COMPREHENSIVE

ANNUAL FINANCIAL REPORT

of the

CITY OF NEWPORT,

RHODE ISLAND

FOR THE YEAR ENDED

JUNE 30, 2014

PREPARED BY:

LAURA SITRIN, CPA
DIRECTOR OF FINANCE

CITY OF NEWPORT, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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Introductory Section

December 31, 2014

To the Honorable Mayor, Councilors, and Citizens of the City of Newport, Rhode Island:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year (June 30) 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 licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Newport, Rhode Island as of and for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Newport, Rhode Island. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Newport, Rhode Island has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Newport, Rhode Island's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Newport, Rhode Island'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, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Newport, Rhode Island's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Newport, Rhode Island for the fiscal year ended June 30, 2014 were free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City of Newport, Rhode Island's financial statements as of and for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Newport, Rhode Island was part of a broader, federally 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 presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Newport, Rhode Island's separately issued Single Audit Report.

GAAP require 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 MD&A and should be read in conjunction with it. The City of Newport, Rhode Island's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Newport, Rhode Island (City), founded in 1639, incorporated in 1784 and re-chartered in 1853, is located at the southern end of Aquidneck Island in Narragansett Bay, about 30 miles southeast of Rhode Island's capital of Providence. The City is bounded by the Atlantic Ocean on the east and south and Narragansett Bay on the west. The City is 11 square miles in size, with 7.7 square miles of land and 3.3 square miles of inland water. The City has a year-round population of about 25,000, which grows substantially during the summer months. The City is also visited by over 4,000,000 people annually.

The City operates under a Home Rule Charter providing for a council/city manager form of government. There is a seven-member City Council serving two-year terms, headed by its Chairperson, who is elected by the at large City Councilors and also holds the title of Mayor. Four of the Councilors are elected at large and three from voting wards. All legislative powers of the City are vested in the City Council by the Charter, including the ordering of any tax, making appropriations, and transacting any other business pertaining to the financial affairs of the City. The City Council is also responsible for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Solicitors, Municipal Judges and Canvassing Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing all other employees.

An elected seven-member School Committee, all at large and serving two-year terms, is vested with autonomous legislative authority over the public school system. The School Committee appoints the Superintendent of Schools as the chief executive officer for the school system. The school system provides elementary and primary education to City residents and vocational programs to other Newport County residents.

Municipal services include public safety; potable water and wastewater collection, treatment and distribution; solid waste and recyclables collection and disposal; street and sidewalk maintenance; beach, harbor, recreation, tourism and parking operations; and planning, zoning and economic development functions.

The annual budget serves as the foundation for the City's financial planning and control. All departments and the Newport Public Schools are required to submit requests for appropriations to the City Manager by May 14th of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the City Council for review no later than 45 days prior to June 30. The Council is required to hold 2 public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) and department. Department heads may make transfers of appropriations within a department with City Manager approval. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the City's general operating fund and the school general operating fund.

Factors Affecting Financial Condition

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

Local economy

From its early years when commerce involved the whale-oil trade, to today's highly sophisticated research in electronic submarine warfare, the seaport has continued to play a vital role in Newport's economy. The U.S. Navy, beginning with the founding of the Naval War College in 1884, influenced the development of the City and continues to do so as one of the major contributors to the local economy.

Newport's location, natural and cultural resources, and sense of history are responsible for the growth of tourism into a primary source of revenue. The third largest economic factor in Newport, the service sector, benefits from both the defense and tourism industries. As the State's principal tourist center and resort community, Newport is visited annually by millions of tourists who attend special events, sail and view the City's mansions and other attractions. The City's popularity has stimulated significant private investment in retail shopping facilities, hotels, timeshare units, restaurants, clubs and other tourist-oriented enterprises.

The personal income per capita in 2012 (latest available data) for Newport County is $43,905 compared to $44,990 and $42,693 for Rhode Island and the United States, respectively. The unemployment rate is 5.7% compared to the state unemployment rate of 7.9%. The median selling price of an existing home in June 2014 is $376,500 compared to $398,000 in June 2013. The City is attracting older retired residents and empty-nesters as well as tourists. Properties, especially those over $1 million, continue to maintain value and have not declined to the extent that they have in other parts of the state and country due to the City's proximity to the Narragansett Bay and Atlantic Ocean. The tourist industry has recovered and tourism is expected to continue to grow.

Long-term financial planning

The City was awarded a federal grant for the redevelopment and adaptive reuse of the former Sheffield public school to be used as the Newport TechWorks Accelerator and Innovation Center. Another major economic development initiative is the establishment of a North End Innovation Hub. In addition, the City continues to evaluate redevelopment options for excessed Navy property including the old naval hospital. A separate island-wide commission has been established to develop plans for the excessed property.

Long-term financial planning includes continuing significant capital renovation and additions in both the Water and Water Pollution Control (sewer) funds in response to new state and federal water quality standards and deteriorating buildings and systems. The replacement of the Lawton Valley Water Treatment Plant and significant long-term improvements to the Station 1 Water Plant in order to comply with new federal drinking water standards have been completed. The cost associated with this project was approximately $85MM.

The City has developed a long-term master plan for Combined Sewer Overflow (CSO), and has undertaken and financed several capital projects in the last few years. Total costs related to the best and most likely options in the master plan at this time are estimated to be $100 million spread over 30 years. Funds will likely come from a variety of sources including state subsidized revenue bonds, grants, and rates. The City built a new elementary school on the site of an existing school. The cost was $30 million. Four schools were consolidated into one, leaving three schools that can be used for economic development possibilities.

Financial Policies

The City has a set of Council approved financial policies that were developed to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Newport. Financial policies have impacted decisions in both the year under audit (FY2014) and future years.

One key policy is that budgets must balance, which means that budgeted current revenues must be equal to or greater than budgeted current expenditures in governmental funds; and revenues and other sources of cash must equal expenditures and other uses of cash in the enterprise funds. In conjunction with this is a policy that revenues must be increased or expenditures decreased in the same fiscal year that deficits appear. A third budget policy states that significant one-time revenues shall only be used for one-time expenditures.

The City Council is required by law to adopt balanced budgets although at times fund balance is appropriated for a specific use. Fund balance was appropriated in the school general operating fund in FY2014. The school committee appropriates fund balance in order to balance the school budget; however, they often do not use most of the appropriated fund balance.

Other financial policies deal with debt. These policies state that annual general fund debt service expenditures shall be less than 9% of annual general fund expenditures. The actual general fund debt service expenditures were significantly less than 9%.

A second debt policy says that the term of any bond issue shall not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended. The City has complied with this policy.

There are reporting compliance policies that require the City administration to provide budget to actual reports to the City Council on a monthly basis and to provide quarterly budget, actual and projected revenues and expenditures to the State Office of Municipal Affairs. The City administration complied with these policies during FY2014.

Pension and other post-employment benefits

The City sponsors two single-employer defined benefit pension plans for police and fire employees. Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the City must make to the pension plans to ensure that the plans will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contributions to the pension plans as determined by the actuary. The City also fully funds the calculation by the actuary of the annual amortization of the unfunded actuarially accrued liability. The liability is being amortized over a closed 30-year period. The City is in the 17th year (declining to 1). The plans are currently funded at 46% for the fire plan and 67% for the police plan.

The City provides pension benefits for its non-public safety employees (except teachers) through a state-wide plan managed by the State Treasurer. Newport teachers are members of the State of Rhode Island Employee Retirement System. State-hired actuaries determine the funding level and unfunded actuarially accrued liability for each individual participating employer. The City is 64% funded in the State's municipal employees' retirement plan. The State of Rhode Island General Assembly enacted legislation that significantly changes the pension plan for participants in the State Municipal Employees Plan and the State Teachers Plan. The changes are expected to reduce the long-term liability by about 50%; however, the legality of the pension changes enacted by the General Assembly are being challenged and scheduled

for a jury trial in April 2015. These changes are reflected in the June 30, 2014 footnotes and required supplementary information.

The City provides postretirement health coverage for all vested retirees, certain dependents and beneficiaries and life insurance benefits to police retirees. Vesting and participation is determined by bargaining contract and varies by length of employment and type of employment. As of June 30, 2014, 532 retirees were eligible to receive health insurance benefits, which are currently financed on a pay-as-you-go basis. The actuarial calculation of the combined municipal and school liability as of June 30, 2014 is $118 million. The City has established and is funding a trust to accumulate assets for the payment of other post-employment benefits in the future. Assets of $35 million have been accumulated as of June 30, 2014. Benefits will not be paid from the trust until such time as City management feels that sufficient assets are available to begin paying benefits. Retiree benefits and various options are currently being studied in order to reduce the liability.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes V B. and V C. in the notes to the basic financial statements.

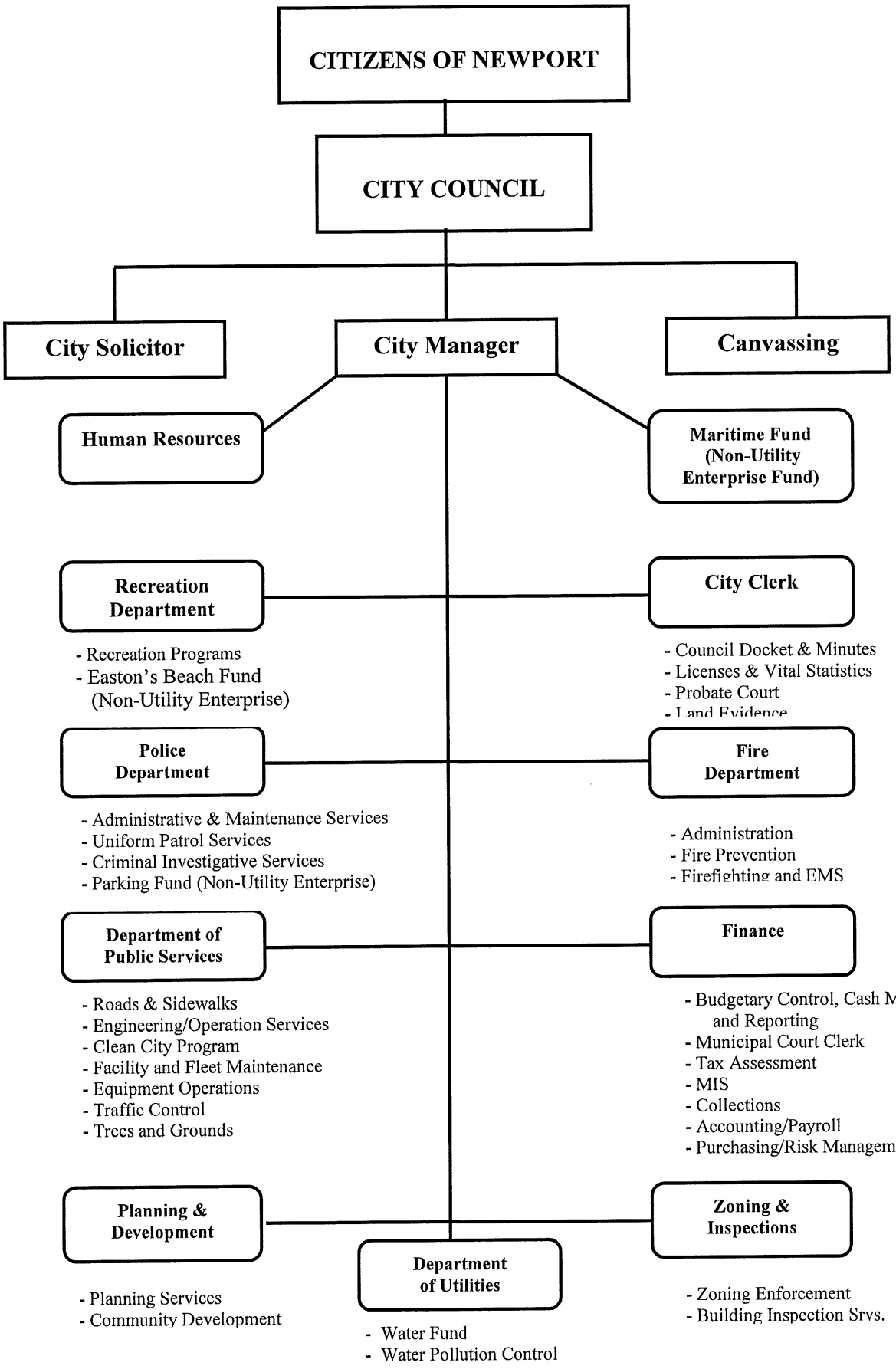
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing support for achieving and maintaining the highest standards of professionalism in the management of the City of Newport's finances.

Respectfully submitted,

Joseph J. Nicholson, Jr.
Interim City Manager

Laura L. Sitrin, CPA
Director of Finance

THE CITY OF NEWPORT, RHODE ISLAND



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

Elected Officials:

Honorable Henry F. Winthrop	Mayor
Naomi L. Neville	Councilor At Large, Vice-Chair
Marco T. Camacho	1st Ward Councilor
Justin S. McLaughlin	2nd Ward Councilor
Kathryn E. Leonard	3rd Ward Councilor
Michael T. Farley	Councilor At Large
Jeanne Marie Napolitano	Councilor At Large
Charles P. Shoemaker, MD	School Committee Chair
Jo Eva Gaines	School Committee Vice- Chair
Robert B. Power, Ed.D.	School Committee
Thomas S. Phelan	School Committee
Rebecca Bolan	School Committee
Sandra J. Flowers, Ph.D.	School Committee
Robert J. Leary	School Committee

Principal Appointed Officials:

Joseph J. Nicholson, Jr.	Interim City Manager
Laura L. Sitrin, CPA	Director of Finance
Colleen B. Jermain	Superintendent of Schools
Joan Tracey, CPA	School Business Manager
Christopher J. Behan, Esq.	Interim City Solicitor
Julia Forgue	Director of Utilities
William Riccio	Director of Public Services
Gary Silva	Police Chief
Peter Connerton	Fire Chief
Laura C. Swistak	Interim City Clerk

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newport

Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section

Independent Auditor's Report

Members of the City Council
City of Newport, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Rhode Island, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's 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 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 auditor's 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 City of Newport, Rhode Island, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 and the pension and other post-employment benefit plan schedules on pages 12 through 24 and pages 86 and 92, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport, Rhode Island's basic financial statements. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 31, 2014, on our consideration of the City of Newport, 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 City of Newport, Rhode Island's internal control over financial reporting and compliance.

Cohn Reznick LLP

New London, Connecticut
December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

As management of the City of Newport, we offer readers of the City of Newport's financial statements this narrative overview and analysis of the financial activities of the City of Newport for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory section of this report.

Financial Highlights

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by $221,821,901 (*net position*).
- The government's net position increased by $14,107,450. Governmental activities' net position increased by $11,316,145 due primarily to increases in property taxes, service charges, especially building permits, and a gain in the market value of Permanent Fund investments. Business-type activities had an increase of $2,791,305 in net position due to programmed rate increases in the water and water pollution control departments over the last couple of years to pay debt service related to major capital improvements.
- At June 30, 2014, the City of Newport's governmental funds reported a combined ending fund balance of $34,326,567, an increase of $141,779 in comparison to the prior year fund balance. Of the total fund balance, $22,516,546 (66%) is either nonspendable, restricted or committed, leaving $12,262,264 as available for spending at the City's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, total fund balance for the general fund was $13,051,602, or 14.05% of total general fund expenditures and net other financing uses. $789,338 of the fund balance is restricted or committed leaving $12,262,264 of assigned or unassigned fund balance. The general fund total fund balance is split between the control of the City Council and the School Committee. Assigned and unassigned fund balance under the control of the City Council is $11,747,349, or 13.8% of city operating expenditures and other financing uses. The School's fund balance is $514,915.
- The City of Newport's bonded debt increased by $25,975,388 (20%) as the result of revenue bond drawdowns of $31,588,756 offset by principal retirements of $5,613,365.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Newport's basic financial statements. The City of Newport's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Newport's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Newport's assets and liabilities, 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 City of Newport is improving or deteriorating.

Government-Wide Financial Statements (Continued)

The *statement of activities* presents information showing how the government'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 (e.g, uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Newport 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 their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Newport include general government, education, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Newport include water utilities, sewer utilities (water pollution control utilities), parking facilities, and harbor facilities.

The government-wide financial statements can be found on Exhibits A and B of this report.

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 City of Newport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newport 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 funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Newport maintains thirteen 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 (made up of four funds, including the City's General Fund, the School Unrestricted Fund, the Property Acquisition Fund and the Gifts Fund), the Community Development Block Grant Fund, the Capital Projects Fund and the Permanent Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for the combined General Fund is included on Schedules 3 and 4 of this report. Individual fund data for each of the nonmajor governmental funds is included on Schedules 9 and 10 of this report.

The City of Newport adopts an annual budget for its General Fund and School Unrestricted Fund. A Budgetary comparison statement has been provided for the General Fund on Exhibit F.

Fund Financial Statements (Continued)

Proprietary funds

The City of Newport maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Newport uses enterprise funds to account for its water operations, water pollution control operations, parking operations, and its maritime (harbor) operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Newport's various functions. The City of Newport uses an internal service fund to account for its fleet and equipment maintenance operations. Because this fund predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utilities Fund and for the Water Pollution Control operation, both of which are considered to be major funds of the City of Newport. The Parking Operations Fund and Maritime Fund are combined into a single, aggregated presentation in the proprietary fund financial statements. The internal service fund is presented separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on Exhibits G, H and I 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 City of Newport'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 Exhibits J and K of this report.

Notes to the basic 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 Exhibit L of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Newport's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with the general fund, nonmajor governmental funds and proprietary funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Newport, assets exceeded liabilities by $221,821,901 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's net position (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Newport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Newport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Newport's Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 49,101,391	$ 52,286,262	$ 38,472,521	$ 33,838,431	$ 87,573,912	$ 86,124,693
Capital assets	121,409,871	114,374,832	205,714,307	179,407,896	327,124,178	293,782,728
Total assets	170,511,262	166,661,094	244,186,828	213,246,327	414,698,090	379,907,421
Long-term liabilities	55,904,541	60,443,747	111,857,997	85,286,721	167,762,538	145,730,468
Other liabilities	12,421,781	15,348,552	12,691,870	11,113,950	25,113,651	26,462,502
Total liabilities	68,326,322	75,792,299	124,549,867	96,400,671	192,876,189	172,192,970
Net assets:						
Invested in capital assets, net of related debt	75,523,117	65,282,126	90,596,425	94,138,176	166,119,542	159,420,302
Restricted	12,270,831	10,792,567	27,875,957	22,213,096	40,146,788	33,005,663
Unrestricted	14,390,992	14,794,102	1,164,579	494,384	15,555,571	15,288,486
Total net position	$ 102,184,940	$ 90,868,795	$ 119,636,961	$ 116,845,656	$ 221,821,901	$ 207,714,451

An additional portion of the City of Newport's net position (18%) represents resources that are restricted by external parties.

The City's net position increased by $14,107,450 during the current fiscal year. Several factors contributed to this increase. The FY2014 total tax levy increase was 3.04% leading to an increase of $2.1 million in property and motor vehicle taxes. Both governmental activities operating and capital grants and contributions increased because of increased state aid for school debt service, increased drug forfeiture funds and the donation of $2,463,956 of capital asset donations from the transfer of beach operations. The Permanent Fund investments had realized and unrealized gains in investment market value. There was a 5.8% increase in the water pollution control rates to help fund capital projects. The only major decrease is the loss on the disposal of capital assets in the nonmajor business-type funds due to the transfer of beach operations to the general fund.

Governmental Activities

Governmental activities net position increased by $11,316,145. A comparison of FY2014 and FY2013 activity can be found on the next page, which indicates the changes identified above.

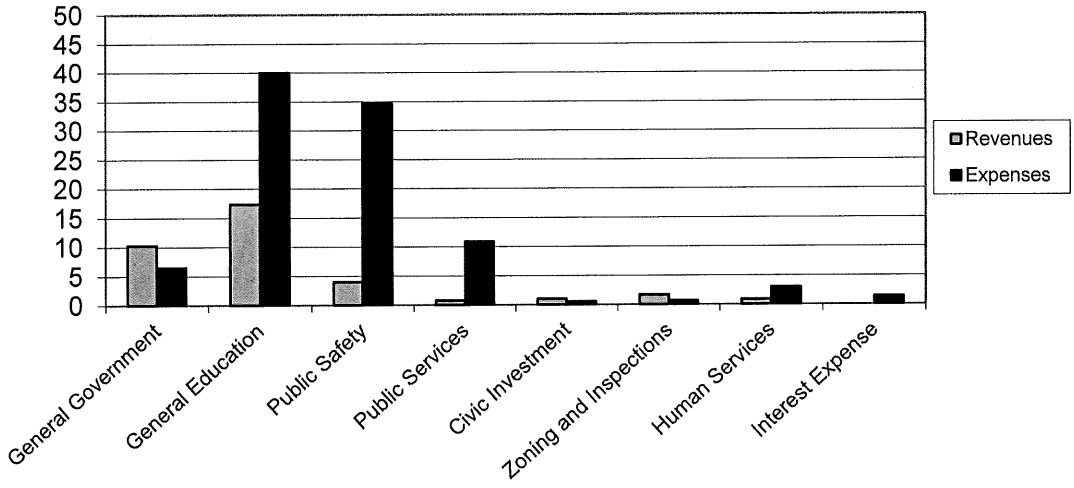
City of Newport's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 12,063,082	$ 11,703,082	$ 30,104,744	$ 29,649,492	$ 42,167,826	$ 41,352,574
Operating grants and contributions	20,758,313	19,682,834	-	-	20,758,313	19,682,834
Capital grants and contributions	3,112,761	648,087	484,760	853,295	3,597,521	1,501,382
General revenues:						
Property taxes	71,303,614	69,218,686	-	-	71,303,614	69,218,686
Grants and contributions not restricted to specific programs	1,543,540	1,387,855	-	-	1,543,540	1,387,855
Investment income	2,054,867	1,431,220	46,272	(19,987)	2,101,139	1,411,233
Gain on sale of assets	-	730,000	-	-	-	730,000
Total revenues	110,836,177	104,801,764	30,635,776	30,482,800	141,471,953	135,284,564
Expenses:						
General government	6,583,867	6,082,791	-	-	6,583,867	6,082,791
General education	40,053,778	41,859,273	-	-	40,053,778	41,859,273
Public safety	35,076,377	34,008,599	-	-	35,076,377	34,008,599
Public services	10,949,931	9,533,405	-	-	10,949,931	9,533,405
Civic investment	662,952	1,639,008	-	-	662,952	1,639,008
Inspections and zoning	745,706	-	-	-	745,706	-
Human services	2,979,211	3,091,514	-	-	2,979,211	3,091,514
Interest expense	1,405,987	717,665	-	-	1,405,987	717,665
Water	-	-	13,646,827	11,109,044	13,646,827	11,109,044
Water pollution control	-	-	10,399,257	10,522,134	10,399,257	10,522,134
Nonmajor business-type	-	-	2,396,654	3,050,165	2,396,654	3,050,165
Total expenses	98,457,809	96,932,255	26,442,738	24,681,343	124,900,547	121,613,598
Increase in net position	12,378,368	7,869,509	4,193,038	5,801,457	16,571,406	13,670,966
Loss on disposal of assets	-	-	(2,463,956)		(2,463,956)	
Transfers	(1,062,223)	(23,536)	1,062,223	23,536	-	-
Change in net position	11,316,145	7,845,973	2,791,305	5,824,993	14,107,450	13,670,966
Net position, July 1	90,868,795	83,022,822	116,845,656	111,020,663	207,714,451	194,043,485
Net position, June 30	$ 102,184,940	$ 90,868,795	$ 119,636,961	$ 116,845,656	$ 221,821,901	$ 207,714,451

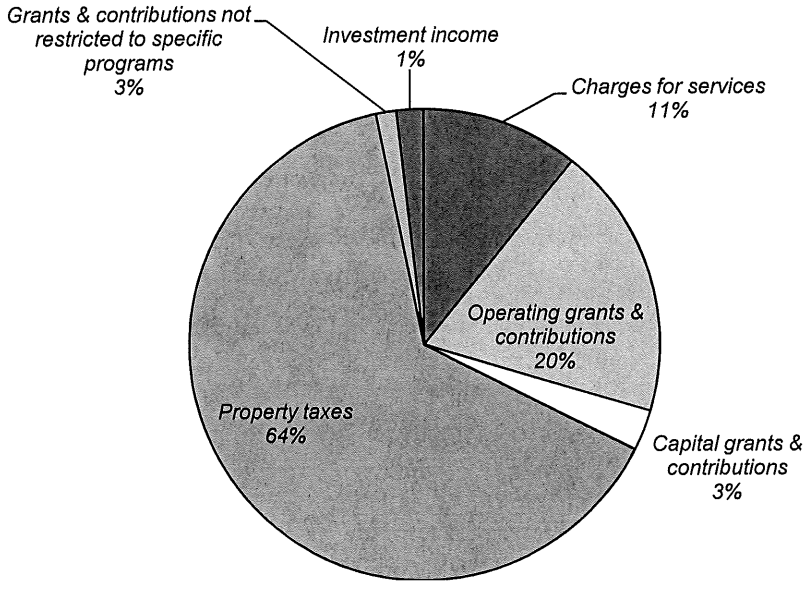
Government-Wide Financial Analysis (Continued)

Governmental Activities (continued)

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



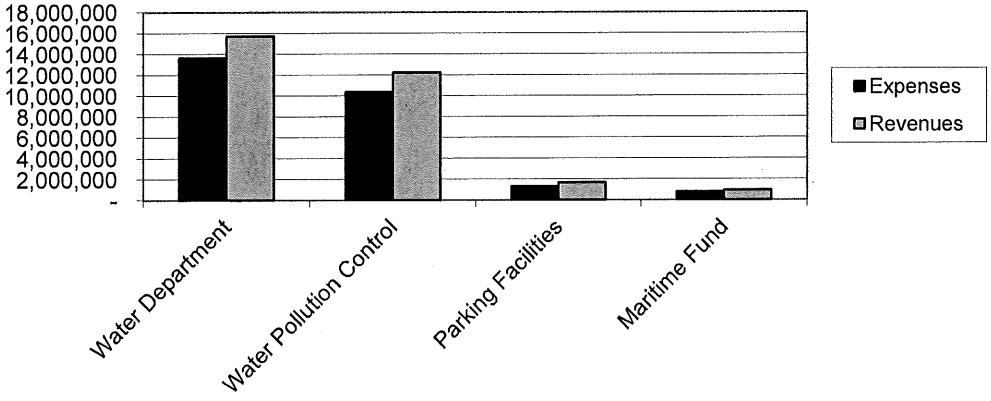
Government-Wide Financial Analysis (Continued)

Business-type activities

Business-type activities' net position increased by $2,791,305. The increase is due primarily to a budgeted rate increase in water pollution control rates of 5.8%. The rate increase in the water pollution control rates is to help fund major projects related to main replacements and repairs, sanitary sewer upgrades, stormwater upgrades and to eliminate discharges into the harbor from combined sewer overflows (CSO's). A recent system plan estimates the cost of the CSO eliminations at $100 million to be spread over the next 30 years.

The Water Fund had income before transfers of $2,077,525 for the year ended June 30, 2014, the Water Pollution Control Fund had income before transfers of $1,846,416, and the nonmajor proprietary funds had losses before transfers of ($2,194,859).

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the City's Funds

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

Governmental funds

The focus of the City of Newport's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newport'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.

Financial Analysis of the City's Funds (Continued)

Governmental funds (continued)

As of the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of $34,326,567, an increase of $141,779 in comparison with the prior year fund balance. Much of the total combined ending fund balance amount ($22,064,303) constitutes fund balance that is either nonspendable, restricted by outside legal sources or committed for capital or contractual purposes. An additional $452,243 of the fund balance is assigned by the City Council and the balance of $11,810,021 is unassigned, which is available for spending at the government's discretion.

The General Fund is the combined operating general fund of the City of Newport and the operating general fund of the Newport Public Schools. Two smaller funds are combined into the General Fund as well. They include the property acquisition fund and a gifts fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was $11,810,021, while total fund balance was $13,051,602. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 12.7% of total General Fund expenditures and transfers, while total fund balance represents 14.05% of that same amount.

The total fund balance in the general operating fund of the City (does not include the gift fund and the property acquisition fund also combined into the general fund) under the control of the City Council is $11,984,991, which is 14.3% of City operating expenditures and other financing uses. The general operating fund of the Newport Public Schools is under the control of the elected School Committee. That fund balance is $514,915. It is not particularly meaningful to compare the school general fund balance to school expenditures.

The fund balance of the City's operating general fund under the control of the City Council increased by $1,108,378 (not including the property acquisition fund and gifts fund) due to a tax rate increase in FY2014 and expenditures that were lower than budgeted. The fund balance of the Newport Schools under the control of the School Committee decreased by $615,375 due to planned use of fund balance and revenues less than what was anticipated. The table on the next page shows the comparison of revenues and expenditures in the General Fund between FY2014 and FY2013.

There was an overall increase in City general operating fund revenues of $3,984,620 from the prior year due to an increase in property tax rates and state housing aid for the new Pell School. The School saw a decrease in revenues due primarily to a decrease in outside tuition fees in FY2014.

Financial Analysis of the City's Funds (Continued)

Governmental funds (continued)

Property Taxes	$ 71,336,608	$ 69,092,746	$ -	$ -
Intergovernmental Revenues	3,155,485	2,122,630	13,294,029	13,418,814
Charges for Services	10,077,998	9,613,465	366,371	713,431
Use of Money and Property	208,150	(92,678)	74,919	86,472
Contributions	179,200	212,234	224,345	182,293
Other Revenues	102,428	126,852	-	-
Total Revenues	85,059,869	81,075,249	13,959,664	14,401,010
Total Expenditures	58,548,880	54,498,696	37,678,436	37,251,820
Other Financing Sources (Uses)	(25,402,611)	(24,983,989)	23,103,397	22,564,157
Net Change in Fund Balances	1,108,378	1,592,564	(615,375)	(286,653)
Fund Balance, Beginning	10,876,613	9,284,049	1,130,290	1,416,943
Fund Balance, Ending	$ 11,984,991	$ 10,876,613	$ 514,915	$ 1,130,290

	Combined	
	2014	2013
Local Taxes	$ 71,336,608	$ 69,092,746
Intergovernmental Revenues	16,449,514	15,541,444
Charges for Services	10,444,369	10,326,896
Use of Money and Property	283,069	(6,206)
Contributions	403,545	394,527
Other Revenues	102,428	126,852
Total Revenues	99,019,533	95,476,259
Total Expenditures	96,227,316	91,750,516
Other Financing Sources (Uses)	(2,299,214)	(2,419,832)
Net Change in Fund Balances	493,003	1,305,911
Fund Balance, Beginning	12,006,903	10,700,992
Fund Balance, Ending	$ 12,499,906	$ 12,006,903

Financial Analysis of the City's Funds (Continued)

Governmental funds (continued)

The Community Development Block Grant Fund had a decrease in fund balance of $27,457 which is due to timing differences between grant revenues and expenditures.

The Capital Projects Fund had a decrease in fund balance of $1,619,911 that is primarily the result of timing differences between revenues and actual expenditures as of June 30, 2014.

The Permanent Fund had an increase in fund balance of $1,279,642 due to net results from market returns.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were due to budgetary carryovers from fiscal year 2013 of $790,631 and a budget amendment increasing revenues and appropriations by $395,000.

Proprietary funds

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

Unrestricted net position of the Water Fund at the end of the year amounted to a deficit of ($4,713,927) while restricted net position was $17,383,270 and net position invested in capital assets, net of related debt was $34,162,562. The Rhode Island Public Utilities Commission sets rates at a level that allows revenues to the extent that they cover approved operating, debt service and capital expenditures. The rates do not allow for reserves, thus any unforeseen expense is covered by curbing operating and maintenance expenses.

Unrestricted net position of the Water Pollution Control Fund at the end of the year amounted to $539,268 while restricted net position was $10,492,687 and net position invested in capital assets, net of related debt was $51,410,137. Much of the revenue in the Water Pollution Control Fund is to fund future debt service related to capital improvements. Cash is restricted in the Water Pollution Control Fund because it is subject to debt covenant requirements. Most of the Water Pollution Control Fund net position is restricted, held in trust or invested in capital assets, net of related debt.

The Parking Fund had unrestricted net position of $3,862,436 and the Maritime Fund had unrestricted net position of $1,476,802. The total growth in net position for the Water Fund was $2,077,525; for the Water Pollution Control Fund $2,546,416; for the parking operations fund $397,633; and for the Maritime Fund $160,712. The Easton's Beach fund had a reduction in net position of $2,390,981. The Easton's Beach Fund reductions is a result of closing the enterprise fund into the general fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Newport's business-type activities.

Financial Analysis of the City's Funds (Continued)

Capital Asset and Debt Administration

Capital assets

The City of Newport's investment in capital assets for its governmental and business-type activities as of June 30, 2014 is $327,124,178 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and systems, machinery and equipment, vehicles, infrastructure and construction in progress. There was a total increase in the City of Newport's investment in capital assets for the current fiscal year of 11.3%. Individually, governmental activities had a 6.2% increase and business-type activities had a 14.7% increase.

Major capital asset events during the current fiscal year included the following:

- $2,163,436 was spent on road and sidewalk reconstruction and improvements.
- $933,826 was spent on equipment replacement.
- $3,523,910 was spent on the new Pell Elementary School
- $31,339,495 was spent on water treatment plants, water infrastructure,and mains.
- $2,826,669 was spent on combined sewer overflow and other water pollution control issues.

City of Newport's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 4,920,148	$ 4,920,148	$ 6,492,359	$ 6,492,359	$ 11,412,507	$ 11,412,507
Construction in progress	1,218,960	28,791,872	68,973,934	39,592,782	70,192,894	68,384,654
Buildings & systems	65,745,886	33,155,218	129,589,425	132,228,849	195,335,311	165,384,067
Machinery & equipment	3,166,201	2,801,314	488,094	601,895	3,654,295	3,403,209
Vehicles	3,404,696	2,749,813	170,495	492,011	3,575,191	3,241,824
Infrastructure	42,953,980	41,956,467	-	-	42,953,980	41,956,467
Total	$ 121,409,871	$ 114,374,832	$ 205,714,307	$ 179,407,896	$ 327,124,178	$ 293,782,728

Additional information on the City of Newport's capital assets can be found in Exhibit L. Note IV. C.

Financial Analysis of the City's Funds (Continued)

Capital Asset and Debt Administration (Continued)

Long-term debt

At the end of the current fiscal year, the City of Newport had total bonded debt outstanding of $157,992,213. Of this amount, $41,993,536 comprises debt backed by the full faith and credit of the government. The remainder of the City of Newport's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	$ 41,993,536	$ 44,873,536	$ -	$ -	$ 41,993,536	$ 44,873,536
Revenue Bonds	-	-	115,998,677	87,143,289	115,998,677	87,143,289
Total	$ 41,993,536	$ 44,873,536	$ 115,998,677	$ 87,143,289	$ 157,992,213	$ 132,016,825

The City of Newport's total bonds increased by $25,975,388 (20%) during the current fiscal year. The increase was the result of revenue bond drawdowns of $31,588,756 primarily for the water treatment plants project. Bonds of $5,613,365 were retired during fiscal year 2014.

The City of Newport maintains an "AA+" rating from Standard and Poor for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may have outstanding to 3% of its assessed property values. The current debt limitation for the City is $159,909,784, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Newport's long-term debt can be found in Exhibit L. Note IV. E. of this report.

Economic Factors and Next Year's Budgets and Rates

- The average annual not seasonally adjusted unemployment rate in 2013 for the City of Newport was 8.7%, which is less than the state's unemployment rate of 9.0% but higher than the federal unemployment rate of 7.0% in November 2013.
- The occupancy rate of the government's central business district is about 98% during the summer tourist season (May through October) and 65% in the remaining months.
- Inflationary trends in the region follow national indices.

All of these factors were considered in preparing the City of Newport's budget for the 2015 fiscal year.

Fund balance in the City's general operating fund at June 30, 2014 is $11,984,991 or 14.3% of City general operating fund expenditures, which complies with the City's fiscal policy of maintaining a minimum of 10% of total General Fund expenditures and transfers out as a reserve.

Economic Factors and Next Year's Budgets and Rates (Continued)

The Water Pollution Control Fund's rates did not change in FY2014 but are expected to increase in the next several years to fund projects required under a consent decree with the federal Environmental Protection Agency. The total cost for projects associated with the consent decree is not known but is estimated to be around $100 million. The Water Fund rates are controlled and set by the Rhode Island Public Utilities Commission. A rate increase was approved effective July 1, 2014 of 22.1% to cover debt service related to the rebuilding and major improvements in the two water treatment plants.

Requests for Information

This financial report is designed to provide a general overview of the City of Newport'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 Finance Director, Laura Sitrin, City of Newport, 43 Broadway, Newport, Rhode Island 02840.

Basic Financial Statements

EXHIBIT A

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents	$ 15,938,579	$ 5,212,031	$ 21,150,610
Investments	9,068,175	1,216,910	10,285,085
Receivables (net)	5,777,038	4,126,530	9,903,568
Internal balances (advances)	306,946	(306,946)	-
Inventories	21,531	275,212	296,743
Prepaid expenses	505,344	171,827	677,171
Total current assets	31,617,613	10,695,564	42,313,177
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	26,696,157	26,696,157
Permanently restricted investments	10,577,805	-	10,577,805
Bond proceeds	-	1,080,800	1,080,800
Receivables (net)	613,595	-	613,595
Net pension asset	6,292,378	-	6,292,378
Capital assets not being depreciated	6,139,108	75,466,293	81,605,401
Capital assets (net of accumulated depreciation)	115,270,763	130,248,014	245,518,777
Total noncurrent assets	138,893,649	233,491,264	372,384,913
TOTAL ASSETS	170,511,262	244,186,828	414,698,090
LIABILITIES			
Current liabilities:			
Accounts payable	2,492,331	5,336,849	7,829,180
Accrued liabilities	2,176,469	2,336,529	4,512,998
Unearned revenue	-	30,000	30,000
Other liabilities	639,327	99,000	738,327
Current portion of long-term obligations	7,113,654	4,889,492	12,003,146
Total current liabilities	12,421,781	12,691,870	25,113,651
Noncurrent liabilities:			
Long-term obligations	55,904,541	111,857,997	167,762,538
Total noncurrent liabilities	55,904,541	111,857,997	167,762,538
TOTAL LIABILITIES	68,326,322	124,549,867	192,876,189

See Notes to Financial Statements.

EXHIBIT A

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF NET POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
NET POSITION			
Net investment in capital assets	$ 75,523,117	$ 90,596,425	$ 166,119,542
Restricted for:			
Endowments:			
Expendable	7,792,741	-	7,792,741
Nonexpendable	2,481,651	-	2,481,651
Held in trust	-	99,000	99,000
Debt service	1,996,439	27,776,957	29,773,396
Unrestricted	14,390,992	1,164,579	15,555,571
TOTAL NET POSITION	$ 102,184,940	$ 119,636,961	$ 221,821,901

See Notes to Financial Statements.

CITY OF NEWPORT, RHODE ISLAND

EXHIBIT B

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General government	$ 6,583,867	$ 6,023,083	$ 1,674,456	$ 2,463,956	$ 3,577,628	$ -	$ 3,577,628
General education	40,053,778	840,696	16,571,045	-	(22,642,037)	-	(22,642,037)
Public safety	35,076,377	3,095,399	830,067	44,815	(31,106,096)	-	(31,106,096)
Public services	10,949,931	216,626	36,805	517,712	(10,178,788)	-	(10,178,788)
Civic investment	662,952	59,629	970,458	-	367,135	-	367,135
Zoning and inspections	745,706	1,675,596	-	-	929,890	-	929,890
Human services	2,979,211	152,053	675,482	86,278	(2,065,398)	-	(2,065,398)
Interest expense	1,405,987	-	-	-	(1,405,987)	-	(1,405,987)
TOTAL GOVERNMENTAL ACTIVITIES	98,457,809	12,063,082	20,758,313	3,112,761	(62,523,653)	-	(62,523,653)
BUSINESS-TYPE ACTIVITIES:							
Water Department	13,646,827	15,238,273	-	484,760	-	2,076,206	2,076,206
Water Pollution Control	10,399,257	12,245,091	-	-	-	1,845,834	1,845,834
Recreational and parking facilities	2,396,654	2,621,380	-	-	-	224,726	224,726
TOTAL BUSINESS-TYPE ACTIVITIES	26,442,738	30,104,744	-	484,760	-	4,146,766	4,146,766
TOTAL PRIMARY GOVERNMENT	$ 124,900,547	$ 42,167,826	$ 20,758,313	$ 3,597,521	$ (62,523,653)	$ 4,146,766	$ (58,376,887)
GENERAL REVENUES:							
Property taxes					$ 71,303,614	$ -	$ 71,303,614
Grants and contributions not restricted to specific programs					1,543,540	-	1,543,540
Investment income (loss)					2,054,867	46,272	2,101,139
Loss on disposal of assets						(2,463,956)	(2,463,956)
Transfers					(1,062,223)	1,062,223	-
TOTAL GENERAL REVENUES AND TRANSFERS					73,839,798	(1,355,461)	72,484,337
CHANGE IN NET POSITION					11,316,145	2,791,305	14,107,450
NET POSITION, BEGINNING					90,868,795	116,845,656	207,714,451
NET POSITION, ENDING					$ 102,184,940	$ 119,636,961	$ 221,821,901

See Notes Finanial Statements.

CITY OF NEWPORT, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	PERMANENT FUNDS	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	$ 4,691,243	$ 520,734	$ -	$ 6,228,732	$ 4,784,124	$ 16,224,833
Investments	9,068,175	-	10,577,805	-	-	19,645,980
Receivables, net:						
Property taxes	1,873,776	-	-	-	-	1,873,776
Motor vehicle excise	1,514,739	-	-	-	-	1,514,739
Intergovernmental	181,007	152,387	-	483,750	747,340	1,564,484
Note/loan	-	2,778,768	-	-	255,000	3,033,768
Other	1,686,684	-	-	-	62,006	1,748,690
Due from other funds	-	-	-	-	61,250	61,250
Advances to other funds	-	-	-	-	267,459	267,459
TOTAL ASSETS	$ 19,015,624	$ 3,451,889	$ 10,577,805	$ 6,712,482	$ 6,177,179	$ 45,934,979
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Cash overdraft	$ -	$ -	$ 287,774	$ -	$ 71,416	$ 359,190
Accounts payable	1,419,547	91,761	15,639	615,014	301,312	2,443,273
Accrued liabilities	1,530,070	-	-	-	-	1,530,070
Due to other funds	98,421	-	-	-	-	98,421
Other liabilities	639,327	-	-	-	-	639,327
TOTAL LIABILITIES	3,687,365	91,761	303,413	615,014	372,728	5,070,281
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	2,276,657	-	-	-	-	2,276,657
Unavailable revenue - loans receivable	-	2,778,768	-	-	644,959	3,423,727
Unavailable revenue - intergovernmental receivable	-	152,387	-	483,750	201,610	837,747
TOTAL DEFERRED INFLOWS OF RESOURCES	2,276,657	2,931,155	-	483,750	846,569	6,538,131
FUND BALANCES:						
Nonspendable	-	-	2,481,651	-	-	2,481,651
Restricted	99,453	428,973	7,792,741	-	4,957,882	13,279,049
Committed	689,885	-	-	5,613,718	-	6,303,603
Assigned	452,243	-	-	-	-	452,243
Unassigned	11,810,021	-	-	-	-	11,810,021
TOTAL FUND BALANCES	13,051,602	428,973	10,274,392	5,613,718	4,957,882	34,326,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 19,015,624	$ 3,451,889	$ 10,577,805	$ 6,712,482	$ 6,177,179	

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds,	121,369,051
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds,	9,942,020
Internal service funds are used by management to charge the cost of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	168,457
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note II).	(63,621,155)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 102,184,940

See Notes to Financial Statements.

EXHIBIT D

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	GENERAL FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	PERMANENT FUNDS	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes	$ 71,336,608	$ -	$ -	$ -	$ -	$ 71,336,608
Intergovernmental revenues	16,449,514	360,200	-	754,145	4,441,611	22,005,470
Charges for services	10,444,369	105,794	-	889,907	517,717	11,957,787
Use of money and property	283,069	20,251	1,550,372	1,043	200,132	2,054,867
Contributions	440,350	-	-	55,000	47,681	543,031
Other revenues	102,428	-	-	-	-	102,428
TOTAL REVENUES	99,056,338	486,245	1,550,372	1,700,095	5,207,141	108,000,191
EXPENDITURES:						
Current:						
General government	5,890,858	-	-	-	-	5,890,858
General education	36,042,286	-	-	-	3,333,080	39,375,366
Public safety	33,863,461	-	-	-	244,043	34,107,504
Public services	8,510,115	-	-	-	32,447	8,542,562
Civic investment	486,319	-	-	-	45,961	532,280
Zoning and inspections	745,706	-	-	-	-	745,706
Human services	1,813,725	421,426	270,730	-	401,354	2,907,235
Pension expenditures	1,762,358	-	-	-	-	1,762,358
Debt service:						
Principal	1,405,082	-	-	-	-	1,405,082
Interest	3,013,999	-	-	-	-	3,013,999
Capital outlays	2,728,914	92,276	-	5,640,906	51,143	8,513,239
TOTAL EXPENDITURES	96,262,823	513,702	270,730	5,640,906	4,108,028	106,796,189
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,793,515	(27,457)	1,279,642	(3,940,811)	1,099,113	1,204,002
OTHER FINANCING SOURCES (USES):						
Transfers in	144,240	-	-	2,320,900	133,110	2,598,250
Transfers out	(3,516,233)	-	-	-	(144,240)	(3,660,473)
NET OTHER FINANCING SOURCES (USES)	(3,371,993)	-	-	2,320,900	(11,130)	(1,062,223)
NET CHANGE IN FUND BALANCES	(578,478)	(27,457)	1,279,642	(1,619,911)	1,087,983	141,779
FUND BALANCES - JULY 1, 2013	13,630,080	456,430	8,994,750	7,233,629	3,869,899	34,184,788
FUND BALANCES - JUNE 30, 2014	$ 13,051,602	$ 428,973	$ 10,274,392	$ 5,613,718	$ 4,957,882	$ 34,326,567

See Notes to Financial Statements

CITY OF NEWPORT, RHODE ISLAND

RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT DUE TO:	
Net Change in Fund Balances-Total Governmental Funds	$ 141,779
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.	7,040,302
Reductions in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the Statement of Activities.	372,030
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	650,822
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.	3,111,212
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 11,316,145

See Notes to Financial Statements.

CITY OF NEWPORT, RHODE ISLAND

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2014

	ORIGINAL ADOPTED BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	$ 71,434,069	$ 71,434,069	$ 71,336,608	$ (97,461)
Intergovernmental revenues	14,399,070	14,353,322	15,129,762	776,440
Charges for services	9,600,765	9,995,765	10,077,998	82,233
Use of money and property	350,000	350,000	208,150	(141,850)
Other revenues	1,255,409	1,307,410	947,263	(360,147)
TOTAL REVENUES	97,039,313	97,440,566	97,699,781	259,215
EXPENDITURES:				
General government:				
Mayor and City Council	134,965	134,965	129,122	5,843
City Manager	764,245	764,245	749,896	14,349
City Solicitor	457,666	462,491	454,774	7,717
Canvassing	177,002	177,002	171,815	5,187
City Clerk	483,537	483,537	468,908	14,629
Finance	3,141,901	3,155,525	3,003,251	152,274
Reserve accounts	1,037,913	1,223,325	1,054,414	168,911
School:				
General Education	35,941,249	36,342,501	36,358,684	(16,183)
Public Safety:				
Police Department	16,639,678	16,639,678	16,282,600	357,078
Fire Department	18,289,607	18,301,522	17,587,981	713,541
Public Services	9,702,271	10,277,126	9,349,629	927,497
Civic Investment	517,253	517,253	486,319	30,934
Zoning and Inspections	788,072	788,072	745,706	42,366
Human Services:				
Donations	95,200	95,200	92,700	2,500
Public Library	1,721,025	1,721,025	1,721,025	-
Pension expenditures	1,824,460	1,824,460	1,762,358	62,102
Debt service	3,825,149	3,825,149	4,419,081	(593,932)
TOTAL EXPENDITURES	95,541,193	96,733,076	94,838,263	1,894,813
EXCESS OF REVENUES OVER EXPENDITURES	1,498,120	707,490	2,861,518	2,154,028
OTHER FINANCING SOURCES (USES):				
Appropriations of fund balance	450,000	450,000	-	(450,000)
Transfers in	22,936,937	23,331,936	23,476,176	144,240
Transfers out	(24,885,057)	(25,280,057)	(25,775,390)	(495,333)
NET OTHER FINANCING SOURCES (USES)	(1,498,120)	(1,498,121)	(2,299,214)	(801,093)
NET CHANGE IN FUND BALANCE	$ -	$ (790,631)	562,304	$ 1,352,935
FUND BALANCE, JULY 1, 2013			11,238,732	
FUND BALANCE, JUNE 30, 2014			$ 11,801,036	

See Notes to Financial Statements.

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	WATER FUND	W.P.C. FUND	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 684,505	$ -	$ 4,527,526	$ 5,212,031	$ 72,936
Investments	-	-	1,216,910	1,216,910	-
Accounts receivable:					
User fees (net of allowances)	2,087,877	1,997,256	41,397	4,126,530	-
Other	-	-	-	-	49,009
Due from other funds	37,171	121,196	-	158,367	76,658
Inventories	275,212	-	-	275,212	21,531
Prepaid expenses	5,000	166,827	-	171,827	-
Total current assets	3,089,765	2,285,279	5,785,833	11,160,877	220,134
Noncurrent assets:					
Cash and cash equivalents - restricted	16,342,752	10,353,405	-	26,696,157	-
Bond proceeds - restricted	1,040,518	40,282	-	1,080,800	-
Capital assets (net of accumulated depreciation)	116,270,459	84,220,122	5,223,726	205,714,307	40,820
Total noncurrent assets	133,653,729	94,613,809	5,223,726	233,491,264	40,820
TOTAL ASSETS	136,743,494	96,899,088	11,009,559	244,652,141	260,954
LIABILITIES:					
Current liabilities:					
Accounts payable	4,142,003	1,123,852	70,994	5,336,849	49,060
Accrued expenses	1,874,510	383,877	78,142	2,336,529	43,437
Unearned revenue	-	-	30,000	30,000	-
Due to other funds	197,854	-	-	197,854	-
Escrow held in Trust	-	99,000	-	99,000	-
Current portion bonds payable	2,903,000	1,986,492	-	4,889,492	-
Total current liabilities	9,117,367	3,593,221	179,136	12,889,724	92,497
Long-term liabilities:					
Advances from other funds	-	-	267,459	267,459	-
Notes payable	-	-	200,000	200,000	-
Bonds payable	80,245,413	30,863,775	-	111,109,188	-
Net other post-employment benefit obligation	548,809	-	-	548,809	-
Total long-term liabilities	80,794,222	30,863,775	467,459	112,125,456	-
TOTAL LIABILITIES	89,911,589	34,456,996	646,595	125,015,180	92,497
NET POSITION:					
Net investment in capital assets	34,162,562	51,410,137	5,023,726	90,596,425	40,820
Restricted by regulatory agencies and bond covenants	17,383,270	10,393,687	-	27,776,957	-
Assets held in trust		99,000	-	99,000	-
Unrestricted	(4,713,927)	539,268	5,339,238	1,164,579	127,637
TOTAL NET POSITION	$ 46,831,905	$ 62,442,092	$ 10,362,964	$ 119,636,961	$ 168,457

See Notes to Financial Statements.

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	WATER FUND	W.P.C. FUND	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
User fees	$ 14,832,896	$ 12,245,091	$ 2,621,380	$ 29,699,367	$ 1,552,456
Other revenues	890,137	-	-	890,137	-
TOTAL OPERATING REVENUES	15,723,033	12,245,091	2,621,380	30,589,504	1,552,456
OPERATING EXPENSES:					
Salaries and benefits	4,357,059	198,036	761,817	5,316,912	104,839
Materials and supplies	2,112,363	-	94,555	2,206,918	481,802
Repairs and maintenance	498,433	9,495	115,760	623,688	96,372
Support services	111,127	4,017,535	464,053	4,592,715	844,529
Utilities	1,133,563	639,536	34,240	1,807,339	19,776
Administrative and other	847,591	938,076	650,504	2,436,171	391
Property taxes	208,502	-	-	208,502	-
Depreciation	1,710,659	3,508,486	275,725	5,494,870	4,747
TOTAL OPERATING EXPENSES	10,979,297	9,311,164	2,396,654	22,687,115	1,552,456
OPERATING INCOME (LOSS)	4,743,736	2,933,927	224,726	7,902,389	-
NONOPERATING REVENUES AND (EXPENSES):					
Loss on diposal of assets	-	-	(2,463,956)	(2,463,956)	
Investment income	1,319	582	44,371	46,272	-
Interest expense	(2,667,530)	(1,088,093)	-	(3,755,623)	-
NET NONOPERATING REVENUES AND (EXPENSES)	(2,666,211)	(1,087,511)	(2,419,585)	(6,173,307)	-
INCOME (LOSS) BEFORE TRANSFERS	2,077,525	1,846,416	(2,194,859)	1,729,082	-
TRANSFERS:					
Transfers in	-	700,000	362,223	1,062,223	-
Transfers out	-	-	-	-	-
NET TRANSFERS	-	700,000	362,223	1,062,223	
CHANGES IN NET POSITION	2,077,525	2,546,416	(1,832,636)	2,791,305	-
NET POSITION, BEGINNING	44,754,380	59,895,676	12,195,600	116,845,656	168,457
NET POSITION, ENDING	$ 46,831,905	$ 62,442,092	$ 10,362,964	$ 119,636,961	$ 168,457

See Notes to Financial Statements.

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	WATER FUND	W.P.C. FUND	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 15,533,188	$ 12,628,129	$ 3,166,098	$ 31,327,415	$ 1,565,478
Cash payments to suppliers for goods and services	(4,183,241)	(5,054,276)	(1,300,758)	(10,538,275)	(1,434,003)
Cash payments to employees for services	(4,420,074)	(211,798)	(828,181)	(5,460,053)	(103,710)
Payment of property taxes	(208,502)	-	-	(208,502)	-
Payment of administrative expense	(847,588)	(938,077)	(360,344)	(2,146,009)	(391)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,873,783	6,423,978	676,815	12,974,576	27,374
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund loans and transfers	-	700,000	362,223	1,062,223	-
Principal paid on interfund loans and transfers	-	-	(25,891)	(25,891)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	700,000	336,332	1,036,332	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(31,339,491)	(2,826,670)	(99,076)	(34,265,237)	-
Proceeds from borrowing	31,588,756	-	-	31,588,756	-
Proceeds from bond proceeds - restricted	449,648	543,122	-	992,770	-
Principal paid on bonds, notes and loans	(808,000)	(1,925,368)	-	(2,733,368)	-
Interest paid on bonds, notes and loans	(2,410,916)	(1,104,398)	-	(3,515,314)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(2,520,003)	(5,313,314)	(99,076)	(7,932,393)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments	-	-	-	-	-
Investment income	1,319	582	4	1,905	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,319	582	4	1,905	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,355,099	1,811,246	914,075	6,080,420	27,374
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED ASSETS) - JULY 1, 2013	13,672,158	8,542,159	3,613,451	25,827,768	45,562
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED ASSETS) - JUNE 30, 2014	$ 17,027,257	$ 10,353,405	$ 4,527,526	$ 31,908,188	$ 72,936
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income	$ 4,743,736	$ 2,933,927	$ 224,726	$ 7,902,389	$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	1,710,659	3,508,486	275,725	5,494,870	4,747
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(189,845)	344,434	534,718	689,307	-
Decrease (Increase) in accounts receivable - other	-	-	-	-	(689)
Decrease (Increase) in due from other funds	-	38,604	-	38,604	13,744
Decrease (Increase) in inventory	(9,960)	-	-	(9,960)	9,812
Decrease (Increase) in prepaid expense	-	18,538	-	18,538	-
(Decrease) Increase in accounts payable	(204,604)	(306,755)	(301,990)	(813,349)	(1,370)
(Decrease) Increase in accrued expenses	64,976	(13,762)	(66,364)	(15,150)	1,130
(Decrease) Increase in unearned revenue	-	-	10,000	10,000	-
(Decrease) Increase in due to other funds	(113,188)	(99,494)	-	(212,682)	-
(Decrease) Increase net other post-employment benefit obligations	(127,991)	-	-	(127,991)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 5,873,783	$ 6,423,978	$ 676,815	$ 12,974,576	$ 27,374
NONCASH INVESTING, CAPITAL AND RELATED FINANCING TRANSACTIONS:					
Construction bond closeout; noncash receivable	$ 1,040,518	$ 40,282	$ -	$ 1,080,800	$ -
Increase (decrease) in fair value of investments	-	-	44,355	44,355	-
Loss on diposal of assets	-	-	(2,463,956)	(2,463,956)	
TOTAL NONCASH INVESTING, CAPITAL AND RELATED FINANCING TRANSACTIONS	$ 1,040,518	$ 40,282	$ (2,419,601)	$ (1,338,801)	$ -

See Notes to Financial Statements.

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS	PRIVATE-PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	$ 845,056	$ 23,581	$ 372,369
Investments, at fair value:			
Bond mutual funds	25,356,626	582,854	-
Domestic equity mutual funds	83,636,602	1,106,875	-
International equity mutual funds	18,941,243	-	-
Alternative investments	8,307,975	-	-
TOTAL INVESTMENTS	136,242,446	1,689,729	-
TOTAL ASSETS	137,087,502	1,713,310	372,369
LIABILITIES			
Cash overdraft	343,173	41,056	-
Accounts payable	123,696	2,508	-
Amounts held in escrow	-	-	372,369
TOTAL LIABILITIES	466,869	43,564	372,369
NET POSITION			
Restricted for pension/other post-employment benefits and other purposes	$ 136,620,633	$ 1,669,746	$ -

See Notes to Financial Statements.

EXHIBIT K

CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

	PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS	PRIVATE-PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employees	$ 926,808	$ -
Employer	10,444,268	-
Contributions	-	12,000
Total contributions	11,371,076	12,000
Investment income (loss):		
Net change in fair value of investments	14,271,934	71,951
Interest and dividends	7,794,498	178,534
Total investment income (loss)	22,066,432	250,485
Less investment expenses	333,315	3,174
Net investment income (loss)	21,733,117	247,311
TOTAL ADDITIONS	33,104,193	259,311
DEDUCTIONS:		
Benefits	10,328,035	-
Administration	212,136	7,191
Awards	-	46,507
TOTAL DEDUCTIONS	10,540,171	53,698
CHANGES IN NET POSITION	22,564,022	205,613
NET POSITION, BEGINNING	114,056,611	1,464,133
NET POSITION, ENDING	$ 136,620,633	$ 1,669,746

See Notes to Financial Statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Newport, Rhode Island (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities. In certain circumstances, summaries of the City's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

A. Reporting entity

The City was founded in 1639, incorporated under the laws of the State of Rhode Island in 1784 and re-chartered in 1853. The City is governed by a home rule charter which provides for a Council/City Manager form of government. Legislative authority is vested in a seven-member City Council, of which four are elected at large and three from voting wards. The Mayor is chosen by council members from among its four at-large members. A seven-member School Committee, all elected at large, is vested with autonomous legislative authority over the public school system. Members of both the City Council and School Committee are elected to non-partisan biennial terms.

The City Manager is appointed by the Council and serves as the chief executive officer over all municipal services except those performed by the Solicitor, Canvassing Authority, and municipal judges, each of whom is appointed by and reports directly to the Council. Municipal services include public safety; potable water and wastewater collection, treatment and distribution; solid waste collection and disposal; street and sidewalk maintenance and operations which support economic and residential development, open space preservation and State law and City code enforcement.

The Superintendent of Schools, appointed by the School Committee, is the chief executive officer for the school system. The school system provides elementary and primary education to City residents and vocational programs to other Newport County residents.

The accompanying financial statements present the government. The City does not have any organizations that meet the definition of component unit, entities for which the government is considered to be financially accountable, under the Governmental Accounting Standards Board Statement No. 61.

B. Basis of presentation and measurement focus – government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of presentation and measurement focus – government-wide financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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. Agency Funds have no measurement focus but are accounted for using the accrual basis of accounting. 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 revenues 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for the interfund services provided between the governmental funds and enterprise and internal service funds, and charges for services between the water fund and the water pollution control fund.

C. Basis of presentation and measurement focus – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions under capital leases are reported as other financing sources.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of presentation and measurement focus – fund financial statements (continued)

Local taxes, including property taxes and franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. It is combined with the School's unrestricted fund, the property acquisition fund and the gift fund for purposes of financial reporting.

The *Community Development Block Grant Fund* (CDBG fund) is a special revenue fund, whereby the City receives federal funding to promote specific types of community and economic development. Funds can only be spent in accordance with a legally binding grant agreement.

The *Permanent Funds* are used to account for resources legally held in trust for specific functions, normally provided by governments. In most cases, only the earnings on the principal can be expended.

The *Capital Projects Fund* is used to account for the acquisition of capital assets or construction of major capital projects other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The *Water Fund* records the costs of collection and treatment of raw water and the distribution of potable water for user consumption and fire protection. The City's water system directly serves retail users throughout Newport and in parts of two neighboring towns. The Water Fund also provides water to the United States Naval Base and customers of a neighboring water and fire district through wholesale contracts. Costs of servicing the users are recovered through both fixed and commodity charges under tariffs regulated by the Rhode Island Public Utilities Commission.

The *Water Pollution Control Fund* records the costs of collection and treatment of wastewater, the extraction and treatment of sludge and the discharge of treated effluent. These costs are recovered from the retail customers through rates assessed on their metered water charges and from contractual agreements with the United States Naval Base and a neighboring town.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of presentation and measurement focus – fund financial statements (continued)

Additionally, the City reports the following fund types:

The *Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes by an external party.

The *Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on a qualified zone (QZAB) bond, the proceeds of which were used to help finance the construction and renovation of Thompson Middle School.

The *Internal Service Fund*, a proprietary type fund, is used to account for fleet management services provided to other departments of the government on a cost reimbursement basis.

The *Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business, primarily through user charges.

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by outside individuals, trusts or organizations to provide awards and scholarships in accordance with a donor's specific instructions or criteria.

The *Pension Trust Fund* accounts for the activities of the Police Retirement Fund and the Fire Retirement Fund, which accumulate resources for pension benefits to qualified police and fire employees.

The *OPEB Trust Fund* accumulates resources for future retiree health benefits and retiree life insurance benefits for eligible teachers and police retirees.

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds include student activity funds and a community group that exists for purposes normally provided by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include fees for services provided by one fund to another fund, annual lease payments for vehicles paid to the capital projects fund, and other charges between the City's water and water pollution control (sewer) function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 as program revenues. Likewise, general revenues include all taxes.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of presentation and measurement focus – fund financial statements (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 principal operating revenues of the Water Fund, the Water Pollution Control Fund, the Parking Fund, the Beach Fund, the Maritime Fund and the City's internal service fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

It is the City's policy for all funds, that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, The City considers restricted amounts to be spent before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's deposits are subject to certain State and municipal restrictions. Under Rhode Island general laws, depository institutions must insure deposits of the City or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City Council has further enacted restrictions which essentially limit short-term investments to U.S. Treasuries or debt instruments issued by agencies of the U.S. Government or certificates of deposit less than or equal to the amount covered by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Corporation ("FSLIC"). Maturities of these instruments are required to be matched to any underlying liabilities.

Investments

Investments of the City are reported at fair value. The City accounts for the carrying value of investments by utilizing the specific identification method. Fair value is determined by the last reported bid price on the last business day of the year.

The City Council restricts both the type and maturity of instruments in which City assets, other than those of fiduciary funds and deferred compensation plans, may be invested. Acceptable investments include certificates of deposit, debt instruments issued by the U.S. Treasury and agencies of the Federal government, or high grade municipal securities. Maturities must be matched to meet the underlying obligations for which invested proceeds were collected. The authority for investing fiduciary assets is vested with a commission appointed by and accountable to the City Council.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

2. Receivables and payables

Interfunds

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes and other receivables

All property tax receivables, user fees receivables and notes receivable are shown net of an allowance for uncollectibles. The property tax receivable allowance at June 30, 2014, is equal to 68% of outstanding property taxes. Other allowances vary depending on the nature of the receivable and the history of collections.

Taxes are levied each July 1 on (a) the full and fair value of real and tangible personal property owned within the City the previous December 31; and (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the City the previous calendar year, prorated for the actual number of days so registered. Taxes are levied for the year commencing on that date, payable in equal quarterly installments on the fifth days of August, November, February and May. Taxes are considered overdue on the 6th day of each quarter and are assessed penalties and will be collected through the sale of tax titles if required. The City has a tax lien on the property as a matter of law on the date the roll is certified, which is December 31 of the previous year.

Rhode Island general laws restrict the City's ability to increase its total tax levy by more than 4%.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in, first-out (FIFO) method of valuation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as machinery and equipment with an initial, individual cost of more than $10,000, land or building improvements of more than $20,000 and infrastructure of more than $25,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The value of both governmental and business-type activities infrastructure is fully reported and depreciated as applicable.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40 - 125
Building improvements	20 - 40
Water and sewer improvements	20 - 50
Water and sewer infrastructure	50 - 100
Infrastructure	75
Equipment and other capital assets	6 - 30

5. Compensated absences

City and school employees are allowed under various labor agreements and by City ordinance to accumulate earned but unused vacation and sick leave. The City reports a liability based on the various provisions as follows:

- Supervisory (Nonunion); Supervisory (NEA); AFSCME-City
  maximum sick leave accrual is 960 hours
  maximum sick leave payout is 65% up to $7,500 - $25,000 if 10 years of service
  maximum vacation accrual and payout is 200-300 hours

- Police and Fire:
  maximum vacation accrual and payout is 400 hours
  sick leave payout of 65% of accumulated leave up to 2,000 hours and 45% over 2,000 hours for police; no cap for firefighters

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

5. Compensated absences (Continued)

- Teachers:
  sick leave payout of 25% of number of days in excess of 50 and up to a maximum of 165

- AFSCME – School:
  maximum vacation accrual of 40 days; all accumulated payable upon separation
  maximum sick leave accrual of 225 days; payout 30% of days greater than 60 and less than 123

All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the leave is determined based on historical and current usage. The current and non-current portion is recorded in the government-wide financial statements. The entire amount is reported as current in the proprietary fund financial statements.

6. Long-term obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. In the government-wide financial statements, the estimated liability for all judgments and claims is recorded as a liability.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

7. Deferred outflows/inflows of resources (continued)

For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, loans receivable, and intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Restricted assets

Certain proceeds of the Water Pollution Control Fund and Water Fund revenue bonds are classified as restricted assets on the statement of net position because they are maintained in separate escrow accounts managed by trustees in accordance with the bond covenants. These include debt service reserves and capitalized interest.

The Water Fund has additional cash on the statement of net position classified as restricted since, by order of the Rhode Island Public Utilities Commission, it may only be used for debt service, capital, electricity, certain specified retiree/new hire benefits, or chemical expenditures.

Endowment funds held by the City for various purposes are restricted to expenditure of the investment income only for the purposes designated by the various donors.

9. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

11. Fund balance policies

In the fund financial statements, governmental funds report fund balances in one of five categories depending on the purposes of the revenue sources. Nonspendable fund balances include amounts that are legally or contractually required to be maintained intact, for instance the nonexpendable portion of a trust; or are resources in nonspendable form such as inventory and prepaid amounts. Amounts that are legally required by outside parties to be used for a specific purpose; or have restrictions imposed by law through constitutional provisions or enabling legislation, are classified in the restricted category.

Committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The City's highest level of authority is a city ordinance properly adopted by the City Council. Committed fund balance also includes contractual obligations where resources have been specifically committed for use in satisfying those contractual requirements. Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund, the school unrestricted fund, and deficit fund balances in other funds.

12. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental funds' 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, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Bonds payable	$	41,993,536
Bond premium		3,116,666
Leases payable		776,552
Claims and judgments		310,000
Compensated absences		7,126,076
Net pension obligation		4,731,481
Net other post-employment benefit obligation		4,963,884
Accrued interest payable		602,960
Net adjustment for long-term liabilities not due and payable in the current period	$	63,621,155

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Net pension asset	$	6,292,378
Prepaid expenses		505,344
Unavailable property taxes, loans and grant revenue		6,538,131
Allowance for doubtful accounts		(8,480,742)
Property tax and loan interest accrual		5,086,909
Net adjustment for long-term assets not available in the current period	$	9,942,020

Another element of the reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this difference are as follows:

Capital assets as of July 1, 2013, net of accumulated depreciation	$	114,374,832
Capital assets of internal service fund accounted for in the net position adjustment for internal service funds		(40,820)
Current year capital outlay		10,604,506
Depreciation expense		(3,569,467)
Net adjustment for capital assets	$	121,369,051

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of certain differences between the governmental statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

One of the reconciling items on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities is that governmental funds report capital outlays as expenditures. The Statement of Activities allocates the cost of those assets over their estimated useful lives and reports depreciation expense. The details of this difference are as follows:

Capital additions for the year ended June 30, 2014, excluding internal service funds	$ 10,604,506
Depreciation expense, excluding internal service funds	(3,564,204)
Net adjustment for capital outlays	$ 7,040,302

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Current year change in compensated absences	$ 71,046
Current year change in claims and judgments	161,940
Current year change in net pension obligation	32,390
Current year change in net pension asset	(18,304)
Other	(390)
Current year change in net OPEB benefit obligation	404,140
Net adjustment for current year expenses	$ 650,822

The repayment of long-term debt uses current financial resources of governmental funds while it has no effect on net position. Interest expense is not accrued in governmental funds while it is in government-wide statements:

Principal repayment of debt	$ 2,880,000
Amortization of bond premium	227,834
Principal repayment of capital lease	98,118
Amortization of prepaid interest	(72,192)
Current year change in interest accrual	(22,548)
Net adjustment for long-term debt	$ 3,111,212

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and budgetary accounting

A budget is adopted for the General and School Unrestricted Funds on the modified accrual basis with the exception that encumbrances are treated as budgeted expenditures in the year of the commitment to purchase.

In accordance with the City Charter, the City Manager must present to the Council a recommended annual budget for the operations of all municipal departments no later than 45 days prior to the commencement of each fiscal year. The recommended budget must include an appropriation to fund mandated contractual obligations in excess of school anticipated revenues. The Council may amend recommended municipal appropriations but not those of the school. The budget must be adopted by ordinance by the last Council meeting prior to the new fiscal year.

- Budgets are adopted on a legally enacted budgetary basis, which differs from generally accepted accounting principles (GAAP) in that budgetary expenditures for goods and non-employment services are recognized when legally binding orders referred to as encumbrances are placed.

- In addition to limits enforced by the budget ordinance, the City Charter further restricts the incurrence of municipal expenditures or expenses to budgeted revenues at the fund level. The City Manager must periodically review revenues and reduce annual appropriations sufficiently to cover any shortfalls in budgeted revenues.

- Costs of operations for all departments established within the City Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Unrestricted Fund.

- Municipal budgetary control is legally enforced at the department level.

- Appropriation transfers between departments require approval by five of the seven-member Council. Other appropriation increases require both the establishment of a funding source and passage of a budget amendment ordinance. Amendments to the budget during the year totaled $790,631 from fund balance due to prior year appropriation carryovers.

- Intra-departmental transfers of municipal appropriations may be made with the approval of the City Manager or his designee.

- Unencumbered and unexpended appropriations lapse at fiscal year-end. School budgetary control is legally enforced only at the unrestricted fund level; inter-departmental transfers may be made without School Committee approval.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Budgetary-GAAP reporting reconciliation

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) in the financial statements presents comparisons of the legally adopted budget with actual data on a budgetary basis. The budgetary basis differs from GAAP because the budgetary includes encumbrances that are not recognized under GAAP.

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	General Fund		
	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis, Exhibit F- June 30, 2014	$ 97,699,781	$ 94,838,263	$ 11,801,036
Encumbrances outstanding at June 30, 2013 and liquidated during the year ended June 30, 2014	-	759,186	-
Add unbudgeted Property Acquisition Fund and Gift Fund	36,805	35,507	564,034
State teachers' retirement on-behalf payments	1,319,752	1,319,752	-
Miscellaneous adjustments	-	-	(3,353)
Encumbrances outstanding at June 30, 2014 charged to budgetary expenditures	-	(689,885)	689,885
Balance, GAAP Basis, Exhibit D - June 30, 2014	$ 99,056,338	$ 96,262,823	$ 13,051,602

C. Excess of expenditures over appropriations

The legal level of control for which expenditures cannot exceed appropriations is at the category level within a department. The table below shows the amounts by which certain departmental expenditures exceeded fiscal year 2014 appropriations (after approved transfers).

Department	Expenditures in Excess of Budget
Debt service	$ 593,932
Transfers to other funds	495,333
School unrestricted fund	16,183

The debt service expenditures were offset by state housing aid
The transfers to other funds were primarily to pay off Easton's Beach loans prior to transfer
The School unrestricted fund deficit will need to be covered

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

D. Donor restricted endowments

Investments in marketable equity and all debt securities are carried at market value. The City allocates investment income in accordance with donor restrictions and Rhode Island law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the City. Net appreciation on investments at June 30, 2014 was $2,247,748 and is reported in restricted net position.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and investments

Cash and cash equivalents:

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. Rhode Island public law requires 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either bank segregated assets, in a trust department or in custodial accounts at a federal reserve bank or federal home loan bank. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City Council further restricts deposits and short-term investments (less than 3 months) to insured or collateralized cash accounts, U.S. Treasuries, debt instruments issued by U.S. Government agencies or Certificates of Deposit (CDs) less than or equal to the amount covered by the Federal Deposit Insurance Corporation (FDIC). The City Council also requires that CDs in excess of FDIC limits and any repurchase agreements are collateralized in amounts of at least 102% of the market value of the deposit. At June 30, 2014, the City's deposits are not exposed to custodial risk since most of the above deposits are collateralized at 102% with assets held either in trust or by a third party bank, in U.S. Government National Mortgage Association (GNMA) pass-through pools or Federal Home Loan Mortgage Corporation (FHLMC) securities held in the City's name. The remaining deposits are insured by the FDIC.

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and investments (continued)

Cash and cash equivalents (continued)

As of June 30, 2014, the City's bank balance of $49,503,768 was insured and collateralized as follows:

Insured	$ 1,041,761
Collateralized:	
Collateral held by the pledging bank's trust department in the City's name	48,462,007
Total amount subject to custodial credit risk	$ 49,503,768

Investments

Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to $500,000, including $100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

At June 30, 2014, the City's investments (including restricted investments) consisted of the following:

		Investment Maturities (In Years)		
Type of Investment	Fair Value	Less Than 1	1 - 5	6 - 10
Debt Securities:				
Money Market Funds	$ 612,567	$ 612,567	$ -	$ -
Certificates of Deposits	3,319,859	3,319,859	-	-
U.S. Government Agency Securities	6,416,676	1,996,361	2,210,158	2,210,157
Bond Mutual Funds	29,595,564	-	29,595,564	-
	39,944,666	$ 5,928,787	$ 31,805,722	$ 2,210,157
Other Investments:				
Altnernative Investments	8,307,975			
Equity Mutual Funds	110,542,424			
	$ 158,795,065			

Interest rate risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and investments (continued)

Investments (continued)

Credit risk - The City Investment Policy requires that at least 90% of investments shall at any time be invested in U.S. Treasury or Agency securities, top grade (AAA, AA and A or those with bond insurance) municipal securities, certificates of deposit backed by collateral consisting of U.S. Treasuries or Agencies or covered by FDIC or FSLIC insurance, and repurchase contracts backed by collateral consisting of U.S. Treasuries or Agencies and delivered to the City or held by an independent third party. The policy also allows for investment in uncollateralized Certificates of Deposit of Rhode Island banks. The policy further restricts investments with a maturity of greater than one year to 10% of total investments or $2,000,000, whichever is lower. The City's Certificates of Deposit all have maturity dates of less than one year. The State of Rhode Island does not have any pertinent laws on investments that apply to municipalities.

Certificates of Deposit – Certificates of Deposit are all insured by FDIC insurance. The weighted average maturity of all certificates of deposit is .39 years. The City intends to hold all certificates to maturity, although they are subject to interest rate risk in the event that they are sold prior to maturity.

The City's investments in money market funds, government securities and bond mutual funds had average ratings as follows by Standard & Poor's.

Average Rating	Money Market Mutual Funds	U.S. Government Agency Securities	Bond Mutual Funds
AAA.....	$ 612,567	$ 6,416,676	$ 29,595,564

Custodial credit risk – The City does not have a formal policy regarding custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The following City investments are held by the counterparty's trust department or agent but not in the City's name and therefore are subject to custodial credit risk.

	Total	Less Insured Amounts	Subject To Custodial Credit Risk
U.S. Government Agency Securities	$ 6,416,676	$ 500,000	$ 5,916,676

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and investments (continued)

Fiduciary and permanent funds

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 7.5% for the pension plans, the OPEB Trust, and trust investments per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission's goals, objectives, and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S&P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

Fiduciary and Permanent Fund Investments included in the financial statements as of June 30, 2014 totaled $148,509,980.

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

At June 30, 2014, receivables, including the applicable allowances for doubtful accounts, are as follows:

Governmental Activities

	General	CDBG Fund	Capital Projects Fund	Other Govern-mental Funds	Total
Taxes	$ 3,388,515	$ -	$ -	$ -	$ 3,388,515
Intergovernmental	181,007	152,387	483,750	747,340	1,564,484
Interest	4,406,876	539,262	-	140,771	5,086,909
Other	1,686,684		-	111,015	1,797,699
Notes/loans	-	2,778,768	-	255,000	3,033,768
	9,663,082	3,470,417	483,750	1,254,126	14,871,375
Less allowance for doubtful accounts	(5,651,422)	(2,433,549)	-	(395,771)	(8,480,742)
	4,011,660	1,036,868	483,750	858,355	6,390,633
Less current portion	4,011,660	423,273	483,750	858,355	5,777,038
Net long-term portion	$ -	$ 613,595	$ -	$ -	$ 613,595

Business-type Activities

	Water Fund	W.P.C. Fund	Nonmajor Enterprise Funds	Total
User fees	$ 2,162,877	$ 2,047,256	$ 41,397	$ 4,251,530
Less allowance for doubtful accounts	(75,000)	(50,000)		(125,000)
Net receivables	2,087,877	1,997,256	41,397	4,126,530
Intergovernmental	-	-	-	-
Other	-	-	-	-
Net receivables	$ 2,087,877	$ 1,997,256	$ 41,397	$ 4,126,530

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (continued)

At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

DEFERRED INFLOWS OF RESOURCES:	
Delinquent property taxes receivable unavailable	$ 2,276,657
Loan receivable unavailable	3,423,727
Intergovernmental receivable unavailable	837,747
TOTAL DEFERRED INFLOW OF RESOURCES	$ 6,538,131

C. Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	BALANCE JULY 1, 2013	INCREASES	DECREASES	BALANCE JUNE 30, 2014
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 4,920,148	$ -	$ -	$ 4,920,148
Construction in progress	28,791,872	479,202	(28,052,114)	1,218,960
Total capital assets not being depreciated	33,712,020	479,202	(28,052,114)	6,139,108
Capital assets being depreciated:				
Buildings and structures	47,647,520	33,903,672	-	81,551,192
Machinery and equipment	7,516,627	839,744	-	8,356,371
Vehicles	8,698,034	1,150,952	-	9,848,986
Infrastructure	55,259,058	2,283,050	-	57,542,108
Total capital assets being depreciated	119,121,239	38,177,418	-	157,298,657
Total capital assets	152,833,259	38,656,620	(28,052,114)	163,437,765
Less accumulated depreciation:				
Buildings and structures	14,492,302	1,313,004	-	15,805,306
Machinery and equipment	4,715,313	474,857	-	5,190,170
Vehicles	5,948,221	496,069	-	6,444,290
Infrastructure	13,302,591	1,285,537	-	14,588,128
Total accumulated depreciation	38,458,427	3,569,467	-	42,027,894
Total capital assets being depreciated, net	80,662,812	34,607,951	-	115,270,763
Governmental activites capital assets, net	$ 114,374,832	$ 35,087,153	$ (28,052,114)	$ 121,409,871

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental Activities:

General government	$ 502,661
General education	678,374
Public safety	521,802
Public services	1,741,365
Planning, zoning and development	118,637
Human services	1,881
Capital assets held by the City's internal service fund are charged to various functions based on usage of the assets	4,747
	$ 3,569,467

	BALANCE JULY 1, 2013	INCREASES	DECREASES	BALANCE JUNE 30, 2014
Business-type Activities				
Capital assets not being depreciated:				
Land and land improvements	$ 6,492,359	$ -	$ -	$ 6,492,359
Construction in progress	39,592,782	29,790,713	(409,561)	68,973,934
Total capital assets not being depreciated	46,085,141	29,790,713	(409,561)	75,466,293
Capital assets being depreciated:				
Buildings and systems	218,860,466	4,825,597	(3,556,178)	220,129,885
Machinery and equipment	4,775,574	-	(33,070)	4,742,504
Vehicles	994,088	58,488	(451,492)	601,084
Total capital assets being depreciated	224,630,128	4,884,085	(4,040,740)	225,473,473
Total capital assets	270,715,269	34,674,798	(4,450,301)	300,939,766
Less accumulated depreciation:				
Buildings and systems	86,631,617	5,330,990	(1,422,147)	90,540,460
Machinery and equipment	4,173,679	104,964	(24,233)	4,254,410
Vehicles	502,077	58,916	(130,404)	430,589
Total accumulated depreciation	91,307,373	5,494,870	(1,576,784)	95,225,459
Total capital assets being depreciated, net	133,322,755	(610,785)	(2,463,956)	130,248,014
Net capital assets, business-type activities	$ 179,407,896	$ 29,179,928	$ (2,873,517)	$ 205,714,307

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water	$ 1,710,659
Water Pollution Control	3,508,486
Maritime	131,260
Parking	144,465
	$ 5,494,870

D. Interfund receivables, payables and transfers

The composition of interfund balances as of June 30, 2014 is as follows:

	Corresponding Fund	Due From	Due To	Description
Major Governmental Funds				
General Fund				
	Water Fund	$ -	$ 37,171	Payroll, benefits and overhead
	Nonmajor Governmental Fund	-	61,250	Library parking lot
	Total	-	98,421	
Nonmajor Governmental Funds				
UDAG Fund				
	General Fund	61,250	-	Library parking lot
Total Governmental Funds		**$ 61,250**	**$ 98,421**	
Major Enterprise Funds				
Water Fund				
	Water Pollution Control Fund	$ -	$ 121,196	Sludge charges
	General Fund	37,171		Payroll, benefits and overhead
	Internal Service Fund	-	76,658	Maintenance charges
	Total	37,171	197,854	
Water Pollution Control Fund				
	Water Fund	121,196	-	Sludge charges
Total Enterprise Funds		**$ 158,367**	**$ 197,854**	
Internal Service Fund				
	Water Fund	**$ 76,658**	**$ -**	Maintenance charges
Total All Funds		**$ 296,275**	**$ 296,275**	

All interfund balances resulted from the time lag between the dates payments occurred between funds and services or short-term internal financing were provided.

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund receivables, payables and transfers (continued)

Advances

Advance To	Corresponding Fund	Amount	Description
Nonmajor Funds			
Urban Development	Maritime Fund	$ 267,459	Loans related to armory building
Total advances to other funds		$ 267,459	

The Urban Development Grant Fund (UDAG) loaned the City of Newport $51,876 to remove seaweed from Easton's Beach. The note is a 15-year note bearing interest at 1.0%. The Parking Fund loaned the Easton's Beach Fund $320,000 for the purchase of a seaweed harvester. A contribution was received in fiscal year 2009 that reduced the amount of the note by $49,800. The note is a 10-year note bearing interest at 1.0%. Both loans were fully repaid in fiscal year 2014 when the beach fund was transferred to the general fund.

The Newport Redevelopment Authority transferred the armory building and related debt to the City of Newport Maritime Fund in April 2010. The related debt includes a loan from the City of Newport urban development special revenue fund. The remaining balance of $267,459 is due to the urban development grant fund only upon sale of the armory building. No interest accrues on the advance.

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund receivables, payables and transfers (continued)

Transfers

A summary of interfund transfers for the year ended June 30, 2014 is as follows:

Transfers To:		Transfers From:
Governmental Funds:		
Capital Projects Fund	$ 2,320,900	General Fund
General Fund	144,240	Nonmajor governmental
Nonmajor governmental	133,110	General Fund
	2,598,250	
Business-type Funds:		
Water Pollution Control Fund	700,000	General Fund
Beach Fund	362,223	General Fund
	1,062,223	
Total	$ 3,660,473	

Summary:	Transfers In	Transfers Out
General Fund	$ 144,240	$ 3,516,233
Capital Projects Fund	2,320,900	-
Major Business-Type Funds	700,000	-
Nonmajor Business-Type Funds	362,223	-
Nonmajor Governmental Fund	133,110	144,240
Total	$ 3,660,473	$ 3,660,473

Transfers are generally programmed amounts used to finance capital assets or for other required activities in other funds.

E. Changes in long-term obligations

The City issues general obligation, Qualified Zone Academy Bonds (QZAB) and revenue bonds to provide funds for the acquisition and construction of major capital facilities. Bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 20-year serial bonds. Revenue bonds are obligations that pledge the revenues derived from the use of services in that particular fund. These are issued for business-type activities and are generally collateralized by the asset under construction or renovation. The bonds are usually issued as 20-year bonds. The QZAB bond is a 12-year bond, which is supported by annual sinking fund payments to a third-party escrow agent. Changes in bonded debt outstanding during fiscal year 2014 are summarized on the next page as follows:

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Changes in long-term obligations (continued)

	Date Issued	Maturity Date	Interest Rate (%)	Outstanding July 1, 2013	Additions	Retired	Outstanding June 30, 2014	Interest Expense
Governmental Activities:								
Thompson School QZAB	2001	2013	N/A	$ 1,863,536	$ -	$ -	$ 1,863,536	$ -
Thompson School Refunding	2010	2021	1.50 to 5.0	10,935,000	-	1,080,000	9,855,000	378,875
Roadway Improvements	2009	2023	2.50 to 5.0	3,500,000	-	500,000	3,000,000	116,250
Pell School	2013	2033	0.55 to 5.0	28,575,000	-	1,300,000	27,275,000	1,043,069
Total Governmental Activities				$ 44,873,536	$ -	$ 2,880,000	$ 41,993,536	$ 1,538,194
Business-type Activities:								
Sewer Improvements - SRF	2002	2023	1.90	$ 7,531,598	$ -	$ 349,365	7,182,233	$ 131,177
Sewer Improvements - SRF	2009	2029	0.84 to 3.16	5,811,532	-	270,000	5,541,532	153,030
Sewer Improvements - SRF	2010	2030	0.55 to 3.25	8,604,000	-	369,000	8,235,000	281,599
Sewer Improvements - SRF	2011	2031	0.73 to 3.81	2,978,505	-	117,000	2,861,505	105,600
Sewer Improvements	2011	2026	4.30	9,850,000	-	520,000	9,330,000	416,687
Total Water Pollution Control Fund				34,775,635	-	1,625,365	33,150,270	1,088,093
Water Improvements - SRF	2007	2027	3.28 - 3.72	2,432,000	-	125,000	2,307,000	84,403
Water Improvements - SRF	2012	2033	0.94 - 3.61	33,940,601	18,755,834	1,000	52,695,435	1,530,713
Water Improvements - SRF	2013	2034	0.37 - 2.92	2,275,831	12,279,107	1,000	14,553,938	563,077
Water Improvements	2011	2027	3.40	5,417,222	553,815	325,000	5,646,037	213,407
Water Improvements - SRF	2008	2029	2.08 - 3.63	5,249,000	-	230,000	5,019,000	191,950
Water Improvements - SRF	2009	2030	0.65 to 3.54	3,053,000	-	126,000	2,927,000	83,978
Total Water Fund				52,367,654	31,588,756	808,000	83,148,410	2,667,528
Total Business-type Activities				$ 87,143,289	$ 31,588,756	$ 2,433,365	$ 116,298,680	$ 3,755,621

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Changes in long-term obligations (continued)

All long-term liabilities listed under Governmental activities are generally liquidated by the General Fund.

The Water Pollution Control Fund borrowed $6,595,532 in FY2009 from the state revolving loan fund. Of that, $995,579 of American Reinvestment and Recovery Act (ARRA) funds will be applied against principal over the life of the 20-year bond. The Water Fund borrowed $3,300,000 in FY2009 from the state revolving loan fund. $765,452 of ARRA funds will be applied against principal over the 20-year life of the bond. The annual ARRA offset will be taken into revenue each year the bonds are outstanding.

The City of Newport Water and Water Pollution Control Funds have the following outstanding State Revolving Fund (SRF) revenue bonds and non-SRF revenue bonds all issued through the Rhode Island Clean Water Finance Agency (RICWFA). The bond proceeds are held by RICWFA or their escrow agent. Bonds are issued for a specific purpose and for a total approved amount. The revenue bonds are drawdown bonds whereby the City sends vendor invoices to RICWFA for payment and the City's outstanding bond amounts equal the total of the drawdowns less principal payments per a set amortization schedule. The following schedule shows the amounts of the bonds and the purpose for which it was issued. Each revenue bond issue requires a debt service reserve to be held by the City's escrow agent.

Description	Fund	Year Issued	Total Bond	Amount Drawndown To Date	Debt Service Reserve	ARRA Funding
Radio read meter system and improvements to plants	Water	2008	$ 5,900,000	$ 5,900,000	$ 433,173	na
St. Mary's Raw Water Main Project	Water	2007	3,000,000	3,000,000	212,633	na
Distribution improvements	Water	2009	3,300,000	3,300,000	181,313	$ 765,452
Easton's Pond Dam and Moat Repairs	Water	2011	6,640,000	6,286,037	544,095	na
Water Treatment Plants	Water	2012	53,100,000	52,696,435	3,476,201	na
Water Treatment Plants	Water	2013	31,000,000	14,554,938	2,275,831	na
Sewer Improvements	WPC	2002	13,000,000	13,000,000	894,371	na
Easton Pond ultraviolet disinfection system; railroad interceptor replacement; combined sewer overflow projects	WPC	2009	6,595,532	6,259,865	384,978	995,579
Thames Street and Wellington Avenue interceptor repairs and replacement; and Long Wharf force main repairs	WPC	2010	9,327,000	9,327,000	650,475	na
Long Wharf force main repairs	WPC	2011	3,095,505	3,095,505	224,754	na
Long Wharf force main repairs	WPC	2011	10,345,000	10,345,000	544,095	na

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Changes in long-term obligations (continued)

The City has a $2,337,000 General Obligation Qualified Zone Academy Bond, Series 2001 dated December 14, 2001, due December 14, 2015, which was used to help finance the construction of Thompson Middle School. The bond may not be prepaid prior to the maturity date. The City is required to make annual sinking fund installments of $133,110 with the trustee, which will be invested with the bank (purchaser of the bond). The total amount to be deposited into the sinking fund is $1,863,536. The City is responsible for ensuring that the entire $2,337,000 is repaid. Therefore, if the sinking fund payments plus investment earnings are insufficient to cover the $2,337,000, the City will be responsible for the balance due. Current fair market value of the sinking fund is $1,996,439, which amount is reported in the debt service fund, a nonmajor governmental fund.

Bonded indebtedness on June 30, 2014 matures over fiscal years through 2035 as follows:

	Governmental Activities		Business-type Activities	
Year ending June 30,	Principal	Interest	Principal	Interest
2015	$ 3,050,000	$ 1,632,994	$ 4,889,492	$ 3,939,951
2016	4,703,536	1,531,631	6,251,306	3,828,110
2017	2,875,000	1,424,287	6,397,824	3,693,093
2018	2,875,000	1,337,700	6,553,077	3,545,452
2019	2,885,000	1,232,937	6,723,086	3,383,831
2020-2024	12,440,000	4,284,170	35,823,448	14,027,778
2025-2029	7,425,000	2,214,275	35,607,000	8,289,201
2030-2034	5,740,000	588,350	28,928,037	2,755,961
2035	-	-	2,027,000	31,833
Amounts Not Yet Drawn	-	-	(17,201,590)	-
	$ 41,993,536	$ 14,246,344	$ 115,998,680	$ 43,495,210

Debt authorized by the City Council and voters, where applicable, and not yet issued at June 30, 2014, is as follows:

Road Improvement Bonds Capital Projects Fund	$ 7,000,000
Road Improvements	1,500,000
Water System Improvements	900,000
Sewer System Improvements	10,673,000

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Notes payable

Business-type Activities

In 1984, the Redevelopment Agency of Newport, a component unit, purchased a vacant building in an area of the City designed for redevelopment. As part of the financing for this purchase, the State of Rhode Island loaned the Redevelopment Agency $200,000. The underlying note bears no stated interest rate or maturity and is secured with a mortgage on the building. The Redevelopment Agency turned over the building to the City of Newport Maritime Fund in April, 2010. As of June 30, 2014, $200,000 was payable. The note is required to be paid only upon the sale of the building.

G. Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Governmental activities:					
Bonds payable	$ 44,873,536	$ -	$ 2,880,000	$ 41,993,536	$ 3,050,000
Bond premium	3,344,500	-	227,834	3,116,666	227,834
Leases payable	874,670	-	98,118	776,552	98,118
Claims and judgments	471,940	-	161,940	310,000	20,000
Compensated absences	7,197,122	2,894,110	2,965,156	7,126,076	3,717,702
Net pension obligation	4,763,871	5,957,704	5,990,094	4,731,481	-
Net OPEB obligation	5,368,024	5,547,813	5,951,953	4,963,884	-
TOTAL	$ 66,893,663	$ 14,399,627	$ 18,275,095	$ 63,018,195	$ 7,113,654
Business-type activities:					
Bonds payable	$ 87,143,289	$ 31,588,756	$ 2,733,365	$ 115,998,680	$ 4,889,492
Note payable	200,000			200,000	-
Net OPEB obligation	676,800	1,756,990	1,884,981	548,809	-
TOTAL	$ 88,020,089	$ 33,345,746	$ 4,618,346	$ 116,747,489	$ 4,889,492

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Operating leases

The City leases certain office equipment under multi-year agreements that are subject to annual appropriation. Additionally, the Water Fund assesses the General Fund an annual lease charge of $434,522 for providing a public fire protection system owned by the Water Fund pursuant to tariffs mandated by the Rhode Island Public Utilities Commission. For the year ended June 30, 2014, the General Fund incurred expenditures of $434,522 associated with these agreements. The minimum annual lease obligations of the General Fund related to these agreements are $434,522 until such time as the Rhode Island Public Utilities Commission approves a rate change.

I. Capital leases

The City previously entered into an agreement to lease purchase a new HVAC system for the School Department. Payments of principal and interest are being amortized as follows:

Year ending June 30,	Principal	Interest
2015	$ 98,118	$ 23,840
2016	104,235	20,735
2017	107,435	17,535
2018	110,733	14,237
2019	114,133	10,838
2020-2021	241,898	11,056
	$ 776,552	$ 98,241

Equipment under capital leases in capital assets at June 30, 2014 included the following:

Machinery and equipment	$1,239,457
Less: Accumulated Depreciation	(258,220)
Net	$ 981,237

Amortization of leased equipment under capital leases in included in depreciation expense.

J. Statutory debt limitations

Rhode Island General Laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues, bonds issued under special acts of the legislature, and special exemptions are granted for other purposes as well. The net assessed value of Newport properties at December 31, 2013 was $5,330,326,123, limiting the amount of non-excepted general obligation bonds outstanding to $159,909,784. Bonds of $41,993,536 outstanding at June 30, 2014 are general obligations and subject to the statutory limitation.

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. Fund balances

The following table details the purposes for which fund balances may be nonspendable, restricted, committed or assigned.

	General Fund	Community Development Block Grant	Permanent Funds	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:						
Endowments	$ -	$ -	$ 2,481,651	$ -	$ -	$ 2,481,651
Restricted:						
Trust purposes			7,792,741			7,792,741
Education					259,651	259,651
For recreation by donors	99,453					99,453
Planning, urban and economic development					1,914,455	1,914,455
Public safety					787,337	787,337
Community and social services		428,973				428,973
Debt service					1,996,439	1,996,439
Total Restricted	99,453	428,973	7,792,741	-	4,957,882	13,279,049
Committed:						
General government	689,885					689,885
Capital improvements				5,613,718		5,613,718
Total Committed	689,885	-	-	5,613,718	-	6,303,603
Assigned:						-
Public improvements	452,243					452,243
Total Assigned	452,243	-	-	-	-	452,243
Unassigned	11,810,021				-	11,810,021
Totals	$ 13,051,602	$ 428,973	$ 10,274,392	$ 5,613,718	$ 4,957,882	$ 34,326,567

The restricted amounts consist of state and federal grants as well as the expendable portion of the trust funds. Funds cannot be spent for any purpose other than that specified by the grantor, trust donor or law.

The committed amounts in the general fund are encumbrances wherein the amounts or service has been ordered but not yet delivered.

The assigned amount in the general fund is the balance of proceeds from the sale of Lenthal School. The Council has assigned those amounts by resolution.

V. *OTHER INFORMATION*

A. Risk management

Through its operations, the City is exposed to various risks of loss related to torts, general liability, errors and omissions, and property losses due to theft, damage, or destruction, each of which is insured through a public entity risk pool; and to employee injuries and claims for unemployment, for which the City retains the risk of loss. Terms of collective bargaining agreements also require the City to assume risks of employee financial losses resulting from health and dental catastrophes and death, each of which the City has transferred to commercial insurers.

The City is a member of the Rhode Island Inter-local Risk Management Trust (the "Trust"), a non-profit 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 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 City maintains $2,000,000 of liability insurance per incident and insures property for replacement cost. Settled claims have not exceeded coverage through the Trust in any of the past three years.

The City self insures certain properties for all or a portion of flood insurance. The following list details the replacement cost of the building and/or contents:

Fully Self-insured:

Property		Building Value	Contents/Other Value	Total Value
America's Cup Parking Garage		$ 4,015,328	$	$ 4,015,328
Cardine's Field Restrooms		224,609		224,609
Cardine's Field Storage Building		18,566		18,566
Easton's Beach Storage Building	**	95,836		95,836
Eisenhower Park Structures			53,800	53,800
King's Park Restrooms		127,602		127,602
Long Wharf Harbormaster Shed		39,902	4,051	43,953
Easton's Beach Carousel/Concessions	**	3,408,394	450,000	3,858,394
Gateway Center		3,343,092		3,343,092
Convention Center Canopies	**	1,113,819		1,113,819
		$ 12,387,148	$ 507,851	$ 12,894,999

Remaining properties are fully or partially insured through the National Flood Insurance Program or through the Trust. Deductibles for the National Flood Insurance Program are either $2,000 or $50,000. The exposure of partially insured properties is $12,894,999 less $10,000,000 per member annual aggregate. The City has not established reserves and believes that the risk of flood damage to all of the self-insured or partially insured properties at any one time is minimal.

V. OTHER INFORMATION (CONTINUED)

B. Pension plans

The City implemented Statement No. 67 of the Governmental Accounting Standards Board entitled Financial Reporting for Pension Plans. This standard applies to the police and fire pension plans only. The Teachers' Plan and MERS Plan are reported using Statements No. 25 and No. 50.

All eligible employees of the City are covered by one of four pension plans, the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), the Firemen's Pension Plan and the Policemen's Pension Plan. The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Municipal Plan covers all employees not covered under the Teachers' Plan. However, fire employees and police officers have elected to participate in a single-employer pension plan administered by the City. The Firemen's Pension Plan and Policemen's Pension Plan cover all employees covered under a collective bargaining agreement either with the International Association of Firefighters, Local 1080 or the Fraternal Order of Police, Lodge Number 8. Total covered payroll under all plans during 2014 was $38,097,950. Total City payroll was $46,797,228 for the same period.

Teachers' Plan

Plan Description and Administration

The Teachers' Plan is a combined (hybrid) statutory, mandatory, statewide, cost-sharing multiple employer public employee retirement system plus a defined contribution plan administered by the State. The plan provides retirement, death and disability benefits as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws. The benefits may be amended by the Rhode Island General Assembly. Financial statements for the plan are issued separately and may be obtained by writing to Employees' Retirement System of Rhode Island, 40 Fountain Street, Providence, Rhode Island, 02903 or by calling (401) 457-3900. Total covered payroll under the plan during 2014 was $16,002,256, including $1,058,695 of federally reimbursed payroll.

Contributions

Rhode Island general laws set the contribution rates of participating employees at 10.75% of salary (3.75% to the defined benefit trust and 7.0% to the defined contribution plan) effective July 1, 2012. Actuarially determined contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The actuarially determined contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; (c) interest on the unfunded frozen actuarial liability; and a percentage of payroll contribution into the defined contribution plan. Normal cost is determined using the individual entry age cost method with frozen initial liability. The City participates in the optional Teachers Survivor Benefits Fund whereby both the employer and the employee contribute 1% of the first $9,600 of each participating employee's salary for survival benefits.

V. *OTHER INFORMATION (CONTINUED)*

B. Pension plans (continued)

Teachers' Plan (continued)

Contributions

As prescribed by Rhode Island general law, the State pays the entire portion of the actuarially determined contribution attributable to the costs of contributions deferred by the State in prior years, plus 40% of contributions assessed to employers on payroll not reimbursable through federal programs. For fiscal year 2014, contributions were 15.26% of participants' salary (also 23.68% for federally reimbursed salary). This resulted in a contribution rate paid by the State on behalf of City teachers of 8.42%. In accordance with the provisions of GASB Statement No. 24, the City has recorded "on-behalf" payments of $1,319,752 for amounts paid by the State of behalf of City teachers. The City's contribution rate was 15.26%. The City's estimated and actual contributions to the Teachers' Plan for fiscal years 2014, 2013, and 2012 were $2,530,748, $2,424,934, and $2,274,802, respectively.

Municipal Plan

Plan Description and Administration

The Municipal Plan is a combined (hybrid) agent multiple employer public employee retirement system plus a defined contribution plan administered by the State. The plan provides retirement, death and disability benefits as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws. The benefits may be amended by the Rhode Island General Assembly. Financial statements for the plan are issued separately and may be obtained by writing to the Employees' Retirement System, 40 Fountain Street, Providence, Rhode Island, 02903-1854 or by calling (401) 457-3900. For fiscal year 2014, payroll for employees covered under the plan totaled $11,259,620. As of June 30, 2014, 249 active employees were members of the Municipal Plan.

Contributions

Rhode Island general laws set contributions of participating employees at 6% of salary (1% to the defined benefit plan and 5% to the defined contribution plan). The City participates in an optional cost-of-living provision which assesses an additional 1% of salary to the participants. Annual contributions are actuarially determined for each separate employer and are assessed to each as a percentage of their participating employees' payroll. The actuarially determined contribution into the defined benefit plan is the estimated amount necessary to finance costs of benefits earned by plan members during the year and, where applicable, a payment to amortize the unfunded actuarial accrued liability (UAAL) as of June 30, 1999, over a closed period of 30 years. There are 16 years remaining as of June 30, 2013. The amortization contribution rate is level percentage of payroll required to reduce the UAAL to zero over the remaining amortization period. The estimated contribution is determined using the entry age normal cost method. Unlike in the Teachers' Plan, the State makes no contributions to the Municipal Plan on behalf of the City, nor does it assume any liability for funding pension benefits for the City's participants. The City's required and actual contributions to the Municipal Plan for fiscal years 2014, 2013, and 2012 were $2,343,262, $2,045,444, and $1,803,085, respectively.

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Municipal plan (continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013 was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Projected Unit Credit	(A - B) Under Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Underfunded AAL as a Percentage of Covered Payroll
June 30, 2013	$ 43,938,347	$ 68,681,188	$ 24,742,841	64.0%	$ 10,999,057	225.0%

Actuarial valuations involve the estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress (RSI), immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Municipal plan (continued)

Actuarial Methods and Significant Assumptions

The State used the entry age actuarial cost method to determine both the actuarial accrued liabilities and actuarially determined contributions to each member of the plan. Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. The actuarial value of pension assets is used in the calculation of the actuarial accrued liabilities and funding requirements. The actuarial value of pension assets means that the value is smoothed over 5 years. Valuations of accrued liabilities, pension assets, and actuarially determined contributions for the Municipal Plan are performed annually as of June 30.

Significant actuarial assumptions used in each valuation are summarized as follows:

Investment rate of return:	7.50% net of pension plan investment expense, including inflation
Salary increases:	4.00% annually, plus a service component
Payroll growth rate (for amortization)	3.75% annually
Cost of living adjustments:	2.00%, not compounded
Inflation rate	2.75% annually
Retirement probability	100% at age 75 or upon eligibility

Mortality:
Healthy members – Males: pre-retirement 75% and post retirement 115% of RP2000 Combined Healthy with White Collar Adjustments Mortality Table; Females pre-retirement 75% and postretirement 95% of RP2000 Combined Healthy with White Collar Adjustments Table; Disabled members – 60% of the PBGC Table Va for disabled male members eligible for Social Security disability benefits and 60% of the PBGC Table Via for disabled female members eligible for Social Security

Disability: Probabilities ranging from .06% at age 25 to .98% at age 60

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Fire pension plan and police pension plan

The City has separately established and administers two defined benefit pension plans; the Firemen's Pension Plan (Fire Plan) and the Policemen's Pension Plan (Police Plan). Each plan is reported as a pension trust fund in the City's fiduciary fund net assets. A separate report on these pension plans is not available; they are audited as part of the City's audit.

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization. The City does not use an actuarial smoothing process in determining value of assets.

Plan Descriptions

1. Plan Administration. The City's police and fire pension plans are administered internally except that retiree benefits are paid by a third party administrator.

   The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets.

2. Plan Membership. As of June 30, 2014, membership in each plan was as follows:

	Fire Plan	Police Plan
Active employees hired before July 1, 1984	1	3
Active employees hired on or after July 1, 1984	86	75
Total active employees	87	78
Inactive employees with vested rights	1	0
Pensioners and beneficiaries	122	125
Total plan members	210	203

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Fire pension plan and police pension plan (continued)

Plan Descriptions (Continued)

3. Benefits Provided. Each plan is a single-employer defined benefit pension plan which provides retirement, disability and death benefits to its participants. For fiscal year 2014, covered payroll under the plans was $5,505,579 and $5,246,624 for the fire and police plans, respectively. Rights to pension benefits become fully vested for fire and police participants after 10 years of service. Police are eligible to retire after 20 years of service, and firefighters are eligible to retire after 25 years of service. Police benefits are equal to 50% of salary with an additional 2.5% for each year of service after 20 years and up to 25 years of service, with the total benefit not to exceed 62.5% of salary. Police retirees who work more than 25 years are entitled to an additional 1.5%, with the total benefit not to exceed 70% of salary. The fire pension plan entitles retirees to benefits equal to 65% of salary for those who retire at 25 years. The percentage increases by 1% per year until the maximum of 70% of salary is attained. Fire employees hired after July 1, 2011 cannot receive pension benefits until they reach the age of 58.

   Pre-retirement benefits at a minimum of 25% and 50% of salary are provided to disabled fire and police participants, respectively. However, fire employees are eligible for an additional 2.5% of salary for each year of service in excess of 10 years until a maximum benefit of 62.5% of salary is attained. Surviving spouses under both plans are also eligible for pre-retirement death benefits of 67.5% of salary, subject to a pro-rata reduction for participants having fewer than 20 years of service.

   Cost-of-living adjustments are provided to both police and fire retirees. All police retirees and fire retirees that have retired prior to September 30, 2011 are entitled to the same cost of living adjustment as that negotiated by the bargaining unit for active participants. Fire retirees that have retired on or after September 30, 2011 receive a cost-of-living adjustment equal to the Northeast Urban Wage Earner's Consumer Price Index not to exceed 3% in any given year but in no event less than .5%.

4. Contributions. Under terms of their collective bargaining agreements, firefighters are required to contribute 9% of salary and policemen are required to contribute 8% of salary to their respective pension plans. The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance a portion of the unfunded accrued liability. The unfunded accrued liability is being amortized over a closed 30 year period, of which there are 17 years remaining. Rhode Island general laws, city ordinances and collective bargaining agreements establish minimum employer funding.

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Fire pension plan and police pension plan (continued)

5. Financial Information

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	POLICE PENSION FUND	FIRE PENSION FUND
ASSETS		
Cash and investments	$ 57,556,540	$ 44,343,394
LIABILITIES		
Accounts payable	48,554	36,280
NET POSITION		
Net position held in trust for pension benefits	$ 57,507,986	$ 44,307,114

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2014

	POLICE PENSION FUND	FIRE PENSION FUND
ADDITIONS		
Contributions and other income	$ 4,362,046	$ 6,509,030
Investment income (loss), net of investment expenses	9,496,182	6,786,391
TOTAL ADDITIONS	13,858,228	13,295,421
DEDUCTIONS		
Benefits	4,676,133	5,651,902
Administration	86,063	64,329
TOTAL DEDUCTIONS	4,762,196	5,716,231
CHANGES IN NET POSITION	9,096,032	7,579,190
NET POSITION - JULY 1, 2013	48,411,954	36,727,924
NET POSITION - JUNE 30, 2014	$ 57,507,986	$ 44,307,114

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Fire pension plan and police pension plan (continued)

Investment Policy

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 7.5% for the pension plans and the OPEB Trust per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission's goals, objectives, and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed. The following was the Commission's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Domestic Equity	50%
International Equity	15%
Fixed Income	25%
Real Estate and Timber	10%

Concentrations - As of June 30, 2014, and during the year then ended, no pension assets were invested in any organization which collectively held 5% or more of the total assets of either plan.

Rate of return - The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 19.04% for the year ended June 30, 2014. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

V. *OTHER INFORMATION (CONTINUED)*

B. Pension plans (continued)

Firemen's pension plan and policemen's pension plan (continued)

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2014, were as follows:

	Police Plan	Fire Plan
Total pension liability	$ 85,862,792	$ 95,518,160
Plan fiduciary net position	(57,507,986)	(44,307,114)
City's net pension liability	$ 28,354,806	$ 51,211,046
Plan fiduciary net position as a percentage of the total pension liability	66.98%	46.39%

Actuarial Assumptions

Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of pension liabilities and pension assets for both plans are performed annually as of July 1.

Significant actuarial assumptions used in each valuation are summarized as follows:

	Fire	Police
Valuation Date	July 1, 2014	July 1, 2014
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	17 Years	17 Years
Investment Rate of Return	7.50% net of pension plan investment expense, including inflation.	7.50% net of pension plan investment expense, including inflation.
Salary increases	2.75% first 10 years, 3.00% annually thereafter	3.00% annually
Cost of living increase:	2.75% first 10 years, 3.00% annually thereafter	3.00% annually
Members retired prior to 8/21/11		
Members retiring after 8/21/11	Bureau of Labor CPI for Northeast Urban Wage Earners, not exceeding 3.00% or less than .05%	
Inflation	3.00%	3.00%
Mortality:		
Healthy Members (police and fire)	RP2000 Combined Healthy Mortality Table, applied on a fully generational basis using Mortality Projection Scale AA.	
Disabled Members (police and fire)	1985 Wyatt Pension Disability Table	

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Firemen's pension plan and policemen's pension plan (continued)

Actuarial Assumptions (continued)

Discount rate – The discount rate used to measure the total pension liabilities is 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 City, calculated using the discount rate of 7.50%, as well as what the City's pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability - police	$ 39,258,212	$ 28,354,806	$ 19,292,378
Net pension liability - fire	62,924,659	51,211,046	41,476,171

Funded Status and Funding Progress (GASB 27)

The funded status of the plans as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(A-B) Over (Under) Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
		Police Plan				
July 1, 2014	$57,507,986	$ 85,862,792	$(28,354,806)	66.98%	$ 5,246,624	(540.44)%
		Fire Plan				
July 1, 2014	$44,307,114	$ 95,518,160	$(51,211,046)	46.39%	$ 5,505,579	(930.17)%

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Firemen's pension plan and policemen's pension plan (continued)

Funded Status and Funding Progress (GASB 27) (continued)

Actuarial valuations involve the estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress (RSI), immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Annual Pension Costs and Net Pension Obligations

Separate actuarial valuations for each plan were performed as of July 1, 2014. The following table summarizes annual pension costs for both the Police Plan and Fire Plan:

A summary of annual pension costs, contributions, and net pension obligations (NPO) and net pension asset (NPA) of each plan over the preceding three years is as follows:

	Fire Plan	Police Plan
Annual required contribution	$ 5,990,094	$ 3,954,174
Interest on net pension obligation	357,290	(473,301)
Adjustment to annual required contribution	(389,680)	491,605
Annual pension cost	5,957,704	3,972,478
Contributions made	(5,990,094)	(3,954,174)
Change in net pension obligation	(32,390)	18,304
Net pension obligation (asset) – July 1, 2013	4,763,871	(6,310,682)
Net pension obligation (asset) – June 30, 2014	$ 4,731,481	$ (6,292,378)

V. OTHER INFORMATION (CONTINUED)

B. Pension plans (continued)

Firemen's pension plan and policemen's pension plan (continued)

Funded Status and Funding Progress (GASB 27) (continued)

Three Year Trend Information

Annual Year Ending June 30,	Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
		Fire Plan	
2014	$5,957,704	100.5%	$4,731,481
2013	4,802,282	100.4%	4,763,871
2012	4,562,203	99.9%	4,784,300
		Police Plan	
2014	$3,972,478	99.5%	$(6,292,378)
2013	3,463,537	100.0%	(6,310,682)
2012	2,886,091	100.4%	(6,312,247)

C. Other post-employment benefits (OPEB)

Plan description

The City of Newport offers family or individual health insurance to retirees and life insurance to police retirees. The plan is reported as an OPEB trust fund in the City's financial statements. The plan does not issue separate financial statements. Employees vest for OPEB when they vest for pension benefits. Retired police employees receive $25,000 in retiree life insurance. Employees can choose individual or family coverage when active, which is paid by the City. All employees contribute towards the cost of their health insurance, while active and after retirement. If an employee retires prior to age 65, the employee remains in their pre-retirement medical plan from the date of their retirement until age 65. At age 65, non-teachers enter Plan65 unless they are grandfathered in under another medical plan or are Medicare ineligible. AFSCME and NEA employees, police employees hired after July 1, 2009, and fire employees hired after July 1, 2011 are not entitled to Plan65. Medicare ineligible participants remain in the medical plan they chose as active employees. Teachers who are in the "Extended Benefit Plan" contribute 5% of their salary in order to receive Plan65 when eligible. The "Extended Benefit Plan" has been closed to new participants and teachers can opt-out of the "Extended Benefit Plan". New teachers and teachers who opt-out of the "Extended Benefits Plan" do not receive any City funded benefits once they reach age 65.

V. OTHER INFORMATION (CONTINUED)

C. Other post-employment benefits (OPEB) (continued)

Summary of significant accounting policies and plan asset matters

Basis of Accounting

The OPEB trust fund financial statements are prepared 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.

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

Classes of Employees Covered

As of July 1, 2014 membership data was as follows:

Active employees	623
Retirees	532
Total plan members	1,155

Benefit provisions and contributions

A portion of health insurance premiums is borne by the City, dependent upon each retiree's covered group, date of retirement and credited service. For members covered under the Police Pension Plan retiring after June 30, 1987, the City pays 50% of premiums plus an additional 5% of premiums for each year of service between 11 and 20 years, until 100% is paid. Retirees prior to that date are responsible for premiums for each year between 11 and 25 years, until 100% is paid. Employees hired after July 1, 2009 are not eligible for Plan65. For members covered under the Fire Pension Plan that retired prior to September 12, 2007, the City pays 100% of health insurance premiums for members, provided that the retiree was eligible for retirement (25 years of service) at the date of separation from service. Members that retire after September 12, 2007 contribute 1% of their pension benefit towards the cost of retiree health insurance. For retirees with less than 25 years of service, the City contribution is reduced 4% per year of service less than 25. Members hired after July 1, 2011 are not eligible for Plan65. Premiums for retirees of both the Teachers' Plan and the Municipal Plan are fully paid by the City (less a retiree premium share) until age 65, provided the retiree was eligible for retirement at the time of separation from service. The City pays for a $25,000 life insurance policy for retired police with at least 10 years of service, and for a temporary (until age 65) $50,000 life insurance policy for retired teachers. Members of each group may elect dental and life insurance coverage at their expense.

V. *OTHER INFORMATION (CONTINUED)*

C. *Other post-employment benefits (OPEB) (continued)*

Summary financial information

The Other Post-Employment Benefit Trust summary financial information reported in the financial statements is as follows:

STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2014

ASSETS	
Cash and investments	$ 34,844,395
LIABILITIES	
Accounts payable	38,862
NET POSITION	
Net position held in trust for OPEB benefits	$ 34,805,533

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS	
Contributions and other income	$ 500,000
Investment income (loss), net of investment expenses	5,450,544
TOTAL ADDITIONS	5,950,544
DEDUCTIONS	
Benefits	-
Administration	61,744
TOTAL DEDUCTIONS	61,744
CHANGES IN NET POSITION	5,888,800
NET POSITION - JULY 1	28,916,733
NET POSITION - JUNE 30	$ 34,805,533

V. OTHER INFORMATION (CONTINUED)

C. Other post-employment benefits (OPEB) (continued)

Annual OPEB cost and net OPEB obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	$ 7,201,977
Interest on net OPEB obligation	453,362
Adjustment to annual required contribution	(350,536)
Annual OPEB cost (expense)	7,304,803
Contributions made	7,836,934
Increase (decrease) in net OPEB obligation	(532,131)
Net OPEB obligation - July 1, 2013	6,044,824
Net OPEB obligation - June 30, 2014	$ 5,512,693

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the previous nine years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2006	$ 9,706,604	53.9%	$ 4,466,938
June 30, 2007	9,282,550	75.0%	6,756,362
June 30, 2008	9,997,870	72.3%	9,521,806
June 30, 2009	10,615,386	104.6%	9,037,637
June 30, 2010	9,243,181	121.6%	7,429,179
June 30, 2011	11,191,505	90.0%	8,420,493
June 30, 2012	9,519,080	107.7%	7,678,173
June 30, 2013	7,687,252	121.2%	6,044,824
June 30, 2014	7,304,803	107.3%	5,512,693

V. *OTHER INFORMATION (CONTINUED)*

C. *Other post-employment benefits (OPEB) (continued)*

Funded status and funding progress

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	(A-B) Under Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	Under Funded AAL as a Percentage of Covered Payroll
July 1, 2014	$ 34,805,533	$ 118,221,315	$ 83,415,782	29.4%	$ 38,097,950	219.0%

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

Actuarial methods and assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

V. OTHER INFORMATION (CONTINUED)

C. Other post-employment benefits (OPEB) (continued)

Actuarial methods and assumptions (continued)

The projected unit credit cost method was used in the July 1, 2014 actuarial valuation. Actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. Assets are valued at Fair Market Value. The actuarial assumptions for healthcare cost trend is growth of 5.2% for 2014, 5.7% for 2015, 4.9% for 2016, and ultimately 3.8%. The actuarial assumption for inflation is 2.75%. The UAAL is being amortized over a closed thirty year period using a level percent of pay. The City is in year 23 (remaining) of the amortization schedule.

D. Contingencies

The City is involved in several lawsuits and claims. Both City officials and their legal counsel are unable to express an opinion as to the ultimate outcome of the cases, and no provision for loss has been made in the accompanying financial statements. It is the opinion of both the City officials and their legal counsel that the results of the cases would have no materially adverse effect on the City's financial position.

In June 2012, certain retiree groups and unions representing state and municipal employees who maintain they are current beneficiaries of the Employees' Retirement System of Rhode Island (ERSRI) commenced five separate lawsuits in State court challenging the Rhode Island Retirement Security Act of 2011 ("RIRSA") enacted by the General Assembly. In each of the five cases, the plaintiffs alleged that RIRSA violates the Contract Clause, the Takings Clause and the Due Process Clause of the Rhode Island Constitution. In addition, the Rhode Island Public Employees' Retirement Coalition v. Chafee, C.A. No. 12-3166 case, the plaintiffs also allege counts for promissory estoppel and breach of contract. On January 2, 2013, Superior Court judge presiding over the cases involving challenges to enacted pension reforms ordered the parties to participate in mediation. A settlement agreement was reached between the parties but could only move forward if each and every participating union approved the deal. The police union members rejected the agreement in April 2014 prompting mediation to fail. The Superior Court judge agreed on December 2, 2014 to send the cases to a jury trial, which is scheduled for April 2015. The parties continue to work toward a settlement that will be acceptable to all participating members and State and local officials. An adverse judgment to the State rendered in the pension litigation and the impact to the City of Newport has not been determined, but could significantly increase the unfunded liability and the City's actuarially determined annual required contribution under the plans with ERSRI and MERS.

E. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contribution made by the state on-behalf of the City's teachers to the State Employees' Retirement System of Rhode Island was $1,319,752.

V. OTHER INFORMATION (CONTINUED)

F. Transfer of Operations

The Easton's Beach fund (enterprise fund) was closed into the operations of the City's general fund effective July 1, 2013. Capital assets were transferred to the capital projects fund at net value. The Beach fund has a loss on disposal from operations. There are no corresponding entries in the general or capital funds because they are governmental funds and do not report capital assets. The transfer is recorded as a contribution of $2,463,956 in the governmental column of the government-wide statements.

Required Supplementary Information

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 3 FISCAL YEARS

	Police Pension Plan			Fire Pension Plan		
	2014	2013	2012	2014	2013	2012
Total pension liability						
Service cost	$ 1,159,989	$ 1,089,741	$ 1,185,085	$ 1,301,858	$ 1,347,221	$ 1,167,259
Interest	6,127,676	6,119,883	5,678,713	6,926,242	6,935,131	6,083,467
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	413,108	(1,568,795)	2,472,564	(880,942)	(1,813,565)	8,664,711
Changes of assumptions	-	(1,055,592)	931,710	-	(1,018,173)	981,952
Benefit payments, including refunds of member contributions	(4,676,133)	(4,431,444)	(4,154,488)	(5,651,902)	(5,400,180)	(6,032,049)
Net change in total pension liability	3,024,640	153,793	6,113,584	1,695,256	50,434	10,865,340
Total pension liability, beginning	82,838,152	82,684,359	76,570,775	93,822,904	93,772,470	82,907,130
Total pension liability, ending (a)	**$ 85,862,792**	**$ 82,838,152**	**$ 82,684,359**	**$ 95,518,160**	**$ 93,822,904**	**$ 93,772,470**
Plan fiduciary net position						
Contributions - employer	$ 3,954,174	$ 3,461,972	$ 2,899,580	$ 5,990,094	$ 4,822,711	$ 4,560,741
Contributions - member	407,872	403,980	393,524	518,936	501,618	541,383
Net investment income	9,496,182	6,725,692	(525,652)	6,786,391	5,211,622	(395,285)
Benefit payments, including refunds of member contributions	(4,676,133)	(4,431,444)	(4,154,488)	(5,651,902)	(5,400,180)	(6,032,049)
Administrative expense	(86,063)	(114,392)	(114,960)	(64,329)	(85,948)	(86,457)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	9,096,032	6,045,808	(1,501,996)	7,579,190	5,049,823	(1,411,667)
Plan fiduciary net position - beginning	48,411,954	42,366,146	43,868,142	36,727,924	31,678,101	33,089,768
Plan fiduciary net position - ending (b)	**$ 57,507,986**	**$ 48,411,954**	**$ 42,366,146**	**$ 44,307,114**	**$ 36,727,924**	**$ 31,678,101**
City's net pension liability (a)- (b)	**$ 28,354,806**	**$ 34,426,198**	**$ 40,318,213**	**$ 51,211,046**	**$ 57,094,980**	**$ 62,094,369**
Plan fiduciary net position as a percentage of total pension liability	**66.98%**	**58.44%**	**51.24%**	**46.39%**	**39.15%**	**33.78%**
Covered employee payroll	**$ 5,246,624**	**$ 5,147,999**	**$ 5,033,625**	**$ 5,505,579**	**$ 5,509,307**	**$ 5,532,707**
City's net pension liability as a percentage of covered employee payroll	**540.44%**	**668.73%**	**800.98%**	**930.17%**	**1036.34%**	**1122.31%**

Notes to Schedule:

Amounts reported as changes of assumptions were primarily the result of adjustments in mortality rates.

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY
CURRENT FISCAL YEAR

	Police Plan	Fire Plan
	2014	2014
Total pension liability	$ 85,862,792	$ 95,518,160
Plan fiduciary net position	57,507,986	44,307,114
Net pension liability	$ 28,354,806	$ 51,211,046
Plan fiduciary net position as a percentage of the total pension liability	66.98%	46.39%

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
LAST 6 FISCAL YEARS

Fire Pension Plan

Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
2009	$ 27,980,459	$ 78,870,565	35.5%	$ 50,890,106	$ 5,047,963	1008.1%
2010	30,820,663	82,030,956	37.6%	51,210,293	5,526,615	926.6%
2011	32,832,334	82,907,130	39.6%	50,074,796	4,891,283	1023.8%
2012	32,552,813	93,772,470	34.7%	61,219,657	5,532,707	1106.5%
2013	36,727,924	93,822,904	39.1%	57,094,980	5,509,307	1036.3%
2014	44,307,114	95,518,160	46.4%	51,211,046	5,505,579	930.2%

Police Pension Plan

Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
2009	$ 37,852,800	$ 73,443,988	51.5%	$ 35,591,188	$ 5,064,850	702.7%
2010	42,240,992	74,866,848	56.4%	32,625,856	5,023,341	649.5%
2011	43,693,248	76,570,775	57.1%	32,877,527	5,048,815	651.2%
2012	43,320,088	82,684,359	52.4%	39,364,271	5,033,625	782.0%
2013	48,411,954	82,838,152	58.4%	34,426,198	5,147,999	668.7%
2014	57,507,986	85,862,792	67.0%	28,354,806	5,246,624	540.4%

(Continued)

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
LAST 6 FISCAL YEARS

Municipal Employees' Retirement System

Actuarial Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded (Excess) AAL as % of Covered Payroll
2008	$ 46,324,266	$ 60,565,718	76.5%	$ 14,241,452	$ 11,396,167	125.0%
2009	46,291,715	65,391,781	70.8%	19,100,066	11,855,170	161.1%
2010	45,258,714	75,087,374	60.3%	29,828,660	11,778,197	253.3%
2011	44,242,231	67,501,891	65.5%	23,259,660	10,971,505	212.0%
2012	44,368,246	67,347,521	65.9%	22,979,275	10,681,628	215.1%
2013	43,938,347	68,681,188	64.0%	24,742,841	10,999,057	225.0%

OPEB Trust Plan

Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
2009	$ 8,486,653	$ 125,947,132	6.7%	$ 117,460,479	$ 38,541,599	304.8%
2010	13,952,666	150,082,585	9.3%	136,129,919	38,198,664	356.4%
2011	20,075,296	146,820,053	13.7%	126,744,757	37,623,567	336.9%
2012	23,113,176	119,342,233	19.4%	96,229,057	38,064,841	252.8%
2013	29,027,818	119,400,005	24.3%	90,372,187	37,728,040	239.5%
2014	34,805,533	118,221,315	29.4%	83,415,782	38,097,950	219.0%

(Concluded)

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CITY CONTRIBUTIONS - POLICE AND FIRE PENSION PLANS
LAST 10 FISCAL YEARS

Fire Pension Plan

Actuarial Valuation Date July 1	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ARC Contributed	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2005	$ 4,118,543	$ 5,118,543	$ (1,000,000)	124.3%	$ 5,081,136	100.74%
2006	3,543,234	3,543,235	(1)	100.0%	4,827,849	73.39%
2007	3,352,662	3,543,235	(190,573)	105.7%	4,960,132	71.43%
2008	3,291,226	3,291,234	(8)	100.0%	5,294,240	62.17%
2009	3,310,557	3,491,226	(180,669)	105.5%	5,047,963	69.16%
2010	3,781,258	3,981,258	(200,000)	105.3%	5,526,615	72.04%
2011	4,359,109	4,359,109	-	100.0%	4,891,283	89.12%
2012	4,560,741	4,560,741	-	100.0%	5,532,707	82.43%
2013	4,822,711	4,822,711	-	100.0%	5,509,307	87.54%
2014	5,990,094	5,990,094	-	100.0%	5,505,579	108.80%

Police Pension Plan

Actuarial Valuation Date July 1	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ARC Contributed	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2005	$ 3,389,486	$ 3,889,486	$ (500,000)	114.8%	$ 4,890,635	79.53%
2006	2,440,649	2,440,649	-	100.0%	4,757,611	51.30%
2007	2,385,996	2,440,649	(54,653)	102.3%	5,047,477	48.35%
2008	2,272,177	2,272,049	128	100.0%	4,979,082	45.63%
2009	2,406,091	2,472,177	(66,086)	102.7%	5,064,850	48.81%
2010	2,470,822	2,670,822	(200,000)	108.1%	5,023,341	53.17%
2011	3,116,642	3,116,642	-	100.0%	5,048,815	61.73%
2012	2,899,580	2,899,580	-	100.0%	5,033,625	57.60%
2013	3,461,972	3,461,972	-	100.0%	5,147,999	67.25%
2014	3,954,174	3,954,174	-	100.0%	5,246,624	75.37%

Notes to Schedule

Valuation Date: July 1, 2012

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Asset valuation method	Fair value
Inflation	3%
Salary increases, including longevity	Fire plan - 2.75% first 10 years and 3.5% thereafter. Police plan 3.0%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Police members who have completed 20 years of service may retire Fire members who retired prior to July 1, 2011 may retire with 20 years of service and those who retire on or after July 1, 2011 with the earlier of age 58 or 30 years of service
Mortality	RP-2000 Combined Healthy Mortality Table, applied on a fully generational basis using Mortality Projection Scale AA
Cost-of-living increase	Police plan - 3% annually Fire plan - 2.75% first 10 years. Members retiring prior to 8/21/11 3% thereafter. Members retiring after 8/21/11 Bureau of Labor CPI for Northeast Urban Wage Earners, not exceeding 3% or less than .05%.

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS PLAN
LAST 10 FISCAL YEARS

	Other Post-Employment Benefit Plan					
Actuarial Valuation Date July 1	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ARC Contributed	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2005	$ -	$ -	$ -	0.0%	$ 44,500,000	0.00%
2006	9,706,604	5,239,666	4,466,938	54.0%	33,519,292	15.63%
2007	9,282,550	6,993,126	2,289,424	75.3%	36,112,767	19.36%
2008	9,642,801	7,232,426	2,410,375	75.0%	38,914,022	18.59%
2009	10,238,391	11,099,555	(861,164)	108.4%	38,541,599	28.80%
2010	9,050,275	11,241,301	(2,191,026)	124.2%	38,198,664	29.43%
2011	10,751,437	9,810,529	940,908	91.2%	37,623,567	26.08%
2012	9,380,150	10,261,400	(881,250)	109.4%	38,064,841	26.96%
2013	7,544,617	9,320,601	(1,775,984)	123.5%	37,728,040	24.70%
2014	7,201,977	7,836,934	(634,957)	108.8%	38,097,950	20.57%

Notes to Schedule

Valuation Date: July 1, 2012

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	Fair Value
Medical care inflation	2014 - 5.2%; 2015 - 5.7%; 2016 - 4.9%; ultimate - 3.8%
Rate of inflation	2.75%
Investment rate of return	7.5%, net of OPEB plan investment expenses, including inflation
Mortality	RP-2000 Combined Healthy Mortality Table, applied on a fully generational basis using Mortality Projection Scale AA

CITY OF NEWPORT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - POLICE AND FIRE PENSION PLANS
LAST 2 FISCAL YEARS

	2014	2013
Annual money-weighted rate of return, net of investment expense	19.04%	16.32%

Supplemental Schedules

General Fund

The General Fund is composed of four separate funds. Schedules 1 and 2 show activity from the City's general operating fund only. Schedules 3 and 4 are General Fund combining schedules which combine four separate funds into one General Fund.

The City's general operating fund is used to account for all activities of the City, except those required to be accounted for in another fund. The City's general operating fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health, social services, recreation, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units. This fund is under the control of the City Council.

The School Unrestricted Fund is under control of the elected School Committee and is used to account for all activities of the school except for those required to be accounted for in the School Restricted Fund (primarily federal and state aid).

The City's Property Acquisition Fund is used to account for proceeds from the sale of City-owned properties. These funds are assigned by Council resolution for one-time expenditures or capital improvements.

The City's Gift Fund is used to account for monies given by outside donors for specific activities provided by the City. Examples include basketball tournaments, evening and children's programs and public safety equipment. These funds are considered restricted by donors.

SCHEDULE 1

CITY OF NEWPORT, RHODE ISLAND

GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CITY GENERAL FUND AND SCHOOL UNRESTRICTED FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES:				
City:				
Property taxes	$ 71,434,069	$ 71,434,069	$ 71,336,608	$ (97,461)
Intergovernmental revenues	2,483,375	2,483,375	3,155,485	672,110
Charges for services	9,600,765	9,995,765	10,077,998	82,233
Use of money and property	350,000	350,000	208,150	(141,850)
Other revenues	244,013	244,013	281,628	37,615
School:				
Intergovernmental revenues	11,915,695	11,869,947	11,974,277	104,330
Local revenues	1,011,396	1,063,397	665,635	(397,762)
TOTAL REVENUES	97,039,313	97,440,566	97,699,781	259,215
EXPENDITURES:				
City:				
Mayor and city council	134,965	134,965	129,122	5,843
City manager	764,245	764,245	749,896	14,349
City solicitor	457,666	462,491	454,774	7,717
Canvassing	177,002	177,002	171,815	5,187
City clerk	483,537	483,537	468,908	14,629
Finance	3,141,901	3,155,525	3,003,251	152,274
Reserve accounts	1,037,913	1,223,325	1,054,414	168,911
Police department	16,639,678	16,639,678	16,282,600	357,078
Fire department	18,289,607	18,301,522	17,587,981	713,541
Public services	9,702,271	10,277,126	9,349,629	927,497
Civic investment	517,253	517,253	486,319	30,934
Zoning and inspections	788,072	788,072	745,706	42,366
Donations	95,200	95,200	92,700	2,500
Public library	1,721,025	1,721,025	1,721,025	-
Pension expenditures	1,824,460	1,824,460	1,762,358	62,102
Debt service	3,825,149	3,825,149	4,419,081	(593,932)
School:				
General education	35,941,249	36,342,501	36,358,684	(16,183)
TOTAL EXPENDITURES	95,541,193	96,733,076	94,838,263	1,894,813
EXCESS OF REVENUES OVER EXPENDITURES	1,498,120	707,490	2,861,518	2,154,028
OTHER FINANCING SOURCES (USES):				
City:				
Transfers in	372,779	372,779	372,779	-
Transfers out	(24,885,057)	(25,280,057)	(25,775,390)	(495,333)
School:				
Appropriations of fund balance	450,000	450,000	-	(450,000)
Transfers in	22,564,158	22,959,157	23,103,397	144,240
NET OTHER FINANCING SOURCES (USES):	(1,498,120)	(1,498,121)	(2,299,214)	(801,093)
NET CHANGE IN FUND BALANCES	$ -	$ (790,631)	562,304	$ 1,352,935
FUND BALANCES, BEGINNING:				
City fund balance, beginning			10,108,442	
School fund balance, beginning			1,130,290	
Combined fund balance, beginning			11,238,732	
FUND BALANCES, ENDING:				
City fund balance, ending			11,286,121	
School fund balance, ending			514,915	
Combined fund balance, ending			$ 11,801,036	

CITY OF NEWPORT, RHODE ISLAND

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Current taxes - Real Estate	$ 65,199,069	$ 65,199,069	$ 64,174,517	$ (1,024,552)
Current taxes - MV	1,800,000	1,800,000	1,811,067	11,067
Delinquent taxes & penalties	1,885,000	1,885,000	1,664,038	(220,962)
Tax Abatements	(1,000,000)	(1,000,000)	-	1,000,000
Meals and beverage tax	1,800,000	1,800,000	1,850,957	50,957
Hotel occupancy tax	1,750,000	1,750,000	1,836,029	86,029
TOTAL PROPERTY TAXES	71,434,069	71,434,069	71,336,608	(97,461)
INTERGOVERNMENTAL REVENUES:				
Telephone company tax	296,828	296,828	308,107	11,279
MV tax phase out	133,343	133,343	133,938	595
Pension incentive aid	233,377	233,377	116,689	(116,688)
School housing aid	567,931	567,931	1,288,528	720,597
PILOT	1,038,696	1,038,696	1,101,495	62,799
State aid - library construction	213,200	213,200	206,728	(6,472)
TOTAL INTERGOVERNMENTAL REVENUES	2,483,375	2,483,375	3,155,485	672,110
CHARGES FOR SERVICES:				
GMH service fees	337,965	337,965	337,686	(279)
Hope IV Project service fees	160,000	160,000	137,706	(22,294)
Salve Regina service charges	6,902	6,902	6,902	-
Police special detail	1,546,014	1,546,014	1,440,757	(105,257)
Document prep and handling	65,000	65,000	63,233	(1,767)
Planning Services	400	400	1,249	849
Solid waste hauler fees	4,500	4,500	4,500	-
Community development services	59,629	59,629	59,629	-
Computer processing fees	317,033	317,033	320,477	3,444
Management services	850,551	850,551	854,679	4,128
Fire alarm assessments	150,000	150,000	154,800	4,800
Recycling bins	2,000	2,000	1,488	(512)
HR regional testing	3,500	3,500	5,840	2,340
Recreation activity fees	110,000	110,000	99,085	(10,915)
Ballfield rentals	25,000	25,000	28,557	3,557
Parking tickets	850,000	850,000	664,781	(185,219)
Recording fees	350,000	350,000	283,070	(66,930)
Conveyance tax	554,000	554,000	585,315	31,315
Probate fees	40,000	40,000	47,918	7,918
Rescue fees	700,000	700,000	593,250	(106,750)
General business	75,000	75,000	89,998	14,998
Hotel registration fees	6,000	6,000	6,900	900
Entertainment	20,000	20,000	26,450	6,450
Liquor	185,000	185,000	189,050	4,050
Mech amusement	15,000	15,000	12,525	(2,475)
Sunday selling	26,000	26,000	24,150	(1,850)
Taxi	1,000	1,000	-	(1,000)
Victualing	55,000	55,000	56,100	1,100
Animal	4,400	4,400	3,945	(455)
Marriage	5,000	5,000	6,456	1,456
Building	723,600	1,118,600	1,318,681	200,081
Plumbing	40,000	40,000	45,631	5,631
Mechanical	115,000	115,000	145,407	30,407
Electrical	115,000	115,000	130,237	15,237
Board of Appeals	17,000	17,000	18,845	1,845
HDC application fee	16,000	16,000	16,795	795
Road opening	60,000	60,000	87,496	27,496
Bulky waste sticker program	40,000	40,000	-	(40,000)
Fire inspection fees	75,000	75,000	209,866	134,866
Fire - sundry	12,000	12,000	22,360	10,360
Police - sundry	8,000	8,000	9,585	1,585
Municipal court cost assessment	165,000	165,000	179,953	14,953
Payphone commissions	-	-	281	281
Vendor rights	8,800	8,800	4,502	(4,298)
Newport Grand Slot Machines	450,000	450,000	450,667	667
Other miscellaneous	100,000	100,000	267,355	167,355
Parking fund salary reimbursement	100,000	100,000	100,000	-
Cruise ship restricted fees	67,500	67,500	-	(67,500)
Beach bounce fees	35,000	35,000	21,644	(13,356)
Bathhouses	42,000	42,000	25,413	(16,587)
Rotunda rentals	142,000	142,000	165,730	23,730
Carousel	20,000	20,000	11,915	(8,085)
Beach bounce food	1,500	1,500	626	(874)
Food service concessions	34,971	34,971	36,717	1,746
Outside vendor commissions	7,500	7,500	8,578	1,078
Beach parking	500,000	500,000	527,635	27,635
Beach store	35,000	35,000	15,300	(19,700)
Beach meters	50,000	50,000	42,299	(7,701)
Rental of property	95,000	95,000	107,984	12,984
TOTAL CHARGES FOR SERVICES	9,600,765	9,995,765	10,077,998	82,233
USE OF MONEY AND PROPERTY:				
Investment interest	350,000	350,000	208,150	(141,850)
OTHER REVENUES:				
Sale of surplus equipment	3,000	3,000	2,915	(85)
Easements	99,513	99,513	99,513	
Public donations	141,500	141,500	179,200	37,700
TOTAL OTHER REVENUES	244,013	244,013	281,628	37,615
TOTAL REVENUES	84,112,222	84,507,222	85,059,869	552,647
OTHER FINANCING SOURCES:				
Transfers in	372,779	372,779	372,779	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 84,485,001	$ 84,880,001	$ 85,432,648	$ 552,647

CITY OF NEWPORT, RHODE ISLAND

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
EXPENDITURES:				
General Government:				
Mayor and City Council	$ 134,965	$ 134,965	$ 129,122	$ 5,843
City Manager	764,245	764,245	749,896	14,349
City Solicitor	457,666	462,491	454,774	7,717
Canvassing	177,002	177,002	171,815	5,187
City Clerk	483,537	483,537	468,908	14,629
Finance	3,141,901	3,155,525	3,003,251	152,274
Reserve Accounts	1,037,913	1,223,325	1,054,414	168,911
Public Safety:				
Police Department	16,639,678	16,639,678	16,282,600	357,078
Fire Department	18,289,607	18,301,522	17,587,981	713,541
Public Services	9,702,271	10,277,126	9,349,629	927,497
Civic Investment	517,253	517,253	486,319	30,934
Zoning and Inspections	788,072	788,072	745,706	42,366
Human services:				
Donations	95,200	95,200	92,700	2,500
Public Library	1,721,025	1,721,025	1,721,025	-
Pension expenditures	1,824,460	1,824,460	1,762,358	62,102
Debt service	3,825,149	3,825,149	4,419,081	(593,932)
TOTAL EXPENDITURES	59,599,944	60,390,575	58,479,579	1,910,996
OTHER FINANCING USES:				
Transfers out	24,885,057	25,280,057	25,775,390	(495,333)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 84,485,001	$ 85,670,632	$ 84,254,969	$ 1,415,663

SCHEDULE 4

CITY OF NEWPORT, RHODE ISLAND

SCHOOL UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Federal revenues	$ 1,267,405	$ 1,213,615	$ 1,156,192	$ (57,423)
State revenues	10,648,290	10,656,332	10,818,085	161,753
Local revenues	1,011,396	1,063,397	665,635	(397,762)
TOTAL REVENUES	12,927,091	12,933,344	12,639,912	(293,432)
EXPENDITURES:				
General education	35,941,249	36,342,501	36,358,684	(16,183)
EXCESS OF EXPENDITURES OVER REVENUES	(23,014,158)	(23,409,157)	(23,718,772)	(309,615)
OTHER FINANCING SOURCES (USES):				
Transfers in	22,564,158	22,959,157	23,103,397	144,240
Appropriation of fund balance	450,000	450,000	-	(450,000)
NET OTHER FINANCING SOURCES	23,014,158	23,409,157	23,103,397	(305,760)
NET CHANGE IN FUND BALANCE	$ -	$ -	(615,375)	$ (615,375)
FUND BALANCE - JULY 1, 2013			1,130,290	
FUND BALANCE - JUNE 30, 2014			$ 514,915	

Budget - GAAP Reconciliation: A reconciliation of revenues and expenditures between the accounting treatment required by GAAP (Schedule 6) and budgetary requirements (Schedule 4) is as follows:

	School Unrestricted	
	Revenues	Expenditures
Balance, Budgetary Basis, Schedule 4 - June 30, 2014	$ 12,639,912	$ 36,358,684
State teachers' retirement on-behalf payments	1,319,752	1,319,752
Balance, GAAP Basis, Schedule 6 - June 30, 2014	$ 13,959,664	$ 37,678,436

SCHEDULE 5

CITY OF NEWPORT, RHODE ISLAND

COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2014

	GENERAL FUNDS				TOTAL GOVERNMENTAL GENERAL FUNDS
	CITY GENERAL FUND	SCHOOL UNRESTRICTED FUND	PROPERTY ACQUISITION FUND	GIFT FUND	
ASSETS					
Cash and cash equivalents	$ 3,697,613	$ 644,957	$ 244,950	$ 103,723	$ 4,691,243
Investments	9,068,175	-	-	-	9,068,175
Receivables, net:					
Property taxes	1,873,776	-	-	-	1,873,776
Motor vehicle excise	1,514,739	-	-	-	1,514,739
Intergovernmental	-	181,007	-	-	181,007
Note/loan	-	-	-	-	-
Other	1,213,484	257,839	215,361	-	1,686,684
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	$ 17,367,787	$ 1,083,803	$ 460,311	$ 103,723	$ 19,015,624
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 1,005,444	$ 401,765	$ 8,068	$ 4,270	$ 1,419,547
Accrued liabilities	1,362,947	167,123	-	-	1,530,070
Due to other funds	98,421	-	-	-	98,421
Other liabilities	639,327	-	-	-	639,327
TOTAL LIABILITIES	3,106,139	568,888	8,068	4,270	3,687,365
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	2,276,657	-	-	-	2,276,657
FUND BALANCES:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	99,453	99,453
Committed	689,885	-	-	-	689,885
Assigned	-	-	452,243	-	452,243
Unassigned	11,295,106	514,915	-	-	11,810,021
TOTAL FUND BALANCES	11,984,991	514,915	452,243	99,453	13,051,602
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 17,367,787	$ 1,083,803	$ 460,311	$ 103,723	$ 19,015,624

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	GENERAL FUNDS				TOTAL GOVERNMENTAL GENERAL FUNDS
	CITY GENERAL FUND	SCHOOL UNRESTRICTED FUND	PROPERTY ACQUISITION FUND	GIFT FUND	
REVENUES:					
Property taxes	$ 71,336,608	$ -	$ -	$ -	$ 71,336,608
Intergovernmental revenues	3,155,485	13,294,029	-	-	16,449,514
Charges for services	10,077,998	366,371	-	-	10,444,369
Use of money and property	208,150	74,919	-	-	283,069
Contributions	179,200	224,345	-	36,805	440,350
Other revenues	102,428	-	-	-	102,428
TOTAL REVENUES	85,059,869	13,959,664	-	36,805	99,056,338
EXPENDITURES:					
Current:					
General government	5,880,991	-	9,867	-	5,890,858
General education	-	36,042,286	-	-	36,042,286
Public safety	33,862,461	-	-	1,000	33,863,461
Public services	8,485,475	-	-	24,640	8,510,115
Civic investment	486,319	-	-	-	486,319
Zoning and inspections	745,706	-	-	-	745,706
Human services	1,813,725	-	-	-	1,813,725
Pension expenditures	1,762,358	-	-	-	1,762,358
Debt service:					
Principal	1,405,082	-	-	-	1,405,082
Interest	3,013,999	-	-	-	3,013,999
Capital outlays	1,092,764	1,636,150	-	-	2,728,914
TOTAL EXPENDITURES	58,548,880	37,678,436	9,867	25,640	96,262,823
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,510,989	(23,718,772)	(9,867)	11,165	2,793,515
OTHER FINANCING SOURCES (USES):					
Transfers out	(25,775,390)	-	(1,072,779)	-	(26,848,169)
Transfers in	372,779	23,103,397	-	-	23,476,176
Proceeds from sale of assets	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	(25,402,611)	23,103,397	(1,072,779)	-	(3,371,993)
NET CHANGE IN FUND BALANCES	1,108,378	(615,375)	(1,082,646)	11,165	(578,478)
FUND BALANCES, BEGINNING	10,876,613	1,130,290	1,534,889	88,288	13,630,080
FUND BALANCES, ENDING	$ 11,984,991	$ 514,915	$ 452,243	$ 99,453	$ 13,051,602

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

CITY OF NEWPORT, RHODE ISLAND

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2014

	CASH AND INVESTMENTS NET OF LIABILITES	NONSPENDABLE FUND BALANCE	RESTRICTED FUND BALANCE
David Sears Trusts 1 - 10 (City Portion)	$ 3,364,837	$ 750,000	$ 2,614,837
David Sears Trust - Heirs of David Sears	1,342,859	1,039,381	303,478
David Sears Trust - Public Improvements	100,489	-	100,489
Joseph Hammett Fund (1892)	42,524	1,500	41,024
Henderson Home Fund (1980)	1,245,215	139,781	1,105,434
Freebody Fund	134,457	97,000	37,457
EV Coles Fund (1899)	403,462	61,321	342,141
Hunter Industrial Fund (1942)	132,718	25,000	107,718
King School Fund (1864)	274,313	8,914	265,399
City Burial Lots	500,829	-	500,829
Private Burial Lots	9,050	-	9,050
Belmont Memorial Fund (1950)	43,397	2,000	41,397
Judah Touro M & C Fund (1879)	204,653	10,000	194,653
Touro Street Fund (1823)	87,630	5,000	82,630
Derby Fuel Fund (1849)	23,361	500	22,861
Fry Orphan Fund (1859)	30,341	5,131	25,210
R & E Bullock Fund (1944)	89,835	1,000	88,835
Poor and Aged Fund (1863)	1,455,771	100,000	1,355,771
Alexander Agassiz Fund (1901)	208,151	31,087	177,064
George H Norman Foundation Fund (1901)	71,349	6,899	64,450
Barbara Chapman Fund (1990)	5,552	2,000	3,552
E Townsend Fund (1889)	277,310	155,137	122,173
George N Buckout Fund (1955)	133,065	15,000	118,065
Edward Newton Fund (1959)	46,338	-	46,338
Braman Cemetery	215,730	-	215,730
Louis H Hobbs Fund (1988)	49,680	25,000	24,680
RIICAN Fund	10,499	-	10,499
Unallocated Expense	(229,023)	-	(229,023)
Total Permanent Funds	$ 10,274,392	$ 2,481,651	$ 7,792,741

SCHEDULE 8

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
YEAR ENDED JUNE 30, 2014

	FUND BALANCE JULY 1, 2013	REVENUES Use of Money & Property and Investment Changes	EXPENDITURES Human Services	FUND BALANCE JUNE 30, 2014
David Sears Trusts 1 - 10 (City Portion)	$ 2,884,365	$ 480,472	$ -	$ 3,364,837
David Sears Trust - Heirs of David Sears	1,152,111	190,748	-	1,342,859
David Sears Trust - Public Improvements	120,748	41,241	(61,500)	100,489
Joseph Hammett Fund (1892)	36,203	7,671	(1,350)	42,524
Henderson Home Fund (1980)	1,063,229	221,656	(39,670)	1,245,215
Freebody Fund	115,117	19,340	-	134,457
EV Coles Fund (1899)	345,321	71,021	(12,880)	403,462
Hunter Industrial Fund (1942)	113,592	23,366	(4,240)	132,718
King School Fund (1864)	234,784	48,289	(8,760)	274,313
City Burial Lots	426,725	74,104	-	500,829
Private Burial Lots	7,704	1,346	-	9,050
Belmont Memorial Fund (1950)	36,973	6,424	-	43,397
Judah Touro M & C Fund (1879)	175,161	36,032	(6,540)	204,653
Touro Street Fund (1823)	74,657	12,973	-	87,630
Derby Fuel Fund (1849)	19,888	4,213	(740)	23,361
Fry Orphan Fund (1859)	25,990	5,521	(1,170)	30,341
R & E Bullock Fund (1944)	76,479	16,206	(2,850)	89,835
Poor and Aged Fund (1863)	1,246,669	313,388	(104,286)	1,455,771
Alexander Agassiz Fund (1901)	178,155	36,646	(6,650)	208,151
George H Norman Foundation Fund (1901)	61,069	12,560	(2,280)	71,349
Barbara Chapman Fund (1990)	4,730	822	-	5,552
E Townsend Fund (1889)	236,254	41,056	-	277,310
George N Buckout Fund (1955)	113,365	19,700	-	133,065
Edward Newton Fund (1959)	39,478	6,860	-	46,338
Braman Cemetery	183,792	31,938	-	215,730
Louis H Hobbs Fund (1988)	42,331	7,349	-	49,680
RIICAN Fund	8,945	1,554	-	10,499
Unallocated Expense	(29,085)	(182,124)	(17,814)	(229,023)
Total Permanent Funds	$ 8,994,750	$ 1,550,372	$ (270,730)	$ 10,274,392

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

School Restricted Fund
This fund is used to account for educational grants that are restricted by the federal government or the State of Rhode Island for specific programs.

UDAG Fund
This fund is used to account for urban development grant activities.

State Grants Fund
This fund is used to account for grants received from the State of Rhode Island that are restricted for specific programs or purposes.

Office of Economic Adjustment (OEA) Grant Fund
This fund is used to account for activities funded by the OEA grant and in-kind services for specific purposes.

Bramley Bill Fund
This fund is used to account for activities funded by grants and private donations for specific purposes.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

SCHEDULE 9

CITY OF NEWPORT, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE						
	SCHOOL RESTRICTED FUNDS	UDAG FUND	STATE GRANTS FUND	ECONOMIC ADJUSTMENT GRANT	BRAMLEY BILL FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	$ -	$ 1,914,455	$ 849,480	$ -	$ 23,750	$ 1,996,439	$ 4,784,124
Investments	-	-	-	-	-	-	-
Receivables:							
Intergovernmental	614,261	-	130,878	-	2,201	-	747,340
Loan	-	255,000	-	-	-	-	255,000
Other	-	61,250	-	-	756	-	62,006
Due from other funds	-	61,250	-	-	-	-	61,250
Advances to other funds	-	267,459	-	-	-	-	267,459
TOTAL ASSETS	$ 614,261	$ 2,559,414	$ 980,358	$ -	$ 26,707	$ 1,996,439	$ 6,177,179
LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Cash overdraft	$ 71,416	$ -	$ -	$ -	$ -	$ -	$ 71,416
Accounts payable	283,194	-	18,118	-	-	-	301,312
TOTAL LIABILITIES	354,610	-	18,118	-	-	-	372,728
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - loans receivable	-	644,959	-	-	-	-	644,959
Unavailable revenue - intergovernmental receivable	-	-	201,110	-	500	-	201,610
TOTAL DEFERRED INFLOWS OF RESOURCES	-	644,959	201,110	-	500	-	846,569
FUND BALANCES:							
Nonspendable	-	-	-	-	-	-	-
Restricted	259,651	1,914,455	761,130	-	26,207	1,996,439	4,957,882
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	259,651	1,914,455	761,130	-	26,207	1,996,439	4,957,882
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 614,261	$ 2,559,414	$ 980,358	$ -	$ 26,707	$ 1,996,439	$ 6,177,179

SCHEDULE 10

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS						
	SCHOOL RESTRICTED FUNDS	UDAG FUND	STATE GRANTS FUND	ECONOMIC ADJUSTMENT GRANT	BRAMLEY BILL FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:							
Intergovernmental revenues	$ 3,052,671	$ -	$ 1,075,827	$ 292,647	$ 20,466	$ -	$ 4,441,611
Charges for services	474,325	43,392	-	-	-	-	517,717
Use of money and property	-	114,620	20,000	-	-	65,512	200,132
Contributions	-	-	45,113	-	2,568	-	47,681
TOTAL REVENUES	3,526,996	158,012	1,140,940	292,647	23,034	65,512	5,207,141
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	-
General education	3,333,080	-	-	-	-	-	3,333,080
Public safety	-	-	244,043	-	-	-	244,043
Public services	-	-	32,447	-	-	-	32,447
Civic investment	-	-	-	45,961	-	-	45,961
Human services	-	-	378,526	-	22,828	-	401,354
Capital outlays	-	-	51,143	-	-	-	51,143
TOTAL EXPENDITURES	3,333,080	-	706,159	45,961	22,828	-	4,108,028
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	193,916	158,012	434,781	246,686	206	65,512	1,099,113
OTHER FINANCING SOURCES (USES):							
Transfers out	(144,240)	-	-	-	-	-	(144,240)
Transfers in	-	-	-	-	-	133,110	133,110
NET CHANGE IN FUND BALANCES	49,676	158,012	434,781	246,686	206	198,622	1,087,983
FUND BALANCES (DEFICIT), BEGINNING	209,975	1,756,443	326,349	(246,686)	26,001	1,797,817	3,869,899
FUND BALANCES, ENDING	$ 259,651	$ 1,914,455	$ 761,130	$ -	$ 26,207	$ 1,996,439	$ 4,957,882

Nonmajor Proprietary Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's Council has decided that periodic determination of net income is appropriate for accountability purposes.

Maritime Fund
This fund is used to account for the activity associated with the City's harbor operations.

Easton's Beach Fund
This fund is used to account for the activity associated with the City's beach operations.

Parking Operations Fund
This fund is used to account for the activity associated with the City's parking operations.

SCHEDULE 11

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2014

	MARITIME FUND	EASTON'S BEACH FUND	PARKING OPERATIONS FUND	TOTALS
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 1,771,447	$ -	$ 2,756,079	$ 4,527,526
Investments	-	-	1,216,910	1,216,910
Accounts receivable:				
User fees (net of allowances)	41,397	-	-	41,397
Total current assets	1,812,844	-	3,972,989	5,785,833
Noncurrent assets:				
Capital assets	4,284,853	-	3,430,183	7,715,036
Less accumulated depreciation	(503,124)	-	(1,988,186)	(2,491,310)
Total noncurrent assets	3,781,729	-	1,441,997	5,223,726
TOTAL ASSETS	5,594,573	-	5,414,986	11,009,559
LIABILITIES:				
Current liabilities:				
Accounts payable	19,750	-	51,244	70,994
Accrued expenses	48,833	-	29,309	78,142
Unearned revenue	-	-	30,000	30,000
Total current liabilities	68,583	-	110,553	179,136
Long-term liabilities:				
Notes payable	200,000	-	-	200,000
Advances from other funds	267,459	-	-	267,459
Total long-term liabilities	467,459	-	-	467,459
TOTAL LIABILITIES	536,042	-	110,553	646,595
NET POSITION:				
Net investment in capital assets	3,581,729	-	1,441,997	5,023,726
Unrestricted	1,476,802	-	3,862,436	5,339,238
TOTAL NET POSITION	$ 5,058,531	$ -	$ 5,304,433	$ 10,362,964

SCHEDULE 12

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	MARITIME FUND	EASTON'S BEACH FUND	PARKING OPERATIONS FUND	TOTALS
OPERATING REVENUES:				
User fees	$ 956,651	$ -	$ 1,664,729	$ 2,621,380
Other revenues	-	-	-	-
TOTAL OPERATING REVENUES	956,651	-	1,664,729	2,621,380
OPERATING EXPENSES:				
Salaries and benefits	331,270	-	430,547	761,817
Materials and supplies	73,846	-	20,709	94,555
Repairs and maintenance	77,532	-	38,228	115,760
Support services	38,477	-	425,576	464,053
Utilities	24,523	-	9,717	34,240
Administrative and other	119,035	289,248	242,221	650,504
Depreciation	131,260	-	144,465	275,725
TOTAL OPERATING EXPENSES	795,943	289,248	1,311,463	2,396,654
OPERATING INCOME (LOSS)	160,708	(289,248)	353,266	224,726
NONOPERATING REVENUES AND (EXPENSES):				
Loss on disposal of assets	-	(2,463,956)	-	(2,463,956)
Investment income	4	-	44,367	44,371
NET NONOPERATING REVENUES AND (EXPENSES)	4	(2,463,956)	44,367	(2,419,585)
INCOME (LOSS) BEFORE TRANSFERS	160,712	(2,753,204)	397,633	(2,194,859)
TRANSFERS:				
Transfers in	-	362,223	-	362,223
Transfers out	-	-	-	-
NET TRANSFERS	-	362,223	-	362,223
CHANGES IN NET POSITION	160,712	(2,390,981)	397,633	(1,832,636)
NET POSITION, BEGINNING	4,897,819	2,390,981	4,906,800	12,195,600
NET POSITION, ENDING	$ 5,058,531	$ -	$ 5,304,433	$ 10,362,964

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	MARITIME FUND	EASTON'S BEACH FUND	PARKING OPERATIONS FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 1,134,014	$ 357,355	$ 1,674,729	$ 3,166,098
Cash payments to suppliers for goods and services	(257,261)	(526,383)	(517,114)	(1,300,758)
Cash payments to employees for services	(324,990)	(81,067)	(422,124)	(828,181)
Payment of administrative expense	(118,135)	-	(242,209)	(360,344)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	433,628	(250,095)	493,282	676,815
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loans and transfers	-	362,223	-	362,223
Principal paid on interfund loans and transfers	-	(161,759)	135,868	(25,891)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	200,464	135,868	336,332
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(99,076)	(99,076)
Interest paid on bonds, notes and loans	-	-	-	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(99,076)	(99,076)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	-	-	-
Investment income	4	-	-	4
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	4	-	-	4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	433,632	(49,631)	530,074	914,075
CASH AND CASH EQUIVALENTS - JULY 1, 2013	1,337,815	49,631	2,226,005	3,613,451
CASH AND CASH EQUIVALENTS- JUNE 30, 2014	$ 1,771,447	$ -	$ 2,756,079	$ 4,527,526
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ 160,708	$ (289,248)	$ 353,266	$ 224,726
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	131,260	-	144,465	275,725
Changes in assets and liabilities:				
Decrease (Increase) in accounts receivable	177,363	357,355	-	534,718
(Decrease) Increase in accounts payable	(41,983)	(237,135)	(22,872)	(301,990)
(Decrease) Increase in unearned revenue	-	-	10,000	10,000
(Decrease) Increase in accrued expenses	6,280	(81,067)	8,423	(66,364)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 433,628	$ (250,095)	$ 493,282	$ 676,815
NONCASH INVESTING, CAPITAL AND RELATED FINANCING TRANSACTIONS				
Increase (decrease) in fair value of investments	$ -	$ -	$ 44,355	$ 44,355
Loss on disposal of assets	-	(2,463,956)	-	(2,463,956)
TOTAL NON CASH INVESTING, CAPITAL AND RELATED FINANCING TRANSACTIONS	$ -	$ (2,463,956)	$ 44,355	$ (2,419,601)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations or other governments.

Pension Trust Funds

A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans.

The City has two pension plans covering police and fire department employees. Substantially all of its other employees, except teachers, are covered by the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan). Teachers are covered by the Employees' Retirement System of the State of Rhode Island (Teachers' Plan). The Firemen's Pension Plan and the Policemen's Pension Plan are contributory defined benefit plans.

Other Post-Employment Benefit Trust Fund

This fund is used to account for post-employment benefits provided to eligible retirees of the City.

Private-Purpose Trust Funds

These funds are used to account for and report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Student Activity Funds
These funds are used to account for expenditures for educational extracurricular activities at various schools. Financing is provided by individual fundraising projects and private donations.

Newport Municipal Charitable Improvement Fund, Inc.
These funds are used to account for expenditures for municipal improvement projects. Financing is provided by fundraising and private donations.

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2014

	PENSION TRUST FUNDS			OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	TOTAL PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
	POLICE PENSION FUND	FIRE PENSION FUND	TOTAL PENSION TRUST FUNDS		
ASSETS					
Cash	$ -	$ 834,744	$ 834,744	$ 10,312	$ 845,056
Investments, at fair value:					
Bond mutual funds	10,457,159	7,858,016	18,315,175	7,041,451	25,356,626
Domestic equity mutual funds	35,714,777	26,837,814	62,552,591	21,084,011	83,636,602
International equity mutual funds	7,993,261	6,006,524	13,999,785	4,941,458	18,941,243
Alternative investments	3,734,516	2,806,296	6,540,812	1,767,163	8,307,975
TOTAL ASSETS	57,899,713	44,343,394	102,243,107	34,844,395	137,087,502
LIABILITIES					
Cash overdraft	343,173	-	343,173	-	343,173
Accounts payable	48,554	36,280	84,834	38,862	123,696
TOTAL LIABILITIES	391,727	36,280	428,007	38,862	466,869
NET POSITION					
Net position - restricted for pension benefits	57,507,986	44,307,114	101,815,100	-	101,815,100
Net position - restricted for other post-employment benefit	-	-	-	34,805,533	34,805,533
TOTAL NET POSITION	$ 57,507,986	$ 44,307,114	$ 101,815,100	$ 34,805,533	$ 136,620,633

SCHEDULE 15

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2014

	PRIVATE- PURPOSE TRUST FUNDS		
	EXPENDABLE SCHOLARSHIP FUNDS	NONEXPENDABLE SCHOLARSHIP TRUSTS	TOTAL PRIVATE-PURPOSE TRUST FUNDS
ASSETS			
Cash	$ 23,581	$ -	$ 23,581
Investments, at fair value:			
Bond mutual funds	-	582,854	582,854
Domestic equity mutual funds	-	1,106,875	1,106,875
TOTAL ASSETS	23,581	1,689,729	1,713,310
LIABILITIES			
Cash overdraft	-	41,056	41,056
Accounts payable	-	2,508	2,508
TOTAL LIABILITIES	-	43,564	43,564
NET POSITION			
Net position - restricted for trust purposes	23,581	1,646,165	1,669,746
TOTAL NET POSITION	$ 23,581	$ 1,646,165	$ 1,669,746

SCHEDULE 16

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
YEAR ENDED JUNE 30, 2014

	PENSION TRUST FUNDS			OTHER POST-EMPLOYMENT BENEFIT TRUST FUND	TOTAL PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
	POLICE PENSION FUND	FIRE PENSION FUND	TOTAL PENSION TRUST FUNDS		
ADDITIONS:					
Contributions:					
Employees	$ 407,872	$ 518,936	$ 926,808	$ -	$ 926,808
Employer	3,954,174	5,990,094	9,944,268	500,000	10,444,268
Total contributions	4,362,046	6,509,030	10,871,076	500,000	11,371,076
Investment income:					
Net change in fair value of investments	6,188,484	4,315,189	10,503,673	3,768,261	14,271,934
Interest and dividends	3,444,103	2,573,128	6,017,231	1,777,267	7,794,498
Total investment income (loss)	9,632,587	6,888,317	16,520,904	5,545,528	22,066,432
Less investment expenses	136,405	101,926	238,331	94,984	333,315
Net investment income (loss)	9,496,182	6,786,391	16,282,573	5,450,544	21,733,117
TOTAL ADDITIONS	13,858,228	13,295,421	27,153,649	5,950,544	33,104,193
DEDUCTIONS:					
Benefits	4,676,133	5,651,902	10,328,035	-	10,328,035
Administration	86,063	64,329	150,392	61,744	212,136
TOTAL DEDUCTIONS	4,762,196	5,716,231	10,478,427	61,744	10,540,171
CHANGES IN NET POSITION	9,096,032	7,579,190	16,675,222	5,888,800	22,564,022
NET POSITION - BEGINNING	48,411,954	36,727,924	85,139,878	28,916,733	114,056,611
NET POSITION - ENDING	$ 57,507,986	$ 44,307,114	$ 101,815,100	$ 34,805,533	$ 136,620,633

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2014

	EXPENDABLE SCHOLARSHIP FUNDS	NON-EXPENDABLE SCHOLARSHIP TRUSTS	TOTAL PRIVATE-PURPOSE TRUST FUNDS
ADDITIONS:			
Contributions	$ 10,000	$ 2,000	$ 12,000
Investment income:			
Net appreciation in fair value of investments	-	71,951	71,951
Interest and dividends	-	178,534	178,534
Total investment income	-	250,485	250,485
Less investment expenses	-	3,174	3,174
Net investment income	-	247,311	247,311
TOTAL ADDITIONS	10,000	249,311	259,311
DEDUCTIONS:			
Awards	10,000	36,507	46,507
Administration	-	7,191	7,191
TOTAL DEDUCTIONS	10,000	43,698	53,698
CHANGES IN NET POSITION	-	205,613	205,613
NET POSITION, BEGINNING	23,581	1,440,552	1,464,133
NET POSITION, ENDING	$ 23,581	$ 1,646,165	$ 1,669,746

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FIDUCIARY NET POSITION
NONEXPENDABLE SCHOLARSHIP TRUSTS
JUNE 30, 2014

	Net Position Held In Trust For Purposes Beginning	ADDITIONS: Donations	ADDITIONS: Investment Income (Loss)	DEDUCTIONS: Awards and Administration	Net Position Held In Trust For Purposes Ending
Peter P Integlia Physical Education Scholarship	$ 16,281	$ -	$ 3,312	$ (560)	$ 19,033
American Culinary Federation Award	36,641	2,000	6,352	(1,200)	43,793
Eileen Jeanes Jachna Award	33,884	-	5,850	-	39,734
William T Bull Award	34,626	-	6,386	(590)	40,422
Mercedes S Coulombe Award	86,514	-	14,017	-	100,531
Carol Ann Page Award	7,150	-	1,424	(200)	8,374
Avis G Marden Award	5,336	-	1,076	(180)	6,232
Class of 41 American Government Award	5,582	-	963	-	6,545
PF Carroll Scholarship	29,323	-	6,148	(980)	34,491
J Fitzgerald Scholarship	2,666	-	544	(90)	3,120
Smales Scholarship	15,873	-	3,209	(540)	18,542
Henry Vaughn Memorial Award	5,633	-	972	-	6,605
Adelson Biology Award	4,119	-	717	-	4,836
Leavitt Trust Award	18,931	-	3,171	-	22,102
Alliance Francaise Award	1,601	-	263	(58)	1,806
Lalli Trust Award	6,167	-	1,284	(210)	7,241
Goldstein Music Award	6,024	-	1,220	(210)	7,034
MB Howard Award	17,396	-	3,515	(600)	20,311
Newport School Book Award	377	-	65	-	442
Edward King Medal Award	80,259	-	14,491	(1,422)	93,328
Koehne Latin Award	4,263	-	878	(160)	4,981
Mirman Math Award	3,515	-	705	(120)	4,100
GH Norman Award	8,926	-	1,854	(300)	10,480
Peckham Award	101,423	-	17,633	(858)	118,198
Pell Medal	2,848	-	492	-	3,340
Read Medal #1	957	-	165	-	1,122
Read Medal #2	1,062	-	183	-	1,245
Charles B King Award	21,455	-	4,329	(730)	25,054
Rogers High School Centennial Award	49,680	-	10,015	(1,700)	57,995
Almira Coffin Award	5,398	-	1,085	(180)	6,303
HH Toole Scholarship	17,415	-	3,512	(600)	20,327
Henry Heffernan Award	82,643	-	17,474	(2,700)	97,417
Bruen Scholarship	27,522	-	4,624	-	32,146
Sullivan Scholarship	44,462	-	9,078	(1,520)	52,020
Joseph P Cotton Memorial Award	25,774	-	5,198	(879)	30,093
Rufus E Darrah Memorial Award	9,030	-	1,769	(310)	10,489
Margaret P Stevens Award	879	-	152	-	1,031
Christine Meek Sullivan/Marx Award	18,652	-	3,658	(640)	21,670
Zelda Mirman Music/Drama Award	35,843	-	7,405	(1,200)	42,048
Wosencroft Scholarship	7,692	-	1,288	-	8,980
M/M Thomas Archambault Award	17,361	-	3,494	(590)	20,265
Class of 46 Rogers High School DLS Award	19,359	-	3,969	(640)	22,688
General Contractors Association Award	27,395	-	5,525	(940)	31,980
Cohen Scholarship	6,867	-	1,196	-	8,063
Townsend Scholarship	8,916	-	1,834	(300)	10,450
Dorothy Drinkwater Lecraw Award	59,486	-	12,199	(1,970)	69,715
Nicholas Logothets Award	5,217	-	872	-	6,089
Helene Lewis Memorial Scholarship	90,624	-	18,302	(3,100)	105,826
Kristen Jorge Memorial Scholarship	20,441	-	3,521	-	23,962
James Colton Crowley Award	98,077	-	19,727	(3,300)	114,504
Florence J Alofsin English Award	6,931	-	1,405	(240)	8,096
Sandra Clooney Memorial Scholarship	30,558	-	6,265	(1,010)	35,813
Allan Family Scholarship	110,164	-	22,889	(3,730)	129,323
Loeb/George Washington Essay Award	8,997	-	2,068	(750)	10,315
Tift-Oxley Scholarship Fund	51,849	-	10,146	(1,200)	60,795
Unallocated Expense	(5,512)	-	(32,577)	(7,191)	(45,280)
Total Nonexpendable Scholarship Trusts	$ 1,440,552	$ 2,000	$ 247,311	$ (43,698)	$ 1,646,165

SCHEDULE 19

CITY OF NEWPORT, RHODE ISLAND

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2014

	BALANCE BEGINNING	ADDITIONS	DEDUCTIONS	BALANCE ENDING
ASSETS				
CASH:				
Student activity funds	$ 312,538	$ 347,979	$ 316,959	$ 343,558
Newport Municipal Charitable Improvement, Inc.	-	28,811	-	28,811
TOTAL ASSETS	$ 312,538	$ 376,790	$ 316,959	$ 372,369
LIABILITIES				
AMOUNTS HELD IN ESCROW:				
Student activity funds	$ 312,538	$ 347,979	$ 316,959	$ 343,558
Newport Municipal Charitable Improvement, Inc.	-	28,811	-	28,811
TOTAL LIABILITIES	$ 312,538	$ 376,790	$ 316,959	$ 372,369

Statistical Section

This part of the City of Newport, Rhode Island's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends (Tables 1-4) 112

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5-7) 117

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (Tables 8-11) 120

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 12-13) 124

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables 14-16) 126

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF NEWPORT, RHODE ISLAND

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	$ 39,024,214	$ 43,072,452	$ 47,999,443	$ 52,461,114	$ 59,259,977	$ 58,114,920	$ 62,576,195	$ 65,841,497	$ 65,282,126	$ 75,523,117
Restricted for:										
Human services	3,633,092	-	-	-	-	-	-	-	-	-
Permanent Funds:										
Expendable	6,677,139	7,255,682	7,148,999	6,281,490	4,356,646	4,753,846	5,955,530	5,844,993	6,813,099	7,792,741
Nonexpendable	1,142,270	1,142,270	1,889,512	1,937,467	1,890,210	1,976,581	2,181,651	2,181,651	2,181,651	2,481,651
Debt service	396,470	511,451	676,668	878,998	1,065,923	1,228,776	1,400,360	1,605,509	1,797,817	1,996,439
Education	815,092	1,081,801	953,325	-	-	-	-	-	-	-
Unrestricted	(1,722,023)	5,401,520	6,484,503	8,364,508	5,807,577	9,706,280	4,508,285	7,549,172	14,794,102	14,390,992
Total governmental activities net position	49,966,254	58,465,176	65,152,450	69,923,577	72,380,333	75,780,403	76,622,021	83,022,822	90,868,795	102,184,940
Business-type activities:										
Net investment in capital assets	85,773,241	84,210,144	86,137,192	87,063,157	90,719,216	87,919,616	91,514,668	87,882,885	94,138,176	90,596,425
Held in trust	-	-	-	-	-	99,000	99,000	99,000	99,000	99,000
Restricted - debt service	3,624,058	4,401,342	3,054,328	4,749,967	3,900,192	8,825,854	9,074,231	19,435,998	22,114,096	27,776,957
Unrestricted	171,705	3,719,540	4,222,057	2,365,226	1,207,853	2,214,069	(749,281)	3,602,780	494,384	1,164,579
Total business-type activities net position	89,569,004	92,331,026	93,413,577	94,178,350	95,827,261	99,058,539	99,938,618	111,020,663	116,845,656	119,636,961
Total net position:										
Net investment in capital assets	124,797,467	127,282,596	134,136,635	139,524,271	149,979,193	146,034,536	154,090,863	153,724,382	159,420,302	166,119,542
Restricted for:										
Human services	3,633,092	-	-	-	-	-	-	-	-	-
Permanent Funds:										
Expendable	6,677,139	7,255,682	7,148,999	6,281,490	4,356,646	4,753,846	5,955,530	5,844,993	6,813,099	7,792,741
Nonexpendable	1,142,270	1,142,270	1,889,512	1,937,467	1,890,210	1,976,581	2,181,651	2,181,651	2,181,651	2,481,651
Held in trust	-	-	-	-	-	99,000	99,000	99,000	99,000	99,000
Debt service	-	4,912,793	3,730,996	5,628,965	4,966,115	10,054,630	10,474,591	21,041,507	23,911,913	29,773,396
Education	4,835,620	1,081,801	953,325	-	-	-	-	-	-	-
Unrestricted	(1,550,318)	9,121,060	10,706,560	10,729,734	7,015,430	11,920,349	3,759,004	11,151,952	15,288,486	15,555,571
Total net position	$ 139,535,270	$ 150,796,202	$ 158,566,027	$ 164,101,927	$ 168,207,594	$ 174,838,942	$ 176,560,639	$ 194,043,485	$ 207,714,451	$ 221,821,901

CITY OF NEWPORT, RHODE ISLAND

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	$ 8,638,364	$ 4,201,754 (2)	$ 6,904,515	$ 5,664,619	$ 5,638,586	$ 6,782,232	$ 6,197,935	$ 6,449,503	$ 6,082,791	$ 6,583,867
General education	42,003,803	42,119,068	44,860,182	45,420,073	45,273,034	43,071,429	43,124,023	42,960,456	41,859,273	40,053,778
Public safety	27,848,257	27,932,352	29,620,705	30,005,098	30,380,376	31,829,739	35,191,714	32,531,976	34,008,599	35,076,377
Public services	4,664,543	4,564,130	5,179,345	7,000,668	8,396,219	8,023,199	8,240,164	8,306,613	8,979,859	10,949,931
Civic investment	1,681,628	1,994,692	1,440,553	1,604,671	1,829,568	1,363,899	1,744,516	1,510,493	1,639,008	662,952
Zoning and inspections	1,773,421	2,121,346	2,415,401	622,368	1,092,871	769,888	753,272	477,422	553,546	745,706
Human services	2,615,412	2,720,900	3,256,251	3,248,665	3,361,996	3,241,886	3,207,552	2,887,012	3,091,514	2,979,211
Interest expense	889,584	867,107	841,520	782,723	682,805	863,546	626,020	761,420	717,665	1,405,987
Total governmental activities	90,115,012	86,521,349	94,518,472	94,348,885	96,655,455	95,945,818	99,085,196	95,884,895	96,932,255	98,457,809
Business-type activities:										
Water Department	7,135,764	6,994,360	7,809,046	7,719,962	9,003,205	8,982,066	10,528,183	9,527,155	11,109,044	13,646,827
Water Pollution Control	7,050,859	6,781,706	7,051,852	7,559,615	7,428,839	8,108,213	10,114,458	10,123,815	10,522,134	10,399,257
Recreational and parking facilities	1,577,702	1,767,218	2,159,568	2,568,503	2,662,517	2,914,382	2,718,580	2,946,530	3,050,165	2,396,654
Total business-type activities	15,764,325	15,543,284	17,020,466	17,848,080	19,094,561	20,004,661	23,361,221	22,597,500	24,681,343	26,442,738
Total expenses	105,879,337	102,064,633	111,538,938	112,196,965	115,750,016	115,950,479	122,446,417	118,482,395	121,613,598	124,900,547
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	4,989,700 (1)	4,592,923	5,871,413	5,508,299	4,395,451	4,207,690	4,343,388	4,014,183	5,301,995	6,023,083
General education	940,091	1,538,629	1,856,459	1,356,264	1,782,477	1,790,646	1,440,324	1,321,351	837,653	840,696
Public safety	2,003,497	2,679,694	3,087,659	3,056,098	3,574,759	3,874,660	3,484,757	3,192,258	3,820,994	3,095,399
Public services	44,111	31,560	26,990	85,761	94,164	57,937	99,195	87,460	34,370	216,626
Civic investment	720,141	1,184,118	1,168,204	1,601,347	947,823	868,638	908,497	925,484	1,318,890	59,629
Zoning and inspections	288,077	96,764	99,126	105,010	129,025	117,510	113,660	137,297	144,068	1,675,596
Human services	154,514	150,622	297,236	439,667	238,794	(22,957)	(262,752)	951,451	245,112	152,053
Operating grants and contributions	21,236,496	20,380,130	21,272,720	20,851,435	20,403,551	20,039,597	21,164,485	20,050,143	19,682,834	20,758,313
Capital grants and contributions	846,754	1,170,076	786,166	469,484	2,981,072	1,773,730	551,913	2,423,972	648,087	3,112,761
Total governmental activities program revenues	31,223,381	31,824,516	34,465,973	33,473,365	34,547,116	32,707,451	31,843,467	33,103,599	32,034,003	35,934,156
Business-type activities:										
Charges for services:										
Water Department	7,100,096	9,514,397 (3)	8,506,460	9,025,966	9,614,675	10,466,106	10,270,053	12,257,011	13,407,886	15,238,273
Water Pollution Control	5,885,602	6,462,089	6,181,907	7,337,836	7,865,579	7,951,054	10,530,416	13,486,581	12,850,160	12,245,091
Recreational and parking facilities	1,972,189	2,572,591	2,345,366	2,833,916	2,922,394	3,068,368	3,322,473	3,403,559	3,391,446	2,621,380
Capital grants and contributions			673,500	305,849	154,107	154,107	78,856	4,494,396	853,295	484,760
Total business-type activities	14,957,887	18,549,077	17,707,233	19,503,567	20,556,755	21,639,635	24,201,798	33,641,547	30,502,787	30,589,504
Total program revenues	46,181,268	50,373,593	52,173,206	52,976,932	55,103,871	54,347,086	56,045,265	66,745,146	62,536,790	66,523,660
Net (Expense)/Revenue:										
Governmental activities	(58,891,631)	(54,696,833)	(60,052,499)	(60,875,520)	(62,108,339)	(63,238,367)	(67,241,729)	(62,781,296)	(64,898,252)	(62,523,653)
Business-type activities	(806,438)	3,005,793	686,767	1,655,487	1,462,194	1,634,974	840,577	11,044,047	5,821,444	4,146,766
Total net expense	(59,698,069)	(51,691,040)	(59,365,732)	(59,220,033)	(60,646,145)	(61,603,393)	(66,401,152)	(51,737,249)	(59,076,808)	(58,376,887)

(Continued)

CITY OF NEWPORT, RHODE ISLAND

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	$ 52,857,093	$ 54,833,897	$ 57,736,458	$ 60,005,572	$ 62,169,011	$ 63,583,199	$ 64,518,899	$ 67,296,737	$ 69,218,686	$ 71,303,614
Unrestricted grants and contributions	4,059,353	4,614,794	4,642,114	4,330,807	3,506,886	2,540,966	1,257,171	1,353,015.	1,387,855	1,543,540
Investment income	1,133,676	1,425,620	2,368,396	641,453	(1,008,699)	1,257,806	1,989,248 (4)	692,470	1,431,220	2,054,867
Miscellaneous	135,206	133,494	-	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	-	730,000	-
Transfers	(190,692)	-	(175,500)	1,053,250	(102,103)	(743,534)	-	25,200	(23,536)	(1,062,223)
Total governmental activities	57,994,636	61,007,805	64,571,468	66,031,082	64,565,095	66,638,437	67,765,318	69,367,422	72,744,225	73,839,798
Business-type activities:										
Investment income	98,797	175,220	220,284	162,538	84,612	78,285	39,502	63,198	(19,987)	46,272
Capital contributions	200,863	-	-	-	-	320,000	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	(2,463,956)
Transfer from primary government	(10,171)	-	175,500	(1,053,250)	102,103	743,534	-	(25,200)	23,536	1,062,223
Total business-type activities	289,489	175,220	395,784	(890,712)	186,715	1,141,819	39,502	37,998	3,549	(1,355,461)
Special Item - Sale of School Building	-	-	2,168,305	-	-	-	-	-	-	-
Special Item - Forgiveness of debt	-	-	-	-	-	454,485	-	-	-	-
Total primary government	58,284,125	61,183,025	67,135,557	65,140,370	64,751,810	68,234,741	67,804,820	69,405,420	72,747,774	72,484,337
Change in Net Position										
Governmental activities	(896,995)	6,310,972	6,687,274	5,155,562	2,456,756	3,400,070	523,589	6,586,126	7,845,973	11,316,145
Business-type activities	(516,949)	3,181,013	1,082,551	764,775	1,648,909	3,231,278	880,079	11,082,045	5,824,993	2,791,305
Total change in net position	$ (1,413,944)	$ 9,491,985	$ 7,769,825	$ 5,920,337	$ 4,105,665	$ 6,631,348	$ 1,403,668	$ 17,668,171	$ 13,670,966	$ 14,107,450

(Concluded)

(1) - General government service charges increased significantly in FY 2005 in the following categories:
Management and Computer Processing Charges increased by $277,000
Fees and charges associated with the sale of residential and commercial property in the City increased by $340,000
Fees for the use of vehicles increased in the capital fund by $285,000
(2) - Reduction in claims and judgments; reduction in the use of salary reserves as a result of open contracts
(3) - Increase in water rates of 20%
(4) - Realized and unrealized losses in permanent fund due to significant market declines
The City combined the recreation division with public services in FY2014; The City closed Easton's Beach operations (a business-type activity) into governmental activities in FY2014; The City split the planning, zoning and inspections division into two divisions in FY2014.

CITY OF NEWPORT, RHODE ISLAND

FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Restricted by Donors	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 65,453	$ 88,288	$ 99,453
Committed	1,159,119	1,256,428	983,669	860,549	773,846	838,101	1,157,839	554,702	759,186	689,885
Assigned	-	-	-	-	-	-	864,852	869,960	1,534,889	452,243
Unassigned	3,885,886	4,098,720	4,114,666	5,974,689	8,011,145	9,175,856	7,646,392	10,146,290	11,247,717 (1)	11,810,021
Total general fund	5,045,005	5,355,148	5,098,335	6,835,238	8,784,991	10,013,957	9,669,083	11,636,405	13,630,080	13,051,602
All Other Governmental Funds:										
Nonspendable	1,142,270	1,142,270	1,889,512	1,937,467	1,890,210	1,976,581	2,181,651	2,181,651	2,181,651	2,481,651
Restricted for Trusts	6,677,139	7,230,632	7,148,999	6,281,490	4,356,646	4,753,846	5,955,530	5,844,993	6,813,099	7,792,741
Restricted for Debt Service	396,470	511,451	676,668	878,998	1,065,923	1,228,776	1,400,360	1,605,509	1,797,817	1,996,439
Restricted by Grants	4,448,184	3,101,992	2,058,684	2,442,682	3,358,230	3,131,649	2,630,585	2,627,638	2,775,198	3,390,416
Committed for Capital Projects	1,578,848	4,432,555	6,374,040	7,017,849	885,671	4,994,692	3,052,879	7,902,015	7,233,629	5,613,718
Committed for Encumbrances	2,691,401	60,503	-	-	-	-	-	-	-	-
Assigned by City Council	683,319	286,332	2,462,183	2,518,604	1,816,113	863,630	-	-	-	-
Assigned by School Committee	-	960,489	800,000	800,000	1,200,000	1,153,152	1,370,211	-	-	-
Unassigned	-	-	-	-	-		(71,296)	(28,728)	(246,686)	-
School Unassigned	394,880	693,632	1,940,267	2,838,529	1,785,759	292,259	202,464	-	- (1)	-
Total all other governmental funds	18,012,511	18,419,856	23,350,353	24,715,619	16,358,552	18,394,585	16,722,384	20,133,078	20,554,708	21,274,965
Grand Total	$ 23,057,516	$ 23,775,004	$ 28,448,688	$ 31,550,857	$ 25,143,543	$ 28,408,542	$ 26,391,467	$ 31,769,483	$ 34,184,788	$ 34,326,567

Notes:
Capital project fund balance depends on timing of state and federal reimbursements and type of temporary or permanent debt that may exist. These items cause the fund balance to fluctuate from year to year.

The reduction of general fund balance in FY 2005 was due to the use of appropriated fund balance for capital improvements and a projected school deficit.

(1) - The School Unrestricted Fund was combined with the City's General Fund, Property Acquisition Fund and Gifts Fund in FY2012

CITY OF NEWPORT, RHODE ISLAND

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	$ 53,081,970	$ 54,767,961	$ 57,519,657	$ 60,115,303	$ 62,081,094	$ 63,485,526	$ 64,411,792	$ 67,395,943	$ 69,092,746	$ 71,336,608
Intergovernmental revenues	25,590,182	25,499,996	27,080,891	25,587,672	25,556,603	25,058,739	23,285,265	23,508,604	21,351,664	22,005,470
Charges for services	9,736,504	8,829,175	10,827,781	10,924,457	10,258,966	9,975,467	9,541,761	9,721,040	11,620,148	11,957,787
Use of money and property	1,133,676	1,425,620	2,368,397	641,456	(1,008,699)	1,257,726	2,014,016	692,470	1,431,220	2,054,867
Contributions	892,441	29,347 (1)	179,343	198,608	95,493	52,253	161,507	625,959	494,240	543,031
Other revenues	135,205	1,672,123 (1)	1,582,706	1,144,697	1,194,553	1,273,953	1,128,835	108,017	126,852	102,428
Total revenues	90,569,978	92,224,222	99,558,775	98,612,193	98,178,010	101,103,664	100,543,176	102,052,033	104,116,870	108,000,191
Expenditures:										
Current:										
General government	6,346,749	5,248,504	5,757,907	5,459,164	5,558,102	5,931,444	5,435,280	5,691,806	5,482,360	5,890,858
General education	41,354,602	41,206,309	43,164,937	42,382,522	43,227,289	44,349,792	42,740,185	41,921,694	40,793,783	39,375,366
Public safety	27,344,804	26,806,416	27,709,813	27,463,039	28,267,498	30,194,522	32,635,798	30,683,872	32,455,190	34,107,504
Public services	3,914,446	3,710,241	4,048,493	6,428,621 (3)	6,963,674	6,767,348	7,331,032	6,558,789	7,214,122	8,542,562
Civic investment	968,008	1,909,891 (2)	1,244,576	1,229,936	1,271,653	1,187,737	1,601,554	1,322,831	1,495,174	532,280
Zoning and inspections	1,588,267	1,729,893	1,727,212	558,059 (3)	653,419	600,505	590,817	426,155	496,911	745,706
Human services	2,510,411	2,630,902	3,228,649	3,163,997	3,358,488	3,087,205	3,033,732	2,781,564	2,969,991	2,907,235
Pension expenditures	899,423	1,136,621	1,607,335	2,453,316	5,206,245	3,247,795	2,722,514	3,935,092	3,388,489	1,762,358
Debt service:										
Debt issuance	51,929	-	-	-	-	-	-	-	-	-
Principal	1,337,106	1,192,470	1,204,311	1,187,425	1,224,266	1,237,114	1,040,489	1,756,211	1,732,932	1,405,082
Interest	830,345	838,757	803,651	755,657	712,750	896,577	693,395	616,534	725,389	3,013,999
Capital outlays	4,258,485	5,096,730	6,381,011	5,097,103	8,039,837	5,231,327	5,974,911	9,922,125	27,831,732	8,513,239
Total expenditures	91,404,575	91,506,734	96,877,895	96,178,839	104,483,221	102,731,366	103,799,707	105,616,673	124,586,073	106,796,189
Excess (deficiency) of revenues over expenditures	(834,597)	717,488	2,680,880	2,433,354	(6,305,211)	(1,627,702)	(3,256,531)	(3,564,640)	(20,469,203)	1,204,002
Other Financing Sources (Uses):										
Proceeds from borrowing	3,124,702	-	-	-	-	18,285,000	-	9,000,000	19,575,000	-
Bond premium	-	-	-	-	-	1,149,278	-	102,780	2,603,044	-
Payment to refunding escrow agent	(3,010,000)	-	-	-	-	(14,091,304)	-	-	-	-
Sale of property	-	-	2,168,305	-	-	-	-	-	730,000	-
Lease proceeds	-	-	-	-	-	-	1,239,457	-	-	-
Transfers in	27,575,078	27,695,528	28,310,752	28,427,088	25,924,266	24,606,361	24,517,821	24,387,564	2,400,693	2,598,250
Transfers out	(27,564,906)	(27,695,528)	(28,486,252)	(27,373,838)	(26,026,369)	(25,349,895)	(24,517,821)	(24,362,364)	(2,424,229)	(3,660,473)
Total other financing sources (uses)	124,874	-	1,992,805	1,053,250	(102,103)	4,599,440	1,239,457	9,127,980	22,884,508	(1,062,223)
Net change in fund balances	$ (709,723)	$ 717,488	$ 4,673,685	$ 3,486,604	$ (6,407,314)	$ 2,971,738	$ (2,017,074)	$ 5,563,340	$ 2,415,305	$ 141,779
Debt service as a percentage of noncapital expenditures	2.55%	2.35%	2.22%	2.13%	2.01%	2.19%	1.77%	2.48%	2.54%	4.50%

Notes:
* Contributions were for renovations to the Thompson Middle School in FY 2000
** Federal and state grants to the schools were significantly higher
*** Local donations and grants to the schools vary from year to year
^ Public Safety expenses were significantly higher in FY 2004 because pension expenses related to public safety were reclassified to here from pension expenses
(1) Reclassified school restricted revenues from donations to other revenues
(2) Increase in loans and grants made from UDAG monies for Ranger Road Infrastructure and The Opera House
(3) Reorganization that moved parks and grounds into public services
The City combined the recreation division with public services in FY2014; The City closed Easton's Beach operations (a business-type activity) into governmental activities in FY2014; The City split the planning, zoning and inspections division into two divisions in FY2014.

CITY OF NEWPORT, RHODE ISLAND

ASSESSED VALUES AND ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	Assessed Value							Total Direct Tax Rate	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Inventory	Motor Vehicles	Less Exemptions	Total Taxable Assessed Value	Residential	Commercial		
2005	$ 2,471,644,000	$ 837,597,500	$ 80,834,657	$ 24,128,568	$ 126,420,029	$ 76,353,633	$ 3,464,271,121	13.72	16.30	$ 3,540,624,754	97.84%
2006	2,470,649,500	854,054,700	81,894,726	23,351,240	125,903,945	76,973,716	3,478,880,395	14.29	17.00	3,555,854,111	97.84%
2007	2,510,163,253	834,407,847	86,997,316	22,949,498	138,954,444	81,242,277	3,512,230,081	8.02	11.96	3,593,472,358	97.74%
2008	4,659,124,549	1,245,531,051	87,315,021	23,293,927	149,567,988	113,777,545	6,051,054,991	8.34	12.44	6,164,832,536	98.15%
2009	4,709,562,778	1,201,925,122	88,011,158	26,281,325	147,144,534	120,615,344	6,052,309,573	8.67	12.93	6,172,924,917	98.05%
2010	4,408,295,797	1,241,526,100	114,604,821	-	131,104,659	118,475,513	5,777,055,864	9.52	13.20	5,895,531,377	97.99%
2011	4,403,658,951	1,212,935,549	108,725,938	-	152,504,333	120,086,201	5,757,738,570	9.56	13.25	5,877,824,771	97.96%
2012	4,427,191,489	1,194,775,611	127,148,070	-	151,523,236	118,811,520	5,781,826,886	9.93	13.76	5,900,638,406	97.99%
2013	3,966,146,314	1,071,247,506	117,777,139	-	159,306,729	119,297,700	5,195,179,988	11.36	15.75	5,314,477,688	97.76%
2014	3,968,689,640	1,080,838,650	119,993,234	-	160,804,599	114,141,051	5,216,185,072	11.71	16.23	5,330,326,123	97.86%

Source: City of Newport, Rhode Island Assessor

Notes:
The City's total levy cannot exceed 4.00% of the prior year's total levy
The City of Newport has no overlapping debt nor does it collect taxes for any other entity.
The City switched to a two-tiered tax in FY2002
The City had a full revaluation of real property in 2010 (effective 2011). The full revaluation is required by state law every 9 years. Statistical updates are required every 3 years.

TABLE 6

CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

	2014			2005		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Newport Restoration Foundation	$ 50,287,252	1	0.96%	$ 35,284,000	4	1.01%
Mass Mutual Life (Marriott)	49,971,700	2	0.96%	50,275,600	1	1.45%
One Goat Island	48,340,839	3	0.93%			
LHO Viking Hotel, LLC	45,939,064	4	0.88%	31,014,000	5	0.89%
Narraganset Gas	28,510,463	5	0.55%			
RK Newport, LLC	27,851,400	6	0.53%	22,526,800	7	0.65%
Newport Jai Alai, LLC	24,029,800	7	0.46%	13,418,600	10	0.39%
Narraganset Electric	23,492,929	8	0.45%			
Shaner SPE Associates	22,970,000	9	0.44%	22,540,000	6	0.65%
Eastern Resorts Company	21,337,700	10	0.41%	37,164,300	3	1.07%
Newport on Shore Hotel				18,226,400	8	0.52%
H E Newport, LLC				41,649,000	2	1.20%
Wellington Hotel Association				13,450,500	9	0.39%
Total	$ 342,731,147		6.60%	$ 285,549,200		8.24%

Source: City of Newport Assessor

TABLE 7

CITY OF NEWPORT, RHODE ISLAND

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (net abatements)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 50,838,373	$ 48,961,086	96.3%	$ 1,224,536	$ 50,144,380	98.6%
2006	52,053,701	50,818,303	97.6%	1,096,001	51,914,304	99.7%
2007	54,164,573	52,784,152	97.5%	1,298,161	54,082,313	99.8%
2008	56,325,863	55,036,635	97.7%	1,223,368	56,260,003	99.9%
2009	58,617,626	57,082,656	97.4%	1,504,803	58,587,459	99.9%
2010	60,163,158	58,578,657	97.4%	1,525,728	60,104,385	99.9%
2011	60,831,265	59,194,513	97.3%	1,573,356	60,767,869	99.9%
2012	63,291,283	61,974,383	97.9%	1,238,831	63,213,214	99.9%
2013	65,143,925	63,789,524	97.9%	1,214,348	66,358,273	101.9% *
2014	67,300,090	65,882,955	97.9%		65,882,955	97.9%

Source: City of Newport Tax Collector

*Considers addenda applied after 6/30/2013

CITY OF NEWPORT, RHODE ISLAND

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities				Business-Type Activities							
Fiscal Year June 30,	General Obligation Bonds (2)	QZAB (1)	Bond Premium	Capital Leases	Water Bonds (2)	Maritime Notes	Water Pollution Control Bonds (2)	Total	Percentage of Personal Income *	Net Bonded Debt per Capita	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
2005	$ 19,950,218	$ 1,863,536	$ -	$ -	$ 6,104,687	$ 200,000	$ 14,161,797	$ 42,280,238	0.1021%	$ 1,669	$ 3,464,271,121	1.22%
2006	18,757,747	1,863,536	-	-	5,109,518	200,000	13,176,781	39,107,582	0.1174%	1,602	3,478,880,395	1.12%
2007	17,565,277	1,863,536	-	-	5,371,324	200,000	12,191,492	37,191,629	0.1407%	1,524	3,512,230,080	1.06%
2008	16,377,852	1,863,536	-	-	7,098,563	200,000	11,267,416	36,807,367	0.1399%	1,508	6,051,054,991	0.61%
2009	15,153,587	1,863,536	-	-	7,909,210	200,000	10,341,988	35,468,321	0.1418%	1,453	6,052,309,573	0.59%
2010	18,951,472	1,863,536	-	-	9,274,225	200,000	26,433,662	56,722,895	0.0886%	2,324	5,777,055,863	0.98%
2011	17,918,036	1,863,536	-	1,239,457	13,829,917	200,000	34,705,503	69,756,449	0.0746%	2,827	5,757,738,570	1.21%
2012	25,161,825	1,863,536	969,290	969,865	26,129,751	200,000	35,651,317	90,945,584	0.0483%	3,686	5,781,826,886	1.57%
2013	43,010,000	1,863,536	3,344,500	874,670	52,367,654	200,000	34,775,635	136,435,995	Not available	5,530	5,195,179,988	2.63%
2014	40,130,000	1,863,536	3,116,666	776,552	83,148,410	200,000	32,850,270	162,085,434	Not available	6,570	5,216,185,072	3.11%

Notes:
Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.
* See Table 12 for personal income and population data used to calculate these ratios.
(1) The City of Newport is paying annual sinking fund payments of $133,110 to a bank for repayment of the QZAB bond. Please see the Notes to Financial Statements for additional information.
(2) Includes outstanding bond anticipation notes and revenue anticipation notes

CITY OF NEWPORT, RHODE ISLAND

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year June 30,	Governmental Activities: General Obligation Bonds	Bond Anticipation Notes	Bond Premium	Capital Leases	QZAB	Total	Percentage of Actual Taxable Value of Property *	Percentage of Personal Income	U.S. Census Estimated Population	Per Capita **
2005	$ 19,950,218	$ -	$ -	$ -	$ 1,863,536	$ 21,813,754	0.54%	0.59%	25,340	$ 861
2006	18,757,747	-	-	-	1,863,536	20,621,283	0.39%	0.54%	24,409	844.82
2007	17,565,277	-	-	-	1,863,536	19,428,813	0.38%	0.47%	24,409	795.97
2008	16,377,852	-	-	-	1,863,536	18,241,388	0.31%	0.44%	24,409	747.32
2009	15,153,587	-	-	-	1,863,536	17,017,123	0.28%	0.42%	24,409	697.17
2010	18,951,472	-	-	-	1,863,536	20,815,008	0.36%	0.48%	24,409	852.76
2011	17,899,756	-	-	1,239,457	1,863,536	21,002,749	0.36%	0.49%	24,672	851.28
2012	16,161,825	9,000,000	969,290	969,865	1,863,536	28,964,516	0.50%	0.64%	24,672	1,173.98
2013	43,010,000	-	3,344,500	874,670	1,863,536	49,092,706	0.94%	Not Available	24,672	1,989.81
2014	40,130,000	-	3,116,666	776,552	1,863,536	45,886,754	0.88%	Not Available	24,672	1,859.87

Notes:
Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.
The City of Newport has no overlapping debt nor does it collect taxes for any other entity.
* See Table 5 for property value data.
** Population data can be found in Table 12.

CITY OF NEWPORT, RHODE ISLAND

LEGAL DEBT MARGIN INFORMATION
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total assessed value	$ 3,555,854,111	$ 3,593,472,358	$ 6,164,832,536	$ 6,134,949,078	$ 6,172,924,917	$ 5,895,531,377	$ 5,724,320,438	$ 5,900,638,406	$ 5,314,477,688	$ 5,330,326,123
Rhode Island 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	106,675,623	107,804,171	184,944,976	184,048,472	185,187,748	176,865,941	171,729,613	177,019,152	159,434,331	159,909,784
Debt applicable to limit:										
General obligation bonds	21,813,754	20,621,283	19,428,813	18,241,388	17,017,123	20,815,008	20,712,430	18,407,430	44,873,536	41,993,536
Legal debt limit	106,675,623	107,804,171	184,944,976	184,048,472	185,187,748	176,865,941	171,729,613	177,019,152	159,434,331	159,909,784
Total net debt applicable to the limit	21,813,754	20,621,283	19,428,813	18,241,388	17,017,123	20,815,008	20,712,430	18,407,430	44,873,536	41,993,536
Legal debt margin	$ 84,861,869	$ 87,182,888	$ 165,516,163	$ 165,807,084	$ 168,170,625	$ 156,050,933	$ 151,017,183	$ 158,611,722	$ 114,560,795	$ 117,916,248
Total net debt applicable to the limit as a percentage of debt limit	25.71%	23.65%	11.74%	11.00%	10.12%	13.34%	13.72%	11.61%	39.17%	35.61%

CITY OF NEWPORT, RHODE ISLAND

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Water Revenue Bonds						Water Pollution Control Revenue Bonds					
Fiscal Year June 30,	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	$ 7,100,096	$ 5,489,324	$ 1,610,772	$ 855,313	* $ 171,496	1.57	$ 5,885,602	$ 4,553,443	$ 1,332,159	$ 921,723	* $ 323,326	1.07
2006	9,514,397	5,603,064	3,911,333	995,169	389,981	2.82	6,462,089	4,430,338	2,031,751	985,016	615,547	1.27
2007	9,179,960	6,428,093	2,751,867	969,405	134,631	2.49	6,181,907	4,741,389	1,440,518	985,289	275,922	1.14
2008	9,025,966	6,673,460	2,352,506	894,389	197,959	2.15	7,337,836	4,986,402	2,351,434	924,076	230,054	2.04
2009	9,614,675	7,351,579	2,263,096	974,627	280,770	1.80	7,865,579	5,167,234	2,698,345	925,429	209,504	2.38
2010	10,466,106	7,241,885	3,224,221	1,362,914	368,855	1.86	7,951,054	5,507,303	2,443,751	977,313	567,363	1.58
2011	10,270,053	7,570,428	2,699,625	927,679	416,452	2.01	10,530,416	6,854,557	3,675,859	901,737	638,443	2.39
2012	12,257,011	7,186,396	5,070,615	1,004,789	719,275	2.94	13,486,581	5,576,173	7,910,408	1,235,096	1,131,893	3.34
2013	13,407,886	7,875,093	5,532,793	1,165,069	1,570,155	2.02	12,850,160	5,823,981	7,026,179	1,862,909	1,132,054	2.35
2014	15,238,273	7,780,097	7,458,176	808,000	2,667,530	2.15	12,245,091	5,802,679	6,442,412	1,925,365	1,088,093	2.14

Notes:
Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.
Operating expenses do not include interest or depreciation expense.
* Net of refunding

TABLE 12

CITY OF NEWPORT, RHODE ISLAND

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year June 30,	Population		Per Capita Personal Income >	Total County Personal Income > (thousands)	Total State Personal Income > (thousands)	School Enrollment ^	Unemployment Rate <
2005	25,340	**	$ 43,168	$ 3,688,006	$ 37,876,045	2,524	4.4%
2006	24,409	**	45,894	3,824,537	39,911,244	2,386	4.5%
2007	24,409	*	52,311	4,118,890	42,008,417	2,380	4.0%
2008	24,409	*	51,224	4,133,741	43,468,678	2,208	6.2%
2009	24,409	*	50,290	4,038,311	43,594,132	2,134	9.9%
2010	24,409	*	50,259	4,295,271	44,200,452	2,132	9.7%
2011	24,672	***	52,038	4,303,320	46,125,394	2,119	8.9%
2012	24,672	***	43,905	4,529,740	46,112,864	2,029	7.6%
2013	24,672	***	Not Available	Not Available	Not Available	2,097	8.1%
2014	24,672	***	Not Available	Not Available	Not Available	1,988	5.6%

* Source: Rhode Island Department of Planning.
** Source: U.S. Bureau of the Census.
*** Source: 2010 US Census
> Source: U.S. Bureau of Economic Analysis, Regional Economic Information System.
The City's population is 31.0% of the County.
^ Source: City School Department.
< Source: RI Department of Labor & Training.

CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

2014				2004			
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Employees	Rank	Percentage of Total City Employment
Naval Station Newport	4,500	1	35.7%	Naval Undersea Warfare Center	2,824	1	18.7%
Newport Hospital	802	2	6.4%	Newport Hospital	804	3	5.3%
City of Newport	661	3	5.2%	City of Newport	786	4	5.2%
James L. Maher Center	571	4	4.5%	James L. Maher Center	700	5	4.6%
Salve Regina University	546	5	4.3%	Salve Regina University	500	6	3.3%
Newport Restaurant Group	803	6	6.4%				
Preservation Society	429	7	3.4%	Preservation Society of Newport County	440	7	2.9%
Hyatt Regency-Newport	317	8	2.5%				
Newport Harbor Corporation	702	9	5.6%				
Marriott International Inc.	212	10	1.7%	Newport Marriott Hotel	300	9	2.0%
				Naval Education and Training Center (NETC)	950	2	6.3%
Total	9,543		75.7%	Newport LLC	330	8	2.2%
				Child & Family Services of Newport County	280	10	1.9%
				Total	7,914		52.4%

Note: No reductions in the Naval Undersee Warfare Center or Naval Education and Training Center are recommended by the Base Realignment & Closing Commission (BRAC).

CITY OF NEWPORT, RHODE ISLAND

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	5	5	6	6	5.5	5.5	5.5	5.5	5.5	5.5
City Solicitor	3	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	22	21	21	23	22	22	22	21	22	22
City Clerk	6	6	6	6	6	6	6	6	5	5
Administrative services	17	17	18	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Planning	12.5	13.5	13	13	13	13	13	14	5	5
Zoning & Inspections									9	9
Total General Government	74.5	75	76.5	60.5	59	59	59	59	59	59
Public safety:										
Police	114.5	114.5	111.5	111.5	111.5	104.5	104.5	104.5	104.5	104.5
Fire	99	99	99	99	99	99	99	99	99	99
	213.5	213.5	210.5	210.5	210.5	203.5	203.5	203.5	203.5	203.5
Public health:										
Public works	18.6	18.6	18.6	39	40	40	40	40	43	43
Water	45.7	46.3	46.3	46.4	46.4	46.4	46.4	46.4	46.4	46.4
Wastewater	0.7	1.1	1.1	1.6	1.6	1.6	1.6	1.6	1.6	1.6
	65	66	66	87	88	88	88	88	91	91
Public welfare:										
Recreation and parks	19	19	16.28	4	4	4	4	3	3	3
Public education:										
Teachers	219	219	219	210	201	197.5	211.5	212.1	208.4	198.2
Pupil support	64	64	64	62	60	58.5	45.5	48	51	50
Executive and administrative	90	90	90	76	74	69	63	59.5	56.4	57
	373	373	373	348	335	325	320	319.6	315.8	305.2
Total	745	746.5	742.28	710	696.5	679.5	674.5	673.1	672.3	661.7

Source: City budgets and School Business Manager

CITY OF NEWPORT, RHODE ISLAND

OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)

Function/Program	Fiscal Year 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Arrests	1,837	1,789	1,599	1,943	1,777	1,723	1,827	1,185	1,372	1,721
Parking violations	34,775	50,623	39,423	39,968	40,962	35,535	31,679	34,765	28,804	20,775
Calls for Service	38,310	36,465	33,597	34,015	35,677	30,058	29,220	28,785	28,620	30,804
Fire:										
Emergency responses	3,653	3,959	5,079	5,625	5,891	3,675	3,719	4,162	4,340	4,057
Fires extinguished	107	95	102	116	78	109	78	123	156	118
Inspections	385	1,338	1,681	1,151	948	1,414	1,136	1,545	1,466	1,584
Refuse collection:										
Refuse collected (tons/day, average)	30.92	33.17	30.99	29.66	29.30	28.22	27.57	27.58	26.68	27.29
Recyclables collected (tons/day, average)	8.31	9.32	8.63	8.91	8.94	8.66	8.64	8.59	8.69	9.18
Other public works:										
Street resurfacing (miles)	2.9	0.9	1.4	1.92	1.90	4.2	9.43	6.5	9.26	3.283
Parks and recreation:										
Athletic field and facility rentals	25	22	38	87	309	325 ***	331	335	415	420
Library:										
Volumes in collections	186,605	189,727	189,405	205,914	211,767	167,209 ****	183,506 *****	172,814 *****	195,105 ^	206,451 ^
Water:										
New connections	96	69	148	57	35	30	30	44	55	23
Water mains breaks	16	23	32	31	25	35	24	19	28	31
Average daily production (avail for sale) (million gallons per day)	7.11	6.99	6.69	6.87	6.93	6.65	6	5.9	5.67	5.79
Wastewater:										
Average daily sewage treatment (thousands of gallons)	10,900 **	9,872	9,800	7,820	10,000	11,100	8,550	9,463	8,240	7,094

Note:
** Capacity exceeded in an effort to reduce CSO's. A CSO abatement program under RIDEM approval is currently underway.
*** In addition to tracking Salve Regina University and the Gulls' renters, this information now includes newly tracked use of Cardine's Field by sunset league and also 2-hr field use rentals for various practices/functions.
**** The bulk of the difference is back issues of periodicals that were discarded
***** Includes 11,180 electronic holdings
^ Includes 25,553 e books purchased consortially through Ocean State Libraries

Sources: Various city departments

CITY OF NEWPORT, RHODE ISLAND

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)

Function/Program	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	86	86	86	86	86	79	79	79	79	79
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles)	94	94	94	94	94	94	94	94	96.80	96.80
Streetlights	1,976	1,976	1,976	1,976	1,974	1,974	1,918	1,918	1,918	1,918
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	183	183	183	183	183	183	183	183	183	183
Playgrounds	13	13	13	13	13	13	13	13	13	13
Multi purpose playing fields	7	7	7	7	7	7	7	7	7	7
Tennis courts	18	18	18	18	18	18	18	18	18	18
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	162	162	163	163	163	163	163	163	163	163
Fire hydrants	983	987	996	999	999	1,034	1,034	1,034	1,037	1,037
Storage capacity (thousands of gallons-treated)	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	7,500	7,500
Wastewater:										
Sanitary sewers (miles)	88	88	88	88	88	88	88	88	88	88
Storm sewers (miles)	46	46	46	46	46.5	46.5	46.5	46.5	46.5	52.0
Treatment capacity (thousands of gallons) (daily)	10,700	10,700	10,700	10,700	10,700	10,700	10,700	10,700	10,700	10,700

Source: Various city departments