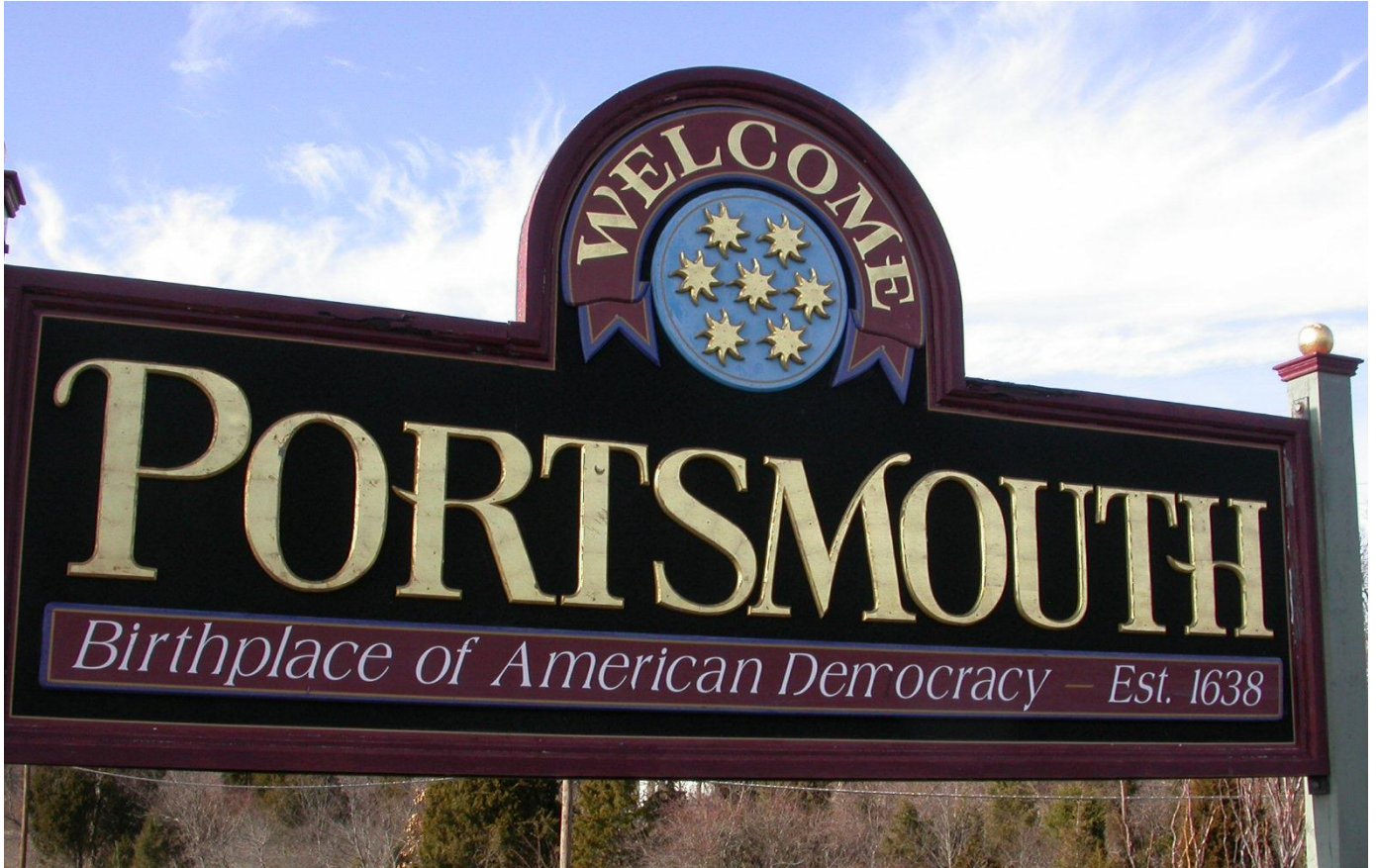


TOWN OF PORTSMOUTH, RHODE ISLAND

COMPREHENSIVE FINANCIAL STATEMENT

Year Ended June 30, 2017



Richard A. Rainer Jr.
Town Administrator

John A. Menke
Finance Director

Town of Portsmouth, Rhode Island

June 30, 2017

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Town of Portsmouth, Rhode Island

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Town of Portsmouth, Rhode Island

June 30, 2017

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Introduction Section



Town of Portsmouth, Rhode Island

2200 East Main Road, Portsmouth, RI 02871

Richard Rainer, *Town Administrator*

John Menke, *Finance Director*

December 22, 2017

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, 2017, 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 Hague, Sahady, & Co., P.C., 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, 2017, 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, 2017 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 110-111 and 112, 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 57.1% as of the July 1, 2017 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 liability of \$24,697,548 (\$20,759,093 for the Town and \$3,938,455 for the School Department). The Town has established an OPEB Trust. As of the July 1, 2017 report, this trust is funded 5.1% 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,



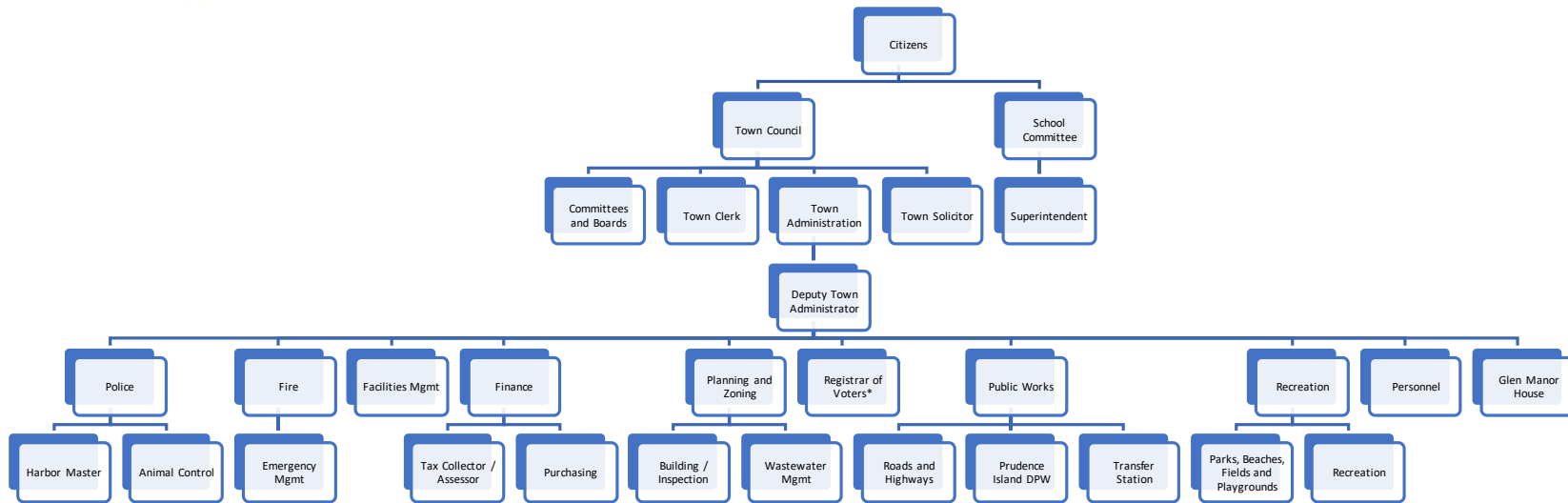
Richard Rainer
Town Administrator



John Menke
Finance Director



Organizational Chart



*Registrar of Voters is appointed by the Canvassing Board



Portsmouth Town Council

Keith E. Hamilton, President

Kevin M. Aguiar, Vice President

Paul F. Kesson

J. Mark Ryan

David M. Gleason

Elizabeth A. Pedro

Linda L. Ujifusa



Elected Town Officials

School Committee

Terri-Denise Cortvriend, Chair

Emily A. Copeland, Vice Chair

Frederick Faerber, III

Andrew V. Kelly

Allen J. Shers

Thomas R. Vadney

John Wojichowski

Town Clerk

Jennifer West



Government Finance Officers Association

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

Presented to

**Town of Portsmouth
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

This Section contains the Following Subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
126 President Avenue
Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

The Honorable Members of the Town Council
Town of Portsmouth, Rhode Island

Independent Auditors' Report

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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Funding Progress, Schedule of Employer Contributions, Schedule of Changes in Net Pension Liability and Related Ratios, and Schedule of Employer Contributions, Investment Returns, and Employer's Net Pension Liability as listed in the table of contents, 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 financial statements. The supplementary combining financial statements, tax collector's annual report and Annual Supplemental Transparency Report (MTP2) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary combining financial statements, tax collector's annual report, and Annual Supplemental Transparency Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary combining financial statements, tax collector's annual report and Annual Supplemental Transparency Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the 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.

Hague, Sahady & Co., CPA's

Fall River, Massachusetts
December 22, 2017

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

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, 2017. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages 2-5 of this report as well as the Town's basic financial statements that follow this section.

Financial Highlights

- The net position of the Town increased by \$1,095,802 (or 2.2%). The governmental net position increased by \$766,864 (or 1.5%) and the business-type net position increased by \$328,938 (or 145.1%).
- The governmental activities revenue decreased from prior year by \$1,251,394 (or 1.8%) and the change in net position from governmental activities increased from prior year by \$1,217,168. The results of governmental activities produced an increase in net position of \$766,864 in fiscal year 2017 compared to a net position decrease of \$450,304 in fiscal year 2016.
- The business-type activities revenue increased by \$117,613 (or 8.4%) and the change in net position from business-type activities increased from prior year by \$1,417,029. In fiscal year 2017, the results of business-type activities produced an increase in business-type net position of \$328,938 compared to a decrease in net position of \$1,088,091 in fiscal year 2016.
- The General Fund (the main operating fund) reflected on a current financial resource basis, reported an increase in fund balance of \$450,107 (or 5.1%) for fiscal year 2017 compared to a \$1,377,939 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, 2017 by \$50,602,163.
- The Town's total liabilities increased by \$54,267,469 from prior year. The increase is primarily due to the implementation of GASB 75 which replaced the OPEB obligation with the OPEB liability, an increase of \$16,936,429 as well as an acquisition of long term debt totaling \$12,415,000.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2017

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components:

- Government-wide financial statements
- Fund financial statements; and
- Notes to the financial statements

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

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 the entire Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town 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 vacation time).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of costs 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 and Septic System Loan Program fund.

The government-wide financial statements can be found on pages 26-28 of this report.

In the statement of activities, the operations of the Town are presented in a format that reports the net of expenses and revenues of its individual functions – the objective being to report the relative burden of each of the Town's functions to the taxpayers. Revenues offsetting related functional expenses are separated into three categories: charges for services, operating grants and contributions, and capital grants and contributions.

Town of Portsmouth, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2017

Overview of the Financial Statements (continued)

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Town Capital Project Fund and School Capital Project Fund, which are considered to be major funds. Data for the other governmental funds are 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 adopts an annual appropriated budget for its General Fund and School Unrestricted Fund. Budgetary comparison statements have been provided for the General Fund and the School Department to demonstrate compliance with this budget. These comparison statements can be found on pages 110-112 of this report.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary funds. Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). 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 Town has five proprietary funds. The Transfer Station 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

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Overview of the Financial Statements (continued)

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 Town has no internal service funds.

The basic proprietary fund financial statements can be found on pages 34-38 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-109 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which presents schedules relating to the Town's pension and other postemployment benefit plans, as well as budgetary comparison schedules for the General Fund and the School Department to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 110-127 of this report.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Government-wide Financial Analysis

TOWN OF PORTSMOUTH, RHODE ISLAND

**Statement of Net Position
June 30, 2017 and 2016**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current assets	\$ 49,535,022	\$ 17,689,635	\$ 2,276,926	\$ 1,682,256	\$ 51,811,948	\$ 19,371,891
Non current assets	<u>43,249,733</u>	<u>37,688,674</u>	<u>407,138</u>	<u>429,083</u>	<u>43,656,871</u>	<u>38,117,757</u>
Total assets	<u>92,784,755</u>	<u>55,378,309</u>	<u>2,684,064</u>	<u>2,111,339</u>	<u>95,468,819</u>	<u>57,489,648</u>
Deferred outflows of resources						
Pension related outflows	11,487,156	13,092,363	-	-	11,487,156	13,092,363
OPEB related outflows	2,467,338	-	-	-	2,467,338	-
Other deferred outflows	<u>99,504</u>	<u>129,357</u>	<u>-</u>	<u>-</u>	<u>99,504</u>	<u>129,357</u>
Total deferred outflows of resources	<u>14,053,998</u>	<u>13,221,720</u>	<u>-</u>	<u>-</u>	<u>14,053,998</u>	<u>13,221,720</u>
Liabilities						
Current liabilities	28,812,708	5,729,517	2,117,238	1,808,517	30,929,946	7,538,034
Long-term liabilities	<u>122,407,380</u>	<u>91,466,889</u>	<u>464,534</u>	<u>529,468</u>	<u>122,871,914</u>	<u>91,996,357</u>
Total liabilities	<u>151,220,088</u>	<u>97,196,406</u>	<u>2,581,772</u>	<u>2,337,985</u>	<u>153,801,860</u>	<u>99,534,391</u>
Deferred inflows of resources						
Pension related inflows	5,879,167	5,938,513	-	-	5,879,167	5,938,513
OPEB related inflows	<u>443,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>443,953</u>	<u>-</u>
Total deferred inflows of resources	<u>6,323,120</u>	<u>5,938,513</u>	<u>-</u>	<u>-</u>	<u>6,323,120</u>	<u>5,938,513</u>
Net Position						
Investment in capital assets, net of related debt	12,808,535	18,884,330	246,923	214,640	13,055,458	19,098,970
Restricted	13,224,782	5,704,732	135,043	42,925	13,359,825	5,747,657
Unrestricted	<u>(76,737,772)</u>	<u>(59,123,952)</u>	<u>(279,674)</u>	<u>(484,211)</u>	<u>(77,017,446)</u>	<u>(59,608,163)</u>
Total net position	<u>\$ (50,704,455)</u>	<u>\$ (34,534,890)</u>	<u>\$ 102,292</u>	<u>\$ (226,646)</u>	<u>\$ (50,602,163)</u>	<u>\$ (34,761,536)</u>

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Government-wide Financial Analysis (continued)

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 \$(50,602,163) as of June 30, 2017 consisting of \$(50,704,455) from governmental activities and \$102,292 from business-type activities. For the fiscal year ended June 30, 2017 \$(76,737,772) of the total \$(50,602,163) in the net position is unrestricted.

Net investment in capital assets comprises \$13,055,458 and \$19,098,970 of net position at June 30, 2017 and 2016, 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, 2017 totaled \$13,359,825.

The current and other assets are \$51,811,948 at June 30, 2017. Of that balance \$49,535,022 is from governmental activities and \$2,276,926 is from business-type activities. The total current and other assets consist of the following: \$22,240,419 of cash and cash equivalents and restricted cash held in escrow, \$1,505,971 of property tax receivable, \$428,836 of ambulance receivables, \$690,233 of receivable due from federal and state governments, \$25,521,868 of interfund receivables, and \$1,424,621 of other assets.

The current liabilities are \$30,929,946 at the end of fiscal year 2017. Of that balance, \$28,812,708 is from governmental activities and \$2,117,238 is from business-type activities. The total current liabilities consist of \$2,799,046 of short term payables, \$2,366,340 of short term payables related to borrowing, and \$25,764,560 of interfund liabilities.

The long-term liabilities are \$122,871,914 at June 30, 2017. Of that balance \$122,407,380 is from governmental activities and \$464,534 is from business-type activities. The total long-term liabilities consist of \$1,623,200 of accrued compensated absences, \$24,697,548 of net OPEB liability, \$71,658,694 of net pension liability and \$24,892,472 of net long term liabilities.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Government-wide Financial Analysis (continued)

TOWN OF PORTSMOUTH STATEMENT OF ACTIVITIES

	Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for service	\$ 5,023,335	\$ 4,170,030	\$ 1,206,416	\$ 1,148,409	\$ 6,229,751	\$ 5,318,439
Operating grants & contributions	5,964,893	5,581,847	331,602	254,731	6,296,495	5,836,578
Capital grants & contributions	-	250,313	-	-	-	250,313
General Revenues:						
Property taxes	51,008,411	49,910,345	-	-	51,008,411	49,910,345
State aid to town	4,387,343	6,359,063	-	-	4,387,343	6,359,063
Other revenue	61,917	1,452,173	-	-	61,917	1,452,173
Earnings on investments	39,911	13,433	(17,258)	7	22,653	13,440
Total revenue	<u>66,485,810</u>	<u>67,737,204</u>	<u>1,520,760</u>	<u>1,403,147</u>	<u>68,006,570</u>	<u>69,140,351</u>
Expenses						
General government	5,631,833	11,012,945	-	-	5,631,833	11,012,945
Public safety	13,281,332	11,371,782	-	-	13,281,332	11,371,782
Public services	3,384,612	3,237,659	-	-	3,384,612	3,237,659
Education	40,978,207	40,753,345	-	-	40,978,207	40,753,345
Community services	1,297,889	1,290,100	-	-	1,297,889	1,290,100
Interest on debt	640,732	556,894	-	-	640,732	556,894
School cafeteria fund	-	-	752,768	711,503	752,768	711,503
Transfer station	-	-	682,031	569,944	682,031	569,944
Wind turbine generator fund	-	-	-	1,193,708	-	1,193,708
Summer school	-	-	10,470	10,162	10,470	10,162
Septic system loan program	-	-	894	16,421	894	16,421
Glen manor equestrian	-	-	-	-	640,732	556,894
Total expenses	<u>65,214,605</u>	<u>68,222,725</u>	<u>1,446,163</u>	<u>2,501,738</u>	<u>67,301,500</u>	<u>71,281,357</u>
Increase(decrease) in net assets						
before transfers	1,271,205	(485,521)	74,597	(1,098,591)	1,345,802	(1,584,112)
Transfers in (out) - operating	<u>(504,341)</u>	<u>35,217</u>	<u>254,341</u>	<u>10,500</u>	<u>(250,000)</u>	<u>45,717</u>
Increase(decrease) in net position	766,864	(450,304)	328,938	(1,088,091)	1,095,802	(1,538,395)
Net position, July 1, restated	<u>(51,471,319)</u>	<u>(34,084,586)</u>	<u>(226,646)</u>	<u>861,445</u>	<u>(51,697,965)</u>	<u>(33,223,141)</u>
Net position, June 30	<u>\$ (50,704,455)</u>	<u>\$ (34,534,890)</u>	<u>\$ 102,292</u>	<u>\$ (226,646)</u>	<u>\$ (50,602,163)</u>	<u>\$ (34,761,536)</u>

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Government-wide Financial Analysis (continued)

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 2017 and 2016 were \$55,497,582 and \$57,735,014, respectively. Included in these totals were \$51,008,411 and \$49,910,345 of property taxes for the years ended June 30, 2017 and 2016, 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 \$67,301,500 and \$71,281,357 for the years ended June 30, 2017 and 2016, respectively. In fiscal years 2017 and 2016, expenses in the governmental activities were \$65,214,605 and \$68,222,725, respectively. In fiscal years 2017 and 2016, the business-type activities, expenses were \$1,446,163 and \$2,501,738, respectively.

Total changes in net position were an increase of \$1,095,802 and decrease of \$1,538,395 in fiscal years 2017 and 2016, 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 \$21,638,135. Approximately 26.2% or \$5,665,654 is available from the Town's fund balance for spending at the government's discretion. The remaining fund balance of \$15,972,481 includes \$891,271 non-spendable for prepaid items, inventory and permanent funds, \$13,224,782 restricted to specific programs and \$1,856,428 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 \$6,912,353, while the total fund balance of the General Fund was \$8,911,595. 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 12.4% of the FY 2017 Adopted General Fund Expenditure Budget. Total fund balance represents 15.9% of the same budget.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Financial Analysis of the Town of Portsmouth's Funds (continued)

The \$7,896,614 current fiscal year increase in fund balance of the Town's Capital Project Fund (one of major governmental funds) is due to fiscal 2017 bond issuance net of related capital expenditures.

The School Unrestricted fund, which is a portion of the general fund had ending fund balance of \$1,692,489, which includes a committed fund balance of \$1,260,145 at June 30, 2017. The committed fund balance represents 3.2% of total School Department expenditures of \$39,001,365. The School Unrestricted fund balance increased by \$148,532 during the fiscal year ended June 30, 2017. The excess of revenues over expenditures is primarily due to the timing of State reimbursements.

The Other Governmental Funds had a total fund balance of \$2,009,785, which represents a \$383,469 decrease in fund balance during the fiscal year ended June 30, 2017. The decrease in fund balance is primarily due to the excess of expenditures over revenue in the in the School Capital Projects funds of \$599,910 offset by the excess of revenues over expenditures in the Town Special Revenue funds of \$176,057.

Proprietary funds. The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the School Cafeteria Fund at June 30, 2017 amounted to \$197,861, of which \$154,091 is unrestricted. Transfer Station Fund net position amounted to \$314,846, of which \$111,693 is unrestricted. Wind Turbine Generator Fund net position amounted to \$(387,418), of which \$(387,418) is unrestricted. Summer School net position amounted to \$(234), of which \$(234) is unrestricted. Septic System Loan Program Fund net position amounted to \$(27,263), of which \$(162,306) is unrestricted. Glen Farm Equestrian Fund net position amounted to \$4,500, of which \$4,500 is unrestricted. The total growth in net position for each of the six funds was \$43,717, \$(18,820), \$314,000, \$(8,161), \$(6,298) and \$4,500, respectively. Other factors concerning the finances of these six funds have already been addressed in the discussion of the Town's business-type activities.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Town General Fund Budgetary Highlights

Overall, the Town of Portsmouth, Rhode Island finished the 2016-2017 fiscal year with a budgetary surplus of \$301,575.

General Fund Revenue Factors:

- Lower than budgeted tax revenue of \$367,805 – this is under budget by .74%;
- Favorable school housing aid of \$172,532;
- Favorable fees and license revenue of \$126,213; and
- Lower than budgeted leases and rentals of \$198,665

Expenditure Factors:

- Finance related expenditures were over budget by \$233,425 due to OPEB expenditures and unanticipated sick and vacation time payouts;
- Lower than budgeted legal expenditures of \$190,293; and,
- Higher than budgeted library expenditures of \$116,931.

School Department Unrestricted Fund Budgetary Highlights

Overall, the Town of Portsmouth, Rhode Island finished the 2016-2017 fiscal year with a budgetary surplus of \$148,532.

Major General Fund Revenue Factors:

- Increase of \$751,473 in current year appropriation for increased operating costs and to replace lost state aid due to the implementation of the new funding formula
- Actual impact aid revenue exceeded budgeted amount by \$141,727

Major Expenditure Factors:

- Budgeted salaries and benefits exceeding actual by \$432,775
- Budgeted supplies and materials exceeding actual by \$65,918
- Budgeted purchased services exceeding actual by \$53,939

Town of Portsmouth, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2017

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, 2017 amount to \$39,839,710 (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 67-68) to the financial statements.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and land easements	\$ 6,175,279	\$ 6,175,279	\$ 37,251	\$ 37,251	\$ 6,212,530	\$ 6,212,530
Construction in progress	245,864	177,715	-	-	245,864	177,715
Land improvements, net	548,591	305,124	-	-	548,591	305,124
Building & improvements, net	13,711,202	12,173,021	201,830	210,449	13,913,032	12,383,470
Machinery and equipment, net	3,964,298	2,908,476	168,057	181,383	4,132,355	3,089,859
Infrastructure, net	12,520,266	10,418,238	-	-	12,520,266	10,418,238
Vehicles, net	<u>2,267,072</u>	<u>2,000,888</u>	<u>-</u>	<u>-</u>	<u>2,267,072</u>	<u>2,000,888</u>
Total	<u>\$ 39,432,572</u>	<u>\$ 34,158,741</u>	<u>\$ 407,138</u>	<u>\$ 429,083</u>	<u>\$ 39,839,710</u>	<u>\$ 34,587,824</u>

Debt Administration - At the end of the current fiscal year, the Town of Portsmouth had total bonded debt outstanding of \$25,162,000 and capital leases outstanding of \$978,110, 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 69-70) to the financial statements.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 24,632,532	\$ 14,098,425	\$ 529,468	\$ 628,574	\$ 25,162,000	\$ 14,726,999
Capital leases	<u>978,110</u>	<u>564,798</u>	<u>-</u>	<u>-</u>	<u>978,110</u>	<u>564,798</u>
Total	<u>\$ 25,610,642</u>	<u>\$ 14,663,223</u>	<u>\$ 529,468</u>	<u>\$ 628,574</u>	<u>\$ 26,140,110</u>	<u>\$ 15,291,797</u>

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2017

Capital Asset and Debt Administration (continued)

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, 2017, the Town had a debt limit of \$94,350,150.

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

The Town of Portsmouth's total proposed General Fund budget for fiscal year 2018 amounts to \$61,865,607, which reflects an increase of 1.97% over the fiscal 2017 budget. Of the Town's \$61,865,607 budget, \$36,530,953 or 59.04% is budgeted for the Portsmouth Public Schools. The Town is budgeted to receive \$4,482,185 or 7.25% from the State of Rhode Island for aid for Education.

The Town's tax rate for fiscal year 2018 is \$15.42 per thousand vs \$16.00 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.

Requests 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2200 East Main Road, Portsmouth, RI 02871.

Town of Portsmouth, Rhode Island

Statement of Net Position

June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 22,037,080	\$ 68,296	\$ 22,105,376
Restricted cash	-	135,043	135,043
Receivables, net			
Personal property taxes	1,505,971	-	1,505,971
User charges	428,836	182,981	611,817
Intergovernmental	651,686	38,547	690,233
Departmental and other	481,900	4,512	486,412
Due from other funds	23,699,830	1,822,038	25,521,868
Prepaid expenses	667,511	-	667,511
Inventory	62,208	25,509	87,717
Net pension asset	3,817,161	-	3,817,161
Capital assets:			
Nondepreciable assets	6,421,143	37,251	6,458,394
Depreciable assets, net	<u>33,011,429</u>	<u>369,887</u>	<u>33,381,316</u>
Total capital assets	<u>39,432,572</u>	<u>407,138</u>	<u>39,839,710</u>
Total assets	<u>92,784,755</u>	<u>2,684,064</u>	<u>95,468,819</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	11,487,156	-	11,487,156
OPEB related outflows	2,467,338	-	2,467,338
Loss on refunding	<u>99,504</u>	<u>-</u>	<u>99,504</u>
Total assets and deferred outflows of resources	<u>\$ 106,838,753</u>	<u>\$ 2,684,064</u>	<u>\$ 109,522,817</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Statement of Net Position

June 30, 2017

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,466,045	\$ 104,337	\$ 2,570,382
Other liabilities	97,053	-	97,053
Accrued interest	270,067	5,803	275,870
Due to other funds	23,822,396	1,942,164	25,764,560
Current portion of capital leases	294,612	-	294,612
Current portion of bonds and notes payable	1,658,066	64,934	1,723,000
Current portion of bond premium	72,858	-	72,858
Current portion of compensated absences	131,611	-	131,611
Portion due or payable in more than one year:			
Capital leases	683,498	-	683,498
Bonds and notes payable	22,974,466	464,534	23,439,000
Bond premium	769,974	-	769,974
Compensated absences	1,623,200	-	1,623,200
Net other post-employment benefit liability	24,697,548	-	24,697,548
Net pension liability	<u>71,658,694</u>	<u>-</u>	<u>71,658,694</u>
Total liabilities	<u>151,220,088</u>	<u>2,581,772</u>	<u>153,801,860</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows	5,879,167	-	5,879,167
OPEB related outflows	<u>443,953</u>	<u>-</u>	<u>443,953</u>
Total deferred inflows of resources	<u>6,323,120</u>	<u>-</u>	<u>6,323,120</u>
NET POSITION			
Net investment in capital assets	12,808,535	246,923	13,055,458
Restricted	13,224,782	135,043	13,359,825
Unrestricted	<u>(76,737,772)</u>	<u>(279,674)</u>	<u>(77,017,446)</u>
Total liabilities, deferred inflows or resources and net position	<u>\$ 106,838,753</u>	<u>\$ 2,684,064</u>	<u>\$ 109,522,817</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Statement of Activities

For the Year Ended June 30, 2017

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 5,631,833	\$ 1,276,782	\$ 29,453	\$ -	\$ (4,325,598)	\$ -	\$ (4,325,598)
Public safety	13,281,332	1,247,938	115,843	-	(11,917,551)	-	(11,917,551)
Public services	3,384,612	904,663	136,310	-	(2,343,639)	-	(2,343,639)
Education	40,978,207	1,324,821	5,536,956	-	(34,116,430)	-	(34,116,430)
Community services	1,297,889	269,131	146,331	-	(882,427)	-	(882,427)
Interest on debt	<u>640,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(640,732)</u>	<u>-</u>	<u>(640,732)</u>
Total governmental activities	<u>65,214,605</u>	<u>5,023,335</u>	<u>5,964,893</u>	<u>-</u>	<u>(54,226,377)</u>	<u>-</u>	<u>(54,226,377)</u>
Business-Type Activities							
School cafeteria fund	752,768	526,846	267,602	-	-	41,680	41,680
Transfer station	682,031	667,281	-	-	-	(14,750)	(14,750)
Wind turbine generator fund	-	-	64,000	-	-	64,000	64,000
Summer school	10,470	-	-	-	-	(10,470)	(10,470)
Septic system loan program	894	7,789	-	-	-	6,895	6,895
Glen manor equestrian	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>
Total business-type activities	<u>1,446,163</u>	<u>1,206,416</u>	<u>331,602</u>	<u>-</u>	<u>-</u>	<u>91,855</u>	<u>91,855</u>
Total Town of Portsmouth	<u>\$ 66,660,768</u>	<u>\$ 6,229,751</u>	<u>\$ 6,296,495</u>	<u>\$ -</u>	<u>\$ (54,226,377)</u>	<u>\$ 91,855</u>	<u>\$ (54,134,522)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Statement of Activities

For the Year Ended June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General revenues			
Real estate and personal property, net of reserve for abatements	\$ 51,008,411	\$ -	\$ 51,008,411
Hotels and meals tax	269,851	-	269,851
Telephone tax	206,895	-	206,895
Earnings on investments	39,911	(17,258)	22,653
State aid to town	2,331	-	2,331
State aid to education	2,954,170	-	2,954,170
Library housing	116,931	-	116,931
Group home aid	600,518	-	600,518
Medicaid	236,647	-	236,647
Miscellaneous	61,917	-	61,917
Total general revenues	<u>55,497,582</u>	<u>(17,258)</u>	<u>55,480,324</u>
Transfers in (out)	<u>(504,341)</u>	<u>254,341</u>	<u>(250,000)</u>
Total general revenues, special items, and transfers	<u>54,993,241</u>	<u>237,083</u>	<u>55,230,324</u>
Changes in net position	766,864	328,938	1,095,802
Net position - July 1, 2016, restated	<u>(51,471,319)</u>	<u>(226,646)</u>	<u>(51,697,965)</u>
Net position - June 30, 2017	<u>\$ (50,704,455)</u>	<u>\$ 102,292</u>	<u>\$ (50,602,163)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Governmental Funds

Balance Sheet

June 30, 2017

	<u>Major Fund</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Town Capital Project Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Assets				
Cash and investments	\$ 21,444,503	\$ 6,275	\$ 586,302	\$ 22,037,080
Receivables:				
Property taxes, net	1,505,971	-	-	1,505,971
Intergovernmental	206,895	-	444,791	651,686
Ambulance receivable	428,836	-	-	428,836
Other	455,562	-	26,338	481,900
Due from other funds	3,907,765	11,229,568	8,562,497	23,699,830
Inventory	62,208	-	-	62,208
Prepaid expenses	667,511	-	-	667,511
Total assets	<u>28,679,251</u>	<u>11,235,843</u>	<u>9,619,928</u>	<u>49,535,022</u>
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 28,679,251</u>	<u>\$ 11,235,843</u>	<u>\$ 9,619,928</u>	<u>\$ 49,535,022</u>
Liabilities				
Accounts payable and accrued expenses	\$ 1,824,697	\$ 519,088	\$ 122,260	\$ 2,466,045
Due to federal and state government	-	-	-	-
Unearned revenue	28,025	-	1,864	29,889
Other liabilities	67,164	-	-	67,164
Due to other funds	16,336,377	-	7,486,019	23,822,396
Total liabilities	<u>18,256,263</u>	<u>519,088</u>	<u>7,610,143</u>	<u>26,385,494</u>
Deferred inflows of resources				
Unavailable property tax revenue	1,082,557	-	-	1,082,557
Unavailable ambulance revenue	428,836	-	-	428,836
Total deferred inflows of resources	<u>1,511,393</u>	<u>-</u>	<u>-</u>	<u>1,511,393</u>
Fund balance				
Nonspendable	729,719	-	161,552	891,271
Restricted	-	10,716,755	2,508,027	13,224,782
Committed	1,260,145	-	586,905	1,847,050
Assigned	9,378	-	-	9,378
Unassigned	6,912,353	-	(1,246,699)	5,665,654
Total fund balance	<u>8,911,595</u>	<u>10,716,755</u>	<u>2,009,785</u>	<u>21,638,135</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 28,679,251</u>	<u>\$ 11,235,843</u>	<u>\$ 9,619,928</u>	<u>\$ 49,535,022</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2017

	<u>Major Fund</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Town Capital Project Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Revenues				
General property taxes and interest	\$ 50,764,048	\$ -	\$ -	\$ 50,764,048
State aid and grants	7,125,684	-	1,243,918	8,369,602
Licenses, permits, and fees	2,468,756	-	-	2,468,756
Charges for services	1,481,573	-	947,145	2,428,718
Investment income	38,307	-	1,604	39,911
Other revenue	61,917	28,355	224,419	314,691
State contribution to pension plan	1,630,636	-	-	1,630,636
Total revenue	<u>63,570,921</u>	<u>28,355</u>	<u>2,417,086</u>	<u>66,016,362</u>
Expenditures				
General government	4,626,424	-	230,351	4,856,775
Public safety	11,652,948	-	162,885	11,815,833
Public works	3,204,738	-	120,473	3,325,211
Public and social services	778,636	-	2,080	780,716
Parks and recreation	228,623	-	170,426	399,049
Education	39,001,365	-	1,104,509	40,105,874
Capital outlay	-	5,365,817	1,539,763	6,905,580
Debt service				
Principal	1,905,979	-	-	1,905,979
Interest	517,121	-	-	517,121
Total expenditures	<u>61,915,834</u>	<u>5,365,817</u>	<u>3,330,487</u>	<u>70,612,138</u>
Excess (deficiency) of revenues over expenditures	1,655,087	(5,337,462)	(913,401)	(4,595,776)
Other financing sources (uses)				
Proceeds from capital leases	-	430,913	-	430,913
Issuance of debt	600,000	12,111,211	-	12,711,211
Debt issuance costs	-	(78,755)	-	(78,755)
Transfers in	250,000	770,707	879,932	1,900,639
Transfers out	(2,054,980)	-	(350,000)	(2,404,980)
Other financing sources (uses)	<u>(1,204,980)</u>	<u>13,234,076</u>	<u>529,932</u>	<u>12,559,028</u>
Excess of revenue and other sources over expenditures and other uses	450,107	7,896,614	(383,469)	7,963,252
Fund balance, July 1, 2016	<u>8,461,488</u>	<u>2,820,141</u>	<u>2,393,254</u>	<u>13,674,883</u>
Fund balance, June 30, 2017	<u>\$ 8,911,595</u>	<u>\$ 10,716,755</u>	<u>\$ 2,009,785</u>	<u>\$ 21,638,135</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Reconciliation of the Governmental Funds Balance Sheet Total

Fund Balances to the Statement of Net Position

June 30, 2017

Total governmental fund balances	\$ 21,638,135
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	39,432,572
TSB net pension asset	3,817,161
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	1,511,393
Other long-term assets related to net pension and OPEB activity and therefore, are deferred inflows of resources in the funds.	(6,323,120)
Other long-term liabilities related to net pension and OPEB activity and therefore, are deferred outflows of resources in the funds.	13,954,494
Long term liabilities relating to bond premiums amortized over the life of the bond	(842,832)
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(270,067)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(24,533,028)
Capital leases	(978,110)
Compensated absences	(1,754,811)
Other postemployment benefits	(24,697,548)
Town net pension liability	(39,832,196)
ERS net pension liability	<u>(31,826,498)</u>
Net position of governmental activities	<u>\$ (50,704,455)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures

And Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 7,963,252
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,273,831
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	275,578
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(10,977,272)
Bond premiums for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements	(231,644)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(123,611)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	256,646
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(295,013)
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	<u>(1,374,903)</u>
Change in net position of governmental activities	<u>\$ 766,864</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Net Position

June 30, 2017

	<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>Glen Farm Equestrian</u>	<u>Total</u>
Assets							
Current assets							
Cash and cash equivalents	\$ 68,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,296
Restricted cash	-	-	-	-	135,043	-	135,043
Receivables, net:							
User fees, less allowance for doubtful accounts	-	-	-	-	176,851	6,130	182,981
Intergovernmental	38,547	-	-	-	-	-	38,547
Other	-	4,512	-	-	-	-	4,512
Due from other funds	1,616,848	161,982	-	7,309	35,899	-	1,822,038
Inventory	<u>25,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,509</u>
Total current assets	<u>1,749,200</u>	<u>166,494</u>	<u>-</u>	<u>7,309</u>	<u>347,793</u>	<u>6,130</u>	<u>2,276,926</u>
Non-current assets							
Nondepreciable	-	37,251	-	-	-	-	37,251
Depreciable, net	<u>43,770</u>	<u>326,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,887</u>
Total non-current assets	<u>43,770</u>	<u>363,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,138</u>
Total assets	<u><u>1,792,970</u></u>	<u><u>529,862</u></u>	<u><u>-</u></u>	<u><u>7,309</u></u>	<u><u>347,793</u></u>	<u><u>6,130</u></u>	<u><u>2,684,064</u></u>
Deferred outflows of resources							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,792,970</u></u>	<u><u>\$ 529,862</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,309</u></u>	<u><u>\$ 347,793</u></u>	<u><u>\$ 6,130</u></u>	<u><u>\$ 2,684,064</u></u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Net Position

June 30, 2017

	School Cafeteria Fund	Transfer Station	Wind Turbine Generator Fund	Summer School	Septic System Loan Program	Glen Farm Equestrian	Total
Liabilities							
Current liabilities:							
Accounts payable and accrued expenses	\$ 47,906	\$ 54,801	\$ -	\$ -	\$ -	\$ 1,630	\$ 104,337
Accrued interest payable	-	747	-	-	5,056	-	5,803
Due to other funds	1,547,203	-	387,418	7,543	-	-	1,942,164
Current portion of bonds payable	-	19,934	-	-	45,000	-	64,934
	<u>1,595,109</u>	<u>75,482</u>	<u>387,418</u>	<u>7,543</u>	<u>50,056</u>	<u>1,630</u>	<u>2,117,238</u>
Non-current liabilities:							
Bonds payable	-	139,534	-	-	325,000	-	464,534
Total non-current liabilities	<u>-</u>	<u>139,534</u>	<u>-</u>	<u>-</u>	<u>325,000</u>	<u>-</u>	<u>464,534</u>
Total liabilities	<u>1,595,109</u>	<u>215,016</u>	<u>387,418</u>	<u>7,543</u>	<u>375,056</u>	<u>1,630</u>	<u>2,581,772</u>
Deferred inflows of resources							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position							
Net investment in capital assets	43,770	203,153	-	-	-	-	246,923
Restricted	-	-	-	-	135,043	-	135,043
Unrestricted	<u>154,091</u>	<u>111,693</u>	<u>(387,418)</u>	<u>(234)</u>	<u>(162,306)</u>	<u>4,500</u>	<u>(279,674)</u>
Total net position	<u>\$ 197,861</u>	<u>\$ 314,846</u>	<u>\$ (387,418)</u>	<u>\$ (234)</u>	<u>\$ (27,263)</u>	<u>\$ 4,500</u>	<u>\$ 102,292</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island
Enterprise Funds
Statement Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	<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>Glen Farm Equestrian</u>	<u>Total</u>
Operating revenues							
Charges for services	\$ 526,846	\$ 667,281	\$ -	\$ -	\$ 7,789	\$ 4,500	\$ 1,206,416
Intergovernmental	267,602	-	-	-	-	-	267,602
Other revenues	<u>-</u>	<u>-</u>	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,000</u>
Total operating revenues	<u>794,448</u>	<u>667,281</u>	<u>64,000</u>	<u>-</u>	<u>7,789</u>	<u>4,500</u>	<u>1,538,018</u>
Operating expenses							
Cafeteria operations	748,014	-	-	-	-	-	748,014
Transfer station expenses	-	664,840	-	-	-	-	664,840
Education	-	-	-	10,470	-	-	10,470
Septic system loan program	-	-	-	-	894	-	894
Depreciation and amortization	<u>4,754</u>	<u>17,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,945</u>
Total operating expenses	<u>752,768</u>	<u>682,031</u>	<u>-</u>	<u>10,470</u>	<u>894</u>	<u>-</u>	<u>1,446,163</u>
Operating income (loss)	<u>41,680</u>	<u>(14,750)</u>	<u>64,000</u>	<u>(10,470)</u>	<u>6,895</u>	<u>4,500</u>	<u>91,855</u>
Nonoperating revenues (expenses)							
Interest income (expense)	<u>5</u>	<u>(4,070)</u>	<u>-</u>	<u>-</u>	<u>(13,193)</u>	<u>-</u>	<u>(17,258)</u>
Income (loss) before transfers	<u>41,685</u>	<u>(18,820)</u>	<u>64,000</u>	<u>(10,470)</u>	<u>(6,298)</u>	<u>4,500</u>	<u>74,597</u>
Transfers							
Transfers in	<u>2,032</u>	<u>-</u>	<u>250,000</u>	<u>2,309</u>	<u>-</u>	<u>-</u>	<u>254,341</u>
Total Transfers	<u>2,032</u>	<u>-</u>	<u>250,000</u>	<u>2,309</u>	<u>-</u>	<u>-</u>	<u>254,341</u>
Change in net position	43,717	(18,820)	314,000	(8,161)	(6,298)	4,500	328,938
Net position, July 1, 2016	<u>154,144</u>	<u>333,666</u>	<u>(701,418)</u>	<u>7,927</u>	<u>(20,965)</u>	<u>-</u>	<u>(226,646)</u>
Net position, June 30, 2017	<u>\$ 197,861</u>	<u>\$ 314,846</u>	<u>\$ (387,418)</u>	<u>\$ (234)</u>	<u>\$ (27,263)</u>	<u>\$ 4,500</u>	<u>\$ 102,292</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2017

	<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>Glen Farm Equestrian</u>	<u>Total</u>
Cash flows from operating activities							
Cash received from customers	\$ 526,846	\$ 667,769	\$ -	\$ -	\$ 3,951	\$ (1,630)	\$ 1,196,936
Cash received from government	242,795	-	-	-	-	-	242,795
Cash received from other funds	3,817	16,998	1,385,131	9,102	60,226	-	1,475,274
Payments to suppliers and employees	<u>(748,659)</u>	<u>(626,469)</u>	<u>-</u>	<u>(11,411)</u>	<u>(894)</u>	<u>1,630</u>	<u>(1,385,803)</u>
Net cash provided (used) by operating activities	<u>24,799</u>	<u>58,298</u>	<u>1,385,131</u>	<u>(2,309)</u>	<u>63,283</u>	<u>-</u>	<u>1,529,202</u>
Cash flows from capital and related financing activities:							
Principal paid on capital debt	-	(54,106)	(1,615,000)	-	(45,000)	-	(1,714,106)
Interest paid on capital debt	-	(4,192)	(20,131)	-	(15,227)	-	(39,550)
Interest income	5	-	-	-	-	-	5
Proceeds from other funds	<u>2,032</u>	<u>-</u>	<u>250,000</u>	<u>2,309</u>	<u>-</u>	<u>-</u>	<u>254,341</u>
Net cash used by capital and related financing activities	<u>2,037</u>	<u>(58,298)</u>	<u>(1,385,131)</u>	<u>2,309</u>	<u>(60,227)</u>	<u>-</u>	<u>(1,499,310)</u>
Net increase in cash and cash equivalents	26,836	-	-	-	3,056	-	29,892
Balances-beginning of the year	<u>41,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,987</u>	<u>-</u>	<u>173,447</u>
Balances-end of the year	<u>\$ 68,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,043</u>	<u>\$ -</u>	<u>\$ 203,339</u>
Displayed as:							
Cash and cash equivalents	<u>\$ 68,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,043</u>	<u>\$ -</u>	<u>\$ 203,339</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2017

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	<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>Glen Farm Equestrian</u>	<u>Total</u>
Operating income (loss)	\$ 41,680	\$ (14,750)	\$ 64,000	\$ (10,470)	\$ 6,895	\$ 4,500	\$ 91,855
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	4,754	17,191	-	-	-	-	21,945
Change in assets and liabilities:							
(Increase) decrease in user charges receivables, net	-	488	-	-	(3,838)	(6,130)	(9,480)
(Increase) decrease in intergovernmental receivable	(24,807)	-	-	-	-	-	(24,807)
(Increase) decrease in other receivable	3,817	16,998	1,321,131	9,102	60,226	-	1,411,274
(Increase) decrease in inventory	399	-	-	-	-	-	399
Increase (decrease) in accounts payable	<u>(1,044)</u>	<u>38,371</u>	<u>-</u>	<u>(941)</u>	<u>-</u>	<u>1,630</u>	<u>38,016</u>
Net cash provided (used) by operating activities	<u>\$ 24,799</u>	<u>\$ 58,298</u>	<u>\$ 1,385,131</u>	<u>\$ (2,309)</u>	<u>\$ 63,283</u>	<u>\$ -</u>	<u>\$ 1,529,202</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Fiduciary Funds

Statement of Net Position

June 30, 2017

	Town Pension Trust	OPEB Trust	Agency Funds	Total Fiduciary Funds
Assets				
Cash and cash equivalents	\$ 861,962	\$ -	\$ 694,795	\$ 1,556,757
Investments, at fair value	52,054,318	1,115,700	-	53,170,018
Accounts receivable - employee	22,628	-	-	22,628
Due from other funds	-	-	247,692	247,692
Prepaid expenses	4,242	-	-	4,242
 Total assets	 52,943,150	 1,115,700	 942,487	 55,001,337
Deferred outflows of resources				
None	-	-	-	-
 Total assets and deferred outflows of resources	 \$ 52,943,150	 \$ 1,115,700	 \$ 942,487	 \$ 55,001,337
Liabilities				
Due to other funds	\$ 5,000	\$ -	\$ -	\$ 5,000
Deposits held	-	-	942,487	942,487
 Total liabilities	 5,000	 -	 942,487	 947,487
Deferred inflows of resources				
None	-	-	-	-
Net Position				
Restricted	52,938,150	1,115,700	-	54,053,850
 Total net position	 52,938,150	 1,115,700	 -	 54,053,850
 Total liabilities and net position	 \$ 52,943,150	 \$ 1,115,700	 \$ 942,487	 \$ 55,001,337

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

	<u>Town Pension Trust</u>	<u>OPEB Trust</u>	<u>Total Fiduciary Funds</u>
Additions			
Employer contributions	\$ 3,955,207	\$ 1,121,418	\$ 5,076,625
Plan member contributions	335,899	84,488	420,387
Investment income (net of related fees)	<u>5,761,957</u>	<u>90,453</u>	<u>5,852,410</u>
Total additions	<u>10,053,063</u>	<u>1,296,359</u>	<u>11,349,422</u>
Deductions			
Benefits paid	3,913,547	871,418	4,784,965
Administrative expenses	<u>147,043</u>	<u>458</u>	<u>147,501</u>
Total deductions	<u>4,060,590</u>	<u>871,876</u>	<u>4,932,466</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	5,992,473	424,483	6,416,956
Net position, July 1, 2016	<u>46,945,677</u>	<u>691,217</u>	<u>47,636,894</u>
Net position, June 30, 2017	<u>\$ 52,938,150</u>	<u>\$ 1,115,700</u>	<u>\$ 54,053,850</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies:

The basic financial statements of the Town of Portsmouth, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities (U.S. GAAP). In certain instances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate. Certain immaterial differences in the accompanying financial statements may exist due to rounding.

Financial reporting entity:

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:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Reporting Entity (continued)

- a) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- b) 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 2017:

- * 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.

Basis of presentation:

Government-wide financial statements:

The statement of net position and statement of activities display information about the Town as a whole and distinguish between governmental and business-type activities. They include all funds of the Town except for fiduciary funds. 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.

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements:

Fund financial statements of the Town 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 expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets both of the following criteria:

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

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Fund types used by the Town and a description of the funds comprising each are as follows:

Governmental funds:

Governmental funds are used to account for operations that supply basic government services.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

The Town uses the following governmental funds:

General Fund:

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for and report all activities except those legally or administratively required to be accounted for in other funds.

Special revenue funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Town's major special revenue fund is the School Department, which provides primary education to the Town's children.

Capital projects funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of specific capital projects or items. The Town's Capital Projects Fund is a major fund.

Permanent funds:

Permanent funds account for and report assets held by the Town where 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 all non-major funds.

Proprietary funds:

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Of the Town's four enterprise funds, the Sewer Fund and the Parks and Recreation Fund are major funds. The Town has no internal service funds.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Fiduciary funds:

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

Pension trusts:

Pension trust funds account for contributions made by the Town and its participating employees to provide retirement benefits to participating employees.

Other postemployment benefits (OPEB) trust:

The OPEB Trust fund accounts for contributions made by the Town and its participating employees to provide postemployment benefits (health insurance) to participating employees.

Private purpose trust:

The Town's private purpose trust accounts for resources legally held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor's instructions. All resources of the fund, including any earnings on investments, may be used. There is no requirement that any portion of these resources be preserved as capital.

Agency:

Agency funds are established when the Town holds assets in custody for others in an agency 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).

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Major and Non-Major Funds

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

	<i>Brief Description:</i>
Major:	
General Fund	See Description above
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.
Proprietary Funds:	
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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Major and Non-Major Funds (continued)

Major (continued):

Glen Farm Equestrian

Brief Description:

Accounts for activity related to the Town's Glen Farm Equestrian fund. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.

Non-major:

Special Revenue Funds:

The Town currently maintains forty seven (47) special revenue funds and the School maintains thirty one (31) special revenue funds which have been classified as non-major governmental funds.

Capital Project Funds:

The Town of Portsmouth currently maintains ten (10) capital project funds and the School maintains three (three) capital project funds which have been classified as non-major governmental funds.

Permanent Funds:

The Town of Portsmouth currently maintains two (2) permanent Funds which have been classified as non-major governmental funds.

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, special assessments, federal impact aid, state aid, meals and hotel taxes collected by the State of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as unearned revenues.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. 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. Operating expenses for the proprietary funds include the cost of programs and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

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 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Real Estate and Personal Property taxes:

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 \$456,828 at June 30, 2017 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.

Due from Federal and State Government:

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 and 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not incurred during fiscal 2017.

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

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

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

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 inflows and outflows of resources:

Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period.

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, 2017 the Town of Portsmouth, Rhode Island reports deferred outflows related to pension, OPEB, and deferred charges on refunding in the Government-wide statement of net position. The deferred outflow of resources related to pension totaling \$11,487,156 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 outflow of resources related to OPEB totaling \$2,467,338 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB 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 OPEB plan (active employees and inactive employees). The deferred charge on refunding totaling \$99,504 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 Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Deferred inflows and outflows 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, 2017, 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, 2015 and prior and are not collected within 60 days of June 30, 2017. Net unavailable property tax revenue included in the fund financial statements was \$1,082,557 at June 30, 2017. The unavailable ambulance revenue represents ambulance rescue fee receivables that are not collected as of June 30, 2017. Net unavailable ambulance rescue fee revenue included in the fund financial statements was \$428,836 at June 30, 2017. These amounts are deferred and will be recognized as an inflow of resources in the year in which the amounts become available.

At June 30, 2017 the Town of Portsmouth, Rhode Island reports deferred inflows related to pension and OPEB in the Government-wide statement of net position. The deferred inflow of resources related to pension totaling \$5,879,167 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included as a reduction 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 inflow of resources related to OPEB totaling \$443,953 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included as a reduction in OPEB 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 OPEB plan (active employees and inactive employees).

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

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, 2017.

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.

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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Interfund activities:

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 non-operating 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 Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Fund equity:

Government-wide financial statements:

Net position:

The Town's net position has been segregated into the following three components:

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.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted – a residual category for the balance of net position

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Fund equity (continued):

Governmental fund financial statements:

The Town's fund balance is reported in the following categories:

Non-spendable – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation

Committed – amounts constrained to specific purposes by the Town, using its highest level of decision-making authority

Commitments will only be used for specific purposes pursuant to a formal action of the Town Council. Town Council Resolution is required to approve, modify, or rescind a fund balance commitment.

Assigned – amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed

The Town Council delegates to the Town Administrator or designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned – amounts available for any purpose

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Pensions

Employees' Retirement System plan (ERS)

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 the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

Teachers' Survivors Benefit plan (TSB)

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 Teachers' Survivors Benefit plan (TSB) and the additions to/deductions from TSB fiduciary net position have been determined on the same basis as they are reported by TSB. 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Intergovernmental revenues:

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Claims and Judgements:

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.

Use of estimates:

The preparation of basic 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 basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

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".

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."

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.

Recent accounting pronouncements:

For the fiscal year ending June 30, 2017, the Town adopted the provisions of Statement No. 75 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial reporting for Postemployment Benefit Plans Other than Pension plans*. GASB 75 requires the net OPEB liability to be measured and reported as the total OPEB liability less the amount of the OPEB plan's fiduciary net position. In addition, GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses. Due to the adoption of GASB 75, the Town has restated its 2017 opening net position, resulting is a decrease in net position of \$16,936,429 at July 1, 2016.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Recent accounting pronouncements (continued):

For the fiscal year ending June 30, 2017, the Town adopted the provisions of Statement No. 74 of the Governmental Accounting Standards Board, *Financial reporting for Postemployment Benefit Plans Other than Pension plans* (GASB 74). GASB 74 establishes new accounting and financial reporting standards for Other Postemployment Benefit plans.

Effective for the fiscal year ending June 30, 2017, the Town adopted the provisions of Statement No. 77 of the Governmental Accounting Standards Board, *Tax Abatement Disclosures* (GASB 77). GASB 77 establishes required financial reporting disclosures for governments that enter into tax abatement agreements. The Town will include additional disclosure in the financial statements.

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, 2017, the carrying amount of the Town's cash and cash equivalents was \$23,797,176 (including Fiduciary Funds and cash held in escrow) while the bank balance was \$24,264,279. Of the bank balance, \$1,645,778 was covered by federal depository insurance, \$18,457,642 was covered by collateralization agreements and \$4,160,859 was uninsured. Reconciliation to Government-wide Statement of Net Position:

Total Cash and Cash Equivalents	<u>Carrying Amount</u> \$ 23,797,176
Less: Fiduciary fund cash, including time deposits (not included in the Government-wide statement)	<u>(1,556,757)</u>
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u><u>\$ 22,240,419</u></u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

2. Cash Deposits and Investments (continued)

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 \$135,043 reported in the Statement of Net Position at June 30, 2017 consists of funds 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.

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:

- 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).

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

2. Cash Deposits and Investments (continued)

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, 2017:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual Funds				
Domestic Equity	\$ 14,436,726	\$ 14,436,726	\$ -	\$ -
Global Real Estate	2,625,866	2,625,866	-	-
International equity	7,334,102	7,334,102	-	-
Emerging Markets	5,281,240	5,281,240	-	-
Large Cap Multi-Style Fund	5,241,498	5,241,498	-	-
Growth Fund	266,652	266,652	-	-
Fixed Income Securities	<u>17,983,934</u>	<u>17,983,934</u>	-	-
	<u>\$ 53,170,018</u>	<u>\$ 53,170,018</u>	<u>\$ -</u>	<u>\$ -</u>

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

Description	Fair Value	0-3 Years	3-5 Years	Over 5 Years
Fixed Income Securities	\$ 17,983,934	\$ 3,360,145	\$ 6,036,196	\$ 8,587,593

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

2. Cash Deposits and Investments (continued)

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

	Fixed Income Securities
AAA	\$ 8,188,862
AA	4,355,241
A	2,956,870
BBB	2,432,934
BB	18,655
B and Below	<u>31,372</u>
Total	<u>\$ 17,983,934</u>

Concentration of Credit Risk

At June 30, 2017, 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 Financial Statements

For the Year Ended June 30, 2017

2. Cash Deposits and Investments (continued)

As of June 30, 2017, the following pension investments represent 5% or more of the Town Plan's net position:

Dimensional Fund Advisors:

Vanguard Total Bond	\$ 9,027,176
Vanguard Total International Bond	5,576,013
Five Year Fixed Income	3,930,786
US Core Equity 2 Portfolio	7,005,944
International Core Equity	1,507,811
International Vector Equity	3,269,549
US Vector Equity Portfolio	7,147,394
Global Real Estate	2,625,866
AQR Emerging Multi Style R6	4,469,585
Emerging Market Core	3,368,396
AQR:	
Large Cap Multi-Style	5,241,498

As of June 30, 2017, 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

3. Budgetary and Legal Compliance (continued)

The following individual funds reported deficits in the unreserved fund balances in the fund financial statements at June 30, 2017:

Town Special Revenue Funds

CDBG	\$	(50,271)
Dog Fund		(6,563)
Cops SRO		(14,288)
Synar Tobacco Survey		(2,021)

School Special Revenue Funds

Title II, Part A		(51)
Perkins		(166)

Town Capital Projects Funds

08-09 Warrants		(19,027)
09-10 Warrants		(5,743)
12-13 Warrants		(1,148,569)

Enterprise funds

Wind Turbine Generator Fu		(387,418)
Summer School		(234)

Total \$ (1,634,351)

Management will derive an administrative plan to fund the deficits noted above.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

4. Capital Assets

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

	<i>Balance</i> <i>July 1, 2016</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i> <i>June 30, 2017</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 4,755,279	\$ -	\$ -	\$ 4,755,279
Land easements	1,420,000	-	-	1,420,000
Construction in progress	<u>177,715</u>	<u>245,864</u>	<u>177,715</u>	<u>245,864</u>
Total capital assets not being depreciated	<u>6,352,994</u>	<u>245,864</u>	<u>177,715</u>	<u>6,421,143</u>
Depreciable assets:				
Land improvements	735,736	308,338	-	1,044,074
Buildings	21,918,438	553,025	-	22,471,462
Buildings and improvements	9,037,446	1,849,473	-	10,886,919
Machinery and equipment	8,284,910	1,492,412	10,820	9,766,502
Construction equipment	396,909	-	-	396,909
Infrastructure	26,233,440	2,917,655	-	29,151,095
Vehicles	<u>5,146,502</u>	<u>515,592</u>	-	<u>5,662,094</u>
Total Capital assets being depreciated	<u>71,753,381</u>	<u>7,636,494</u>	<u>10,820</u>	<u>79,379,055</u>
Total Capital Assets	<u>78,106,375</u>	<u>7,882,358</u>	<u>188,535</u>	<u>85,800,198</u>
Less accumulated depreciation for:				
Land improvements	430,612	64,871	-	495,483
Buildings	16,037,238	302,992	-	16,340,230
Buildings and improvements	2,745,625	561,324	-	3,306,949
Machinery and equipment	5,402,986	418,949	3,991	5,817,944
Construction equipment	370,357	10,811	-	381,169
Infrastructure	15,815,202	815,627	-	16,630,829
Vehicles	<u>3,145,614</u>	<u>249,408</u>	-	<u>3,395,022</u>
Total Accumulated Depreciation	<u>43,947,634</u>	<u>2,423,983</u>	<u>3,991</u>	<u>46,367,626</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,158,741</u>	<u>\$ 5,458,376</u>	<u>\$ 184,544</u>	<u>\$ 39,432,572</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 37,251	\$ -	\$ -	\$ 37,251
Total Capital assets not being depreciated	<u>37,251</u>	-	-	<u>37,251</u>
Depreciable assets:				
Land improvements	-	-	-	-
Buildings and improvements	215,477	-	-	215,477
Machinery and equipment	<u>252,907</u>	-	-	<u>252,907</u>
Total Capital assets being depreciated	<u>468,384</u>	-	-	<u>468,384</u>
Total Capital Assets	<u>505,635</u>	-	-	<u>505,635</u>
Less accumulated depreciation for:				
Land improvements	-	-	-	-
Buildings and improvements	5,028	8,619	-	13,647
Machinery and equipment	<u>71,524</u>	<u>13,326</u>	-	<u>84,850</u>
Total Accumulated Depreciation	<u>76,552</u>	<u>21,945</u>	-	<u>98,497</u>
Business-Type Activities Capital Assets, Net	<u>\$ 429,083</u>	<u>\$ (21,945)</u>	<u>\$ -</u>	<u>\$ 407,138</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

4. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 114,188
Public safety	328,554
Public works	820,107
Community service	118,124
Education	<u>1,043,010</u>
Total Depreciation Expense	<u>\$ 2,423,983</u>

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

School lunch	\$ 4,754
Transfer Station	<u>17,191</u>
Total Depreciation Expense	<u>\$ 21,945</u>

5. Lease Revenue

The Town receives lease 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>
2018	\$ 106,176
2019	113,885
2020	116,939
2021	120,146
2022	<u>123,514</u>
Total	<u>\$ 580,660</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 \$94,350,150. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. At June 30, 2017, the Town's bonds outstanding totaled \$24,632,532.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

7. Long-Term Obligations

The following is a summary of changes in long-term debt for the year ended June 30, 2017

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rates	Date of Maturity	Balance, 6/30/2016	Transfers in & Additions	Transfers Out & Retirements	Balance, 6/30/2017	Amounts Due Within One Year
Governmental Activities:									
<i>General obligation, revenue bonds, and loans:</i>									
Portsmouth Middle School sprinklers	\$ 1,900,000	5/16/2007	4.00-5.50%	4/1/2022	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
Portsmouth High School Sprinklers	\$ 1,100,000	8/7/2008	3.75-6.00%	5/15/2024	575,000	-	75,000	500,000	75,000
School Improvements (refunding bond)	\$ 4,655,000	6/4/2009	2.00-5.00%	11/1/2020	2,385,000	-	495,000	1,890,000	485,000
Open Space/Recreation Bond	\$ 1,980,000	6/15/2010	2.00-4.00%	6/15/2025	1,105,000	-	125,000	980,000	125,000
Building Repairs	\$ 350,000	6/12/2012	1.326%	6/30/2017	69,942	-	69,942	-	-
Building Repairs	\$ 350,000	6/12/2012	1.326%	6/30/2017	69,942	-	69,942	-	-
School Information Technology	\$ 350,000	6/12/2012	1.326%	6/30/2017	69,942	-	69,942	-	-
General Obligation Refunding Bond - Series A									
Open Space/Recreation Bond	\$ 250,000	5/23/2013	2.35%	2/15/2028	200,739	-	16,626	184,113	16,626
Town Improvements	\$ 562,000	5/23/2013	2.35%	2/15/2028	451,262	-	37,375	413,887	37,374
General Obligation Refunding Bond - Series B	\$ 927,000	5/23/2013	.53% -1.7%	2/15/2019	446,000	-	152,000	294,000	149,000
School Projects	\$ 1,100,000	8/28/2013	3.06%	6/30/2028	805,000	-	125,000	680,000	125,000
Town Projects	\$ 1,505,000	10/23/2014	1.75%-4%	10/15/2024	1,170,598	-	130,066	1,040,532	130,066
Open Space	\$ 600,000	11/18/2015	2.00-4.00%	10/1/2035	600,000	-	30,371	569,629	30,371
School Projects	\$ 471,500	11/18/2015	2.00-4.00%	10/1/2035	471,500	-	23,867	447,633	23,867
Town Projects	\$ 3,373,500	11/18/2015	2.00-4.00%	10/1/2035	3,373,500	-	170,762	3,202,738	170,762
School Projects	\$ 1,575,000	12/22/2015	3.00-5.00%	5/15/2026	1,575,000	-	165,000	1,410,000	165,000
School Projects	\$ 605,000	12/22/2015	3.00-5.00%	5/15/2022	605,000	-	-	605,000	125,000
Town projects-Police Station	\$ 10,000,000	2/9/2017	3.00-5.00%	2/1/2038	-	10,000,000	-	10,000,000	-
Town projects-recreational	\$ 520,000	2/9/2017	3.00-5.00%	2/1/2038	-	520,000	-	520,000	-
Town projects	\$ 648,861	2/9/2017	3.00-5.00%	2/1/2038	-	648,861	-	648,861	-
School improvements	\$ 646,139	2/9/2017	3.00-5.00%	2/1/2038	-	646,139	-	646,139	-
Town legal settlement	\$ 600,000	2/9/2017	2.25-2.65%	2/1/2023	-	600,000	-	600,000	-
Total general obligation bonds, revenue bonds, and loans.					<u>14,098,425</u>	<u>12,415,000</u>	<u>1,880,893</u>	<u>24,632,532</u>	<u>1,658,066</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

7. Long-Term Obligations (continued)

Governmental Activities (continued):

Capital lease obligations:

School IT	\$	271,463	7/15/2015	5.11%	7/15/2019	213,307	-	52,595	160,712	53,966
Town IT & Vehicles	\$	335,000	7/15/2015	3.75%	8/1/2018	248,491	-	80,850	167,641	82,814
Town Vehicles	\$	393,991	8/12/2016	4.01%	8/15/2022	103,000	290,991	63,351	330,640	49,679
Town Vehicles	\$	151,991	8/12/2016	3.76%	8/15/2018	-	151,991	53,260	98,731	48,111
School	\$	289,974	7/15/2016	2.42%	7/15/2020	-	289,974	69,589	220,385	60,042
Total capital lease obligations						<u>564,798</u>	<u>732,956</u>	<u>319,645</u>	<u>978,109</u>	<u>294,612</u>
Deferred amount for issuance premiums						611,188	296,211	64,566	842,832	72,858
Compensated absences						2,011,457	-	256,646	1,754,811	131,611
Net pension liability						71,542,424	116,270	-	71,658,694	-
Net OPEB Liability						<u>22,379,150</u>	<u>2,318,398</u>	<u>-</u>	<u>24,697,548</u>	<u>-</u>
Total governmental funds long-term debt						<u>111,207,442</u>	<u>15,878,835</u>	<u>2,521,750</u>	<u>124,564,527</u>	<u>2,157,147</u>

Business-Type Activities:

General obligation bonds and loans:

Transfer Station Construction Project	\$	171,000	6/12/2012	1.326%	6/30/2017	34,172	-	34,172	-	-
Transfer Station Renovation Project	\$	200,000	10/23/2014	1.75%-4%	10/15/2024	179,402	-	19,934	159,468	19,934
Septic Loan Program	\$	415,000	11/18/2015	2.34-3.236%	10/1/2025	415,000	-	45,000	370,000	45,000
Total business-type activities long-term debt						<u>628,574</u>	<u>-</u>	<u>99,106</u>	<u>529,468</u>	<u>64,934</u>
Total long-term obligations						<u>\$ 111,836,016</u>	<u>\$ 15,878,835</u>	<u>\$ 2,620,856</u>	<u>\$ 125,093,995</u>	<u>\$ 2,222,081</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

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, 2017 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

8. Risk Management (continued)

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.

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:

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
<u>Major Governmental Funds</u>				
General fund	\$ -	\$ 11,747,540	\$ 250,000	\$ 33,016,192
School unrestricted fund	4,262,388	4,943,460	31,599,566	638,354
Town capital projects	11,229,568	-	770,707	
<u>Non-Major Governmental Funds</u>				
Town special revenue	737,982	225,553	-	100,000
School special revenue	809,605	623,401	-	-
Town capital projects	767,035	1,173,343	245,919	250,000
School capital projects	6,243,803	5,463,722	634,013	-
Permanent funds	4,072	-	-	-
<u>Proprietary Funds</u>				
School cafeteria fund	1,616,848	1,547,203	2,032	-
Transfer station	161,982	-	-	-
Wind turbine generator fund	-	387,418	250,000	-
Summer school	7,309	7,543	2,309	-
Septic system loan program	35,899	-	-	-
<u>Fiduciary Funds</u>				
Town pension trust	-	5,000	-	-
OPEB trust	-	-	250,000	-
Agency funds	247,692	-	-	-
Totals	\$ 26,124,183	\$ 26,124,183	\$ 34,004,546	\$ 34,004,546

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

10. Fund Balances

The Town has classified governmental fund balances at June 30, 2017 as follows:

	Major Funds		Non-Major Funds				Total	
	General Fund	Town Capital Project Fund	Town Special Revenue	School Special Revenue	Town Capital Projects	School Capital Projects		Permanent Funds
Fund Balances								
Nonspendable								
In Form	\$ 729,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,552	\$ 891,271
Restricted for								
General government	-	-	708,585	-	-	-	-	708,585
Public safety programs	-	-	207,157	-	-	-	-	207,157
Educational purposes	-	-	-	408,188	-	-	-	408,188
Public works and social services	-	-	92,725	-	-	-	-	92,725
Community services	-	-	8,012	-	-	-	-	8,012
Capital projects	-	10,716,755	-	-	305,153	778,207	-	11,800,115
Committed to								
Educational purposes	1,260,145	-	-	-	-	-	-	1,260,145
Capital projects	-	-	-	-	586,905	-	-	586,905
Assigned to								
Open space	9,378	-	-	-	-	-	-	9,378
Unassigned	6,912,353	-	(73,143)	(217)	(1,173,339)	-	-	5,665,654
	<u>\$ 8,911,595</u>	<u>\$ 10,716,755</u>	<u>\$ 943,336</u>	<u>\$ 407,971</u>	<u>\$ (281,281)</u>	<u>\$ 778,207</u>	<u>\$ 161,552</u>	<u>\$ 21,638,135</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

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, 2017.

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.

b. Benefits and Employee Contributions:

The Trust paid 100% of the amount for medical and dental costs incurred by eligible retirees, which totaled \$890,092 for the year ended June 30, 2017.

Public Works, Fire and Police contributed 0.25%, 1.5% and 1.0% of salary respectively, to the OPEB Trust which amounted to \$55,310 in employee contributions and \$1,169,270 in employer contributions for the year ended June 30, 2017.

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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

As of June 30, 2017, the plan membership data is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	117	50	167

Investment policy:

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town’s adopted asset allocation policy as of June 30, 2017.

Asset Class	Target Allocation
US Large Cap Equity	33.65%
US Mid Cap Equity	7.55%
US Small Cap Equity	2.10%
International Equity	11.05%
EM Equity	1.65%
US Aggregate Bonds	16.05%
U.S. Short Duration	9.70%
US High Yield Bonds	4.85%
TIPS	3.40%
Diversifying Strategies	10.00%
Total	100.00%

Concentrations:

There were no concentrations noted as of June 30, 2017.

Rate of return:

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense was 5.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

Net OPEB Liability of the Town:

The components of the net OPEB liability of the Town at June 30, 2017 were as follows:

Total OPEB liability	\$ 21,874,794
Plans fiduciary net position	<u>1,115,701</u>
Town's net OPEB liability	<u>\$ 20,759,093</u>

Plan net position as a percentage of the total OPEB liability	5.10%
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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 liability 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

Key assumptions

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none">•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2017.
Actuarial Assumptions:	
Investment Rate of Return:	5.50%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	3.50% as of June 30, 2017 and for future periods
Salary Increases:	3.50% annually as of June 30, 2017 and for future periods
Pre-Retirement Mortality:	RPH-2015 total database set mortality table fully generational using Scale MP-2015 to RPH-2016.
Assumed rate of retirement:	40% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2017 <ul style="list-style-type: none">• Discount rate is 5.50% previously 3.03%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 target asset allocation as of June 30, 2017 are summarized in the following table:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

Asset Class	Long-term Expected Real Rate of Return
US Large Cap Equity	6.40%
US Mid Cap Equity	7.90%
US Small Cap Equity	7.50%
International Equity	7.20%
EM Equity	9.70%
US Aggregate Bonds	2.60%
U.S. Short Duration	2.80%
US High Yield Bonds	4.90%
TIPS	2.80%
Diversifying Strategies	4.88%
I. Real Rate of Return	5.50%
II. Inflation Assumption	<u>3.50%</u>
III. Total Nominal Return [I. + II.]	<u>9.00%</u>

Changes in the Net OPEB Liability

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016	\$ 19,058,259	\$ 691,217	\$ 18,367,042
Service cost	826,446	-	826,446
Interest on net OPEB liability and service cost	564,081	-	564,081
Differences between actual and expected experience	2,651,611	-	2,651,611
Changes in assumptions	(335,511)	-	(335,511)
Benefit payments, including refunds	(890,092)	(890,092)	-
Trust administrative expenses	-	(458)	458
Contributions - employer	-	1,169,270	(1,169,270)
Contributions - active employees	-	55,310	(55,310)
Net investment income	-	90,454	(90,454)
Net changes	<u>2,816,535</u>	<u>424,484</u>	<u>2,392,051</u>
Balances at June 30, 2017	<u>\$ 21,874,794</u>	<u>\$ 1,115,701</u>	<u>\$ 20,759,093</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

Discount rate

The discount rate used to measure the total OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71 percent) or 1- percentage-point higher (4.71 percent) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (2.71%)	Current discount rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	23,003,570	20,759,093	18,794,910

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost 79 trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (8.00% decreasing to 4.00%)	Current trend rate (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB liability	18,625,759	20,759,093	23,247,018

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2017 the Town recognized OPEB expense of \$1,610,792. At June 30, 2017, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 2,272,809
Deferred inflows of resources	
Differences between actual and expected experience	<u>322,280</u>
Total	<u>\$ 1,950,529</u>

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

Year ended June 30:	
2018	\$ 322,197
2019	322,197
2020	322,197
2021	322,198
2022	330,872
Thereafter	330,868

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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

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

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, 2017 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 \$(146,509) for the year ended June 30, 2017.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

As of June 30, 2017, the plan membership data is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	322	37	359

Net OPEB Liability of the School:

The components of the net OPEB liability of the School at June 30, 2017 were as follows:

Total OPEB liability	\$ 3,938,455
Plans fiduciary net position	-
Town's net OPEB liability	\$ 3,938,455
 Plan net position as a percentage of the total OPEB liability	0.00%

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 liability 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

Key assumptions

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2017.
 Actuarial Cost Method: Entry Age Normal Actuarial Cost Method
 Asset-Valuation Method: Market Value of Assets as of the Measurement Date, June 30, 2017.

Actuarial Assumptions:

Investment Rate of Return: 5.50%, net of OPEB plan investment expense
 Medical inflation: 8.00% for 2015, decreasing 0.5% per year, to an ultimate rate of 4.60% for 2022 and later
 Inflation: 2.60% as of June 30, 2017 and for future periods
 Salary Increases: 2.60% annually as of June 30, 2017 and for future periods
 Pre-Retirement Mortality: RP-2014 adjusted to 2006 total database set mortality table projected to valuation date with Scale MP-2015
 Assumed rate of retirement: 25% for 10 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
 Marriage assumptions: 85% of males and 85% of females assumed to be married with wives to be three years younger than their husbands
 Changes in Assumptions: Effective June 30, 2017
 • Discount rate is 5.50% previously 3.50%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016	\$ 4,012,108	\$ -	\$ 4,012,108
Service cost	98,924	-	98,924
Interest on net OPEB liability and service cost	111,824	-	111,824
Differences between actual and expected experience	222,319	-	222,319
Changes in assumptions	(139,055)	-	(139,055)
Benefit payments, including refunds	(367,665)	(367,665)	-
Contributions - employer	-	367,665	(367,665)
Net investment income	-	-	-
Net changes	<u>(73,653)</u>	<u>-</u>	<u>(73,653)</u>
Balances at June 30, 2017	<u>\$ 3,938,455</u>	<u>\$ -</u>	<u>\$ 3,938,455</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

Discount rate

The discount rate used to measure the total OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1- percentage-point higher (4.56 percent) than the current discount rate:

Impact of 1% Change in Discount Rate			
	1% Decrease (2.56%)	Current discount rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	4,281,525	3,938,455	3,634,952

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

Impact of 1% Change in Healthcare Trend Rate			
	1% Decrease (8.00% decreasing to 4.00%)	Current trend rate (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB liability	3,619,622	3,938,455	4,304,969

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

11. Post-Employment Health Care Benefits (continued)

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

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2017 the School recognized OPEB expense of \$(146,509). At June 30, 2017, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 194,529
Deferred inflows of resources	
Differences between actual and expected experience	<u>121,673</u>
Total	<u>\$ 72,856</u>

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

Year ended June 30:	
2018	\$ 10,408
2019	10,408
2020	10,408
2021	10,408
2022	10,408
Thereafter	20,816

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans

(a) Town of Portsmouth Retirement Plan

Plan Membership

At June 30, 2017, pension plan membership consisted of the following:

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

Benefit Provisions and Contributions

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

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

Police Employees

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 Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Benefit Provisions and Contribution (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. 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 Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Benefit Provisions and Contribution (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 Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Benefit Provisions and Contribution (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, 2017, 2016 and 2015 were \$3,955,207, \$3,623,290 and \$4,054,721, respectively.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

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

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

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 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	1%
Total	<u>100%</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, 2017.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Net Pension Liability

The components of the net pension liability of the Pension System at June 30, 2017 were as follows:

Total pension liability	\$ 92,748,476
Plan fiduciary net position	<u>(52,916,280)</u>
Town's net pension liability	<u>\$ 39,832,196</u>
Plan fiduciary net position as a percentage of the total pension liability	57.05%

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.

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	6.44%
International developed market equities	7.40%
International emerging market equities	9.42%
Core fixed income	2.02%
Real estate	5.00%

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's Net Pension Liability	\$ 52,940,406	\$ 39,832,196	\$ 29,193,730

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

For the year ended June 30, 2017, the Town recognized pension expense of \$5,552,257. At June 30, 2017, 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
Differences between expected and actual experience	\$ 1,106,789	\$ -
Changes of assumptions	937,539	-
Difference between projected and actual earnings on plan investments	1,349,791	-
Total deferred outflows / (inflows)	\$ 3,394,119	\$ -

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

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

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:

2018	\$	1,727,857
2019		1,727,853
2020		432,153
2021		(493,744)
Thereafter		<u>-</u>
	\$	<u>3,394,119</u>

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 7/1/2016	\$ 89,361,468	\$ 46,929,737	\$ 42,431,731
Changes for the year:			
Service cost	1,316,275	-	1,316,275
Interest on total pension liability	5,988,522	-	5,988,522
Contributions - employer	-	3,955,207	(3,955,207)
Contributions - employee	-	334,211	(334,211)
Net investment income	-	5,647,914	(5,647,914)
Benefit payments	(3,917,789)	(3,917,789)	-
Administrative expense	-	(33,000)	33,000
Net changes	<u>3,387,008</u>	<u>5,986,543</u>	<u>(2,599,535)</u>
Balance as of 6/30/2017	<u>\$ 92,748,476</u>	<u>\$ 52,916,280</u>	<u>\$ 39,832,196</u>

(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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

General Information about the Pension Plan (continued)

Plan Description (continued)

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

Benefit Provisions

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

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

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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements
For the Year Ended June 30, 2017

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

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 9.27% and 13.49% 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, \$2,406,202 and \$2,304,139 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2017, the Portsmouth School Department reported a liability of \$31,826,498 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	\$ 31,826,498
State's proportionate share of the net pension liability associated with the Portsmouth School Department	<u>21,796,478</u>
Total Net Pension Liability	<u>\$ 53,622,976</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

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)

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The 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, 2016 the Portsmouth School Department's proportion was 1.07%.

For the year ended June 30, 2017 the Portsmouth School Department recognized gross pension expense of \$4,088,823 and revenue of \$1,824,506 for support provided by the State. At June 30, 2017 the Portsmouth School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflow of Resources

Contribution subsequent to contribution date	\$ 2,445,691
Changes in proportion and differences between employer contributions and proportionate share of contributions	227,800
Net difference between project and actual earnings on pension plan investments	3,601,483
Total	<u>\$ 6,274,974</u>

Deferred Inflow of Resources

Difference between expected and actual experience	\$ 627,954
Changes of assumptions	659,269
Net difference between project and actual earnings on pension plan investments	1,117,891
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,403,347
Total	<u>\$ 4,808,461</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:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

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)

Year	Recognition
2018	\$ (193,249)
2019	(193,249)
2020	365,696
2021	(47,974)
2022	(638,092)
Thereafter	(272,310)
Total	<u>\$ (979,178)</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	3.5%- 13.5%
Investment Rate of Return	7.5%

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

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

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

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

Actuarial Assumptions (continued)

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

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

Discount Rate

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

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (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 6.50%	Current Discount 7.50%	1% Increase 8.50%
Net pension liability as of June 30, 2017	\$39,302,940	\$31,826,498	\$25,705,909

Pension Plan Fiduciary Net Position

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

(c) Teachers Defined Contribution Pension Plan

Employees participating in the defined benefit plan 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.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(c) Teachers Defined Contribution Pension Plan (continued)

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 \$410,128, for the fiscal year ended June 30, 2017.

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>.

(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>.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

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.

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 Spouse's Benefits
\$17,000 or less	\$750
\$17,001 to \$25,000	\$850
\$25,001 to \$33,000	\$1,000
\$33,001 to \$40,000	\$1,125
\$40,001 and over	\$1,250

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Eligibility and Plan Benefits

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

Parent and One Child	Parent and Two or more children	One Child <i>Alone</i>	Two Children <i>Alone</i>	Three or more children <i>Alone</i>	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 \$22,538, \$24,622 and \$22,815 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2017, the Portsmouth School Department reported an asset of \$3,817,161 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, 2016, 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, 2015 rolled forward to June 30, 2016. 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, 2016, the Portsmouth School Department proportion was 3.83%.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

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

For the year ended June 30, 2017 the Town recognized pension expense of \$(56,266) – an increase in the net pension asset. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflow of Resources	
Contribution subsequent to contribution date	\$ 22,538
Differences between expected and actual experience	726,661
Net difference between project and actual earnings on pension plan investments	1,010,068
Change in proportion and difference between employer contributions and share of proportion contributions	58,796
Total	<u>\$ 1,818,063</u>
Deferred Inflow of Resources	
Difference between expected and actual experience	\$ 758,844
Net difference between project and actual earnings on pension plan investments	311,862
Total	<u>\$ 1,070,706</u>

\$22,538 reported as deferred outflows of resources related to pensions resulting from the Portsmouth School Department contributions in fiscal year 2017 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Recognition
2018	\$ 142,417
2019	142,417
2020	298,348
2021	184,661
2022	17,409
Thereafter	(60,433)
Total	<u>\$ 724,819</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (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	3.5%- 13.5%
Investment Rate of Return	7.5%

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

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

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Actuarial Assumptions (continued)

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

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

Discount Rate

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

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

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	1% Increase
6.50%	7.50%	8.50%
<u>\$(3,028,961)</u>	<u>\$(3,817,161)</u>	<u>\$(4,462,052)</u>

Pension plan fiduciary net position

Detailed information about this 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 Financial Statements

For the Year Ended June 30, 2017

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 \$2,221,949 for the year ended June 30, 2017. Estimated costs to be incurred over the remaining 3-year life of this contract are approximately \$5,322,000 (\$1,774,000 per year). At June 30, 2017 the Town (including the School Department) had a contract with Aramark Management Services through fiscal year 2021 for purposes of facilities management..

15. Tax Abatements

The town has the following tax financing agreements in place at year end:

map/lot	Address	State Code	Original AV	Exemption	Post Exemption	Tax Rate	Amt Tax Ccredit	Year Started
37-69	Clock Tower Square LLC	66	\$1,945,700	\$ 876,160	\$1,069,540	16	\$14,019	2015
37-69:209	Clock Tower Realty LLC	66	517,500	414,000	103,500	16	6,624	2015
37-69:203	H & A Real Estate Management LLC	66	233,600	186,880	46,720	16	2,990	2015
29-32	Portsmouth RI Commercial LLC	66	869,800	271,000	598,800	16	4,336	2016
37-69:208	208 Clock Tower Square LLC	66	398,300	318,640	79,660	16	5,098	2015
31-127	Potomac LLC	66	757,800	249,600	508,200	16	3,994	2013
58-2	Beacon One Inc.	66	817,300	35,919	781,381	16	575	2012

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2017

16. Restatement Note

The following were the restatements that occurred at the Government wide level based on prior changes in GASB standards:

	<u>Governmental Activities</u>
Beginning balance, July 1, 2016	\$ (34,534,890)
To restate to eliminate OPEB obligation in accordance with GASB 75	5,442,721
To restate to include net OPEB liability in accordance with GASB 75	<u>(22,379,150)</u>
Beginning balance, July 1, 2016, restated	<u>\$ (51,471,319)</u>

17. Subsequent Events

In August 2017, the Town entered into two capital lease agreements totaling \$423,517 for acquisition of various vehicles and equipment. One of the leases (for \$161,548) is a 7-year lease and the other (for \$261,969) is a 5-year lease. In addition, in July 2017, the Town entered into a capital lease arrangement for School Department computer equipment totaling \$282,708 over 5-years.

Town of Portsmouth, Rhode Island

For the Year Ended June 30, 2017

*Required Supplemental Information
Section*

Town of Portsmouth, Rhode Island

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2017

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 49,957,055	\$ 49,957,055	\$ 49,589,250	\$ (367,805)
Prorated collections	50,000	50,000	-	(50,000)
PILOT - Housing Authority	7,500	7,500	12,950	5,450
Prior year collections	1,200,000	1,200,000	1,161,848	(38,152)
School Housing aid	957,132	957,132	1,129,664	172,532
Hotel and meal	234,806	234,806	269,851	35,045
Public service corporation	214,568	214,568	206,895	(7,673)
MV excise state aid	84,669	84,669	94,646	9,977
State library	104,692	104,692	116,931	12,239
Municipal incentive	-	-	2,331	2,331
Other revenue	50,000	50,000	45,500	(4,500)
Fees and licenses	2,380,850	2,380,850	2,507,063	126,213
Leases and rentals	693,972	693,972	495,307	(198,665)
Total revenues	<u>55,935,244</u>	<u>55,935,244</u>	<u>55,632,236</u>	<u>(303,008)</u>
Expenditures:				
Town Council	18,066	18,066	17,648	418
Town administration	256,624	256,624	285,291	(28,667)
Town clerk	412,965	412,965	373,307	39,658
Canvassing	219,539	219,539	197,435	22,104
Finance	2,671,624	2,671,624	2,905,049	(233,425)
Legal	400,000	400,000	209,707	190,293
Tax assessor / collector	624,115	624,115	637,987	(13,872)
Police	5,383,837	5,383,837	5,500,617	(116,780)
Prudence island special service	102,502	102,502	107,644	(5,142)
Animal control	130,064	130,064	121,909	8,155
Harbormaster	110,000	110,000	114,462	(4,462)
Fire	5,820,791	5,820,791	5,808,316	12,475
Public works	2,442,613	2,442,613	2,371,515	71,098
Public works: snow / road	925,355	925,355	885,387	39,968
Building inspection	286,260	286,260	289,668	(3,408)
Planning	354,495	354,495	342,310	12,185
Board and committees	30,205	30,205	32,484	(2,279)
Recreation / beach	105,546	105,546	111,692	(6,146)
Glen park	6,500	6,500	1,145	5,355
Melville park	11,500	11,500	12,045	(545)
Melville	-	-	17,934	(17,934)
Civic support	593,500	593,500	709,466	(115,966)
Prudence island vol. fire dept.	148,800	148,800	148,800	-
Manor house	-	-	6,177	(6,177)
Debt service	2,396,732	2,396,732	2,423,100	(26,368)
Total expenditures	<u>23,451,633</u>	<u>23,451,633</u>	<u>23,631,095</u>	<u>(179,462)</u>

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Favorable</u>
			<u>Basis)</u>	<u>(Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	<u>32,483,611</u>	<u>32,483,611</u>	<u>32,001,141</u>	<u>(482,470)</u>
Other financing sources and (uses):				
Fund balance	(84,045)	(84,045)	-	84,045
Issuance of debt	-	-	600,000	600,000
School: local appropriation	(31,599,566)	(31,599,566)	(31,599,566)	-
Transfer to other funds	<u>(800,000)</u>	<u>(800,000)</u>	<u>(700,000)</u>	<u>100,000</u>
Total other financing sources and uses	<u>(32,483,611)</u>	<u>(32,483,611)</u>	<u>(31,699,566)</u>	<u>784,045</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	301,575	<u>\$ 301,575</u>
Adjustment of budgetary basis to U.S. GAAP			<u>-</u>	
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis			<u>301,575</u>	
Fund balance, beginning of year			<u>14,356,945</u>	
Fund balance, end of year			<u>\$ 14,658,520</u>	

Town of Portsmouth, Rhode Island

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SCHOOL DEPARTMENT UNRESTRICTED FUND

For the Year Ended June 30, 2017

	Original Budget			Total Available	Actual	Encumbrances Carried to FY 18	Variance Favorable (Unfavorable)
	Encumbrances Carried from FY 16	Original Budget	Final Budget				
Revenues							
State aid for education	\$ -	\$ 4,207,187	\$ 4,207,187	\$ 4,207,187	\$ 4,186,474	\$ -	\$ (20,713)
State aid: group home aid	-	526,361	526,361	526,361	600,518	-	74,157
Impact aid	-	140,000	140,000	140,000	281,727	-	141,727
Tuition - Little Compton / individuals	-	1,218,164	1,218,164	1,218,164	1,236,266	-	18,102
Medicaid	-	300,000	300,000	300,000	236,647	-	(63,353)
Miscellaneous	-	5,000	5,000	5,000	16,417	-	11,417
Total revenues	-	6,396,712	6,396,712	6,396,712	6,558,049	-	161,337
Expenditures							
Salaries	-	22,087,674	22,115,367	22,115,367	21,920,848	-	194,519
Employee benefits	-	8,633,342	8,381,105	8,381,105	8,142,849	-	238,256
Purchased services	-	5,454,151	5,426,172	5,426,172	5,372,233	-	53,939
Supplies and materials	-	1,223,403	1,205,346	1,205,346	1,139,428	-	65,918
Other	-	99,507	107,497	107,497	81,229	-	26,268
Capital outlay	-	498,201	760,791	760,791	714,142	-	46,649
Total expenditures	-	37,996,278	37,996,278	37,996,278	37,370,729	-	625,549
Excess of expenditures over revenues, budgetary basis	-	(31,599,566)	(31,599,566)	(31,599,566)	(30,812,680)	-	786,886
Other financing sources (uses)							
Appropriation from Town's general fund	-	31,599,566	31,599,566	31,599,566	31,599,566	-	-
Transfer from other funds	-	-	-	-	-	-	-
Transfer to other funds	-	-	-	-	(638,354)	-	638,354
Total other financing sources (uses)	-	31,599,566	31,599,566	31,599,566	30,961,212	-	(638,354)
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	148,532	<u>\$ -</u>	<u>\$ 148,532</u>
Adjustment of budgetary basis to U.S. GAAP basis					-		
Excess of revenues and other financing sources over expenditures and other financing uses, U.S. GAAP basis					148,532		
Fund balance, beginning of year					1,543,957		
Fund balance, end of year					<u>\$ 1,692,489</u>		

Town of Portsmouth, Rhode Island

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –

BUDGETARY COMPARISON

For the Year Ended June 30, 2017

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, 2017, 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.

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, 2017. The School Unrestricted Fund had a revenue and expenditure variance between budget and GAAP of \$1,630,636 for the State on behalf contribution to the ERS pension plan, the net effect of which was zero.

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM - TEACHER'S PENSION PLAN
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	1.07%	1.06%	1.18%
Employer's proportionate share of the net pension liability	\$31,826,498	\$ 29,110,693	\$ 28,664,026
State's proportionate share of the net pension liability associated with the school district	<u>21,796,478</u>	<u>19,887,512</u>	<u>19,656,243</u>
Total	<u>\$ 53,622,976</u>	<u>\$ 48,998,205</u>	<u>\$ 48,320,269</u>
Employer's covered employee payroll	\$17,590,459	\$ 17,812,753	\$ 16,528,974
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	180.93%	163.43%	173.42%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	57.55%	61.40%

Notes:

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

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

3.) *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.*

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM - TEACHER'S PENSION PLAN
SCHEDULE OF TOWN'S CONTRIBUTIONS
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,274,964	\$ 2,406,202	\$ 2,304,139
Contributions in relation to the actuarially determined contribution	<u>2,274,964</u>	<u>2,406,202</u>	<u>2,304,139</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$17,590,459	\$ 17,812,753	\$ 16,528,974
Contributions as a percentage of covered- employee payroll	12.93%	13.51%	11.63%

Notes:

1.) *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.*

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

3.) *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.*

Town of Portsmouth, Rhode Island

REQUIRED SUPPLEMENTARY INFORMATION

**EMPLOYEES' RETIREMENT SYSTEM-TEACHER'S PENSION PLAN-TEACHER SURVIVOR BENEFIT
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION ASSET – TEACHER
SURVIVOR BENEFIT**

For the Year Ended June 30, 2017

Teachers' Survivors Benefit Plan	2017	2016	2015
Employer's proportion of the net pension asset	3.83%	3.78%	3.91%
Employer's proportionate share of the net pension asset	\$ 3,817,161	\$ 3,529,932	\$ 4,865,868
Employer's covered employee payroll	\$ 17,590,459	\$ 17,812,753	\$ 16,528,974
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	21.70%	19.82%	29.44%
Plan fiduciary net position as a percentage of the total pension liability	153.3%	146.6%	173.3%

Notes:

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

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

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

Town of Portsmouth, Rhode Island

REQUIRED SUPPLEMENTARY INFORMATION

**EMPLOYEES' RETIREMENT SYSTEM- TEACHER'S PENSION PLAN-TEACHER SURVIVOR
BENEFIT**

SCHEDULE OF TOWN'S CONTRIBUTIONS

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 22,538	\$ 24,622	\$ 22,815
Contributions in relation to the statutorily determined contribution	<u>22,538</u>	<u>24,622</u>	<u>22,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cover's employee payroll	\$ 17,590,459	\$ 17,812,753	\$ 16,528,974
Contributions as a percentage of covered- employee payroll	0.13%	0.14%	0.14%

Notes:

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

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

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

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION

TOWN PENSION PLAN

SCHEDULE OF CHANGES IN TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability				
Service cost	\$ 1,316,275	\$ 1,252,788	\$ 1,240,913	\$ 1,389,334
Interest	5,988,522	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 in assumptions	-	-	2,343,849	(203,891)
Changes of benefit terms	-	1,122,120	-	(879,278)
Benefit payments, including refunds of participant contributions	<u>(3,917,789)</u>	<u>(4,353,001)</u>	<u>(3,727,333)</u>	<u>(3,417,068)</u>
Net change in total pension liability	3,387,008	4,699,157	6,332,302	3,805,186
Total pension liability - beginning	<u>89,361,468</u>	<u>84,662,311</u>	<u>78,330,009</u>	<u>74,524,823</u>
Total pension liability - ending	<u>\$ 92,748,476</u>	<u>\$ 89,361,468</u>	<u>\$ 84,662,311</u>	<u>\$ 78,330,009</u>
Pension fiduciary net position				
Contributions - employer	\$ 3,955,207	\$ 3,623,290	\$ 4,054,721	\$ 2,792,576
Contributions - employee	334,211	347,245	348,380	388,692
Net investment income	5,647,914	(395,702)	277,740	6,330,851
Benefit payments, including refunds of participant contributions	(3,917,789)	(4,353,001)	(3,727,333)	(3,417,068)
Administrative expense	<u>(33,000)</u>	<u>(45,000)</u>	<u>(30,000)</u>	<u>(61,112)</u>
Net change in plan fiduciary net position	5,986,543	(823,168)	923,508	6,033,939
Plan fiduciary net position - beginning	<u>46,929,737</u>	<u>47,752,905</u>	<u>46,829,397</u>	<u>40,795,458</u>
Plan fiduciary net position - ending	<u>\$ 52,916,280</u>	<u>\$ 46,929,737</u>	<u>\$ 47,752,905</u>	<u>\$ 46,829,397</u>
Town's net pension liability (asset) - ending	<u>\$ 39,832,196</u>	<u>\$ 42,431,731</u>	<u>\$ 36,909,406</u>	<u>\$ 31,500,612</u>

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN

SCHEDULE OF CHANGES IN TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2017

	2017	2016	2015	2014
Total pension liability	\$ 92,748,476	\$ 89,361,468	\$ 84,662,311	\$ 78,330,009
Plan fiduciary net position	<u>52,916,280</u>	<u>46,929,737</u>	<u>47,752,905</u>	<u>46,829,397</u>
Town's net pension liability (asset)	<u>\$ 39,832,196</u>	<u>\$ 42,431,731</u>	<u>\$ 36,909,406</u>	<u>\$ 31,500,612</u>
Plan fiduciary net position as a percentage of the total pension liability	57.05%	52.52%	56.40%	59.78%
Covered-employee payroll	8,356,102	8,073,529	7,969,261	7,837,400
Net pension liability (asset) as a percentage of covered-employee payroll	476.68%	525.57%	463.15%	401.93%

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN
SCHEDULE OF TOWN CONTRIBUTIONS

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,955,207	\$ 3,623,290	\$ 3,948,654	\$ 3,677,200
Contributions in relation to the actuarially determined contribution	<u>3,955,207</u>	<u>3,623,290</u>	<u>4,054,721</u>	<u>2,792,576</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106,067)</u>	<u>\$ 884,624</u>
Covered-employee payroll	8,356,102	8,073,529	7,969,261	7,837,400
Contributions as a percentage of covered-employee payroll	47.33%	44.88%	50.88%	35.63%

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2017.

Methods and assumptions used to determine contribution rates:

Discount rate	6.75%
Long term rate of return on investments	6.75%
Salary increases	3.50%
Inflation	2.75%
Pre-retirement:	RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed ou to a base year of 2006 and projected generationally using scale SSA-2014 2d from 2006
Mortality rates:	
Healthy	RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed ou to a base year of 2006 and projected generationally using scale SSA-2014 2d from 2006
Disabled	RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed ou 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
REQUIRED SUPPLEMENTARY INFORMATION
TOWN PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
For the Year Ended June 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	12.03%	-0.83%	0.59%	15.52%

Town of Portsmouth, Rhode Island
 REQUIRED SUPPLEMENTARY INFORMATION
 TOWN OPEB PLAN
 NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2017

	June 30, 2017
Total OPEB liability	
Service cost	\$ 826,446
Interest on net OPEB liability and service cost	564,081
Differences between actual and expected experience	2,651,611
Changes of assumptions	(335,511)
Benefit payments, including refunds	(890,092)
Net change in total OPEB liability	2,816,535
Total OPEB liability - beginning	19,058,259
Total OPEB liability - ending	\$ 21,874,794
OPEB fiduciary net position	
Benefit payments, including refunds	\$ (890,092)
Trust administrative expenses	\$ (458)
Contributions - employer	1,169,270
Contribution - Active employees	55,310
Net investment income	90,454
Net change in plan fiduciary net position	424,484
Plan fiduciary net position - beginning	691,217
Plan fiduciary net position - ending	\$ 1,115,701
Plan's net pension liability - ending	\$ 20,759,093

* First year of implementation of GASB 74/75, therefore only one year of the ten required data is available.

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OPEB PLAN
SCHEDULE OF CONTRIBUTIONS

For the Year Ended June 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Actuarial determined contribution	\$ 1,739,943	\$ 1,351,405	\$ 1,313,035	\$ 1,254,874	\$ 1,297,531	\$ 1,248,914	\$ 1,345,177	\$ 1,569,039	\$ 1,569,039
Contributions in relation to the actuarially determined contribution	<u>1,169,270</u>	<u>861,032</u>	<u>726,394</u>	<u>768,926</u>	<u>800,908</u>	<u>953,389</u>	<u>792,174</u>	<u>645,276</u>	<u>462,590</u>
Contribution deficiency (excess)	<u>\$ 570,673</u>	<u>\$ 490,373</u>	<u>\$ 586,641</u>	<u>\$ 485,948</u>	<u>\$ 496,623</u>	<u>\$ 295,525</u>	<u>\$ 553,003</u>	<u>\$ 923,763</u>	<u>\$ 1,106,449</u>
Covered-employee payroll	\$ 7,189,490	\$ 6,476,502	\$ 6,287,866	\$ 5,569,426	\$ 5,407,210	\$ 6,574,560	\$ 6,383,155	\$ 5,510,188	\$ 5,510,188
Contributions as a percentage of covered-employee payroll	16.26%	13.29%	11.55%	13.81%	14.81%	14.50%	12.41%	11.71%	8.40%

* First year of implementation of GASB 74/75, therefore only nine years of the ten required data is available.

Town of Portsmouth, Rhode Island
 REQUIRED SUPPLEMENTARY INFORMATION
 TOWN OPEB PLAN
 SCHEDULE OF INVESTMENT RETURNS
For the Year Ended June 30, 2017

June 30, 2017

Annual money-weighted rate of return, net of investment expense	5.50%
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* First year of implementation of GASB 74/75, therefore only one year of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none"> •service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and •annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2017.
Actuarial Assumptions:	
Investment Rate of Return:	5.50%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	3.50% as of June 30, 2017 and for future periods
Salary Increases:	3.50% annually as of June 30, 2017 and for future periods
Pre-Retirement Mortality:	RPH-2015 total database set mortality table fully generational using Scale MP-2015 to RPH-2016.
Assumed rate of retirement:	40% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2017 <ul style="list-style-type: none"> • Discount rate is 5.50% previously 3.03%

Town of Portsmouth, Rhode Island
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHOOL OPEB PLAN
 NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2017

	June 30, 2017
Total OPEB liability	
Service cost	\$ 98,924
Interest on net OPEB liability and service cost	111,824
Differences between actual and expected experience	222,319
Changes of assumptions	(139,055)
Benefit payments, including refunds	(367,665)
Net change in total OPEB liability	(73,653)
Total OPEB liability - beginning	4,012,108
Total OPEB liability - ending	\$ 3,938,455
 OPEB fiduciary net position	
Benefit payments, including refunds	\$ (367,665)
Contributions - employer	367,665
Net investment income	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	\$ -
Plan's net pension liability - ending	\$ 3,938,455

* First year of implementation of GASB 75, therefore only one year of the ten required data is available.

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL OPEB PLAN
SCHEDULE OF CONTRIBUTIONS

For the Year Ended June 30, 2017

	June 30, 2017	June 30, 2016
Actuarial determined contribution	\$ 59,397	\$ 69,632
Contributions in relation to the actuarially determined contribution	168,761	110,777
Contribution deficiency (excess)	\$ (109,364)	\$ (41,145)
 Covered-employee payroll	 \$ 2,066,162	 \$ 2,013,803
 Contributions as a percentage of covered-employee payroll	 8.17%	 5.50%

* First year of implementation of GASB 74, therefore only two years of the ten required data is available.

Town of Portsmouth, Rhode Island
REQUIRED SUPPLEMENTARY INFORMATION
SCHOOL OPEB PLAN
SCHEDULE OF INVESTMENT RETURNS
For the Year Ended June 30, 2017

	June 30, 2017
Annual money-weighted rate of return, net of investment expense	5.80%

* First year of implementation of GASB 74, therefore only one year of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Entry Age Normal Actuarial Cost Method
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2017.

Actuarial Assumptions:

Investment Rate of Return:	5.50%, net of OPEB plan investment expense
Medical inflation	8.00% for 2015, decreasing 0.5% per year, to an ultimate rate of 4.60% for 2022 and later
Inflation:	2.60% as of June 30, 2017 and for future periods
Salary Increases:	2.60% annually as of June 30, 2017 and for future periods
Pre-Retirement Mortality:	RP-2014 adjusted to 2006 total database set mortality table projected to valuation date with Scale MP-2015
Assumed rate of retirement:	25% for 10 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	85% of males and 85% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2017
	• Discount rate is 5.50% previously 3.50%

Supplementary Information Section

Town of Portsmouth, Rhode Island
Supplementary Information
Combining General Fund and School Unrestricted Balance Sheet
June 30, 2017

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Assets				
Cash and cash equivalent	\$ 19,051,566	\$ 2,392,937	\$ -	\$ 21,444,503
Real estate and personal property tax receivable, net	1,505,971	-	-	1,505,971
Due from other governments	206,895	-	-	206,895
Due from other funds	-	4,262,388	(354,623)	3,907,765
Ambulance receivable	428,836	-	-	428,836
Other receivables, net	138,206	317,356	-	455,562
Inventory	62,208	-	-	62,208
Prepaid expenditures	<u>235,167</u>	<u>432,344</u>	-	<u>667,511</u>
Total assets	<u>21,628,849</u>	<u>7,405,025</u>	<u>(354,623)</u>	<u>28,679,251</u>
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 21,628,849</u>	<u>\$ 7,405,025</u>	<u>\$ (354,623)</u>	<u>\$ 28,679,251</u>
Liabilities				
Accounts payable	\$ 556,789	\$ -	\$ -	\$ 556,789
Accrued expenses	498,831	769,076	-	1,267,907
Due to other funds	11,747,541	4,943,460	(354,623)	16,336,378
Unearned revenue	28,025	-	-	28,025
Other liabilities	<u>67,164</u>	-	-	<u>67,164</u>
Total liabilities	<u>12,898,350</u>	<u>5,712,536</u>	<u>(354,623)</u>	<u>18,256,263</u>
Deferred inflows of resources				
Unavailable property tax revenue	1,082,557	-	-	1,082,557
Unavailable ambulance revenue	<u>428,836</u>	-	-	<u>428,836</u>
Total deferred inflows of resources	<u>1,511,393</u>	-	-	<u>1,511,393</u>
Fund balance				
Nonspendable	297,375	432,344	-	729,719
Committed	-	1,260,145	-	1,260,145
Assigned	9,378	-	-	9,378
Unassigned	<u>6,912,353</u>	-	-	<u>6,912,353</u>
Total fund balance	<u>7,219,106</u>	<u>1,692,489</u>	-	<u>8,911,595</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,628,849</u>	<u>\$ 7,405,025</u>	<u>\$ (354,623)</u>	<u>\$ 28,679,251</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining General Fund and School Unrestricted Statement of Revenue, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2017

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues				
General property taxes and interest	\$ 50,764,048	\$ -	\$ -	\$ 50,764,048
State aid and grants	1,820,318	5,305,366	-	7,125,684
Licenses, permits, and fees	2,468,756	-	-	2,468,756
Charges for services	245,307	1,236,266	-	1,481,573
Interest and investment income	38,307	-	-	38,307
Other revenues	45,500	16,417	-	61,917
Intergovernmental pension contribution	-	1,630,636	-	1,630,636
Total revenue	<u>55,382,236</u>	<u>8,188,685</u>	<u>-</u>	<u>63,570,921</u>
Expenditures				
General government	4,626,424	-	-	4,626,424
Public safety	11,652,948	-	-	11,652,948
Public works	3,204,738	-	-	3,204,738
Public and social services	778,636	-	-	778,636
Parks and recreation	228,623	-	-	228,623
Education	-	39,001,365	-	39,001,365
Debt service:				
Principal on long term debt	1,905,979	-	-	1,905,979
Interest on long term debt	517,121	-	-	517,121
Total Expenditures	<u>22,914,469</u>	<u>39,001,365</u>	<u>-</u>	<u>61,915,834</u>
Excess (deficiency) of revenues over expenditures	32,467,767	(30,812,680)	-	1,655,087
Other financing sources (uses)				
Issuance of debt	600,000	-	-	600,000
Transfers in	250,000	31,599,566	(31,599,566)	250,000
Transfers out	(33,016,192)	(638,354)	31,599,566	(2,054,980)
Total other financing sources (uses)	<u>(32,166,192)</u>	<u>30,961,212</u>	<u>-</u>	<u>(1,204,980)</u>
Excess of revenue and other sources over expenditures and other uses	301,575	148,532	-	450,107
Fund balance, July 1, 2016	<u>6,917,531</u>	<u>1,543,957</u>	<u>-</u>	<u>8,461,488</u>
Fund balance, June 30, 2017	<u>\$ 7,219,106</u>	<u>\$ 1,692,489</u>	<u>\$ -</u>	<u>\$ 8,911,595</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet
June 30, 2017

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Town Capital Projects</u>	<u>School Capital Projects</u>	<u>Permanent Trust Funds</u>	<u>Total Non-Major Funds</u>
Assets						
Cash and cash equivalent	\$ 290,991	\$ -	\$ 137,831	\$ -	\$ 157,480	\$ 586,302
Due from other governments	115,442	329,349	-	-	-	444,791
Due from other funds	737,982	809,605	767,035	6,243,803	4,072	8,562,497
Other receivables, net	<u>26,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,338</u>
Total assets	<u>1,170,753</u>	<u>1,138,954</u>	<u>904,866</u>	<u>6,243,803</u>	<u>161,552</u>	<u>9,619,928</u>
Deferred outflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,170,753</u>	<u>\$ 1,138,954</u>	<u>\$ 904,866</u>	<u>\$ 6,243,803</u>	<u>\$ 161,552</u>	<u>\$ 9,619,928</u>
Liabilities						
Accounts payable	\$ -	\$ 107,413	\$ 12,804	\$ 1,874	\$ -	\$ 122,091
Accrued expenses	-	169	-	-	-	169
Due to other funds	225,553	623,401	1,173,343	5,463,722	-	7,486,019
Unearned revenue	<u>1,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,864</u>
Total liabilities	<u>227,417</u>	<u>730,983</u>	<u>1,186,147</u>	<u>5,465,596</u>	<u>-</u>	<u>7,610,143</u>
Deferred inflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance						
Nonspendable	-	-	-	-	161,552	161,552
Restricted	1,016,479	408,188	305,153	778,207	-	2,508,027
Committed	-	-	586,905	-	-	586,905
Unassigned	<u>(73,143)</u>	<u>(217)</u>	<u>(1,173,339)</u>	<u>-</u>	<u>-</u>	<u>(1,246,699)</u>
Total fund balance	<u>943,336</u>	<u>407,971</u>	<u>(281,281)</u>	<u>778,207</u>	<u>161,552</u>	<u>2,009,785</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,170,753</u>	<u>\$ 1,138,954</u>	<u>\$ 904,866</u>	<u>\$ 6,243,803</u>	<u>\$ 161,552</u>	<u>\$ 9,619,928</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2017

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Town Capital Projects</u>	<u>School Capital Projects</u>	<u>Permanent Trust Funds</u>	<u>Total Non Major Funds</u>
Revenues						
Federal and state grants	\$ 207,518	\$ 1,036,400	\$ -	\$ -	\$ -	\$ 1,243,918
Charges for services	313,180	88,555	545,410	-	-	947,145
Interest and investment income	442	-	14	-	1,148	1,604
Other revenues	<u>220,419</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,419</u>
Total revenue	<u>741,559</u>	<u>1,128,955</u>	<u>545,424</u>	<u>-</u>	<u>1,148</u>	<u>2,417,086</u>
Expenditures						
General government	9,638	-	220,713	-	-	230,351
Public safety	162,885	-	-	-	-	162,885
Public works	120,473	-	-	-	-	120,473
Public and social services	2,080	-	-	-	-	2,080
Parks and recreation	170,426	-	-	-	-	170,426
Education	-	1,074,894	-	29,615	-	1,104,509
Capital	<u>-</u>	<u>79,428</u>	<u>256,027</u>	<u>1,204,308</u>	<u>-</u>	<u>1,539,763</u>
Total Expenditures	<u>465,502</u>	<u>1,154,322</u>	<u>476,740</u>	<u>1,233,923</u>	<u>-</u>	<u>3,330,487</u>
Excess (deficiency) of revenues over expenditures	276,057	(25,367)	68,684	(1,233,923)	1,148	(913,401)
Other financing sources (uses)						
Transfers in	-	-	245,919	634,013	-	879,932
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>(4,081)</u>	<u>634,013</u>	<u>-</u>	<u>529,932</u>
Excess of revenue and other sources over expenditures and other uses	176,057	(25,367)	64,603	(599,910)	1,148	(383,469)
Fund balance, July 1, 2016	<u>767,279</u>	<u>433,338</u>	<u>(345,884)</u>	<u>1,378,117</u>	<u>160,404</u>	<u>2,393,254</u>
Fund balance, June 30, 2017	<u>\$ 943,336</u>	<u>\$ 407,971</u>	<u>\$ (281,281)</u>	<u>\$ 778,207</u>	<u>\$ 161,552</u>	<u>\$ 2,009,785</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet – Town Special Revenue
June 30, 2017

	CDBG	CDBG Disaster Recovery	Evidence Fund	City Clerks Restoration Fund	EDC Workshop	EMW SHSP Heavy Rescue	EMPG 27-229	EMW 2012 FO 03583	Commemorative Bench
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	5,775	6,919	-	-	-	-	2,748	-	-
Due from other funds	-	55,521	2,633	74	787	-	-	-	4,639
Other receivables, net	-	-	-	-	-	14,340	-	-	-
Total assets	5,775	62,440	2,633	74	787	14,340	2,748	-	4,639
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 5,775	\$ 62,440	\$ 2,633	\$ 74	\$ 787	\$ 14,340	\$ 2,748	\$ -	\$ 4,639
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-
Due to other funds	54,182	-	-	-	-	14,164	2,748	-	-
Unearned revenue	1,864	-	-	-	-	-	-	-	-
Total liabilities	56,046	-	-	-	-	14,164	2,748	-	-
Deferred inflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	62,440	2,633	74	787	176	-	-	4,639
Committed	-	-	-	-	-	-	-	-	-
Unassigned	(50,271)	-	-	-	-	-	-	-	-
Total fund balance	(50,271)	62,440	2,633	74	787	176	-	-	4,639
Total liabilities, deferred inflows of resources and fund balance	\$ 5,775	\$ 62,440	\$ 2,633	\$ 74	\$ 787	\$ 14,340	\$ 2,748	\$ -	\$ 4,639

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet – Town Special Revenue
June 30, 2017

	School Impact Fees	Click it or Ticket	Town Commons Grant	RIDEM Recreation Grant	Alcohol Survey	Fire Ambulance Reserve	AIPC West Side Project	Explorer Program	Fire Alarm Maintenance
Assets									
Cash and cash equivalents	\$ 265,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	100,000	-	-	-	-	-
Due from other funds	350,031	-	289	-	-	1,455	20,000	766	37,389
Other receivables, net	-	648	-	-	423	-	-	-	-
Total assets	615,542	648	289	100,000	423	1,455	20,000	766	37,389
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 615,542	\$ 648	\$ 289	\$ 100,000	\$ 423	\$ 1,455	\$ 20,000	\$ 766	\$ 37,389
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-
Due to other funds	-	648	-	100,000	423	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	648	-	100,000	423	-	-	-	-
Deferred inflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	615,542	-	289	-	-	1,455	20,000	766	37,389
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance	615,542	-	289	-	-	1,455	20,000	766	37,389
Total liabilities, deferred inflows of resources and fund balance	\$ 615,542	\$ 648	\$ 289	\$ 100,000	\$ 423	\$ 1,455	\$ 20,000	\$ 766	\$ 37,389

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet – Town Special Revenue
June 30, 2017

	Fire Plan Review	Historic Records Fund	Joan Haskins Memorial	Veterans Wall	Fed Equitable Sharing	Melville Recreation	NARC Forfeiture	IICAC	FDA Tobacco Survey
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,638	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-	-
Due from other funds	51,077	27,592	3,715	-	2,425	942	23,198	-	506
Other receivables, net	<u>3,033</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,373</u>	<u>-</u>
Total assets	<u>54,110</u>	<u>27,637</u>	<u>3,715</u>	<u>1,638</u>	<u>2,425</u>	<u>942</u>	<u>23,198</u>	<u>2,373</u>	<u>506</u>
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 54,110</u>	<u>\$ 27,637</u>	<u>\$ 3,715</u>	<u>\$ 1,638</u>	<u>\$ 2,425</u>	<u>\$ 942</u>	<u>\$ 23,198</u>	<u>\$ 2,373</u>	<u>\$ 506</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	2,373	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	<u>2,373</u>	-
Deferred inflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	54,110	27,637	3,715	1,638	2,425	942	23,198	-	506
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance	<u>54,110</u>	<u>27,637</u>	<u>3,715</u>	<u>1,638</u>	<u>2,425</u>	<u>942</u>	<u>23,198</u>	<u>-</u>	<u>506</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 54,110</u>	<u>\$ 27,637</u>	<u>\$ 3,715</u>	<u>\$ 1,638</u>	<u>\$ 2,425</u>	<u>\$ 942</u>	<u>\$ 23,198</u>	<u>\$ 2,373</u>	<u>\$ 506</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet – Town Special Revenue
June 30, 2017

	Retiree Medical	Blue RIPTIDE Speed Management	Dog Fund	COPS SRO	Tank Farm	Tech Upgrades and Doc P	Synar Tobacco Survey	Glen Farm Stables Donation	Fire Smoke Detector
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ 23,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	26,077	62,310	-	443	35,369
Other receivables, net	-	1,138	-	-	-	308	478	-	845
Total assets	-	1,138	23,842	-	26,077	62,618	478	443	36,214
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ -	\$ 1,138	\$ 23,842	\$ -	\$ 26,077	\$ 62,618	\$ 478	\$ 443	\$ 36,214
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-
Due to other funds	-	1,138	30,405	14,288	-	-	2,499	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	1,138	30,405	14,288	-	-	2,499	-	-
Deferred inflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	26,077	62,618	-	443	36,214
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(6,563)	(14,288)	-	-	(2,021)	-	-
Total fund balance	-	-	(6,563)	(14,288)	26,077	62,618	(2,021)	443	36,214
Total liabilities, deferred inflows of resources and fund balance	\$ -	\$ 1,138	\$ 23,842	\$ -	\$ 26,077	\$ 62,618	\$ 478	\$ 443	\$ 36,214

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet – Town Special Revenue
June 30, 2017

	EMA Meds Plan Update	Meds Pods	Low income Spay / Neut	Shelter Spay / Neuter	Conserv Comm Common	Trust Safety Grant	Portsmouth Tree Com	Friends of Glen Park	Conservation Comm Gr	Total Town Special Revenue
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,991
Due from other governments	-	-	-	-	-	-	-	-	-	115,442
Due from other funds	3,553	11,681	5,604	9,078	50	-	-	278	500	737,982
Other receivables, net	-	-	4	3	-	-	2,700	-	-	26,338
Total assets	3,553	11,681	5,608	9,081	50	-	2,700	278	500	1,170,753
Deferred outflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 3,553	\$ 11,681	\$ 5,608	\$ 9,081	\$ 50	\$ -	\$ 2,700	\$ 278	\$ 500	\$ 1,170,753
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	2,685	-	-	225,553
Unearned revenue	-	-	-	-	-	-	-	-	-	1,864
Total liabilities	-	-	-	-	-	-	2,685	-	-	227,417
Deferred inflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund balance										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	3,553	11,681	5,608	9,081	50	-	15	278	500	1,016,479
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(73,143)
Total fund balance	3,553	11,681	5,608	9,081	50	-	15	278	500	943,336
Total liabilities, deferred inflows of resources and fund balance	\$ 3,553	\$ 11,681	\$ 5,608	\$ 9,081	\$ 50	\$ -	\$ 2,700	\$ 278	\$ 500	\$ 1,170,753

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2017

	CDBG	CDBG Disaster Recovery	Evidence Fund	City Clerks Restoration Fund	EDC Workshop	EMW SHSP Heavy Rescue	EMPG 27-229	EMW 2012 FO 03583	Commemorative Bench
Revenues:									
Federal and state grants	\$ 58,713	\$ 73,879	\$ -	\$ -	\$ -	\$ -	\$ 3,373	\$ 13,461	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-
Other revenues	-	-	22,047	300	-	14,340	-	-	773
Total revenue	58,713	73,879	22,047	300	-	14,340	3,373	13,461	773
Expenditures :									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	19,414	5,181	277	14,164	3,373	13,461	-
Public works	108,984	11,439	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Total expenditures	108,984	11,439	19,414	5,181	277	14,164	3,373	13,461	-
Excess (deficiency) of revenues over expenditures	(50,271)	62,440	2,633	(4,881)	(277)	176	-	-	773
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	(50,271)	62,440	2,633	(4,881)	(277)	176	-	-	773
Fund balance - beginning	-	-	-	4,955	1,064	-	-	-	3,866
Fund balance - ending	<u>\$ (50,271)</u>	<u>\$ 62,440</u>	<u>\$ 2,633</u>	<u>\$ 74</u>	<u>\$ 787</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,639</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2017

	School Impact Fees	Click it or Ticket	Town Commons Grant	RIDEM Recreation Grant	Alcohol Survey	Fire Ambulance Reserve	AIPC West Side Project	Explorer Program	Fire Alarm Maintenance
Revenues:									
Federal and state grants	\$ -	\$ -	\$ -	\$ 58,092	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	159,679	-	-	-	-	175	-	-	21,100
Interest and investment income	442	-	-	-	-	-	-	-	-
Other revenues	-	6,020	-	-	1,197	-	-	-	-
Total revenue	160,121	6,020	-	58,092	1,197	175	-	-	21,100
Expenditures :									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	6,020	-	-	1,197	-	-	-	2,320
Public works	-	-	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	58,092	-	-	-	-	-
Total expenditures	-	6,020	-	58,092	1,197	-	-	-	2,320
Excess (deficiency) of revenues over expenditures	160,121	-	-	-	-	175	-	-	18,780
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(10,000)
Other financing sources (uses)	-	-	-	-	-	-	-	-	(10,000)
Excess of revenue and other sources over expenditures and other uses	160,121	-	-	-	-	175	-	-	8,780
Fund balance - beginning	455,421	-	289	-	-	1,280	20,000	766	28,609
Fund balance - ending	\$ 615,542	\$ -	\$ 289	\$ -	\$ -	\$ 1,455	\$ 20,000	\$ 766	\$ 37,389

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2017

	Fire Plan Review	Historic Records Fund	Joan Haskins Memorial	Veterans Wall	Fed Equitable Sharing	Melville Recreation	NARC Forfeiture	IICAC	FDA Tobacco Survey
Revenues:									
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	101,685	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-
Other revenues	-	4,071	-	3,718	-	-	13,314	14,102	506
Total revenue	101,685	4,071	-	3,718	-	-	13,314	14,102	506
Expenditures :									
General government	-	-	-	-	-	-	-	-	-
Public safety	41,596	-	-	-	-	-	233	14,102	-
Public works	-	-	-	-	-	-	-	-	-
Public and social services	-	-	-	2,080	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Total expenditures	41,596	-	-	2,080	-	-	233	14,102	-
Excess (deficiency) of revenues over expenditures	60,089	4,071	-	1,638	-	-	13,081	-	506
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(40,000)	-	-	-	-	-	-	-	-
Other financing sources (uses)	(40,000)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	20,089	4,071	-	1,638	-	-	13,081	-	506
Fund balance - beginning	34,021	23,566	3,715	-	2,425	942	10,117	-	-
Fund balance - ending	\$ 54,110	\$ 27,637	\$ 3,715	\$ 1,638	\$ 2,425	\$ 942	\$ 23,198	\$ -	\$ 506

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2017

	Blue RIPTIDE Impaired	Blue RIPTIDE Speed Management	Dog Fund	COPS SRO	Tank Farm	Tech Upgrades and Doc P	Synar Tobacco Survey	Glen Farm Stables Donation	Fire Smoke Detector
Revenues:									
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	18,500	-	-	-	12,040
Interest and investment income	-	-	-	-	-	-	-	-	-
Other revenues	4,285	1,770	87,466	17,829	-	24,082	-	-	-
Total revenue	4,285	1,770	87,466	17,829	18,500	24,082	-	-	12,040
Expenditures :									
General government	-	-	-	-	-	9,638	-	-	-
Public safety	4,285	1,770	-	32,117	-	-	2,021	-	946
Public works	-	-	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	112,334	-	-	-	-	-	-
Total expenditures	4,285	1,770	112,334	32,117	-	9,638	2,021	-	946
Excess (deficiency) of revenues over expenditures	-	-	(24,868)	(14,288)	18,500	14,444	(2,021)	-	11,094
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(25,000)	-	-	(25,000)
Other financing sources (uses)	-	-	-	-	-	(25,000)	-	-	(25,000)
Excess of revenue and other sources over expenditures and other uses	-	-	(24,868)	(14,288)	18,500	(10,556)	(2,021)	-	(13,906)
Fund balance - beginning	-	-	18,305	-	7,577	73,174	-	443	50,120
Fund balance - ending	\$ -	\$ -	\$ (6,563)	\$ (14,288)	\$ 26,077	\$ 62,618	\$ (2,021)	\$ 443	\$ 36,214

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2017

	EMA Meds Plan Update	Meds Pods	Low income Spay / Neut	Shelter Spay / Neuter	Conserv Comm Common	Trust Safety Grant	Portsmouth Tree Com	Friends of Glen Park	Conservation Comm Gr	Total Town Special Revenue
Revenues:										
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,518
Charges for services	-	-	-	1	-	-	-	-	-	313,180
Interest and investment income	-	-	-	-	-	-	-	-	-	442
Other revenues	-	3,600	-	(1)	-	1,000	-	-	-	220,419
Total revenue	-	3,600	-	-	-	1,000	-	-	-	741,559
Expenditures :										
General government	-	-	-	-	-	-	-	-	-	9,638
Public safety	-	-	266	(858)	-	1,000	-	-	-	162,885
Public works	-	-	-	-	50	-	-	-	-	120,473
Public and social services	-	-	-	-	-	-	-	-	-	2,080
Parks and recreation	-	-	-	-	-	-	-	-	-	170,426
Total expenditures	-	-	266	(858)	50	1,000	-	-	-	465,502
Excess (deficiency) of revenues over expenditures	-	3,600	(266)	858	(50)	-	-	-	-	276,057
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(100,000)
Other financing sources (uses)	-	-	-	-	-	-	-	-	-	(100,000)
Excess of revenue and other sources over expenditures and other uses	-	3,600	(266)	858	(50)	-	-	-	-	176,057
Fund balance - beginning	3,553	8,081	5,874	8,223	100	-	15	278	500	767,279
Fund balance - ending	\$ 3,553	\$ 11,681	\$ 5,608	\$ 9,081	\$ 50	\$ -	\$ 15	\$ 278	\$ 500	\$ 943,336

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2017

	SPED Part B	IDEA Preschool	Title I Part A	Title II Part A	Title III	Perkins	RTTT Standards and Curriculum	RTTT
Assets								
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	166,824	7,447	89,866	49,714	-	1,281	-	-
Due from other funds	305,282	20,084	2,749	6,003	670	-	1,470	1,078
Other receivables, net	-	-	-	-	-	-	-	-
Total assets	472,106	27,531	92,615	55,717	670	1,281	1,470	1,078
Deferred outflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 472,106	\$ 27,531	\$ 92,615	\$ 55,717	\$ 670	\$ 1,281	\$ 1,470	\$ 1,078
Liabilities								
Accounts payable	\$ 99,078	\$ -	\$ -	\$ 7,440	\$ -	\$ 498	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	372,685	27,531	92,615	48,328	-	949	1,470	1,078
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	471,763	27,531	92,615	55,768	-	1,447	1,470	1,078
Deferred inflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	343	-	-	-	670	-	-	-
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(51)	-	(166)	-	-
Total fund balance	343	-	-	(51)	670	(166)	-	-
Total liabilities, deferred inflows of resources and fund balance	\$ 472,106	\$ 27,531	\$ 92,615	\$ 55,717	\$ 670	\$ 1,281	\$ 1,470	\$ 1,078

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2017

	RTTT	RTTT	Early Childhood State	Literacy Set Aside State	Student Equity State	Revenue Technology State	VIS	RISCA - Big Yellow Bus
Assets								
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Due from other funds	69	30	38,640	49,539	160,597	28,220	3,880	400
Other receivables, net	-	-	-	-	-	-	-	-
Total assets	69	30	38,640	49,539	160,597	28,220	3,880	400
Deferred outflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 69	\$ 30	\$ 38,640	\$ 49,539	\$ 160,597	\$ 28,220	\$ 3,880	\$ 400
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	69	30	-	-	-	19,891	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	69	30	-	-	-	19,891	-	-
Deferred inflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	38,640	49,539	160,597	8,329	3,880	400
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	-	-	38,640	49,539	160,597	8,329	3,880	400
Total liabilities, deferred inflows of resources and fund balance	\$ 69	\$ 30	\$ 38,640	\$ 49,539	\$ 160,597	\$ 28,220	\$ 3,880	\$ 400

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2017

	Career & Tech Odd Year	Career & Tech Even Year	ELL Categorical	Restr State Grant - Leadership	Restr State Grant - Scienc mini grant	Restr State Grant - RI Learning Champtions	Champlin Foundations	Rhode Island Foundation
Assets								
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	1,813	363	-	-
Due from other funds	3,533	-	312	2,640	-	-	-	1,604
Other receivables, net	-	-	-	-	-	-	-	-
Total assets	3,533	-	312	2,640	1,813	363	-	1,604
Deferred outflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 3,533	\$ -	\$ 312	\$ 2,640	\$ 1,813	\$ 363	\$ -	\$ 1,604
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300
Accrued expenses	-	-	-	-	-	169	-	-
Due to other funds	2,103	-	312	2,640	1,812	194	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	2,103	-	312	2,640	1,812	363	-	300
Deferred inflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,430	-	-	-	1	-	-	1,304
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	1,430	-	-	-	1	-	-	1,304
Total liabilities, deferred inflows of resources and fund balance	\$ 3,533	\$ -	\$ 312	\$ 2,640	\$ 1,813	\$ 363	\$ -	\$ 1,604

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2017

	United Way	Van Beuren Grant	Prevention Coalition Task Force	Concord Consortium	Boston Museum of Science	Building Use	Gate Receipts	Total School Restricted Funds
Assets								
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	1,732	-	-	10,309	-	329,349
Due from other funds	7,000	23,967	50,972	886	1,903	53,711	44,366	809,605
Other receivables, net	-	-	-	-	-	-	-	-
Total assets	7,000	23,967	52,704	886	1,903	64,020	44,366	1,138,954
Deferred outflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 7,000	\$ 23,967	\$ 52,704	\$ 886	\$ 1,903	\$ 64,020	\$ 44,366	\$ 1,138,954
Liabilities								
Accounts payable	\$ -	\$ (1)	\$ 98	\$ -	\$ -	\$ -	\$ -	\$ 107,413
Accrued expenses	-	-	-	-	-	-	-	169
Due to other funds	7,000	-	42,068	-	-	-	2,626	623,401
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	7,000	(1)	42,166	-	-	-	2,626	730,983
Deferred inflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	23,968	10,538	886	1,903	64,020	41,740	408,188
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(217)
Total fund balance	-	23,968	10,538	886	1,903	64,020	41,740	407,971
Total liabilities, deferred inflows of resources and fund balance	\$ 7,000	\$ 23,967	\$ 52,704	\$ 886	\$ 1,903	\$ 64,020	\$ 44,366	\$ 1,138,954

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2017

	SPED Part B	IDEA Preschool	Title I Part A	Title II Part A	Title III	Perkins	RTTT Standards and Curriculum	RTTT
Revenues:								
Federal and state grants	\$ 548,815	\$ 19,685	\$ 255,348	\$ 125,754	\$ -	\$ 31,541	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenue	<u>548,815</u>	<u>19,685</u>	<u>255,348</u>	<u>125,754</u>	<u>-</u>	<u>31,541</u>	<u>-</u>	<u>-</u>
Expenditures :								
Education	548,815	19,685	255,348	125,754	-	31,541	-	-
Capital	-	-	-	-	-	-	-	-
Total expenditures	<u>548,815</u>	<u>19,685</u>	<u>255,348</u>	<u>125,754</u>	<u>-</u>	<u>31,541</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	-	-	-	-	-	-	-	-
Fund balance, July 1, 2016	<u>343</u>	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>670</u>	<u>(166)</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 670</u>	<u>\$ (166)</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2017

	RTTT	RTTT	Early Childhood State	Literacy Set Aside State	Student Equity State	Revenue Technology State	VIS	RISCA - Big Yellow Bus
Revenues:								
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-
Expenditures :								
Education	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	-	-	-	-	-	-	-	-
Fund balance, July 1, 2016	-	-	38,640	49,539	160,597	8,329	3,880	400
Fund balance, June 30, 2017	\$ -	\$ -	\$ 38,640	\$ 49,539	\$ 160,597	\$ 8,329	\$ 3,880	\$ 400

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2017

	Career & Tech Odd Year	Career & Tech Even Year	ELL Categorical	Restr State Grant - Leadership	Restr State Grant - Scienc mini grant	Restr State Grant - RI Learning Champtions	Champlin Foundations	Rhode Island Foundation
Revenues:								
Federal and state grants	\$ 9,051	\$ -	\$ 312	\$ 5,280	\$ 1,813	\$ 363	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	4,000
Total revenue	9,051	-	312	5,280	1,813	363	-	4,000
Expenditures :								
Education	7,135	3,399	312	5,280	1,812	363	11,590	3,276
Capital	-	20,996	-	-	-	-	-	-
Total expenditures	7,135	24,395	312	5,280	1,812	363	11,590	3,276
Excess (deficiency) of revenues over expenditures	1,916	(24,395)	-	-	1	-	(11,590)	724
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	1,916	(24,395)	-	-	1	-	(11,590)	724
Fund balance, July 1, 2016	(486)	24,395	-	-	-	-	11,590	580
Fund balance, June 30, 2017	\$ 1,430	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1,304

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2017

	United Way	Van Beuren Grant	Prevention Coalition Task Force	Concord Consortium	Boston Museum of Science	Building Use	Gate Receipts	Total School Restricted Funds
Revenues:								
Federal and state grants	\$ -	\$ -	\$ 38,438	\$ -	\$ -	\$ -	\$ -	\$ 1,036,400
Charges for services	-	-	-	-	-	64,020	24,535	88,555
Interest and investment income	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	4,000
Total revenue	-	-	38,438	-	-	64,020	24,535	1,128,955
Expenditures :								
Education	-	16,032	44,149	-	-	-	403	1,074,894
Capital	-	-	-	-	-	-	58,432	79,428
Total expenditures	-	16,032	44,149	-	-	-	58,835	1,154,322
Excess (deficiency) of revenues over expenditures	-	(16,032)	(5,711)	-	-	64,020	(34,300)	(25,367)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	-	(16,032)	(5,711)	-	-	64,020	(34,300)	(25,367)
Fund balance, July 1, 2016	-	40,000	16,249	886	1,903	-	76,040	433,338
Fund balance, June 30, 2017	\$ -	\$ 23,968	\$ 10,538	\$ 886	\$ 1,903	\$ 64,020	\$ 41,740	\$ 407,971

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Capital Projects
June 30, 2017

	Dept Reserved	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants
Assets						
Cash and cash equivalent	\$ -	\$ 137,767	\$ 3	\$ 57	\$ 3	\$ 1
Due from other governments	-	-	-	-	-	-
Due from other funds	344,658	117,287	-	-	-	-
Other receivables, net	-	-	-	-	-	-
Total assets	<u>344,658</u>	<u>255,054</u>	<u>3</u>	<u>57</u>	<u>3</u>	<u>1</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 344,658</u>	<u>\$ 255,054</u>	<u>\$ 3</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 1</u>
Liabilities						
Accounts payable	\$ -	\$ 12,807	\$ -	\$ -	\$ -	\$ (3)
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	19,031
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>12,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,028</u>
Deferred inflows of resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	3	57	3	-
Committed	344,658	242,247	-	-	-	-
Unassigned	-	-	-	-	-	(19,027)
Total fund balance	<u>344,658</u>	<u>242,247</u>	<u>3</u>	<u>57</u>	<u>3</u>	<u>(19,027)</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 344,658</u>	<u>\$ 255,054</u>	<u>\$ 3</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 1</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Capital Projects
June 30, 2017

	09-10 Warrants	10-11 Warrants	11-12 Warrants	12-13 Warrants	Total Town Capital Projects
Assets					
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ 137,831
Due from other governments	-	-	-	-	-
Due from other funds	-	113,755	191,335	-	767,035
Other receivables, net	-	-	-	-	-
Total assets	-	113,755	191,335	-	904,866
Deferred outflows of resources					
None	-	-	-	-	-
Total assets and deferred outflows of resources	\$ -	\$ 113,755	\$ 191,335	\$ -	\$ 904,866
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 12,804
Accrued expenses	-	-	-	-	-
Due to other funds	5,743	-	-	1,148,569	1,173,343
Unearned revenue	-	-	-	-	-
Total liabilities	5,743	-	-	1,148,569	1,186,147
Deferred inflows of resources					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	113,755	191,335	-	305,153
Committed	-	-	-	-	586,905
Unassigned	(5,743)	-	-	(1,148,569)	(1,173,339)
Total fund balance	(5,743)	113,755	191,335	(1,148,569)	(281,281)
Town liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 113,755	\$ 191,335	\$ -	\$ 904,866

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Capital Projects
For the Year Ended June 30, 2017

	Dept Reserved	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants
Revenues						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	545,410	-	-	-	-
Interest and investment income	-	14	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>545,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
General government	-	220,713	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital	-	23,673	-	-	-	-
Total Expenditures	<u>-</u>	<u>244,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	301,038	-	-	-	-
Other financing sources (uses)						
Transfers in	245,919	-	-	-	-	-
Transfers out	-	(250,000)	-	-	-	-
Total other financing sources (uses)	<u>245,919</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	245,919	51,038	-	-	-	-
Fund balance, July 1, 2016	<u>98,739</u>	<u>191,209</u>	<u>3</u>	<u>57</u>	<u>3</u>	<u>(19,027)</u>
Fund balance, June 30, 2017	<u>\$ 344,658</u>	<u>\$ 242,247</u>	<u>\$ 3</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ (19,027)</u>

Town of Portsmouth, Rhode Island

Supplementary Information

Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Capital Projects

For the Year Ended June 30, 2017

	09-10 Warrants	10-11 Warrants	11-12 Warrants	12-13 Warrants	Total Town Capital Projects
Revenues					
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	545,410
Interest and investment income	-	-	-	-	14
Other revenues	-	-	-	-	-
	-	-	-	-	-
Total revenue	-	-	-	-	545,424
Expenditures					
General government	-	-	-	-	220,713
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Public and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Education	-	-	-	-	-
Capital	-	-	-	232,354	256,027
	-	-	-	232,354	476,740
Total Expenditures	-	-	-	232,354	476,740
Excess (deficiency) of revenues over expenditures	-	-	-	(232,354)	68,684
Other financing sources (uses)					
Transfers in	-	-	-	-	245,919
Transfers out	-	-	-	-	(250,000)
	-	-	-	-	(4,081)
Total other financing sources (uses)	-	-	-	-	(4,081)
Excess of revenue and other sources over expenditures and other uses	-	-	-	(232,354)	64,603
Fund balance, July 1, 2016	(5,743)	113,755	191,335	(916,215)	(345,884)
Fund balance, June 30, 2017	\$ (5,743)	\$ 113,755	\$ 191,335	\$ (1,148,569)	\$ (281,281)

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Capital Projects
June 30, 2017

	School Capital Projects	Phase 2 Project	Athletic Improvements	Total School Capital Project
Assets				
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-
Due from other funds	3,220,012	2,978,074	45,717	6,243,803
Other receivables, net	-	-	-	-
Total assets	<u>3,220,012</u>	<u>2,978,074</u>	<u>45,717</u>	<u>6,243,803</u>
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 3,220,012</u>	<u>\$ 2,978,074</u>	<u>\$ 45,717</u>	<u>\$ 6,243,803</u>
Liabilities				
Accounts payable	\$ -	\$ 1,874	\$ -	\$ 1,874
Accrued expenses	-	-	-	-
Due to other funds	3,100,985	2,362,737	-	5,463,722
Unearned revenue	-	-	-	-
Total liabilities	<u>3,100,985</u>	<u>2,364,611</u>	<u>-</u>	<u>5,465,596</u>
Deferred inflows of resources				
None	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	119,027	613,463	45,717	778,207
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>119,027</u>	<u>613,463</u>	<u>45,717</u>	<u>778,207</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,220,012</u>	<u>\$ 2,978,074</u>	<u>\$ 45,717</u>	<u>\$ 6,243,803</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balance – School Capital Projects
For the Year Ended June 30, 2017

	School Capital Projects	Phase 2 Project	Athletic Improvements	Total School Capital Projects
Revenues				
Federal and state grants	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest and investment income	-	-	-	-
Other revenues	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public and social services	-	-	-	-
Parks and recreation	-	-	-	-
Education	-	29,615	-	29,615
Capital	-	1,204,308	-	1,204,308
Total Expenditures	<u>-</u>	<u>1,233,923</u>	<u>-</u>	<u>1,233,923</u>
Excess (deficiency) of revenues over expenditures	-	(1,233,923)	-	(1,233,923)
Other financing sources (uses)				
Transfers in	-	634,013	-	634,013
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>634,013</u>	<u>-</u>	<u>634,013</u>
Excess of revenue and other sources over expenditures and other uses	-	(599,910)	-	(599,910)
Fund balance, July 1, 2016	<u>119,027</u>	<u>1,213,373</u>	<u>45,717</u>	<u>1,378,117</u>
Fund balance, June 30, 2017	<u>\$ 119,027</u>	<u>\$ 613,463</u>	<u>\$ 45,717</u>	<u>\$ 778,207</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Permanent Funds
June 30, 2017

	<u>Sherman Trust</u>	<u>Cemetery Fund</u>	<u>Total</u>
Assets			
Cash & Cash Equivalents	\$ 16,723	\$ 140,757	\$ 157,480
Due from other funds	<u>-</u>	<u>4,072</u>	<u>4,072</u>
Total assets	<u>16,723</u>	<u>144,829</u>	<u>161,552</u>
Deferred outflows of resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 16,723</u>	<u>\$ 144,829</u>	<u>\$ 161,552</u>
Liabilities			
Accounts Payable and Accrued Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	16,723	144,829	161,552
Restricted	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,723</u>	<u>\$ 144,829</u>	<u>\$ 161,552</u>

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balance – Permanent Funds
For the Year Ended June 30, 2017

	Sherman Trust	Cemetery Fund	Total
Revenues			
Investment income	\$ 2	\$ 1,146	\$ 1,148
Total revenues	2	1,146	1,148
Expenditures			
Education	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenue over expenditures	2	1,146	1,148
Other financing sources (uses)			
Transfer from (to) other funds	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	2	1,146	1,148
Fund Balance, July 1, 2016	16,721	143,683	160,404
Fund Balance, June 30, 2017	\$ 16,723	\$ 144,829	\$ 161,552

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Town Agency Funds Balance Sheet
June 30, 2017

	Soil Agency Fund	GMH Deposit Agency Fund	Glen Park Damage Dep	City Clerks Restoration Fund	Prescott Point Traffic Study Bond	Hathaway	Melville	PMS	PHS	Total Agency
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 235,997	\$ 108,484	\$ 18,788	\$ 33,750	\$ 38,834	\$ 258,942	\$ 694,795
Due from other funds	<u>233,092</u>	<u>13,500</u>	<u>1,100</u>	-	-	-	-	-	-	<u>247,692</u>
Total assets	<u>233,092</u>	<u>13,500</u>	<u>1,100</u>	<u>235,997</u>	<u>108,484</u>	<u>18,788</u>	<u>33,750</u>	<u>38,834</u>	<u>258,942</u>	<u>942,487</u>
Deferred outflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 233,092</u>	<u>\$ 13,500</u>	<u>\$ 1,100</u>	<u>\$ 235,997</u>	<u>\$ 108,484</u>	<u>\$ 18,788</u>	<u>\$ 33,750</u>	<u>\$ 38,834</u>	<u>\$ 258,942</u>	<u>\$ 942,487</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits held	<u>233,092</u>	<u>13,500</u>	<u>1,100</u>	<u>235,997</u>	<u>108,484</u>	<u>18,788</u>	<u>33,750</u>	<u>38,834</u>	<u>258,942</u>	<u>942,487</u>
Total liabilities	<u>\$ 233,092</u>	<u>\$ 13,500</u>	<u>\$ 1,100</u>	<u>\$ 235,997</u>	<u>\$ 108,484</u>	<u>\$ 18,788</u>	<u>\$ 33,750</u>	<u>\$ 38,834</u>	<u>\$ 258,942</u>	<u>\$ 942,487</u>

Town of Portsmouth, Rhode Island
Schedule of Property Tax Receivables
For the Year Ended June 30, 2017

FY 2017 Cash Collections Summary

Tax Roll Year	Balance July 1, 2016	Assessment	Additions	Abatements & Adjustments	Amount to be collected	Current Year Collections	Refunds	Balance June 30, 2017	FY 2017 Cash Collections Summary			July - August 2017 (FY 18) Cash Collections Subject to 60-day FY 17 Accrual
									July - August 2016 Collections Subject to 60-day FY16 Accrual	September - June-17 Collections	Total FY 2017 Cash Collections	
2016	\$ -	\$ 50,971,055	\$ 7,628	\$ (29,483)	\$ 51,008,166	\$ 49,542,816	\$ 42,108	\$ 1,507,458		\$ 49,542,816	\$ 49,542,816	\$ 437,663
2015	1,186,364	-	4,596	198	1,190,762	1,075,821	61	115,002	353,997	721,824	1,075,821	10,517
2014	128,278	-	2,403	(5)	130,686	59,291	10	71,405	27,390	31,901	59,291	463
2013	65,190	-	1,891	-	67,081	10,047	-	57,034	1,584	8,463	10,047	879
2012	49,751	-	1,854	-	51,605	4,101	-	47,504	925	3,176	4,101	224
2011	48,933	-	1,811	-	50,744	6,854	61	43,951	996	5,857	6,854	156
2010	43,346	-	-	-	43,346	3,408	-	39,938	95	3,313	3,408	519
2009	28,251	-	-	-	28,251	2,030	-	26,221	265	1,765	2,030	213
2008	24,087	-	-	-	24,087	1,273	-	22,814	497	776	1,273	41
2007	17,396	-	-	-	17,396	527	-	16,869	20	507	527	39
2006	13,727	-	-	-	13,727	444	-	13,283	248	196	444	63
2005	13,397	-	-	12,344	1,053	52	-	1,001	-	52	52	-
2004	319	-	-	-	319	-	-	319	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,619,039</u>	<u>\$ 50,971,055</u>	<u>\$ 20,183</u>	<u>\$ (16,946)</u>	<u>\$ 52,627,223</u>	<u>\$ 50,706,664</u>	<u>\$ 42,240</u>	<u>\$ 1,962,799</u>	<u>\$ 386,016</u>	<u>\$ 50,320,646</u>	<u>\$ 50,706,662</u>	<u>\$ 450,777</u>
Less: Allowance for Uncollectible accounts	<u>(470,107)</u>							<u>(456,828)</u>				
	<u>\$ 1,148,932</u>							<u>\$ 1,505,971</u>				

Town of Portsmouth, Rhode Island
Schedule of Property Tax Receivables
For the Year Ended June 30, 2017

Schedule of property valuation assessed as of December 31, 2016:

	<u>Valuation</u>	<u>Levy</u>
Real property	3,058,378,065	48,934,049
Motor vehicles	181,813,760	4,090,810
Tangible personal property	<u>63,264,039</u>	<u>1,012,225</u>
Total	3,303,455,864	54,037,083
Less: Exemptions and motor vehicle phase out		
Real property	(76,765,492)	(1,228,233)
Motor vehicles	(81,683,382)	(1,837,951)
Tangible personal property	<u>(2,001)</u>	<u>156</u>
Total	<u><u>3,145,004,988</u></u>	<u><u>50,971,055</u></u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 50,706,664
60-day FY17 Accrual	450,777
<i>July-August 2017 Collections</i>	
60-day FY16 Accrual	<u>(386,016)</u>
<i>July-August 2016 Collections</i>	
Current Year Property Tax Revenue	<u><u>\$ 50,771,425</u></u>

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2017

OTHER SUPPLEMENTARY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

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

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

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2017

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 49,589,250	\$ -
Last Year's Levy Tax Collection	1,075,729	-
Prior Years Property Tax Collection	86,119	-
Interest & Penalty	278,015	-
PILOT & Tax Treaty (excluded from levy) Collection	12,950	-
Other Local Property Taxes	-	-
Licenses and Permits	172,307	-
Fines and Forfeitures	146,646	-
Investment Income	38,307	-
Departmental	1,746,117	-
Rescue Run Revenue	766,219	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	245,308	-
Tuition	-	1,236,266
Impact Aid	-	281,727
Medicaid	-	236,647
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	207,185
CDBG	-	-
COPS Grants	17,829	-
SAFER Grants	-	-
Other Federal Aid Funds	43,248	981,144
MV Excise Tax Reimbursement	94,646	-
State PILOT Program	-	-
Distressed Community Relief Fund	2,328	-
Library Resource Aid	116,931	-
Library Construction Aid	-	-
Public Service Corporation Tax	206,895	-
Meals & Beverage Tax / Hotel Tax	269,851	-
LEA Aid	-	4,786,992
Group Home	-	-
Housing Aid Capital Projects	517,762	-
Housing Aid Bonded Debt	611,902	-
State Food Service Revenue	-	8,357
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	15,005
Other Revenue	72,234	728,134
Local Appropriation for Education	-	31,599,566
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 56,110,593	\$ 40,081,023
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	250,000	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 250,000	\$ -

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2017

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 541,013	\$ 714,735	\$ -	\$ -	\$ 423,675	\$ -	\$ 1,098,282	\$ 95,642	\$ 2,348,085
Compensation - Group B	-	-	-	-	-	-	-	-	129,763
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	52,612	3,534	-	-	2,526	-	107,022	-	383,127
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	3,289
Active Medical Insurance- Group A	77,816	126,680	-	-	82,643	-	296,656	-	478,436
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	26,314
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	6,940	7,865	-	-	5,309	-	17,123	-	27,185
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,492
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	43,023	62,819	-	-	31,908	-	88,409	7,317	213,975
Life Insurance	2,850	3,562	-	-	2,494	-	5,344	-	12,997
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	64,508	69,560	-	-	48,251	-	149,537	-	252,064
Other Benefits- Group B	-	-	-	-	-	-	-	-	13,835
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	230,657	153,772	-	-	107,640	-	164,418	-	1,333,777
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	73,743
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	225,386	93,558	-	105,878	24,886	-	105,202	1,230	50,378
Materials/Supplies	341	-	-	7,219	-	-	93,740	556	21,422
Software Licenses	-	17,530	-	17,438	-	-	-	-	25,913
Capital Outlays	-	-	-	-	-	-	-	-	-
Insurance	260,276	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	157,849	17,506	18,137
Vehicle Operations	-	-	-	-	850	-	34,846	-	107,926
Utilities	20,783	86,813	-	-	9,699	-	38,009	20,892	31,491
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	150,698	-	-
Revaluation	-	164,309	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	101,168	-	-
Trash Removal & Recycling	-	-	-	-	-	-	541,786	-	-
Claims & Settlements	11,181	-	-	-	-	-	-	-	-
Community Support	175,300	-	-	-	-	-	-	-	-
Other Operation Expenditures	94,760	91,381	71,035	-	63,248	611,931	48,189	5,849	72,419
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,807,446	\$ 1,596,118	\$ 71,035	\$ 130,535	\$ 803,129	\$ 611,931	\$ 3,198,278	\$ 148,992	\$ 5,625,768

Town of Portsmouth, Rhode Island
For the Year Ended June 30, 2017

<u>EXPENDITURES</u>	<u>Fire Department</u>	<u>Centralized Dispatch</u>	<u>Public Safety Other</u>	<u>Education Appropriation</u>	<u>Debt</u>	<u>OPEB</u>	<u>Total Municipal</u>	<u>Education Department</u>
Compensation- Group A	\$ 2,404,511	\$ -	\$ 136,099	\$ -	\$ -	\$ -	\$ 7,762,042	\$ 16,803,834
Compensation - Group B	108,001	-	-	-	-	-	237,764	1,781,431
Compensation - Group C	-	-	-	-	-	-	-	3,637,636
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	545,629	-	17,277	-	-	-	1,111,727	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	102,873
Police & Fire Detail	-	-	-	-	-	-	3,289	-
Active Medical Insurance - Group A	518,065	-	24,605	-	-	-	1,604,901	2,631,231
Active Medical Insurance- Group B	-	-	-	-	-	-	26,314	298,406
Active Medical Insurance- Group C	-	-	-	-	-	-	-	543,302
Active Dental Insurance- Group A	30,170	-	1,490	-	-	-	96,082	154,749
Active Dental Insurance- Group B	-	-	-	-	-	-	1,492	17,688
Active Dental Insurance- Group C	-	-	-	-	-	-	-	31,072
Payroll Taxes	233,220	-	10,817	-	-	-	691,488	612,640
Life Insurance	11,400	-	712	-	-	-	39,359	40,132
State Defined Contribution- Group A	-	-	-	-	-	-	-	374,450
State Defined Contribution - Group B	-	-	-	-	-	-	-	41,304
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	217,465	-	14,683	-	-	-	816,068	136,738
Other Benefits- Group B	-	-	-	-	-	-	13,835	25,435
Other Benefits- Group C	-	-	-	-	-	-	-	27,916
Local Defined Benefit Pension- Group A	1,301,809	-	-	-	-	-	3,292,073	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	73,743	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	589,391
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	2,124,004
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	230,505
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	132,276
Purchased Services	42,697	-	64,479	-	-	-	713,694	5,773,847
Materials/Supplies	67,928	-	5,825	-	-	-	197,031	542,043
Software Licenses	6,840	-	-	-	-	-	67,721	340,969
Capital Outlays	-	-	-	-	-	-	-	1,771,728
Insurance	-	-	-	-	-	-	260,276	180,311
Maintenance	17,471	-	-	-	-	-	210,963	588,365
Vehicle Operations	71,208	-	24,335	-	-	-	239,165	34,511
Utilities	24,507	-	-	-	-	-	232,194	614,932
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	150,698	-
Revaluation	-	-	-	-	-	-	164,309	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	101,168	-
Trash Removal & Recycling	-	-	-	-	-	-	541,786	-
Claims & Settlements	-	-	-	-	-	-	11,181	-
Community Support	-	-	-	-	-	-	175,300	14,487
Other Operation Expenditures	257,111	-	34,405	-	-	-	1,350,328	81,224
Local Appropriation for Education	-	-	-	31,599,566	-	-	31,599,566	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	860,160	-	860,160	-
Municipal Debt- Interest	-	-	-	-	268,913	-	268,913	-
School Debt- Principal	-	-	-	-	1,218,695	-	1,218,695	-
School Debt- Interest	-	-	-	-	253,566	-	253,566	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	238,025
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	871,418	871,418	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,858,032	\$ -	\$ 334,727	\$ 31,599,566	\$ 2,601,334	\$ 871,418	\$ 55,258,309	\$ 40,517,459
Financing Uses: Transfer to Capital Funds	-	-	-	-	-	8,533	8,533	-
Financing Uses: Transfer to Other Funds	-	-	-	-	-	808,093	808,093	-
Financing Uses: Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-
Financing Uses: Other	-	-	-	-	-	-	-	-
Total Other Financing Uses	-	-	-	-	-	\$ 816,626	\$ 816,626	-
Net Change in Fund Balance¹	-	-	-	-	-	285,658	285,658	(436,436)
Fund Balance¹- beginning of year	-	-	-	-	-	6,917,531	6,917,531	\$3,517,483
Funds removed from Reportable Government Services	-	-	-	-	-	-	-	-
Funds added to Reportable Government Services	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-
Misc. Adjustment	-	-	-	-	-	-	-	-
Fund Balance¹ - beginning of year adjusted	-	-	-	-	-	6,917,531	6,917,531	3,517,483
Fund Balance¹ - end of year	-	-	-	-	-	\$ 7,203,189	\$ 7,203,189	\$ 3,081,047

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

Town of Portsmouth, Rhode Island
For the Year Ended June 30, 2017

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
General Fund	\$ 55,382,235	\$ 250,000	\$ 22,914,469	\$ 32,416,192	\$ 301,574	\$ 6,917,531	-	\$ 6,917,531	\$ 7,219,105
SHSP Heavy Rescue	14,340	-	14,340	-	-	-	-	-	-
EMPG Grant	3,373	-	3,373	-	-	-	-	-	-
AFG Grant	13,461	-	13,461	-	-	-	-	-	-
Click It or Ticket	6,020	-	6,020	-	-	-	-	-	-
Blue Riptide Impaired/Drunk Driver	4,285	-	4,285	-	-	-	-	-	-
Blue Riptide Speed Management	1,770	-	1,770	-	-	-	-	-	-
COPS	17,829	-	32,117	-	(14,288)	-	-	-	(14,288)
Transfer Station	667,281	-	668,909	-	(1,628)	-	-	-	(1,628)
Totals per audited financial statements	\$ 56,110,593	\$ 250,000	\$ 23,658,744	\$ 32,416,192	\$ 285,658	\$ 6,917,531	-	\$ 6,917,531	\$ 7,203,189
Reconciliation from financial statements to MTP2									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2 Rounding	-	-	31,599,566	(31,599,566)	-	-	-	-	-
Totals Per MTP2	\$ 56,110,593	\$ 250,000	\$ 55,258,309	\$ 816,626	\$ 285,658	\$ 6,917,531	-	\$ 6,917,531	\$ 7,203,189

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

Town of Portsmouth, Rhode Island
For the Year Ended June 30, 2017

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
School Unrestricted Fund	\$ 8,188,685	\$ 31,599,566	\$ 39,001,365	\$ 638,354	\$ 148,532	\$ 1,543,957	\$ -	\$ 1,543,957	\$ 1,692,489
Enterprise Fund - School Nutrition Fund	794,453	2,032	752,768	-	43,717	154,144	-	154,144	197,861
Enterprise Fund - School Summer School Fund	-	2,309	10,470	-	(8,161)	7,926	-	7,926	(235)
School Capital Project Fund	-	634,013	1,233,924	-	(599,911)	1,378,117	-	1,378,117	778,206
School Special Revenue Funds	1,128,955	-	1,154,322	-	(25,367)	433,339	-	433,339	407,972
Totals per audited financial statements	\$ 10,112,093	\$ 32,237,920	\$ 42,152,849	\$ 638,354	\$ (441,190)	\$ 3,517,483	\$ -	\$ 3,517,483	\$ 3,076,293
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 31,599,566	\$ (31,599,566)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,630,636.00)	-	(1,630,636.00)	-	-	-	-	-	-
Enterprise Fund - School Nutrition Fund depreciation reported as an expenditure for GAAP but excluded from UCOA and MTP2.	-	-	(4,754.00)	-	4,754.00	-	-	-	4,754.00
Transfer from the School Unrestricted Fund to the Nutrition Fund to cover the cost of student bad debt. The amount is reported as an Other Financing Sources and Use for GAAP while it is not reported in UCOA or the MTP2 because the transfers net out to zero.	-	(2,032.00)	-	(2,032.00)	-	-	-	-	-
Transfer from School Unrestricted Fund to the School Capital Projects Fund is reported as an Other Financing Sources and Use for GAAP while it is not reported in UCOA or the MTP2 because the transfers net out to zero.	-	(634,013.00)	-	(634,013.00)	-	-	-	-	-
Transfer from the School Unrestricted Fund to the Summer School Fund to cover accumulated deficit. The amount is reported as an Other Financing Sources and Use for GAAP while it is not reported in UCOA or the MTP2 because the transfers net out to zero.	-	(2,309.00)	-	(2,309.00)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	\$ 40,081,023	\$ -	\$ 40,517,459	\$ -	\$ (436,436)	\$ 3,517,483	\$ -	\$ 3,517,483	\$ 3,081,047
<u>Reconciliation from MTP2 to UCOA</u>									
No reconciling items from MTP2 to UCOA	-	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	\$ 40,081,023	\$ -	\$ 40,517,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Town of Portsmouth, Rhode Island
For the Year Ended June 30, 2017

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City’s (or Town’s) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State’s departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees’ compensation and benefits are reported under Group A

Town of Portsmouth, Rhode Island

For the Year Ended June 30, 2017

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

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

NOTE 5. Education Revenue and Expenditures

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

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

Statistical Section

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

Town of Portsmouth, Rhode Island
Net Position by Component
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 12,808,535
Permanent Trust Funds										
Expandable	-	-	-	-	-	-	-	-	-	-
Nonexpandable	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Restricted for specific programs	2,325,230	714,727	3,111,864	-	-	-	-	-	-	13,224,782
Unrestricted	743,944	(142,360)	(800,628)	2,186,695	4,868,397	7,593,977	4,978,129	(53,150,442)	(48,236,404)	(76,737,772)
Total Governmental Activities Net Position	\$ 13,438,651	\$ 12,732,860	\$ 14,240,641	\$ 15,318,575	\$ 18,210,624	\$ 20,955,767	\$ 22,159,563	\$ (34,084,586)	\$ (29,352,074)	\$ (50,704,455)
Business-type Activities:										
Net Investment in Capital Assets	\$ 39,524	\$ 165,507	\$ 216,776	\$ 263,758	\$ 337,289	\$ 558,288	\$ 778,209	\$ 1,011,013	\$ 214,640	\$ 246,923
Restricted for recycling	-	-	-	-	-	-	-	-	42,925	-
Restricted for specific programs	-	5,399	51,204	61,272	117,652	42,216	41,468	52,185	-	135,043
Unrestricted	19,323	(85,385)	(169,294)	(206,059)	(218,110)	(399,971)	64,764	(201,753)	(484,211)	(279,674)
Total Business-type Activities Net Position	\$ 58,847	\$ 85,521	\$ 98,686	\$ 118,971	\$ 236,831	\$ 200,533	\$ 884,441	\$ 861,445	\$ (226,646)	\$ 102,292
Primary Government:										
Net Investment in Capital Assets	\$ 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	\$ 13,055,458
Permanent Funds:										
Expandable	-	-	-	-	-	-	-	-	-	-
Nonexpandable	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Restricted for recycling	-	-	-	-	-	-	-	-	42,925	-
Restricted for specific programs	2,325,230	720,126	3,163,068	61,272	117,652	42,216	41,468	52,185	-	13,359,825
Unrestricted	763,267	(227,745)	(969,922)	1,980,636	4,650,287	7,194,006	5,042,893	(53,352,195)	(48,720,615)	(77,017,446)
Total Primary Government Net Position	\$ 13,497,498	\$ 12,818,381	\$ 14,339,327	\$ 15,437,546	\$ 18,447,455	\$ 21,156,300	\$ 23,044,004	\$ (33,223,141)	\$ (29,578,720)	\$ (50,602,163)

Town of Portsmouth, Rhode Island
Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,691,792	\$ 1,220,039	\$ 1,195,247	\$ 1,390,030	\$ 1,457,302	\$ 325,937	\$ 207,860	\$ 321,465	\$ 779,018	\$ 1,276,782
General Education	1,949,409	779,170	934,883	963,936	1,072,173	1,095,603	1,284,080	1,190,355	1,223,557	1,324,821
Public Safety	563,970	598,341	632,623	561,940	559,735	1,916,306	1,928,936	1,593,544	810,523	1,247,938
Public Services	119,507	-	-	38,239	36,045	-	-	-	786,402	904,663
Community Service	559,770	-	-	-	-	596,985	612,272	591,755	570,530	269,131
Operating Grants and Contributions	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	5,964,893
Capital Grants and Contributions	53,993	89,015	355,810	441,054	293,313	106,790	115,000	193,000	250,313	-
Total Governmental Activities Program Revenues	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	10,988,228
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	526,846
Transfer Station	-	461,766	582,877	618,213	582,454	554,501	567,679	582,891	633,222	667,281
Wind Turbine Generator Fund	-	140,149	508,545	320,594	324,197	55,120	-	-	-	-
Septic System Loan Program	-	-	-	-	-	-	-	-	-	7,789
Non-major Funds	-	-	70,332	14,449	15,908	14,925	12,900	9,882	5,400	4,500
Operating Grants and Contributions	131,922	182,147	147,946	183,077	168,652	181,779	200,640	211,539	254,731	331,602
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	1,397,355	1,538,018
Total Primary Government Program Revenues	13,543,667	7,474,912	8,075,425	8,582,781	8,320,627	7,928,136	8,275,839	9,463,408	11,399,545	12,526,246
Expenses:										
Governmental Activities:										
General Government	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	5,631,833
General Education	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	40,978,207
Public Safety	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	13,281,332
Public Services	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	3,384,612
Community Service	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	1,297,889
Capital Outlay	1,625,111	46,059	143,750	39,727	320,161	106,499	2,551,459	-	-	-
Interest on Long Term Debt	791,135	756,738	632,034	525,631	524,720	392,363	466,731	428,901	556,894	640,732
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	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	65,214,605

Town of Portsmouth, Rhode Island
Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

Business-type Activities:										
School Lunch Fund	640,606	650,200	557,748	641,843	628,779	649,650	644,770	655,980	711,503	752,768
Transfer Station	-	726,962	673,097	639,453	522,349	513,140	539,373	485,025	569,944	682,031
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	894
Non-major Funds	-	-	60,647	14,244	50,535	19,938	19,964	27,341	10,162	10,470
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	1,446,163
Total Primary Government Program Expenses	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	66,660,768
Net (Expenses)/Revenue:										
Governmental Activities	(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)	(54,226,377)
Business-type Activities	16,652	(257,551)	(28,908)	(955)	38,401	(36,313)	(104,168)	(30,005)	(1,104,383)	91,855
Total Primary Government Net Expenses	(41,933,519)	(51,314,090)	(50,163,836)	(51,123,207)	(50,528,205)	(52,214,381)	(54,548,471)	(56,028,962)	(54,142,102)	(54,134,522)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, MV Phase Out, and PILOT	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	51,008,411
State Aid (unrestricted)	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	4,387,343
Investment Income	156,895	41,839	11,798	10,392	11,855	(123,492)	13,792	11,621	13,433	39,911
Other Revenues	416,789	1,250,718	1,042,461	884,770	1,164,085	719,182	1,678,576	1,351,979	1,452,173	61,917
Transfers	-	(284,225)	(96,875)	(21,240)	(79,435)	-	(788,063)	(7,000)	35,217	(504,341)
Total Governmental Activities	43,660,017	50,226,492	51,633,623	52,200,186	53,458,656	54,118,934	55,648,099	56,671,838	57,770,231	54,993,241
Business-type Activities:										
Transfers	-	284,225	96,875	21,240	79,435	-	788,063	7,000	10,500	254,341
Investment Income	-	-	-	-	24	15	13	9	5,792	(17,258)
Total Business-type Activities	-	284,225	96,875	21,240	79,459	15	788,076	7,009	16,292	237,083
Total Primary Government General Revenues and Other Changes in Net Position	43,660,017	50,510,717	51,730,498	52,221,426	53,538,115	54,118,949	56,436,175	56,678,847	57,786,523	55,230,324
Change in Net Position:										
Governmental Activities	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	766,864
Business-type Activities	16,652	26,674	67,967	20,285	117,860	(36,298)	683,908	(22,996)	(1,088,091)	328,938
Total Change in Net Position of Primary Government	\$ 1,726,498	\$ (803,373)	\$ 1,566,662	\$ 1,098,219	\$ 3,009,910	\$ 1,904,568	\$ 1,887,704	\$ 649,885	\$ 3,644,421	\$ 1,095,802

Town of Portsmouth, Rhode Island
Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nonspendable:										
Permanent Funds:										
Perpetual Care and Endowed Funds	\$ 139,922	\$ 142,467	\$ 143,325	\$ 4,821	\$ 4,821	\$ 140,468	\$ 146,218	\$ 156,385	\$ 160,404	\$ 161,552
General Fund:										
Advances to Other Funds						492,296		341,062	-	-
Prepaid Expenses	455,280					968	199,374	590,534	429,048	667,511
Inventory	2,232	29,956	47,179	58,646	60,892	17,450	31,236	57,173	36,300	62,208
Encumbrances	9,554	30,178	7,222	-	-	-	-	-	-	-
Total Nonspendable Fund Balance	\$ 606,988	\$ 202,601	\$ 197,726	\$ 63,467	\$ 65,713	\$ 651,182	\$ 376,828	\$ 1,145,154	\$ 625,752	\$ 891,271
Restricted:										
Town Special Revenue Funds	\$ 567,724	\$ 128,048	\$ 364,358	\$ 649,649	\$ 744,295	\$ 333,999	\$ 614,792	\$ 336,444	\$ 767,279	\$ 1,016,479
School Special Revenue Funds	-	-	-	-	-	418,230	472,711	386,627	434,041	408,188
Town Capital Project Funds	1,801,210	594,123	1,243,349	752,148	694,536	620,253	316,497	590,657	3,125,294	11,021,908
School Capital Project Funds	-	-	-	-	-	1,521,010	1,306,896	143,390	1,378,118	778,207
Total Restricted Fund Balance	\$ 2,368,934	\$ 722,171	\$ 1,607,707	\$ 1,401,797	\$ 1,438,831	\$ 2,893,492	\$ 2,710,896	\$ 1,457,118	\$ 5,704,732	\$ 13,224,782
Committed:										
Committed for Education	\$ 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	\$ 1,260,145
Committed for Department Reserved									98,739	344,658
Committed for Preservation and Maintenance of Glen Manor Property	-	-	323,744	130,959	111,776	137,715	107,908	179,928	191,209	242,246
Total Committed Fund Balance	\$ 671,741	\$ 540,526	\$ 1,705,247	\$ 2,620,095	\$ 3,442,023	\$ 4,060,668	\$ 3,549,376	\$ 2,889,346	\$ 1,404,857	\$ 1,847,049
Assigned:										
Open Space	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,378	\$ 9,378	\$ 9,378	\$ 9,378
Recreational Facilities	218,571	27,078	-	-	-	-	-	-	-	-
Total Assigned Fund Balance	\$ 527,950	\$ 336,457	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,379	\$ 309,378	\$ 9,378	\$ 9,378	\$ 9,378
Unassigned:										
General Fund	\$ 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	\$ 6,912,353
Town Capital Project Fund	1,801,210	594,123	1,552,728	(390,981)	(130,301)	(574,506)	(978,633)	-	-	-
Other Governmental Funds	659,121	120,604	502,862	40,210	87,009	(7,554)	(1,189,169)	(942,669)	(941,689)	(1,246,698)
Total Unassigned Fund Balance	\$ 4,264,649	\$ 2,938,866	\$ 4,789,737	\$ 1,805,329	\$ 4,704,052	\$ 4,516,634	\$ 3,908,541	\$ 5,189,193	\$ 5,930,164	\$ 5,665,655

Town of Portsmouth, Rhode Island
Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total revenues	\$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	\$66,016,362
Total expenses	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	70,612,138
Excess (deficit) of revenues over (under) expenditures before other financing sources (uses)	(867,220)	(4,204,082)	(163,245)	(3,193,389)	2,768,650	802,997	(1,888,275)	(1,704,236)	(2,276,658)	(4,595,776)
Other financing sources (uses)	694,836	2,259,131	2,682,471	2,839,249	1,970,641	689,000	311,937	1,539,406	5,261,352	12,559,028
	<u>(172,384)</u>	<u>(1,944,951)</u>	<u>2,519,226</u>	<u>(354,140)</u>	<u>4,739,291</u>	<u>1,491,997</u>	<u>(1,576,338)</u>	<u>(164,830)</u>	<u>2,984,694</u>	<u>7,963,252</u>
Beginning fund balance	6,152,315	5,979,931	4,034,980	6,554,206	6,200,066	10,939,357	12,431,354	10,855,016	10,690,189	13,674,883
Ending fund balance	\$ 5,979,931	\$ 4,034,980	\$ 6,554,206	\$ 6,200,066	\$ 10,939,357	\$ 12,431,354	\$ 10,855,016	\$ 10,690,189	\$ 13,674,883	\$ 21,638,135

Town of Portsmouth, Rhode Island
Assessed Values and Estimated Actual Values of Taxable Property
Last 10 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
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	3,113,434,005	\$15.800/1,000	\$22.50/1,000	3,276,530,756	95.02%
2017	2,758,521,200	299,856,865	63,264,039	-	181,813,760	158,450,875	3,145,004,989	\$16.000/1,000	\$22.50/1,000	3,303,455,864	95.20%

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
Principal Taxpayers
Current Year and 10 Years Ago
(Unaudited)

Taxpayer	2007			2017		
	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value
Carnegie @ One Tower Drive LLC	11320500	6	0.340	\$ 64,820,700	1	2.060
Raytheon Corp	\$ 41,885,700	1	1.258	41,614,251	2	1.320
Newport Water				27,965,017	3	0.890
Northern Waterfront Assoc LP				19,004,900	4	0.600
National Grid	15,378,350	4	0.462	18,064,641	5	0.570
TDS Realty				16,074,913	6	0.510
Carnegie Abbey Club Acquisitions LP	15,457,100	3	0.464			
Talaria RE Holdings	13,823,800	5	0.415	15,479,641	8	0.490
GMH Military Housing	16,007,100	2	0.481	15,183,900	9	0.480
Conlan RI Acquisitions LLC				8,214,700	10	0.260
Carnegie Abbey Club Acquisitions LP Holdings LLC	10,139,900	7	0.305	16,044,400	7	0.510
OC Tower Associates LP						
Edward Zucker Trustee of Bay View Realty	8,207,200	8	0.247			
Nationwide Health Properties INC	6,874,000	9	0.207			
Church Community Housing Corp.						
Carnegie Village Development Co. Inc.	4,857,400	10	0.146			
TOTAL	<u>\$ 143,951,050</u>		<u>4.325</u>	<u>\$ 242,467,063</u>		<u>7.690</u>

Source: Town of Portsmouth Tax Assessor Office

Town of Portsmouth, Rhode Island
Property Tax Levies and Collections
Last 10 Years
(Unaudited)

Fiscal Year Ended June 30	Taxes Levied	Collection within the Fiscal Year of the Levy		Total Collections to Date as of 6/30/2017	
		Amount	Percentage of Levy	Amount	Percentage of Levy
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%	47,910,226	97.40%
2016	49,815,131	48,589,909	97.54%	48,668,559	97.70%
2017	50,971,055	49,443,601	97.00%	49,507,232	97.13%

Source: Town of Portsmouth Tax Assessor Office

Town of Portsmouth, Rhode Island
Ratio of Net Bonded Debt Outstanding by Type
Last 10 Years
(Unaudited)

Fiscal Year June 30	Governmental Activities			Business-type Activities		Total	Percentage of Personal Income	Personal ^{1,3} Income	Net Bonded Debt per Capita	Population ^{1,2}	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine, Transfer Station & Septic Loan								
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	10,413,426	3,685,000	564,798	628,574	15,291,798	0.2938%	44,920	883	17,315	3,113,434,005	0.4912%	
2017	21,437,532	3,195,000	978,110	529,468	26,140,110	Unavailable	Unavailable	1,510	17,315	3,145,004,989	0.8312%	

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

Town of Portsmouth, Rhode Island
Ratio of Net Bonded Debt Outstanding
Last 10 Years
(Unaudited)

Fiscal Year June 30	Governmental Activities			Business-type Activities		Personal ^{1,3} Income	Percentage of Personal Income		Population ^{1,2}	Per Capita	Taxable Assessed Value	Percentage of Taxable Assessed Value of Property
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine & Transfer Station	Total		Personal Income	Population ^{1,2}				
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	10,413,426	3,685,000	564,798	628,574	15,291,798	44,920	0.2938%	17,315	883	3,113,434,005	0.4912%	
2017	21,437,532	3,195,000	978,110	529,468	26,140,110	Unavailable	Unavailable	17,315	1,510	3,145,004,989	0.8312%	

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

Town of Portsmouth, Rhode Island
Legal Debt Margin Information
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Assessed Value	\$ 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	\$ 3,113,434,005	\$ 3,145,004,989
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	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	94,350,150
Total Debt Applicable to Limit General Obligation Bonds	16,343,436	19,597,367	19,530,749	19,867,234	18,358,720	16,421,623	14,900,507	13,971,094	14,727,000	25,162,000
Legal Debt Margin	\$ 83,508,344	\$ 90,246,881	\$ 91,624,047	\$ 95,024,535	\$ 78,898,991	\$ 80,843,726	\$ 82,838,590	\$ 78,312,001	\$ 78,676,020	\$ 69,188,150
Total Net Debt Applicable to the Limit as % of Debt Limit	19.57%	21.72%	21.32%	20.91%	23.27%	20.31%	17.99%	17.84%	18.72%	36.37%

Town of Portsmouth, Rhode Island
Demographic and Economic Statistics
Last 10 Years
(Unaudited)

Fiscal Year June 30	Population ^{1,2}	School Enrollment ⁴	Poverty Population***			Per Capita Income***		Unemployment Rate**		
			Portsmouth ¹	RI ¹	US ¹	Portsmouth ^{1,3}	RI ¹	Portsmouth ³	RI ³	US ⁵
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	17,372 ³	2,658	1,331	137,244	46,663,433	44,821	30,748	8.20%	9.50%	7.40%
2014	17,379 ³	2,647	1,355	143,996	47,755,606	44,920	30,830	6.80%	7.70%	6.10%
2015	17,332 ³	2,532	1,003	146,825 ⁶	46,153,077 ⁶	44,920	30,765	4.70%	6.00%	5.30%
2016	17,344 ³	2,445	Unavailable	Unavailable	Unavailable	44,920	33,008	4.80%	5.30%	4.90%
2017	17,344 ³	2,464	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

⁴ Portsmouth School Department

⁵ US Bureau of Labor Statistic

* 7/1/2012 resident population estimate per RIDOP

** Not seasonally adjusted

*** Estimated by the US Census Bureau

<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>

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

Town of Portsmouth, Rhode Island

*Current and 10 Years Ago
(Unaudited)*

<u>Employer</u>	<u>2017</u>		Percentage of Total <u>Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Raytheon Company	1,250	1	22.12%
Talaria Company LLC	205	2	3.63%
Clements Market Place Inc.	147	3	2.60%
Visiting Nurse Srvc of Newport & Bristol Counties	135	4	2.39%
Order of St. Benedict	130	5	2.30%
New England Boatworks	100	6	1.77%
Hodges Badge Co. Inc.	99	7	1.75%
Albin Manufacturing Corp	90	8	1.59%
Image Award Ribbons	75	9	1.33%
All Island Landscape, Inc.	50	10	0.88%

Source:

greaterri.com

Note:

Information from 10 years ago was not readily available

Town of Portsmouth, Rhode Island
Full -Time Employees Equivalent by Town Department
Last 10 Years
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
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	3	3	2	3	4
Canvassing	1	1	1	1	1	1	1.5	1.5	1.5	2
Finance/Personnel	5	5	5	5	5	5	5	5	5	5
Tax Assessment/Collection	5	5	5	5	5	4	5	5	5	5
Planning and Development	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.5	3.5	4
Building Inspection/Zoning	3.5	2.5	2.5	2.5	2.5	2.5	3	3	2	3
Total General Government	<u>29</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>26</u>	<u>28</u>	<u>28</u>	<u>29</u>	<u>32</u>
Public Safety:										
Police	31	34	32	32	31	31	30	33	34	36
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	36	33	33	34	35	34	34	35	36
Total Public Safety	<u>68.5</u>	<u>72.5</u>	<u>67.5</u>	<u>67.5</u>	<u>67.5</u>	<u>68.5</u>	<u>66.5</u>	<u>69.5</u>	<u>71.5</u>	<u>74.5</u>
Public Health:										
Public Works	18	17	16	16	16	16	16	16	15	19.5
Total Public Health	<u>18</u>	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>15</u>	<u>19.5</u>
Public Welfare:										
Parks and Recreation	5	5	5	5	5	5	5	5	12	9
Total Public Welfare	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>12</u>	<u>9</u>
Public Education:										
Teachers	248.9	245	239	230.9	227.6	219.9	223	210	210	220
Pupil Support	105.5	105.1	104.5	101.5	101.6	101.6	103	75	75	75
Executive and Administrative	15	15	16	15.5	14.5	15	16	16	16	16
Total Public Education	<u>369.4</u>	<u>365.1</u>	<u>359.5</u>	<u>347.9</u>	<u>343.7</u>	<u>336.5</u>	<u>342</u>	<u>301</u>	<u>301</u>	<u>311</u>
Total	<u>489.9</u>	<u>487.6</u>	<u>476</u>	<u>464.4</u>	<u>460.2</u>	<u>452</u>	<u>457.5</u>	<u>419.5</u>	<u>428.5</u>	<u>446</u>

Source: Town of Portsmouth Finance & Personnel Office

Town of Portsmouth, Rhode Island
Operator Indicators by Function
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Building permits issued	595	672	586	604	616	682	612	535	788	803
Number of inspections made	2,161	1,440	1,041	1,554	1,795	1,852	2,304	2,210	2,188	1,416
Town Clerk:										
Number of transactions										
Beverage licenses	30	30	34	34	30	31	32	35	35	35
Dog licenses	1,636	1,671	1,676	1,834	1,589	1,608	1,651	1,652	1,584	1,714
Other licenses	170	188	174	149	166	160	213	209	191	143
Vital records	1,065	1,089	1,128	1,134	1,355	1,135	1,372	1,050	1,038	1,138
Land evidence	4,108	4,616	4,530	4,160	5,156	4,701	3,631	4,227	4,145	4,532
Probate cases	108	87	88	93	79	104	100	92	105	157
Public Safety:										
Number of police personnel and officers	31	34	32	32	31	31	30	33	35	34
Number of arrests	661	606	649	540	513	552	586	714	798	745
Number of parking violations	64	101	163	25	41	41	47	74	118	43
Number of traffic violations	2,393	2,714	2,169	1,520	1,828	2,120	2,344	1,987	3,128	3,500
Number of fatal car crashes	3	3	-	1	3	3	1	-	-	1
Number of paid firefighters	35	36	33	33	34	35	34	34	35	35
Number of fire emergency responses	540	623	839	732	741	751	755	679	629	643
Number of fires extinguished	104	91	98	102	133	118	134	88	34	32
Number of ambulance calls	1,661	1,765	1,786	1,792	1,837	1,945	1,884	1,924	2,057	2,211
Number of motor vehicle accidents	183	164	140	137	149	149	159	159	147	153
Public Works:										
Number of streets paved	2	-	9	6	-	15	26	27	20	17
Inches of snow removed (accumulative)	17	41	34	43	14	42	50	69	31	41
Tons collected and disposed:										
Solid waste	7,129	6,484	4,672	4,692	4,718	4,004	3,955	4,327	4,145	4,404
Metal, Matress, Tires	191	178	154	145	197	117	189	211	182	1,029
Recycleable	1,072	1,666	1,958	2,048	1,924	1,931	2,134	1,981	1,257	1,101
Number of Christmas trees pickup						1,378	1,433	1,390	1,355	1,330
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	87	140	108	154	86	109	41	145	60	80

Source: Various Town Departments

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

Town of Portsmouth, Rhode Island
Capital Asset Statistics by Function
Last 10 Years
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
Miles of storm water drains	49	49	49	49	49	49	49	49	49	49
Water:										
Miles of water mains	126+	126+	126+	127+	129+	129+	130+	130+	130+	130+
Number of fire hydrants	564	564	564	567	574	581	578	581	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>