

	Current	
1% Decrease	Discount Rate	1% Increase
6.50%	7.50%	8.50%
<hr/>		
\$36,504,576	\$29,110,693	\$23,057,754

**Pension Plan Fiduciary Net Position**

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

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**12. PENSION PLANS (CONTINUED)**

***(c) Teachers Defined Contribution Pension Plan***

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% (7% for teachers not covered by social security) of their annual covered salary and employers contribute between 1% and 1.5% (between 3% and 3.5% for teachers not covered by social security) of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Portsmouth School Department recognized pension expense of \$478,646, for the fiscal year ended June 30, 2016.

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

TOWN OF PORTSMOUTH, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**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, 2016**

**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 Portsmouth School Department contributed \$23,164, \$22,815 and \$23,654 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.



**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

**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, 2016 the Portsmouth School Department reported an asset of \$3,529,932 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The Portsmouth School Department proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015 the Portsmouth School Department proportion was 3.78%.

For the year ended June 30, 2016 the Portsmouth School Department recognized pension expense of \$(209,214) – an increase in the net pension asset. At June 30, 2016 the Portsmouth 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	\$ 23,164
Difference between expected and actual experience	816,117
Net difference between projected and actual earnings on pension plan investments	448,533
Change in proportion and difference between employer contributions and proportionate share of contributions	<u>127,909</u>
Total	<u>\$ 1,415,723</u>

**Deferred Inflows of Resources**

Change in proportion and difference between employer contributions and proportionate share of contributions	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>(461,398)</u>
Total	<u>\$ (461,398)</u>

\$23,164 reported as deferred outflows of resources related to pensions resulting from the Portsmouth School Department contributions in fiscal year 2016 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF PORTSMOUTH, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

**12. PENSION PLANS (CONTINUED)**

**(d) Teachers Survivor Benefits (Continued)**

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

Year Ended June 30	
2017	\$ 73,300
2018	73,300
2019	73,300
2020	227,100
2021	114,967
Thereafter	<u>369,194</u>
Total	<u>\$ 931,161</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, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF PORTSMOUTH, RHODE ISLAND

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

**12. PENSION PLANS (CONTINUED)**

**(d) Teachers Survivor Benefits (Continued)**

**Actuarial Assumptions (Continued)**

Asset Class	Target Allocation	Long-term expected real rate of return
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
Total	<u>100%</u>	

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

**Discount Rate**

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

TOWN OF PORTSMOUTH, RHODE ISLAND

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

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**12. PENSION PLANS (CONTINUED)**

**(d) Teachers Survivor Benefits (Continued)**

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

1% Decrease	Current Discount Rate	1% Increase
6.50%	7.50%	8.50%
\$ (2,741,262)	\$ (3,529,932)	\$ (4,175,349)

**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.

**TOWN OF PORTSMOUTH, RHODE ISLAND**

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

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**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, as applicable.

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.

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 has a five year agreement, through June 30, 2020, with First Student, Inc. to provide busing for the School Department based on the rate schedule specified in the agreement. Busing costs associated with this agreement totaled approximately \$2,191,000 for the year ended June 30, 2016. Estimated costs to be incurred over the remaining 4-year life of this contract are approximately \$7,096,000 (\$1,774,000 per year).

At June 30, 2016 the Town (including the School Department) had open contract commitments, related to various School renovations, totaling approximately \$901,000.

**15. SUBSEQUENT EVENTS**

In August 2016, the Town entered into two capital lease agreements totaling \$545,982 for acquisition of various vehicles and equipment. One of the leases (for \$151,991) is a 3-year lease and the other (for \$393,991) is a 7-year lease.

In addition, in October 2016, the Town reached a settlement in one of its lawsuits that required the Town to make a lump sum payment of \$800,000.

## Required Supplementary Information

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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, 2016  
(UNAUDITED)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>Revenues</b>				
Property taxes	\$ 48,175,369	\$ 48,175,369	\$ 48,658,753	\$ 483,384
Prorated collections	20,000	20,000	-	(20,000)
PILOT - Housing Authority	7,500	7,500	43,435	35,935
Prior year collections	1,241,237	1,241,237	1,307,385	66,148
School housing aid	445,823	445,823	586,503	140,680
Hotel & meal	219,487	219,487	241,008	21,521
Public service corporation	234,854	234,854	223,391	(11,463)
MV excise	78,523	78,523	84,669	6,146
State library	101,476	101,476	101,476	-
Muni incentive	82,434	82,434	84,739	2,305
Fees & licenses	2,456,000	2,456,000	2,499,784	43,784
Leases & rentals	815,485	815,485	853,407	37,922
<b>Total revenues</b>	<u>53,878,188</u>	<u>53,878,188</u>	<u>54,684,550</u>	<u>806,362</u>
<b>Expenditures</b>				
Town Council	17,866	17,866	17,465	401
Town administration	256,027	256,027	305,243	(49,216)
Town clerk	370,897	370,897	339,131	31,766
Canvassing	161,694	161,694	190,424	(28,730)
Finance	2,442,542	2,442,542	2,448,574	(6,032)
Legal	250,000	250,000	978,423	(728,423)
Tax assessor / collector	408,805	408,805	404,774	4,031
Revaluation	157,500	157,500	138,472	19,028
Police	5,094,088	5,094,088	5,180,778	(86,690)
Prudence island special service	95,373	95,373	94,400	973
Animal control	114,062	114,062	113,909	153
Harbormaster	105,000	105,000	48,877	56,123
Fire	5,126,341	5,126,341	5,328,177	(201,836)
Fire Marshall & OT	176,000	176,000	43,150	132,850
Public works	2,327,276	2,327,276	2,352,028	(24,752)
Public works: snow / road	1,176,738	1,176,738	1,142,914	33,824
Building inspection	247,656	247,656	233,558	14,098
Planning	303,692	303,692	240,962	62,730
Planning board	29,599	29,599	31,490	(1,891)
Economic development	28,500	28,500	14,278	14,222
Recreation / beach	100,264	100,264	106,520	(6,256)
Sandy point beach	-	-	3,102	(3,102)
Glen park	6,500	6,500	9,893	(3,393)
Melville park	11,500	11,500	9,112	2,388
Melville	-	-	319	(319)
Civic support	574,000	574,000	673,476	(99,476)
Prudence island vol. fire dept.	143,105	143,105	142,896	209
Manor house	290,769	290,769	274,161	16,608
Debt Service	2,858,368	2,858,368	2,707,519	150,849
<b>Total expenditures</b>	<u>22,874,162</u>	<u>22,874,162</u>	<u>23,574,025</u>	<u>(699,863)</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, 2016  
(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>31,004,026</u>	<u>31,004,026</u>	<u>31,110,525</u>	<u>106,499</u>
<i>Other financing sources (uses)</i>				
Fund balance	(155,933)	(155,933)	-	155,933
School: local appropriation	(30,848,093)	(30,848,093)	(30,848,093)	-
Transfer to other funds	-	-	(104,239)	(104,239)
Transfer from other funds	-	-	20,235	20,235
<i>Total other financing sources (uses)</i>	<u>(31,004,026)</u>	<u>(31,004,026)</u>	<u>(30,932,097)</u>	<u>71,929</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,428</u>	<u>\$ 178,428</u>



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY – GAAP REPORTING RECONCILIATION  
JUNE 30, 2016**

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***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 30.

Budget is adopted for the General 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. Budget is 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, 2016, 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. In addition to limits enforced by the budget, the Town's Home Rule Charter further restricts municipal expenditures relative to budgeted revenues.

The following department had a significant budget to actual variance: Legal department exceeded its appropriation by \$728,423 for the year ended June 30, 2016.

***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, 2016.

**Required Supplementary Information  
Schedule of Funding Progress  
Year Ended June 30, 2016**

*Other Post Employment Benefits:*

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (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%
July 1, 2015	\$ 620,473	\$ 14,460,199	\$ 13,839,726	4.3%	\$ 6,476,502	213.7%

*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%
July 1, 2015	\$ -	\$ 3,655,790	\$ 3,655,790	0.0%	\$ 19,578,831	18.7%

TOWN OF PORTSMOUTH, RHODE ISLAND

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**Required Supplementary Information  
Schedule of Employer Contributions  
Year Ended June 30, 2016**

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***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%
June 30, 2015	\$ 4,054,721	\$ 4,054,721	100.0%
June 30, 2016	\$ 3,623,290	\$ 3,623,290	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%
June 30, 2016	\$ 1,351,405	\$ 861,032	63.7%

*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%
June 30, 2016	\$ 425,236	\$ 404,572	95.1%

Required Supplementary Information

Schedule of Actuarial Methods, Assumptions and Benefit Changes  
Year Ended June 30, 2016

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<b>Valuation date</b>	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.
<b>Methods and used assumptions to determine contribution rates</b>	
<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level dollar closed
<b>Remaining amortization period</b>	25 years remaining for the fiscal year ending June 30, 2016 contribution
<b>Asset valuation method</b>	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.
<b>Actuarial assumptions:</b>	
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.
<b>Benefit changes</b>	<p>This valuation reflects the following changes in plan provisions:</p> <p>For Fire, the COLA for employees who retire under Accidental Disability was changed from 3% compounding commencing on the January 1st immediately following the participant's retirement to 3% non-compounding commencing on the January 1st immediately following the participant's retirement, the accrual rate for service on or after July 1, 2016 was increased from 1% per year of credited service to 2% per year of credited service and the employee contribution rate was changed from 4.0% of base pay to 4.0% of gross annual earnings inclusive of base salary, longevity, EMT bonus and holiday pay.</p> <p>For Town Non-Management, the employee contribution rate decreased from 6.0% to 5.0% effective July 1, 2016, the accrual rate for service on or after July 1, 2016 was increased from 1% per year of credited service to 2% per year of credited service, and effective July 1, 2016 for employees retiring at or after age 60 with at least 25 years of credited service, the COLA is 1.7% commencing on the earlier of age 65 or the second anniversary of retirement for participants retiring on or after July 1, 2016.</p>

Required Supplementary Information

Schedule of Changes in Net Pension Liability  
Last Three Fiscal Years

	2016	2015	2014
<b>Total pension liability</b>			
Service Cost	\$ 1,252,788	\$ 1,240,913	\$ 1,389,334
Interest	5,652,355	5,245,240	4,915,100
Differences between expected and actual experience	1,024,895	1,229,633	2,000,989
Changes of assumptions	-	2,343,849	(203,891)
Changes of benefit terms	1,122,120	-	(879,278)
Benefit payments, including refunds of employee contributions	<u>(4,353,001)</u>	<u>(3,727,333)</u>	<u>(3,417,068)</u>
<b>Net change in total pension liability</b>	4,699,157	6,332,302	3,805,186
<b>Total pension liability-beginning</b>	<u>84,662,311</u>	<u>78,330,009</u>	<u>74,524,823</u>
<b>Total pension liability-ending (a)</b>	<u>\$ 89,361,468</u>	<u>\$ 84,662,311</u>	<u>\$ 78,330,009</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,623,290	\$ 4,054,721	\$ 2,792,576
Contributions - employee	347,245	348,380	388,692
Net investment income	(395,702)	277,740	6,330,851
Benefit payments, including refunds of employee contributions	(4,353,001)	(3,727,333)	(3,417,068)
Administrative expenses	<u>(45,000)</u>	<u>(30,000)</u>	<u>(61,112)</u>
<b>Net change in plan fiduciary net position</b>	(823,168)	923,508	6,033,939
<b>Plan fiduciary net position - beginning</b>	<u>47,752,905</u>	<u>46,829,397</u>	<u>40,795,458</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 46,929,737</u>	<u>\$ 47,752,905</u>	<u>\$ 46,829,397</u>
<b>Town's net pension liability - ending (a)-(b)</b>	<u>\$ 42,431,731</u>	<u>\$ 36,909,406</u>	<u>\$ 31,500,612</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	52.52%	56.40%	59.78%
<b>Covered-employee payroll</b>	\$ 8,073,529	\$ 7,969,261	\$ 7,837,400
<b>Town's net pension liability as a percentage of covered-employee payroll</b>	525.57%	463.15%	401.93%

*Note:*

*The schedule is intended to show information for 10 years – additional years will be displayed as they become available.*

TOWN OF PORTSMOUTH, RHODE ISLAND

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**Required Supplementary Information  
Schedule of Contributions  
Last Three Fiscal Years**

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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%
2016	\$ 3,623,290	\$ 3,623,290	\$ -	\$ 8,073,529	44.88%

\* Includes payroll for employees eligible for a disability benefit only.

**Note:**

The schedule is intended to show information for 10 years – additional years will be displayed as they become available.

**Required Supplementary Information  
Annual Money-Weighted Rate of Return  
Last Two Fiscal Years**

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	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	-0.83%	0.59%

***Note:***

*The schedule is intended to show information for 10 years – additional years will be displayed as they become available.*

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

**Employees' Retirement System  
Last Two Fiscal Years**

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.06%	1.18%
Town's proportionate share of the net pension liability	\$ 29,110,693	\$ 28,664,026
State's proportionate share of the net pension liability associated with the school district	<u>19,887,512</u>	<u>19,656,243</u>
Total	<u>\$ 48,998,205</u>	<u>\$ 48,320,269</u>
Town's covered employee payroll	\$ 17,812,753	\$ 16,528,974
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	163.43%	173.42%
Plan fiduciary net position as a percentage of the total pension liability	57.55%	61.40%

**Note:**

*The schedule is intended to show information for 10 years – additional years will be displayed as they become available.*



TOWN OF PORTSMOUTH, RHODE ISLAND

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SCHEDULE OF TOWN OF PORTSMOUTH'S CONTRIBUTIONS

Employees' Retirement System  
Last Two Fiscal Years

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,445,691	\$ 2,304,139
Contributions in relation to the actuarially determined contribution	2,445,691	2,304,139
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 17,812,753	\$ 16,528,974
Contributions as a percentage of covered- employee payroll	13.73%	13.94%

**Note:**

*The schedule is intended to show information for 10 years – additional years will be displayed as they become available.*

TOWN OF PORTSMOUTH, RHODE ISLAND

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

**Teachers' Survivors Benefit Plan  
Last Two Fiscal Years**

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	3.78%	3.91%
Town's proportionate share of the net pension asset	\$ 3,529,932	\$ 4,865,868
Town's covered employee payroll	\$ 17,812,753	\$ 16,528,974
Town's proportionate share of the net pension asset as a percentage of its covered employee payroll	19.82%	29.44%
Plan fiduciary net position as a percentage of the total pension liability	146.60%	173.30%

**Note:**

*The schedule is intended to show information for 10 years – additional years will be displayed as they become available.*

TOWN OF PORTSMOUTH, RHODE ISLAND

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SCHEDULE OF TOWN OF PORTSMOUTH'S CONTRIBUTIONS

**Teachers' Survivors Benefit Plan  
Last Two Fiscal Years**

	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 23,164	\$ 22,815
Contributions in relation to the statutorily determined contribution	<u>23,164</u>	<u>22,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 17,812,753	\$ 16,528,974
Contributions as a percentage of covered-employee payroll	0.13%	0.14%

**Note:**

*The schedule is intended to show information for 10 years – additional years will be displayed as they become available.*

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSIONS – ERS & TSB**  
**JUNE 30, 2016**

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**(A) Employees' Retirement System (ERS) Plan**

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

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

**Changes in benefit provisions –**

The June 30, 2015 measurement date determination of the net pension liability for the ERS plan reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSIONS – ERS & TSB**  
**JUNE 30, 2016**

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***(B) Teachers' Survivor Benefits (TSB) Plan***

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

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

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

## Other Supplementary Information

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TOWN OF PORTSMOUTH, RHODE ISLAND

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*Combining Balance Sheet  
Town General Fund and School Department Unrestricted Fund  
June 30, 2016*

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 12,605,174	\$ 2,679,472		\$ 15,284,646
Real estate and personal property tax receivable, net	1,225,138			1,225,138
Due from federal and state governments	223,391			223,391
Due from other funds		3,018,547	\$ (490,924)	2,527,623
Ambulance receivable	489,780			489,780
Other receivables	183,807	83,341		267,148
Inventory	36,300			36,300
Prepaid expenditures		429,048		429,048
<b>TOTAL ASSETS</b>	<u>\$ 14,763,590</u>	<u>\$ 6,210,408</u>	<u>\$ (490,924)</u>	<u>\$ 20,483,074</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 300,064			\$ 300,064
Accrued expenses	799,368	\$ 395,672		1,195,040
Due to other funds	4,705,943	4,269,179	\$ (490,924)	8,484,198
Unearned revenue	36,777	1,600		38,377
Other liabilities	675,933			675,933
<b>TOTAL LIABILITIES</b>	<u>6,518,085</u>	<u>4,666,451</u>	<u>(490,924)</u>	<u>10,693,612</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable property tax revenue	838,194			838,194
Unavailable ambulance revenue	489,780			489,780
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,327,974</u>	<u>-</u>	<u>-</u>	<u>1,327,974</u>
<b>FUND BALANCES:</b>				
Non-spendable	36,300	429,048		465,348
Committed		1,114,909		1,114,909
Assigned	9,378			9,378
Unassigned	6,871,853			6,871,853
<b>TOTAL FUND BALANCES</b>	<u>6,917,531</u>	<u>1,543,957</u>	<u>-</u>	<u>8,461,488</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 14,763,590</u>	<u>\$ 6,210,408</u>	<u>\$ (490,924)</u>	<u>\$ 20,483,074</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

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*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, 2016*

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
<b>Revenues</b>				
General property taxes and payments in lieu of taxes	\$ 50,050,807		\$ -	\$ 50,050,807
State aid and grants	1,338,303	\$ 5,020,760		6,359,063
Licenses, permits and fees	350,716			350,716
Charges for services	786,402	1,187,292		1,973,694
Melville ponds campgrounds	42,676			42,676
Glen Manor House	527,854			527,854
Rescue wagon income	775,385			775,385
Fines and forfeitures	327,463			327,463
Interest and investment income	9,090			9,090
Other revenues	475,854	327,050		802,904
Intergovernmental pension contribution		1,690,441		1,690,441
<b>Total revenues</b>	<u>54,684,550</u>	<u>8,225,543</u>	<u>-</u>	<u>62,910,093</u>
<b>Expenditures</b>				
<i>Current:</i>				
General government	5,342,794			5,342,794
Public safety	10,809,291			10,809,291
Public works	2,494,942			2,494,942
Education		36,788,726		36,788,726
<i>Community services:</i>				
Public and social services	816,372			816,372
Parks & recreation	332,182			332,182
Intergovernmental pension contribution		1,690,441		1,690,441
<i>Debt Service:</i>				
Principal payments	2,316,739			2,316,739
Interest	390,780			390,780
<b>Total expenditures</b>	<u>22,503,100</u>	<u>38,479,167</u>	<u>-</u>	<u>60,982,267</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>32,181,450</u>	<u>(30,253,624)</u>	<u>-</u>	<u>1,927,826</u>
<b>Other financing sources (uses)</b>				
Transfers in	20,235	30,895,192	(30,848,093)	67,334
Transfers out	<u>(32,023,257)</u>	<u>(2,197,935)</u>	<u>30,848,093</u>	<u>(3,373,099)</u>
<b>Net other financing sources (uses)</b>	<u>(32,003,022)</u>	<u>28,697,257</u>	<u>-</u>	<u>(3,305,765)</u>
Net change in fund balances	<u>178,428</u>	<u>(1,556,367)</u>	<u>-</u>	<u>(1,377,939)</u>
<b>Fund balances - beginning of the year</b>	<u>6,739,103</u>	<u>3,100,324</u>	<u>-</u>	<u>9,839,427</u>
<b>Fund balances - ending of the year</b>	<u>\$ 6,917,531</u>	<u>\$ 1,543,957</u>	<u>\$ -</u>	<u>\$ 8,461,488</u>



TOWN OF PORTSMOUTH, RHODE ISLAND

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**BUDGETARY COMPARISON SCHEDULE FOR THE SCHOOL UNRESTRICTED FUND  
SCHEDULE OF REVENUE AND EXPENDITURES (NON-GAAP BUDGETARY BASIS)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Impact aid	\$ 130,000	\$ 130,000	\$ 222,988	\$ 92,988
State aid: General aid	4,279,754	4,279,754	4,261,589	(18,165)
State aid: Group home aid	536,183	536,183	536,183	-
Facilities rental income	40,000	40,000	56,113	16,113
Miscellaneous receipts	2,000	2,000	13,785	11,785
Tuition - Little Compton / individuals	1,107,000	1,107,000	1,187,292	80,292
Medicaid reimbursement	325,000	325,000	257,152	(67,848)
<b>Total revenues</b>	<u>6,419,937</u>	<u>6,419,937</u>	<u>6,535,102</u>	<u>115,165</u>
<b>Expenditures</b>				
Education	37,263,030	37,263,030	36,788,726	474,304
<b>Total expenditures</b>	<u>37,263,030</u>	<u>37,263,030</u>	<u>36,788,726</u>	<u>474,304</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(30,843,093)</u>	<u>(30,843,093)</u>	<u>(30,253,624)</u>	<u>589,469</u>
<b>Other financing sources (uses):</b>				
Transfer from General Fund-Town appropriation	30,848,093	30,848,093	30,848,093	-
Transfer from other funds	-	-	47,099	47,099
Transfer to other funds	(5,000)	(5,000)	(2,197,935)	(2,192,935)
<b>Total other financing sources (uses)</b>	<u>30,843,093</u>	<u>30,843,093</u>	<u>28,697,257</u>	<u>(2,145,836)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,556,367)</u>	<u>\$ (1,556,367)</u>

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1

*Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016*

	Special Revenue Funds								
	School <u>Restricted</u>	CDBG	CDBG Disaster <u>Recovery</u>	Jules Buella <u>Grant</u>	EDC <u>Workshop</u>	EMW-2013 <u>Grant</u>	EMPG <u>Grant</u>	EMW-2014 <u>Grant</u>	Commemorative Bench <u>Program</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ -					\$ -	\$ -	\$ -	
Due from federal and state governments	581,195	\$ 5,775	\$ 6,919						
Due from other funds	743,184	1,339		\$ 4,955	\$ 1,064				\$ 3,866
<b>TOTAL ASSETS</b>	<b>\$ 1,324,379</b>	<b>\$ 7,114</b>	<b>\$ 6,919</b>	<b>\$ 4,955</b>	<b>\$ 1,064</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,866</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 36,766	\$ 5,250							
Accrued expenses	4,668								
Due to other funds	849,607		\$ 6,919						
Unearned revenue	-	1,864							
<b>TOTAL LIABILITIES</b>	<b>891,041</b>	<b>7,114</b>	<b>6,919</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE</b>									
Nonspendable									
Restricted	434,041	-	-	4,955	1,064	-	-	-	3,866
Committed	-								
Unassigned	(703)								
<b>TOTAL FUND BALANCE</b>	<b>433,338</b>	<b>-</b>	<b>-</b>	<b>4,955</b>	<b>1,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,866</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,324,379</b>	<b>\$ 7,114</b>	<b>\$ 6,919</b>	<b>\$ 4,955</b>	<b>\$ 1,064</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,866</b>

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016*

	Special Revenue Funds							
	EMW Storm Ready Grant	Impact Fees	Click It or Ticket	Town Commons Grant	RIDEM Recreation Grant	Alcohol Survey	Fire MV Mitigation	AIPC West Side Project
<b>ASSETS</b>								
Cash and cash equivalents			\$ -					
Due from federal and state governments	\$ 2,442				\$ 41,908	\$ 423		
Due from other funds		\$ 455,421		\$ 288			\$ 1,280	\$ 20,000
<b>TOTAL ASSETS</b>	\$ 2,442	\$ 455,421	\$ -	\$ 288	\$ 41,908	\$ 423	\$ 1,280	\$ 20,000
<b>LIABILITIES</b>								
Accounts payable					\$ 3,277			
Accrued expenses								
Due to other funds	\$ 2,442				38,631	\$ 423		
Unearned revenue								
<b>TOTAL LIABILITIES</b>	2,442	\$ -	\$ -	\$ -	41,908	423	\$ -	\$ -
<b>FUND BALANCE</b>								
Nonspendable								
Restricted	-	455,421	-	288	-	-	1,280	20,000
Committed								
Unassigned								
<b>TOTAL FUND BALANCE</b>	-	455,421	-	288	-	-	1,280	20,000
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 2,442	\$ 455,421	\$ -	\$ 288	\$ 41,908	\$ 423	\$ 1,280	\$ 20,000

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016*

	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	ICAC Solemn	
<b>ASSETS</b>										
Cash and cash equivalents										
Due from federal and state governments										\$ 1,108
Due from other funds	\$ 766	\$ 28,609	\$ 34,021	\$ 23,566	\$ 3,715	\$ 2,425	\$ 942	\$ 10,117		
<b>TOTAL ASSETS</b>	<b>\$ 766</b>	<b>\$ 28,609</b>	<b>\$ 34,021</b>	<b>\$ 23,566</b>	<b>\$ 3,715</b>	<b>\$ 2,425</b>	<b>\$ 942</b>	<b>\$ 10,117</b>		<b>\$ 1,108</b>
<b>LIABILITIES</b>										
Accounts payable										
Accrued expenses										
Due to other funds										\$ 1,108
Unearned revenue										
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>1,108</b>
<b>FUND BALANCE</b>										
Nonspendable										
Restricted	766	28,609	34,021	23,566	3,715	2,425	942	10,117		-
Committed										
Unassigned										
<b>TOTAL FUND BALANCE</b>	<b>766</b>	<b>28,609</b>	<b>34,021</b>	<b>23,566</b>	<b>3,715</b>	<b>2,425</b>	<b>942</b>	<b>10,117</b>		<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 766</b>	<b>\$ 28,609</b>	<b>\$ 34,021</b>	<b>\$ 23,566</b>	<b>\$ 3,715</b>	<b>\$ 2,425</b>	<b>\$ 942</b>	<b>\$ 10,117</b>		<b>\$ 1,108</b>

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016*

	Special Revenue Funds								
	Blue Riptide Impaired/ Drunk Driver	Blue Riptide Speed Management	Dog Fund	Tank Farm	Technology Upgrades & Documenation Preservation	Tobacco Survey	Glen Farm Stable Donation	Fire Smoke Detector Inspection	JAG Edward Byrne Grant
<b>ASSETS</b>									
Cash and cash equivalents	\$ -		\$ 21,410						\$ -
Due from federal and state governments		\$ 1,138		\$ 15,000		\$ 478			
Due from other funds					\$ 73,174		\$ 443	\$ 50,440	
<b>TOTAL ASSETS</b>	\$ -	\$ 1,138	\$ 21,410	\$ 15,000	\$ 73,174	\$ 478	\$ 443	\$ 50,440	\$ -
<b>LIABILITIES</b>									
Accounts payable							\$ 320		
Accrued expenses									
Due to other funds		\$ 1,138	\$ 3,105	\$ 7,423		\$ 478			
Unearned revenue									
<b>TOTAL LIABILITIES</b>	\$ -	1,138	3,105	7,423	\$ -	478	\$ -	320	\$ -
<b>FUND BALANCE</b>									
Nonspendable									
Restricted	-	-	18,305	7,577	73,174	-	443	50,120	-
Committed									
Unassigned									
<b>TOTAL FUND BALANCE</b>	-	-	18,305	7,577	73,174	-	443	50,120	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ -	\$ 1,138	\$ 21,410	\$ 15,000	\$ 73,174	\$ 478	\$ 443	\$ 50,440	\$ -

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

*Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016*

	<u>Special Reveune Funds</u>								
	EMA Meds <u>Plan</u>	EMA Meds <u>Pods</u>	Low Income <u>Spay/Neuter</u>	Shelter <u>Spay/Neuter</u>	Child Passenger <u>Safety Grant</u>	Conservation Commission <u>Commons Maint.</u>	Portsmouth Tree <u>Commission</u>	Friends of <u>Glen Park</u>	
<b>ASSETS</b>									
Cash and cash equivalents									
Due from federal and state governments									
Due from other funds	\$ 3,553	\$ 13,849	\$ 5,874	\$ 8,224	\$ -	\$ 100	\$ 15	\$ 278	
<b>TOTAL ASSETS</b>	<b>\$ 3,553</b>	<b>\$ 13,849</b>	<b>\$ 5,874</b>	<b>\$ 8,224</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 15</b>	<b>\$ 278</b>	
<b>LIABILITIES</b>									
Accounts payable		\$ 5,768							
Accrued expenses									
Due to other funds									
Unearned revenue									
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>5,768</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>FUND BALANCE</b>									
Nonspendable									
Restricted	3,553	8,081	5,874	8,224		100	15	278	
Committed									
Unassigned									
<b>TOTAL FUND BALANCE</b>	<b>3,553</b>	<b>8,081</b>	<b>5,874</b>	<b>8,224</b>	<b>-</b>	<b>100</b>	<b>15</b>	<b>278</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,553</b>	<b>\$ 13,849</b>	<b>\$ 5,874</b>	<b>\$ 8,224</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 15</b>	<b>\$ 278</b>	

TOWN OF PORTSMOUTH, RHODE ISLAND

G-1 (Continued)

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016

	Special Revenue Funds		Capital Projects Funds							
	Conservation Commission Grant	Total Special Revenue Funds	Department Reserve Fund	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants	09-10 Warrants	10-11 Warrants
<b>ASSETS</b>										
Cash and cash equivalents		\$ 21,410		\$ 137,753	\$ 3	\$ 57	\$ 3	\$ -	\$ -	
Due from federal and state governments		656,386								
Due from other funds	\$ 500	1,492,008	\$ 98,739	57,056						\$ 113,755
<b>TOTAL ASSETS</b>	<b>\$ 500</b>	<b>\$ 2,169,804</b>	<b>\$ 98,739</b>	<b>\$ 194,809</b>	<b>\$ 3</b>	<b>\$ 57</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,755</b>
<b>LIABILITIES</b>										
Accounts payable		\$ 51,381		\$ 3,600						
Accrued expenses		4,668								
Due to other funds		911,274					\$ 19,029	\$ 5,742		
Unearned revenue		1,864								
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>969,187</b>	<b>\$ -</b>	<b>3,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>19,029</b>	<b>5,742</b>	<b>\$ -</b>
<b>FUND BALANCE</b>										
Nonspendable		-								
Restricted	500	1,201,320			3	57	3			113,755
Committed		-	98,739	191,209						
Unassigned		(703)						(19,029)	(5,742)	
<b>TOTAL FUND BALANCE</b>	<b>500</b>	<b>1,200,617</b>	<b>98,739</b>	<b>191,209</b>	<b>3</b>	<b>57</b>	<b>3</b>	<b>(19,029)</b>	<b>(5,742)</b>	<b>113,755</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 500</b>	<b>\$ 2,169,804</b>	<b>\$ 98,739</b>	<b>\$ 194,809</b>	<b>\$ 3</b>	<b>\$ 57</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,755</b>

**TOWN OF PORTSMOUTH, RHODE ISLAND**

G-1 (Concluded)

*Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016*

	Capital Projects Funds					Permanent Funds			Total Non-Major Governmental Funds	
	11-12 Warrants	12-13 Warrants	Phase II Project	Athletics Capital Improvement	Technical Services	Total Capital Projects Funds	Sherman Trust Fund	Cemetery Fund		Total Permanent Funds
<b>ASSETS</b>										
Cash and cash equivalents		\$ -			\$ -	\$ 137,816	\$ 16,721	\$ 140,741	\$ 157,462	\$ 316,688
Due from federal and state governments						-			-	656,386
Due from other funds	\$ 191,335		\$ 2,272,044	\$ 45,717		2,778,646		2,942	2,942	4,273,596
<b>TOTAL ASSETS</b>	<u>\$ 191,335</u>	<u>\$ -</u>	<u>\$ 2,272,044</u>	<u>\$ 45,717</u>	<u>\$ -</u>	<u>\$ 2,916,462</u>	<u>\$ 16,721</u>	<u>\$ 143,683</u>	<u>\$ 160,404</u>	<u>\$ 5,246,670</u>
<b>LIABILITIES</b>										
Accounts payable			\$ 384,604			\$ 388,204			-	\$ 439,585
Accrued expenses			2,928			2,928			-	7,596
Due to other funds		\$ 916,215	671,138			1,612,124			-	2,523,398
Unearned revenue						-			-	1,864
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>916,215</u>	<u>1,058,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,003,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,972,443</u>
<b>FUND BALANCE</b>										
Nonspendable						-	16,721	143,683	160,404	160,404
Restricted	191,335		1,213,374	45,717		1,564,244			-	2,765,564
Committed						289,948			-	289,948
Unassigned		(916,215)				(940,986)			-	(941,689)
<b>TOTAL FUND BALANCE</b>	<u>191,335</u>	<u>(916,215)</u>	<u>1,213,374</u>	<u>45,717</u>	<u>-</u>	<u>913,206</u>	<u>16,721</u>	<u>143,683</u>	<u>160,404</u>	<u>2,274,227</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 191,335</u>	<u>\$ -</u>	<u>\$ 2,272,044</u>	<u>\$ 45,717</u>	<u>\$ -</u>	<u>\$ 2,916,462</u>	<u>\$ 16,721</u>	<u>\$ 143,683</u>	<u>\$ 160,404</u>	<u>\$ 5,246,670</u>



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, 2016

	Special Revenue Funds								
	School Restricted	CDBG	CDBG Disaster Recovery	Jules Buela Grant	EDC Workshop	EMW-2013 Grant	EMPG Grant	EMW-2014 Grant	Commemorative Bench Program
<b>REVENUES:</b>									
State aid and grants (Intergovernmental)	\$ 1,273,821	\$ 25,775	\$ 6,919			\$ 329	\$ 4,512	\$ 14,767	
Charges for services	36,265								
Interest and investment income	-								
Contributions and private grants	71,765			\$ 1,000					
Other revenue	-								
<b>TOTAL REVENUES</b>	<b>1,381,851</b>	<b>25,775</b>	<b>6,919</b>	<b>1,000</b>	<b>\$ -</b>	<b>329</b>	<b>4,512</b>	<b>14,767</b>	<b>\$ -</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
General government					199				
Public safety				10,688		329	4,202	14,767	
Public works		25,775	6,919						
Education	1,312,290								
<b>Capital:</b>									
Capital expenditures	22,608			39,950					
<b>TOTAL EXPENDITURES</b>	<b>1,334,898</b>	<b>25,775</b>	<b>6,919</b>	<b>50,638</b>	<b>199</b>	<b>329</b>	<b>4,202</b>	<b>14,767</b>	<b>-</b>
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	<b>46,953</b>	<b>-</b>	<b>-</b>	<b>(49,638)</b>	<b>(199)</b>	<b>-</b>	<b>310</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>									
Transfers from other funds	-								
Transfers to other funds	-								
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>46,953</b>	<b>-</b>	<b>-</b>	<b>(49,638)</b>	<b>(199)</b>	<b>-</b>	<b>310</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>386,385</b>	<b>-</b>	<b>-</b>	<b>54,593</b>	<b>1,263</b>	<b>-</b>	<b>(310)</b>	<b>-</b>	<b>3,866</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 433,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,955</b>	<b>\$ 1,064</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,866</b>

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, 2016*

	Special Revenue Funds							
	EMW Storm Ready Grant	Impact Fees	Click It or Ticket	Town Commons Grant	RIDEM Recreation Grant	Alcohol Survey	Fire MV Mitigation	AIPC West Side Project
<b>REVENUES:</b>								
State aid and grants (Intergovernmental)	\$ 2,442		\$ 2,585		\$ 41,908	\$ 719		
Charges for services		\$ 487,929					\$ 1,280	
Interest and investment income		310						
Contributions and private grants								
Other revenue								
<b>TOTAL REVENUES</b>	<b>2,442</b>	<b>488,239</b>	<b>2,585</b>	<b>\$ -</b>	<b>41,908</b>	<b>719</b>	<b>1,280</b>	<b>\$ -</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government								
Public safety	2,442		2,299			719		
Public works								
Education								
<b>Capital:</b>								
Capital expenditures					41,908			
<b>TOTAL EXPENDITURES</b>	<b>2,442</b>	<b>-</b>	<b>2,299</b>	<b>-</b>	<b>41,908</b>	<b>719</b>	<b>-</b>	<b>-</b>
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	<b>-</b>	<b>488,239</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,280</b>	<b>-</b>
<b>Other financing sources (uses):</b>								
Transfers from other funds								
Transfers to other funds		(50,235)						
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>(50,235)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>438,004</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,280</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>-</b>	<b>17,417</b>	<b>(286)</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 455,421</b>	<b>\$ -</b>	<b>\$ 288</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,280</b>	<b>\$ 20,000</b>

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, 2016

	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	ICAC Solemn	
<b>REVENUES:</b>										
State aid and grants (Intergovernmental)										\$ 3,595
Charges for services		\$ 11,900	\$ 12,711	\$ 3,633						
Interest and investment income										
Contributions and private grants										
Other revenue							\$ 617			
<b>TOTAL REVENUES</b>	\$ -	11,900	12,711	3,633	\$ -	\$ -	\$ -	617		3,595
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General government										
Public safety		4,369	20,305					2,126		3,595
Public works										
Education										
<b>Capital:</b>										
Capital expenditures										
<b>TOTAL EXPENDITURES</b>	-	4,369	20,305	-	-	-	-	2,126		3,595
Excess of revenue over (under) expenditures before other financing sources (uses)	-	7,531	(7,594)	3,633	-	-	-	(1,509)		-
<b>Other financing sources (uses):</b>										
Transfers from other funds										
Transfers to other funds										
<b>Net other financing sources (uses)</b>	-	-	-	-	-	-	-	-		-
<b>Net change in fund balance</b>	-	7,531	(7,594)	3,633	-	-	-	(1,509)		-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	766	21,078	41,615	19,933	3,715	2,425	942	11,626		-
<b>FUND BALANCE, END OF YEAR</b>	\$ 766	\$ 28,609	\$ 34,021	\$ 23,566	\$ 3,715	\$ 2,425	\$ 942	\$ 10,117	\$	-

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, 2016*

	Special Revenue Funds								
	Blue Riptide Impaired/ Drunk Driver	Blue Riptide Speed Management	Dog Fund	Tank Farm	Technology Upgrades & Documenation Preservation	Tobacco Survey	Glen Farm Stable Donation	Fire Smoke Detector Inspection	JAG Edward Byrne Grant
<b>REVENUES:</b>									
State aid and grants (Intergovernmental)	\$ 4,527	\$ 5,028			\$ 20,883	\$ 997			\$ 16,647
Charges for services			\$ 24,923				\$ 12,870		
Interest and investment income									
Contributions and private grants				\$ 15,000					
Other revenue							344		
<b>TOTAL REVENUES</b>	<b>4,527</b>	<b>5,028</b>	<b>24,923</b>	<b>15,000</b>	<b>20,883</b>	<b>997</b>	<b>\$ -</b>	<b>13,214</b>	<b>16,647</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
General government			12,137	12,123					
Public safety	4,079	5,162				997	2,138		4,117
Public works									
Education									
<b>Capital:</b>									
Capital expenditures									12,530
<b>TOTAL EXPENDITURES</b>	<b>4,079</b>	<b>5,162</b>	<b>12,137</b>	<b>12,123</b>	<b>-</b>	<b>997</b>	<b>-</b>	<b>2,138</b>	<b>16,647</b>
Excess of revenue over (under) expenditures before other financing sources (uses)	448	(134)	12,786	2,877	20,883	-	-	11,076	-
<b>Other financing sources (uses):</b>									
Transfers from other funds									
Transfers to other funds									
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>448</b>	<b>(134)</b>	<b>12,786</b>	<b>2,877</b>	<b>20,883</b>	<b>-</b>	<b>-</b>	<b>11,076</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>(448)</b>	<b>134</b>	<b>5,519</b>	<b>4,700</b>	<b>52,291</b>	<b>-</b>	<b>443</b>	<b>39,044</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,305</b>	<b>\$ 7,577</b>	<b>\$ 73,174</b>	<b>\$ -</b>	<b>\$ 443</b>	<b>\$ 50,120</b>	<b>\$ -</b>

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, 2016*

	Special Revenue Funds							
	EMA Meds Plan	EMA Meds Pods	Low Income Spay/Neuter	Shelter Spay/Neuter	Child Passenger Safety Grant	Conservation Commission Commons Maint.	Portsmouth Tree Commission	Friends of Glen Park
<b>REVENUES:</b>								
State aid and grants (Intergovernmental)	\$ 1,575	\$ 2,000			\$ 1,620			
Charges for services				\$ 792				
Interest and investment income								
Contributions and private grants							\$ 15	
Other revenue								
<b>TOTAL REVENUES</b>	<b>1,575</b>	<b>2,000</b>	<b>\$ -</b>	<b>792</b>	<b>1,620</b>	<b>\$ -</b>	<b>15</b>	<b>\$ -</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government			658					
Public safety	5,848	6,037			1,223			
Public works								
Education								
<b>Capital:</b>								
Capital expenditures								
<b>TOTAL EXPENDITURES</b>	<b>5,848</b>	<b>6,037</b>	<b>658</b>	<b>-</b>	<b>1,223</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	<b>(4,273)</b>	<b>(4,037)</b>	<b>(658)</b>	<b>792</b>	<b>397</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>Other financing sources (uses):</b>								
Transfers from other funds								
Transfers to other funds								
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(4,273)</b>	<b>(4,037)</b>	<b>(658)</b>	<b>792</b>	<b>397</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>7,826</b>	<b>12,118</b>	<b>6,532</b>	<b>7,432</b>	<b>(397)</b>	<b>100</b>	<b>-</b>	<b>278</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,553</b>	<b>\$ 8,081</b>	<b>\$ 5,874</b>	<b>\$ 8,224</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 15</b>	<b>\$ 278</b>

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, 2016*

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>							
	Conservation Commission Grant	Total Special Revenue Funds	Department Reserve Fund	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants	09-10 Warrants	10-11 Warrants
<b>REVENUES:</b>										
State aid and grants (Intergovernmental)		\$ 1,430,649								
Charges for services		592,303								
Interest and investment income		310		\$ 14						
Contributions and private grants		87,780								
Other revenue		961								
<b>TOTAL REVENUES</b>	\$ -	2,112,003	\$ -	14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General government		25,117		48,072						
Public safety		95,442								
Public works		32,694								
Education		1,312,290								
<b>Capital:</b>										
Capital expenditures		116,996		11,586						
<b>TOTAL EXPENDITURES</b>	-	1,582,539	-	59,658	-	-	-	-	-	-
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	-	529,464	-	(59,644)	-	-	-	-	-	-
<b>Other financing sources (uses):</b>										
Transfers from other funds		-	98,739	70,925						
Transfers to other funds		(50,235)								
<b>Net other financing sources (uses)</b>	-	(50,235)	98,739	70,925	-	-	-	-	-	-
<b>Net change in fund balance</b>	-	479,229	98,739	11,281	-	-	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	500	721,388	-	179,928	3	57	3	(19,029)	(5,742)	113,755
<b>FUND BALANCE, END OF YEAR</b>	\$ 500	\$ 1,200,617	\$ 98,739	\$ 191,209	\$ 3	\$ 57	\$ 3	\$ (19,029)	\$ (5,742)	\$ 113,755

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, 2016

	Capital Project Funds					Total Capital Projects Funds	Permanent Funds			Total Non-Major Governmental Funds
	11-12 Warrants	12-13 Warrants	Phase II Project	Athletics Capital Improvement	Technical Services		Sherman Trust Fund	Cemetery Fund	Total Permanent Funds	
<b>REVENUES:</b>										
State aid and grants (Intergovernmental)					\$ 144,405	\$ 144,405				\$ 1,575,054
Charges for services						-				592,303
Interest and investment income						14	\$ 311	\$ 3,708	\$ 4,019	4,343
Contributions and private grants						-			-	87,780
Other revenue						-			-	961
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>144,405</b>	<b>144,419</b>	<b>311</b>	<b>3,708</b>	<b>4,019</b>	<b>2,260,441</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General government						48,072			-	73,189
Public safety						-			-	95,442
Public works						-			-	32,694
Education			44,793			44,793			-	1,357,083
<b>Capital:</b>										
Capital expenditures			959,131		127,306	1,098,023			-	1,215,019
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>1,003,924</b>	<b>-</b>	<b>127,306</b>	<b>1,190,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,773,427</b>
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,003,924)</b>	<b>-</b>	<b>17,099</b>	<b>(1,046,469)</b>	<b>311</b>	<b>3,708</b>	<b>4,019</b>	<b>(512,986)</b>
<b>Other financing sources (uses):</b>										
Transfers from other funds			2,192,935	45,717		2,408,316			-	2,408,316
Transfers to other funds					(17,099)	(17,099)			-	(67,334)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,192,935</b>	<b>45,717</b>	<b>(17,099)</b>	<b>2,391,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,340,982</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>1,189,011</b>	<b>45,717</b>	<b>-</b>	<b>1,344,748</b>	<b>311</b>	<b>3,708</b>	<b>4,019</b>	<b>1,827,996</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>191,335</b>	<b>(916,215)</b>	<b>24,363</b>	<b>-</b>	<b>-</b>	<b>(431,542)</b>	<b>16,410</b>	<b>139,975</b>	<b>156,385</b>	<b>446,231</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 191,335</b>	<b>\$ (916,215)</b>	<b>\$ 1,213,374</b>	<b>\$ 45,717</b>	<b>\$ -</b>	<b>\$ 913,206</b>	<b>\$ 16,721</b>	<b>\$ 143,683</b>	<b>\$ 160,404</b>	<b>\$ 2,274,227</b>

**TOWN OF PORTSMOUTH**

H-1

*Special Revenue Funds - School Restricted  
Combining Balance Sheet  
June 30, 2016*

	<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 &amp; Science</u>	<u>Title III</u>
<b>ASSETS</b>								
Due from federal and state government			\$ 374,951	\$ 8,933	\$ 125,174	\$ 65,290	\$ 6,847	
Due from other funds	\$ 3,880	\$ 78,666	203,801	20,084	2,061	6,003		\$ 670
<b>TOTAL ASSETS</b>	<b>\$ 3,880</b>	<b>\$ 78,666</b>	<b>\$ 578,752</b>	<b>\$ 29,017</b>	<b>\$ 127,235</b>	<b>\$ 71,293</b>	<b>\$ 6,847</b>	<b>\$ 670</b>
<b>LIABILITIES</b>								
Accounts payable			\$ 36,502			\$ 264		
Accrued expenses			1,052				\$ 3,316	
Due to other funds		\$ 2,626	540,856	\$ 29,017	\$ 127,235	71,080	3,531	
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 2,626</b>	<b>\$ 578,410</b>	<b>\$ 29,017</b>	<b>\$ 127,235</b>	<b>\$ 71,344</b>	<b>\$ 6,847</b>	<b>\$ -</b>
<b>FUND BALANCE</b>								
Nonspendable								
Restricted	3,880	76,040	342	-	-		-	670
Committed								
Assigned								
Unassigned						(51)		
<b>TOTAL FUND BALANCE</b>	<b>3,880</b>	<b>76,040</b>	<b>342</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>-</b>	<b>670</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,880</b>	<b>\$ 78,666</b>	<b>\$ 578,752</b>	<b>\$ 29,017</b>	<b>\$ 127,235</b>	<b>\$ 71,293</b>	<b>\$ 6,847</b>	<b>\$ 670</b>



TOWN OF PORTSMOUTH

H-1 (Continued)

*Special Revenue Funds - School Restricted  
Combining Balance Sheet  
June 30, 2016*

	<u>RTT Funds</u>	<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>
<b>ASSETS</b>									
Due from federal and state government									
Due from other funds	\$ 2,647	\$ -	\$ 49,539	\$ 28,220	\$ 50,972	\$ 160,597	\$ 400	\$ 886	\$ 38,640
<b>TOTAL ASSETS</b>	<b>\$ 2,647</b>	<b>\$ -</b>	<b>\$ 49,539</b>	<b>\$ 28,220</b>	<b>\$ 50,972</b>	<b>\$ 160,597</b>	<b>\$ 400</b>	<b>\$ 886</b>	<b>\$ 38,640</b>
<b>LIABILITIES</b>									
Accounts payable									
Accrued expenses									
Due to other funds	\$ 2,647	\$ 166		\$ 19,891	\$ 34,723				
<b>TOTAL LIABILITIES</b>	<b>2,647</b>	<b>166</b>	<b>\$ -</b>	<b>19,891</b>	<b>34,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE</b>									
Nonspendable									
Restricted	-		49,539	8,329	16,249	160,597	400	886	38,640
Committed									
Assigned									
Unassigned		(166)							
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>(166)</b>	<b>49,539</b>	<b>8,329</b>	<b>16,249</b>	<b>160,597</b>	<b>400</b>	<b>886</b>	<b>38,640</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,647</b>	<b>\$ -</b>	<b>\$ 49,539</b>	<b>\$ 28,220</b>	<b>\$ 50,972</b>	<b>\$ 160,597</b>	<b>\$ 400</b>	<b>\$ 886</b>	<b>\$ 38,640</b>

TOWN OF PORTSMOUTH

H-1 (Concluded)

*Special Revenue Funds - School Restricted  
Combining Balance Sheet  
June 30, 2016*

	United Way Melville <u>Playground</u>	Van Beuren Grant	Career Tech Odd Year	Career Tech Education	General & Material Supplies <u>Science</u>	Champlin <u>Foundation</u>	Rhode Island <u>Foundation</u>	Total School <u>Restricted</u>
<b>ASSETS</b>								
Due from federal and state government								\$ 581,195
Due from other funds	\$ 7,000	\$ 40,001	\$ -	\$ 35,044	\$ 1,903	\$ 11,590	\$ 580	743,184
<b>TOTAL ASSETS</b>	\$ 7,000	\$ 40,001	\$ -	\$ 35,044	\$ 1,903	\$ 11,590	\$ 580	\$ 1,324,379
<b>LIABILITIES</b>								
Accounts payable								\$ 36,766
Accrued expenses			\$ 300					4,668
Due to other funds	\$ 7,000		186	\$ 10,649				849,607
<b>TOTAL LIABILITIES</b>	7,000	\$ -	486	10,649	\$ -	\$ -	\$ -	891,041
<b>FUND BALANCE</b>								
Nonspendable								-
Restricted	-	40,001		24,395	1,903	11,590	580	434,041
Committed								-
Assigned								-
Unassigned			(486)					(703)
<b>TOTAL FUND BALANCE</b>	-	40,001	(486)	24,395	1,903	11,590	580	433,338
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 7,000	\$ 40,001	\$ -	\$ 35,044	\$ 1,903	\$ 11,590	\$ 580	\$ 1,324,379

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, 2016*

	<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 &amp; Science</u>	<u>Title III</u>
<b>REVENUES:</b>								
Federal and state grants			\$ 708,888	\$ 20,746	\$ 331,174	\$ 125,097	\$ 7,676	
Charges for services		\$ 36,265						
Contributions and private grants								
<b>TOTAL REVENUES</b>	\$ -	\$ 36,265	\$ 708,888	\$ 20,746	\$ 331,174	\$ 125,097	\$ 7,676	\$ -
<b>EXPENDITURES:</b>								
Education		11,426	708,888	20,746	331,174	125,097	7,676	
Capital expenditures		13,995						
<b>TOTAL EXPENDITURES</b>	\$ -	\$ 25,421	\$ 708,888	\$ 20,746	\$ 331,174	\$ 125,097	\$ 7,676	\$ -
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	\$ -	\$ 10,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other financing sources (uses):</b>								
Transfers from other funds								
Transfers to other funds								
<b>Net other financing sources (uses)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	\$ -	\$ 10,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCE, BEGINNING OF YEAR</b>	3,880	65,196	342		-	(51)	-	670
<b>FUND BALANCE, END OF YEAR</b>	\$ 3,880	\$ 76,040	\$ 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, 2016*

	RTT Funds	Perkins	Literacy Dropout	Technology	Substance Abuse Task Force	Student Equity Investment	RISCA	Concord Consortium	Early Childhood
<b>REVENUES:</b>									
Federal and state grants		\$ 23,000			\$ 22,196				
Charges for services									
Contributions and private grants					28,815				
<b>TOTAL REVENUES</b>	\$ -	23,000	\$ -	\$ -	51,011	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>									
Education		22,975	-		55,805				-
Capital expenditures									
<b>TOTAL EXPENDITURES</b>	-	22,975	-	-	55,805	-	-	-	-
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	-	25	-	-	(4,794)	-	-	-	-
<b>Other financing sources (uses):</b>									
Transfers from other funds									
Transfers to other funds									
<b>Net other financing sources (uses)</b>	-	-	-	-	-	-	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	-	25	-	-	(4,794)	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	(191)	49,539	8,329	21,043	160,597	400	886	38,640
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ (166)	\$ 49,539	\$ 8,329	\$ 16,249	\$ 160,597	\$ 400	\$ 886	\$ 38,640

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, 2016*

	United Way Melville <u>Playground</u>	Van Beuren <u>Grant</u>	Career Tech <u>Odd Year</u>	Career Tech <u>Education</u>	General & Material Supplies <u>Science</u>	Champlin <u>Foundation</u>	Rhode Island <u>Foundation</u>	Total School <u>Restricted</u>
<b>REVENUES:</b>								
Federal and state grants				\$ 35,044				\$ 1,273,821
Charges for services								36,265
Contributions and private grants		\$ 40,000					\$ 2,950	71,765
<b>TOTAL REVENUES</b>	\$ -	40,000	-	35,044	\$ -	\$ -	2,950	1,381,851
<b>EXPENDITURES:</b>								
Education	5,126		18,908	2,099			2,370	1,312,290
Capital expenditures				8,613				22,608
<b>TOTAL EXPENDITURES</b>	5,126	-	18,908	10,712	-	-	2,370	1,334,898
<b>Excess of revenue over (under) expenditures before other financing sources (uses)</b>	(5,126)	40,000	(18,908)	24,332	-	-	580	46,953
<b>Other financing sources (uses):</b>								
Transfers from other funds								-
Transfers to other funds								-
<b>Net other financing sources (uses)</b>	-	-	-	-	-	-	-	-
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	(5,126)	40,000	(18,908)	24,332	-	-	580	46,953
<b>FUND BALANCE, BEGINNING OF YEAR</b>	5,126	1	18,422	63	1,903	11,590		386,385
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ 40,001	\$ (486)	\$ 24,395	\$ 1,903	\$ 11,590	\$ 580	\$ 433,338

**TOWN OF PORTSMOUTH, RHODE ISLAND**

I-1

***Combining Statement of Changes in Assets and Liabilities  
Town Agency Funds  
For the Year Ended June 30, 2016***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>SOIL AGENCY FUND</u></b>				
<b><u>Asset</u></b>				
Accounts Receivable	\$ 209,250	\$ 124,345	\$ 98,100	\$ 235,495
<b><u>Liability</u></b>				
Deposits Held in Custody for Others	\$ 209,250	\$ 124,345	\$ 98,100	\$ 235,495
<b><u>GMH DEPOSIT AGENCY FUND</u></b>				
<b><u>Asset</u></b>				
Accounts Receivable	\$ 13,000	\$ 40,000	\$ 39,000	\$ 14,000
<b><u>Liability</u></b>				
Deposits Held in Custody for Others	\$ 13,000	\$ 40,000	\$ 39,000	\$ 14,000
<b><u>PROBATE COURT AGENCY FUND</u></b>				
<b><u>Asset</u></b>				
Cash and cash equivalents	\$ 235,760	\$ 119	\$ -	\$ 235,879
<b><u>Liability</u></b>				
Deposits Held in Custody for Others	\$ 235,760	\$ 119	\$ -	\$ 235,879
<b><u>GLEN PARK DAMAGE DEPOSIT</u></b>				
<b><u>Asset</u></b>				
Accounts receivable	\$ 650	\$ 1,500	\$ 650	\$ 1,500
<b><u>Liability</u></b>				
Deposits Held in Custody for Others	\$ 650	\$ 1,500	\$ 650	\$ 1,500
<b><u>PRESCOTT POINT FUND</u></b>				
<b><u>Asset</u></b>				
Cash and cash equivalents	\$ 106,375	\$ 2,276	\$ 179	\$ 108,472
<b><u>Liability</u></b>				
Deposits Held in Custody for Others	\$ 106,375	\$ 2,276	\$ 179	\$ 108,472
<b><u>TOTAL TOWN ACTIVITY AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 342,135	\$ 2,395	\$ 179	\$ 344,351
Accounts Receivable	222,900	165,845	137,750	250,995
<b>TOTAL ASSETS</b>	<b>\$ 565,035</b>	<b>\$ 168,240</b>	<b>\$ 137,929</b>	<b>\$ 595,346</b>
<b><u>Liabilities</u></b>				
Deposits Held in Custody for Others	\$ 565,035	\$ 168,240	\$ 137,929	\$ 595,346
<b><u>TOTAL TOWN-WIDE ACTIVITY AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 706,478	\$ 139,706	\$ 80,078	\$ 766,106
Accounts Receivable	268,617	165,845	183,467	250,995
<b>TOTAL ASSETS</b>	<b>\$ 975,095</b>	<b>\$ 305,551</b>	<b>\$ 263,545</b>	<b>\$ 1,017,101</b>
<b><u>Liabilities</u></b>				
Deposits Held in Custody for Others	\$ 975,095	\$ 305,551	\$ 263,545	\$ 1,017,101

**TOWN OF PORTSMOUTH, RHODE ISLAND**

**I-2**

***Combining Statement of Changes in Assets and Liabilities  
School Agency Funds  
For the Year Ended June 30, 2016***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><u>HATHAWAY</u></b>				
<b><u>ASSETS</u></b>				
Citizens Bank Checking	<u>\$ 18,087</u>	<u>\$ 11,645</u>	<u>\$ 7,845</u>	<u>\$ 21,887</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Custody for Others	<u>\$ 18,087</u>	<u>\$ 11,645</u>	<u>\$ 7,845</u>	<u>\$ 21,887</u>
<b><u>MELVILLE</u></b>				
<b><u>ASSETS</u></b>				
Citizens Bank Checking	<u>\$ 47,417</u>	<u>\$ 13,812</u>	<u>\$ 5,400</u>	<u>\$ 55,829</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Custody for Others	<u>\$ 47,417</u>	<u>\$ 13,812</u>	<u>\$ 5,400</u>	<u>\$ 55,829</u>
<b><u>PORTSMOUTH MIDDLE SCHOOL</u></b>				
<b><u>ASSETS</u></b>				
Citizens Bank Checking	<u>\$ 62,181</u>	<u>\$ 7,370</u>	<u>\$ 190</u>	<u>\$ 69,361</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Custody for Others	<u>\$ 62,181</u>	<u>\$ 7,370</u>	<u>\$ 190</u>	<u>\$ 69,361</u>
<b><u>PORTSMOUTH HIGH SCHOOL</u></b>				
<b><u>ASSETS</u></b>				
Portsmouth High School CD	<u>\$ 50,151</u>	<u>\$ 176</u>	<u>\$ 181</u>	<u>\$ 50,146</u>
Citizens Bank Checking	<u>182,530</u>	<u>104,308</u>	<u>66,283</u>	<u>220,555</u>
Citizens Bank Savings	<u>3,977</u>	<u>-</u>	<u>-</u>	<u>3,977</u>
	<u>\$ 236,658</u>	<u>\$ 104,484</u>	<u>\$ 66,464</u>	<u>\$ 274,678</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Custody for Others	<u>\$ 236,658</u>	<u>\$ 104,484</u>	<u>\$ 66,464</u>	<u>\$ 274,678</u>
<b><u>INTERSCHOOL ACTIVITIES</u></b>				
<b><u>ASSETS</u></b>				
Accounts Receivable	<u>\$ 45,717</u>	<u>\$ -</u>	<u>\$ 45,717</u>	<u>\$ -</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Custody for Others	<u>\$ 45,717</u>	<u>\$ -</u>	<u>\$ 45,717</u>	<u>\$ -</u>
<b><u>TOTAL SCHOOL ACTIVITY AGENCY FUNDS</u></b>				
<b><u>ASSET</u></b>				
Cash	<u>\$ 364,343</u>	<u>\$ 137,311</u>	<u>\$ 79,899</u>	<u>\$ 421,755</u>
Accounts Receivable	<u>45,717</u>	<u>-</u>	<u>45,717</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 410,060</u>	<u>\$ 137,311</u>	<u>\$ 125,616</u>	<u>\$ 421,755</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Custody for Others	<u>\$ 410,060</u>	<u>\$ 137,311</u>	<u>\$ 125,616</u>	<u>\$ 421,755</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 410,060</u>	<u>\$ 137,311</u>	<u>\$ 125,616</u>	<u>\$ 421,755</u>

**TOWN OF PORTSMOUTH, RHODE ISLAND**

J-1

**SCHEDULE OF PROPERTY TAXES RECEIVABLE  
YEAR ENDED JUNE 30, 2016**

Tax Roll Year	Balance July 1, 2015	2015 Assessment	Additions	Abatements & Adjustments	Amount to be Collected	Current Year Collections	Refunds	Balance June 30, 2016
2015		\$ 49,815,131	\$ 27,562	\$ (10,237)	\$ 49,852,930	\$ 48,733,924	\$ 67,358	\$ 1,186,364
2014	\$ 1,357,211		1,236	384	1,358,063	1,230,545	760	128,278
2013	100,451		1,120	1	101,570	36,402	22	65,190
2012	57,048		448	323	57,173	7,422		49,751
2011	56,287		363	273	56,377	7,444		48,933
2010	45,774		391		46,165	2,819		43,346
2009	29,843		216		30,059	1,808		28,251
2008	25,944		59		26,003	1,916		24,087
2007	18,734				18,734	1,353	15	17,396
2006	14,914			1	14,913	1,186		13,727
2005	14,330				14,330	933		13,397
2004	11,310			9,538	1,772	1,453		319
2003	997			997	-	-		-
<b>Total</b>	<b>1,732,843</b>	<b>\$ 49,815,131</b>	<b>\$ 31,395</b>	<b>\$ 1,280</b>	<b>\$ 51,578,089</b>	<b>\$ 50,027,205</b>	<b>\$ 68,155</b>	<b>1,619,039</b>
Less: Allowance for Uncollectible accounts	(378,626)							(407,107)
	<u>\$ 1,354,217</u>							<u>\$ 1,211,932</u>

**Schedule of property valuation assessed as of December 31, 2014:**

	Valuation	Levy
Real property	\$3,039,866,590	\$ 48,029,911
Motor vehicles	176,452,095	3,970,053
Tangible personal property	60,212,072	951,567
Total	<u>3,276,530,757</u>	<u>52,951,531</u>
Less: Exemptions and motor vehicle phase out		
Real property	(79,591,541)	(1,257,546)
Motor vehicles	(83,503,169)	(1,878,821)
Tangible personal property	(2,041)	(33)
Total	<u>\$3,113,434,006</u>	<u>\$ 49,815,131</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.

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Town of Portsmouth, Rhode Island

Schedule 1

Net Position by Component  
Last Ten Fiscal Years  
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 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	\$ 18,884,330
Permanent Trust Funds										
Expandable	128,694	-	-	-	-	-	-	-	-	-
Nonexpandable	4,821	-	-	-	-	-	-	-	-	-
Education	572,753	-	-	-	-	-	-	-	-	-
Restricted for specific programs	976,380	2,325,230	714,727	3,111,864	-	-	-	-	1,457,118	5,704,732
Unrestricted	(916,148)	743,944	(142,360)	(800,628)	2,186,695	4,868,397	7,593,977	4,978,129	(54,607,560)	(53,941,136)
<b>Total Governmental Activities Net Position</b>	<b>\$ 11,722,935</b>	<b>\$ 13,438,651</b>	<b>\$ 12,732,860</b>	<b>\$ 14,240,641</b>	<b>\$ 15,318,575</b>	<b>\$ 18,210,624</b>	<b>\$ 20,955,767</b>	<b>\$ 22,159,563</b>	<b>\$ (34,084,586)</b>	<b>\$ (29,352,074)</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ -	\$ 39,524	\$ 165,507	\$ 216,776	\$ 263,758	\$ 337,289	\$ 558,288	\$ 778,209	\$ 1,011,013	\$ 214,640
Restricted for specific programs	-	-	5,399	51,204	61,272	117,652	42,216	41,468	52,185	42,925
Unrestricted	-	19,323	(85,385)	(169,294)	(206,059)	(218,110)	(399,971)	64,764	(201,753)	(484,211)
<b>Total Business-type Activities Net Position</b>	<b>\$ -</b>	<b>\$ 58,847</b>	<b>\$ 85,521</b>	<b>\$ 98,686</b>	<b>\$ 118,971</b>	<b>\$ 236,831</b>	<b>\$ 200,533</b>	<b>\$ 884,441</b>	<b>\$ 861,445</b>	<b>\$ (226,646)</b>
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 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	\$ 19,098,970
Permanent Funds:										
Expandable	128,694	-	-	-	-	-	-	-	-	-
Nonexpandable	4,821	-	-	-	-	-	-	-	-	-
Education	572,753	-	-	-	-	-	-	-	-	-
Restricted for specific programs	976,380	2,325,230	720,126	3,163,068	61,272	117,652	42,216	41,468	1,509,303	5,747,657
Unrestricted	(916,148)	763,267	(227,745)	(969,922)	1,980,636	4,650,287	7,194,006	5,042,893	(54,809,313)	(54,425,347)
<b>Total Primary Government Net Position</b>	<b>\$ 11,722,935</b>	<b>\$ 13,497,498</b>	<b>\$ 12,818,381</b>	<b>\$ 14,339,327</b>	<b>\$ 15,437,546</b>	<b>\$ 18,447,455</b>	<b>\$ 21,156,300</b>	<b>\$ 23,044,004</b>	<b>\$ (33,223,141)</b>	<b>\$ (29,578,720)</b>

Town of Portsmouth, Rhode Island

Schedule 2

Changes in Net Position  
Last Ten Fiscal Years  
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,143,158	\$ 1,691,792	\$ 1,220,039	\$ 1,195,247	\$ 1,390,030	\$ 1,457,302	\$ 325,937	\$ 207,860	\$ 321,465	\$ 779,018
General Education	2,209,710	1,949,409	779,170	934,883	963,936	1,072,173	1,095,603	1,284,080	1,190,355	1,223,557
Public Safety	632,127	563,970	598,341	632,623	561,940	559,735	1,916,306	1,928,936	1,593,544	810,523
Public Services	238,651	119,507	-	-	38,239	36,045	-	-	-	786,402
Community Service	691,965	559,770	-	-	-	-	596,985	612,272	591,755	570,530
Operating Grants and Contributions	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	5,581,847
Capital Grants and Contributions	1,135,619	53,993	89,015	355,810	441,054	293,313	106,790	115,000	193,000	250,313
Total Governmental Activities Program Revenues	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	10,002,190
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	504,002
Transfer Station	-	-	461,766	582,877	618,213	582,454	554,501	567,679	582,891	633,222
Wind Turbine Generator Fund	-	-	140,149	508,545	320,594	324,197	55,120	-	-	-
Septic System Loan Program	-	-	-	-	-	-	-	-	-	5,785
Summer School	-	-	-	70,332	14,449	15,908	14,925	12,900	9,882	5,400
Operating Grants and Contributions	-	131,922	182,147	147,946	183,077	168,652	181,779	200,640	211,539	254,731
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	1,403,140
Total Primary Government Program Revenues	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	11,405,330
<b>Expenses:</b>										
Governmental Activities:										
General Government	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	5,830,129
General Education	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	40,753,345
Public Safety	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	11,371,782
Public Services	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	3,237,659
Community Service	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	1,290,100
Capital Outlay	-	1,625,111	46,059	143,750	39,727	320,161	106,499	2,551,459	-	-
Interest on Long Term Debt	735,194	791,135	756,738	632,034	525,631	524,720	392,363	466,731	428,901	556,894
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	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	63,039,909
Business-type Activities:										
School Lunch Fund	-	640,606	650,200	557,748	641,843	628,779	649,650	644,770	655,980	711,503
Transfer Station	-	-	726,962	673,097	639,453	522,349	513,140	539,373	485,025	569,944
Wind Turbine Generator Fund	-	-	159,750	462,739	310,526	310,035	99,702	155,319	151,307	1,193,708
Septic System Loan Program	-	-	-	-	-	-	-	-	-	16,421
Summer School	-	-	-	60,647	14,244	50,535	19,938	19,964	27,341	10,162
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	2,501,738
Total Primary Government Program Expenses	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	65,541,647

(Continued)

Changes in Net Position  
Last Ten Fiscal Years  
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expenses)/Revenue:</b>										
Governmental Activities	(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)	(53,037,719)
Business-type Activities	-	16,652	(257,551)	(28,908)	(955)	38,401	(36,313)	(104,168)	(30,005)	(1,098,598)
<b>Total Primary Government Net Expenses</b>	<b>(38,084,873)</b>	<b>(41,933,519)</b>	<b>(51,314,090)</b>	<b>(50,163,836)</b>	<b>(51,123,207)</b>	<b>(50,528,205)</b>	<b>(52,214,381)</b>	<b>(54,548,471)</b>	<b>(56,028,962)</b>	<b>(54,136,317)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes, MV Phase Out, and PILOT	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	49,910,345
State Aid (unrestricted)	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	6,359,063
Investment Income	124,894	156,895	41,839	11,798	10,392	11,855	(123,492)	13,792	11,621	13,433
Other Revenues	514,475	416,789	1,250,718	1,042,461	884,770	1,164,085	719,182	1,678,576	1,351,979	1,452,173
Transfers	-	-	(284,225)	(96,875)	(21,240)	(79,435)	-	(788,063)	(7,000)	35,217
<b>Total Governmental Activities</b>	<b>39,396,312</b>	<b>43,660,017</b>	<b>50,226,492</b>	<b>51,633,623</b>	<b>52,200,186</b>	<b>53,458,656</b>	<b>54,118,934</b>	<b>55,648,099</b>	<b>56,671,838</b>	<b>57,770,231</b>
Business-type Activities:										
Transfers	-	-	284,225	96,875	21,240	79,435	-	788,063	7,000	10,500
Investment Income	-	-	-	-	-	24	15	13	9	7
<b>Total Business-type Activities</b>	<b>-</b>	<b>-</b>	<b>284,225</b>	<b>96,875</b>	<b>21,240</b>	<b>79,459</b>	<b>15</b>	<b>788,076</b>	<b>7,009</b>	<b>10,507</b>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<b>39,396,312</b>	<b>43,660,017</b>	<b>50,510,717</b>	<b>51,730,498</b>	<b>52,221,426</b>	<b>53,538,115</b>	<b>54,118,949</b>	<b>56,436,175</b>	<b>56,678,847</b>	<b>57,780,738</b>
<b>Change in Net Position:</b>										
Governmental Activities	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	4,732,512
Business-type Activities	-	16,652	26,674	67,967	20,285	117,860	(36,298)	683,908	(22,996)	(1,088,091)
<b>Total Change in Net Position of Primary Government</b>	<b>\$ 1,311,439</b>	<b>\$ 1,726,498</b>	<b>\$ (803,373)</b>	<b>\$ 1,566,662</b>	<b>\$ 1,098,219</b>	<b>\$ 3,009,910</b>	<b>\$ 1,904,568</b>	<b>\$ 1,887,704</b>	<b>\$ 649,885</b>	<b>\$ 3,644,421</b>

Town of Portsmouth, Rhode Island

Schedule 3

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nonspendable:										
Permanent Funds:										
Perpetual Care and Endowed Funds	\$ 133,515	\$ 139,922	\$ 142,467	\$ 143,325	\$ 4,821	\$ 4,821	\$ 140,468	\$ 146,218	\$ 156,385	\$ 160,404
General Fund:										
Advances to Other Funds	-	-	-	-	-	-	492,296	-	341,062	-
Prepaid Expenses	-	455,280	-	-	-	-	968	199,374	590,534	429,048
Inventory	17,445	2,232	29,956	47,179	58,646	60,892	17,450	31,236	57,173	36,300
Encumbrances	103,407	9,554	30,178	7,222	-	-	-	-	-	-
<b>Total Nonspendable Fund Balance</b>	<b>\$ 254,367</b>	<b>\$ 606,988</b>	<b>\$ 202,601</b>	<b>\$ 197,726</b>	<b>\$ 63,467</b>	<b>\$ 65,713</b>	<b>\$ 651,182</b>	<b>\$ 376,828</b>	<b>\$ 1,145,154</b>	<b>\$ 625,752</b>
Restricted:										
Town Special Revenue Funds	\$ 310,850	\$ 567,724	\$ 128,048	\$ 364,358	\$ 649,649	\$ 744,295	\$ 333,999	\$ 614,792	\$ 336,444	\$ 767,279
School Special Revenue Funds	572,753	-	-	-	-	-	418,230	472,711	386,627	434,041
Town Capital Project Funds	3,361,355	1,801,210	594,123	1,243,349	752,148	694,536	620,253	316,497	590,657	3,125,294
School Capital Project Funds	-	-	-	-	-	-	1,521,010	1,306,896	143,390	1,378,118
<b>Total Restricted Fund Balance</b>	<b>\$ 4,244,958</b>	<b>\$ 2,368,934</b>	<b>\$ 722,171</b>	<b>\$ 1,607,707</b>	<b>\$ 1,401,797</b>	<b>\$ 1,438,831</b>	<b>\$ 2,893,492</b>	<b>\$ 2,710,896</b>	<b>\$ 1,457,118</b>	<b>\$ 5,704,732</b>
Committed:										
Committed for Education	\$ 194,307	\$ 671,741	\$ 540,526	\$ 1,381,503	\$ 2,489,136	\$ 3,330,247	\$ 3,922,953	\$ 3,441,468	\$ 2,709,418	\$ 1,114,909
Committed for Department Reserve	-	-	-	-	-	-	-	-	-	98,739
Committed for Preservation and Maintenance of Glen Manor Property	-	-	-	323,744	130,959	111,776	137,715	107,908	179,928	191,209
<b>Total Committed Fund Balance</b>	<b>\$ 194,307</b>	<b>\$ 671,741</b>	<b>\$ 540,526</b>	<b>\$ 1,705,247</b>	<b>\$ 2,620,095</b>	<b>\$ 3,442,023</b>	<b>\$ 4,060,668</b>	<b>\$ 3,549,376</b>	<b>\$ 2,889,346</b>	<b>\$ 1,404,857</b>
Assigned:										
Open Space	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,378	\$ 9,378	\$ 9,378
Recreational Facilities	191,626	218,571	27,078	-	-	-	-	-	-	-
<b>Total Assigned Fund Balance</b>	<b>\$ 501,005</b>	<b>\$ 527,950</b>	<b>\$ 336,457</b>	<b>\$ 309,379</b>	<b>\$ 309,379</b>	<b>\$ 309,379</b>	<b>\$ 309,379</b>	<b>\$ 309,378</b>	<b>\$ 9,378</b>	<b>\$ 9,378</b>
Unassigned:										
General Fund	\$ 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	\$ 6,871,853
Town Capital Project Fund	3,361,355	1,801,210	594,123	1,552,728	(390,981)	(130,301)	(574,506)	(978,633)	-	-
Other Governmental Funds	968,593	659,121	120,604	502,862	40,210	87,009	(7,554)	(1,189,169)	(942,669)	(941,689)
<b>Total Unassigned Fund Balance</b>	<b>\$ 5,246,592</b>	<b>\$ 4,264,649</b>	<b>\$ 2,938,866</b>	<b>\$ 4,789,737</b>	<b>\$ 1,805,329</b>	<b>\$ 4,704,052</b>	<b>\$ 4,516,634</b>	<b>\$ 3,908,541</b>	<b>\$ 5,189,193</b>	<b>\$ 5,930,164</b>

Town of Portsmouth, Rhode Island

Schedule 4

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total revenues	\$ 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	\$ 65,255,379
Total expenses	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	67,532,037
Excess (deficit) of revenues over (under) expenditures before other financing sources (uses)	(1,329,122)	(867,220)	(4,204,082)	(163,245)	(3,193,389)	2,768,650	802,997	(1,888,275)	(1,704,236)	(2,276,658)
Other financing sources (uses)	2,766,004	694,836	2,259,131	2,682,471	2,839,249	1,970,641	689,000	311,937	1,539,406	5,261,352
	1,436,882	(172,384)	(1,944,951)	2,519,226	(354,140)	4,739,291	1,491,997	(1,576,338)	(164,830)	2,984,694
Beginning fund balance	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	10,690,189
Ending fund balance	<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>	<u>\$ 13,674,883</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
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%
2016	2,733,900,325	305,966,265	60,212,072	-	176,452,095	163,096,751	3,113,434,006	\$15.800/1,000	\$22.50/1,000	3,276,530,757	95.02%

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	2007			2016		
	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value
Carnegie @ One Tower Drive LLC				\$ 65,378,700	1	2.100
Raytheon Corp	\$ 39,257,900	1	1.197	40,572,260	2	1.303
Newport Water				27,984,883	3	0.899
Northern Waterfront Assoc LP				20,275,300	4	0.651
National Grid	10,504,350	6	0.320	18,040,671	5	0.579
Carnegie Abbey Club Acquistions LP				16,044,400	6	0.515
TDS Realty	5,344,900	9	0.163	15,758,930	7	0.506
Talaria RE Holdings	16,632,200	2	0.507	15,407,383	8	0.495
GMH Military Housing	16,007,100	3	0.488	15,183,900	9	0.488
Conlan RI Acquistions LLC				8,291,700	10	0.266
Carnegie Abbey Club Acquistions LP	14,926,600	4	0.455			
OC Tower Associates LP	11,631,400	5	0.355			
Edward Zucker Trustee of Bay View Realty	8,207,200	7	0.250			
Nationwide Health Properties INC	6,874,000	8	0.210			
Church Community Housing Corp.	4,701,900	10	0.143			
<b>TOTAL</b>	<b>\$ 134,087,550</b>		<b>4.088</b>	<b>\$ 242,938,127</b>		<b>7.802</b>

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 6/30/2016	
		Amount	Percentage of Levy	Amount	Percentage of Levy
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%
2016	49,815,131	48,589,909	97.54%	48,589,909	97.54%

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 <sup>1,3</sup> Income	Net Bonded Debt per Capita	Population <sup>1,2</sup>	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine & Transfer Station								
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	0.3215%	44,920	808	17,293	3,076,103,172	0.4542%	
2016	10,413,425	3,685,000	564,798	628,574	15,291,797	-	Unavailable	883	17,315	3,113,434,006	0.4912%	

<sup>1</sup> US Census Bureau

<sup>2</sup> RI Department of Planning

<sup>3</sup> 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 <sup>1,3</sup> Income	Percentage of Personal Income	Population <sup>1,2</sup>	Per Capita	Taxable Assessed Value	Percentage of Taxable Assessed Value of Property
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine & Transfer Station							
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	44,920	0.3215%	17,293	808	3,076,103,172	0.4542%
2016	10,413,425	3,685,000	564,798	628,574	15,291,797	Unavailable	-	17,315	883	3,113,434,006	0.4912%

<sup>1</sup> US Census Bureau

<sup>2</sup> RI Department of Planning

<sup>3</sup> RI Department of Labor & Training

Town of Portsmouth, Rhode Island

Schedule 10

Legal Debt Margin Information  
Last Ten Fiscal Years  
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Assessed Value	\$ 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	\$ 3,113,434,006
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	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	93,403,020
Total Debt Applicable to Limit General Obligation Bonds	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	14,726,999
Legal Debt Margin	\$ 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	\$ 78,676,021
Total Net Debt Applicable to the Limit as % of Debt Limit	22.52%	19.57%	21.72%	21.32%	20.91%	23.27%	20.31%	17.99%	17.84%	18.72%

Town of Portsmouth, Rhode Island

Schedule 11

Demographic and Economic Statistics  
Last Ten Fiscal Years  
(UNAUDITED)

Fiscal Year June 30	Population <sup>1,2</sup>	School Enrollment <sup>4</sup>	Poverty Population***			Per Capita Income***		Unemployment Rate**		
			Portsmouth <sup>1</sup>	RI <sup>1</sup>	US <sup>1</sup>	Portsmouth <sup>1,3</sup>	RI <sup>1</sup>	Portsmouth <sup>3</sup>	RI <sup>3</sup>	US <sup>5</sup>
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	1,003	146,825 <sup>6</sup>	46,153,077 <sup>6</sup>	44,920	30,765	4.70%	6.00%	5.30%
2016	17,315 <sup>6</sup>	2,445	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

<sup>1</sup> US Census Bureau

<sup>2</sup> RI Department of Planning

<sup>3</sup> RI Department of Labor & Training

<sup>4</sup> Portsmouth School Department

<sup>5</sup> US Bureau of Labor Statistic

\* 7/1/2012 resident population estimate per RIDOP

\*\* Not seasonally adjusted

\*\*\* Estimated by the US Census Bureau

<sup>6</sup> 2015 American Community Survey 1-Year Estimates

<http://www.dlt.ri.gov/lmi/laus/town/portsmouth.htm>

<http://www.dlt.ri.gov/lmi/laus/state/unadj.htm>

<http://data.bls.gov/timeseries/LNS14000000>

<sup>6</sup> RI SPP 20-year population projections, available at <http://www.planning.ri.gov/geodeminfo/data/popprojections.php>

Town of Portsmouth, Rhode Island

Schedule 12

Principal Employers  
Current Year and Ten Years Ago  
(UNAUDITED)

Employer	2006			2015*		
	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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	3	3	2	3
Canvassing	1	1	1	1	1	1	1	1.5	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	4	5	5	5
Planning and Development	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.5	3.5
Building Inspection/Zoning	3.5	3.5	2.5	2.5	2.5	2.5	2.5	3	3	2
<b>Total General Government</b>	<b>29</b>	<b>29</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>26</b>	<b>28</b>	<b>28</b>	<b>29</b>
Public Safety:										
Police	32	31	34	32	32	31	31	30	33	34
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	36	33	33	34	35	34	34	35
<b>Total Public Safety</b>	<b>69.5</b>	<b>68.5</b>	<b>72.5</b>	<b>67.5</b>	<b>67.5</b>	<b>67.5</b>	<b>68.5</b>	<b>66.5</b>	<b>69.5</b>	<b>71.5</b>
Public Health:										
Public Works	18	18	17	16	16	16	16	16	16	15
<b>Total Public Health</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>15</b>
Public Welfare:										
Parks and Recreation	5	5	5	5	5	5	5	5	5	12
<b>Total Public Welfare</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>12</b>
Public Education:										
Teachers	246.7	248.9	245	239	230.9	227.6	219.9	223	210	210
Pupil Support	104.1	105.5	105.1	104.5	101.5	101.6	101.6	103	75	75
Executive and Administrative	15	15	15	16	15.5	14.5	15	16	16	16
<b>Total Public Education</b>	<b>365.8</b>	<b>369.4</b>	<b>365.1</b>	<b>359.5</b>	<b>347.9</b>	<b>343.7</b>	<b>336.5</b>	<b>342</b>	<b>301</b>	<b>301</b>
<b>Total</b>	<b>487.3</b>	<b>489.9</b>	<b>487.6</b>	<b>476</b>	<b>464.4</b>	<b>460.2</b>	<b>452</b>	<b>457.5</b>	<b>419.5</b>	<b>428.5</b>

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Building permits issued	866	595	672	586	604	616	682	612	535	788
Number of inspections made	2,465	2,161	1,440	1,041	1,554	1,795	1,852	2,304	2,210	2,188
Town Clerk:										
Number of transactions										
Beverage licenses	31	30	30	34	34	30	31	32	35	35
Dog licenses	165	1,636	1,671	1,676	1,834	1,589	1,608	1,651	1,652	1,584
Other licenses	173	170	188	174	149	166	160	213	209	191
Vital records	1,113	1,065	1,089	1,128	1,134	1,355	1,135	1,372	1,050	1,038
Land evidence	5,205	4,108	4,616	4,530	4,160	5,156	4,701	3,631	4,227	4,145
Probate cases	88	108	87	88	93	79	104	100	92	105
Public Safety:										
Number of police personnel and officers	32	31	34	32	32	31	31	30	33	35
Number of arrests	756	661	606	649	540	513	552	586	714	798
Number of parking violations	59	64	101	163	25	41	41	47	74	118
Number of traffic violations	2,111	2,393	2,714	2,169	1,520	1,828	2,120	2,344	1,987	3,128
Number of fatal car crashes	-	3	3	-	1	3	3	1	-	-
Number of paid firefighters	35	35	36	33	33	34	35	34	34	35
Number of fire emergency responses	565	540	623	839	732	741	751	755	679	629
Number of fires extinguished	103	104	91	98	102	133	118	134	88	34
Number of ambulance calls	1,624	1,661	1,765	1,786	1,792	1,837	1,945	1,884	1,924	2,057
Number of motor vehicle accidents	164	183	164	140	137	149	149	159	159	147
Public Works:										
Number of streets paved	2	2	-	9	6	-	15	26	27	20
Inches of snow removed (accumulative)	13	17	41	34	43	14	42	50	69	31
Tons collected and disposed:										
Solid waste	8,070	7,129	6,484	4,672	4,692	4,718	4,004	3,955	4,327	4,145
Metal, Matress, Tires	245	191	178	154	145	197	117	189	211	182
Recycleable	1,119	1,072	1,666	1,958	2,048	1,924	1,931	2,134	1,981	1,257
Number of Christmas trees pickup							1,378	1,433	1,390	1,355
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	80	87	140	108	154	86	109	41	145	60

Source: Various Town Departments

<http://www.city-data.com>



Town of Portsmouth, Rhode Island

Schedule 15

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	125+	126+	126+	126+	127+	129+	129+	130+	130+	130+
Number of fire hydrants	562	564	564	564	567	574	581	578	581	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

<http://www.city-data.com>

<http://www.portsmouthwater.org>