



---

## **DEBT SUMMARY**

---

Town of Portsmouth, Rhode Island  
Debt Summary as of June 30, 2015

(Includes Series 2015 A & B and RIHEBC Refunding)

## TABLE OF CONTENTS

<u>Section</u>	<u>Tab</u>
1. Debt Summary a. General Obligation Debt	I
2. Aggregate Debt Schedules a. General Obligation Debt	II
3. Individual Debt Schedules a. General Obligation Debt	III
4. Rating Report	IV
5. Contact Information	V

---

## **Debt Summary**

---

Town of Portsmouth, Rhode Island  
 General Obligation Debt  
 As of June 30, 2015 (Includes Series 2015 A & B and RIHEBC Refunding)

Fiscal Year Ended June 30,	\$3,500,000 RIHEBC (School Gym) Dated 06/27/2006		\$1,900,000 RIHEBC (Sprinklers) Dated 05/16/2007		\$1,100,000 RIHEBC (Sprinklers) Dated 08/07/2008		\$4,665,000 General Obligation Ref Bonds Dated 06/04/2009	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 175,000	4.00*	\$ 125,000	5.14%*	\$ 75,000	4.250%	\$ 500,000	3.00%
2017			125,000	4.76%*	75,000	5.500%	495,000	3.00%
2018					75,000	6.000%	485,000	3.25%
2019					75,000	4.250%	475,000	3.50%
2020					70,000	4.500%	470,000	3.50%
2021					70,000	6.000%	460,000	3.50%
2022					70,000	4.750%		
2023					70,000	4.875%		
2024					70,000	5.000%		
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
<i>Total</i>	<u>\$ 175,000</u>		<u>\$ 250,000</u>		<u>\$ 650,000</u>		<u>\$ 2,885,000</u>	
<b><u>Details</u></b>	April 01      October 01		April 01      October 01		April 01      October 01		November 01      May 01	
Interest Payment Date(s)	April 01		April 01		April 01		November 01	
Principal Payment Date(s)	US Bank		US Bank		US Bank		BNY Mellon	
Paying Agent	Negotiated		Negotiated		Negotiated		Competitive	
<b><u>Issuance Details</u></b>	School gymnasium		Middle School sprinklers		High School sprinklers		Roosevelt & Cross To Refund 2000 GO	
Type of Sale	None		None		None		Assured Guaranty	
UW/Purchaser	4.62%		4.55%		4.78%		3.00%	
Purpose								
Insurance								
True Interest Cost								

\* Unrefunded Bonds.

**Non-callable**  
**Callable**



Town of Portsmouth, Rhode Island  
 General Obligation Debt  
 As of June 30, 2015 (Includes Series 2015 A & B and RIHEBC Refunding)

Fiscal Year Ended June 30,	\$1,980,000 General Obligation Bonds Dated 06/15/2010		\$2,765,000 General Obligation Bonds Dated 11/10/2010		\$1,221,000 General Obligation Bonds Dated 06/12/2012		\$812,000 General Obligation Bonds 2013 Series A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 125,000	3.00%	\$ 550,000	3.00%	\$ 244,000	1.326%	\$ 54,000	2.35%
2017	125,000	3.50%			244,000	1.326%	54,000	2.35%
2018	125,000	4.00%					54,000	2.35%
2019	125,000	4.00%					55,000	2.35%
2020	125,000	4.00%					54,000	2.35%
2021	125,000	4.00%					54,000	2.35%
2022	125,000	4.00%					54,000	2.35%
2023	125,000	4.00%					54,000	2.35%
2024	125,000	4.00%					54,000	2.35%
2025	105,000	4.00%					54,000	2.35%
2026							55,000	2.35%
2027							55,000	2.35%
2028							55,000	2.35%
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
<i>Total</i>	<b>\$ 1,230,000</b>		<b>\$ 550,000</b>		<b>\$ 488,000</b>		<b>\$ 706,000</b>	
<b>Details</b>	June 15      December 15		January 15      July 15		June 01      December 01		February 15      August 15	
Interest Payment Date(s)	June 15		January 15		June 01		February 15	
Principal Payment Date(s)	BNY Mellon		BNY Mellon		Town		Town	
Paying Agent	Competitive		Competitive		Private Placement		Private Placement	
<b>Issuance Details</b>	Baird		BMO Capital Markets		US Bancorp		Capital One	
Type of Sale	Open space and rec areas		Roads, schools, fire engines, and wastewater planning		School and transfer station improvements		Recreation, misc capital projects and equip purchases	
UW/Purchaser	None		None		None		None	
Purpose	3.34%		1.36%		1.32%		2.35%	
Insurance								
True Interest Cost								

Non-callable

Callable



Town of Portsmouth, Rhode Island  
 General Obligation Debt  
 As of June 30, 2015 (Includes 2015 Series A & B and RIHEBC Refunding)

Fiscal Year Ended June 30,	\$927,000 GO Refunding Bonds 2013 Series B		\$1,100,000 RIHEBC Loan Dated 08/28/2013		\$1,505,000 General Obligation Bonds Dated 10/23/2014		\$4,445,000 General Obligation Bonds Dated 11/18/2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 157,000	0.86%	\$ 125,000	3.06%	\$ 155,000	3.00%	\$ -	-
2017	152,000	1.13%	125,000	3.06%	150,000	2.00%	225,000	2.00%
2018	149,000	1.40%	125,000	3.06%	150,000	2.00%	225,000	3.00%
2019	145,000	1.70%	90,000	3.06%	150,000	4.00%	225,000	3.00%
2020			55,000	3.06%	150,000	1.75%	225,000	3.00%
2021			55,000	3.06%	150,000	2.00%	225,000	3.00%
2022			55,000	3.06%	150,000	2.00%	225,000	2.00%
2023			50,000	3.06%	150,000	2.00%	225,000	2.00%
2024			50,000	3.06%	150,000	2.00%	225,000	3.00%
2025			50,000	3.06%	150,000	2.00%	225,000	4.00%
2026			50,000	3.06%			220,000	4.00%
2027			50,000	3.06%			220,000	4.00%
2028			50,000	3.06%			220,000	4.00%
2029							220,000	3.00%
2030							220,000	3.00%
2031							220,000	3.00%
2032							220,000	3.00%
2033							220,000	3.25%
2034							220,000	3.25%
2035							220,000	3.50%
2036							220,000	3.50%
<i>Total</i>	<u>\$ 603,000</u>		<u>\$ 930,000</u>		<u>\$1,505,000</u>		<u>\$ 4,445,000</u>	
<b><u>Details</u></b>								
Interest Payment Date(s)	February 15	August 15	April 01	October 01	April 15	October 15	April 01	October 01
Principal Payment Date(s)	February 15		April 01		October 15		October 01	
Paying Agent	Town		US Bank		US Bank		US Bank	
<b><u>Issuance Details</u></b>								
Type of Sale	Private Placement		Private Placement		Competitive		Negotiated	
UW/Purchaser	Zions Bank		Capital One		Roosevelt & Cross, Inc.		Janney Montgomery	
Purpose	Refunding of 2004 Bonds		School Projects		Capital Projects, Open Space,		Capital Projects	
Insurance	None		None		None		None	
True Interest Cost	1.24%		3.34%		1.61%		2.64%	

Non-callable

Callable



Town of Portsmouth, Rhode Island  
 General Obligation Debt  
 As of June 30, 2015 (Includes Series 2015 A & B and RIHEBC Refunding)

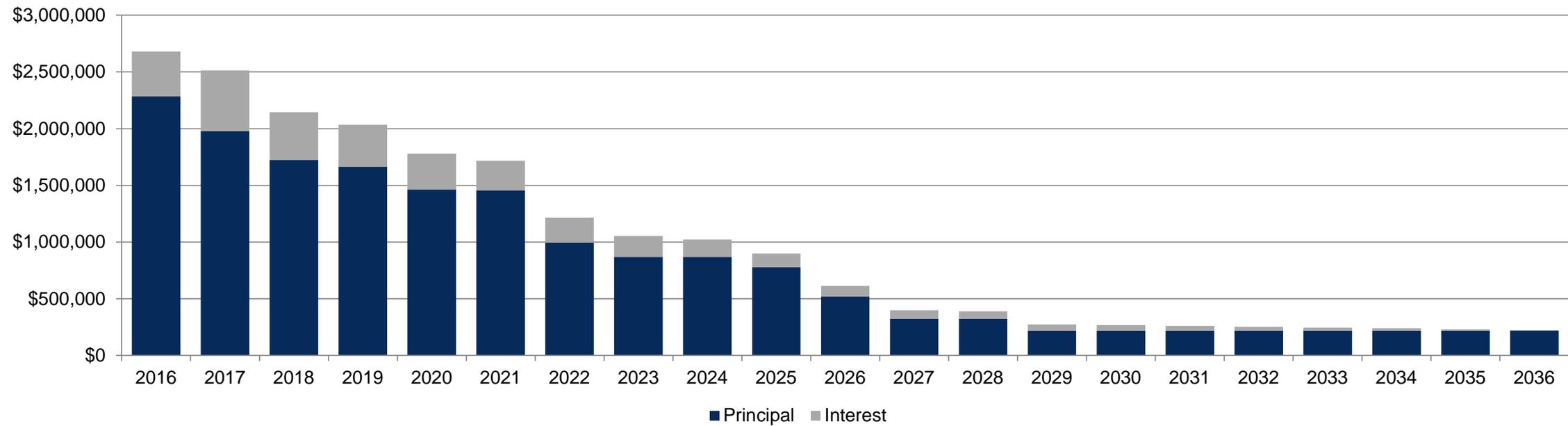
Fiscal Year Ended June 30,	\$415,000 General Obligation Bonds (Taxable) Dated 11/18/2015		\$2,180,000 RIHEBC (Refunding) Dated 12/22/2015	
	Principal	Interest	Principal	Interest
2016	\$ -	-	\$ -	-
2017	45,000	2.340%	165,000	3.000%
2018	45,000	2.340%	290,000	3.000%
2019	45,000	2.340%	280,000	4.000%
2020	40,000	2.340%	275,000	5.000%
2021	40,000	1.750%	275,000	5.000%
2022	40,000	3.236%	275,000	5.000%
2023	40,000	3.236%	155,000	5.000%
2024	40,000	3.236%	155,000	5.000%
2025	40,000	3.236%	155,000	5.000%
2026	40,000	3.236%	155,000	5.000%
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
<i>Total</i>	<b>\$ 415,000</b>		<b>\$ 2,180,000</b>	
<b><u>Details</u></b>				
Interest Payment Date(s)	April 01	October 01	April 01	October 01
Principal Payment Date(s)	October 01		April 01	
Paying Agent	US Bank		US Bank	
<b><u>Issuance Details</u></b>				
Type of Sale	Negotiated		Negotiated	
UW/Purchaser	Janney Montgomery		JP Morgan	
Purpose	Septic System Loan Program		Partial Refund of 06 and 07 Issues	
Insurance	None		None	
True Interest Cost	3.07%		2.01%	

**Non-callable**

**Callable**



Town of Portsmouth, Rhode Island  
 General Obligation Debt  
 As of June 30, 2015 (Includes Series 2015 A & B and RIHEBC Refunding)



<b>Average Annual Debt Service</b>	\$974,115
<b>Maximum Annual Debt Service</b>	\$2,679,106
<b>Callable Par (\$)</b>	\$5,436,000
<b>Callable Par (%)</b>	31.95%
<b>Average Life</b>	6.37 Years
<b><u>Ratings</u></b>	
<b>Moody's</b>	Aa2
<b>Standard &amp; Poor's</b>	AAA
<b>Fitch</b>	--

---

## **Aggregate Debt Schedules**

---

Bond Debt Service				
General Obligation Debt Service as of 6/30/2015				
Period				
Ending	Principal	Coupon	Interest	Debt Service
6/30/2016	2,285,000	**	394,106.46	2,679,106.46
6/30/2017	1,980,000	**	534,258.04	2,514,258.04
6/30/2018	1,723,000	**	422,041.75	2,145,041.75
6/30/2019	1,665,000	**	369,065.00	2,034,065.00
6/30/2020	1,464,000	**	315,284.00	1,779,284.00
6/30/2021	1,454,000	**	597,114.06	2,051,114.06
6/30/2022	994,000	**	220,828.80	1,214,828.80
6/30/2023	869,000	**	185,282.40	1,054,282.40
6/30/2024	869,000	**	153,551.50	1,022,551.50
6/30/2025	779,000	**	120,608.10	899,608.10
6/30/2026	520,000	**	93,864.70	613,864.70
6/30/2027	325,000	**	73,845.00	398,845.00
6/30/2028	325,000	**	63,322.50	388,322.50
6/30/2029	220,000	3.000%	53,900.00	273,900.00
6/30/2030	220,000	3.000%	47,300.00	267,300.00
6/30/2031	220,000	3.000%	40,700.00	260,700.00
6/30/2032	220,000	3.250%	33,825.00	253,825.00
6/30/2033	220,000	3.250%	26,675.00	246,675.00
6/30/2034	220,000	3.500%	19,250.00	239,250.00
6/30/2035	220,000	3.500%	11,550.00	231,550.00
6/30/2036	220,000	3.500%	3,850.00	223,850.00
	17,012,000		3,780,222.31	20,792,222.31

---

## **Individual Debt Schedules**

---

Bond Debt Service  
Town of Portsmouth, Rhode Island  
Revenue Series 2006 A  
General Obligation Debt Service as of 6/30/2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
4/1/2016	175,000	4.000%	3,500	178,500	
6/30/2016					178,500
	175,000		3,500	178,500	178,500

Bond Debt Service  
Town of Portsmouth, Rhode Island  
Revenue Series 2007 A  
General Obligation Debt Service as of 6/30/2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
4/1/2016	125,000	5.140%	6,187.50	131,187.50	
6/30/2016					131,187.50
10/1/2016			2,975.00	2,975.00	
4/1/2017	125,000	4.760%	2,975.00	127,975.00	
6/30/2017					130,950.00
	250,000		12,137.50	262,137.50	262,137.50

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
Revenue Series 2008 B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/15/2015			16,293.75	16,293.75	
05/15/2016	75,000	4.250%	16,293.75	91,293.75	107,587.50
11/15/2016			14,700.00	14,700.00	
05/15/2017	75,000	5.500%	14,700.00	89,700.00	104,400.00
11/15/2017			12,637.50	12,637.50	
05/15/2018	75,000	6.000%	12,637.50	87,637.50	100,275.00
11/15/2018			10,387.50	10,387.50	
05/15/2019	75,000	4.250%	10,387.50	85,387.50	95,775.00
11/15/2019			8,793.75	8,793.75	
05/15/2020	70,000	4.500%	8,793.75	78,793.75	87,587.50
11/15/2020			7,218.75	7,218.75	
05/15/2021	70,000	6.000%	7,218.75	77,218.75	84,437.50
11/15/2021			5,118.75	5,118.75	
05/15/2022	70,000	4.750%	5,118.75	75,118.75	80,237.50
11/15/2022			3,456.25	3,456.25	
05/15/2023	70,000	4.875%	3,456.25	73,456.25	76,912.50
11/15/2023			1,750.00	1,750.00	
05/15/2024	70,000	5.000%	1,750.00	71,750.00	73,500.00
	650,000		160,712.50	810,712.50	810,712.50

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
GO Refunding Series 2009

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/01/2015	500,000	3.000%	48,643.75	548,643.75	
05/01/2016			41,143.75	41,143.75	
06/30/2016					589,787.50
11/01/2016	495,000	** %	41,143.75	536,143.75	
05/01/2017			32,468.75	32,468.75	
06/30/2017					568,612.50
11/01/2017	485,000	3.250%	32,468.75	517,468.75	
05/01/2018			24,587.50	24,587.50	
06/30/2018					542,056.25
11/01/2018	475,000	3.500%	24,587.50	499,587.50	
05/01/2019			16,275.00	16,275.00	
06/30/2019					515,862.50
11/01/2019	470,000	3.500%	16,275.00	486,275.00	
05/01/2020			8,050.00	8,050.00	
06/30/2020					494,325.00
11/01/2020	460,000	3.500%	8,050.00	468,050.00	
06/30/2021					468,050.00
	2,885,000		293,693.75	3,178,693.75	3,178,693.75

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
GO Series June 2010

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/15/2015			23,662.50	23,662.50	
06/15/2016	125,000	3.000%	23,662.50	148,662.50	
06/30/2016					172,325
12/15/2016			21,787.50	21,787.50	
06/15/2017	125,000	3.500%	21,787.50	146,787.50	
06/30/2017					168,575
12/15/2017			19,600.00	19,600.00	
06/15/2018	125,000	4.000%	19,600.00	144,600.00	
06/30/2018					164,200
12/15/2018			17,100.00	17,100.00	
06/15/2019	125,000	4.000%	17,100.00	142,100.00	
06/30/2019					159,200
12/15/2019			14,600.00	14,600.00	
06/15/2020	125,000	4.000%	14,600.00	139,600.00	
06/30/2020					154,200
12/15/2020			12,100.00	12,100.00	
06/15/2021	125,000	4.000%	12,100.00	137,100.00	
06/30/2021					149,200
12/15/2021			9,600.00	9,600.00	
06/15/2022	125,000	4.000%	9,600.00	134,600.00	
06/30/2022					144,200
12/15/2022			7,100.00	7,100.00	
06/15/2023	125,000	4.000%	7,100.00	132,100.00	
06/30/2023					139,200
12/15/2023			4,600.00	4,600.00	
06/15/2024	125,000	4.000%	4,600.00	129,600.00	
06/30/2024					134,200
12/15/2024			2,100.00	2,100.00	
06/15/2025	105,000	4.000%	2,100.00	107,100.00	
06/30/2025					109,200
	1,230,000		264,500.00	1,494,500.00	1,494,500

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
GO Series November 2010

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/15/2015			8,250	8,250	
01/15/2016	550,000	3.000%	8,250	558,250	
06/30/2016					566,500
	550,000		16,500	566,500	566,500

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Bonds, Series 2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2015			3,235.44	3,235.44	
06/01/2016	244,000	1.326%	3,235.44	247,235.44	
06/30/2016					250,470.88
12/01/2016			1,617.72	1,617.72	
06/01/2017	244,000	1.326%	1,617.72	245,617.72	
06/30/2017					247,235.44
	488,000		9,706.32	497,706.32	497,706.32

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Bonds, 2013 Series A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2015			8,295.50	8,295.50	
02/15/2016	54,000	2.350%	8,295.50	62,295.50	
06/30/2016					70,591.00
08/15/2016			7,661.00	7,661.00	
02/15/2017	54,000	2.350%	7,661.00	61,661.00	
06/30/2017					69,322.00
08/15/2017			7,026.50	7,026.50	
02/15/2018	54,000	2.350%	7,026.50	61,026.50	
06/30/2018					68,053.00
08/15/2018			6,392.00	6,392.00	
02/15/2019	55,000	2.350%	6,392.00	61,392.00	
06/30/2019					67,784.00
08/15/2019			5,745.75	5,745.75	
02/15/2020	54,000	2.350%	5,745.75	59,745.75	
06/30/2020					65,491.50
08/15/2020			5,111.25	5,111.25	
02/15/2021	54,000	2.350%	5,111.25	59,111.25	
06/30/2021					64,222.50
08/15/2021			4,476.75	4,476.75	
02/15/2022	54,000	2.350%	4,476.75	58,476.75	
06/30/2022					62,953.50
08/15/2022			3,842.25	3,842.25	
02/15/2023	54,000	2.350%	3,842.25	57,842.25	
06/30/2023					61,684.50
08/15/2023			3,207.75	3,207.75	
02/15/2024	54,000	2.350%	3,207.75	57,207.75	
06/30/2024					60,415.50
08/15/2024			2,573.25	2,573.25	
02/15/2025	54,000	2.350%	2,573.25	56,573.25	
06/30/2025					59,146.50
08/15/2025			1,938.75	1,938.75	
02/15/2026	55,000	2.350%	1,938.75	56,938.75	
06/30/2026					58,877.50
08/15/2026			1,292.50	1,292.50	
02/15/2027	55,000	2.350%	1,292.50	56,292.50	
06/30/2027					57,585.00
08/15/2027			646.25	646.25	
02/15/2028	55,000	2.350%	646.25	55,646.25	
06/30/2028					56,292.50
	706,000		116,419.00	822,419.00	822,419.00

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Refunding Bonds, 2013 Series B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2015			3,809.40	3,809.40	
02/15/2016	157,000	0.860%	3,809.40	160,809.40	
06/30/2016					164,618.80
08/15/2016			3,134.30	3,134.30	
02/15/2017	152,000	1.130%	3,134.30	155,134.30	
06/30/2017					158,268.60
08/15/2017			2,275.50	2,275.50	
02/15/2018	149,000	1.400%	2,275.50	151,275.50	
06/30/2018					153,551.00
08/15/2018			1,232.50	1,232.50	
02/15/2019	145,000	1.700%	1,232.50	146,232.50	
06/30/2019					147,465.00
	603,000		20,903.40	623,903.40	623,903.40

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
RIHEBC Loan, Dated 8/28/13

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2015			14,229.00	14,229.00	
04/01/2016	125,000	3.060%	14,229.00	139,229.00	
06/30/2016					153,458
10/01/2016			12,316.50	12,316.50	
04/01/2017	125,000	3.060%	12,316.50	137,316.50	
06/30/2017					149,633
10/01/2017			10,404.00	10,404.00	
04/01/2018	125,000	3.060%	10,404.00	135,404.00	
06/30/2018					145,808
10/01/2018			8,491.50	8,491.50	
04/01/2019	90,000	3.060%	8,491.50	98,491.50	
06/30/2019					106,983
10/01/2019			7,114.50	7,114.50	
04/01/2020	55,000	3.060%	7,114.50	62,114.50	
06/30/2020					69,229
10/01/2020			6,273.00	6,273.00	
04/01/2021	55,000	3.060%	6,273.00	61,273.00	
06/30/2021					67,546
10/01/2021			5,431.50	5,431.50	
04/01/2022	55,000	3.060%	5,431.50	60,431.50	
06/30/2022					65,863
10/01/2022			4,590.00	4,590.00	
04/01/2023	50,000	3.060%	4,590.00	54,590.00	
06/30/2023					59,180
10/01/2023			3,825.00	3,825.00	
04/01/2024	50,000	3.060%	3,825.00	53,825.00	
06/30/2024					57,650
10/01/2024			3,060.00	3,060.00	
04/01/2025	50,000	3.060%	3,060.00	53,060.00	
06/30/2025					56,120
10/01/2025			2,295.00	2,295.00	
04/01/2026	50,000	3.060%	2,295.00	52,295.00	
06/30/2026					54,590
10/01/2026			1,530.00	1,530.00	
04/01/2027	50,000	3.060%	1,530.00	51,530.00	
06/30/2027					53,060
10/01/2027			765.00	765.00	
04/01/2028	50,000	3.060%	765.00	50,765.00	
06/30/2028					51,530
	930,000		160,650.00	1,090,650.00	1,090,650

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Bonds, Series 2014 A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/15/2015	155,000	2.400%	18,060	173,060	
04/15/2016			16,200	16,200	
06/30/2016					189,260
10/15/2016	150,000	2.400%	16,200	166,200	
04/15/2017			14,400	14,400	
06/30/2017					180,600
10/15/2017	150,000	2.400%	14,400	164,400	
04/15/2018			12,600	12,600	
06/30/2018					177,000
10/15/2018	150,000	2.400%	12,600	162,600	
04/15/2019			10,800	10,800	
06/30/2019					173,400
10/15/2019	150,000	2.400%	10,800	160,800	
04/15/2020			9,000	9,000	
06/30/2020					169,800
10/15/2020	150,000	2.400%	9,000	159,000	
04/15/2021			7,200	7,200	
06/30/2021					166,200
10/15/2021	150,000	2.400%	7,200	157,200	
04/15/2022			5,400	5,400	
06/30/2022					162,600
10/15/2022	150,000	2.400%	5,400	155,400	
04/15/2023			3,600	3,600	
06/30/2023					159,000
10/15/2023	150,000	2.400%	3,600	153,600	
04/15/2024			1,800	1,800	
06/30/2024					155,400
10/15/2024	150,000	2.400%	1,800	151,800	
06/30/2025					151,800
	1,505,000		180,060	1,685,060	1,685,060

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Bonds, Series 2015 A Tax-Exempt, Serial Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2016	225,000	2.000%	121,635.28	346,635.28	
04/01/2017			67,700.00	67,700.00	
06/30/2017					414,335.28
10/01/2017	225,000	3.000%	67,700.00	292,700.00	
04/01/2018			64,325.00	64,325.00	
06/30/2018					357,025.00
10/01/2018	225,000	3.000%	64,325.00	289,325.00	
04/01/2019			60,950.00	60,950.00	
06/30/2019					350,275.00
10/01/2019	225,000	3.000%	60,950.00	285,950.00	
04/01/2020			57,575.00	57,575.00	
06/30/2020					343,525.00
10/01/2020	225,000	2.000%	57,575.00	282,575.00	
04/01/2021			55,325.00	55,325.00	
06/30/2021					337,900.00
10/01/2021	225,000	2.000%	55,325.00	280,325.00	
04/01/2022			53,075.00	53,075.00	
06/30/2022					333,400.00
10/01/2022	225,000	3.000%	53,075.00	278,075.00	
04/01/2023			49,700.00	49,700.00	
06/30/2023					327,775.00
10/01/2023	225,000	4.000%	49,700.00	274,700.00	
04/01/2024			45,200.00	45,200.00	
06/30/2024					319,900.00
10/01/2024	225,000	4.000%	45,200.00	270,200.00	
04/01/2025			40,700.00	40,700.00	
06/30/2025					310,900.00
10/01/2025	220,000	4.000%	40,700.00	260,700.00	
04/01/2026			36,300.00	36,300.00	
06/30/2026					297,000.00
10/01/2026	220,000	4.000%	36,300.00	256,300.00	
04/01/2027			31,900.00	31,900.00	
06/30/2027					288,200.00
10/01/2027	220,000	3.000%	31,900.00	251,900.00	
04/01/2028			28,600.00	28,600.00	
06/30/2028					280,500.00
10/01/2028	220,000	3.000%	28,600.00	248,600.00	
04/01/2029			25,300.00	25,300.00	
06/30/2029					273,900.00
10/01/2029	220,000	3.000%	25,300.00	245,300.00	
04/01/2030			22,000.00	22,000.00	
06/30/2030					267,300.00
10/01/2030	220,000	3.000%	22,000.00	242,000.00	
04/01/2031			18,700.00	18,700.00	
06/30/2031					260,700.00
10/01/2031	220,000	3.250%	18,700.00	238,700.00	
04/01/2032			15,125.00	15,125.00	
06/30/2032					253,825.00
10/01/2032	220,000	3.250%	15,125.00	235,125.00	
04/01/2033			11,550.00	11,550.00	
06/30/2033					246,675.00
10/01/2033	220,000	3.500%	11,550.00	231,550.00	
04/01/2034			7,700.00	7,700.00	
06/30/2034					239,250.00
10/01/2034	220,000	3.500%	7,700.00	227,700.00	

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Bonds, Series 2015 A Tax-Exempt, Serial Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2035			3,850.00	3,850.00	
06/30/2035					231,550.00
10/01/2035	220,000	3.500%	3,850.00	223,850.00	
06/30/2036					223,850.00
	4,445,000		1,512,785.28	5,957,785.28	5,957,785.28

## BOND DEBT SERVICE

Town of Portsmouth, Rhode Island  
General Obligation Bonds, Series 2015 B Taxable Term Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2016	45,000	2.340%	10,001.22	55,001.22	
04/01/2017			5,225.00	5,225.00	
06/30/2017					60,226.22
10/01/2017	45,000	2.340%	5,225.00	50,225.00	
04/01/2018			4,698.50	4,698.50	
06/30/2018					54,923.50
10/01/2018	45,000	2.340%	4,698.50	49,698.50	
04/01/2019			4,172.00	4,172.00	
06/30/2019					53,870.50
10/01/2019	40,000	2.340%	4,172.00	44,172.00	
04/01/2020			3,704.00	3,704.00	
06/30/2020					47,876.00
10/01/2020	40,000	2.340%	3,704.00	43,704.00	
04/01/2021			3,236.00	3,236.00	
06/30/2021					46,940.00
10/01/2021	40,000	3.236%	3,236.00	43,236.00	
04/01/2022			2,588.80	2,588.80	
06/30/2022					45,824.80
10/01/2022	40,000	3.236%	2,588.80	42,588.80	
04/01/2023			1,941.60	1,941.60	
06/30/2023					44,530.40
10/01/2023	40,000	3.236%	1,941.60	41,941.60	
04/01/2024			1,294.40	1,294.40	
06/30/2024					43,236.00
10/01/2024	40,000	3.236%	1,294.40	41,294.40	
04/01/2025			647.20	647.20	
06/30/2025					41,941.60
10/01/2025	40,000	3.236%	647.20	40,647.20	
06/30/2026					40,647.20
	415,000		65,016.22	480,016.22	480,016.22

Bond Debt Service  
Town of Portsmouth, Rhode Island  
2015 RIHEBC Refunding

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
4/1/2016			38,570.28	38,570.28	
6/30/2016					38,570.28
10/1/2016			48,550.00	48,550.00	
4/1/2017	165,000	3.000%	48,550.00	213,550.00	
6/30/2017					262,100.00
10/1/2017			46,075.00	46,075.00	
4/1/2018	290,000	3.000%	46,075.00	336,075.00	
6/30/2018					382,150.00
10/1/2018			41,725.00	41,725.00	
4/1/2019	280,000	4.000%	41,725.00	321,725.00	
6/30/2019					363,450.00
10/1/2019			36,125.00	36,125.00	
4/1/2020	275,000	5.000%	36,125.00	311,125.00	
6/30/2020					347,250.00
10/1/2020			29,250.00	29,250.00	
4/1/2021	275,000	5.000%	29,250.00	304,250.00	
6/30/2021					333,500.00
10/1/2021			22,375.00	22,375.00	
4/1/2022	275,000	5.000%	22,375.00	297,375.00	
6/30/2022					319,750.00
10/1/2022			15,500.00	15,500.00	
4/1/2023	155,000	5.000%	15,500.00	170,500.00	
6/30/2023					186,000.00
10/1/2023			11,625.00	11,625.00	
4/1/2024	155,000	5.000%	11,625.00	166,625.00	
6/30/2024					178,250.00
10/1/2024			7,750.00	7,750.00	
4/1/2025	155,000	5.000%	7,750.00	162,750.00	
6/30/2025					170,500.00
10/1/2025			3,875.00	3,875.00	
4/1/2026	155,000	5.000%	3,875.00	158,875.00	
6/30/2026					162,750.00
	2,180,000		564,270.28	2,744,270.28	2,744,270.28

---

## **Ratings Reports**

---

**New Issue: Moody's assigns Aa2 Portsmouth, RI's Ser. 2015A and 2015B GO bonds**

---

Global Credit Research - 28 Oct 2015

**Affirms Aa2 on outstanding GO debt**

PORTSMOUTH (TOWN OF) RI  
Cities (including Towns, Villages and Townships)  
RI

**Moody's Rating**

<b>ISSUE</b>	<b>RATING</b>
General Obligation Bonds, Series 2015 A (Tax-Exempt)	Aa2
<b>Sale Amount</b>	\$4,570,000
<b>Expected Sale Date</b>	11/04/15
<b>Rating Description</b>	General Obligation

General Obligation Bonds, Series 2015 B (Federally Taxable)	Aa2
<b>Sale Amount</b>	\$400,000
<b>Expected Sale Date</b>	11/04/15
<b>Rating Description</b>	General Obligation

**Moody's Outlook** NOO

NEW YORK, October 28, 2015 --Moody's Investors Service has assigned a Aa2 rating to the Town of Portsmouth, RI's \$4.6 million General Obligation Bonds, Series 2015A (Tax-Exempt) and a Aa2 rating to the \$400,000 General Obligation Bonds, Series 2015B (Federally Taxable). Concurrently, Moody's has affirmed the Aa2 rating on \$5.9 million of rated outstanding general obligation debt. Moody's has also affirmed the underlying A1 GO pooled rating on the Rhode Island Health and Education Building Corporation's (RIHEBC) Series 2008B bonds, the underlying Aa3 GO pooled rating on RIHEBC's Series 2008A bonds, the underlying Aa3 GO pooled rating on RIHEBC's Series 2007A bonds, and the underlying A3 GO pooled rating on RIHEBC's Series 2006A bonds.

**SUMMARY RATING RATIONALE**

The Aa2 rating reflects the town's moderately-sized tax base with above average wealth levels, well-managed financial position with reserves that have improved to sound levels, and manageable debt burden.

The ratings on the RIHEBC bonds reflect our public sector pooled financing methodology, which are unenhanced and use a "weak link plus" approach.

**OUTLOOK**

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

**WHAT COULD MAKE THE RATING GO UP**

- Continued material improvement in fund balance and liquidity
- Stabilized taxable values
- Full payment of required pension contribution on an annual basis

## WHAT COULD MAKE THE RATING GO DOWN

- Trend of operating deficits resulting in reserve declines
- Significant declines in the tax base or deterioration of the demographic profile
- Significant growth in debt burden
- Underfunding of required pension contribution

## STRENGTHS

- Experienced management team has improved reserves to sound levels
- Moderately sized tax base with above average wealth levels
- Manageable debt burden

## CHALLENGES

- Taxable values have declined for five consecutive years
- Above average pension liability

## RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

## DETAILED RATING RATIONALE

### ECONOMY AND TAX BASE: MODERATELY-SIZED RESIDENTIAL TAX BASE WITH ABOVE AVERAGE WEALTH

Portsmouth's moderately-sized \$3 billion tax base will begin to stabilize over the near term due to market value appreciation and some new development. The town is primarily residential and is located 20 miles southeast of Providence (Baa1 stable) and 10 miles north of Newport on Aquidneck Island. Similar to many other Rhode Island municipalities that are rebounding at a slower pace than the rest of New England, Portsmouth's taxable values have declined for the past five consecutive years. Values declined at a compound annual rate of 5.1% from fiscal 2011 through 2016, though we expect the next revaluation (effective fiscal 2018) will show modest growth, reflecting market value appreciation. Although the town is mostly built out, there should be modest new growth from new development projects, including expansions of some business and the commercial development of a large vacant parcel of land that was previously owned by the Navy. In addition, the value of new building permits continues to increase, up to 36 permits totaling \$8.7 million in fiscal 2015 from 16 permits totaling \$4.3 million in fiscal 2012. Socioeconomic indices exceed state and national medians: median family income is 130% and 146% of the state and nation, respectively. Full value per capita is a strong \$170,156 (almost twice the national median). The unemployment rate (4.9% July 2015) remains below state (5.8%) and nation (5.6%).

The largest taxpayer, Carnegie Tower Development Co. (fiscal 2016 assessed value of \$80.7 million, or 2.7% of total AV), is a high-end condominium tower that opened in 2009. The tower remains approximately 75% vacant and the unsold units were recently transferred by the developer to a bank and life insurance company under a deed in lieu of foreclosure. The town receives over \$1 million in annual tax revenue from this property (approximately 1.7% of total revenue) and, positively, management reports that all tax payments are current (the developer was often behind in tax payments). A 2012 appeal resulted in a \$3.3 million reduction in value, but management reports there are no appeals currently outstanding. We will continue to monitor any negative fiscal impact from this property, as nonpayment of property taxes or a reduction in value could have a material budgetary impact.

### FINANCIAL OPERATIONS AND RESERVES: WELL-MANAGED FINANCIAL POSITION WITH SOUND RESERVES GUIDED BY A FORMAL POLICY

Portsmouth's financial position will continue to remain sound given a history of conservative budgeting and improved reserve levels guided by a formal fund balance policy. Management's prudent expenditure management and conservative budgeting have resulted in five consecutive operating surpluses. Combined available General

and School Unrestricted Fund balances increased to \$9.8 million (a satisfactory 16.2% of revenues) in fiscal 2014 from \$2.9 million (a narrow 5.4%) in fiscal 2009. We note, however, that the town underfunded its required pension contribution by \$885,000 in fiscal 2014. Factoring this in, fund balance would have declined to \$670,000 to \$9.2 million, or a still-sound 15.1% of revenues.

The town has been in compliance with its formal fund balance policy since it was adopted in 2011, which states that unassigned General Fund reserves should be maintained between 8% and 16%. As of fiscal 2014 year end, unassigned fund balance was \$6.1 million, or 11.6% of revenues. Positively, the town does not typically appropriate reserves to balance the operating budget.

The fiscal 2015 budget (town and school) increased 2.3% from the prior year and was balanced with a 2.4% tax increase. Management reports that operations trended positively for the year and the combined town and school surplus is \$428,000. The fiscal 2016 budget increased a modest 0.5% from fiscal 2015 and was balanced with a modest tax levy increase. For the second consecutive year, the town budgeted \$156,000 to add to fund balance. Also, due to tight expenditure controls and some additional state aid, the local appropriation to the School Unrestricted Fund remained level at \$30.8 million. The School Unrestricted Fund balance (which has been accounted for in the General Fund as of fiscal 2013) was \$3.4 million as of fiscal 2014 year-end, and management will spend \$2.1 million in fiscal 2016 and 2017 to replace four boilers. Despite the projected decline, reserves will remain adequate.

Portsmouth derives the majority of its revenues from property taxes (78.5% in fiscal 2014) and collections remain strong at approximately 97%. State aid, including aid for education, comprised 11.2% of 2014 revenues. The largest expenditures are education (60.6% of 2014 operating expenditures), public safety (15.8%), and general government (6.9%).

#### Liquidity

The town's General Fund cash position (town and school purposes) has been relatively stable for the past three years, and was \$10.4 million (17.2% of revenues) at the close of fiscal 2014.

#### DEBT AND PENSIONS: MANAGEABLE DEBT BURDEN; ABOVE AVERAGE PENSION LIABILITY

Portsmouth's debt position will remain manageable given fast principal amortization and commitment to pay-go capital spending, including \$1 million annually for road improvements. The direct debt burden is below average at 0.6% of full valuation. The town intends to issue a referendum in fiscal 2017 for a new police station. Preliminary estimates indicate the project will cost approximately \$10 million, which the town will finance with debt.

#### Debt Structure

All debt is fixed rate and amortization of principal is average, with 80.8% repaid within ten years. Debt service accounted for a manageable 4.7% of expenditures in fiscal 2014. The town's formal policy limits general obligation debt service to a maximum of 15% of budgeted expenditures.

#### Debt-Related Derivatives

Portsmouth has no derivatives.

#### Pensions and OPEB

The town maintains a single-employer defined benefit pension plan for essentially all town employees except teachers, who are covered under a state plan. The town has historically contributed 100% of its annual required contribution (ARC) for the plan, except for fiscal 2014 when only 76% of the ARC was contributed (\$2.8 million v. ARC of \$3.7 million). However, the town contributed 100% in fiscal 2015 and 2016 (budget). According to the most recent valuation report (July 1, 2014), the plan is only 54.8% funded (actuarial value basis).

The town also contributes to the Employees Retirement System of the State of Rhode Island, a cost-sharing multiple-employer defined benefit plan administered by the State of Rhode Island (Aa2 stable) for certified teaching personnel. The town is required to fully fund its ARC, which was \$2.1 million in 2014, or 3.4% of expenditures

The combined adjusted net pension liability for both plans, under Moody's methodology for adjusting reported pension data, is \$144.5 million, which represents an above average 4.4% of full value and 1.5 times General Fund revenues. Moody's uses the adjusted net pension liability to improve comparability of reported pension liabilities. The adjustments are not intended to replace the reported liability information, but to improve comparability with

other rated entities. We determined the town's share of liability for the state-run plans in proportion to its contributions to the plans.

The total unfunded OPEB liability (town and school plans) is \$16.4 million as of July 1, 2013, the most recent valuation report. The town contributed a combined \$911,621 in fiscal 2014, which represents 53% of the ARC and 1.5% of expenditures. The town established an OPEB trust fund in 2010 for the town plan, and that plan is currently 3.6% funded. Total fixed costs for fiscal 2014, including debt service, required pension contributions and social security payments, represented \$8.7 million, or a manageable 14.3% of expenditures.

## MANAGEMENT AND GOVERNANCE

Town and school management are strong and employ conservative financial management as evidenced in a positive five year trend of fund balance growth, formal fiscal policies, and long-term planning for capital expenditures including a strong commitment to pay-as-you-go capital spending. In addition, the town and school management teams have a collaborative relationship which we feel has contributed to the stability of the healthy financial position. Rhode Island cities have an institutional framework score of 'A' or moderate. Economically sensitive revenues account for a small portion of operating revenues, but cities rely on property taxes and state aid account for the largest amounts. Cities have the ability to increase the property tax levy up to the 4% cap. Expenditures are largely predictable but cities are challenged to reduce expenditures given a strong union presence in the state.

## KEY STATISTICS

Fiscal 2016 full valuation: \$3 billion

Fiscal 2016 full valuation per capita: \$170,156

Median Family Income as % of U.S.: 146.2%

Fiscal 2014 Available Operating Fund Balance as % of Revenues: 16.2%

5-Year Dollar Change in Available Operating Fund Balance as % of Revenues: 11.4%

Fiscal 2014 Cash Balance as % of Revenues: 17.2%

5-Year Dollar Change in Cash Balance as % of Revenues: 13.0%

Institutional Framework: A

5-Year Average Operating Revenues / Operating Expenditures: 1.02x

Net Direct Debt as % of Full Value: 0.6%

Net Direct Debt / Operating Revenues: 0.3x

3-Year Average ANPL as % of Assessed Value: 3.7%

3-Year Average ANPL / Operating Revenues: 1.3x

## OBLIGOR PROFILE

Portsmouth has a population of 17,300 and occupies the northern portion of Aquidneck Island, approximately 20 miles southeast of Providence.

## LEGAL SECURITY

The bonds are general obligations of the town and are secured by an unlimited property tax pledge.

## USE OF PROCEEDS

Series A bond proceeds will finance various capital projects, including road improvements. Series B bond proceeds will finance the town's Septic System Loan Program.

## RATING METHODOLOGIES

The principal methodology used in the general obligation rating was US Local Government General Obligation Debt published in January 2014. The principal methodology used in the pooled rating was Public Sector Pool Financings published in July 2012. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

## REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moodys.com](http://www.moodys.com).

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see [www.moodys.com](http://www.moodys.com) for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for additional regulatory disclosures for each credit rating.

### Analysts

Heather Guss  
Lead Analyst  
Public Finance Group  
Moody's Investors Service

Geordie Thompson  
Additional Contact  
Public Finance Group  
Moody's Investors Service

### Contacts

Journalists: (212) 553-0376  
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
USA

**MOODY'S**  
INVESTORS SERVICE

© 2015 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS,

OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of

any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody's.com](http://www.moody's.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

For Japan only: MOODY'S Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of MOODY'S Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000. MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

# RatingsDirect®

---

## Summary:

# Portsmouth, Rhode Island; General Obligation; Note

### Primary Credit Analyst:

Timothy W Little, New York (212) 438-7999; [timothy.little@standardandpoors.com](mailto:timothy.little@standardandpoors.com)

### Secondary Contact:

Timothy J Daley, Boston (1) 617-530-8121; [timothy.daley@standardandpoors.com](mailto:timothy.daley@standardandpoors.com)

## Table Of Contents

---

Rationale

Outlook

Related Criteria And Research

## Summary:

# Portsmouth, Rhode Island; General Obligation; Note

### Credit Profile

US\$4.57 mil GO bonds (Cap Proj) ser 2015 A dtd 11/18/2015 due 06/30/2036

*Long Term Rating* AAA/Stable *New*

US\$1.65 mil GO BANs ser 1 due 11/18/2016

*Short Term Rating* SP-1+ *New*

US\$0.4 mil GO bonds (Cap Proj) ser 2015 B due 06/30/2026

*Long Term Rating* AAA/Stable *New*

Portsmouth Twn GO bonds (Tax-exempt)

*Long Term Rating* AAA/Stable *Affirmed*

## Rationale

Standard & Poor's Ratings Services assigned its 'AAA' long-term rating to Portsmouth, R.I.'s series 2015A and B general obligation (GO) bonds and affirmed its 'AAA' rating on the town's outstanding GO debt. The outlook is stable. We also assigned our 'SP-1+' short-term rating to the town's series 2015 bond anticipation notes.

A pledge of the town's full faith and credit secures the bonds. We understand officials will use the bond proceeds to fund various capital improvements.

The short-term rating reflects our view that Portsmouth maintains a very strong ability to pay principal and interest when the notes come due. In our opinion, the city maintains a low market-risk profile because it maintains strong legal authority to issue long-term debt to take out the notes and is a regular issuer that regularly provides ongoing disclosure to market participants.

Portsmouth's GO bonds are rated above the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria, "Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions", the county has a predominately locally derived revenue source, with 78.5% of governmental activity revenue derived from property taxes, independent taxing authority, and independent treasury management from the federal government.

The 'AAA' rating reflects our assessment of the town's:

- Very strong economy with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment methodology;
- Adequate budgetary performance, with a slight general fund surplus and a total governmental funds deficit of 1.2%;
- Strong budgetary flexibility, with an available fund balance in fiscal 2014 of 10.1% of operating expenditures;

- Very strong liquidity, with total government available cash of 15.3% of total governmental fund expenditures and 4.1x governmental debt service, and access to external liquidity we consider strong;
- Very strong debt and contingent liability position, with debt service carrying charges of 3.8% of expenditures and net direct debt that is 32.9% of total governmental fund revenue, and low overall net debt at less than 3% of market value and rapid amortization with 77.3% of debt scheduled to be retired in 10 years, but a large pension and other postemployment benefit (OPEB) liability; and
- Strong institutional framework score.

### **Very strong economy**

We consider Portsmouth's economy very strong. The town, with an estimated population of 17,445, is located in Newport County in the Providence-Warwick MSA, which we consider to be broad and diverse. The town has a projected per capita effective buying income of 139% of the national level and per capita market value of \$169,122. Overall, the town's market value fell by 4.1% over the past year to \$3 billion in 2016. The county unemployment rate was 6.7% in 2014.

The town's largest private employer is Raytheon (1,175 jobs), an aerospace and defense company whose seapower capabilities operations are based in the area. Residential properties account for about 85.65% of total assessed valuation (AV), followed by commercial and industrial properties at 9.57%. Portsmouth's AV has been stable in the past three fiscal years, with the fiscal 2015 decline attributable to revaluation.

### **Very strong management**

We view the town's management as very strong, with "strong" financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Highlights of the assessment include the town's conservative budgeting practices and better-than-budgeted results. The town primarily relies on a five-year historical trend analysis for revenue and expenditure assumptions and some zero-based budgeting practices for certain line items. The town council receives monthly reporting of budget-to-actual results and comparisons with year-earlier results. There is close coordination with the school system, which meets regularly with town management. Throughout the year, the council has power to make changes or transfers in appropriations. As part of its decision-making process, the town also uses a 10-year long-term financial forecast to identify any revenue or expenditure concerns and annually updates a five-year capital improvement plan that details funding sources. Under its formal investment management policy, the town reports investment earnings monthly to the council and provides at least an annual review of holdings. The debt management policy prohibits the use of derivatives, limiting the amount of GO debt outstanding at any time to less than 2% of its taxable property (more conservative than the state's 3% limit). Its formal reserve policy sets an unreserved general fund balance minimum of 8% and maximum of 16% to ensure short-term cash availability and stable tax rates.

### **Adequate budgetary performance**

Portsmouth's budgetary performance is adequate in our opinion. The town had balanced operating results of 0.4% in the general fund and a deficit of 1.2% across all governmental funds in fiscal 2014.

The town continues its trend of positive operating performance with the fiscal 2014 surplus driven by tax collections above budget and positive variances with expenditures. For fiscal 2015, management expects similarly strong results

of a general fund operational surplus of \$428,149 due to conservative budgeting practices and increases in fund balance. School operations continue to report positive results.

The fiscal 2016 budget is balanced and includes fund balance replenishment of about \$156,000 and \$1 million for road improvements. The town has annually budgeted for this activity in recent years. We also expect strong results for the year.

For fiscal 2014, the town underfunded its police pension plan required contribution by \$884,624 due to budgeting for pension reform measures that were not realized. As a result, the town has budgeted to overfund the required police pension payment in fiscal 2015 and return to making 100% of required contributions.

### **Strong budgetary flexibility**

Portsmouth's budgetary flexibility is strong, in our view, with an available fund balance in fiscal 2014 of 10.1% of operating expenditures, or \$5.9 million.

The town has recognized the need to strengthen its reserves and budgeted about \$256,000 in fiscal 2015 and \$156,000 in fiscal 2016 to add to its fund balance. In addition, the town has about \$3.4 million in state-restricted general fund balance for school operations that provides some additional flexibility. Given the restrictions on school reserves, we do not consider them available. However, when including the restricted school reserves, fund balance increases to a very strong 16.5% of expenditures.

Rhode Island General Laws limit the amount by which a city or town may increase its tax levy unless it qualifies for certain exemptions to 4% of the prior year's levy. The town's levy increase has been about 2.4% for the past three fiscal years.

### **Very strong liquidity**

In our opinion, Portsmouth's liquidity is very strong, with total government available cash of 15.3% of total governmental fund expenditures and 4.1x governmental debt service in 2014. In our view, the town has strong access to external liquidity if necessary.

We believe the town's strong access to external liquidity is supported by its recent debt issuances, including GO bonds. Though the state allows for what we view as permissive investments, we believe the town does not currently have aggressive investments as the majority of its investments are in mutual funds and fixed-income securities. We expect the town will maintain very strong liquidity.

### **Very strong debt and contingent liability profile**

In our view, Portsmouth's debt and contingent liability profile is very strong. Total governmental fund debt service is 3.8% of total governmental fund expenditures, and net direct debt is 32.9% of total governmental fund revenue. Overall net debt is low at 0.8% of market value and approximately 77.3% of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors.

The town is considering a bond issue of up to \$10 million to build a police station; such an issuance would require voter approval. The town contributes about \$1 million annually to its road improvement fund.

In our opinion, a credit weakness is Portsmouth's large pension and OPEB liability. Portsmouth's combined pension

and OPEB contributions totaled 10.5% of total governmental fund expenditures in 2014. Of that amount, 9.1% represented contributions to pension obligations and 1.4% represented OPEB payments. The town made 85% of its annual required pension contribution in 2014. The pension funded ratio is 52.1%.

Portsmouth participates in the state Employees' Retirement System for teachers and contributed its full annual required contribution (ARC) of \$2 million in fiscal 2014. The town also administers its own defined-benefit plan for all other employees, contributing \$2.8 million in 2014. The plan was 52% funded as of its July 1, 2013 valuation.

While the town's administered pension plan would be considered in "critical status" as defined by the state Retirement Security Act for Locally Administered Pension Funds, the town uses a conservative 6.75% discount rate. Critical status plans are required to enact a Funding Improvement Plan to return the plan to at least 60%, but Portsmouth has not been required to submit a plan as the current funding ratio is largely determined by the conservative plan assumption. The town has also enacted pension reform by moving all future employees to defined-contribution plans and reducing cost-of-living adjustments. The town also provides OPEBs in the form of health insurance with premiums paid until the retiree becomes eligible for Medicare. While the town's retirement contribution charge is elevated, in our opinion, recent reforms to the pension plan, current conservative assumptions, and very strong management conditions indicate the town should be able to manage these costs and future effects of the liabilities.

### **Strong institutional framework**

The institutional framework score for Rhode Island municipalities is strong.

## **Outlook**

The stable outlook reflects Standard & Poor's view that management will remain proactive and make the necessary adjustments to produce at least balanced operations as it has demonstrated while adding to available general fund reserves. Adopted management policies provide a mechanism to address and manage liquidity at strong levels, which, along with limited future capital needs, provide for long-term rating stability. However, we do not expect to change the rating in the next two years.

### **Downside scenario**

While unlikely, should budgetary performance deteriorate, along with reserves, we could lower the rating.

## **Related Criteria And Research**

### **Related Criteria**

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Bond Anticipation Note Rating Methodology, Aug. 31, 2011
- Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions, Nov. 19, 2013
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

**Related Research**

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- U.S. State And Local Government Credit Conditions Forecast, Oct. 20, 2015

Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription) and [www.spcapitaliq.com](http://www.spcapitaliq.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

---

## Contact Information

---



**The PFM  
Group**

**Stephen Maceroni**

Director

[maceronis@pfm.com](mailto:maceronis@pfm.com)

**Public Financial Management Inc.**

10 Weybosset Street

Suite 902

Providence, Rhode Island 02903

(401) 709-5111 – Office

(401) 277-8451 – Fax



**The PFM  
Group**

**William Fazioli**

Director

[fazioliw@pfm.com](mailto:fazioliw@pfm.com)

**Public Financial Management Inc.**

10 Weybosset Street

Suite 902

Providence, Rhode Island 02903

(401) 709-5112 – Office

(401) 277-8451 – Fax