

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF NEWPORT, RHODE ISLAND



FOR THE YEAR ENDED

JUNE 30, 2023

PREPARED BY:

LAURA SITRIN, CPA
DIRECTOR OF FINANCE

CITY OF NEWPORT, RHODE ISLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2023

Introductory Section		Page
	Letter of Transmittal	i-v
	Organizational Chart of the Government of the City of Newport, RI	vi
	Principal Elected and Appointed Officials	vii
	GFOA Certificate of Achievement	viii
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-14
Basic Financial Statements		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	15
II	Statement of Activities	16
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	17-18
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19-20
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	21
VI	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - School Unrestricted Fund	22
VII	Statement of Net Position - Proprietary Funds	23
VIII	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
IX	Statement of Cash Flows - Proprietary Funds	25
X	Statement of Fiduciary Net Position - Fiduciary Funds	26
XI	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	27
	Notes to the Financial Statements	28-89
Required Supplementary Information		
RSI-1	Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Plan	90
RSI-2	Schedule of Changes in Net Pension Liability and Related Ratios - Fire Pension Plan	91
RSI-3	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	92
RSI-4	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Survivors Benefits Cost-Sharing Plan	93
RSI-5	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees' Retirement System Agent Plan	94
RSI-6	Schedule of City Contributions - Police and Fire Pension Plans	95
RSI-7	Schedule of City Contributions - Teachers Retirement Plan	96

Exhibit		Page
RSI-8	Schedule of City Contributions - Teachers' Survivors Benefit Cost-Sharing Plan	97
RSI-9	Schedule of City Contributions - Municipal Employees' Retirement System Agent Plan	98
RSI-10	Schedule of Investment Returns - Police and Fire Pension Plans	99
RSI-11	Schedule of Changes in Net OPEB Liability and Related Ratios - Other Post-Employment Benefits Plan	100
RSI-12	Schedule of Employer Contributions - Other Post-Employment Benefits Plan	101
RSI-13	Schedule of Investment Returns - Other Post-Employment Benefits Plan	102

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund:

A-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	103
A-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	104

Permanent Trust Funds:

B-1	Combining Balance Sheet	105-106
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107-108

Nonmajor Governmental Funds:

C-1	Combining Balance Sheet	109
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110

Nonmajor Proprietary Funds:

D-1	Combining Statement of Net Position	111
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	112
D-3	Combining Statement of Cash Flows	113

Fiduciary Funds:

E-1	Combining Statement of Fiduciary Net Position - Pension and Other Post-Employment Benefit Trust Funds	114
E-2	Combining Statement of Changes in Fiduciary Net Position - Pension and Other Post-Employment Benefit Trust Funds	115

Annual Supplemental Transparency Report

F-1	Annual Supplemental Transparency Report (MTP2)	116-118
F-2	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal	119
F-3	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Education Department	120
	Notes to Annual Supplemental Transparency Report (MTP2)	121-122

Table	Statistical Section	Page
	Financial Trends:	
1	Net Position by Component	123
2	Changes in Net Position	124-125
3	Fund Balances of Governmental Funds	126
4	Changes in Fund Balances, Governmental Funds	127

	Revenue Capacity:	
5	Assessed Values and Actual Values of Taxable Property	128
6	Principal Property Taxpayers	129
7	Property Tax Levies and Collections	130
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	131
9	Ratios of General Bonded Debt Outstanding	132
10	Legal Debt Margin Information	133
11	Pledged Revenue Coverage	134
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	135
13	Principal Employers	136
	Operating Information:	
14	Full-Time Equivalent City Government Employees by Function/Program	137
15	Operating Indicators by Function/Program	138
16	Capital Asset Statistics by Function/Program	139

Introductory Section



December 28, 2023

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, 2023.

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 CliftonLarsonAllen 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, 2023 were free of 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, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the 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 auditors.

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, and Municipal Judges. 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. In practice, budget preparation begins in December. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager 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 second 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 2022 (latest available data) for Newport County is \$84,484 compared to \$63,557, and \$65,423 for Rhode Island and the United States, respectively. The unemployment rate, not seasonally adjusted as of August 2023, is 2.3% compared to Rhode Island and the United States unemployment rate, not seasonally adjusted of 3.1% and 3.9%, respectively. The median selling price of an existing home in June 2023 is \$780,000 compared to \$745,000 in June 2022. The City continues to attract older retired residents and empty-nesters as well as tourists and people looking for a second home. Multi-million dollar properties continue to maintain or increase in value, and continue to sell relatively quickly. Sales in all ranges 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 local economy, for the most part, has from the economic effects of the coronavirus pandemic. The City saw significant increases in tourism, which in turn, provided an economic boon to hotels and bed and breakfasts, restaurants and retail businesses. The housing market was especially strong and sales of properties were only limited by available housing stock. Most properties, including multi-million dollar properties, sold in under 30 days.

Long-term financial planning

The City Council approved the development of a long-term plan for the north end of the City, which includes working in conjunction with the State of Rhode Island on the re-alignment of the Pell Bridge ramps and redevelopment options for excessed Navy property.

The City has developed a long-term master plan for Combined Sewer Overflow (CSO) that has been approved as part of a consent decree with the federal Environmental Protection Agency and the Rhode Island Department of Environmental Management. Projects on the master plan are in process and in compliance with the consent decree. Total costs of the options in the master plan are estimated at \$121 million spread over 30 years. The City has completed about \$91 million worth of projects to date. Funds have come from a variety of sources including federal and state subsidized revenue bonds, grants, and rates.

Voters approved a bond referendum in November 2020 for \$106,500,000 to rebuild the Rogers High School and build an addition to the Pell Elementary School. Construction on the Pell School Addition is complete, and the new high school is currently being constructed. The City issued bonds of \$98.5M in March of 2022 as part of the funding towards the project.

Major infrastructure projects within the City are needed and continue to challenge local leaders and the administration to find funding sources through a variety of pay-go, federal and state grants, and bonds. Projects such as repair of a collapsed portion of the CliffWalk, replacement of the Van Zandt Bridge and redesign/reconstruction of Easton's Beach, along with continuous need for repairs and replacement of sewer, stormwater and water infrastructure are considered as part of all planning and strategy within the City.

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 (FY2023) 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.

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.

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 FY2023.

Pension and other postemployment 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 plan 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 actuarially determined contributions to the pension plans. The City also fully funds the calculation by the actuary of the annual amortization of the unfunded actuarially accrued liability. The plans are currently funded at 66.8% for the fire plan and 77.9% for the police plan.

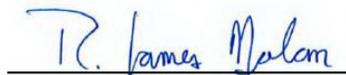
The City provides pension benefits for its non-public safety employees (except teachers) through a state-wide plan managed by the State Treasurer. Newport teachers are members of the State of Rhode Island Employee Retirement System. State-hired actuaries determine the funding level and unfunded actuarially accrued liability for each individual participating employer. The City is 74.29% funded in the State's municipal employees' retirement plan. The State of Rhode Island General Assembly enacted legislation that significantly changed the pension plan for participants in the State Municipal Employees Plan and the State Teachers Plan and reduced the long-term liability. These changes are reflected in the June 30, 2023 Statements of Net Position and Activities, footnotes and required supplementary information.

The City provides postretirement health coverage for all eligible 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 July 1, 2023, 725 active employees and 856 retirees and dependents were eligible to receive health insurance benefits, which are currently financed through a combination of pay-as-you-go basis and trust assets (approximately 50% in each). The actuarial calculation of the combined municipal and school liability as of July 1, 2023 is \$121 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 \$65 million have been accumulated as of July 1, 2023. 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 12 and 13 in the notes to the basic financial statements.

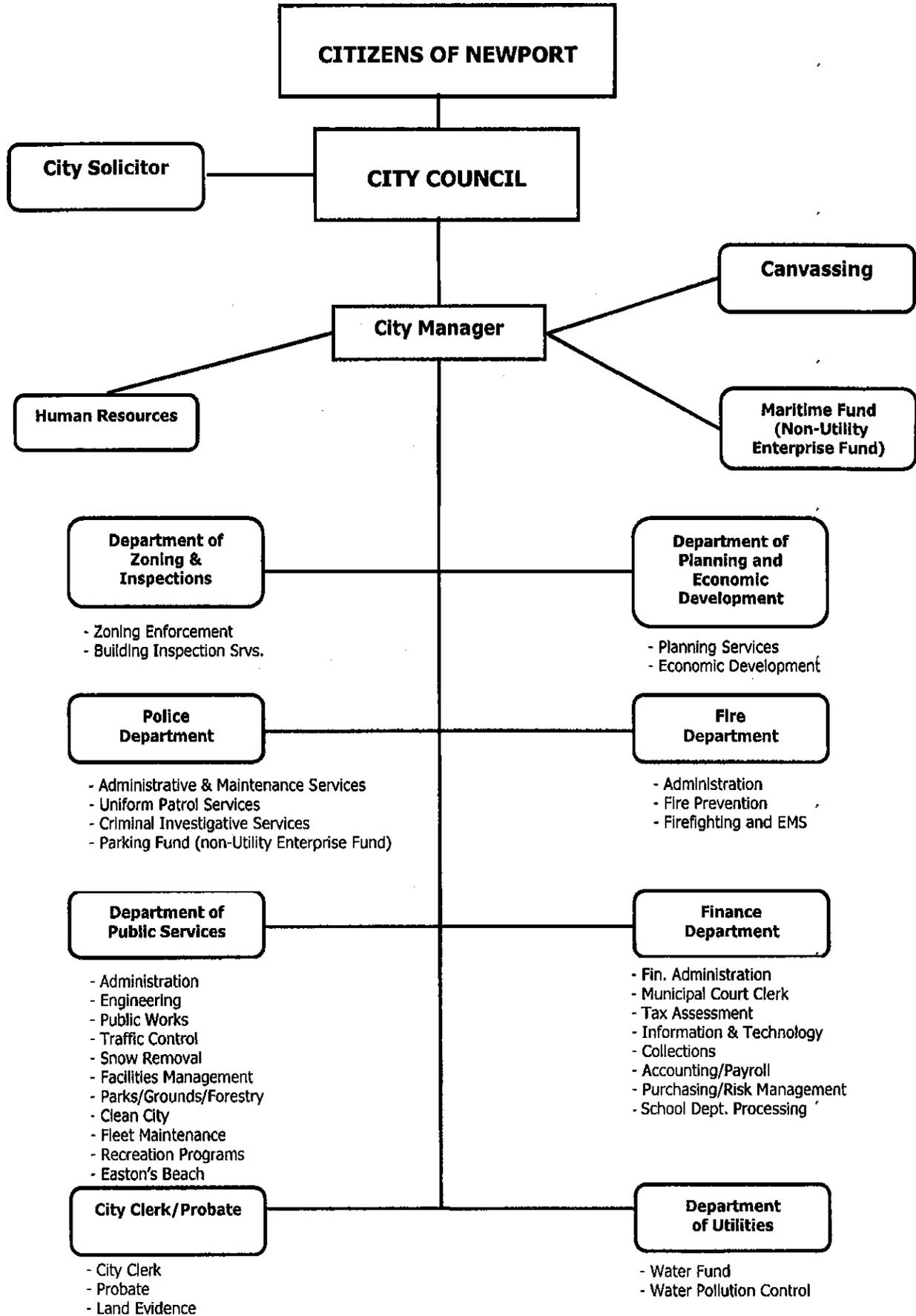
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing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

Respectfully submitted,



R. James Nolan
Interim Director of Finance

THE CITY OF NEWPORT, RI



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

Elected Officials:

Honorable Xaykham Khamsyvoravong
Angela McCalla
Charles M Holder
David Carlin III
Lynn Underwood Ceglie
Jeanne Marie Napolitano
Mark D. Aramli
Louisa Boatwright
Rebecca Bolan
James Dring
Kendra Munter
Sandra J. Flowers, Ph.D.
Stephanie Winslow
Robert J. Leary

Mayor
1st Ward Councilor
2nd Ward Councilor
3rd Ward Councilor
Councilor At Large
Councilor At Large
Councilor At Large
School Committee
School Committee
School Committee
School Committee
School Committee
School Committee
School Committee

Principal Appointed Officials:

Laura L. Sitrin .
R. James Nolan
Colleen B. Jermain
Christopher J. Behan, Esq.
Robert Schultz
William Riccio, Jr.
Ryan Duffy
Humphrey Donnelly
Laura C. Swistak

Interim City Manager
Interim Director of Finance
Superintendent of Schools
City Solicitor
Director of Utilities
Director of Public Services
Police Chief
Fire Chief
City Clerk



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Rhode Island**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

Members of the City Council
City of Newport, Rhode Island

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City of Newport, Rhode Island's basic financial statements as listed in the table of contents.

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, budget and actual (budgetary basis) and the aggregate remaining fund information of the City of Newport, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Newport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport’s basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and schedules and the annual supplemental transparency report and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the annual supplemental transparency report and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the City of Newport’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 solely 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 the effectiveness of the City of Newport’s 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 City of Newport’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
December 28, 2023

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. 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 and deferred outflows of resources of the City of Newport exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$231,305,979 (net position).
- The government's net position increased by \$35,828,626 for the fiscal year 2023. Governmental activities' net position increased \$25,599,152 due to increases in service charges and meals and beverage taxes (property taxes) related to significant tourist activity. There were also increases in school aid, and state aid, in particular, from the aid for the phase out of the motor vehicle tax. Business-type activities had an increase of \$10,229,474 in net position due to increased services fees in the major and non-major business-type funds.
- At June 30, 2023, the City of Newport's governmental funds reported a combined ending fund balance of \$173,307,661, a decrease of \$869,804 in comparison to the prior year fund balance. Of the total fund balance, \$143,414,867 (83%) is either nonspendable, restricted or committed, leaving \$29,892,794 as available for spending at the City's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, fund balance for the general fund was \$31,145,068, or 29.6% of total general fund expenditures and net other financing uses. \$3,500,002 of the general fund balance is nonspendable, restricted or committed leaving \$27,645,066 of assigned or unassigned fund balance. The School's unrestricted general fund balance is \$6,235,038, which has been reclassified to restricted fund balance for financial statement reporting purposes.
- The City of Newport's non-current long-term liabilities decreased by \$8,149,184 largely due to a decrease in Water Fund and Water Pollution Control Fund bonds payable.

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.

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).

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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 I and II 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, the School Unrestricted 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 eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is included on Exhibits C-1 and C-2 of this report.

The City of Newport adopts an annual budget for its General Fund and School Unrestricted Fund. Budgetary comparison statements have been provided on Exhibits V and VI.

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-

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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 VII, VIII and IX 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 X and XI 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 pages 28-89 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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$231,305,979 at the close of the most recent fiscal year.

The unrestricted net deficit at June 30, 2023 is (\$3,481,837). Consistent with prior years the City of Newport has a significant 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, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

City of Newport's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 200,933,173	\$ 197,466,421	\$ 60,466,711	\$ 60,042,151	\$ 261,399,884	\$ 257,508,572
Capital assets	157,260,810	142,721,068	261,272,134	260,292,305	418,532,944	403,013,373
Total assets	358,193,983	340,187,489	321,738,845	320,334,456	679,932,828	660,521,945
Deferred outflow s of resources	42,010,575	38,348,117	2,305,322	1,244,430	44,315,897	39,592,547
Total assets and outflow s of resources	400,204,558	378,535,606	324,044,167	321,578,886	724,248,725	700,114,492
Long-term liabilities	309,704,916	309,998,682	110,881,847	118,737,265	420,586,763	428,735,947
Other liabilities	23,813,150	21,102,454	17,359,357	16,992,966	41,172,507	38,095,420
Total liabilities	333,518,066	331,101,136	128,241,204	135,730,231	461,759,270	466,831,367
Deferred inflow s of resources	26,057,979	32,405,109	5,125,497	5,400,663	31,183,476	37,805,772
Total liabilities and inflow s of resources	359,576,045	363,506,245	133,366,701	141,130,894	492,942,746	504,637,139
Net assets:						
Net investment in capital assets	24,925,263	93,342,760	147,011,627	137,620,947	171,936,890	230,963,707
Restricted	38,893,210	130,763,546	23,957,716	25,315,965	62,850,926	156,079,511
Unrestricted (deficit)	(23,189,960)	(209,076,945)	19,708,123	17,511,080	(3,481,837)	(191,565,865)
Total Net Position	\$ 40,628,513	\$ 15,029,361	\$ 190,677,466	\$ 180,447,992	\$ 231,305,979	\$ 195,477,353

An additional portion of the City of Newport's net position (27%) represents resources that are restricted by external parties. The majority of the restricted funds (\$95,317,483) is restricted bond proceeds held in escrow by an external party that can only be used for the elementary school addition and the new high school.

The City's net position increased by \$35,828,626 during the current fiscal year.

Increases in the governmental activities of \$25,599,152 were from a variety of sources. There was a significant increase in state aid for the motor vehicle tax phase out program in the amount of \$1.7M. The City also saw an increase in building permit fees of \$1.3. There was also a large increase in investment income from the prior year due to favorable market conditions which led to large gains from interest bearing accounts. Some of the increase in property taxes came from an increase of 3.00% in the tax rate leading to an additional \$3.0M in new revenue. Some of the revenues were offset with an increase in debt service and public safety. Debt service expenses increased due to the bonding for the elementary school expansion and high school rebuild. Public safety expenses increased due to pension expense. The School also had increases in expenses due to expenditures related to additional federal and state aid received in 2022.

The primary reasons for the increase of \$10,229,474 in business-type funds are because revenues were higher in the non-major business-type funds by \$700,000 due to increased tourist activities. Water Fund charges for services increased \$2,128,823 while expenses increased \$1,430,702. Rates for the Water Fund are set by the Public Utilities Commission..

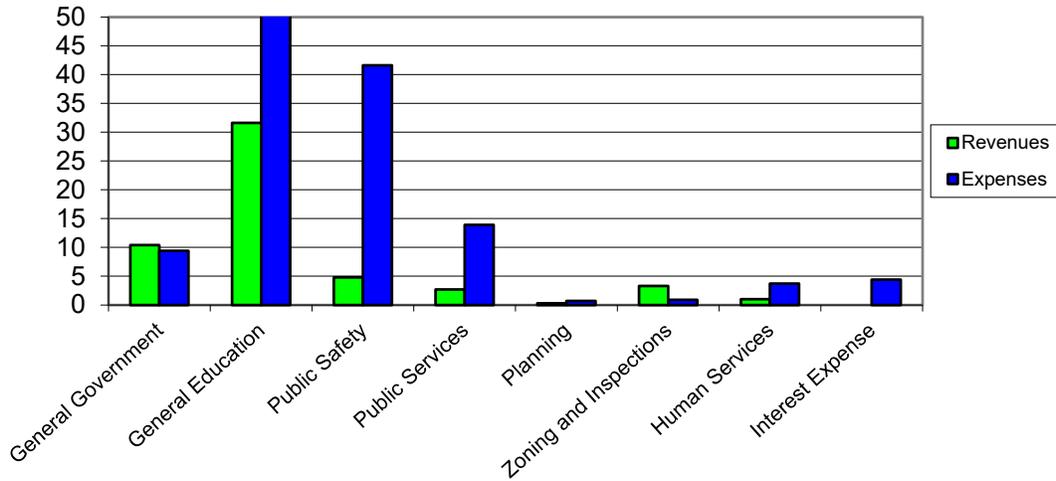
A comparison of FY2023 and FY2022 activity can be found below which indicates the changes identified.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

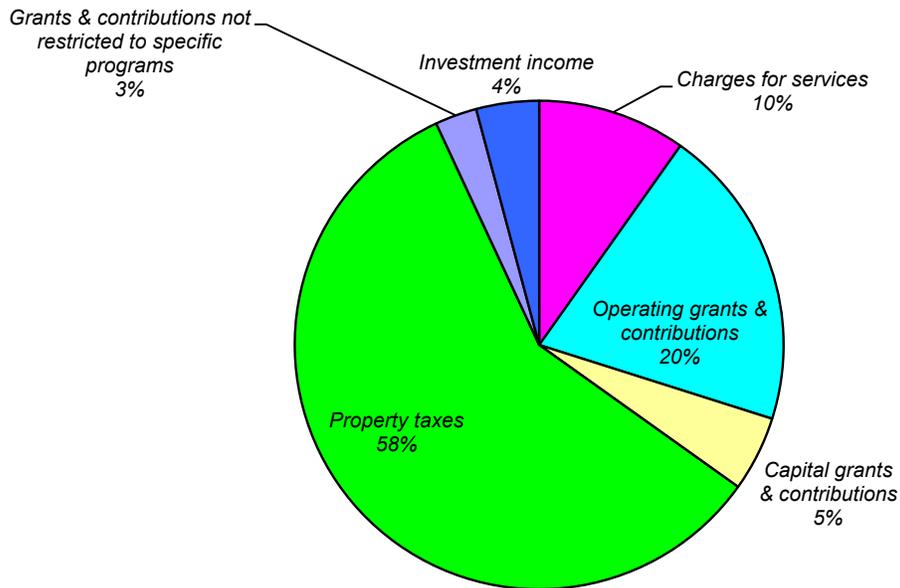
City of Newport's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 15,219,366	\$ 15,020,345	\$ 42,835,490	\$ 41,372,700	\$ 58,054,856	\$ 56,393,045
Operating grants and contributions	31,150,959	31,989,364			31,150,959	31,989,364
Capital grants and contributions	7,726,262	5,991,130	1,033,480	1,624,266	8,759,742	7,615,396
General revenues:						
Property taxes	90,310,240	88,817,593			90,310,240	88,817,593
Grants and contributions not restricted to specific programs	4,290,468	2,371,972			4,290,468	2,371,972
Investment income	6,444,991	(3,844,154)	641,517	(23,256)	7,086,508	(3,867,410)
Total revenues	155,142,286	140,346,250	44,510,487	42,973,710	199,652,773	183,319,960
Expenses:						
General government	9,445,044	8,399,087			9,445,044	8,399,087
General education	53,920,151	50,681,337			53,920,151	50,681,337
Public safety	41,638,363	34,622,128			41,638,363	34,622,128
Public services	13,851,090	13,389,830			13,851,090	13,389,830
Planning	701,485	807,606			701,485	807,606
Inspections and zoning	907,807	885,269			907,807	885,269
Human services	3,732,152	3,466,716			3,732,152	3,466,716
Interest expense	4,373,142	1,412,234			4,373,142	1,412,234
Water			15,184,159	13,753,457	15,184,159	13,753,457
Water pollution control			17,277,555	16,975,416	17,277,555	16,975,416
Nonmajor business-type			2,793,199	2,277,657	2,793,199	2,277,657
Total expenses	128,569,234	113,664,207	35,254,913	33,006,530	163,824,147	146,670,737
Increase in net position	26,573,052	26,682,043	9,255,574	9,967,180	35,828,626	36,649,223
Sale of property		1,250,000		(63,194)	-	1,186,806
Capital contributions					-	-
Bond refunding proceeds					-	-
Transfers	(973,900)	675,000	973,900	(675,000)		
	(973,900)	1,925,000	973,900	(738,194)	-	1,186,806
Change in net position	25,599,152	28,607,043	10,229,474	9,228,986	35,828,626	37,836,029
Net position beginning, restated	15,029,361	(13,577,681)	180,447,992	171,219,006	195,477,353	157,641,325
Net Position Ending	\$ 40,628,513	\$ 15,029,362	\$ 190,677,466	\$ 180,447,992	\$ 231,305,979	\$ 195,477,354

Expenses and Program Revenues - Governmental Activities

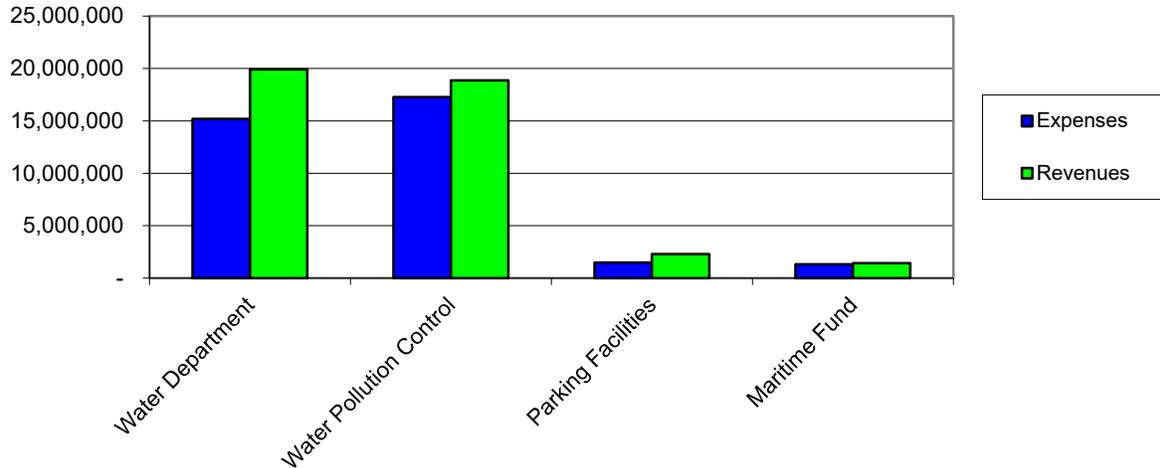


Revenues by Source - Governmental Activities



**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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.

As of the end of the current fiscal year, the City of Newport’s governmental funds reported combined ending fund balances of \$173,307,661, a decrease of \$869,804 in comparison with the prior year fund balance.

The majority of the fund balance is due to a bond issuance in March of 2022 as part of the voter approved funding to expand the elementary school and rebuild the high school. Bonds of \$98,500,000 were issued and a premium was received on the bonds of \$14,413,145, for a combined total of \$112,913,145 in March 2022 Bond issuance and any resulting premium are treated as an other financing source in governmental funds, resulting in an increase in fund balance to the extent the funds are not fully spent as of the close of the fiscal year. Current projections indicate that the funds will be fully expended by June 2025. These funds are reported as restricted fund balance in the capital projects fund because the funds are held in escrow by an outside party and cannot be spent for any other purpose than the projects for which the bonds were issued. The committed fund balance in the capital projects fund of \$5,572,509 results from timing differences between when funds are received and when they are spent.

The City’s General Fund increase was \$4,037,156 and came from a combination of items. The City received \$1.7M more in state aid for the motor vehicle tax phase out program. In addition the City

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

received \$1.4M more than anticipated in building permit fees. Meals and beverage taxes (commonly referred to as tourism revenues) increased \$406,290 compared to prior year. There was also an increase in investment income from the prior year due to favorable market conditions on interest bearing accounts. Expenditures were less than budgeted by \$2.0, particularly in the public services department.

The School Unrestricted Fund had an increase in fund balance of \$528,109. Much of the increase came from savings in personnel expenditures. Note that all fund balance in the School Unrestricted Fund is considered restricted for purposes of financial reporting. The Permanent Fund had an increase of \$1,576,084 due to unrealized gains in investments. The Capital Projects Fund has a decrease in fund balance due to partial costs of the Pell School addition and new high school build.

Much of the total combined ending fund balance amount (\$143,414,867) constitutes fund balance that is either nonspendable, restricted by outside legal sources or committed for capital or contractual purposes. An additional \$2,790,016 of the fund balance is assigned by the City Council. The balance of \$27,102,778 is unassigned and available for spending at the government's discretion.

The General Fund is the operating fund of the City of Newport. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$27,645,066. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and net transfers. Unassigned fund balance in the general fund represents 26.3% of total general fund expenditures and transfers.

The table shows the comparison of revenues and expenditures in the City and School general funds between FY2023 and FY2022.

	City General Fund		School Unrestricted Fund	
	2023	2022	2023	2022
Local Taxes	\$ 90,022,876	\$ 89,045,609	\$	\$
Intergovernmental Revenues	5,324,082	3,021,488	19,021,082	18,138,635
Charges for Services	13,084,536	12,346,883	1,345,708	1,134,750
Use of Money and Property	451,479	(986,205)	104,776	112,353
Contributions	186,509	262,093	523,644	317,974
Other Revenues	30,996	48,094	14,127	146,153
Total Revenues	109,100,478	103,737,962	21,009,337	19,849,865
Total Expenditures	73,437,621	67,439,405	47,758,909	45,159,310
Other Financing Sources (Uses)	(31,625,701)	(30,492,243)	27,277,681	27,277,681
Net Change in Fund Balance	4,037,156	5,806,314	528,109	1,968,236
Fund Balance, Beginning	27,107,912	21,301,598	6,002,274	4,034,038
Fund Balance, Ending	\$ 31,145,068	\$ 27,107,912	\$ 6,530,383	\$ 6,002,274

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were due to budgetary carryovers from fiscal year 2022 of \$2,021,694.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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 (\$2,323,423) while restricted net position was \$17,380,617 and net investment in capital assets was \$65,493,540. The Rhode Island Public Utilities Commission (PUC) 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. Cash is restricted in the Water Fund because it is subject to debt covenant requirements and PUC requirements.

Unrestricted net position of the Water Pollution Control Fund at the end of the year amounted to \$15,089,094, while restricted net position was \$6,577,099 and net investment in capital assets was \$74,635,991. Much of the revenue in the Water Pollution Control Fund is to fund debt service or non-debt funded capital improvements. Cash is restricted in the Water Pollution Control Fund because it is subject to debt covenant requirements.

The Parking Fund had unrestricted net position of \$5,151,920 and the Maritime Fund had unrestricted net position of \$1,790,532. Factors concerning the finances of these funds have already been addressed in the discussion of the City of Newport's business-type activities.

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, 2023 is \$418,532,944 (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 3.9%.

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

- \$8,774,150 was spent on water and water pollution control projects
- \$15,556,006 partial costs of Pell School addition and new Rogers High School
- \$1,039,304 spent on road and sidewalk improvements
- \$912,406 spent on public safety equipment and vehicles
- \$847,234 spent on traffic signal systems and improvements (partially grant funded)

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 4,811,286	\$ 4,811,286	\$ 7,435,059	\$ 7,435,059	\$ 12,246,345	\$ 12,246,345
Construction in progress	23,008,134	14,325,047	4,665,475	4,821,043	27,673,609	19,146,090
Buildings & systems	75,444,315	69,413,952	247,111,769	246,314,760	322,556,084	315,728,712
Machinery & equipment	3,345,548	3,726,516	791,852	698,678	4,137,400	4,425,194
Vehicles	3,250,135	3,011,299	1,267,979	1,022,765	4,518,114	4,034,064
Infrastructure	47,401,392	47,432,968			47,401,392	47,432,968
Total	\$ 157,260,810	\$ 142,721,068	\$ 261,272,134	\$ 260,292,305	\$ 418,532,944	\$ 403,013,373

Additional information on the City of Newport's capital assets can be found in Note 5 to the Financial Statements.

Long-Term Debt

At the end of the current fiscal year, the City of Newport had total bonded debt outstanding of \$231,945,507. Of this amount, \$117,685,000 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	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 117,685,000	\$ 120,880,000			\$ 117,685,000	\$ 120,880,000
Revenue Bonds			114,260,507	122,671,357	114,260,507	122,671,357
Total	\$ 117,685,000	\$ 120,880,000	\$ 114,260,507	\$ 122,671,357	\$ 231,945,507	\$ 243,551,357

The City of Newport's total bonds decreased by \$11,605,850 during the current fiscal year. Debt increased by \$1,710,344 from issuance of revenue bond drawdowns for the sewer project and water main improvements. Debt of \$10,121,194 was retired during fiscal year 2023.

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 \$223,768,192, which is significantly in excess of the City's outstanding general obligation debt of \$117,685,000.

Additional information on the City of Newport's long-term debt can be found in Note 8 to the Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate, not seasonally adjusted, as of August 2023 for the City of Newport was 2.3%, which is less than the state's unemployment rate of 3.1% and the federal unemployment rate of 3.9%.
- 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.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

- The City has received approximately \$7.2M in prior years from the federal American Rescue Plan Act. The City has assigned \$4.0M to restricted infrastructure and equipment projects with the remaining \$3.2M set aside in a restricted grant fund until such time as a plan has been established by the administration and City Council after public engagement processes have been completed.

All of these factors were considered in preparing the City of Newport's budget for the 2024 fiscal year.

Unassigned fund balance in the City's general operating fund at June 30, 2023 is \$27,645,066 or 26.3% 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.

The Water Pollution Control Fund's rates have been used over the last several years to fund projects required under a consent decree with the federal Environmental Protection Agency. Most of the projects required by the consent decree have been completed as of June 30, 2023. The Water Fund rates are controlled and set by the Rhode Island Public Utilities Commission. A rate increase was approved effective November 1, 2019.

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 Interim Finance Director, Jim Nolan, City of Newport, 43 Broadway, Newport, Rhode Island 02840.

Basic Financial Statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 114,678,719	\$ 24,794,318	\$ 139,473,037
Investments	52,124,940	1,679,679	53,804,619
Receivables, net	6,442,649	6,576,255	13,018,904
Supplies and materials	25,146	851,352	876,498
Prepaid expenses	-	44,343	44,343
Total current assets	<u>173,271,454</u>	<u>33,945,947</u>	<u>207,217,401</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	23,957,716	23,957,716
Permanently restricted investments	18,234,579	-	18,234,579
Receivables, net	2,739,910	2,563,048	5,302,958
Net pension asset	6,687,230	-	6,687,230
Capital assets not being depreciated	27,819,420	12,100,534	39,919,954
Capital assets (net of accumulated depreciation)	<u>129,441,390</u>	<u>249,171,600</u>	<u>378,612,990</u>
Total noncurrent assets	<u>184,922,529</u>	<u>287,792,898</u>	<u>472,715,427</u>
Total assets	<u>358,193,983</u>	<u>321,738,845</u>	<u>679,932,828</u>
Deferred outflow of resources:			
Deferred charges on debt refunding	565,223	-	565,223
Deferred outflows - pensions	34,555,070	2,027,699	36,582,769
Deferred outflows - other post employment benefit	6,890,282	277,623	7,167,905
Total deferred outflow of resources	<u>42,010,575</u>	<u>2,305,322</u>	<u>44,315,897</u>
Liabilities:			
Current liabilities:			
Accounts payable	10,800,134	4,977,623	15,777,757
Accrued liabilities	2,815,951	2,164,734	4,980,685
Other liabilities	434,844	99,000	533,844
Current portion of long-term obligations	9,762,221	10,118,000	19,880,221
Total current liabilities	<u>23,813,150</u>	<u>17,359,357</u>	<u>41,172,507</u>
Noncurrent liabilities:			
Long-term obligations	<u>309,704,916</u>	<u>110,881,847</u>	<u>420,586,763</u>
Total noncurrent liabilities	<u>309,704,916</u>	<u>110,881,847</u>	<u>420,586,763</u>
Total liabilities	<u>333,518,066</u>	<u>128,241,204</u>	<u>461,759,270</u>
Deferred inflow of resources:			
Deferred inflows - leases	683,489	2,844,892	3,528,381
Deferred inflows - pensions	16,214,838	1,820,348	18,035,186
Deferred inflows - other post employment benefit	9,159,652	460,257	9,619,909
Total deferred inflow of resources	<u>26,057,979</u>	<u>5,125,497</u>	<u>31,183,476</u>
Net Position:			
Net investment in capital assets	24,925,263	147,011,627	171,936,890
Restricted for:			
Various endowments:			
Expendable	15,378,383	-	15,378,383
Nonexpendable	2,873,129	-	2,873,129
Public improvements	11,496,764	-	11,496,764
Education	6,530,383	-	6,530,383
Housing and development	2,614,551	-	2,614,551
Debt service	-	23,957,716	23,957,716
Unrestricted (deficit)	<u>(23,189,960)</u>	<u>19,708,123</u>	<u>(3,481,837)</u>
Total net position	<u>\$ 40,628,513</u>	<u>\$ 190,677,466</u>	<u>\$ 231,305,979</u>

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

**CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 9,445,044	\$ 6,221,067	\$ 1,870,523	\$ 2,312,415	\$ 958,961	\$ -	\$ 958,961
General education	53,920,151	1,515,323	27,455,696	2,647,201	(22,301,931)	-	(22,301,931)
Public safety	41,638,363	3,996,902	785,502	55,017	(36,800,942)	-	(36,800,942)
Public services	13,851,090	284,519	16,297	2,418,514	(11,131,760)	-	(11,131,760)
Planning	701,485	-	-	293,115	(408,370)	-	(408,370)
Zoning and inspections	907,807	3,238,771	-	-	2,330,964	-	2,330,964
Human services	3,732,152	(37,216)	1,022,941	-	(2,746,427)	-	(2,746,427)
Interest expense	4,373,142	-	-	-	(4,373,142)	-	(4,373,142)
Total governmental activities	<u>128,569,234</u>	<u>15,219,366</u>	<u>31,150,959</u>	<u>7,726,262</u>	<u>(74,472,647)</u>	<u>-</u>	<u>(74,472,647)</u>
Business-type activities:							
Water Department	15,184,159	20,690,326	-	472,272	-	5,978,439	5,978,439
Water Pollution Control	17,277,555	18,434,286	-	561,208	-	1,717,939	1,717,939
Recreational and parking facilities	2,793,199	3,710,878	-	-	-	917,679	917,679
Total business-type activities	<u>35,254,913</u>	<u>42,835,490</u>	<u>-</u>	<u>1,033,480</u>	<u>-</u>	<u>8,614,057</u>	<u>8,614,057</u>
Total Primary Government	<u>\$ 163,824,147</u>	<u>\$ 58,054,856</u>	<u>\$ 31,150,959</u>	<u>\$ 8,759,742</u>	<u>(74,472,647)</u>	<u>8,614,057</u>	<u>(65,858,590)</u>
General revenues:							
Property taxes					90,310,240		90,310,240
Grants and contributions not restricted to specific programs					4,290,468		4,290,468
Investment income					6,444,991	641,517	7,086,508
Transfers					(973,900)	973,900	-
Total general revenues and transfers					<u>100,071,799</u>	<u>1,615,417</u>	<u>101,687,216</u>
Change in net position					25,599,152	10,229,474	35,828,626
Net Position at Beginning of Year					<u>15,029,361</u>	<u>180,447,992</u>	<u>195,477,353</u>
Net Position at End of Year					<u>\$ 40,628,513</u>	<u>\$ 190,677,466</u>	<u>\$ 231,305,979</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 7,514,654	\$ 2,820,237	\$ 84,968	\$ 117,217,624	\$ 9,803,263	\$ 137,440,746
Investments	52,124,940	-	-	18,234,579	-	-	70,359,519
Receivables:							
Property taxes	1,082,661	-	-	-	-	-	1,082,661
Motor vehicle excise	352,496	-	-	-	-	-	352,496
Intergovernmental	-	168,242	348,546	-	108,556	2,582,150	3,207,494
Note/loan	1,733,300	-	723,331	-	-	582,954	3,039,585
Leases	388,144	295,345	-	-	-	-	683,489
Other	1,463,392	-	-	-	-	-	1,463,392
Total Assets	<u>\$ 57,144,933</u>	<u>\$ 7,978,241</u>	<u>\$ 3,892,114</u>	<u>\$ 18,319,547</u>	<u>\$ 117,326,180</u>	<u>\$ 12,968,367</u>	<u>\$ 217,629,382</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Cash overdraft	\$ 20,858,656	\$ -	\$ -	\$ -	\$ -	\$ 2,116,616	\$ 22,975,272
Accounts payable	1,981,485	854,918	205,686	68,035	6,096,733	1,497,475	10,704,332
Accrued liabilities	1,380,048	297,595	-	-	-	45,134	1,722,777
Other liabilities	434,844	-	-	-	-	-	434,844
Total liabilities	<u>24,655,033</u>	<u>1,152,513</u>	<u>205,686</u>	<u>68,035</u>	<u>6,096,733</u>	<u>3,659,225</u>	<u>35,837,225</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	956,688	-	-	-	-	-	956,688
Unavailable revenue - loans receivable	-	-	723,330	-	-	582,954	1,306,284
Unavailable revenue - leases	388,144	295,345	-	-	-	-	683,489
Unavailable revenue - intergovernmental receivable	-	-	348,547	-	108,556	5,080,932	5,538,035
Total deferred inflows of resources	<u>1,344,832</u>	<u>295,345</u>	<u>1,071,877</u>	<u>-</u>	<u>108,556</u>	<u>5,663,886</u>	<u>8,484,496</u>
Fund balances:							
Nonspendable	1,733,300	-	-	2,873,129	-	-	4,606,429
Restricted	-	6,530,383	2,614,551	15,378,383	105,548,382	1,265,865	131,337,564
Committed	1,378,558	-	-	-	5,572,509	131,663	7,082,730
Assigned	-	-	-	-	-	2,790,016	2,790,016
Unassigned	28,033,210	-	-	-	-	(542,288)	27,490,922
Total fund balances	<u>31,145,068</u>	<u>6,530,383</u>	<u>2,614,551</u>	<u>18,251,512</u>	<u>111,120,891</u>	<u>3,645,256</u>	<u>173,307,661</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 57,144,933</u>	<u>\$ 7,978,241</u>	<u>\$ 3,892,114</u>	<u>\$ 18,319,547</u>	<u>\$ 117,326,180</u>	<u>\$ 12,968,367</u>	<u>\$ 217,629,382</u>

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 173,307,661
--	----------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 239,330,982	
Less accumulated depreciation	(82,070,172)	
Net capital assets		157,260,810

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

Net pension asset	6,687,230
Unavailable property taxes, loans and grant revenues	7,801,007
Allowance for doubtful accounts	(1,217,133)
Miscellaneous adjustments	(111,770)
Property tax and loan interest accrual	653,501

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 fund are reported with governmental activities in the statement of net assets.

168,457

Long-term liabilities, including bonds payable and deferred inflows of resources, are not due and payable in the current period, and therefore, are not reported in the funds:

Bonds payable	(117,685,000)
Bond premium	(15,215,769)
Interest payable on bonds and notes	(1,090,199)
Claims and judgments	(155,820)
Compensated absences	(6,237,300)
Net pension liability	(121,712,112)
Net OPEB liability	(58,461,135)

Certain transactions related to pensions, leases and refunding of debt have deferred outflows and inflows not required to be reported in the funds:

Deferred outflows of resources - refunding of debt	565,223
Deferred outflows of resources - other post employment benefit	6,890,282
Deferred inflows of resources - other post employment benefit	(9,159,652)
Deferred outflows of resources - pensions	34,555,070
Deferred inflows of resources - pensions	(16,214,838)

Net Position of Governmental Activities (Exhibit I)	\$ <u>40,628,513</u>
---	----------------------

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>School Unrestricted Fund</u>	<u>Community Development Block Grant</u>	<u>Permanent Funds</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes	\$ 90,022,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,022,876
Intergovernmental revenues	5,324,082	19,021,082	536,661	-	3,461,299	10,852,926	39,196,050
Charges for services	13,084,536	1,345,708	112,768	-	611,600	169,615	15,324,227
Use of money and property	451,479	104,776	12,794	2,006,275	3,102,385	392,108	6,069,817
Contributions	186,509	523,644	-	20,000	1,778,442	298,489	2,807,084
Other revenues	30,996	14,127	-	-	-	-	45,123
Total revenues	<u>109,100,478</u>	<u>21,009,337</u>	<u>662,223</u>	<u>2,026,275</u>	<u>8,953,726</u>	<u>11,713,138</u>	<u>153,465,177</u>
Expenditures:							
Current:							
General government	8,868,311	-	-	-	-	312,232	9,180,543
General education	-	47,686,875	-	-	-	8,560,650	56,247,525
Public safety	40,207,867	-	-	-	-	190,817	40,398,684
Public services	10,853,586	-	-	-	-	363,143	11,216,729
Planning	413,391	-	-	-	-	108,977	522,368
Zoning and inspections	1,046,439	-	-	-	-	-	1,046,439
Human services	2,115,137	-	715,295	405,441	-	486,280	3,722,153
Pension expenditures	1,331,927	-	-	-	-	-	1,331,927
Debt service:							
Principal	3,195,000	-	-	-	-	-	3,195,000
Interest	5,149,505	-	-	-	-	-	5,149,505
Capital outlays	256,458	72,034	-	-	19,527,945	1,493,771	21,350,208
Total expenditures	<u>73,437,621</u>	<u>47,758,909</u>	<u>715,295</u>	<u>405,441</u>	<u>19,527,945</u>	<u>11,515,870</u>	<u>153,361,081</u>
Excess (Deficiency) of Revenues over Expenditures	<u>35,662,857</u>	<u>(26,749,572)</u>	<u>(53,072)</u>	<u>1,620,834</u>	<u>(10,574,219)</u>	<u>197,268</u>	<u>104,096</u>
Other Financing Sources (Uses):							
Transfers in from other funds	16,899	27,277,681	-	-	4,590,812	465,357	32,350,749
Transfers out to other funds	(31,642,600)	-	-	(44,750)	(295,304)	(1,341,995)	(33,324,649)
Total other financing sources (uses)	<u>(31,625,701)</u>	<u>27,277,681</u>	<u>-</u>	<u>(44,750)</u>	<u>4,295,508</u>	<u>(876,638)</u>	<u>(973,900)</u>
Net Change in Fund Balances	4,037,156	528,109	(53,072)	1,576,084	(6,278,711)	(679,370)	(869,804)
Fund Balances at Beginning of Year	<u>27,107,912</u>	<u>6,002,274</u>	<u>2,667,623</u>	<u>16,675,428</u>	<u>117,399,602</u>	<u>4,324,626</u>	<u>174,177,465</u>
Fund Balances at End of Year	<u>\$ 31,145,068</u>	<u>\$ 6,530,383</u>	<u>\$ 2,614,551</u>	<u>\$ 18,251,512</u>	<u>\$ 111,120,891</u>	<u>\$ 3,645,256</u>	<u>\$ 173,307,661</u>

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds \$ (869,804)

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	21,532,778
Depreciation expense	(6,987,668)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not in the statement of activities:

Property tax receivable - accrual basis change	142,939
Property tax and loan interest receivable	(268,426)
Change in allowance for doubtful accounts	267,219
Activity related to property tax and loan receivable	1,942,653
Change in net pension assets	(459,276)
Change in deferred outflows - related to pensions	4,143,670
Change in deferred outflows - related to OPEB	(418,410)

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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	3,195,000
Amortization of deferred refunding of debt	(62,802)
Amortization of bond premiums	804,232

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:

Change in compensated absences	4,579
Change in accrued interest	34,605
Change in claims and judgments	(55,820)
Change in deferred inflows - related to pensions	5,007,975
Change in deferred inflows - related to OPEB	1,262,921
Change in net pension liability	(4,843,339)
Change in net OPEB liability	<u>1,226,126</u>

Change in Net Position of Governmental Activities (Exhibit II) \$ 25,599,152

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 89,868,795	\$ 89,868,795	\$ 90,022,875	\$ 154,080
Intergovernmental revenues	3,779,782	3,779,782	5,324,082	1,544,300
Charges for services	10,828,853	10,828,853	13,084,536	2,255,683
Use of money and property	442,000	442,000	451,479	9,479
Other revenues	111,500	111,500	217,506	106,006
Total revenues	<u>105,030,930</u>	<u>105,030,930</u>	<u>109,100,478</u>	<u>4,069,548</u>
Expenditures:				
General government:				
Mayor and City Council	141,173	197,173	194,403	2,770
City Manager	1,102,823	1,103,747	1,093,974	9,773
City Solicitor	553,613	553,613	528,490	25,123
Canvassing	292,348	292,348	239,744	52,604
City Clerk	636,783	646,283	689,101	(42,818)
Finance	4,976,505	4,997,462	5,394,445	(396,983)
Reserve accounts	965,000	910,836	1,026,031	(115,195)
Public Safety:				
Police Department	18,808,439	19,100,037	19,116,637	(16,600)
Fire Department	20,822,958	21,143,423	21,105,489	37,934
Public Services	11,558,545	12,931,214	12,176,465	754,749
Planning	583,745	586,025	413,391	172,634
Zoning and Inspections	1,111,636	1,113,101	1,046,439	66,662
Human Services:				
Donations	145,200	145,200	142,500	2,700
Public Library	1,972,637	1,972,637	1,972,637	-
Pension expenditures	1,475,000	1,475,000	1,331,927	143,073
Debt service	8,400,382	8,400,382	8,344,505	55,877
Total expenditures	<u>73,546,787</u>	<u>75,568,481</u>	<u>74,816,178</u>	<u>752,303</u>
Excess of Revenues over Expenditures	<u>31,484,143</u>	<u>29,462,449</u>	<u>34,284,300</u>	<u>4,821,851</u>
Other Financing Sources (Uses):				
Transfers in	-	-	16,899	16,899
Transfers out	(31,484,143)	(31,484,143)	(31,642,600)	(158,457)
Total other financing sources (uses)	<u>(31,484,143)</u>	<u>(31,484,143)</u>	<u>(31,625,701)</u>	<u>(141,558)</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(2,021,694)</u>	2,658,599	\$ <u>4,680,293</u>
Fund Balance at Beginning of Year			<u>27,107,911</u>	
Fund Balance at End of Year			\$ <u>29,766,510</u>	

*A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP is located on footnote 2B

The accompanying notes are an integral part of the financial statements

**CITY OF NEWPORT, RHODE ISLAND
SCHOOL UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues:				
Federal revenues	\$ 1,427,000	\$ 1,427,000	\$ 1,236,634	\$ (190,366)
State revenues	14,900,630	14,900,630	15,633,109	732,479
Local revenues	1,206,000	1,206,000	1,988,255	782,255
Total revenues	<u>17,533,630</u>	<u>17,533,630</u>	<u>18,857,998</u>	<u>1,324,368</u>
Expenditures:				
General education	<u>44,811,311</u>	<u>44,811,311</u>	<u>45,607,570</u>	<u>(796,259)</u>
Excess of Expenditures over Revenues	(27,277,681)	(27,277,681)	(26,749,572)	528,109
Other Financing Sources:				
Transfers in	<u>27,277,681</u>	<u>27,277,681</u>	<u>27,277,681</u>	<u>-</u>
Net Change in Fund Balances	\$ <u>-</u>	\$ <u>-</u>	528,109	\$ <u>528,109</u>
Fund Balances at Beginning of Year			<u>6,002,274</u>	
Fund Balances at End of Year	\$ 44,811,311		<u>\$ 6,530,383</u>	

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

	<u>School Unrestricted</u>	
	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis, June 30, 2023	\$ 18,857,998	\$ 45,607,570
State teachers' retirement on-behalf payments	<u>2,151,339</u>	<u>2,151,339</u>
Balance, GAAP Basis, Exhibit IV - June 30, 2023	<u>\$ 21,009,337</u>	<u>\$ 47,758,909</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds			Total	Internal Service Fund
	Water Fund	W.P.C. Fund	Nonmajor Funds		
Assets:					
Current assets:					
Cash and cash equivalents	\$ 2,428,461	\$ 16,248,709	\$ 6,117,148	\$ 24,794,318	\$ 213,245
Investments	-	-	1,679,679	1,679,679	-
Accounts receivable:					
User fees (net of allowances)	2,796,251	3,201,904	296,256	6,294,411	-
Other	-	-	-	-	2,778
Leases receivable, current	34,077	-	247,767	281,844	-
Prepaid expense	-	-	44,343	44,343	-
Supplies and materials	671,762	179,590	-	851,352	25,146
Total current assets	<u>5,930,551</u>	<u>19,630,203</u>	<u>8,385,193</u>	<u>33,945,947</u>	<u>241,169</u>
Noncurrent assets:					
Cash and cash equivalents - restricted	17,380,617	6,577,099	-	23,957,716	-
Leases receivable, long-term	971,045	-	1,592,003	2,563,048	-
Capital assets, net of accumulated depreciation	129,445,639	124,944,399	6,882,096	261,272,134	26,065
Total noncurrent assets	<u>147,797,301</u>	<u>131,521,498</u>	<u>8,474,099</u>	<u>287,792,898</u>	<u>26,065</u>
Total assets	<u>153,727,852</u>	<u>151,151,701</u>	<u>16,859,292</u>	<u>321,738,845</u>	<u>267,234</u>
Deferred outflow of resources:					
Deferred outflows - pension	1,554,742	383,996	88,961	2,027,699	-
Deferred outflows - other post employment benefit	267,419	7,728	2,476	277,623	-
Total deferred outflow of resources	<u>1,822,161</u>	<u>391,724</u>	<u>91,437</u>	<u>2,305,322</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	1,230,839	2,822,722	924,062	4,977,623	95,802
Accrued expenses	1,493,497	608,779	62,458	2,164,734	2,975
Escrow held in Trust	-	99,000	-	99,000	-
Current portion bonds payable	5,419,000	4,699,000	-	10,118,000	-
Total current liabilities	<u>8,143,336</u>	<u>8,229,501</u>	<u>986,520</u>	<u>17,359,357</u>	<u>98,777</u>
Long-term liabilities:					
Bonds payable	58,533,099	45,609,408	-	104,142,507	-
Net pension liability	3,661,190	903,998	213,085	4,778,273	-
Net OPEB liability	1,809,409	151,658	-	1,961,067	-
Total long-term liabilities	<u>64,003,698</u>	<u>46,665,064</u>	<u>213,085</u>	<u>110,881,847</u>	<u>-</u>
Total liabilities	<u>72,147,034</u>	<u>54,894,565</u>	<u>1,199,605</u>	<u>128,241,204</u>	<u>98,777</u>
Deferred inflow of resources:					
Deferred inflows - leases	1,005,122	-	1,839,770	2,844,892	-
Deferred inflows - pension	1,394,780	344,390	81,178	1,820,348	-
Deferred inflows - other post employment benefit	452,343	2,286	5,628	460,257	-
Total deferred inflow of resources	<u>2,852,245</u>	<u>346,676</u>	<u>1,926,576</u>	<u>5,125,497</u>	<u>-</u>
Net position:					
Net investment in capital assets	65,493,540	74,635,991	6,882,096	147,011,627	26,065
Restricted by regulatory agencies and bond covenants	17,380,617	6,577,099	-	23,957,716	-
Unrestricted	<u>(2,323,423)</u>	<u>15,089,094</u>	<u>6,942,452</u>	<u>19,708,123</u>	<u>142,392</u>
Total Net Position	<u>\$ 80,550,734</u>	<u>\$ 96,302,184</u>	<u>\$ 13,824,548</u>	<u>\$ 190,677,466</u>	<u>\$ 168,457</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	W.P.C. Fund	Nonmajor Funds	Total	Internal Service Fund
Operating revenues:					
User fees	\$ 19,907,676	\$ 18,859,053	\$ 3,710,878	\$ 42,477,607	\$ 1,545,853
Other revenues	1,254,922	136,441	-	1,391,363	-
Total operating revenues	<u>21,162,598</u>	<u>18,995,494</u>	<u>3,710,878</u>	<u>43,868,970</u>	<u>1,545,853</u>
Operating expenses:					
Salaries and benefits	4,692,800	1,432,732	634,164	6,759,696	78,088
Materials and supplies	1,329,914	118,556	61,926	1,510,396	510,186
Repairs and maintenance	437,096	292,796	536,438	1,266,330	117,905
Support services	85,868	7,393,571	545,769	8,025,208	811,565
Utilities	1,508,113	612,626	67,471	2,188,210	22,741
Administrative and other	1,251,185	904,540	657,488	2,813,213	-
Property taxes	464,475	-	-	464,475	-
Depreciation	3,288,189	5,086,837	289,943	8,664,969	5,368
Total operating expenses	<u>13,057,640</u>	<u>15,841,658</u>	<u>2,793,199</u>	<u>31,692,497</u>	<u>1,545,853</u>
Operating Income	<u>8,104,958</u>	<u>3,153,836</u>	<u>917,679</u>	<u>12,176,473</u>	<u>-</u>
Nonoperating revenues and expenses:					
Investment income (loss)	410,446	183,256	47,815	641,517	-
Interest expense	(2,126,519)	(1,435,897)	-	(3,562,416)	-
Net operating revenues and expenses	<u>(1,716,073)</u>	<u>(1,252,641)</u>	<u>47,815</u>	<u>(2,920,899)</u>	<u>-</u>
Income Before Transfers	6,388,885	1,901,195	965,494	9,255,574	
Transfers:					
Transfers in	-	1,273,900	-	1,273,900	-
Transfers out	-	-	(300,000)	(300,000)	-
Change in Net Position	6,388,885	3,175,095	665,494	10,229,474	-
Net Position at Beginning of Year	<u>74,161,849</u>	<u>93,127,089</u>	<u>13,159,054</u>	<u>180,447,992</u>	<u>168,457</u>
Net Position at End of Year	<u>\$ 80,550,734</u>	<u>\$ 96,302,184</u>	<u>\$ 13,824,548</u>	<u>\$ 190,677,466</u>	<u>\$ 168,457</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	W.P.C. Fund	Nonmajor Funds	Total	Internal Service Fund
Cash Flows from Operating Activities:					
Cash received from customers	\$ 20,708,397	\$ 18,924,188	\$ 4,009,220	\$ 43,641,805	\$ 1,592,527
Cash payments to suppliers for goods and services	(3,676,051)	(8,737,680)	(702,701)	(13,116,432)	(1,547,314)
Cash payments to employees for services	(5,386,791)	(1,477,667)	(660,119)	(7,524,577)	(77,649)
Payment of property taxes	(464,475)	-	-	(464,475)	-
Payment of administrative expense	(1,251,185)	(904,540)	(657,488)	(2,813,213)	-
Net cash provided by (used in) operating activities	<u>9,929,895</u>	<u>7,804,301</u>	<u>1,988,912</u>	<u>19,723,108</u>	<u>(32,436)</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans and transfers	-	1,273,900	(300,000)	973,900	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>1,273,900</u>	<u>(300,000)</u>	<u>973,900</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(5,038,397)	(3,735,753)	(870,192)	(9,644,342)	-
Proceeds from borrowing	613,973	1,096,371	-	1,710,344	-
Principal paid on bonds, notes and loans	(5,143,000)	(4,978,194)	-	(10,121,194)	-
Interest paid on bonds, notes and loans	(2,153,140)	(1,492,631)	-	(3,645,771)	-
Net cash provided by (used in) capital and related financing activities	<u>(11,720,564)</u>	<u>(9,110,207)</u>	<u>(870,192)</u>	<u>(21,700,963)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Investment income	410,446	203,160	59,463	673,069	-
Net cash provided by (used in) investing activities	<u>410,446</u>	<u>203,160</u>	<u>59,463</u>	<u>673,069</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,380,223)	171,154	878,183	(330,886)	(32,436)
Cash and Cash Equivalents at Beginning of Year	21,189,301	22,654,654	5,238,965	49,082,920	245,681
Cash and Cash Equivalents at End of Year	\$ 19,809,078	\$ 22,825,808	\$ 6,117,148	\$ 48,752,034	\$ 213,245
Reconciliation of Operating Income to Net Cash					
Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 8,104,958	\$ 3,153,836	\$ 917,679	\$ 12,176,473	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,288,189	5,086,837	289,943	8,664,969	5,368
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(454,201)	(231,139)	298,342	(386,998)	-
Decrease (Increase) in accounts receivable - other	-	-	-	-	15,274
Decrease (Increase) in leases receivable	(262,176)	-	200,111	-	-
Decrease (Increase) in due from other funds	-	159,833	-	159,833	31,400
Decrease (Increase) in inventory	(380,796)	(74,916)	-	(455,712)	12,767
Decrease (Increase) in deferred outflows of resources:					
Deferred outflows - pension	(811,780)	(216,609)	(46,538)	-	-
Deferred outflows - other post employment benefit	12,950	1,085	-	-	-
(Decrease) Increase in accounts payable	94,210	(245,215)	509,263	358,258	(97,684)
(Decrease) Increase in accrued expenses	67,529	9,346	3,770	80,645	439
(Decrease) Increase in leases payable	(5,961)	-	-	(5,961)	-
(Decrease) Increase in due to other funds	(22,513)	-	-	(22,513)	-
(Decrease) Increase net pension liability	535,004	195,153	31,330	761,487	-
(Decrease) Increase net other post employment benefit liability	(207,436)	(1,814)	-	(209,250)	-
(Decrease) Increase in deferred inflows of resources:					
Deferred inflows - leases	-	-	-	-	-
Deferred inflows - pension	(251,170)	(28,820)	(200,471)	-	-
Deferred inflows - other post employment benefit	(39,088)	(3,276)	(14,517)	-	-
Net Cash Provided by (Used in) Operating Activities	\$ 9,929,895	\$ 7,804,301	\$ 1,988,912	\$ 19,723,108	\$ (32,436)
Noncash Investing, Capital and Related Financing Transactions:					
Increase (decrease) in fair value of investments			\$ (11,648)	\$ (11,648)	

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds Expendable Scholarship Funds	Custodial Fund Henderson Home
Assets:			
Cash and cash equivalents	\$ 980,544	\$ 31,581	\$ 136,512
Investments, at fair value:			
Fixed income mutual funds	31,158,643	-	-
Domestic equity mutual funds	146,031,964	-	-
International equity mutual funds	27,255,567	-	-
Alternative investments	36,211,082	-	2,063
Total investments	<u>240,657,256</u>	<u>-</u>	<u>2,063</u>
Total assets	<u>241,637,800</u>	<u>31,581</u>	<u>138,575</u>
Liabilities:			
Accounts payable	<u>122,530</u>	<u>-</u>	<u>1,616</u>
Net Position:			
Restricted for pension	176,238,819	-	-
Restricted for other post-employment benefits	65,276,451	-	-
Restricted for trust purposes	-	31,581	-
Restricted for Henderson Home	-	-	136,959
Total net position	<u>\$ 241,515,270</u>	<u>\$ 31,581</u>	<u>\$ 136,959</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds Expendable Scholarship Funds	Custodial Fund Henderson Home
Additions:			
Contributions:			
Employees	\$ 998,727	\$ -	\$ -
Employer	18,352,511	-	-
Contributions	-	10,000	64,950
Tenant rent	-	-	20,398
Other	-	-	110
Total contributions	<u>19,351,238</u>	<u>10,000</u>	<u>85,458</u>
Investment income (loss):			
Net change in fair value of investments	17,509,188	-	-
Interest and dividends	<u>4,322,008</u>	<u>-</u>	<u>-</u>
Total investment income (loss)	21,831,196	-	-
Less investment expenses	<u>370,848</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>21,460,348</u>	<u>-</u>	<u>-</u>
Total additions	<u>40,811,586</u>	<u>10,000</u>	<u>85,458</u>
Deductions:			
Benefits	21,139,109	-	-
Administration	180,085	-	-
Awards	-	10,000	-
Operations	<u>-</u>	<u>-</u>	<u>76,734</u>
Total deductions	<u>21,319,194</u>	<u>10,000</u>	<u>76,734</u>
Change in Net Position	19,492,392	-	8,724
Net Position at Beginning of Year	<u>222,022,878</u>	<u>31,581</u>	<u>128,235</u>
Net Position at End of Year	<u>\$ 241,515,270</u>	<u>\$ 31,581</u>	<u>\$ 136,959</u>

The accompanying notes are an integral part of the financial statements

1. 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 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; recreation, beach and parks; and planning and zoning 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.

Related Organization - Innovate Newport, Inc. is a 501 (c)(3) not-for-profit incorporated in December 2018 to promote a technology incubator and co-work facility providing shared collaborative space for entrepreneurs, innovators and start-up businesses. The corporation is governed by a 5-9 member Board of Directors consisting of the City Manager of the City of Newport, a member appointed by the Rhode Island Commerce Department, a member appointed by the Newport County Chamber of Commerce, and the rest appointed by the City Manager of Newport. The City's accountability for the organization does not extend beyond making these appointments. The City leases the building and grounds to Innovate Newport.

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.

CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, custodial funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

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.

CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

The *School Unrestricted Fund* is the School's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

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 Fund* is used to account for resources legally held in trust for specific functions, normally provided by governments. The Permanent Fund also includes scholarships that provide educational support for Newport students or educational purposes provided by the Newport Public School District. 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 collection and treatment of stormwater, 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.

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 *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 *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.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 *Custodial Fund* is used to report fiduciary activity resources that are not held in a trust agreement or equivalent arrangement that meets specific criteria. The Henderson Home for Men is a small organization that provides affordable senior housing for men in the City of Newport. The City is currently accounting for the organization's revenues, cash and expenditures. The City has no control over the organization, which is governed by its own Board of Directors with an Executive Director that reports to the Board. The City administration agreed in fiscal year 2021 to perform simple accounting processes until such time as the Board determines that the functions can be performed by the organization.

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.

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 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. 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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, the permanent fund 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 and permanent fund assets is vested with a commission appointed by and accountable to the City Council.

E. 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, 2023, is equal to 33% 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%.

F. Inventories and Prepaid Items

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

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. Prepayments will be recognized as an expenditure during the period benefited by the prepayment.

G. 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 acquisition 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:

<u>Assets</u>	<u>Years</u>
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

H. 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, except that police officers hired after July 1, 2014 and firefighters hired after July 1, 2015 are capped at 300 hours.
 - Police officers are capped at \$25,000 maximum payout for sick leave; firefighter sick leave payout is capped at the higher of the accrued amount in existence at January 1, 2016 or \$25,000.
- 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 to be paid out upon separation, except that an employee with twenty or more years of service as of his/her retirement date is allowed to accumulate 65 days in year leading up to retirement all of which will be paid out at retirement; 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.

I. Net Pension and OPEB Liabilities

The net pension and OPEB liabilities are measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension/OPEB liability), net of the pension/OPEB plan's fiduciary net position. The pension/OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the pension/OPEB plan for purposes of preparing its statement of fiduciary net position. The net pension/OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

J. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Newport OPEB Plan and additions to/deductions from the City's fiduciary net position have been determined on the economic resources' basis using full accrual accounting. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

K. 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 a straight-line 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.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to deferred charge on refunding, pension and OPEB in the government-wide and business-type activities, and on pension and OPEB in the enterprise funds statements of net position. A deferred outflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension or OPEB expense, as applicable, in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions, OPEB and leases in the government-wide and business-type activities and in the enterprise funds statements of net position. A deferred inflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension or OPEB expense, as applicable, in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

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 four sources: property taxes, loans receivable, intergovernmental receivables and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Police and Fire Pension Plans have been determined on the economic resources' basis using full accrual accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Rhode Island Teacher's Retirement System, The State of Rhode Island Teachers Survivor Benefits Fund and the State of Rhode Island Municipal Retirement System Pension Plans have been determined on the same basis as they are reported by the State of Rhode Island Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and enterprise fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. If the lessor does not provide an interest rate, then the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for noncancellable leases of buildings, land and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and enterprise fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of known fixed payments from the lessee. Any payments tied to performance, for example, ticket sales, are not included except for the known and specified minimum payment.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

O. 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 assets because they are maintained in separate escrow accounts managed by trustees in accordance with bond covenants. These include debt service reserves and capitalized interest.

The Water Fund has additional cash on the balance sheet 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.

P. 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.

Q. 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.

R. 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 or committed. Only the City Council or School Committee may assign fund balance. Unassigned fund balance is the residual classification for the general fund, the school unrestricted fund, and deficit fund balances in other funds.

S. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

T. Reclassifications

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

2. 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 those budgetary expenditures for goods and nonemployment 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. The difference between the original and final expenditure budget for the City included \$1,446,694 in prior year appropriation carryovers, and an appropriation of fund balance of \$575,000 to pay for increased waste management contractual obligations.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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 GAAP basis includes encumbrances that are not recognized under the budgetary basis.

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

	General Fund		
	Revenues and Transfers In	Expenditures and Transfers Out	Fund Balance
Balance, Budgetary Basis, Exhibit V - June 30, 2023	\$ 109,117,377	\$ 106,458,778	\$ 29,766,510
Variance		1	
Encumbrances outstanding at June 30, 2023		(1,378,558)	1,378,558
Balance, GAAP Basis, Exhibit IV - June 30, 2023	<u>\$ 109,117,377</u>	<u>\$ 105,080,221</u>	<u>\$ 31,145,068</u>

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 2023 appropriations (after approved transfers).

Department	Expenditures in Excess of Budget
Reserve Accounts	\$ 115,195
Finance	396,983
City Clerk	42,818
Police Department	16,600
Transfers Out	158,457

The deficits above were offset by expenditure savings in other departments or revenues above what was anticipated.

D. Deficit Funds Equity

The School Restricted Funds had a fund deficit of \$542,288 due to grant timing of revenues versus expenditures.

E. Donor Restricted Endowments

Investments in marketable equity and all debt securities are carried at fair 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, 2023 was \$1,576,084 and is reported in restricted net position.

3. 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 fair value of the deposit. At June 30, 2023, 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.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

As of June 30, 2023, the City's bank balance of \$165,765,457 was insured and collateralized as follows:

Insured	\$ 1,035,462
Collateralized:	
Collateral held by the pledging bank's trust department in the City's name	<u>164,729,995</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 165,765,457</u></u>

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, 2023, the City's investments (including restricted investments) consisted of the following:

Debt Securities:					
Money market funds	\$ 801,299	\$ 801,299	\$	\$	\$
Certificates of deposit	46,323,097	35,097,015	8,597,411	1,890,395	738,276
U.S. Government agency securities	1,176,785	2,815	19,327	45,795	1,108,848
Fixed income mutual funds	36,875,788	567,450	11,836,776	17,505,557	6,966,005
	<u>85,176,969</u>	<u>\$ 36,468,579</u>	<u>\$ 20,453,514</u>	<u>\$ 19,441,747</u>	<u>\$ 8,813,129</u>
Other Investments:					
Alternative investments	36,211,082				
Equity mutual funds	<u>191,449,705</u>				
Total	312,837,756				
Money market funds classified as cash equivalents	<u>(615,789)</u>				
	<u><u>\$ 312,221,967</u></u>				

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2023:

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 1,176,784	\$ 1,176,784	\$	\$
Mutual funds	222,677,325	175,771,622	46,905,703	
Alternative investments	36,211,082		31,592,166	4,618,916
Certificates of deposit	46,323,097	46,323,097		
Money market	801,299	185,510	615,789	
Total Investments by Fair Value Level	\$ 307,189,587	\$ 223,457,013	\$ 79,113,658	\$ 4,618,916

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Alternative investments classified in Level 3 are valued using discounted cash flow techniques.

U.S. Government Securities

U.S. Government securities are valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds

Mutual funds are valued at the quoted price of shares held by the City at year end.

Alternative Investments

Alternative investments are valued by incorporating subjective judgments and assumptions including capitalization rates, discount rates, cash flows and other factors that are not observable in the market. The alternative investment's valuation uses significant unobservable inputs.

Certificates of Deposit

Certificates of deposit are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

Money Market

Money market funds are valued at the closing price reported in the active market in which the fund is traded.

Interest Rate Risk

The City does have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The City mitigates market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The City shall maintain a minimum of two months of budgeted operating expenditures, excluding capital project funding, in short-term investments.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The maximum percent of callable securities in the portfolio shall be 15%. The maximum percent of securities in the portfolio that have a greater than 5 years average life shall be 15%.

Foreign Currency Risk

The City does not have a Policy related to foreign currency investment risk. However, the City does not hold investments which are subject to foreign currency risk.

Credit Risk

The City Investment Policy requires that investments shall be diversified so as to limit overconcentration in securities from a specific issuer (excluding U.S. Treasury of Agency securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements. Allowable investment securities include U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States for payment of principal and interest; Federal Agency or U.S. government sponsored enterprises (GSE) such as the Federal National Mortgage Association obligations, participations or other instruments; time deposits in state or federally chartered banks, savings and loans, or credit unions provided that the amount per institution is limited to the maximum amount covered under federal insurance (FDIC); obligations of the state or any of its political subdivisions, or of any of the agencies, boards or commissions of the state or political subdivision; obligations of any state other Rhode Island or any of that other state's political subdivisions, provided that the obligations are rated not less than "A" by Standard and Poor or Moody's Investors Service; fully collateralized repurchase agreements, collateralized in accordance with Rhode Island laws, governed by a SIFMA master repurchase agreement and with a maximum maturity; and local government investment pools that invest in the types of investments that follow the credit guidelines enumerated by the above allowed investments.

Certificates of Deposit

Certificates of Deposit are all insured by FDIC insurance. The weighted average maturity of certificates of deposit held with Wells Fargo is 0.38 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 fixed income mutual funds had average ratings as follows by Standard & Poor's.

<u>Average Rating</u>	<u>Money Market Funds</u>	<u>U.S. Government Agency Securities</u>	<u>Fixed Income Funds</u>
AA+	\$ 786,470	\$ 1,176,784	
AA-			\$ 20,106,761
A-			16,769,027
	<u>\$ 786,470</u>	<u>\$ 1,176,784</u>	<u>\$ 36,875,788</u>

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

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.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject To Custodial Credit Risk</u>
U.S. Government Agency Securities	<u>\$1,176,784</u>	<u>\$500,000</u>	<u>\$ 676,784</u>

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 6.75% for the pension plans, and 6.75% for 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, 2023 totaled \$258,888,406.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

4. RECEIVABLES

At June 30, 2023, receivables, including the applicable allowances for doubtful accounts, are as follows:

Governmental Activities

	<u>General</u>	<u>School Unrestricted Fund</u>	<u>CDBG Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Govern- mental Funds</u>	<u>Total</u>
Taxes	\$ 1,435,157	\$	\$	\$	\$	\$ 1,435,157
Intergovernmental		168,242	348,546	108,556	2,582,150	3,207,494
Interest	637,488 *		16,013 *			653,501
Leases	388,144	295,345				683,489
Other	1,466,170 *					1,466,170
Notes/loans	1,733,300		723,331		582,954	3,039,585
	<u>5,660,259</u>	<u>463,587</u>	<u>1,087,890</u>	<u>108,556</u>	<u>3,165,104</u>	<u>10,485,396</u>
Less allowance for doubtful accounts	<u>(816,395) *</u>		<u>(295,738) *</u>		<u>(105,000) *</u>	<u>(1,217,133)</u>
	<u>4,843,864</u>	<u>463,587</u>	<u>792,152</u>	<u>108,556</u>	<u>3,060,104</u>	<u>9,268,263</u>
Less current portion	<u>3,178,357</u>	<u>224,929</u>	<u>408,461</u>	<u>108,556</u>	<u>2,608,050</u>	<u>6,528,353</u>
Net Long-Term Portion	<u>\$ 1,665,507</u>	<u>\$ 238,658</u>	<u>\$ 383,691</u>	<u>\$ -</u>	<u>\$ 452,054</u>	<u>\$ 2,739,910</u>

* Certain amounts are not included in the fund financial statements.

Business-type Activities

	<u>Water Fund</u>	<u>W.P.C. Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
User fees	\$ 2,871,251	\$ 3,251,904	\$ 296,256	\$ 6,419,411
Leases receivable	1,005,122		1,839,770	2,844,892
	<u>3,876,373</u>	<u>3,251,904</u>	<u>2,136,026</u>	<u>9,264,303</u>
Less allowance for doubtful accounts	<u>(75,000)</u>	<u>(50,000)</u>		<u>(125,000)</u>
	<u>3,801,373</u>	<u>3,201,904</u>	<u>2,136,026</u>	<u>9,139,303</u>
Less current portion	<u>2,830,328</u>	<u>3,201,904</u>	<u>544,023</u>	<u>6,576,255</u>
Net Long-Term Portion	<u>\$ 971,045</u>	<u>\$ -</u>	<u>\$ 1,592,003</u>	<u>\$ 2,563,048</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 4,811,286	\$ -	\$ -	\$ 4,811,286
Construction in progress	14,325,047	14,973,030	(6,289,943)	23,008,134
Total capital assets not being depreciated	<u>19,136,333</u>	<u>14,973,030</u>	<u>(6,289,943)</u>	<u>27,819,420</u>
Capital assets being depreciated:				
Buildings and structures	102,087,769	9,024,304		111,112,073
Machinery and equipment	10,166,664	367,348		10,534,012
Vehicles	9,668,126	1,035,509		10,703,635
Infrastructure	76,739,312	2,422,530		79,161,842
Total capital assets being depreciated	<u>198,661,871</u>	<u>12,849,691</u>	<u>-</u>	<u>211,511,562</u>
Total capital assets	<u>217,798,204</u>	<u>27,822,721</u>	<u>(6,289,943)</u>	<u>239,330,982</u>
Less accumulated depreciation:				
Buildings and structures	32,673,817	3,041,494	(47,553)	35,667,758
Machinery and equipment	6,440,148	748,316		7,188,464
Vehicles	6,656,827	796,673		7,453,500
Infrastructure	29,306,344	2,454,106		31,760,450
Total accumulated depreciation	<u>75,077,136</u>	<u>7,040,589</u>	<u>(47,553)</u>	<u>82,070,172</u>
Total capital assets being depreciated, net	<u>123,584,735</u>	<u>5,809,102</u>	<u>47,553</u>	<u>129,441,390</u>
Governmental Activities Capital Assets, Net	<u>\$ 142,721,068</u>	<u>\$ 20,782,132</u>	<u>\$ (6,242,390)</u>	<u>\$ 157,260,810</u>

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

General government	\$ 654,631
General education	1,803,002
Public safety	932,661
Public services	3,470,533
Planning	164,395
Human services	9,999
Capital assets held by the City's internal service fund are charged to various functions based on usage of the assets	<u>5,368</u>
	<u>\$ 7,040,589</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Business-Type Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 1, 2023
Capital assets not being depreciated				
Land and land improvements	\$ 6,824,959	\$ -	\$ -	\$ 6,824,959
Leased land	610,100			610,100
Construction in progress	4,821,043	1,019,835	(1,175,403)	4,665,475
Total capital assets not being depreciated	12,256,102	1,019,835	(1,175,403)	12,100,534
Capital assets being depreciated				
Buildings and systems	393,015,814	9,037,200		402,053,014
Machinery and equipment	5,258,191	203,927		5,462,118
Vehicles	2,818,694	559,239		3,377,933
Total capital assets being depreciated	401,092,699	9,800,366	-	410,893,065
Total capital assets	413,348,801	10,820,201	(1,175,403)	422,993,599
Less accumulated depreciation				
Buildings and systems	146,701,054	8,240,191		154,941,245
Machinery and equipment	4,559,513	110,753		4,670,266
Vehicles	1,795,929	314,025		2,109,954
Total accumulated depreciation	153,056,496	8,664,969	-	161,721,465
Total capital assets being depreciated, net	248,036,203	1,135,397	-	249,171,600
Net Capital Assets, Business-Type Activities	<u>\$260,292,305</u>	<u>\$ 2,155,232</u>	<u>\$ (1,175,403)</u>	<u>\$261,272,134</u>

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

Water	\$ 3,288,189
Water Pollution Control	5,086,837
Maritime	175,683
Parking	114,260
	<u>\$ 8,664,969</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

6. INTERFUND ACTIVITY

Transfers

A summary of interfund transfers for the year ended June 30, 2023 is as follows:

	Transfers In					Total Transfers Out
	General Fund	School Unrestricted Fund	Capital Projects Fund	Major Business-Type Funds	Nonmajor Governmental Funds	
Transfers Out:						
General Fund	\$ 16,899	\$ 27,277,681	\$ 3,882,663	\$ -	\$ 465,357	\$ 31,642,600
Permanent Fund			44,750			44,750
Capital Projects Fund			295,304			295,304
Nonmajor Governmental Fund			368,095	1,273,900		1,641,995
Total	\$ 16,899	\$ 27,277,681	\$ 4,590,812	\$ 1,273,900	\$ 465,357	\$ 33,624,649

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

7. LOANS TO RELATED ORGANIZATION

The City of Newport General Fund loaned *Innovate Newport*, a related organization, \$2,140,311 as a bridge loan for construction to be repaid with proceeds from the sale of Re-Build Rhode Island Tax Credits from the Rhode Island Department of Commerce over a 5-year period. Interest accrues on the loan at 2.50% to be paid by Innovate Newport. The outstanding balance of \$1,070,156 at June 30, 2023 will be repaid in accordance with an amortization schedule set forth in the agreement with the Rhode Island Department of Commerce.

The City of Newport General Fund loaned *Innovate Newport*, a related organization, \$663,140 for construction and redevelopment of Sheffield School into a technology incubator and co-work facility. Interest accrues on the loan at 3.50%. Interest only is due annually on the note until December 31, 2024 at which point principal and any accrued and unpaid interest is due in full.

Bridge Loan Receivable	Principal	Interest
February 22, 2024	\$ 428,062	\$ 23,186
February 22, 2025	321,047	13,377
February 22, 2026	321,047	5,351
	<u>\$ 1,070,156</u>	<u>\$ 41,914</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

8. CHANGES IN LONG-TERM OBLIGATIONS

The City issues general obligation 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. 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. Changes in bonded debt outstanding during fiscal year 2023 are summarized as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Outstanding July 1, 2022</u>	<u>Additions</u>	<u>Retired</u>	<u>Outstanding June 30, 2023</u>
Governmental Activities:							
Pell Expansion/Rogers High	2022	2047	1.49 - 2.78	\$ 98,500,000	\$ -	\$ -	\$ 98,500,000
Road and Bridge Loan	2014	2024	0.12-5.0	475,000		155,000	320,000
Roadway Improvements	2009	2023	2.5-5.0	750,000		250,000	500,000
Road and Facility Improve	2015	2025	2.5-5.0	1,930,000		630,000	1,300,000
Rogers Roof	2016	2026	2.0-4.0	1,305,000		305,000	1,000,000
Pell School Refunding	2021	2033	0.37-2.362	17,920,000		1,855,000	16,065,000
Total Government Activities				<u>\$ 120,880,000</u>	<u>\$ -</u>	<u>\$ 3,195,000</u>	<u>\$ 117,685,000</u>
Business-Type Activities:							
Sewer Improvements-SRF	2002	2023	1.90	\$ 866,194		\$ 866,194	\$ -
Sewer Improvements-SRF	2009	2029	0.84-3.16	3,120,532		345,000	2,775,532
Sewer Improvements-SRF	2010	2030	0.55-3.25	4,934,000		473,000	4,461,000
Sewer Improvements-SRF	2011	2031	0.73-3.81	1,814,505		151,000	1,663,505
Sewer Improvements	2011	2026	4.30	4,240,000		775,000	3,465,000
Sewer Improvements-SRF	2015	2034	0.69-2.89	3,952,000		256,000	3,696,000
Sewer Improvements-SRF	2016	2035	0.37-2.41	7,057,000		435,000	6,622,000
Energy Efficiency Bonds	2016	2027	0.765-1.709	764,000		123,000	641,000
Sewer Improvements-SRF	2017	2036	0.59-2.44	27,442,000		1,554,000	25,888,000
Sewer Improvements-SRF	2022	2042	2.16-3.04		1,096,371		1,096,371
Total Water Pollution Control Fund				<u>54,190,231</u>	<u>1,096,371</u>	<u>4,978,194</u>	<u>50,308,408</u>
Water Improvements-SRF	2007	2027	3.28-3.72	1,131,000		172,000	959,000
Water Improvements-SRF	2012	2033	0.94-3.61	35,470,000		2,449,000	33,021,000
Water Improvements-SRF	2013	2034	0.37-2.92	21,874,000		1,403,000	20,471,000
Water Improvements-SRF	2020	2039	0.36-2.49	2,773,089	147,766	194,000	2,726,855
Water Improvements	2011	2027	3.40	2,581,037		445,000	2,136,037
Water Improvements-SRF	2008	2029	2.08-3.63	2,880,000		312,000	2,568,000
Water Improvements-SRF	2009	2030	0.65-3.54	1,772,000		168,000	1,604,000
Water Improvements-SRF	2022	2042	2.43-3.42		466,207		466,207
Total Water Fund				<u>68,481,126</u>	<u>613,973</u>	<u>5,143,000</u>	<u>63,952,099</u>
Total Business-Type Activities				<u>\$ 122,671,357</u>	<u>\$ 1,710,344</u>	<u>\$ 10,121,194</u>	<u>\$ 114,260,507</u>

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The City of Newport Water and W.P.C Funds have the following outstanding State Revolving Fund (SRF) revenue bonds and non-SRF revenue bonds all issued through the Rhode Island Infrastructure Bank (RIIB). The bond proceeds are held by RIIB 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 RIIB 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. Certain of the bonds have federal money that will be applied as principal forgiveness over the life of the bonds.

Description	Fund	Year Issued	Total Bond	Debt Service Reserve	Federal Funds to be Applied to Principal
Radio read meters and plant improvements	Water	2008	\$ 5,900,000	\$ 433,173	\$ -
St. Mary's raw water project	Water	2007	3,000,000	212,633	
Distribution improvements	Water	2009	3,300,000	181,313	765,452
Easton's Pond dam & moat repairs	Water	2011	6,640,000	544,095	
Water treatment plants	Water	2012	53,100,000	3,476,201	3,083,375
Water treatment plants	Water	2013	31,000,000	2,275,831	1,758,766
Water main improvements	Water	2020	4,131,000	265,547	
Water main improvements	Water	2022	3,305,000	230,915	
Ultraviolet disinfection system and combined sewer overflows	WPC	2009	6,595,532	384,978	995,579
Thames/Wellington interceptor repairs; Long Wharf force main repairs	WPC	2010	9,327,000	650,475	
Long Wharf force main repairs	WPC	2011	3,095,505	224,754	
Long Wharf force main repairs	WPC	2011	10,345,000	544,095	
Wellington CSO repairs	WPC	2015	5,400,000	372,878	
Sewer plant upgrades	WPC	2016	9,142,000	611,388	
Sewer plant upgrades	WPC	2017	33,443,000	2,178,395	896,200
Long Wharf pump station improve	WPC	2022	12,500,000	845,958	

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Bonded indebtedness on June 30, 2023 matures over fiscal years through 2047 as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,158,000	\$ 4,524,158	\$ 10,118,000	\$ 3,502,781
2025	3,137,000	4,474,769	10,406,000	3,512,693
2026	4,750,000	4,416,358	10,719,000	3,241,375
2027	4,505,000	4,245,853	11,059,000	2,910,161
2028	4,615,000	4,076,592	10,453,000	2,580,082
2029-2033	24,915,000	17,516,513	47,976,037	8,284,169
2034-2038	21,500,000	12,868,400	23,735,000	2,093,256
2039-2043	26,155,000	8,210,600	5,407,000	442,570
2044-2047	24,950,000	2,544,000		
Amounts not yet drawn			(15,612,530)	
	<u>\$ 117,685,000</u>	<u>\$ 62,877,243</u>	<u>\$ 114,260,507</u>	<u>\$ 26,567,087</u>

Debt authorized by the City Council and voters, where applicable, and not yet issued at June 30, 2023 is as follows:

Road Improvement and Facilities Bonds	\$ 4,265,000
Water System Improvements	4,205,000
Sewer System Improvements	13,788,000

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, 2022 was \$7,458,939,724 limiting the amount of non-excepted general obligation bonds outstanding to \$223,768,192. Bonds of \$117,685,000 outstanding at June 30, 2023 are general obligations and subject to the statutory limitation.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$120,880,000	\$ -	\$ 3,195,000	\$117,685,000	\$ 3,158,000
Bond premium	16,020,001		804,232	15,215,769	804,221
Claims and judgments	100,000	55,820		155,820	
Compensated absences *	6,241,879		4,579	6,237,300	5,800,000
Net pension liability *	116,868,773	4,843,339		121,712,112	
Net OPEB liability *	59,687,261		1,226,126	58,461,135	
TOTAL	<u>\$319,797,914</u>	<u>\$ 4,899,159</u>	<u>\$ 5,229,937</u>	<u>\$319,467,136</u>	<u>\$ 9,762,221</u>
Business-type activities:					
Bonds payable	\$122,671,357	\$ 1,710,344	\$ 10,121,194	\$114,260,507	\$ 10,118,000
Net pension liability	4,016,786	761,487		4,778,273	
Net OPEB liability	2,170,317		209,250	1,961,067	
TOTAL	<u>\$128,858,460</u>	<u>\$ 2,471,831</u>	<u>\$ 10,330,444</u>	<u>\$120,999,847</u>	<u>\$ 10,118,000</u>

* Generally, the liabilities for compensated absences, net pension liability and net OPEB liability are liquidated by the General Fund and the School Unrestricted Fund.

9. LEASES

Leases Receivable

The City will lease two floors of the Gateway Center Building to the Newport Community School. The lease begins on 7/1/22 and runs for a period of five years. The tenant will pay an annual amount of \$99,000 increasing by 2.5% each year. The lease agreement includes an additional 5-year term that can be exercised by the tenant. That option has not been included in the determination of the lease receivable as there is no certainty or likelihood that the option will be elected. The lease receivable and deferred inflows of resources at June 30, 2023 are \$371,327.

The Marriott and Brenton Hotels both lease parking spaces in the Gateway Center Garage. The Marriott exercised an option effective 11/1/2021 to extend their lease for five years with an annual payment of \$105,000. The Brenton entered into the lease with the City on 10/01/2020 for a 5-year term. The annual payment is \$30,000. The lease receivable and deferred inflows of resources at June 30, 2023 are \$313,700 and \$87,663 for the Marriott and Brenton, respectively.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The Ida Lewis Yacht Club leases the King Park boat ramp for winter storage of their floating docks. The lease began on 7/1/2014 and expires on 6/30/2024. The lease agreement stipulates an annual payment of \$2,500 or in-kind improvements. The lease receivable and deferred inflows of resources are \$2,378 at June 30, 2023.

The Newport Yacht Club leases property on Newport Harbor including land, building, and harbor rights. The original lease began 11/13/1993 for a 30-year term with the option for an additional 10-year term that is expected to be exercised. The annual payment is \$59,628 in fiscal year 2022, payable quarterly in advance, and will increase by the Boston CPI-U index, not seasonally adjusted. 3% was used for purposes of measuring the lease receivable and deferred inflows of resources. The Yacht Club is also required to provide approximately 100 feet of boat slip space (3-4 slips) for the Newport HarborMaster's use. The discounted commercial value of a slip is \$225 per foot as of May 2022. The total value of \$22,500 per year is included in the determination of the lease receivable and deferred inflows of resources. The Yacht Club also provides use of boat hauling equipment to the City, a Harbormaster maintenance building, area and employee parking, seawall maintenance of the walls leased as part of the property, public space for City events, youth sailing programs and provision of regatta and race events all as part of the lease agreement. Value has not been estimated related to these lease provisions. The Yacht Club also pays real estate taxes on the property, along with intangible property taxes to the City. The lease receivable and deferred inflows of resources was valued at \$766,144 at June 30, 2023.

Save The Bay has leased the ground floor of the Gateway Center for an aquarium and exploration center. The lease term is 10-years with two 5-year options. Rent for the premises will be 10% of any ticket price of admission with a minimum payment due of \$33,000 adjusted at year 11 to \$44,000 and adjusted at year 16 to \$49,500. The lease term has begun but lease payments will not begin until Save the Bay has built out the aquarium and exploration center. Estimated start date of the lease payments is 10/31/2023 paid monthly in advance. Only the minimum payments have been used in the measurement of the lease receivable and deferred inflows of resources of \$298,558, and only the initial term of the lease has been included for amortization as it is unknown if the aquarium will be successful at the Gateway Center at this time. Save The Bay also has the right to use or sell advertising space in the existing advertising panels on the exterior of the Gateway Center. The City will receive 50% of any income generated from the sale of advertising space, as well as 50% of any revenue generated from subleases of up to 25% of the leased space. Such amounts are unknown and has not been included in the measurement of the lease receivable or deferred inflows of resources.

The City and School lease space and an easement to various cell phone providers for cell phone towers located on properties including parks, city facilities, one school facility and various water department facilities. Leases vary in terms and length of lease with expiration dates of June 30, 2026 to June 30, 2041. All leases and the one easement are for cash lease payments in advance. No other terms are included in the lease agreements. The lease receivable and deferred inflows of resources are \$388,144 for the Old Fort Road Cell Tower, \$678,267 for the water fund Reservoir Road tower and easement, \$41,025 for the water fund Lawton Valley Verizon cell tower, \$285,830 for the Lawton Valley Octagon cell tower and \$295,345 for the Rogers High School cell tower.

All leases have been measured using a 5% interest rate, which approximates the City's borrowing rate, when determining the principal and interest portions of the leases.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Schedule of Lease Payments, Assets, Liabilities & Deferred Inflows

City as Lessor Tenant Name	Received in Year Ended June 30, 2023		June 30, 2023	June 30, 2023	
	Principal	Interest	Leases	Deferred Inflows	
			Receivable	of Resources	
Newport Community School	\$ 80,170	\$ 18,830	\$ 371,327	\$ 371,327	Parking Fund
Brenton Hotel	24,273	5,727	87,663	87,663	Parking Fund
Ida Lewis Yacht Club	2,263	237	2,378	2,378	Maritime Fund
Marriott Hotel	92,272	12,729	313,700	313,700	Parking Fund
Newport Yacht Club	44,468	39,448	766,144	766,144	Maritime Fund
Save The Bay	-	-	298,558	298,558	Parking Fund
Old Fort Road Cell Tower	24,762	20,086	388,144	388,144	General Fund
Reservoir Road Cell Tower	6,225	31,405	607,596	607,596	Water Fund
Reservoir Road Easement	2,399	3,601	70,671	70,671	Water Fund
Verizon Lawton Valley Tower	15,030	2,462	41,025	41,025	Water Fund
Octagon Lawton Valley Tower	7,341	14,659	285,830	285,830	Water Fund
Rogers High School Tower	51,472	16,184	295,345	295,345	School Unrestricted
Totals for all Funds	\$ 350,675	\$ 165,368	\$ 3,528,381	\$ 3,528,381	

The future principal and interest lease *receivables* as of June 30, 2023 are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 84,551	\$ 32,277	\$ 297,451	\$ 134,765
2025	92,937	27,848	324,193	124,129
2026	101,362	23,016	339,085	107,547
2027	110,882	17,732	261,851	90,428
2028	80,826	12,374	127,872	79,480
2029-2033	212,931	22,529	816,823	287,323
2034-2038			409,739	125,437
2039-2041			267,878	26,251
	\$ 683,489	\$ 135,776	\$ 2,844,892	\$ 975,361

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. FUND BALANCES

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

	General Fund	School Unrestricted Fund	Community Development Block Grant	Permanent Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:							
Leases receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivable	1,733,300						1,733,300
Endowments				2,873,129			2,873,129
Total Nonspendable	<u>1,733,300</u>	<u>-</u>	<u>-</u>	<u>2,873,129</u>	<u>-</u>	<u>-</u>	<u>4,606,429</u>
Restricted:							
Trust purposes				15,378,383			15,378,383
Education		6,235,038					6,235,038
Planning, urban and economic development						646,602	646,602
Public services						88,839	88,839
Public safety						125,407	125,407
Community and social services			2,614,551			405,017	3,019,568
Total Restricted	<u>-</u>	<u>6,235,038</u>	<u>2,614,551</u>	<u>15,378,383</u>	<u>-</u>	<u>1,265,865</u>	<u>25,493,837</u>
Committed:							
General government	1,378,558						1,378,558
Capital improvements					111,120,891	131,663	111,252,554
Total Committed	<u>1,378,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,120,891</u>	<u>131,663</u>	<u>112,631,112</u>
Assigned:							
Public improvements						2,790,016	2,790,016
Unassigned							
	<u>27,645,066</u>					<u>(542,288)</u>	<u>27,102,778</u>
Totals	<u>\$ 30,756,924</u>	<u>\$ 6,235,038</u>	<u>\$ 2,614,551</u>	<u>\$ 18,251,512</u>	<u>\$ 111,120,891</u>	<u>\$ 3,645,256</u>	<u>\$ 172,624,172</u>

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 other governmental funds is the balance of proceeds from the sale of property. The Council has assigned those amounts by resolution.

11. 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.

12. PENSION PLANS

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 defined benefit 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 2023 was \$50,824,281. Total City payroll was \$63,204,873 for the same period.

The Employees' Retirement System of the State of Rhode Island (the System) acts as a common investment and administrative agent for pension benefits to be provided through various defined benefit and defined contribution retirement plans. The System is administered by the State of Rhode Island Retirement Board which was authorized, created and established as an independent retirement board to hold and administer, in trust, the funds of the retirement system. Each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, in accordance with the terms of that plan.

A. Teachers' Plan

Plan Description

Certain employees of the City of Newport participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System (ERS) Plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement, disability benefits and death benefits to plan members and beneficiaries.

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

The Plan covers teachers, superintendents, principals, school nurses, and certain other school officials in the public schools in the cities and towns. Membership in the Plan is mandatory for all covered state employees and teachers.

Benefit Provisions

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal year 2023, City teachers were required to contribute 3.75% of their annual covered salary, except that teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the City; the rates were 11.12% and 15.04% of annual covered payroll for the fiscal year ended June 30, 2023 for the state and the City, respectively. The City contributed \$3,546,256, \$3,198,738, and \$2,907,404 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively, equal to 100% of the required contributions for each year. The State's share of contribution for fiscal 2022 was \$2,151,339 and is reported as on-behalf payments and included in both revenue and expenditures on the fund financial statements.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teachers' Pensions

At June 30, 2023, the City reported a liability of \$28,714,806 for its proportionate share of the net pension liability, that reflected a reduction for contributions made by the State. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of net pension liability	\$28,714,806
State's proportionate share of net pension liability	<u>21,236,616</u>
Total Net Pension Liability	<u>\$49,951,422</u>

The net pension liability was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2022, the City's proportion was 1.063% (rounded), which was an increase of 0.036% from the prior year.

For the year ended June 30, 2023, the City recognized gross (combined state and city) pension expense for the teachers' Plan of \$3,768,712 and revenue of \$1,744,391 for support provided by the State. At June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 600,825
Differences between expected and actual experience	425,298	558,504
Changes of assumptions	579,139	430,512
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,877,572	452,850
City contributions subsequent to the measurement date	<u>3,546,256</u>	
Totals	<u>\$ 6,428,265</u>	<u>\$ 2,042,691</u>

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

The amount of \$3,546,256 reported as deferred outflows of resources related to pensions resulting from the City’s contributions in fiscal year 2023 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period rather than in the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ 385,038
2025	(237,268)
2026	(709,546)
2027	1,050,060
2028	235,413
Thereafter	115,622

Actuarial Assumptions

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

Investment Rate of Return - 7.0%

Projected Salary Increases - 3.0% to 13.0%

Inflation - 2.5%

Mortality - variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16

The actuarial assumptions used in the June 30, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability at June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2022 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

GROWTH		
Global Equity		
US Equity	24.30%	5.52%
International Developed Equity	11.10%	6.04%
Emerging Markets Equity	4.60%	7.83%
Sub-total	40.00%	
Private Growth		
Private Equity	12.50%	9.42%
Non-Core Real Estate	2.50%	4.80%
Sub-total	15.00%	
INCOME		
Equity Options	2.00%	5.25%
EMD (50/50 Blend)	2.00%	1.82%
Liquid Crdity	3.00%	2.95%
Private Credit	3.00%	2.95%
Collateralized Loan Obligations (CLO)	2.00%	2.95%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.44%
Systematic Trend	5.00%	3.33%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.80%
Private Infrastructure	4.00%	5.65%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.18%
Securitized Credit	3.25%	1.18%
Absolute Return	6.50%	3.33%
Cash	2.00%	-0.44%
Sub-total	15.00%	
Total	100.00%	

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

Eligibility and Plan Benefits

The plan provides a survivor benefit to public school teachers in lieu of Social Security. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly.

Spouse, parents, family and children’s benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children’s benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full-time student, and was dependent upon the member at the time of the member’s death. Family benefits are provided if at the time of the member’s death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member’s wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse’s benefits is paid and based on the annual social security adjustment. Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement. The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse’s Benefit</u>
\$17,000 or less	\$ 825
\$17,001 to \$25,000	962
\$25,001 to \$33,000	1,100
\$33,001 to \$40,000	1,237
\$40,001 and over	1,375

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

<u>Parent and 1 Child</u>	<u>Parent and 2 or More Children</u>	<u>1 Child Alone</u>	<u>2 Children Alone</u>	<u>3 or More Children Alone</u>	<u>Dependent Parent</u>
150%	175%	75%	150%	175%	100%

Contributions

The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member’s annual salary up to but not exceeding an annual salary of \$11,500; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The City of Newport School District contributed \$30,403, \$28,750, and \$26,885 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, equal to 100% of the required contributions for each year.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the TSB Plan

At June 30, 2023, the City of Newport School District reported an asset of \$6,687,230 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The City's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2022 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2022, the City's proportion was 3.81% (rounded), which was an increase of 0.16% from the prior year.

For the year ended June 30, 2023, the City recognized a pension credit of \$767,247 - a decrease in the net pension asset. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 154,665
Differences between expected and actual experience	164,334	861,207
Changes in assumptions	162,493	223,984
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,612	379,949
City contributions subsequent to the measurement date	<u>30,403</u>	<u> </u>
Totals	<u>\$ 446,842</u>	<u>\$ 1,619,805</u>

The amount of \$30,403 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2023 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period rather than in the current fiscal year. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (271,686)
2025	(341,962)
2026	(422,618)
2027	109,662
2028	(141,162)
Thereafter	(135,601)

Actuarial Assumptions

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Investment Rate of Return - 7.0%

Projected Salary Increases - 3.0% to 13.0%

Inflation - 2.50%

Mortality - variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16

Cost of living adjustment - eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment - for valuation purposes, a 2.5% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2021 valuation rolled forward, and the calculation of the total pension liability at June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 for the six year period ended June 30, 2019 as approved by the System's Board on May 22, 2020.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 20, 2022 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
GROWTH		
Global Equity		
US Equity	24.30%	5.52%
International Developed Equity	11.10%	6.04%
Emerging Markets Equity	4.60%	7.83%
Sub-total	40.00%	
Private Growth		
Private Equity	12.50%	9.42%
Non-Core Real Estate	2.50%	4.80%
Sub-total	15.00%	
INCOME		
Equity Options	2.00%	5.25%
EMD (50/50 Blend)	2.00%	1.82%
Liquid Credit	3.00%	2.95%
Private Credit	3.00%	2.95%
Collateralized Loan Obligations (CLO)	2.00%	2.95%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.44%
Systematic Trend	5.00%	3.33%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.80%
Private Infrastructure	4.00%	5.65%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.18%
Securitized Credit	3.25%	1.18%
Absolute Return	6.50%	3.33%
Cash	2.00%	-0.44%
Sub-total	15.00%	
Total	100.00%	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset) calculated using the discount rate of 7.0% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,870,338)	\$ (6,687,230)	\$ (7,429,425)

Pension Plan Fiduciary Net Position

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

C. Municipal Employees’ Plan (MERS)

General Information about the Plan

Plan Description

The Municipal Employees’ Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee’s Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

Summary of Benefit Provisions

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Compensation: Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable Final Average Compensation (FAC) will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

General employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Effective July 1, 2015, general employees with more than 20 years of service at July 1, 2012 increased their employee contribution rates to 8.25% (9.25% for units with a cost of living adjustment provision) and participate solely in the defined benefit plan. These members receive a benefit accrual of 2% per year based on the three or five-year average compensation.

Joint and survivor options are available. For members with 10 years of service as of July 1, 2005, the Service Retirement Allowance (SRA) Plus option provides for the payment of a larger benefit before the attainment of age 62 and a reduced amount thereafter. The reduced amount is equal to the benefit before age 62, including the cost-of-living increases, minus the member's estimated social security benefit payable at age 62.

Police employees

Police officers may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS Police personnel contribute 9.00%. The City did not elect the additional cost-of-living option for police MERS members. Note that differing eligibility requirements may exist for members hired prior to January 1, 2015, but those are not listed here as they do not apply to the City of Newport MERS police plan. A description of all eligibility can be found on the ERSRI website.

For police officers in the MERS plan, the benefit accrual is 2.0% per year based on the five-year average compensation exclusive of overtime. Police employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility date.

Other Benefit Provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters).

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$27,184 for 2020, \$27,608 for 2021, and \$27,901 for 2022.

At the June 30, 2022 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	273
Inactive, Non-Retired Members	184
Active Members - Police	24
Active Members	<u>279</u>
Total	<u><u>760</u></u>

Contribution

Contribution requirements for plan members and employers are established pursuant to Rhode Island General Laws. Employers are required to contribute at an actuarially determined rate for the defined benefit plans. Employer contributions for the defined contribution plan are prescribed by statute. The General Assembly can amend the amount of these contribution requirements.

General Employees contribute 2% of salary to the defined benefit plan and 5% of salary to the defined contribution plan. General employees with 20 plus years of service as of July 1, 2012 contribute 9.25% to the defined benefit plan. Police employees contribute 9% of salary to the defined benefit plan. The City's actuarial determined rates of contribution are 21.08% for general employees and 8.49% for police employees. The City contributed \$3,734,223 in the year ended June 30, 2023, which was 20.22% of annual covered payroll.

Net Pension Liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2021 and rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2022 Measurement Date (June 30, 2021 Valuation Rolled Forward to June 30, 2022)

Actuarial Cost Method	Entry Age Normal
Amortization	Level Percent of Payroll – Closed
Investment Rate of Return	7.00%
Projected Salary Increases	3.25% to 14.00%
Inflation	2.50%
Mortality	Variants of the PUB (10) mortality tables
Cost of Living Adjustments	2.1% is assumed after January 1, 2019

Cost of Living Adjustment is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement.

The actuarial assumptions used in the June 30, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability at June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 for the six year period ended June 30, 2019 as approved by the System’s Board on May 22, 2020.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2022 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	24.30%	5.52%
International Developed Equity	11.10%	6.04%
Emerging Markets Equity	4.60%	7.83%
Sub-total	40.00%	
Private Growth		
Private Equity	12.50%	9.42%
Non-Core Real Estate	2.50%	4.80%
Sub-total	15.00%	
INCOME		
Equity Options	2.00%	5.25%
EMD (50/50 Blend)	2.00%	1.82%
Liquid Credit	3.00%	2.95%
Private Credit	3.00%	2.95%
Collateralized Loan Obligations (CLO)	2.00%	2.95%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.44%
Systematic Trend	5.00%	3.33%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.80%
Private Infrastructure	4.00%	5.65%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.18%
Securitized Credit	3.25%	1.18%
Absolute Return	6.50%	3.33%
Cash	2.00%	-0.44%
Sub-total	15.00%	
Total	100.00%	

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

MERS Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Beginning Balances	\$ 82,832,243	\$ 65,032,255	\$ 17,799,988
Changes for the Year:			
Service Cost	1,427,379		1,427,379
Interest on the Total Pension Liability	5,661,463		5,661,463
Benefit Changes			-
Differences Between Expected and Actual Experience	(1,549,391)		(1,549,391)
Changes in Assumptions			-
Other		(84,699)	84,699
Contributions - Employer		3,315,186	(3,315,186)
Contributions - Employee		550,411	(550,411)
Net Investment Income		(1,727,415)	1,727,415
Benefit Payments, Including Refunds of Member Contributions	(5,335,787)	(5,335,787)	-
Plan Administrative Expenses		(58,888)	58,888
Net Changes	<u>203,664</u>	<u>(3,341,192)</u>	<u>3,544,856</u>
Ending Balances	<u>\$ 83,035,907</u>	<u>\$ 61,691,063</u>	<u>\$ 21,344,844</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the Net Pension Liability - General Employees	\$ 29,353,030	\$ 21,523,750	\$ 14,410,184
City's Proportionate Share of the Net Pension Liability (Asset) - Police Employees	\$ (28,739)	\$ (178,906)	\$ (315,188)

Pension Plan Fiduciary Net Position

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

For the year ended June 30, 2023, the employer recognized pension expense of \$750,929 and \$159,250 for general and police employees, respectively. At June 30, 2023, the City reported deferred outflows and inflows of resources related to the MERS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 565,903
Assumption changes	8,576	263,422
Difference between expected and actual experience	199,112	1,970,620
City contributions subsequent to the measurement date	<u>3,734,222</u>	
Totals	<u>\$ 3,941,910</u>	<u>\$ 2,799,945</u>

The amount of \$3,297,352 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2024	\$ (1,229,194)
2025	(1,151,867)
2026	(1,205,312)
2027	945,507
2028	6,076
Thereafter	42,533

D. 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 uses an actuarial smoothing method to value assets. The actuarial value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on market value and expected return on market value over a 5-year period at 20% per year.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

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.

Plan Descriptions and Contribution Information

As of June 30, 2023, membership in each plan was as follows:

	<u>Fire Plan</u>	<u>Police Plan</u>
Total active employees	93	47
Inactive employees with vested rights	3	1
Pensioners and beneficiaries	<u>132</u>	<u>137</u>
Total Plan Members	<u><u>228</u></u>	<u><u>185</u></u>

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 2023, covered payroll under the plans was \$7,455,429 and \$4,248,419 for the fire and police plans, respectively. Rights to pension benefits become fully vested for fire and police participants after ten years of service. Police are eligible to retire after 20 years of service, and firefighters hired prior to July 1, 2011 are eligible to retire after 25 years of service. Firefighters hired on or after July 1, 2011 shall not be entitled to collect any pension or retirement benefits until they have attained the age of 58 or have completed 30 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 24 years of service. The percentage increases to 65% of salary at 25 years of service. 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.

For pension purposes, annual salary includes regular and longevity pay.

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. Police retirees on or after July 1, 2014 will not

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

be eligible to receive a COLA until they would have attained 25 years of service. 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%.

The Police Pension Plan is closed to new hires. Police officers hired after January 1, 2015 are put into the State of Rhode Island Municipal Employees' Retirement Plan.

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 as of July 1, 2018 is being amortized over a closed 30-year period of which there are 8 years remaining. Effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability will be amortized separately, assuming a 15-year amortization each valuation with level dollar payments. Rhode Island general laws, City ordinances and collective bargaining agreements establish minimum employer funding.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Financial Information

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Police Pension Plan</u>	<u>Fire Pension Plan</u>
Assets:		
Cash and investments	\$ 90,360,668	\$ 85,971,053
Liabilities:		
Accounts payable	<u>47,966</u>	<u>44,937</u>
Net Position:		
Net position restricted for pension benefits	<u>\$ 90,312,702</u>	<u>\$ 85,926,116</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Police Pension Plan</u>	<u>Fire Pension Plan</u>
Additions:		
Contributions and other income	\$ 4,385,439	\$ 7,709,180
Investment gain, net of investment expenses	<u>8,531,588</u>	<u>8,564,403</u>
Total additions	<u>12,917,027</u>	<u>16,273,583</u>
Deductions:		
Benefits	7,060,363	7,641,827
Administration	<u>58,138</u>	<u>55,711</u>
Total deductions	<u>7,118,501</u>	<u>7,697,538</u>
Changes in Net Position	5,798,526	8,576,045
Net Position at Beginning of Year	<u>84,514,176</u>	<u>77,350,071</u>
Net Position at End of Year	<u>\$ 90,312,702</u>	<u>\$ 85,926,116</u>

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 6.75% for the pension plans and 7.00% for 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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>	<u>Weighting</u>
Large Cap Equity	20.00%	5.00%	1.00%
Mid Cap Equity	15.00%	5.30%	0.80%
Small Cap Equity	15.00%	5.30%	0.80%
International Equity	15.00%	6.40%	0.96%
Fixed Income	20.00%	2.05%	0.41%
Real Estate and Timber	15.00%	4.90%	0.75%
	100.00%		4.71%
Long-term inflation expectation			2.40%
Long-term expected nominal return			7.11%

Long-term real returns are provided by the investment advisor division of the City’s actuarial firm. The returns are geometric means using a building block method in which best-estimate ranges of expected future real rates of returns are developed. The information above does not reflect additional returns through investment selection, asset allocation and rebalancing.

Concentrations

As of June 30, 2023, 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 10.00% for police and 10.62% for fire for the year ended June 30, 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The City’s net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

The components of the net pension liability of the City at June 30, 2023, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Total pension liability	\$ 122,444,718	\$ 130,224,834
Plan fiduciary net position	<u>(90,312,702)</u>	<u>(85,926,116)</u>
City's Net Pension Liability	<u>\$ 32,132,016</u>	<u>\$ 44,298,718</u>
Plan fiduciary net position as a percentage of total pension liability	73.76%	65.98%

Actuarial Assumptions

Pension assets are valued at their fair market values as established by quotations from applicable national securities exchanges. Valuations of pension liabilities and pension assets for both plans are performed annually as of June 30.

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

	<u>Fire</u>	<u>Police</u>
Valuation Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method (police and fire)	Level Dollar Closed; 8 years for liability at July 1, 2018; future changes will be amortized separately, assuming a fresh 15-year amortization each valuation with level dollar payments.	
Asset appreciation	6.75% annually	6.75% annually
Salary increases	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.
Cost of living increase:		
Members retired prior to 8/21/11	2.4%	2.4%
Members retiring after 8/21/11	Bureau of Labor CPI for Northeast Urban Wage Earners, not exceeding 3.00% or less than .05%	
Inflation	2.4%	2.4%
Mortality:		
Healthy Members (police and fire)	Pub-2010 Public Plans Mortality table for Public Safety employees, projected to the valuation date with Scale MP-2021.	

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

Discount Rate

The discount rate used to measure the total pension liabilities is 6.75%. 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. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. 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 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net pension liability - police	\$ 47,908,578	\$ 32,132,016	\$ 19,175,171
Net pension liability - fire	60,852,798	44,298,718	30,665,321

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Policemen's Pension Plan			
Balances at June 30, 2022, Policemen's Plan	\$ 112,951,073	\$ 84,514,176	\$ 28,436,897
Changes for the Year:			
Service Cost	1,212,699		1,212,699
Interest	7,471,658		7,471,658
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience	7,869,651		7,869,651
Changes of Assumptions			-
Contributions - Employer		4,013,737	(4,013,737)
Contributions - Employee		371,702	(371,702)
Net Investment Income		8,531,588	(8,531,588)
Benefit Payments, Including Refunds of Member Contributions	(7,060,363)	(7,060,360)	(3)
Plan Administrative Expenses		(58,138)	58,138
Net Changes	<u>9,493,645</u>	<u>5,798,529</u>	<u>3,695,116</u>
Balances at June 30, 2023, Policemen's Plan	<u>\$ 122,444,718</u>	<u>\$ 90,312,705</u>	<u>\$ 32,132,013</u>
Firemen's Pension Plan			
Balances at June 30, 2022, Firemen's Plan	\$ 127,835,177	\$ 77,350,071	\$ 50,485,106
Changes for the Year:			
Service Cost	1,635,879		1,635,879
Interest	8,485,596		8,485,596
Differences Between Expected and Actual Experience	(89,991)		(89,991)
Changes of Assumptions			-
Contributions - Employer		7,082,155	(7,082,155)
Contributions - Employee		627,025	(627,025)
Net Investment Income		8,564,403	(8,564,403)
Benefit Payments, Including Refunds of Member Contributions	(7,641,827)	(7,641,827)	-
Plan Administrative Expenses		(55,711)	55,711
Net Changes	<u>2,389,657</u>	<u>8,576,045</u>	<u>(6,186,388)</u>
Balances at June 30, 2023, Firemen's Plan	<u>\$ 130,224,834</u>	<u>\$ 85,926,116</u>	<u>\$ 44,298,718</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

For the year ended June 30, 2023, the City recognized pension expense of \$6,460,062 and \$5,340,315 for the Police and Fire Plans, respectively. The City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Police Pension Plan:		
Difference between expected and actual experience	\$ 5,027,423	\$ 770,100
Difference between expected and actual earnings on pension plan investments	5,157,381	
Changes in assumptions	<u>380,731</u>	
Total Police Pension Plan	<u>\$ 10,565,535</u>	<u>\$ 770,100</u>
Fire Pension Plan:		
Difference between expected and actual experience	\$ 1,936,734	\$ 431,569
Difference between expected and actual earnings on pension plan investments	1,195,539	
Changes in assumptions	<u>1,880,527</u>	
Total Fire Pension Plan	<u>\$ 5,012,800</u>	<u>\$ 431,569</u>

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

<u>Year Ending June 30,</u>	<u>Police Pension</u>	<u>Fire Pension</u>
2024	\$ 3,609,053	\$ 956,051
2025	1,897,981	476,819
2026	4,844,389	3,319,699
2027	(555,988)	(151,652)
2028	-	(14,061)
Thereafter	-	(5,625)

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

E. Aggregate Net Pension Liability and Expense

	Net Pension Liability	Pension Expense
Teacher's Plan (proportionate share)	\$ 28,714,806	\$ 2,024,321
Teachers' Survivors Benefit Plan		(767,247)
Municipal Employees' Plan	21,344,845	910,179
City Police Pension Plan	32,132,016	6,460,062
City Fire Pension Plan	44,298,718	5,340,315
	<u>\$ 126,490,385</u>	<u>\$ 13,967,630</u>
Totals		

F. Defined Contribution Pension Plan

Employees participating in the defined Teachers' benefit plan and MERS benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a), and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Teachers contribute 7% of their annual covered salary, police employees that are in the MERS Plan contribute 3% of their annual covered salary, and all other employees in the MERS Plan contribute 5% of their annual covered salary. Employers contribute 1% of annual covered salary for municipal and non-certified school employees, and 3% for teachers and police officers in MERS who are not eligible for social security. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws of the State of Rhode Island, which are subject to amendment by the General Assembly.

Employees with 20 or more years of service as of July 1, 2012 do not participate in the defined contribution plan. Employers continue to contribute 1% for employees in the system that had less than 10 years of service as of July 1, 2012. Employers contribute 3.25% of annual covered salary teachers and 1.25% of annual covered salary for MERS participants that had between 10 and 15 years of service as of July 1, 2012.

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

The City recognized defined contribution pension expense of \$848,485 for the fiscal year ended June 30, 2023.

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

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City offers a single-employer defined benefit healthcare plan to retirees and life insurance to police retirees. The plan is administered by the City and is reported as an OPEB trust fund in the City’s financial statements. The plan does not issue separate financial statements. 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.

Employees vest for OPEB after 10 years of service. Retired police employees receive \$25,000 in retiree life insurance, except that new police hires as of January 1, 2021 are not entitled to retiree life insurance, and retired teachers can receive \$50,000 in life insurance if the retiree pays for it. 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 eligible. NEA employees that retire after July 1, 2019 are not eligible for any City sponsored health benefits. 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, employees enter Plan65 unless they are grandfathered in under another medical plan or are Medicare ineligible. AFSCME employees, police employees hired after July 1, 2009, fire employees hired after July 1, 2011, and teachers that did not have 29 years of service or 25 years of service as of June 30, 2015 that retire before June 30, 2018 are not entitled to Plan65. Medicare ineligible participants remain in the medical plan they chose as active employees.

Classes of Employees Covered

As of July 1, 2022, membership data was as follows:

Active employees	696
Retired members and dependents	<u>853</u>
Total Plan Members	<u><u>1,549</u></u>

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. Police retirees contribute various amounts towards the cost of their health insurance depending upon their date of retirement. 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 (age 58 or 30 years of service) at the date of separation from service. Fire retirees contribute various amounts towards the cost of their health insurance depending upon their date of retirement. 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 of service. The City pays for a \$25,000 life insurance policy for retired police with at least 10 years of service who retired prior to January 1, 2021, and teachers can buy a policy of

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

\$50,000 through the School’s insurance. Retirees contribute a portion of the cost of the life insurance policy.

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.

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 6.75% for 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Actuarially Determined Nominal Mean</u>
Large Cap Equity	20%	4.60%
Mid Cap Equity	15%	5.20%
Small Cap Equity	15%	5.20%
International Equity	15%	5.80%
Fixed Income	20%	1.08%
Real Estate and Timber	15%	5.00%

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

Concentrations

As of June 30, 2023, and during the year then ended, no pension or other post-employment benefit 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 OPEB Trust plan investments, net of OPEB plan investment expense was 12.05% for the year ended June 30, 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City

In fiscal year 2018, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB)*. This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The City’s total OPEB liability was measured as of July 1, 2022. The July 1, 2022 total OPEB liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2023. The total OPEB liability at June 30, 2023 was also adjusted to reflect any material plan changes subsequent to July 1, 2022. The components of the net OPEB liability of the City at June 30, 2023 were as follows:

Total OPEB liability	\$ 125,698,653
Plan fiduciary net position	<u>65,276,451</u>
 Net OPEB Liability	 <u>\$ 60,422,202</u>
 Plan fiduciary net position as a Percentage of the total OPEB liability	 51.93%

Actuarial Assumptions

OPEB Trust assets are valued at their fair market value as established by quotations from applicable national securities exchanges. The July 1, 2022 Actuarial Valuation total OPEB liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2023.

The total OPEB liability at July 1, 2022 was determined using the Entry Age Normal actuarial cost method with the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40%
Medical Care Inflation	6.50% for 2021 decreasing to an ultimate rate of 4.40% by 2032; Medicare Part B is assumed to increase by 3.4% per year.
Wage Inflation	2.40%
Investment Rate of Return	6.75%
Amortization Period	15-year remaining level percent of pay, closed basis

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Mortality Rates are based on the Pub-2010 public retirement plans mortality tables, for non-annuitants and annuitants, projected to the valuation date with scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liabilities is 6.75%. The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan’s target asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Large Cap Equity	20.00%	4.60%	0.92%
Mid Cap Equity	15.00%	5.20%	0.78%
Small Cap Equity	15.00%	5.20%	0.78%
International Equity	15.00%	5.80%	0.87%
Fixed Income	20.00%	1.08%	0.22%
Real Estate and Timber	15.00%	5.00%	0.75%
	<u>100.00%</u>		<u>4.32%</u>
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			<u>6.72%</u>

* Long-Term Returns are geometric means and do not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 6.75% was used.

The discount rate used to measure the total OPEB liability was 6.75%. 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 OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2022	\$ 122,016,209	\$ 60,158,631	\$ 61,857,578
Changes for the year:			
Service cost	1,613,164		1,613,164
Interest on total OPEB liability	8,432,585		8,432,585
Differences in experience	(4,074,488)		(4,074,488)
Changes of benefit terms	(917,331)		(917,331)
Changes in assumptions	5,065,133		5,065,133
Employer contributions		4,424,849	(4,424,849)
Net investment income (loss)		7,195,824	(7,195,824)
Benefit payments	(6,436,619)	(6,436,619)	-
Administrative expenses		(66,234)	66,234
Net changes	3,682,444	5,117,820	(1,435,376)
Balances as of June 30, 2023	\$ 125,698,653	\$ 65,276,451	\$ 60,422,202

There were no significant plan changes since the last published valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.75%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
\$ 74,233,246	\$ 60,422,202	\$ 48,766,463

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5% decreasing to 3.4%) or 1 percentage point higher (7.5% decreasing to 5.4%) than the current healthcare cost trend rates:

1% Decrease Healthcare Cost Trend Rates (5.5% decreasing to 3.4%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.4%)	1% Increase Healthcare Cost Trend Rates (7.5% decreasing to 5.4%)
\$ 47,073,257	\$ 60,422,202	\$ 76,335,431

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,116,633. The City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ (9,619,909)
Changes of assumptions	\$ 4,978,446	
Net difference between projected and actual earnings on OPEB plan investments	<u>2,189,458</u>	
Total	<u>\$ 7,167,904</u>	<u>\$ (9,619,909)</u>

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

<u>Year Ended June 30,</u>	
2024	\$ (2,456,955)
2025	(1,747,693)
2026	2,253,814
2027	(501,171)
2028	-
Thereafter	-

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Summary Financial Information

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

**STATEMENT OF FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
JUNE 30, 2023**

Assets:	
Cash and investments	\$ 65,306,078
Liabilities:	
Accounts payable	<u>29,627</u>
Net Position:	
Net Position Restricted for OPEB Benefits	<u><u>\$ 65,276,451</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Additions:	
Contributions and other income	\$ 4,424,849
Investment income, net of investment expenses	7,195,824
Total additions	<u>11,620,673</u>
Deductions:	
Benefits	6,436,619
Administration	66,234
Total deductions	<u>6,502,853</u>
Changes in net position	5,117,820
Net Position at Beginning of Year	<u>60,158,631</u>
Net Position at End of Year	<u><u>\$ 65,276,451</u></u>

14. 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.

Required Supplementary Information

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 1,212,699	\$ 1,226,975	\$ 1,220,245	\$ 1,217,959	\$ 1,246,188	\$ 1,384,448	\$ 1,419,028	\$ 1,354,511	\$ 1,175,418	\$ 1,159,989
Interest	7,471,658	7,439,845	7,329,553	7,537,127	7,414,983	7,321,178	7,009,454	6,884,180	6,344,119	6,127,676
Changes of benefit terms		556,474							1,138,222	
Differences between expected and actual experience	7,869,651	(2,170,282)	615,881	(2,379,850)	(2,039,638)	(288,627)	1,006,987	(982,867)	3,395,866	413,108
Changes of assumptions		192,612	2,655,274	453,865	1,029,570	(1,175,156)	494,208	2,833,210		
Benefit payments, including refunds of member contributions	(7,060,363)	(6,469,364)	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)	(4,990,121)	(4,676,133)
Net change in total pension liability	9,493,645	776,260	5,657,616	825,519	1,776,169	1,495,077	4,480,344	5,013,792	7,063,504	3,024,640
Total pension liability, beginning	112,951,073	112,174,813	106,517,197	105,691,678	103,915,509	102,420,432	97,940,088	92,926,296	85,862,792	82,838,152
Total Pension Liability, Ending (a)	\$ 122,444,718	\$ 112,951,073	\$ 112,174,813	\$ 106,517,197	\$ 105,691,678	\$ 103,915,509	\$ 102,420,432	\$ 97,940,088	\$ 92,926,296	\$ 85,862,792
Plan fiduciary net position:										
Contributions - employer	\$ 4,013,737	\$ 4,189,924	\$ 4,320,681	\$ 4,485,691	\$ 4,647,573	\$ 4,396,285	\$ 4,314,776	\$ 4,012,174	\$ 4,012,174	\$ 3,954,174
Contributions - member	371,702	375,279	400,509	407,013	437,037	453,304	418,174	447,063	487,883	407,872
Net investment income (loss)	8,531,588	(19,752,617)	30,147,899	656,436	5,380,521	8,533,830	8,344,427	(896,323)	3,315,144	9,496,182
Benefit payments, including refunds of member contributions	(7,060,363)	(6,469,364)	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)	(4,990,121)	(4,676,133)
Administrative expense	(58,138)	(64,767)	(61,625)	(57,652)	(65,081)	(74,866)	(176,061)	(125,892)	(130,044)	(86,063)
Net change in plan fiduciary net position	5,798,526	(21,721,545)	28,644,127	(512,094)	4,525,116	7,561,787	7,451,983	(1,638,220)	2,695,036	9,096,032
Plan fiduciary net position - beginning	84,514,716	106,235,721	77,591,594	78,103,688	73,578,572	66,016,785	58,564,802	60,203,022	57,507,986	48,411,954
Plan Fiduciary Net Position - Ending (b)	\$ 90,313,242	\$ 84,514,176	\$ 106,235,721	\$ 77,591,594	\$ 78,103,688	\$ 73,578,572	\$ 66,016,785	\$ 58,564,802	\$ 60,203,022	\$ 57,507,986
City's Net Pension Liability (a)-(b)	\$ 32,131,476	\$ 28,436,897	\$ 5,939,092	\$ 28,925,603	\$ 27,587,990	\$ 30,336,937	\$ 36,403,647	\$ 39,375,286	\$ 32,723,274	\$ 28,354,806
Plan fiduciary net position as a percentage of the total pension liability	73.76%	74.82%	94.71%	72.84%	73.90%	70.81%	64.46%	59.80%	64.79%	66.98%
Covered payroll	\$ 4,248,419	\$ 4,315,256	\$ 4,385,744	\$ 4,624,139	\$ 4,657,433	\$ 5,175,212	\$ 5,003,060	\$ 5,351,641	\$ 5,489,942	\$ 5,246,624
City's net pension liability as a percentage of covered payroll	756.32%	658.99%	135.42%	625.53%	592.34%	586.20%	727.63%	735.76%	596.06%	540.44%

Notes to Schedule:

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

The police received a slight increase in 2015 in benefits meant to encourage retirement at 25 years rather than 20 in exchange for closing the plan to new entrants.

The changes in the liability in 2016 result primarily from a reduction in the assumed investment rate of return from 7.50% to 7.25%.
The changes in the liability in 2020 result primarily from a reduction in the assumed investment rate of return from 7.25% to 7.00%.
The changes in the liability in 2021 result primarily from a reduction in the assumed investment rate of return from 7.00% to 6.75%.

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE PENSION PLAN
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:										
Service cost	\$ 1,635,879	\$ 1,727,608	\$ 1,652,258	\$ 1,657,006	\$ 1,562,372	\$ 1,732,271	\$ 1,657,897	\$ 1,459,460	\$ 1,288,336	\$ 1,301,858
Interest	8,485,596	8,107,404	8,053,199	8,097,271	7,812,009	7,647,309	7,426,079	7,256,466	7,047,145	6,926,242
Differences between expected and actual experience	(89,991)	2,929,932	(523,604)	(136,728)	(267,625)	(433,125)	(1,067,973)	(268,376)	78,639	(880,942)
Changes of assumptions		232,500	2,738,397	441,297	1,167,567	(229,183)	993,720	2,868,540		
Benefit payments, including refunds of member contributions	<u>(7,641,827)</u>	<u>(6,974,806)</u>	<u>(6,885,860)</u>	<u>(6,506,534)</u>	<u>(6,364,551)</u>	<u>(6,189,815)</u>	<u>(5,880,883)</u>	<u>(5,794,738)</u>	<u>(5,793,864)</u>	<u>(5,651,902)</u>
Net change in total pension liability	2,389,657	6,022,638	5,034,390	3,552,312	3,909,772	2,527,457	3,128,840	5,521,352	2,620,256	1,695,256
Total pension liability, beginning	<u>127,835,177</u>	<u>121,812,539</u>	<u>116,778,149</u>	<u>113,225,837</u>	<u>109,316,065</u>	<u>106,788,608</u>	<u>103,659,768</u>	<u>98,138,416</u>	<u>95,518,160</u>	<u>93,822,904</u>
Total Pension Liability, Ending (a)	\$ <u>130,224,834</u>	\$ <u>127,835,177</u>	\$ <u>121,812,539</u>	\$ <u>116,778,149</u>	\$ <u>113,225,837</u>	\$ <u>109,316,065</u>	\$ <u>106,788,608</u>	\$ <u>103,659,768</u>	\$ <u>98,138,416</u>	\$ <u>95,518,160</u>
Plan fiduciary net position:										
Contributions - employer	\$ 7,082,155	\$ 7,014,265	\$ 6,752,128	\$ 6,412,242	\$ 6,383,436	\$ 6,142,577	\$ 5,918,258	\$ 6,048,094	\$ 6,048,094	\$ 5,990,094
Contributions - member	627,025	627,214	620,074	626,867	612,901	597,058	594,650	602,467	607,260	518,936
Net investment income (loss)	8,564,403	(9,182,538)	19,421,781	3,054,503	2,608,401	5,150,800	6,435,115	(1,435,206)	2,366,045	6,786,391
Benefit payments, including refunds of member contributions	<u>(7,641,827)</u>	<u>(6,974,806)</u>	<u>(6,885,860)</u>	<u>(6,506,534)</u>	<u>(6,364,551)</u>	<u>(6,189,815)</u>	<u>(5,880,883)</u>	<u>(5,794,738)</u>	<u>(5,793,864)</u>	<u>(5,651,902)</u>
Administrative expense	<u>(55,711)</u>	<u>(54,568)</u>	<u>(51,985)</u>	<u>(46,108)</u>	<u>(51,763)</u>	<u>(57,662)</u>	<u>(135,705)</u>	<u>(96,388)</u>	<u>(98,299)</u>	<u>(64,329)</u>
Net change in plan fiduciary net position	8,576,045	(8,570,433)	19,856,138	3,540,970	3,188,424	5,642,958	6,931,435	(675,771)	3,129,236	7,579,190
Plan fiduciary net position - beginning	<u>77,350,071</u>	<u>85,920,504</u>	<u>66,064,366</u>	<u>62,523,396</u>	<u>59,334,972</u>	<u>53,692,014</u>	<u>46,760,579</u>	<u>47,436,350</u>	<u>44,307,114</u>	<u>36,727,924</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>85,926,116</u>	\$ <u>77,350,071</u>	\$ <u>85,920,504</u>	\$ <u>66,064,366</u>	\$ <u>62,523,396</u>	\$ <u>59,334,972</u>	\$ <u>53,692,014</u>	\$ <u>46,760,579</u>	\$ <u>47,436,350</u>	\$ <u>44,307,114</u>
City's Net Pension Liability (a)-(b)	\$ <u>44,298,718</u>	\$ <u>50,485,106</u>	\$ <u>35,892,035</u>	\$ <u>50,713,783</u>	\$ <u>50,702,441</u>	\$ <u>49,981,093</u>	\$ <u>53,096,594</u>	\$ <u>56,899,189</u>	\$ <u>50,702,066</u>	\$ <u>51,211,046</u>
Plan fiduciary net position as a percentage of total pension liability	65.98%	60.51%	70.54%	56.57%	55.22%	54.28%	50.28%	45.11%	48.34%	46.39%
Covered payroll	\$ 7,455,429	\$ 6,282,320	\$ 6,575,388	\$ 6,585,092	\$ 6,620,854	\$ 6,835,155	\$ 6,734,507	\$ 6,585,483	\$ 6,205,276	\$ 5,505,579
City's net pension liability as a percentage of covered payroll	594.18%	803.61%	545.85%	770.13%	765.80%	731.24%	788.43%	864.01%	817.08%	930.17%

Notes to Schedule:

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

The changes in the liability in 2016 result primarily from a reduction in the assumed investment rate of return from 7.50% to 7.25%.
The changes in the liability in 2020 result primarily from a reduction in the assumed investment rate of return from 7.25% to 7.00%.
The changes in the liability in 2021 result primarily from a reduction in the assumed investment rate of return from 7.00% to 6.75%.

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST NINE FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.063228210%	1.026752210%	1.000441770%	1.009563520%	1.029433600%	1.042213410%	0.949724730%	1.015625070%	1.031202720%
City's proportionate share of the net pension liability	\$ 28,714,806	\$ 24,163,568	\$ 31,964,173	\$ 32,212,837	\$ 32,707,660	\$ 32,872,313	\$ 28,335,774	\$ 27,960,185	\$ 25,099,478
State's proportionate share of the net pension liability	<u>21,236,616</u>	<u>17,919,452</u>	<u>23,750,163</u>	<u>24,130,751</u>	<u>24,397,565</u>	<u>24,843,571</u>	<u>19,405,844</u>	<u>19,101,521</u>	<u>17,211,868</u>
Total Liability	<u>\$ 49,951,422</u>	<u>\$ 42,083,020</u>	<u>\$ 55,714,336</u>	<u>\$ 56,343,588</u>	<u>\$ 57,105,225</u>	<u>\$ 57,715,884</u>	<u>\$ 47,741,618</u>	<u>\$ 47,061,706</u>	<u>\$ 42,311,346</u>
City's covered payroll	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
City's proportionate share of the net pension liability as a percentage of its covered payroll	131.17%	124.60%	169.42%	172.09%	176.18%	179.34%	166.53%	167.99%	156.85%
Plan fiduciary net position as a percentage of the total pension liability	62.10%	54.30%	54.30%	54.60%	54.90%	54.00%	54.06%	57.55%	61.40%

Notes to Schedule:

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

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' SURVIVORS BENEFITS COST-SHARING PLAN
LAST NINE FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension asset	3.80542057%	3.65189283%	3.58881318%	3.59251555%	3.63809711%	3.47300144%	3.29868150%	3.52658498%	3.31356806%
City's proportionate share of the net pension liability (asset)	\$ (6,687,230)	\$ (7,146,506)	\$ (4,262,202)	\$ (4,075,559)	\$ (3,246,248)	\$ (2,873,089)	\$ (3,284,559)	\$ (3,292,265)	\$ (4,119,452)
City's covered payroll	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-30.55%	-36.85%	-22.59%	-21.77%	-17.49%	-15.67%	-19.30%	-19.78%	-25.74%
Plan fiduciary net position as a percentage of the total pension liability	177.7%	153.1%	153.1%	150.2%	135.0%	146.6%	146.6%	146.6%	173.3%

Notes to Schedule:

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

**CITY OF NEWPORT, RHODE ISLAND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN
 LAST NINE FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:									
Service cost	\$ 1,427,379	\$ 1,393,857	\$ 1,406,903	\$ 1,385,770	\$ 1,368,855	\$ 1,183,562	\$ 1,112,632	\$ 1,012,748	\$ 1,027,962
Interest	5,661,463	5,563,128	5,552,267	5,480,921	5,331,361	5,388,417	5,264,384	5,102,024	5,004,233
Changes of benefit terms									
Differences between expected and actual experience	(1,549,391)	(263,395)	(903,979)	(627,984)	559,617	(1,135,652)	264,579	(434,672)	
Changes of assumptions			(642,013)			3,826,008			180,610
Benefit payments, including refunds of member contributions	(5,335,787)	(5,275,334)	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Net change in total pension liability	203,664	1,418,256	185,485	1,006,335	2,228,766	4,216,898	1,640,475	2,186,171	1,268,669
Total pension liability, beginning	82,832,243	81,413,987	81,228,502	80,222,167	77,993,401	73,776,503	72,136,028	69,949,857	68,681,188
Total Pension Liability, Ending (a)	\$ 83,035,907	\$ 82,832,243	\$ 81,413,987	\$ 81,228,502	\$ 80,222,167	\$ 77,993,401	\$ 73,776,503	\$ 72,136,028	\$ 69,949,857
Plan fiduciary net position:									
Contributions - employer	\$ 3,315,186	\$ 3,125,635	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 3,100,551	\$ 2,670,159	\$ 2,518,304	\$ 2,240,214
Contributions - member	550,411	551,155	538,393	540,393	549,030	513,971	465,743	234,906	226,656
Net investment income	(1,727,415)	14,065,593	1,915,976	3,232,507	3,782,044	5,065,942	21,439	1,073,486	6,243,957
Benefit payments, including refunds of member contributions	(5,335,787)	(5,275,334)	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Administrative expense	(58,888)	(53,593)	(52,790)	(50,516)	(50,348)	(47,861)	(77,595)	(43,154)	(39,099)
Other	(84,699)	137,698	(181,902)	6,022	379,809	274,332	(43,443)	1,235	119,179
Net change in plan fiduciary net position	(3,341,192)	12,551,154	276,054	1,661,903	2,839,696	3,861,498	(1,964,817)	(1,073,715)	3,846,771
Plan fiduciary net position - beginning	65,032,255	52,481,101	52,205,047	50,543,144	47,703,448	43,841,950	45,806,767	46,880,482	43,033,711
Plan Fiduciary Net Position - Ending (b)	\$ 61,691,063	\$ 65,032,255	\$ 52,481,101	\$ 52,205,047	\$ 50,543,144	\$ 47,703,448	\$ 43,841,950	\$ 45,806,767	\$ 46,880,482
City's Net Pension Liability (a)-(b)	\$ 21,344,844	\$ 17,799,988	\$ 28,932,886	\$ 29,023,455	\$ 29,679,023	\$ 30,289,953	\$ 29,934,553	\$ 26,329,261	\$ 23,069,375
Plan fiduciary net position as a percentage of total pension liability	74.29%	78.51%	64.46%	64.27%	63.00%	61.16%	59.43%	63.50%	67.02%
Covered payroll	\$ 16,706,075	\$ 15,710,302	\$ 15,690,971	\$ 15,195,478	\$ 14,654,765	\$ 13,388,168	\$ 12,543,133	\$ 11,708,075	\$ 11,271,517
City's net pension liability as a percentage of covered payroll	127.77%	113.30%	184.39%	191.00%	202.52%	226.24%	238.65%	224.88%	204.67%

Notes to Schedule:

- Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.
- Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS - POLICE AND FIRE PENSION PLANS
LAST TEN FISCAL YEARS

Fire Pension Plan						
Actuarial Valuation Date July 1	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ADC Contributed	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 5,990,094	\$ 5,990,094	\$ -	100.0%	\$ 5,505,579	108.80%
2015	5,778,428	6,048,094	(269,666)	104.7%	6,205,276	97.47%
2016	5,436,487	6,048,094	(611,607)	111.3%	6,585,483	91.84%
2017	5,918,258	5,918,258	-	100.0%	6,734,507	87.88%
2018	6,142,577	6,142,577	-	100.0%	6,835,155	89.87%
2019	6,383,436	6,383,436	-	100.0%	6,620,854	96.41%
2020	6,412,242	6,412,242	-	100.0%	6,585,092	97.38%
2021	6,752,128	6,752,128	-	100.0%	6,575,388	102.69%
2022	7,014,265	7,014,265	-	100.0%	6,282,320	111.65%
2023	7,082,155	7,082,155	-	100.0%	7,455,429	94.99%

Police Pension Plan						
Actuarial Valuation Date July 1	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ADC Contributed	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 3,954,174	\$ 3,954,174	\$ -	100.0%	\$ 5,246,624	75.37%
2015	3,729,898	4,012,174	(282,276)	107.6%	5,489,942	73.08%
2016	3,327,981	4,012,174	(684,193)	120.6%	5,351,641	74.97%
2017	4,314,776	4,314,776	-	100.0%	5,003,060	86.24%
2018	4,396,285	4,396,285	-	100.0%	5,175,212	84.95%
2019	4,647,573	4,647,573	-	100.0%	4,657,433	99.79%
2020	4,485,691	4,485,691	-	100.0%	4,624,139	97.01%
2021	4,320,681	4,320,681	-	100.0%	4,385,744	98.52%
2022	4,189,924	4,189,924	-	100.0%	4,315,256	97.10%
2023	4,013,737	4,013,737	-	100.0%	4,248,419	94.48%

Notes to Schedule:

Valuation Date: June 30, 2023
Measurement Date: June 30, 2023

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	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed; 9 years remaining for liabilities as of July 1, 2018; effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability will be amortized separately, assuming a fresh 15-year amortization each valuation with level dollar payments.
Asset valuation method	Actuarial Value of assets; phases in recognition of differences between return on Market Value and expected return on Market Value over a 5-year period at 20% per year.
Inflation	2.40%
Salary increases, including longevity	2.40% per year plus longevity increases after seventh year of employment
Investment rate of return	6.75% effective July 1, 2021
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	Pub-2010 Public Retirement Plans Mortality Tables for Public Safety employees, for annuitants and non-annuitants, projected to the valuation date with Scale MP-2021.

**CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF THE CITY CONTRIBUTIONS
TEACHERS RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,546,256	\$ 3,198,738	\$ 2,907,404	\$ 2,661,524	\$ 2,520,224	\$ 2,532,188	\$ 2,436,992	\$ 2,383,068	\$ 2,213,075	\$ 2,030,553
Contributions in relation to the contractually required contribution	<u>3,546,256</u>	<u>3,198,738</u>	<u>2,907,404</u>	<u>2,661,524</u>	<u>2,520,224</u>	<u>2,532,188</u>	<u>2,436,992</u>	<u>2,383,068</u>	<u>2,213,075</u>	<u>2,030,553</u>
Contribution Deficiency (Excess)	\$ <u>-</u>									
City's Covered Payroll	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256	\$ 16,002,256
Contributions as a percentage of covered payroll	16.20%	16.49%	15.41%	14.22%	13.58%	13.81%	14.32%	14.32%	13.83%	12.69%

Notes to Schedule:

- 1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.
- 2.) In May 2017, the Employees' Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

**CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF CITY CONTRIBUTIONS
TEACHERS' SURVIVORS BENEFIT COST-SHARING PLAN
LAST NINE FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 30,403	\$ 28,750	\$ 26,885	\$ 26,764	\$ 26,795	\$ 27,070	\$ 20,487	\$ 20,862	\$ 21,216
Contributions in relation to the contractually required contribution	<u>30,403</u>	<u>28,750</u>	<u>26,885</u>	<u>26,764</u>	<u>26,795</u>	<u>27,070</u>	<u>20,487</u>	<u>20,862</u>	<u>21,216</u>
Contribution Deficiency (Excess)	\$ <u>-</u>								
City's Covered Payroll	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
Contributions as a percentage of covered payroll	0.14%	0.15%	0.14%	0.14%	0.14%	0.15%	0.12%	0.13%	0.13%

Notes to Schedule:

- 1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.
- 3.) In May 2017, the Employees' Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

**CITY OF NEWPORT, RHODE ISLAND
 SCHEDULE OF CITY CONTRIBUTIONS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN
 LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,734,223	\$ 3,125,635	\$ 3,121,252	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 2,988,105	\$ 2,811,308	\$ 2,506,948	\$ 2,343,262
Contributions in relation to the contractually required contribution	<u>3,734,223</u>	<u>3,125,635</u>	<u>3,121,252</u>	<u>3,284,070</u>	<u>3,165,869</u>	<u>3,210,228</u>	<u>2,988,105</u>	<u>2,811,308</u>	<u>2,506,948</u>	<u>2,343,262</u>
Contribution Deficiency (Excess)	\$ <u>-</u>									
City's Covered Payroll	\$ 18,465,483	\$ 15,710,302	\$ 15,690,971	\$ 15,709,079	\$ 15,110,097	\$ 14,654,765	\$ 13,217,927	\$ 12,860,503	\$ 11,692,085	\$ 11,259,620
Contributions as a percentage of covered payroll	20.22%	19.90%	19.89%	20.91%	20.95%	21.91%	22.61%	21.86%	21.44%	20.81%

Notes to Schedule:

- 1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.
- 2.) In May 2017, the Employees' Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Inflation	2.50%
Salary increases	3.25% to 14.00%
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

**CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
POLICE AND FIRE PENSION PLANS
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense *							13.83%	-2.40%	4.98%	19.04%
Police Plan	10.00%	-18.43%	38.14%	0.82%	7.14%	12.62%				
Fire Plan	10.62%	-10.27%	27.97%	4.65%	4.17%	9.08%				

* The plans are invested together and the amount per plan was not calculated prior to 2018.

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN
LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:							
Service cost	\$ 1,613,164	\$ 1,592,536	\$ 1,560,134	\$ 1,658,323	\$ 1,794,271	\$ 1,602,911	\$ 1,365,521
Interest	8,432,585	8,623,875	8,821,290	9,618,285	9,095,042	9,373,447	8,932,105
Changes of benefit terms	(917,331)		(522,952)		(955,397)		
Differences between expected and actual experience	(4,074,488)	(7,572,013)	(8,122,356)	(5,168,817)	209,086	(9,989,353)	
Changes of assumptions	5,065,133	973,569	1,777,515	(1,797,126)	3,456,137	1,314,151	
Benefit payments	(6,436,619)	(6,308,176)	(6,422,410)	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Net change in total OPEB liability	<u>3,682,444</u>	<u>(2,690,209)</u>	<u>(2,908,779)</u>	<u>(2,134,706)</u>	<u>7,072,746</u>	<u>(3,593,059)</u>	<u>4,053,346</u>
Total OPEB liability, beginning	<u>122,016,209</u>	<u>124,706,418</u>	<u>127,615,197</u>	<u>129,749,903</u>	<u>122,677,157</u>	<u>126,270,216</u>	<u>122,216,870</u>
Total OPEB Liability, Ending (a)	<u>\$ 125,698,653</u>	<u>\$ 122,016,209</u>	<u>\$ 124,706,418</u>	<u>\$ 127,615,197</u>	<u>\$ 129,749,903</u>	<u>\$ 122,677,157</u>	<u>\$ 126,270,216</u>
Plan fiduciary net position:							
Contributions - employer	\$ 4,424,849	\$ 7,128,176	\$ 6,422,410	\$ 7,293,233	\$ 7,346,393	\$ 6,614,215	\$ 6,964,280
Net investment income	7,195,824	(11,252,373)	17,705,528	1,346,380	2,759,253	4,785,765	4,972,032
Benefit payments	(6,436,619)	(6,308,176)	(6,422,410)	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Administrative expense	(66,234)	(54,085)	(51,287)	(47,471)	(47,907)	(48,350)	(45,922)
Net change in plan fiduciary net position	<u>5,117,820</u>	<u>(10,486,458)</u>	<u>17,654,241</u>	<u>2,146,771</u>	<u>3,531,346</u>	<u>5,457,415</u>	<u>5,646,110</u>
Plan fiduciary net position - beginning	<u>60,158,631</u>	<u>70,645,089</u>	<u>52,990,848</u>	<u>50,844,077</u>	<u>47,312,731</u>	<u>41,855,316</u>	<u>36,209,206</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 65,276,451</u>	<u>\$ 60,158,631</u>	<u>\$ 70,645,089</u>	<u>\$ 52,990,848</u>	<u>\$ 50,844,077</u>	<u>\$ 47,312,731</u>	<u>\$ 41,855,316</u>
City's Net OPEB Liability (a)-(b)	<u>\$ 60,422,202</u>	<u>\$ 61,857,578</u>	<u>\$ 54,061,329</u>	<u>\$ 74,624,349</u>	<u>\$ 78,905,826</u>	<u>\$ 75,364,426</u>	<u>\$ 84,414,900</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.93%	49.30%	56.65%	41.52%	39.19%	38.57%	33.15%
Covered payroll	\$ 48,597,910	\$ 46,582,811	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402
Net OPEB liability as a percentage of covered payroll	124.33%	132.79%	118.92%	166.29%	172.74%	169.28%	190.67%

Notes to Schedule:

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

**CITY OF NEWPORT, RHODE ISLAND
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS PLAN
 LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 6,569,233	\$ 6,460,170	\$ 6,920,250	\$ 7,237,210	\$ 7,781,651	\$ 7,162,648	\$ 7,666,176	\$ 8,018,221	\$ 6,943,534	\$ 7,304,803
Contributions in relation to the actuarially determined contribution	<u>4,424,849</u>	<u>7,128,176</u>	<u>6,422,410</u>	<u>7,293,233</u>	<u>7,346,393</u>	<u>6,614,215</u>	<u>6,964,280</u>	<u>7,132,978</u>	<u>7,332,694</u>	<u>7,836,934</u>
Contribution deficiency (excess)	\$ <u>2,144,384</u>	\$ <u>(668,006)</u>	\$ <u>497,840</u>	\$ <u>(56,023)</u>	\$ <u>435,258</u>	\$ <u>548,433</u>	\$ <u>701,896</u>	\$ <u>885,243</u>	\$ <u>(389,160)</u>	\$ <u>(532,131)</u>
Covered payroll	\$ 48,597,910	\$ 46,582,811	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402	\$ 42,091,451	\$ 40,192,005	\$ 38,097,950
Contributions as a percentage of covered payroll	9.11%	15.30%	14.13%	16.25%	16.08%	14.86%	15.73%	16.95%	18.24%	20.57%

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry Age Normal (level percentage of salary)
- Amortization method Level percentage of payroll, closed
- Amortization period 15 years remaining on unfunded past service as of July 1, 2021; future changes are amortized separately assuming a new 15-year amortization each valuation with level dollar payments
- Asset valuation method Actuarial Value of assets; phases in recognition of differences between return on Market Value and expected return on Market Value over a 5-year period at 20% per year.
- Inflation 2.40%
- Healthcare cost trend rates 2022 - 6.50%; 2023 6.30%; decreasing by .20% annually until reaches 4.40%
- Salary increases 2.40% plus longevity increases for police and fire
- Investment rate of return 6.75% effective as of the July 1, 2022 valuation date
- Mortality Police and Fire: Pub-2010 Public Retirement Plans Mortality tables for Public Safety; projected to the valuation date with Scale MP-2021
 Teachers and Administrators: Pub-2010 Public Plans Mortality tables for Teachers; projected to the valuation date with Scale MP-2021
 School Support Staff and General City: Pub-2010 Public Retirement Plans for General employees; projected with Scale MP-2021

CITY OF NEWPORT, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN
LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	12.05%	-15.76%	33.42%	2.61%	5.74%	11.26%	13.65%

Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Supplemental,
Combining and
Individual Fund
Statements and
Schedules**

General Fund

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.

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Property Taxes:				
Current taxes - Real Estate	\$ 82,773,795	\$ 82,773,795	\$ 82,078,987	\$ (694,808)
Current taxes - MV	900,000	900,000	-	(900,000)
Delinquent taxes & penalties	1,545,000	1,545,000	823,345	(721,655)
Tax abatements	(800,000)	(800,000)	65,107	865,107
Meals and beverage tax	2,450,000	2,450,000	3,414,298	964,298
Hotel occupancy tax	3,000,000	3,000,000	3,641,138	641,138
Total property taxes	<u>89,868,795</u>	<u>89,868,795</u>	<u>90,022,875</u>	<u>154,080</u>
Intergovernmental Revenues:				
Telephone company tax	293,727	293,727	305,954	12,227
MV tax phase out	848,629	848,629	2,223,671	1,375,042
School housing aid	1,030,207	1,030,207	1,033,614	3,407
PILOT	1,607,219	1,607,219	1,688,961	81,742
Federal aid	-	-	71,882	71,882
Total intergovernmental revenues	<u>3,779,782</u>	<u>3,779,782</u>	<u>5,324,082</u>	<u>1,544,300</u>
Charges for Services:				
Service fees	728,009	728,009	766,038	38,029
Police special detail	1,400,000	1,400,000	1,752,754	352,754
Document prep and handling	65,000	65,000	50,333	(14,667)
Planning services	6,500	6,500	1,482	(5,018)
Solid waste hauler fees	3,000	3,000	2,000	(1,000)
Management services	1,327,126	1,327,126	1,327,126	-
Fire alarm assessments	164,000	164,000	156,000	(8,000)
Bulky waste sticker program	30,000	30,000	-	(30,000)
Recreation Scholarship Revenue	1,000	1,000	1,864	864
Recreation Program Revenue	100,000	100,000	155,023	55,023
Parking tickets	950,000	950,000	840,662	(109,338)
Recording fees	300,000	300,000	195,754	(104,246)
Conveyance tax	1,263,218	1,263,218	899,584	(363,634)
Probate fees	46,000	46,000	59,218	13,218
Rescue fees	900,000	900,000	1,092,219	192,219
General business	95,000	95,000	144,123	49,123
Parking fund revenue share	100,000	100,000	304,978	204,978
Hotel registration fees	30,000	30,000	38,800	8,800
Entertainment	25,000	25,000	26,810	1,810
Liquor	190,000	190,000	190,640	640
Mech amusement	5,000	5,000	6,025	1,025
Sunday selling	25,000	25,000	18,600	(6,400)
Victualing	56,000	56,000	55,000	(1,000)
Animal	3,000	3,000	3,555	555
Marriage	5,000	5,000	5,080	80
Building	975,000	975,000	2,364,888	1,389,888
Plumbing	70,000	70,000	117,048	47,048
Mechanical	170,000	170,000	335,292	165,292
Electrical	135,000	135,000	282,576	147,576
Board of Appeals	40,000	40,000	105,667	65,667
HDC application fee	40,000	40,000	33,300	(6,700)
Road opening	50,000	50,000	127,632	77,632
Fire inspection fees	80,000	80,000	130,143	50,143
Fire - sundry	20,000	20,000	12,420	(7,580)
Police - sundry	10,000	10,000	12,704	2,704
Municipal court cost assessment	150,000	150,000	124,875	(25,125)
Other miscellaneous	60,000	60,000	111,612	51,612
Beach bounce fees	-	-	575	575
Bathhouses	75,000	75,000	78,020	3,020
Rotunda rentals	25,000	25,000	(750)	(25,750)
Food service concessions	53,500	53,500	58,984	5,484
Outside vendor commissions	17,500	17,500	44,325	26,825
Beach parking	1,000,000	1,000,000	992,387	(7,613)
Beach meters	40,000	40,000	59,170	19,170
Total charges for services	<u>10,828,853</u>	<u>10,828,853</u>	<u>13,084,536</u>	<u>2,255,683</u>
Use of Money and Property:				
Rental of property	142,000	142,000	26,908	(115,092)
Investment interest	300,000	300,000	424,571	124,571
Total use of money and property	<u>442,000</u>	<u>442,000</u>	<u>451,479</u>	<u>9,479</u>
Other Revenues:				
Sale of surplus equipment and property	-	-	30,997	30,997
Fireworks donations	-	-	45,750	45,750
Public donations	111,500	111,500	140,759	29,259
Total other revenues	<u>111,500</u>	<u>111,500</u>	<u>217,506</u>	<u>106,006</u>
Total revenues	105,030,930	105,030,930	109,100,478	4,069,548
Other Financing Sources:				
Transfers in	-	-	16,899	16,899
Appropriated Fund Balance	-	575,000	-	-
Total Revenues and Other Financing Sources	<u>\$ 105,030,930</u>	<u>\$ 105,605,930</u>	<u>\$ 109,117,377</u>	<u>\$ 4,086,447</u>

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Expenditures:				
General Government:				
Mayor and City Council	\$ 141,173	\$ 197,173	\$ 194,403	\$ 2,770
City Manager	1,102,823	1,103,747	1,093,974	9,773
City Solicitor	553,613	553,613	528,490	25,123
Canvassing	292,348	292,348	239,744	52,604
City Clerk	636,783	646,283	689,101	(42,818)
Finance	4,976,505	4,997,462	5,394,445	(396,983)
Reserve Accounts	965,000	910,836	1,026,031	(115,195)
Public Safety:				
Police Department	18,808,439	19,100,037	19,116,637	(16,600)
Fire Department	20,822,958	21,143,423	21,105,489	37,934
Public Services	11,558,545	12,931,214	12,176,465	754,749
Planning	583,745	586,025	413,391	172,634
Zoning and Inspections	1,111,636	1,113,101	1,046,439	66,662
Human Services:				
Donations	145,200	145,200	142,500	2,700
Public Library	1,972,637	1,972,637	1,972,637	-
Pension expenditures	1,475,000	1,475,000	1,331,927	143,073
Debt service	8,400,382	8,400,382	8,344,505	55,877
Total expenditures	<u>73,546,787</u>	<u>75,568,481</u>	<u>74,816,178</u>	<u>752,303</u>
Other financing uses:				
Transfers out	<u>31,484,143</u>	<u>31,484,143</u>	<u>31,642,600</u>	<u>(158,457)</u>
Total Expenditures and Other Financing Uses	<u>\$ 105,030,930</u>	<u>\$ 107,052,624</u>	<u>\$ 106,458,778</u>	<u>\$ 593,846</u>

Permanent Trust 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, 2023**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Nonspendable for Endowments</u>	<u>Restricted Fund Balance</u>
David Sears Trusts 1-12 (City Portion)	\$ 2,562,829	\$ (732)	\$ 750,000	\$ 1,812,097
David Sears Trust - Heirs of David Sears	3,901,973	(5,416)	1,039,381	2,857,176
David Sears Trust - Public Improvements	1,339,490	(323)	-	1,339,167
Joseph Hammett Fund (1892)	49,390	(14)	1,500	47,876
Henderson Home Fund (1980)	1,461,472	(396)	139,781	1,321,295
Freebody Fund	253,935	(63)	97,000	156,872
EV Coles Fund (1899)	457,437	(128)	61,321	395,988
Hunter Industrial Fund (1942)	156,145	(43)	25,000	131,102
King School Fund (1864)	322,936	(88)	8,914	313,934
City Burial Lots	812,296	(220)	-	812,076
Private Burial Lots	17,108	(5)	-	17,103
Belmont Memorial Fund (1950)	81,992	(20)	2,000	79,972
Judah Touro M & C Fund (1879)	241,000	(65)	10,000	230,935
Touro Street Fund (1823)	165,564	(40)	5,000	160,524
Derby Fuel Fund (1849)	27,164	(9)	500	26,655
Fry Orphan Fund (1859)	42,554	(11)	5,131	37,412
R & E Bullock Fund (1944)	104,415	(29)	1,000	103,386
Poor and Aged Fund (1863)	924,191	(1,950)	100,000	822,241
Alexander Agassiz Fund (1901)	244,974	(67)	31,087	213,820
George H Norman Foundation Fund (1901)	83,942	(24)	6,899	77,019
Barbara Chapman Fund (1990)	10,486	(4)	2,000	8,482
E Townsend Fund (1889)	523,925	(128)	155,137	368,660
George N Buckout Fund (1955)	251,400	(62)	15,000	236,338
Edward Newton Fund (1959)	87,550	(21)	-	87,529
Braman Cemetery	336,986	(88)	-	336,898
Louis H Hobbs Fund (1988)	93,857	(24)	25,000	68,833
RIICAN Fund	19,836	(5)	-	19,831
Pell School Tech Endowment Fund (2015)	1,373,775	(57,458)	120,000	1,196,317
Peter P Integlia Physical Education Scholarship	30,034	(7)	11,047	18,980
American Culinary Federation Award	72,004	(18)	250	71,736
Eileen Jeanes Jachna Award	54,528	(13)	2,000	52,515
William T Bull Award	48,188	(12)	20,000	28,176
Mercedes S Coulombe Award	168,948	(42)	10,000	158,906
Carol Ann Page Award	12,104	(4)	250	11,850
Avis G Marden Award	9,254	(1)	2,500	6,753
Class of 41 American Government Award	10,281	(1)	2,500	7,780
PF Carroll Scholarship	41,048	(11)	250	40,787
J Fitzgerald Scholarship	4,120	(1)	250	3,869
Smales Scholarship	23,238	(6)	250	22,982
Henry Vaughn Memorial Award	9,969	(1)	250	9,718
Adelson Biology Award	6,796	(1)	250	6,545
Leavitt Trust Award	27,576	(7)	250	27,319
Alliance Francaise Award	2,621	-	250	2,371
Lalli Trust Award	9,917	(1)	2,270	7,646
Goldstein Music Award	9,616	(1)	250	9,365
MB Howard Award	24,803	(6)	250	24,547
Newport School Book Award	820	-	250	570
Edward King Medal Award	142,238	(36)	2,000	140,202
Koehne Latin Award	6,130	(1)	250	5,879

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2023**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Nonspendable for Endowments</u>	<u>Restricted Fund Balance</u>
Mirman Math Award	4,927	(1)	250	4,676
GH Norman Award	13,651	(5)	500	13,146
Peckham Award	182,986	(44)	250	182,692
Pell Medal	6,192	(1)	200	5,991
Read Medal #1	2,080	-	250	1,830
Read Medal #2	2,308	-	250	2,058
Charles B King Award	31,608	(7)	250	31,351
Rogers High School Centennial Award	69,565	(18)	5,000	64,547
Almira Coffin Award	7,968	(1)	250	7,717
HH Toole Scholarship	24,370	(6)	250	24,114
Henry Heffernan Award	116,323	(30)	250	116,043
Bruen Scholarship	42,416	(12)	250	42,154
Sullivan Scholarship	62,026	(17)	250	61,759
Joseph P Cotton Memorial Award	40,397	(11)	250	40,136
Rufus E Darrah Memorial Award	14,416	(5)	250	14,161
Margaret P Stevens Award	1,911	-	250	1,661
Christine Meek Sullivan/Marx Award	34,188	(8)	250	33,930
Zelda Mirman Music/Drama Award	58,421	(13)	250	58,158
Wosencroft Scholarship	11,756	(4)	250	11,502
M/M Thomas Archambault Award	25,594	(6)	10,000	15,588
Class of 46 Rogers High School DLS Award	42,925	(12)	2,000	40,913
General Contractors Association Award	39,893	(11)	250	39,632
Cohen Scholarship	11,160	(2)	250	10,908
Townsend Scholarship	12,559	(5)	250	12,304
Dorothy Drinkwater Lecraw Award	83,736	(23)	35,000	48,713
Nicholas Logothets Award	11,277	(2)	250	11,025
Helene Lewis Memorial Scholarship	126,019	(32)	250	125,737
Kristen Jorge Memorial Scholarship	37,564	(10)	11,813	25,741
James Colton Crowley Award	137,534	(36)	250	137,248
Florence J Alofsin English Award	10,592	(1)	5,000	5,591
Sandra Clooney Memorial Scholarship	45,098	(12)	23,629	21,457
Allan Family Scholarship	153,536	(41)	78,819	74,676
Loeb/George Washington Essay Award	9,512	(1)	250	9,261
Tift-Oxley Scholarship Fund	77,668	(19)	37,700	39,949
John J Egan Scholarship Fund	49,196	(12)	250	48,934
Colleen Curry Dawson Fund	55,320	(24)	250	55,046
Total Permanent Trust Funds	<u>\$ 18,319,547</u>	<u>\$ (68,035)</u>	<u>\$ 2,873,129</u>	<u>\$ 15,378,383</u>

CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fund Balance June 30, 2023	Revenues Use of Money and Property and Investment Changes	Expenditures Human Services	Fund Balance June 30, 2023
David Sears Trusts 1-12 (City Portion)	\$ 2,635,607	\$ (73,510)	\$ -	\$ 2,562,097
David Sears Trust - Heirs of David Sears	3,226,214	705,680	(35,337)	3,896,557
David Sears Trust - Public Improvements	1,052,200	368,467	(81,500)	1,339,167
Joseph Hammett Fund (1892)	45,840	5,496	(1,960)	49,376
Henderson Home Fund (1980)	1,351,723	167,123	(57,770)	1,461,076
Freebody Fund	220,576	33,296	-	253,872
EV Coles Fund (1899)	439,657	49,092	(31,440)	457,309
Hunter Industrial Fund (1942)	144,604	17,678	(6,180)	156,102
King School Fund (1864)	298,914	36,704	(12,770)	322,848
City Burial Lots	751,134	93,042	(32,100)	812,076
Private Burial Lots	14,861	2,242	-	17,103
Belmont Memorial Fund (1950)	71,220	10,752	-	81,972
Judah Touro M & C Fund (1879)	222,994	27,471	(9,530)	240,935
Touro Street Fund (1823)	143,811	21,713	-	165,524
Derby Fuel Fund (1849)	25,178	3,058	(1,080)	27,156
Fry Orphan Fund (1859)	39,586	4,647	(1,690)	42,543
R & E Bullock Fund (1944)	96,821	11,705	(4,140)	104,386
Poor and Aged Fund (1863)	990,664	(17,388)	(51,035)	922,241
Alexander Agassiz Fund (1901)	226,811	27,786	(9,690)	244,907
George H Norman Foundation Fund (1901)	77,752	9,486	(3,320)	83,918
Barbara Chapman Fund (1990)	9,112	1,371	-	10,483
E Townsend Fund (1889)	455,094	68,704	-	523,798
George N Buckout Fund (1955)	218,375	32,963	-	251,338
Edward Newton Fund (1959)	76,046	11,483	-	87,529
Braman Cemetery	296,071	40,827	-	336,898
Louis H Hobbs Fund (1988)	81,529	12,305	-	93,834
RIICAN Fund	17,230	2,601	-	19,831
Pell School Tech Endowment Fund (2015)	1,334,047	39,280	(57,010)	1,316,317
Peter P Integlia Physical Education Scholarship	27,197	3,960	(1,130)	30,027
American Culinary Federation Award	62,853	9,133	-	71,986
Eileen Jeanes Jachna Award	49,282	7,713	(2,480)	54,515
William T Bull Award	43,649	6,347	(1,820)	48,176
Mercedes S Coulombe Award	148,610	23,181	(2,885)	168,906
Carol Ann Page Award	10,816	1,684	(400)	12,100
Avis G Marden Award	8,060	1,262	(70)	9,252
Class of 41 American Government Award	9,310	1,359	(390)	10,279
PF Carroll Scholarship	37,182	5,404	(1,550)	41,036
J Fitzgerald Scholarship	3,725	545	(150)	4,120
Smales Scholarship	21,029	3,063	(860)	23,232
Henry Vaughn Memorial Award	9,023	1,315	(370)	9,968
Adelson Biology Award	6,148	897	(250)	6,795
Leavitt Trust Award	24,976	3,634	(1,040)	27,570
Alliance Francaise Award	2,365	346	(90)	2,621
Lalli Trust Award	8,976	1,310	(370)	9,916
Goldstein Music Award	8,391	1,224	-	9,615
MB Howard Award	22,050	3,207	(460)	24,797
Newport School Book Award	709	110	-	819
Edward King Medal Award	124,347	19,093	(1,238)	142,202
Koehne Latin Award	5,565	804	(240)	6,129
Mirman Math Award	4,463	653	(190)	4,926
GH Norman Award	11,919	1,728	-	13,647
Peckham Award	159,593	24,145	(796)	182,942
Pell Medal	5,354	838	-	6,192

CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fund Balance June 30, 2023	Revenues Use of Money and Property and Investment Changes	Expenditures Human Services	Fund Balance June 30, 2023
Read Medal #1	1,798	282	-	2,080
Read Medal #2	1,995	312	-	2,307
Charles B King Award	28,624	4,166	(1,190)	31,600
Rogers High School Centennial Award	63,014	9,163	(2,630)	69,547
Almira Coffin Award	7,213	1,054	(300)	7,967
HH Toole Scholarship	22,073	3,211	(920)	24,364
Henry Heffernan Award	105,372	15,321	(4,400)	116,293
Bruen Scholarship	38,385	5,590	(1,570)	42,405
Sullivan Scholarship	56,191	8,167	(2,350)	62,008
Joseph P Cotton Memorial Award	36,179	5,657	(1,450)	40,386
Rufus E Darrah Memorial Award	12,582	1,829	-	14,411
Margaret P Stevens Award	1,652	259	-	1,911
Christine Meek Sullivan/Marx Award	30,521	4,444	(785)	34,180
Zelda Mirman Music/Drama Award	50,014	7,559	835	58,408
Wosencroft Scholarship	10,645	1,547	(440)	11,752
M/M Thomas Archambault Award	23,185	3,373	(970)	25,588
Class of 46 Rogers High School DLS Award	38,728	5,766	(1,580)	42,914
General Contractors Association Award	34,822	5,060	-	39,882
Cohen Scholarship	9,737	1,421	-	11,158
Townsend Scholarship	11,375	1,649	(470)	12,554
Dorothy Drinkwater Lecraw Award	75,857	11,026	(3,170)	83,713
Nicholas Logothets Award	9,750	1,526	-	11,276
Helene Lewis Memorial Scholarship	114,104	16,613	(4,730)	125,987
Kristen Jorge Memorial Scholarship	32,490	5,063	-	37,553
James Colton Crowley Award	124,581	18,116	(5,200)	137,497
Florence J Alofsin English Award	9,242	1,349	-	10,591
Sandra Clooney Memorial Scholarship	40,810	5,946	(1,670)	45,086
Allan Family Scholarship	135,133	18,361	-	153,494
Loeb/George Washington Essay Award	8,283	1,228	-	9,511
Tift-Oxley Scholarship Fund	70,275	10,243	(2,870)	77,648
John J Egan Scholarship Fund	42,547	6,637	-	49,184
Colleen Curry Dawson Fund	48,988	7,308	(1,000)	55,296
Total Permanent Trust Funds	<u>\$ 16,675,428</u>	<u>\$ 2,026,275</u>	<u>\$ (450,191)</u>	<u>\$ 18,251,512</u>

Nonmajor Governmental Funds

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 Funds

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.

Substance Abuse Task Force

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

Sheffield Hub Grant

This fund is used to account for activities funded by the EDA grant and City match for special purposes.

Restricted Cliff Walk Fund

This fund is used to account for activities funded by donations from visitors to the Cliff Walk to maintain and repair the Cliff Walk.

Gift Fund

This fund 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.

Capital Project Funds

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

School Capital Fund

This fund is used to account for funding set aside for school capital improvements.

Property Acquisition Fund

This 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.

CITY OF NEWPORT, RHODE ISLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds	
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund		Property Acquisition Fund
Assets:									
Cash and cash equivalents	\$ -	\$ 646,602	\$ 6,153,894	\$ 3,792	\$ 22,005	\$ 55,291	\$ 131,663	\$ 2,790,016	\$ 9,803,263
Receivables:									
Intergovernmental	2,567,494	-	14,656	-	-	-	-	-	2,582,150
Note/loan	-	105,000	-	-	-	-	-	477,954	582,954
Total Assets	\$ 2,567,494	\$ 751,602	\$ 6,168,550	\$ 3,792	\$ 22,005	\$ 55,291	\$ 131,663	\$ 3,267,970	\$ 12,968,367
Liabilities, Deferred Inflows of Resources and Fund Balances:									
Liabilities:									
Cash overdraft	\$ 2,116,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,116,616
Accrued expenses	45,134	-	-	-	-	-	-	-	45,134
Accounts payable	286,855	-	1,205,640	-	199	4,781	-	-	1,497,475
Total liabilities	<u>2,448,605</u>	<u>-</u>	<u>1,205,640</u>	<u>-</u>	<u>199</u>	<u>4,781</u>	<u>-</u>	<u>-</u>	<u>3,659,225</u>
Deferred Inflows of Resources:									
Unavailable revenue - loans receivable	-	105,000	-	-	-	-	-	477,954	582,954
Unavailable revenue - intergovernmental receivable	661,177	-	4,419,755	-	-	-	-	-	5,080,932
Total deferred inflows of resources	<u>661,177</u>	<u>105,000</u>	<u>4,419,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,954</u>	<u>5,663,886</u>
Fund Balances:									
Restricted	-	646,602	543,155	3,792	21,806	50,510	-	-	1,265,865
Committed	-	-	-	-	-	-	131,663	-	131,663
Assigned	-	-	-	-	-	-	-	2,790,016	2,790,016
Unassigned	(542,288)	-	-	-	-	-	-	-	(542,288)
Total fund balances	<u>(542,288)</u>	<u>646,602</u>	<u>543,155</u>	<u>3,792</u>	<u>21,806</u>	<u>50,510</u>	<u>131,663</u>	<u>2,790,016</u>	<u>3,645,256</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,567,494	\$ 751,602	\$ 6,168,550	\$ 3,792	\$ 22,005	\$ 55,291	\$ 131,663	\$ 3,267,970	\$ 12,968,367

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue						Capital Project		Total Nonmajor Governmental Funds
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund	Property Acquisition Fund	
Revenues:									
Intergovernmental revenues	\$ 7,702,864	\$ -	\$ 3,150,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,852,926
Charges for services	169,615	-	-	-	-	-	-	-	169,615
Use of money and property	-	-	-	-	-	-	-	392,108	392,108
Contributions	113,163	-	108,557	-	16,297	60,472	-	-	298,489
Total Revenues	<u>7,985,642</u>	<u>-</u>	<u>3,258,619</u>	<u>-</u>	<u>16,297</u>	<u>60,472</u>	<u>-</u>	<u>392,108</u>	<u>11,713,138</u>
Expenditures:									
Current:									
General government	-	-	8,517	-	-	-	-	303,715	312,232
General education	8,560,650	-	-	-	-	-	-	-	8,560,650
Public safety	-	-	188,668	-	-	2,149	-	-	190,817
Public services	-	-	273,556	-	9,335	80,252	-	-	363,143
Planning	-	-	108,977	-	-	-	-	-	108,977
Human services	-	-	486,280	-	-	-	-	-	486,280
Capital outlays	290,532	-	784,239	-	-	-	419,000	-	1,493,771
Total Expenditures	<u>8,851,182</u>	<u>-</u>	<u>1,850,237</u>	<u>-</u>	<u>9,335</u>	<u>82,401</u>	<u>419,000</u>	<u>303,715</u>	<u>11,515,870</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(865,540)</u>	<u>-</u>	<u>1,408,382</u>	<u>-</u>	<u>6,962</u>	<u>(21,929)</u>	<u>(419,000)</u>	<u>88,393</u>	<u>197,268</u>
Other Financing Sources (Uses):									
Transfers in	-	-	46,357	-	-	-	419,000	-	465,357
Transfers out	-	-	(1,277,495)	-	-	-	-	(64,500)	(1,341,995)
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,231,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,000</u>	<u>(64,500)</u>	<u>(876,638)</u>
Net Change in Fund Balances	<u>(865,540)</u>	<u>-</u>	<u>177,244</u>	<u>-</u>	<u>6,962</u>	<u>(21,929)</u>	<u>-</u>	<u>23,893</u>	<u>(679,370)</u>
Fund Balances at Beginning of Year	<u>323,252</u>	<u>646,602</u>	<u>365,911</u>	<u>3,792</u>	<u>14,844</u>	<u>72,439</u>	<u>131,663</u>	<u>2,766,123</u>	<u>4,324,626</u>
Fund Balances at End of Year	<u>\$ (542,288)</u>	<u>\$ 646,602</u>	<u>\$ 543,155</u>	<u>\$ 3,792</u>	<u>\$ 21,806</u>	<u>\$ 50,510</u>	<u>\$ 131,663</u>	<u>\$ 2,790,016</u>	<u>\$ 3,645,256</u>

Nonmajor Proprietary Funds

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.

Parking Operations Fund

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

CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,161,771	\$ 3,955,377	\$ 6,117,148
Investments	-	1,679,679	1,679,679
Accounts receivable:			
Current portion lease receivables	50,999	196,768	247,767
User fees (net of allowances)	57,668	238,588	296,256
Prepaid expenses	44,343	-	44,343
Total current assets	<u>2,314,781</u>	<u>6,070,412</u>	<u>8,385,193</u>
Noncurrent assets:			
Long-term lease receivables	717,523	874,480	1,592,003
Capital assets	5,813,333	5,814,394	11,627,727
Less accumulated depreciation	<u>(1,755,492)</u>	<u>(2,990,139)</u>	<u>(4,745,631)</u>
Total noncurrent assets	<u>4,775,364</u>	<u>3,698,735</u>	<u>8,474,099</u>
Total Assets	<u>7,090,145</u>	<u>9,769,147</u>	<u>16,859,292</u>
Deferred outflow of resources:			
Deferred outflows - pension	88,961	-	88,961
Deferred outflows - other post employment benefit	2,476	-	2,476
Total deferred outflow of resources	<u>91,437</u>	<u>-</u>	<u>91,437</u>
Liabilities:			
Current liabilities:			
Accounts payable	217,319	706,743	924,062
Accrued expenses	47,477	14,981	62,458
Total current liabilities	<u>264,796</u>	<u>721,724</u>	<u>986,520</u>
Long-term liabilities:			
Net pension liability	213,085	-	213,085
Total long-term liabilities	<u>213,085</u>	<u>-</u>	<u>213,085</u>
Total Liabilities	<u>477,881</u>	<u>721,724</u>	<u>1,199,605</u>
Deferred inflow of resources:			
Deferred inflows - leases	768,522	1,071,248	1,839,770
Deferred inflows - pension	81,178	-	81,178
Deferred inflows - other post employment benefit	5,628	-	5,628
Total deferred inflow of resources	<u>855,328</u>	<u>1,071,248</u>	<u>1,926,576</u>
Net Position:			
Net investment in capital assets	4,057,841	2,824,255	6,882,096
Unrestricted	<u>1,790,532</u>	<u>5,151,920</u>	<u>6,942,452</u>
Total Net Position	<u>\$ 5,848,373</u>	<u>\$ 7,976,175</u>	<u>\$ 13,824,548</u>

CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Operating Revenues:			
User fees	\$ 1,417,671	\$ 2,293,207	\$ 3,710,878
Operating Expenses:			
Salaries and benefits	490,905	143,259	634,164
Materials and supplies	43,120	18,806	61,926
Repairs and maintenance	335,719	200,719	536,438
Support services	102,080	443,689	545,769
Utilities	18,817	48,654	67,471
Administrative and other	148,066	509,422	657,488
Depreciation	175,683	114,260	289,943
Total operating expenses	<u>1,314,390</u>	<u>1,478,809</u>	<u>2,793,199</u>
Operating Income	103,281	814,398	917,679
Nonoperating revenues and expenses:			
Investment income (loss)	22,179	25,636	47,815
Total nonoperating revenues and expenses	<u>22,179</u>	<u>25,636</u>	<u>47,815</u>
Income Before Transfers	125,460	840,034	965,494
Transfers:			
Transfers out	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Changes in Net Position	25,460	640,034	665,494
Net Position at Beginning of Year	<u>5,822,913</u>	<u>7,336,141</u>	<u>13,159,054</u>
Net Position at End of Year	<u>\$ 5,848,373</u>	<u>\$ 7,976,175</u>	<u>\$ 13,824,548</u>

**CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,392,538	\$ 2,616,682	\$ 4,009,220
Cash payments to suppliers for goods and services	(417,612)	(285,089)	(702,701)
Cash payments to employees for services	(509,035)	(151,084)	(660,119)
Payment of administrative expense	(148,066)	(509,422)	(657,488)
Net cash provided by (used in) operating activities	<u>317,825</u>	<u>1,671,087</u>	<u>1,988,912</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans and transfers	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	<u>(187,890)</u>	<u>(682,302)</u>	<u>(870,192)</u>
Net cash provided by (used in) capital and related financing activities	<u>(187,890)</u>	<u>(682,302)</u>	<u>(870,192)</u>
Cash Flows from Investing Activities:			
Investment income (loss)	<u>22,179</u>	<u>37,284</u>	<u>59,463</u>
Net cash provided by (used in) investing activities	<u>22,179</u>	<u>37,284</u>	<u>59,463</u>
Net Increase (Decrease) in Cash and Cash Equivalents	52,114	826,069	878,183
Cash and Cash Equivalents at Beginning of Year	<u>2,109,657</u>	<u>3,129,308</u>	<u>5,238,965</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,161,771</u>	<u>\$ 3,955,377</u>	<u>\$ 6,117,148</u>
Reconciliation of Operating Income (Loss) to net Cash			
Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 103,281	\$ 814,398	\$ 917,679
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	175,683	114,260	289,943
Changes in assets and liabilities:			
Decrease (Increase) in accounts receivable	(25,133)	323,475	298,342
Decrease (Increase) in leases receivable	46,371	153,740	200,111
Decrease (Increase) in deferred outflows of resources:			
Deferred outflows - pension	(46,538)	-	(46,538)
(Decrease) Increase in accounts payable	82,484	426,779	509,263
(Decrease) Increase in accrued liabilities	11,595	(7,825)	3,770
(Decrease) Increase in net pension liability	31,330	-	31,330
(Decrease) Increase in deferred inflow of resources:			
Deferred inflows - pension	(46,731)	(153,740)	(200,471)
Deferred inflows - other post employment benefit	(14,517)	-	(14,517)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 317,825</u>	<u>\$ 1,671,087</u>	<u>\$ 1,988,912</u>
Noncash Investing, Capital and Related Financing Transactions:			
Increase (decrease) in fair value of investments	\$ -	\$ (11,648)	\$ (11,648)
Total Noncash Investing, Capital and Related Financing Transactions	<u>\$ -</u>	<u>\$ (11,648)</u>	<u>\$ (11,648)</u>

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.

CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2023

	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	\$ 387,213	\$ 1,694,250	\$ 2,081,463	\$ (1,100,919)	\$ 980,544
Investments, at fair value:					
Fixed income mutual funds	11,832,488	11,083,316	22,915,804	8,242,839	31,158,643
Domestic equity mutual funds	52,948,199	49,595,793	102,543,992	43,487,972	146,031,964
International equity mutual funds	10,233,203	9,585,290	19,818,493	7,437,074	27,255,567
Alternative investments	14,959,566	14,012,404	28,971,970	7,239,112	36,211,082
Total assets	<u>90,360,669</u>	<u>85,971,053</u>	<u>176,331,722</u>	<u>65,306,078</u>	<u>241,637,800</u>
Liabilities:					
Accounts payable	47,966	44,937	92,903	29,627	122,530
Total liabilities	<u>47,966</u>	<u>44,937</u>	<u>92,903</u>	<u>29,627</u>	<u>122,530</u>
Net Position:					
Net position - restricted for pension benefits	90,312,703	85,926,116	176,238,819	-	176,238,819
Net position - restricted for other post-employment benefi	-	-	-	65,276,451	65,276,451
Total Net Position	<u>\$ 90,312,703</u>	<u>\$ 85,926,116</u>	<u>\$ 176,238,819</u>	<u>\$ 65,276,451</u>	<u>\$ 241,515,270</u>

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

	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	\$ 371,702	\$ 627,025	\$ 998,727	\$ -	\$ 998,727
Employer	4,013,737	7,082,155	11,095,892	7,256,619	18,352,511
Total contributions	<u>4,385,439</u>	<u>7,709,180</u>	<u>12,094,619</u>	<u>7,256,619</u>	<u>19,351,238</u>
Investment income:					
Net change in fair value of investments	7,244,311	7,358,649	14,602,960	2,906,228	17,509,188
Interest, dividends and realized gains	1,440,681	1,349,465	2,790,146	1,531,862	4,322,008
Total investment income	<u>8,684,992</u>	<u>8,708,114</u>	<u>17,393,106</u>	<u>4,438,090</u>	<u>21,831,196</u>
Less investment expenses	<u>153,401</u>	<u>143,711</u>	<u>297,112</u>	<u>73,736</u>	<u>370,848</u>
Net investment income	<u>8,531,591</u>	<u>8,564,403</u>	<u>17,095,994</u>	<u>4,364,354</u>	<u>21,460,348</u>
Total additions	<u>12,917,030</u>	<u>16,273,583</u>	<u>29,190,613</u>	<u>11,620,973</u>	<u>40,811,586</u>
Deductions:					
Benefits	7,060,364	7,641,826	14,702,190	6,436,919	21,139,109
Administration	58,139	55,712	113,851	66,234	180,085
Total deductions	<u>7,118,503</u>	<u>7,697,538</u>	<u>14,816,041</u>	<u>6,503,153</u>	<u>21,319,194</u>
Changes in Net Position	5,798,527	8,576,045	14,374,572	5,117,820	19,492,392
Net Position at Beginning of Year	<u>84,514,176</u>	<u>77,350,071</u>	<u>161,864,247</u>	<u>60,158,631</u>	<u>222,022,878</u>
Net Position at End of Year	<u>\$ 90,312,703</u>	<u>\$ 85,926,116</u>	<u>\$ 176,238,819</u>	<u>\$ 65,276,451</u>	<u>\$ 241,515,270</u>

Annual Supplemental Transparency Report

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 82,144,094	\$ -
Last Year's Levy Tax Collection	548,446	-
Prior Years Property Tax Collection	274,899	-
Interest & Penalty	-	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	3,588,437	-
Fines and Forfeitures	989,186	-
Investment Income	399,022	-
Departmental	9,714,244	-
Rescue Run Revenue	1,092,219	-
Police & Fire Detail	1,752,754	-
Other Local Non-Property Tax Revenues	3,641,139	-
Tuition	-	1,345,708
Impact Aid	-	708,972
Medicaid	-	315,722
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	876,136
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	71,882	2,824,383
COVID - ESSER	-	3,483,901
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	3,200,136	412,245
MV Excise Tax Reimbursement	80,642	-
State PILOT Program	1,688,961	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	305,954	-
Meals & Beverage Tax / Hotel Tax	3,414,298	-
LEA Aid	-	15,633,109
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,033,614	-
State Food Service Revenue	-	-
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	194,848
Motor Vehicle Phase Out	2,143,029	-
Other Revenue	-	1,008,045
Local Appropriation for Education	-	27,277,681
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 116,082,956	\$ 54,080,750
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	419,000
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	16,900	-
Rounding	-	-
Total Other Financing Sources	\$ 16,900	\$ 419,000

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 1,791,542	\$ 1,964,392	\$ -	\$ -	\$ 1,027,875	\$ -	\$ 1,953,292	\$ 1,749,629	\$ 7,019,390
Compensation - Group B	-	-	-	-	-	-	-	-	1,232,866
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	18,752	17,302	-	-	-	-	37,985	38,201	1,150,903
Overtime - Group B	-	-	-	-	-	-	-	-	144,479
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,396,009
Active Medical Insurance - Group A	368,076	393,556	-	-	98,883	-	457,784	250,376	1,301,838
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	210,796
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	16,926	18,696	-	-	6,013	-	20,135	11,399	59,218
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	9,634
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	127,106	146,000	-	-	77,582	-	147,339	134,410	283,906
Life Insurance	1,834	2,422	-	-	846	-	2,938	1,333	13,677
State Defined Contribution- Group A	8,851	14,778	-	-	7,104	-	14,578	6,724	59,292
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	2,718
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	4,013,737
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	299,458	390,113	-	-	179,296	-	379,629	214,081	255,275
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	74,197
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	226,769	1,147,948	-	-	65,847	-	610,783	150,108	207,730
Materials/Supplies	131,715	987,420	-	-	20,853	-	225,589	220,005	306,239
Software Licenses	-	395,891	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	11,600	-	221,764	-	202,864
Insurance	1,006,493	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	43,805	41,593	45,498
Vehicle Operations	11,679	-	-	-	18,731	-	364,539	113,356	352,840
Utilities	75,000	-	-	-	-	-	78,850	109,014	63,144
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	442,740	-	-
Revaluation	-	405	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	38,153	-	-
Trash Removal & Recycling	-	-	-	-	-	-	2,487,625	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	142,500	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	1,972,637	-	-	-
Tipping Fees	-	-	-	-	-	-	291,065	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 4,226,701	\$ 5,478,923	\$ -	\$ -	\$ 1,514,630	\$ 1,972,637	\$ 7,818,593	\$ 3,040,229	\$ 18,406,250

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 7,752,899	\$ -	\$ 508,273	\$ -	\$ -	\$ -	\$ 23,767,292	\$ 20,917,270
Compensation - Group B	72,235	-	-	-	-	-	1,305,101	2,280,837
Compensation - Group C	-	-	-	-	-	-	-	5,823,256
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,593,114	-	5,041	-	-	-	2,861,298	-
Overtime - Group B	-	-	-	-	-	-	144,479	-
Overtime - Group C	-	-	-	-	-	-	-	97,760
Police & Fire Detail	95,997	-	-	-	-	-	1,492,006	-
Active Medical Insurance - Group A	1,608,654	-	43,081	-	-	-	4,522,248	2,727,696
Active Medical Insurance- Group B	6,800	-	-	-	-	-	217,596	342,245
Active Medical Insurance- Group C	-	-	-	-	-	-	-	929,475
Active Dental insurance- Group A	74,796	-	1,970	-	-	-	209,153	169,433
Active Dental Insurance- Group B	312	-	-	-	-	-	9,946	20,635
Active Dental Insurance- Group C	-	-	-	-	-	-	-	59,960
Payroll Taxes	147,649	-	39,887	-	-	-	1,103,879	940,786
Life Insurance	14,739	-	197	-	-	-	37,986	298,479
State Defined Contribution- Group A	-	-	1,584	-	-	-	112,911	488,918
State Defined Contribution - Group B	689	-	-	-	-	-	3,407	48,899
State Defined Contribution - Group C	-	-	-	-	-	-	-	54,903
Other Benefits- Group A	-	-	-	-	-	-	-	41,555
Other Benefits- Group B	-	-	-	-	-	-	-	9,298
Other Benefits- Group C	-	-	-	-	-	-	-	5,122
Local Defined Benefit Pension- Group A	7,082,155	-	-	-	-	-	11,095,892	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	34,135	-	-	-	1,751,987	3,106,662
State Defined Benefit Pension - Group B	14,850	-	-	-	-	-	89,047	507,355
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,136,619
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	862,771	-	1,169,415	-	-	-	4,441,371	7,987,504
Materials/Supplies	389,975	-	331,493	-	-	-	2,613,289	1,204,194
Software Licenses	-	-	-	-	-	-	395,891	23,263
Capital Outlays	275,000	-	-	-	-	-	711,228	695,959
Insurance	-	-	-	-	-	-	1,006,493	456,202
Maintenance	59,708	-	302,914	-	-	-	493,518	1,108,167
Vehicle Operations	210,159	-	4,799	-	-	-	1,076,103	327,784
Utilities	47,698	-	60,098	-	-	-	433,804	939,862
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	442,740	-
Revaluation	-	-	-	-	-	-	405	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	38,153	-
Trash Removal & Recycling	-	-	-	-	-	-	2,487,625	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	142,500	-
Other Operation Expenditures	-	-	290,312	-	-	-	2,262,949	524,160
Tipping Fees	-	-	-	-	-	-	291,065	-
Local Appropriation for Education	-	-	-	27,277,681	-	-	27,277,681	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,035,000	-	1,035,000	-
Municipal Debt- Interest	-	-	-	-	35,231	-	35,231	-
School Debt- Principal	-	-	-	-	2,160,000	-	2,160,000	31,683
School Debt- Interest	-	-	-	-	5,099,264	-	5,099,264	1,136
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	2,439,591	2,439,591	1,410,262
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 20,310,200	\$ -	\$ 2,793,199	\$ 27,277,681	\$ 8,329,495	\$ 2,439,591	\$ 103,608,129	\$ 54,717,339

Financing Uses: Transfer to Capital Funds	\$ 4,664,919	\$ -
Financing Uses: Transfer to Other Funds	3,059,174	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 7,724,093	\$ -
Net Change in Fund Balance¹	4,767,634	(217,589)
Fund Balance1- beginning of year	\$40,287,122	\$6,645,896
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	(35,036)	(188,707)
Fund Balance¹ - beginning of year adjusted	40,252,086	6,457,189
Rounding	-	-
Fund Balance¹ - end of year	\$ 45,019,720	\$ 6,239,600

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

City of Newport
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2023

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						\$ 40,287,122	-	\$ 40,287,122	
<i>No Funds removed from RGS for fiscal 2022</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2022</i>						-	-	-	
<i>Misc. adjustments made for fiscal 2022</i>						(35,036)	-	(35,036)	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 40,252,086</u>	-	<u>\$ 40,252,086</u>	
General Fund	\$ 109,100,478	\$ 16,900	\$ 73,437,621	\$ 31,642,600	\$ 4,037,157	\$ 27,107,912	-	\$ 27,107,912	\$ 31,145,069
Maritime Fund	1,439,850	-	1,314,390	100,000	25,460	5,822,913	-	5,822,913	5,848,373
Parking Fund	2,318,843	-	1,478,809	200,000	640,034	7,336,141	-	7,336,141	7,976,175
State and Federal Grants Fund	3,258,619	46,357	1,850,237	1,277,495	177,244	365,911	-	365,911	543,155
Totals per audited financial statements	<u>\$ 116,117,790</u>	<u>\$ 63,257</u>	<u>\$ 78,081,057</u>	<u>\$ 33,220,095</u>	<u>\$ 4,879,895</u>	<u>\$ 40,632,877</u>	<u>-</u>	<u>\$ 40,632,877</u>	<u>\$ 45,512,772</u>
Reconciliation from financial statements to MTP2									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	-	-	27,277,681	(27,277,681)	-	-	-	-	-
Remove unreportable functions in the state and federal grants fund	(34,834)	(46,357)	(1,750,609)	1,781,679	(112,261)	(380,791)	-	(380,791)	(493,052)
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 116,082,956</u>	<u>\$ 16,900</u>	<u>\$ 103,608,129</u>	<u>\$ 7,724,093</u>	<u>\$ 4,767,634</u>	<u>\$40,252,086</u>	<u>-</u>	<u>\$ 40,252,086</u>	<u>\$ 45,019,720</u>

City of Newport
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2023

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						\$ 6,645,896	\$ -	\$ 6,645,896	
Miscellaneous adjustment for indirect cost charges made for fiscal 2022						(163,094)	-	(163,094)	
Miscellaneous adjustment for employee contributions to OPEB Trust made for fiscal 2022						4,529	-	4,529	
Miscellaneous adjustment for lease account not included in UCOA made for fiscal 2022						(30,142)	-	(30,142)	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 6,457,189</u>	<u>\$ -</u>	<u>\$ 6,457,189</u>	
School Unrestricted Fund	\$ 21,009,337	\$ 27,277,681	\$ 47,758,909	\$ -	\$ 528,109	\$ 6,002,274	\$ -	\$ 6,002,274	\$ 6,530,383
SBA School Capital Project Fund	-	419,000	419,000	-	-	131,663	-	131,663	131,663
School Special Revenue Funds	7,985,642	-	8,851,182	-	(865,540)	323,252	-	323,252	(542,288)
Totals per audited financial statements	<u>\$ 28,994,979</u>	<u>\$ 27,696,681</u>	<u>\$ 57,029,091</u>	<u>\$ -</u>	<u>\$ (337,431)</u>	<u>\$ 6,457,189</u>	<u>\$ -</u>	<u>\$ 6,457,189</u>	<u>\$ 6,119,758</u>
Reconciliation from financial statements to MTP2									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 27,277,681	\$ (27,277,681)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,151,339)	-	(2,151,339)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	-	(123,292)	-	123,292	-	-	-	123,292
Employee Contributions to OPEB Trust treated as revenue and expense on financial statements and liability on MTP (Co 90)	(3,450)	-	-	-	(3,450)	-	-	-	(3,450)
Lease Revenue & Expenditure Accounts not included in RIDE UCOA Upload	(37,121)	-	(37,121)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 54,080,750</u>	<u>\$ 419,000</u>	<u>\$ 54,717,339</u>	<u>\$ -</u>	<u>\$ (217,589)</u>	<u>\$ 6,457,189</u>	<u>\$ -</u>	<u>\$ 6,457,189</u>	<u>\$ 6,239,600</u>
Reconciliation from MTP2 to UCOA									
Funds transferred from city to school	\$ 419,000	\$ (419,000)	\$ -						
Capital lease debt service entry not included in UCOA	-	-	(31,683)						
Totals per UCOA Validated Totals Report Dated 11/21/23²	<u>\$ 54,499,750</u>	<u>\$ -</u>	<u>\$ 54,685,656</u>						

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

² As of 11/21/23, UCOA revenue validated total is \$54,080,750 and will be updated to match \$54,499,750

Notes to Supplementary Information - *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

TABLE 1

CITY OF NEWPORT, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 75,523,117	\$ 71,918,140	\$ 81,672,157	\$ 87,510,639	\$ 92,189,696	\$ 102,078,305	\$ 105,969,091	\$ 107,505,779	\$ 93,342,760	\$ 24,925,263
Restricted for:										
Permanent Funds:										
Expendable	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966 ^	17,887,989	13,802,299	15,378,383
Nonexpendable	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651 ^	2,873,129	2,873,129	2,873,129
Public Improvements									104,520,990	11,496,764
Education									5,978,709	6,530,383
Housing and development									3,588,419	2,614,551
Debt service	1,996,439	2,202,084	-	-	-	-	-	-	-	-
Unrestricted	15,092,614	(93,982,709)	(101,775,344)	(104,620,306)	(177,270,598)	(173,662,570)	(165,762,308)	(141,844,578)	(209,076,945)	(23,189,960)
Total governmental activities net position	102,886,562	(9,189,925)	(9,636,092)	(5,056,686)	(72,181,582)	(57,661,202)	(45,833,600)	(13,577,681)	15,029,361	40,628,513
Business-type activities:										
Net investment in capital assets	90,596,425	96,257,736	95,899,498	106,853,154	119,347,616	122,613,622	125,121,623	128,320,509	137,620,947	147,011,627
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Debt service	27,776,957	27,392,934	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219	25,315,965	23,957,716
Unrestricted	2,653,117	599,161	1,020,916	(5,555,498)	(9,336,063)	4,989,496	14,403,114	16,285,078	17,511,080	19,708,123
Total business-type activities net position	121,125,499	124,348,831	131,446,368	137,575,362	140,366,702	150,057,569	164,002,604	170,325,806	180,447,992	190,677,466
Primary government:										
Net investment in capital assets	166,119,542	168,175,876	177,571,655	194,363,793	211,537,312	224,691,927	231,090,714	235,826,288	230,963,707	171,936,890
Restricted for:										
Permanent Funds:										
Expendable	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989	13,802,299	15,378,383
Nonexpendable	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129	2,873,129	2,873,129
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	-	-
Debt service	29,773,396	29,595,018	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219	25,315,965	23,957,716
Public improvements									104,520,990	11,496,764
Housing and development									3,588,419	2,614,551
Education									5,978,709	6,530,383
Unrestricted	17,745,731	(93,383,548) *	(100,754,428) *	(110,175,804) *	(186,606,661)	(168,673,074)	(151,359,194)	(125,559,500)	(191,565,865)	(3,481,837)
Total primary government net position	\$ 224,012,061	\$ 115,158,906	\$ 121,810,276	\$ 132,518,676	\$ 68,185,120	\$ 92,396,367	\$ 118,169,004	\$ 156,748,125	\$ 195,477,353	\$ 231,305,979

* Governmental accounting standards 67 and 68 were implemented affecting unrestricted fund balance

^ Governmental accounting standard 84 was implemented affecting the permanent fund

TABLE 2
(1 of 2)

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

	Fiscal Year									
	2014	2015	2016	2017	2018*	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	\$ 6,460,341	\$ 6,870,007	\$ 7,575,124	\$ 7,372,458	\$ 8,072,122	\$ 8,658,586	\$ 8,367,718	\$ 8,588,708	\$ 8,399,087	\$ 9,445,044
General education	39,877,482	41,716,565	45,116,380	45,453,582	49,050,514	50,333,988	49,326,631	47,305,349	50,681,337	53,920,151
Public safety	34,730,531	36,070,275	39,702,989	39,921,674	38,361,508	35,565,827	38,284,925	25,578,174	34,622,128	41,638,363
Public services	10,927,989	12,094,748	11,472,956	11,728,084	12,405,363	13,099,339	12,906,263	12,096,453	13,389,830	13,851,090
Planning	628,940	511,690	1,202,455	489,296	423,068	326,419	590,070	641,060	807,606	701,485
Zoning and inspections	745,706	772,793	1,017,597	1,028,570	1,096,513	1,042,295	1,009,995	958,698	885,269	907,807
Human services	2,979,211	2,428,828	2,951,701	3,121,297	3,014,102	3,530,517	3,068,706	3,643,891	3,466,716	3,732,152
Interest expense	1,405,987	1,480,976	1,571,539	1,493,058	1,397,679	1,242,526	1,071,885	1,130,954	1,412,234	4,373,142
Total governmental activities	97,756,187	101,945,882	110,610,741	110,608,019	113,820,869	113,799,497	114,626,193	99,943,287	113,664,207	128,569,234
Business-type activities:										
Water	12,158,289	12,966,669	14,240,369	14,826,722	14,236,860	14,830,088	15,633,723	14,817,825	13,753,457	15,184,159
Water Pollution Control	10,399,257	10,508,627	10,615,475	13,857,667	15,296,821	15,540,847	15,561,721	16,955,006	16,975,416	17,277,555
Nonmajor	2,280,095	2,156,032	2,230,085	2,393,388	2,462,712	2,505,972	2,328,479	1,978,780	2,277,657	2,793,199
Total business-type activities	24,837,641	25,631,328	27,085,929	31,077,777	31,996,393	32,876,907	33,523,923	33,751,611	33,006,530	35,254,913
Total primary government expenses	122,593,828	127,577,210	137,696,670	141,685,796	145,817,262	146,676,404	148,150,116	133,694,898	146,670,737	163,824,147
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	6,023,083	5,765,967	5,471,717	6,377,401	7,108,842	5,988,791	6,121,300	5,491,091	7,897,122	6,221,067
General education	840,696	873,012	1,039,993	1,180,588	948,690	1,194,851	1,220,550	1,158,585	1,323,445	1,515,323
Public safety	3,095,399	3,790,637	3,631,210	3,636,896	3,858,914	3,631,880	3,738,141	3,217,138	3,983,645	3,996,902
Public services	216,626	237,252	229,091	223,173	215,284	253,260	329,580	182,239	201,287	284,519
Planning	59,629									
Zoning and inspections	1,675,596	1,643,399	1,439,847	1,376,854	1,472,991	1,767,960	1,606,667	1,526,715	1,538,839	3,238,771
Human services	152,053	1,793,683		182,643	(165,484)	72,739	50,252	65,873	76,007	(37,216)
Operating grants and contributions	20,758,313	19,838,253	20,528,850	19,885,710	21,451,434	22,773,979	22,590,893	25,260,723	31,989,364	31,150,959
Capital grants and contributions	3,112,761	136,278	168,394	915,808	1,811,795	4,805,483	1,392,335	592,722	5,991,130	7,726,262
Total governmental activities program revenues	35,934,156	34,078,481	32,509,102	33,779,073	36,702,466	40,488,943	37,049,718	37,495,086	53,000,839	54,096,587
Business-type activities:										
Charges for services:										
Water	15,238,273	18,458,859	17,880,464	17,709,574	17,857,261	18,038,508	17,706,380	19,199,738	18,561,503	20,690,326
Water Pollution Control	12,245,091	12,701,733	13,558,415	17,327,524	18,071,759	19,625,477	19,066,272	18,423,736	19,796,713	18,434,286
Recreational and parking facilities	2,621,380	2,615,748	2,816,648	2,874,070	2,931,778	3,232,208	2,753,481	2,343,351	3,014,484	3,710,878
Capital grants and contributions	484,760					932,801	7,859,921	596,139	1,624,266	1,033,480
Total business-type activities	30,589,504	33,776,340	34,255,527	37,911,168	38,860,798	41,828,994	47,386,054	40,562,964	42,996,966	43,868,970
Total primary government program revenues	66,523,660	67,854,821	66,764,629	71,690,241	75,563,264	82,317,937	84,435,772	78,058,050	95,997,805	97,965,557
Net (Expense)/Revenue:										
Governmental activities	(61,822,031)	(67,867,401)	(78,101,639)	(76,828,946)	(77,118,403)	(73,310,554)	(77,576,475)	(62,448,201)	(60,663,368)	# (74,472,647)
Business-type activities	5,751,863	8,145,012	7,169,598	6,833,391	6,864,405	8,952,087	13,862,131	6,811,353	9,990,436	# 8,614,057
Total primary government net expense	(56,070,168)	(59,722,389)	(70,932,041)	(69,995,555)	(70,253,998)	(64,358,467)	(63,714,344)	(55,636,848)	(50,672,932)	(65,858,590)

(Continued)

TABLE 2
(2 of 2)

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

	Fiscal Year									
	2014	2015	2016	2017	2018*	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	\$ 71,303,614	\$ 74,033,014	\$ 74,300,180	\$ 77,746,437	\$ 79,746,848	\$ 82,188,731	\$ 83,949,300	\$ 83,234,802	\$ 88,817,593	\$ 90,310,240
Unrestricted grants and contributions	1,543,540	1,723,595	1,629,686	1,758,319	1,974,129	2,123,690	2,739,139	2,885,969	2,371,972	4,290,468
Investment income	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,277	1,515,638	5,757,582	(3,844,154)	6,444,991
Gain on sale of assets		2,422,500								
Sale of property							900,000		1,250,000	-
Transfers	(1,062,223)	300,000	100,000	100,000	675,000	987,236	300,000	500,000	675,000	(973,900)
Total governmental activities	<u>73,839,798</u>	<u>79,627,813</u>	<u>77,383,696</u>	<u>81,218,014</u>	<u>84,173,466</u>	<u>87,830,934</u>	<u>89,404,077</u>	<u>92,378,353</u>	<u>89,270,411</u>	<u>100,071,799</u>
Business-type activities:										
Investment income	46,272	26,405	27,939	12,546	126,204	348,889	305,064	11,849	(23,256)	641,517
Sale of property						1,377,127	77,840			
Loss on disposal of assets	(2,291,267)								(63,194)	
Transfer from primary government	1,062,223	(300,000)	(100,000)	(100,000)	(675,000)	(987,236)	(300,000)	(500,000)	(675,000)	973,900
Total business-type activities	<u>(1,182,772)</u>	<u>(273,595)</u>	<u>(72,061)</u>	<u>(87,454)</u>	<u>(548,796)</u>	<u>738,780</u>	<u>82,904</u>	<u>(488,151)</u>	<u>(761,450)</u>	<u>1,615,417</u>
Total primary government	<u>72,657,026</u>	<u>79,354,218</u>	<u>77,311,635</u>	<u>81,130,560</u>	<u>83,624,670</u>	<u>88,569,714</u>	<u>89,486,981</u>	<u>91,890,202</u>	<u>88,508,961</u>	<u>101,687,216</u>
Change in Net Position										
Governmental activities	12,017,767	11,760,412	(717,943)	4,389,068	7,055,063	14,520,380	11,827,602	29,930,152	28,607,043	25,599,152
Business-type activities	4,569,091	7,871,417	7,097,537	6,745,937	6,315,609	9,690,867	13,945,035	6,323,202	9,228,986	10,229,474
Total primary government	<u>\$ 16,586,858</u>	<u>\$ 19,631,829</u>	<u>\$ 6,379,594</u>	<u>\$ 11,135,005</u>	<u>\$ 13,370,672</u>	<u>\$ 24,211,247</u>	<u>\$ 25,772,637</u>	<u>\$ 36,253,354</u>	<u>\$ 37,836,029</u>	<u>\$ 35,828,626</u>

(Concluded)

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.

*The City implemented Governmental Accounting Standard No. 75 in FY2018.

TABLE 3

**CITY OF NEWPORT, RHODE ISLAND
FUND BALANCES OF GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year									
	(as restated)									
	2014	2015	2016	2017	2018	2019 (1)	2020	2021	2022	2023
General Fund:										
Nonspendable	\$	\$	\$ 55,628	\$ 58,385	\$ 61,148	\$ 64,022	\$	\$ 2,873,511	\$ 2,574,264	\$ 2,121,444
Restricted by Donors	99,453	105,183	595,162	465,571	74,353					
Committed	689,885	1,291,706	315,896	489,362	2,213,658	1,800,096	1,034,022	668,353	1,146,694	1,378,558
Assigned	452,243	2,844,064	2,167,743	1,950,620	637,126					
Unassigned	11,810,021	13,369,154	15,316,638	14,726,077	12,625,424	14,678,700	16,583,061	17,759,734	23,386,954	27,645,066
Total general fund	<u>13,051,602</u>	<u>17,610,107</u>	<u>18,451,067</u>	<u>17,690,015</u>	<u>15,611,709</u>	<u>16,542,818</u>	<u>17,617,083</u>	<u>21,301,598</u>	<u>27,107,912</u>	<u>31,145,068</u>
All Other Governmental Funds:										
Nonspendable	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129	3,219,946	3,168,474
Restricted for Trusts	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989	13,802,299	15,378,383
Restricted for Debt Service	1,996,439	2,202,084								
Restricted by Grants	3,390,416	3,830,470	5,447,751	5,373,566	5,615,659	3,905,129	3,116,674	3,255,372	4,094,463	3,880,416
Restricted for Education							595,977	4,034,038	5,655,457	6,235,038
Restricted for Capital Projects										105,548,382
Committed for Capital Projects	5,562,794	11,480,237	7,538,289	7,471,377	9,871,789	10,194,613	10,929,612	9,677,971	117,531,265	5,704,172
Assigned by City Council						1,322,554	2,024,700	1,981,334	2,766,123	2,790,016
Unassigned		(64,680)	(18,859)	(19,789)	(33,654)	(646,688)	(60,854)	(3,324)		(542,288)
Total all other governmental funds	<u>21,224,041</u>	<u>28,120,671</u>	<u>23,434,276</u>	<u>24,878,135</u>	<u>28,353,114</u>	<u>28,698,671</u>	<u>30,565,726</u>	<u>39,706,509</u>	<u>147,069,553</u>	<u>142,162,593</u>
Grand Total	<u>\$ 34,275,643</u>	<u>\$ 45,730,778</u>	<u>\$ 41,885,343</u>	<u>\$ 42,568,150</u>	<u>\$ 43,964,823</u>	<u>\$ 45,241,489</u>	<u>\$ 48,182,809</u>	<u>\$ 61,008,107</u>	<u>\$ 174,177,465</u>	<u>\$ 173,307,661</u>

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 City issued bonds in March 2022 for \$98,500,000 which are reported as committed for capital projects

(1) - The School Unrestricted Fund was combined with the City's General Fund, Property Acquisition Fund and Gifts Fund in FY2012; all funds are reported separately as of FY2019

TABLE 4

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 71,336,608	\$ 73,924,776	\$ 75,173,854	\$ 77,505,920	\$ 79,856,764	\$ 82,256,525	\$ 83,560,012	\$ 83,323,484	\$ 89,045,609	\$ 90,022,876
Intergovernmental revenues	22,005,470	21,572,282	21,430,902	22,204,355	23,029,186	25,215,623	24,256,986	28,528,818	35,054,090	39,196,050
Charges for services	11,957,787	12,629,853	13,394,413	12,978,225	13,132,887	13,017,447	12,959,287	11,686,878	14,374,196	15,324,227
Use of money and property	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,279	1,515,638	5,757,582	(4,035,669)	6,069,817
Contributions	543,031	411,572	282,699	579,150	1,378,105	3,733,743	798,900	842,773	2,534,388	2,807,084
Other revenues	102,428	11,896	8,856	27,974	271,738	261,002	281,460		708,563	45,123
Total revenues	<u>108,000,191</u>	<u>109,699,083</u>	<u>111,644,554</u>	<u>114,908,882</u>	<u>119,446,169</u>	<u>127,015,619</u>	<u>123,372,283</u>	<u>130,139,535</u>	<u>137,681,177</u>	<u>153,465,177</u>
Expenditures:										
Current:										
General government	5,890,858	5,988,047	6,280,935	6,635,035	7,401,749	7,584,090	7,696,261	7,956,697	7,962,178	9,180,543
General education	39,375,366	41,832,664	41,578,444	43,901,644	46,289,554	47,326,553	46,739,559	48,031,908	54,157,026	56,247,525
Public safety	34,107,504	35,245,809	35,297,214	36,346,838	37,618,853	38,273,689	39,816,543	39,423,539	40,715,868	40,398,684
Public services	8,542,562	9,577,893	9,057,691	9,045,503	9,312,009	9,731,359	9,934,413	8,937,903	9,996,469	11,216,729
Planning	532,280	406,802	435,090	353,201	249,158	167,278	419,484	418,242	649,313	522,368
Zoning and inspections	745,706	784,609	953,053	1,025,559	1,071,244	1,091,552	965,821	982,276	1,008,021	1,046,439
Human services	2,907,235	2,835,075	2,949,071	3,110,260	3,002,222	3,518,637	3,056,826	3,632,011	3,456,717	3,722,153
Pension expenses	1,762,358	1,341,546	1,448,234	1,914,981	1,509,419	1,629,082	1,618,359	1,001,870	1,584,183	1,331,927
Debt service:										
Principal	2,880,000	3,257,800	5,340,536	3,703,000	3,899,733	3,950,133	4,080,637	4,137,637	2,997,000	3,195,000
Interest	1,488,157	1,629,784	2,316,373	1,836,043	1,650,512	1,497,219	1,332,553	1,391,224	522,323	5,149,505
Capital outlay	8,564,163	5,775,889	9,824,956	9,690,381	6,720,043	11,956,596	5,970,507	4,458,068	16,300,866	21,350,208
Total expenditures	<u>106,796,189</u>	<u>108,675,918</u>	<u>115,481,597</u>	<u>117,562,445</u>	<u>118,724,496</u>	<u>126,726,188</u>	<u>121,630,963</u>	<u>120,371,375</u>	<u>139,349,964</u>	<u>153,361,081</u>
Excess (deficiency) of revenues over expenditures	<u>1,204,002</u>	<u>1,023,165</u>	<u>(3,837,043)</u>	<u>(2,653,563)</u>	<u>721,673</u>	<u>289,431</u>	<u>1,741,320</u>	<u>9,768,160</u>	<u>(1,668,787)</u>	<u>104,096</u>
Other Financing Sources (Uses):										
Proceeds from borrowing		5,735,000		2,865,000				17,920,000	98,500,000	-
Bond premium		423,546		371,370					14,413,145	-
Payment to refunding escrow agent		1,500,000						(17,688,629)		
Sale of property		2,422,500					900,000		1,250,000	-
Transfers in	2,598,250	4,566,338	6,163,259	3,905,921	5,416,930	32,380,146	32,929,586	29,343,607	32,694,777	32,350,749
Transfers out	(3,660,473)	(4,266,338)	(6,063,259)	(3,805,921)	(4,741,930)	(31,392,910)	(32,629,586)	(28,843,607)	(32,019,777)	(33,324,649)
Total other financing sources (uses)	<u>(1,062,223)</u>	<u>10,381,046</u>	<u>100,000</u>	<u>3,336,370</u>	<u>675,000</u>	<u>987,236</u>	<u>1,200,000</u>	<u>731,371</u>	<u>114,838,145</u>	<u>(973,900)</u>
Net Change in Fund Balances	\$ <u>141,779</u>	\$ <u>11,404,211</u>	\$ <u>(3,737,043)</u>	\$ <u>682,807</u>	\$ <u>1,396,673</u>	\$ <u>1,276,667</u>	\$ <u>2,941,320</u>	\$ <u>10,499,531</u>	\$ <u>113,169,358</u>	\$ <u>(869,804)</u>
Debt service as a percentage of noncapital expenditures	<u>4.45%</u>	<u>4.75%</u>	<u>7.25%</u>	<u>5.13%</u>	<u>4.96%</u>	<u>4.75%</u>	<u>4.68%</u>	<u>4.77%</u>	<u>2.86%</u>	<u>6.32%</u>

TABLE 5

**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 Assessed Value	Total Direct Tax Rate Residential	Total Direct Tax Rate Commercial	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Motor Vehicles	Less Exemptions					
2014	3,968,689,640	1,080,838,650	119,993,234	160,804,599	114,141,052	5,216,185,071	11.71	16.23	5,330,326,123	97.86%
2015	4,540,796,670	1,266,557,910	119,935,595	165,559,532	107,843,228	5,985,006,479	10.67	14.79	6,092,849,707	98.23%
2016	4,563,119,573	1,261,766,017	127,689,244	169,600,313	107,860,620	6,014,314,527	10.93	15.16	6,122,175,147	98.24%
2017	4,561,159,167	1,270,197,223	130,135,183	171,273,074	104,045,168	6,028,719,479	11.21	15.55	6,132,764,647	98.30%
2018	5,264,464,237	1,402,000,263	130,881,404	146,005,110	95,167,113	6,848,183,901	9.99	14.98	6,943,351,014	98.63%
2019	5,297,534,387	1,389,025,913	130,913,039	141,042,555	92,435,781	6,866,080,113	10.28	15.42	6,958,515,894	98.67%
2020	5,331,214,487	1,388,007,838	147,582,881	136,661,439	88,581,753	6,914,884,892	10.28	15.42	7,003,466,645	98.74%
2021	6,277,177,248	1,409,602,896	152,222,048	140,196,584	89,327,009	7,889,871,767	9.33	13.99	7,979,198,776	98.88%
2022	6,305,624,376	1,419,698,274	146,014,307	-	21,795,310	7,849,541,647	9.61	14.41	7,871,336,957	99.72%
2023	6,322,577,035	1,410,625,745	154,047,991	-	428,212,047	7,459,038,724	9.92/10.93 *	14.88	7,887,250,771	94.57%

Source: City of Newport, Rhode Island Assessor

* Two-Tier Tax Rate - Owner Occupied & non-owner occupied, respectively

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 where residential and commercial rates differ

TABLE 6

**CITY OF NEWPORT, RHODE ISLAND
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)**

	2023			2014			
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	
25 America's Cup Avenue Newport LLC	\$ 69,703,900	1	0.93%	Newport Restoration Foundation	\$ 50,287,252	1	0.96%
Newport Restoration Foundation	64,985,679	2	0.87%	Mass Mutual Life (Marriott)	49,971,700	2	0.96%
Goat Owner LLC	56,115,200	3	0.75%	One Goat Island	48,340,839 #	3 3	0.93%
LSREF3 Viking LLC	54,997,100	4	0.74%	LHO Viking Hotel, LLC	45,939,064 #	4 6	0.88%
Rhode Island Energy-Electric	36,445,900	5	0.49%	Narraganset Gas	28,510,463 #	5 4	0.55%
RK Newport, LLC	32,284,700	6	0.43%	RK Newport, LLC	27,851,400 #	6 7	0.53%
Shaner Newport Harbor LLC	29,978,100	7	0.40%	Newport Jai Alai, LLC	24,029,800	7	0.46%
Rhode Island Energy-Gas	29,783,859	8	0.40%	Narraganset Electric	23,492,929 #	8 8	0.45%
Festival Field Preservation LP	22,019,941	9	0.30%	Shaner SPE Associates	22,970,000	9	0.44%
Rolling Green Assoc.	21,185,100	10	0.28%	Eastern Resorts Company	21,337,700 #	10 #	0.41%
					#	9	
Total	\$ 417,499,479		5.60%	\$ 342,731,147			6.57%

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
2014	67,298,950	65,882,954	97.9%	1,359,682	67,242,636	99.9%
2015	69,680,408	68,356,351	98.1%	1,224,101	69,580,452	99.9%
2016	70,239,804	68,936,347	98.1%	1,241,824	70,178,171	99.9%
2017	72,685,804	71,587,413	98.5%	1,049,329	72,636,742	99.9%
2018	74,476,044	73,427,810	98.6%	1,006,357	74,434,167	99.9%
2019	77,112,720	75,794,917	98.3%	1,274,361	77,069,278	99.9%
2020	79,019,574	77,048,833	97.5%	1,926,403	78,975,236	99.9%
2021	79,060,250	77,693,652	98.3%	1,312,660	78,983,134	99.9%
2022	81,788,132	81,194,232	99.3%	659,243	81,706,344	99.9%
2023	83,135,031	82,239,881	98.9%			0.0%

Source: City of Newport Tax Collector

TABLE 8

**CITY OF NEWPORT, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year June 30,	Governmental Activities					Business-Type Activities			Total	U.S. Census Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	Bond Anticipation Notes	QZAB (1)	Bond Premium	Capital Leases	Water Bonds	Maritime Notes	Water Pollution Control Bonds					
2014	40,130,000		1,863,536	3,116,666	776,552	83,148,410	200,000	32,850,267	162,085,431	24,672	6,570	5,195,179,988	3.12%
2015	46,178,536		1,863,536	3,270,022	675,422	90,096,260	200,000	30,863,776	173,147,552	24,672	7,018	5,216,185,071	3.32%
2016	40,838,000			2,999,830	571,186	92,887,037	200,000	31,323,678	168,819,731	24,672	6,843	5,985,006,479	2.82%
2017	40,000,000			2,729,638	463,751	88,606,037	200,000	42,814,163	175,147,824	24,672	7,099	6,014,314,527	2.91%
2018	36,211,000			2,756,546	353,018	84,240,037	200,000	50,358,189	174,118,790	24,672	7,057	6,028,719,479	2.89%
2019	32,375,000			2,449,219	238,885	79,777,037		66,074,701	180,914,842	24,672	7,333	6,848,183,901	2.64%
2020	28,412,000			2,141,892	121,248	75,205,037		63,497,627	169,377,804	25,163	6,731	6,866,080,113	2.47%
2021	25,377,000	4,700,000		1,834,562		71,623,013		58,860,892	162,395,467	25,163	6,454	6,914,884,892	2.35%
2022	120,880,000			16,020,001		68,481,126		54,190,231	259,571,358	25,163	10,316	7,889,871,767	3.29%
2023	117,685,000			15,215,769		63,952,099		50,308,408	247,161,276	25,163	9,822	7,849,541,647	3.15%

Notes:
Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

TABLE 9

**CITY OF NEWPORT, RHODE ISLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year June 30,	Governmental Activities				Percentage of Actual Taxable Value of Property *	Percentage of Personal Income	U.S. Census Estimated Population	Per Capita **
	General Obligation Bonds	Bond Premium	QZAB	Total				
2014	40,130,000	3,116,666	1,863,536	45,110,202	0.87%	0.95%	24,672	1,828
2015	46,178,536	3,270,022	1,863,536	51,312,094	0.85%	1.01%	24,672	2,080
2016	40,838,000	2,999,830		43,837,830	0.73%	0.86%	24,672	1,777
2017	40,000,000	3,063,873		43,063,873	0.72%	0.80%	24,672	1,745
2018	36,211,000	2,756,546		38,967,546	0.65%	0.69%	24,672	1,579
2019	32,375,000	2,449,219		34,824,219	0.51%	0.60%	24,672	1,411
2020	28,412,000	2,141,892		30,553,892	0.44%	0.49%	25,163	1,214
2021	25,377,000	1,834,562		27,211,562	0.39%	Not Available	25,163	1,081
2022	120,880,000	16,020,001		136,900,001	1.74%	Not Available	25,163	5,441
2023	117,685,000	15,215,769		132,900,769	1.69%	Not Available	25,163	5,282

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 Schedule 5 for property value data.

** Population data can be found in Schedule 12.

TABLE 10

**CITY OF NEWPORT, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
(UNAUDITED)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total assessed value	\$ 5,216,185,072	\$ 5,985,006,479	\$ 6,014,314,527	\$ 6,028,719,479	\$ 6,848,183,901	\$ 6,866,080,113	\$ 6,866,805,206	\$ 7,889,871,767	\$ 7,887,250,771	\$ 7,871,336,957
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	<u>156,485,552</u>	<u>179,550,194</u>	<u>180,429,436</u>	<u>180,861,584</u>	<u>205,445,517</u>	<u>205,982,403</u>	<u>206,004,156</u>	<u>236,696,153</u>	<u>236,617,523</u>	<u>236,140,109</u>
Debt applicable to limit:										
General obligation bonds	<u>41,993,536</u>	<u>48,042,072</u>	<u>40,838,000</u>	<u>40,000,000</u>	<u>36,211,000</u>	<u>32,375,000</u>	<u>28,412,000</u>	<u>25,377,000</u>	<u>120,880,000</u>	<u>120,880,000</u>
Legal debt limit	156,485,552	179,550,194	180,429,436	180,861,584	205,445,517	205,982,403	206,004,156	236,696,153	236,617,523	236,140,109
Total net debt applicable to the limit	<u>41,993,536</u>	<u>48,042,072</u>	<u>40,838,000</u>	<u>40,000,000</u>	<u>36,211,000</u>	<u>32,375,000</u>	<u>28,412,000</u>	<u>25,377,000</u>	<u>120,880,000</u>	<u>120,880,000</u>
Legal debt margin	\$ <u>114,492,016</u>	\$ <u>131,508,122</u>	\$ <u>139,591,436</u>	\$ <u>140,861,584</u>	\$ <u>169,234,517</u>	\$ <u>173,607,403</u>	\$ <u>177,592,156</u>	\$ <u>211,319,153</u>	\$ <u>115,737,523</u>	\$ <u>115,260,109</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>36.68%</u>	<u>36.53%</u>	<u>29.26%</u>	<u>28.40%</u>	<u>21.40%</u>	<u>18.65%</u>	<u>16.00%</u>	<u>12.01%</u>	<u>104.44%</u>	<u>104.88%</u>

TABLE 11

**CITY OF NEWPORT, RHODE ISLAND
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year June 30,	Water Revenue Bonds							Water Pollution Control Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest						Principal	Interest		
2014	15,238,273	7,780,097	7,458,176	808,000	2,667,530	3,475,530	2.15	12,245,091	5,802,679	6,442,412	1,925,368	1,088,093	3,013,461	2.14
2015	18,458,856	8,159,858	10,298,998	2,903,000	2,875,038	5,778,038	1.78	12,701,733	6,004,037	6,697,696	1,986,491	1,037,329	3,023,820	2.21
2016	17,880,464	8,616,975	9,263,489	4,206,000	2,799,198	7,005,198	1.32	13,558,415	6,106,879	7,451,536	2,046,303	1,000,695	3,046,998	2.45
2017	17,709,574	9,165,405	8,544,169	4,281,000	2,709,941	6,990,941	1.22 (1)	17,327,524	8,917,038	8,410,486	2,349,824	1,384,128	3,733,952	2.25
2018	17,857,261	8,600,106	9,257,155	4,366,000	2,589,293	6,955,293	1.33	18,071,759	9,861,765	8,209,994	2,831,077	1,604,598	4,435,675	1.85
2019	18,274,332	9,181,524	9,092,808	4,463,000	2,524,321	6,987,321	1.30	20,322,454	9,609,227	10,713,227	4,500,086	1,853,237	6,353,323	1.69
2020	17,947,563	10,071,732	7,875,831	4,572,000	2,416,628	6,988,628	1.13 (2)	19,220,642	9,570,168	9,650,474	4,606,877	1,841,619	6,448,496	1.50
2021	19,446,814	9,358,230	10,088,584	4,686,000	2,324,501	7,010,501	1.44	18,772,799	10,186,053	8,586,746	4,720,474	1,665,904	6,386,378	1.34
2022	19,033,775	9,494,009	9,539,766	5,005,000	2,230,615	7,235,615	1.32	20,357,921	10,522,893	9,835,028	4,845,904	1,251,399	6,097,303	1.61
2023	21,162,598	9,769,451	11,393,147	5,143,000	2,126,519	7,269,519	1.57	18,995,494	10,754,821	8,240,673	4,978,194	1,453,897	6,432,091	1.28

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.

(1) Rates were increased effective October 1, 2017 so first quarter was under old rates.

(2) Rates were increased effective July 1, 2020

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 <
2014	24,672	***	57,488	4,734,561	51,026,876	1,988	7.7%
2015	24,672	***	61,666	5,082,707	52,833,501	2,078	6.0%
2016	24,672	***	61,367	5,080,183	53,272,444	2,130	5.4%
2017	24,672	***	63,870	5,391,472	55,933,966	2,171	4.2%
2018	24,672	***	68,679	5,668,939	57,993,810	2,207	2.7%
2019	24,672	***	70,893	5,819,018	59,707,171	2,123	3.3%
2020	25,163	***	76,214	6,237,010	57,810,650	2,154	12.6%
2021	25,163	***	84,054	7,166,776	70,531,460	1,995	5.0%
2022	25,163	***	Not Available	Not Available	Not Available	1,975	2.8%
2023	25,163	***	Not Available	Not Available	Not Available	1,906	2.4%

* Source: Rhode Island Department of Planning.

** Source: U.S. Bureau of the Census.

*** Source: 2020 US Census

> Source: <https://fred.stlouisfed.org/series/PCPI44005>

https://rhode-island.reaproject.org/analysis/comparative-trends-analysis/total_personal_income/reports

^ Source: City School Department.

< Source: RI Department of Labor & Training.

TABLE 13

**CITY OF NEWPORT, RHODE ISLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

2023				2014			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Naval Station Newport	4,044	1	28.7%	Naval Station Newport	4,500	1	35.7%
City of Newport	783	2	5.6%	Newport Hospital	802	2	6.4%
Salve Regina University	560	3	4.0%	City of Newport	661	3	5.2%
Newport Restaurant Group	552	4	3.9%	James L. Maher Center	571	4	4.5%
Lifespan Newport Hospital	516	5	3.7%	Salve Regina University	546	5	4.3%
Stop and Shop Supermarket	255	6	1.8%	Newport Restaurant Group	803	6	6.4%
Gurney's Newport	193	7	1.4%	Preservation Society	429	7	3.4%
East Bay Community Action Program	182	8	1.3%	Hyatt Regency-Newport	317	8	2.5%
Marriott International, Inc.	175	9	1.2%	Newport Harbor Corporation	702	9	5.6%
Preservation Society of Newport County	105	10	0.7%	Marriott International Inc.	212	10	1.7%
Total	7,365		52.2%	Total	9,543		75.6%

TABLE 14

**CITY OF NEWPORT, RHODE ISLAND
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	5.25	6.25	6.25	6.25	6.25	5.5	5.5	5.5	5.5	8
City Solicitor	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.5
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	18.5	18.5	18.5	18.5	22.5	24	24	24	24	25
City Clerk	5	5	5	5	6	6	6	6	6	6
Public Services	46	46	46	47	49	52.27	52.27	52.27	52.27	52.27
Plan & Zoning	5	4	4	3	2	2	4	4	4	11
Building Inspections	9	9	9	10	11	11	8	8	8	5
Total General Government	<u>101.25</u>	<u>101.25</u>	<u>101.25</u>	<u>102.25</u>	<u>109.25</u>	<u>113.27</u>	<u>112.27</u>	<u>112.27</u>	<u>112.27</u>	<u>120.77</u>
Public safety:										
Police	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5
Fire	99	99	99	99	99	99	99	99	99	99
	<u>203.5</u>									
Utilities:										
Water	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	48.4
Wastewater	1.6	1.6	1.6	1.6	14.1	16.6	16.6	16.6	16.6	17.6
	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>60.5</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>66</u>
Public education:										
Teachers	198.2	208	210	224	220	215	209	223	229	234
Pupil support	50	59	70	66	79	75	83	96	126	122
Executive and administrative	57	57	61	64	66	59	60	34	32	37
	<u>305.2</u>	<u>324</u>	<u>341</u>	<u>354</u>	<u>365</u>	<u>349</u>	<u>352</u>	<u>353</u>	<u>387</u>	<u>393</u>
Total	<u><u>657.95</u></u>	<u><u>676.75</u></u>	<u><u>693.75</u></u>	<u><u>707.75</u></u>	<u><u>738.25</u></u>	<u><u>728.77</u></u>	<u><u>730.77</u></u>	<u><u>731.77</u></u>	<u><u>765.77</u></u>	<u><u>783.27</u></u>

Source: City budgets and School Business Manager

TABLE 15

CITY OF NEWPORT, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Arrests	1,721	1,526	1,431	1,240	1,301	1,246	914	857	955	956
Parking violations	20,775	22,753	31,152	30,689	35,031	31,187	27,863	24,006	24,434	6,204
Calls for Service	30,804	31,728	32,180	32,757	35,326	33,300	48,596	26,377	27,835	26,756
Fire:										
Emergency responses	4,057	4,138	3,729	3,662	3,818	3,924	3,968	3,586	4,284	5,943
Fires extinguished	118	77	109	105	107	87	99	95	202	73
Inspections	1,584	1,301	780	599	572	540	637	1,525	1,139	1,234
Refuse collection:										
Refuse collected (tons/day, average)	27.29	22.49	21.25	21.10	23.26	22.25	24.16	24.54	24.01	23
Recyclables collected (tons/day, average)	9.18	9.92	10.29	10.87	10.42	10.54	10.31	10.43	9.34	9
Other public works:										
Street resurfacing (miles)	3.283	1.41	3.61	1.34	1.51	2.02	2.14	-	-	1.5
Parks and recreation:										
Athletic field and facility rentals	420	428	468	378	457	432	240 >	362	654	542
Library:										
Volumes in collections	206,451 ^	191,980	187,113	184,949	184,949 ***	180,526	144,559 <	143,287	135,495	130,888 >>
Water:										
New connections	23	52	49	63	50	21	19	17	30	60
Water mains breaks	31	19	23	21	16	23	21	19	21	28
Average daily production (avail for sale) (million gallons per day)	5.79	5.55	5.44	5.34	5.36	5.40	5.52	6.05	5.33	6
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7,094	7,200	7.14MGD	7.68MGD	7.92 MGD	9.38 MGD	7.51MGD	6.78MGD	7.43MGD	7.16MGD

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 (in 2012); Includes 459,803 Hoopla items

^ Includes 25,553 e books purchased consortially through Ocean State Libraries

> Reduced rentals due to COVID-19

< Decrease is result of COVID-19 'remove & replace'; Number reported includes 45 databases

>> Discrepancy = number of titles that have become digital, for books, movies, and magazines

Sources: Various city departments

TABLE 16

**CITY OF NEWPORT, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)**

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	79	79	79	79	79	79	79	79	79	79
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles)	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80
Streetlights	1,918	1,918	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	183	183	416 *	427	427	427	427	427	427	427
Playgrounds	13	15	16 *	16	17	17	17	17	17	17
Multi purpose playing fields	7	7	16 *	16	16	16	16	16	16	16
Tennis courts	18	18	17 *	17	17	17	17	17	17	17
Community centers	1	1	1 *	1	1	1	1	1	1	1
Water:										
Water mains (miles)	163	163	163	175	175	175	175	175	175	175
Fire hydrants	1037	1037	1039	1042	1042	1044	1046	1047	1047	1047
Storage capacity (thousands of gallons-treated)	7,500	7,500	8.25M **	8.25M						
Wastewater:										
Sanitary sewers (miles)	88	88	90.2	90.2	90.2	90.2	90.2	90.2	90.2	90.2
Storm sewers (miles)	52.0	52.0	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1
Treatment capacity (thousands of gallons) (daily)	10,700	10,700	19.7M ***	19.7M	19.7M	19.7M	13.1M	30M	30M	30M

Source: Various city departments

* Per new Open Space Master Plan

** New water plant

*** Wastewater System Improvements