

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF NEWPORT, RHODE ISLAND



FOR THE YEAR ENDED

JUNE 30, 2021

PREPARED BY:

LAURA SITRIN, CPA
DIRECTOR OF FINANCE

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CITY OF NEWPORT, RHODE ISLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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Introductory Section

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December 22, 2021

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 annual comprehensive financial report of the City of Newport, Rhode Island as of and for the fiscal year ended June 30, 2021.

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, 2021 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, 2021, 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 third largest economic factor in Newport, the service sector, benefits from both the defense and tourism industries. As the State's principal tourist center and resort community, Newport is visited annually by millions of tourists who attend special events, sail and view the City's mansions and other attractions. The City's popularity has stimulated significant private investment in retail shopping facilities, hotels, timeshare units, restaurants, clubs and other tourist-oriented enterprises.

The personal income per capita in 2019 (latest available data) for Newport County is \$70,893 compared to \$56,361, and \$56,490 for Rhode Island and the United States, respectively. The unemployment rate, not seasonally adjusted, is 5.0% compared to the state unemployment rate, not seasonally adjusted, of 5.8% as of June 2021. The median selling price of an existing home in August 2021 is \$735,000 compared to \$550,000 in June 2020. 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 that range 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, rebounded faster than anticipated 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 only area of tourism in the City that did not rebound was that of cruise ships. 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 was awarded a federal grant for the redevelopment and adaptive reuse of the former Sheffield public school to be used as the Newport TechWorks Accelerator and Innovation Center. The project was completed in March of 2019. 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 realignment 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 \$100 million spread over 30 years. The City has completed about \$80 million worth of projects to date. Funds have come from a variety of sources including 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 has begun, and the new high school is currently in design.

The City is evaluating options concerning the sale or redevelopment of a former elementary school that can be used for economic development possibilities.

Financial Policies

The City has a set of Council approved financial policies that were developed to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Newport. Financial policies have impacted decisions in both the year under audit (FY2021) 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. The actual general fund debt service expenditures were significantly less than 9%.

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

There are reporting compliance policies that require the City administration to provide budget to actual reports to the City Council on a monthly basis and to provide quarterly budget, actual and projected revenues and expenditures to the State Office of Municipal Affairs. The City administration complied with these policies during FY2021.

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 70.5% for the fire plan and 94.7% for the police plan.

The City provides pension benefits for its non-public safety employees (except teachers) through a state-wide plan managed by the State Treasurer. Newport teachers are members of the State of Rhode Island Employee Retirement System. State-hired actuaries determine the funding level and unfunded actuarially accrued liability for each individual participating employer. The City is 64% funded in the State's municipal employees' retirement plan. The State of Rhode Island General Assembly enacted legislation that significantly 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, 2021 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 June 30, 2021, 672 active employees and 834 retirees and dependents were eligible to receive health insurance benefits, which are currently financed on a pay-as-you-go basis. The actuarial calculation of the combined municipal and school liability as of July 1, 2021 is \$124 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 \$71 million have been accumulated as of July 1, 2021. Benefits will not be paid from the trust until such time as City management feels that sufficient assets are available to begin paying benefits. Retiree benefits and various options are currently being studied in order to reduce the liability.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes 13 and 14 in the notes to the basic financial statements.

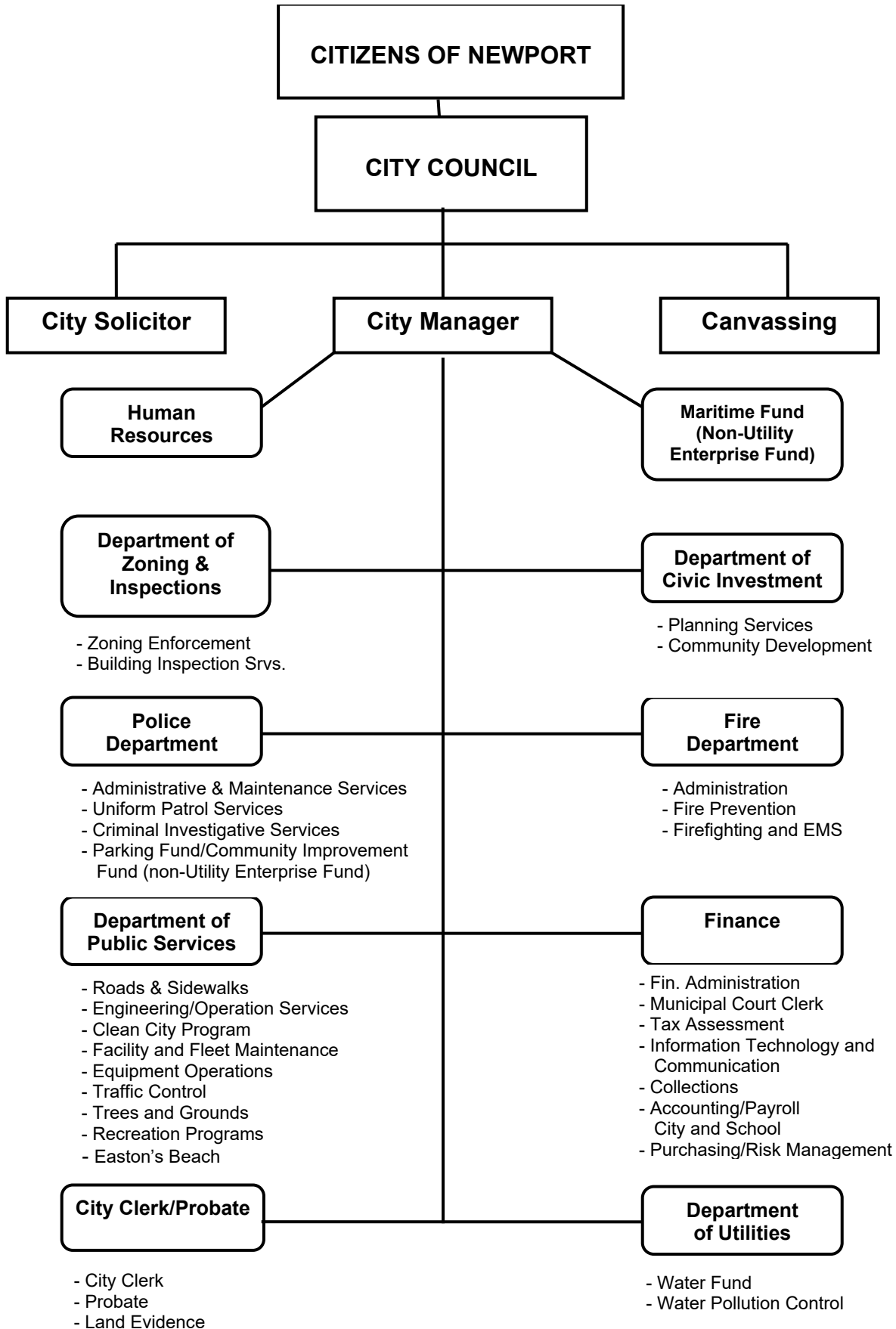
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laura L. Sitrin". The signature is written in a cursive style and is positioned to the left of a vertical line.

Laura L. Sitrin, CPA
Director of Finance

THE CITY OF NEWPORT, RI



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

Elected Officials:

Honorable Jeanne Marie Napolitano
Angela McCalla
Charles M Holder
Kathryn E. Leonard
Lynn Underwood Ceglie
Jaime Bova
Elizabeth Fuerte
Louisa Boatwright
Rebecca Bolan
James Dring
Raymond E. Gomes
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:

Joseph J. Nicholson, Jr.
Laura L. Sitrin, CPA
Colleen B. Jermain
Christopher J. Behan, Esq.
Julia Forgue
William Riccio, Jr.
Gary Silva
Brian Dugan
Laura C. Swistak

City Manager
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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section

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Independent Auditors' Report

To the Members of the City Council
City of Newport, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Rhode Island, as of and for the year ended June 30, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Rhode Island, as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the School Unrestricted Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2021, the City of Newport, Rhode Island adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the City of Newport, Rhode Island reported a restatement for the change in accounting principle (see Note 16). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

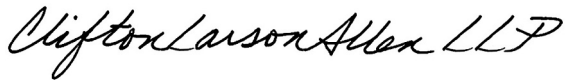
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section,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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the City of Newport, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Newport, Rhode Island'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 the City of Newport, Rhode Island's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
December 22, 2021

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**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 \$156,748,125 (net position).
- The government's net position increased by \$36,253,354 for the fiscal year 2021. Governmental activities' net position increased \$29,930,152 due to a decrease in net pension liability in the retirement plans, particularly for public safety and a decrease in the other post-employment benefits (OPEB) liability. Business-type activities had an increase of \$6,323,202 in net position due to higher than anticipated revenues combined with controls on spending as a result of the COVID pandemic.
- At June 30, 2021, the City of Newport's governmental funds reported a combined ending fund balance of \$61,008,107, an increase of \$10,499,531 in comparison to the prior year fund balance. Of the total fund balance, \$41,270,363 (68%) is either nonspendable, restricted or committed, leaving \$19,737,744 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 \$21,301,598, or 22.4% of total general fund expenditures and net other financing uses. \$3,541,864 of the general fund balance is nonspendable, restricted or committed leaving \$17,759,734 of assigned or unassigned fund balance. The School's unrestricted general fund balance is a \$4,034,038, 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 \$70,114,678 due to principal repayment of debt and a decrease in the OPEB and pension liabilities.

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, 2021**

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 fourteen 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 nine 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, 2021**

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 28-87 of this report.

Other information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Newport, assets exceeded liabilities by \$156,748,125 at the close of the most recent fiscal year.

The unrestricted net deficit at June 30, 2021 is (\$125,685,690). 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, 2021**

City of Newport's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 77,693,338	\$ 59,035,494	\$ 56,035,951	\$ 52,013,838	\$ 133,729,289	\$ 111,049,332
Capital assets	134,717,341	136,644,231	258,804,414	264,094,278	393,521,755	400,738,509
Total assets	212,410,679	195,679,725	314,840,365	316,108,116	527,251,044	511,787,841
Deferred outflows of resources	20,391,009	23,521,469	1,381,531	1,545,279	21,772,540	25,066,748
Total assets and outflows of resources	232,801,688	219,201,194	316,221,896	317,653,395	549,023,584	536,854,589
Long-term liabilities	173,137,064	233,738,102	129,979,758	139,493,398	303,116,822	373,231,500
Other liabilities	19,110,109	13,201,337	14,565,443	13,324,718	33,675,552	26,526,055
Total liabilities	192,247,173	246,939,439	144,545,201	152,818,116	336,792,374	399,757,555
Deferred inflows of resources	54,132,196	18,095,355	1,350,889	832,675	55,483,085	18,928,030
Total liabilities and inflows of resources	246,379,369	265,034,794	145,896,090	153,650,791	392,275,459	418,685,585
Net assets:						
Net investment in capital assets	107,730,969	105,969,091	128,320,509	125,121,623	236,051,478	231,090,714
Restricted	20,761,118	13,959,617	25,720,219	24,477,867	46,481,337	38,437,484
Unrestricted (deficit)	(142,069,768)	(165,762,308)	16,285,078	14,403,114	(125,784,690)	(151,359,194)
Total Net Position	\$ (13,577,681)	\$ (45,833,600)	\$ 170,325,806	\$ 164,002,604	\$ 156,748,125	\$ 118,169,004

An additional portion of the City of Newport's net position (30%) represents resources that are restricted by external parties.

The City's net position increased by \$36,253,354 during the current fiscal year. The primary reasons for the increase in business-type funds are because revenues were higher than anticipated and spending controls were in place due to the COVID pandemic. Increases in the governmental activities were from a significant decrease in pension and OPEB liabilities of \$57,861,060. This was particularly true for the City-owned police and fire pension plans due to unrealized gains in the market. Market gains are smoothed over a 5-year period so not all of the market gain was recognized in 2021. However, gains were sufficiently high enough to reduce pension expense by a significant amount. Other increases were the result of spending controls put in place to control costs in the face of the COVID pandemic and unknown impacts of the virus on revenues.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

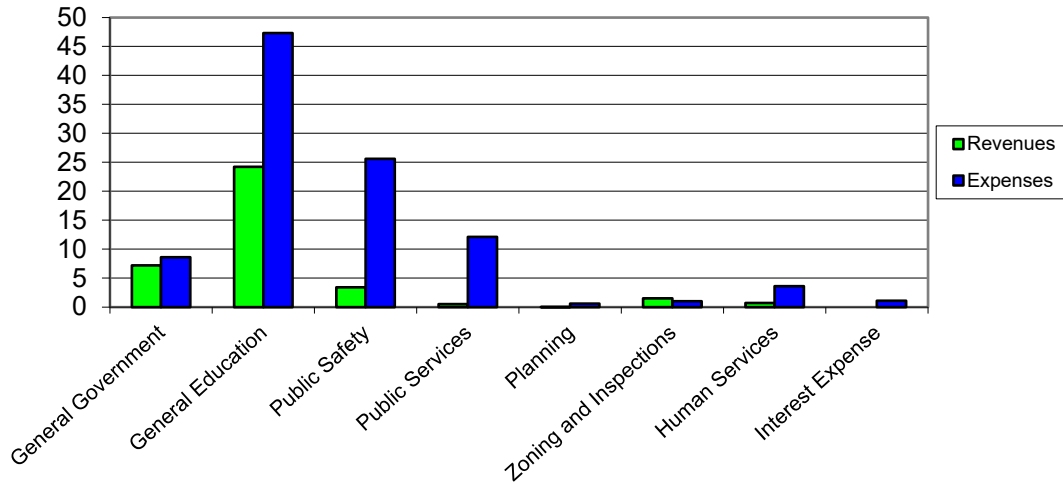
Governmental Activities

Governmental activities net position increased by \$29,930,152. There was also an increase in net position as a result of implementing government accounting standard No. 84 on fiduciary activities. Beginning net position was restated to account for the changes from that implementation. A comparison of FY2021 and FY2020 activity can be found below which indicates the changes identified.

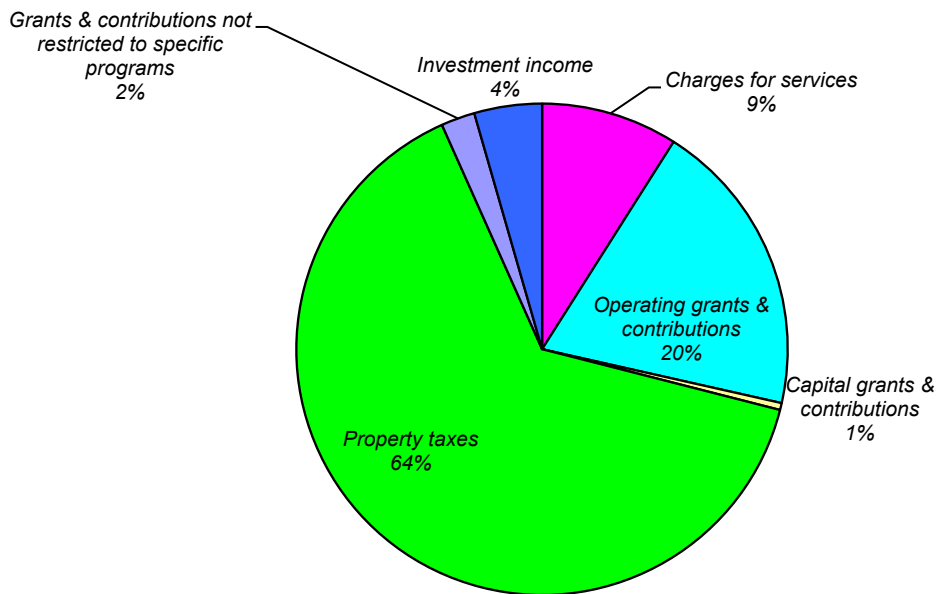
City of Newport's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,641,641	\$ 13,066,490	\$ 39,966,825	\$ 39,526,133	\$ 51,608,466	\$ 52,592,623
Operating grants and contributions	25,260,723	22,590,893			25,260,723	22,590,893
Capital grants and contributions	592,722	1,392,335	596,139	395,553	1,188,861	1,787,888
General revenues:						
Property taxes	83,234,802	83,949,300			83,234,802	83,949,300
Grants and contributions not restricted to specific programs	2,885,969	2,739,139			2,885,969	2,739,139
Investment income	5,757,582	1,515,638	11,849	305,064	5,769,431	1,820,702
Total revenues	129,373,439	125,253,795	40,574,813	40,226,750	169,948,252	165,480,545
Expenses:						
General government	8,588,708	8,367,718			8,588,708	8,367,718
General education	47,305,349	49,326,631			47,305,349	49,326,631
Public safety	25,578,174	38,284,925			25,578,174	38,284,925
Public services	12,096,453	12,906,263			12,096,453	12,906,263
Planning	641,060	590,070			641,060	590,070
Inspections and zoning	958,698	1,009,995			958,698	1,009,995
Human services	3,643,891	3,068,706			3,643,891	3,068,706
Interest expense	1,130,954	1,071,885			1,130,954	1,071,885
Water			14,817,825	15,633,723	14,817,825	15,633,723
Water pollution control			16,955,006	15,561,721	16,955,006	15,561,721
Nonmajor business-type			1,978,780	2,328,479	1,978,780	2,328,479
Total expenses	99,943,287	114,626,193	33,751,611	33,523,923	133,694,898	148,150,116
Increase in net position	29,430,152	10,627,602	6,823,202	6,702,827	36,253,354	17,330,429
Sale of property		900,000		77,840	-	977,840
Capital contributions				5,863,029	-	5,863,029
Bond refunding proceeds				1,601,339	-	1,601,339
Transfers	500,000	300,000	(500,000)	(300,000)		
	500,000	1,200,000	(500,000)	7,242,208	-	8,442,208
Change in net position	29,930,152	11,827,602	6,323,202	13,945,035	36,253,354	25,772,637
Net position beginning, restated	(43,507,833)	(57,661,202)	164,002,604	150,057,569	120,494,771	92,396,367
Net Position Ending	\$ (13,577,681)	\$ (45,833,600)	\$ 170,325,806	\$ 164,002,604	\$ 156,748,125	\$ 118,169,004

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



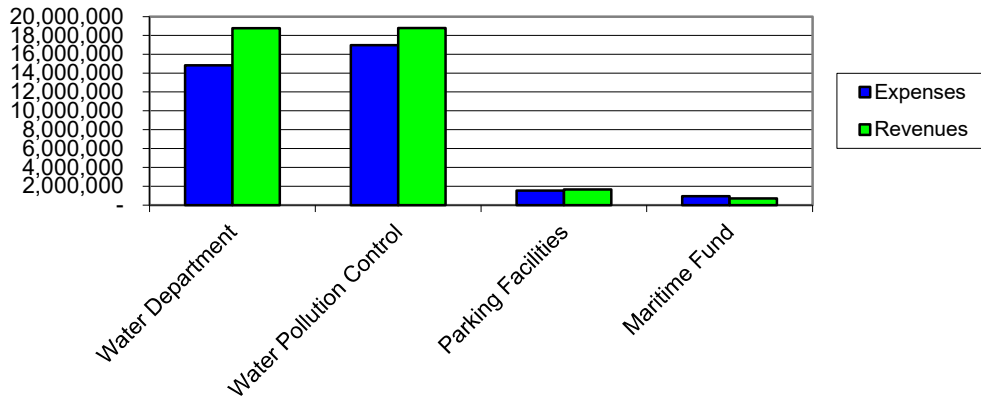
**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Business-Type Activities

Business-type activities’ net position increased by \$6,323,202. Both the water fund and the water pollution control fund have had revenue increases in the last few years to pay for capital improvements. A portion of the revenues raised in the water fund are restricted by the Rhode Island Public Utilities Commission for specific expenses, debt service and pay as you go capital improvements. \$4,381,913 of the increase in net position is primarily from service charges in the water department that exceeded expenses. Most of that revenue has been restricted per above. Spending controls were in place over all expenditures in the business-type funds because of the economic impacts of the Covid pandemic.

The Water Fund had income before transfers of \$4,630,101 for the year ended June 30, 2021, the Water Pollution Control Fund had income before transfers of \$1,818,291, and the non-major proprietary funds had income before transfers of \$374,810.

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.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

As of the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$61,008,107, an increase of \$10,499,531 in comparison with the prior year fund balance.

The City's General Fund increase was \$3,684,515 and came from a combination of items. Expenditures were less than budgeted by \$1,600,000, particularly in the public services department due to a hiring freeze. Unfilled positions provided most of that savings. Revenues were greater than anticipated in beach parking, which was approximately \$1,000,000 more than budgeted. Real Estate Conveyance tax was also higher than expected due to a booming housing market.

The School Unrestricted Fund had an increase in fund balance of \$3,083,683. All of the increase came from savings in expenditures. The school district had a hiring freeze in place that led to savings in salaries and benefits. Transportation costs were lower than expected, and the school district paid for certain allowable expenditures from federal funds available for COVID relief. 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 \$4,830,112 due to realized and unrealized gains in investments.

Much of the total combined ending fund balance amount (\$41,270,363) constitutes fund balance that is either nonspendable, restricted by outside legal sources or committed for capital or contractual purposes. An additional \$1,981,334 of the fund balance is assigned by the City Council. The balance of \$17,756,410 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 \$17,759,734. 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 18.7% of total general fund expenditures and transfers.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The table on this page shows the comparison of revenues and expenditures in the City and School general funds between FY2021 and FY2020.

	City General Fund		School Unrestricted Fund	
	2021	2020	2021	2020
Local Taxes	\$ 83,323,484	\$ 83,560,012	\$	\$
Intergovernmental Revenues	4,444,828	4,347,294	17,041,340	14,753,567
Charges for Services	10,417,183	10,232,059	1,129,190	1,076,982
Use of Money and Property	157,177	1,051,437	353,947	169,073
Contributions	191,853		222,371	88,820
Other Revenues		156,460		
Total Revenues	98,534,525	99,347,262	18,746,848	16,088,442
Total Expenditures	66,298,791	68,487,209	42,670,695	42,061,196
Other Financing Sources (Uses)	(28,551,219)	(29,785,788)	27,007,530	27,007,530
Net Change in Fund Balance	3,684,515	1,074,265	3,083,683	1,034,776
Fund Balance, Beginning, Restated	17,617,083	16,542,818	950,355	(438,799)
Fund Balance, Ending	\$ 21,301,598	\$ 17,617,083	\$ 4,034,038	\$ 595,977

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were due to budgetary carryovers from fiscal year 2020 of \$766,775.

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 (\$6,002,648) while restricted net position was \$19,159,350 and net investment in capital assets was \$55,092,442. 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 \$14,874,305, while restricted net position was \$6,461,869 and net investment in capital assets was \$68,460,670. 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 \$5,280,175 and the Maritime Fund had unrestricted net position of \$2,232,246. Factors concerning the finances of these funds have already been addressed in the discussion of the City of Newport's business-type activities.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021 is \$393,521,755 (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 decrease in the City of Newport's investment in capital assets for the current fiscal year of 1.8%.

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

- \$2,930,452 was spent on water and water pollution control projects.
- \$465,137 preliminary costs of Pell School addition and new Rogers High School
- \$1,433,299 spent on road and sidewalk improvements.
- \$700,000 on City Hall roof replacement.
- \$569,178 spent on public safety equipment.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,880,036	\$ 4,880,036	\$ 6,541,859	\$ 6,541,859	\$ 11,421,895	\$ 11,421,895
Construction in progress	1,626,144	904,951	1,901,767	245,722	3,527,911	1,150,673
Buildings & systems	72,507,431	73,795,490	248,973,088	255,714,641	321,480,519	329,510,131
Machinery & equipment	3,488,056	3,551,860	657,579	721,488	4,145,635	4,273,348
Vehicles	2,803,846	3,312,178	730,121	870,342	3,533,967	4,182,520
Infrastructure	49,411,828	50,199,716			49,411,828	50,199,716
Total	\$ 134,717,341	\$ 136,644,231	\$ 258,804,414	\$ 264,094,052	\$ 393,521,755	\$ 400,738,283

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 \$155,860,905. Of this amount, \$25,377,000 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 25,377,000	\$ 28,412,000			\$ 25,377,000	\$ 28,412,000
Revenue Bonds			130,483,905	138,702,664	130,483,905	138,702,664
Total	\$ 25,377,000	\$ 28,412,000	\$ 130,483,905	\$ 138,702,664	\$ 155,860,905	\$ 167,114,664

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The City of Newport's total bonds decreased by \$11,253,759 during the current fiscal year. Debt increased by \$1,187,715 from revenue bond drawdowns for the sewer project and water main improvements. General Obligation Bonds of \$16,935,000 were refunded with bonds of \$17,920,000 during fiscal year 2021 leading to interest savings of \$1,660,796 (an economic gain of \$1,642,672). Debt of \$12,441,474 was retired during fiscal year 2021.

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 \$236,696,153, which is significantly in excess of the City's outstanding general obligation debt of \$25,377,000.

Additional information on the City of Newport's long-term debt can be found in Note 7 to the Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate, not seasonally adjusted, as of June 2021 for the City of Newport was 5.0%, which is less than the state's unemployment rate of 5.8% and the federal unemployment rate of 6.1%.
- 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.
- The City's economy, which is heavily impacted by tourism, rebounded faster than anticipated in fiscal year 2021 from the impacts of COVID, and is expected to be back to historical levels in fiscal year 2022.
- The City will receive approximately \$7.2M over the next two years from the federal American Rescue Plan Act. Those funds will be 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 2022 fiscal year.

Fund balance in the City's general operating fund at June 30, 2021 is \$21,301,598 or 22.4% 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 increasing 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, 2021. 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 Finance Director, Laura Sitrin, City of Newport, 43 Broadway, Newport, Rhode Island 02840.

Basic Financial Statements

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CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 22,520,095	\$ 23,569,394	\$ 46,089,489
Investments	23,002,473	1,793,955	24,796,428
Receivables, net	4,846,176	4,320,398	9,166,574
Internal balances (advances)	(294,846)	294,846	-
Supplies and materials	13,006	391,796	404,802
Prepaid expenses	70,067	44,343	114,410
Total current assets	<u>50,156,971</u>	<u>30,414,732</u>	<u>80,571,703</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash and cash equivalents		25,621,219	25,621,219
Permanently restricted investments	20,622,610		20,622,610
Receivables, net	2,651,555		2,651,555
Net pension asset	4,262,202		4,262,202
Capital assets not being depreciated	6,506,180	8,443,626	14,949,806
Capital assets (net of accumulated depreciation)	128,211,161	250,360,788	378,571,949
Total noncurrent assets	<u>162,253,708</u>	<u>284,425,633</u>	<u>446,679,341</u>
Total assets	<u>212,410,679</u>	<u>314,840,365</u>	<u>527,251,044</u>
Deferred outflow of resources:			
Deferred charges on debt refunding	690,827		690,827
Deferred outflows - pensions	17,319,464	1,269,061	18,588,525
Deferred outflows - other post employment benefit	2,380,718	112,470	2,493,188
Total deferred outflow of resources	<u>20,391,009</u>	<u>1,381,531</u>	<u>21,772,540</u>
Liabilities:			
Current liabilities:			
Accounts payable	4,029,826	2,349,883	6,379,709
Accrued liabilities	1,486,650	2,265,656	3,752,306
Other liabilities	768,927	99,000	867,927
Notes payable	4,700,000		4,700,000
Current portion of long-term obligations	8,124,706	9,850,904	17,975,610
Total current liabilities	<u>19,110,109</u>	<u>14,565,443</u>	<u>33,675,552</u>
Noncurrent liabilities:			
Long-term obligations	173,137,064	129,979,758	303,116,822
Total noncurrent liabilities	<u>173,137,064</u>	<u>129,979,758</u>	<u>303,116,822</u>
Total liabilities	<u>192,247,173</u>	<u>144,545,201</u>	<u>336,792,374</u>
Deferred inflow of resources:			
Deferred inflows - pensions	35,482,413	549,115	36,031,528
Deferred inflows - other post employment benefit	18,649,783	801,774	19,451,557
Total deferred inflow of resources	<u>54,132,196</u>	<u>1,350,889</u>	<u>55,483,085</u>
Net Position:			
Net investment in capital assets	107,730,969	128,320,509	236,051,478
Restricted for:			
Various endowments:			
Expendable	17,887,989		17,887,989
Nonexpendable	2,873,129		2,873,129
Pensions	4,262,202		4,262,202
Public improvements	9,546,308		9,546,308
Education	4,034,038		4,034,038
Housing and development	3,174,405		3,174,405
Other purposes	80,967		80,967
Debt service		25,621,219	25,621,219
Unrestricted (deficit)	<u>(163,167,688)</u>	<u>16,384,078</u>	<u>(146,783,610)</u>
Total net position	<u>\$ (13,577,681)</u>	<u>\$ 170,325,806</u>	<u>\$ 156,748,125</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, 2021**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 8,588,708	\$ 5,491,091	\$ 1,750,712	\$	\$ (1,346,905)	\$	\$ (1,346,905)
General education	47,305,349	1,158,585	22,986,941	32,166	(23,127,657)		(23,127,657)
Public safety	25,578,174	3,217,138	114,230	82,364	(22,164,442)		(22,164,442)
Public services	12,096,453	182,239	3,356	277,567	(11,633,291)		(11,633,291)
Planning	641,060		21,447		(619,613)		(619,613)
Zoning and inspections	958,698	1,526,715			568,017		568,017
Human services	3,643,891	65,873	384,037	200,625	(2,993,356)		(2,993,356)
Interest expense	1,130,954				(1,130,954)		(1,130,954)
Total governmental activities	<u>99,943,287</u>	<u>11,641,641</u>	<u>25,260,723</u>	<u>592,722</u>	<u>(62,448,201)</u>	<u>-</u>	<u>(62,448,201)</u>
Business-type activities:							
Water Department	14,817,825	19,199,738		247,076		4,628,989	4,628,989
Water Pollution Control	16,955,006	18,423,736		349,063		1,817,793	1,817,793
Recreational and parking facilities	1,978,780	2,343,351				364,571	364,571
Total business-type activities	<u>33,751,611</u>	<u>39,966,825</u>	<u>-</u>	<u>596,139</u>	<u>-</u>	<u>6,811,353</u>	<u>6,811,353</u>
Total Primary Government	<u>\$ 133,694,898</u>	<u>\$ 51,608,466</u>	<u>\$ 25,260,723</u>	<u>\$ 1,188,861</u>	<u>(62,448,201)</u>	<u>6,811,353</u>	<u>(55,636,848)</u>
General revenues:							
Property taxes					83,234,802		83,234,802
Grants and contributions not restricted to specific programs					2,885,969		2,885,969
Investment income					5,757,582	11,849	5,769,431
Transfers					500,000	(500,000)	-
Total general revenues and transfers					<u>92,378,353</u>	<u>(488,151)</u>	<u>91,890,202</u>
Change in net position					29,930,152	6,323,202	36,253,354
Net Position at Beginning of Year					(45,833,600)	164,002,604	118,169,004
Restatement of Beginning Net Position					2,325,767		2,325,767
Net Position at End of Year					<u>\$ (13,577,681)</u>	<u>\$ 170,325,806</u>	<u>\$ 156,748,125</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 5,200,250	\$ 2,746,950	\$ 151,196	\$ 15,180,925	\$ 2,878,731	\$ 26,158,052
Investments	23,002,473			20,622,610			43,625,083
Receivables:							
Property taxes	1,486,232						1,486,232
Motor vehicle excise	580,014						580,014
Intergovernmental			16,450			1,215,145	1,231,595
Note/loan	2,803,444		938,800			105,000	3,847,244
Other	1,100,295	208,713				6,344	1,315,352
Prepaid items	70,067						70,067
Total Assets	\$ 29,042,525	\$ 5,408,963	\$ 3,702,200	\$ 20,773,806	\$ 15,180,925	\$ 4,205,220	\$ 78,313,639
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Cash overdraft	\$ 2,741,173	\$ -	\$ -	\$ -	\$ -	\$ 1,028,648	\$ 3,769,821
Accounts payable	1,656,075	1,103,292	234,847	12,688	934,617	56,547	3,998,066
Accrued liabilities	1,142,074	271,633					1,413,707
Due to other funds	312,688						312,688
Bond anticipation note					4,700,000		4,700,000
Other liabilities	768,927						768,927
Total liabilities	6,620,937	1,374,925	234,847	12,688	5,634,617	1,085,195	14,963,209
Deferred inflows of resources:							
Unavailable revenue - property taxes	1,119,990						1,119,990
Unavailable revenue - loans receivable			938,800			105,000	1,043,800
Unavailable revenue - intergovernmental receivable			750			177,783	178,533
Total deferred inflows of resources	1,119,990	-	939,550	-	-	282,783	2,342,323
Fund balances:							
Nonspendable	2,873,511			2,873,129			5,746,640
Restricted		4,034,038	2,527,803	17,887,989		727,569	25,177,399
Committed	668,353				9,546,308	131,663	10,346,324
Assigned						1,981,334	1,981,334
Unassigned	17,759,734					(3,324)	17,756,410
Total fund balances	21,301,598	4,034,038	2,527,803	20,761,118	9,546,308	2,837,242	61,008,107
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,042,525	\$ 5,408,963	\$ 3,702,200	\$ 20,773,806	\$ 15,180,925	\$ 4,205,220	\$ 78,313,639

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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) \$ 61,008,107

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

Governmental capital assets	\$ 206,793,783	
Less accumulated depreciation	(72,076,442)	
Net capital assets		134,717,341

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

Net pension asset		4,262,202
Unavailable property taxes, loans and grant revenues		2,342,323
Allowance for doubtful accounts		(1,653,128)
Miscellaneous adjustments		(39,045)
Property tax and loan interest accrual		689,336

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		(25,377,000)
Bond premium		(1,834,562)
Interest payable on bonds and notes		(70,317)
Claims and judgments		(100,000)
Compensated absences		(6,507,450)
Net pension liability		(95,402,017)
Net OPEB liability		(52,040,741)

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

Deferred outflows of resources - refunding of debt		690,827
Deferred outflows of resources - other post employment benefit		2,380,718
Deferred inflows of resources - other post employment benefit		(18,649,783)
Deferred outflows of resources - pensions		17,319,464
Deferred inflows of resources - pensions		(35,482,413)

Net Position of Governmental Activities (Exhibit I) \$ (13,577,681)

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, 2021

	<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	\$ 83,323,484	\$	\$ 974,943	\$	\$ 277,567	\$ 5,790,140	\$ 83,323,484
Intergovernmental revenues	4,444,828	17,041,340	93,610		277,567	5,790,140	28,528,818
Charges for services	10,417,183	1,129,190	26,301	5,194,754	28	46,895	11,686,878
Use of money and property	157,177	353,947				25,375	5,757,582
Contributions	191,853	222,371		55,000		373,549	842,773
Total revenues	<u>98,534,525</u>	<u>18,746,848</u>	<u>1,094,854</u>	<u>5,249,754</u>	<u>277,595</u>	<u>6,235,959</u>	<u>130,139,535</u>
Expenditures:							
Current:							
General government	7,897,145					59,552	7,956,697
General education		42,670,695				5,361,213	48,031,908
Public safety	39,181,518					242,021	39,423,539
Public services	8,889,319					48,584	8,937,903
Planning	418,242						418,242
Zoning and inspections	982,276						982,276
Human services	2,078,158		513,127	369,440		671,286	3,632,011
Pension expenditures	1,001,870						1,001,870
Debt service:							
Principal	4,137,637						4,137,637
Interest	1,159,853				231,371		1,391,224
Capital outlays	552,773		200,625		3,586,140	118,530	4,458,068
Total expenditures	<u>66,298,791</u>	<u>42,670,695</u>	<u>713,752</u>	<u>369,440</u>	<u>3,817,511</u>	<u>6,501,186</u>	<u>120,371,375</u>
Excess (Deficiency) of Revenues over Expenditures	<u>32,235,734</u>	<u>(23,923,847)</u>	<u>381,102</u>	<u>4,880,314</u>	<u>(3,539,916)</u>	<u>(265,227)</u>	<u>9,768,160</u>
Other Financing Sources (Uses):							
Proceeds from refunding bonds					17,920,000		17,920,000
Payment to Escrow Agent					(17,688,629)		(17,688,629)
Transfers in from other funds	97,873	27,007,530			2,158,777	79,427	29,343,607
Transfers out to other funds	(28,649,092)			(50,202)	(97,873)	(46,440)	(28,843,607)
Total other financing sources (uses)	<u>(28,551,219)</u>	<u>27,007,530</u>	<u>-</u>	<u>(50,202)</u>	<u>2,292,275</u>	<u>32,987</u>	<u>731,371</u>
Net Change in Fund Balances	3,684,515	3,083,683	381,102	4,830,112	(1,247,641)	(232,240)	10,499,531
Fund Balances at Beginning of Year	17,617,083	595,977	2,146,701	13,959,617	10,793,949	3,069,482	48,182,809
Restatement of Beginning Fund Balance		354,378		1,971,389			2,325,767
Fund Balances at End of Year	<u>\$ 21,301,598</u>	<u>\$ 4,034,038</u>	<u>\$ 2,527,803</u>	<u>\$ 20,761,118</u>	<u>\$ 9,546,308</u>	<u>\$ 2,837,242</u>	<u>\$ 61,008,107</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, 2021

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 \$ 10,499,531

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	4,316,455
Depreciation expense	(6,243,345)

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	(37,376)
Property tax and loan interest receivable	30,797
Change in allowance for doubtful accounts	(78,303)
Activity related to property tax and loan receivable	(1,167,601)
Change in net pension assets	186,643
Change in deferred outflows - related to pensions	(2,220,504)
Change in deferred outflows - related to OPEB	(1,600,783)

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	4,020,000
Issuance of refunding bonds	(17,920,000)
Payment to escrow agent on refunded bond issuance	17,688,629
Capital lease payments	121,248
Amortization of deferred refunding of debt	(62,802)
Amortization of prepaid interest	(72,192)
Amortization of bond premiums	307,330

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	(55,728)
Change in accrued interest	87,934
Change in claims and judgments	306,000
Change in deferred inflows - related to pensions	(24,952,819)
Change in deferred inflows - related to OPEB	(11,084,022)
Change in net pension liability	38,201,140
Change in net OPEB liability	<u>19,659,920</u>

Change in Net Position of Governmental Activities (Exhibit II) \$ 29,930,152

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, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 83,425,756	\$ 83,425,756	\$ 83,323,484	\$ (102,272)
Intergovernmental revenues	3,948,072	3,948,072	4,444,828	496,756
Charges for services	8,808,769	8,808,769	10,417,183	1,608,414
Use of money and property	178,000	178,000	157,177	(20,823)
Other revenues	81,500	81,500	191,853	110,353
Total revenues	<u>96,442,097</u>	<u>96,442,097</u>	<u>98,534,525</u>	<u>2,092,428</u>
Expenditures:				
General government:				
Mayor and City Council	149,273	149,273	146,850	2,423
City Manager	1,084,931	1,085,931	938,741	147,190
City Solicitor	536,231	536,231	500,706	35,525
Canvassing	264,280	265,376	248,330	17,046
City Clerk	591,337	595,589	592,623	2,966
Finance	4,786,568	4,822,086	4,583,662	238,424
Reserve accounts	1,100,000	772,682	872,021	(99,339)
Public Safety:				
Police Department	19,040,587	19,123,746	18,974,009	149,737
Fire Department	20,218,471	20,358,394	20,263,773	94,621
Public Services	10,291,033	11,079,906	10,042,225	1,037,681
Planning	540,505	544,193	418,242	125,951
Zoning and Inspections	948,534	957,118	982,276	(25,158)
Human Services:				
Donations	145,200	145,200	144,200	1,000
Public Library	1,933,958	1,933,958	1,933,958	-
Pension expenditures	843,000	843,000	1,001,870	(158,870)
Debt service	5,358,097	5,358,097	5,334,660	23,437
Total expenditures	<u>67,832,005</u>	<u>68,570,780</u>	<u>66,978,146</u>	<u>1,592,634</u>
Excess of Revenues over Expenditures	<u>28,610,092</u>	<u>27,871,317</u>	<u>31,556,379</u>	<u>3,685,062</u>
Other Financing Sources (Uses):				
Transfers in	-	-	97,872	97,872
Transfers out	<u>(28,610,092)</u>	<u>(28,638,092)</u>	<u>(28,638,092)</u>	<u>-</u>
Total other financing sources (uses)	<u>(28,610,092)</u>	<u>(28,638,092)</u>	<u>(28,540,220)</u>	<u>97,872</u>
Excess of Revenues and Other Sources over over Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(766,775)</u>	3,016,159	\$ <u>3,782,934</u>
Fund Balance at Beginning of Year			<u>16,983,471</u>	
Fund Balance at End of Year			\$ <u>19,999,630</u>	

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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues:				
Federal revenues	\$ 1,835,683	\$ 1,835,683	\$ 1,120,788	\$ (714,895)
State revenues	13,527,091	13,871,093	13,971,113	100,020
Local revenues	1,208,000	1,208,000	1,705,508	497,508
Total revenues	<u>16,570,774</u>	<u>16,914,776</u>	<u>16,797,409</u>	<u>(117,367)</u>
Expenditures:				
General education	<u>43,578,304</u>	<u>43,922,306</u>	<u>40,721,256</u>	<u>3,201,050</u>
Excess of Expenditures over Revenues	(27,007,530)	(27,007,530)	(23,923,847)	3,083,683
Other Financing Sources:				
Transfers out				-
Transfers in	<u>27,007,530</u>	<u>27,007,530</u>	<u>27,007,530</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	3,083,683	<u>\$ 3,083,683</u>
Fund Balances at Beginning of Year			595,977	
Restatement of Beginning Fund Balance			<u>354,378</u>	
Fund Balances at End of Year			<u>\$ 4,034,038</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, 2021	\$ 16,797,409	\$ 40,721,256
State teachers' retirement on-behalf payments	<u>1,949,439</u>	<u>1,949,439</u>
Balance, GAAP Basis, Exhibit IV- June 30, 2021	<u>\$ 18,746,848</u>	<u>\$ 42,670,695</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, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds			Total	Internal
	Water Fund	W.P.C. Fund	Nonmajor Funds		Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,942,887	\$ 15,488,609	\$ 6,137,898	\$ 23,569,394	\$ 131,864
Investments			1,793,955	1,793,955	
Accounts receivable:					
User fees (net of allowances)	1,891,764	2,209,876	218,758	4,320,398	
Other					1,086
Due from other funds	312,688	185,177		497,865	17,842
Prepaid expense			44,343	44,343	
Supplies and materials	275,645	116,151		391,796	13,006
Total current assets	<u>4,422,984</u>	<u>17,999,813</u>	<u>8,194,954</u>	<u>30,617,751</u>	<u>163,798</u>
Noncurrent assets:					
Cash and cash equivalents - restricted	19,159,350	6,461,869		25,621,219	
Capital assets, net of accumulated depreciation	<u>126,715,455</u>	<u>127,321,562</u>	<u>4,767,397</u>	<u>258,804,414</u>	<u>38,717</u>
Total noncurrent assets	<u>145,874,805</u>	<u>133,783,431</u>	<u>4,767,397</u>	<u>284,425,633</u>	<u>38,717</u>
Total assets	<u>150,297,789</u>	<u>151,783,244</u>	<u>12,962,351</u>	<u>315,043,384</u>	<u>202,515</u>
Deferred outflow of resources:					
Deferred outflows - pension	1,000,749	223,314	44,998	1,269,061	
Deferred outflows - other post employment benefit	<u>113,852</u>	<u>(3,858)</u>	<u>2,476</u>	<u>112,470</u>	
Total deferred outflow of resources	<u>1,114,601</u>	<u>219,456</u>	<u>47,474</u>	<u>1,381,531</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	942,443	1,012,473	394,967	2,349,883	31,760
Accrued expenses	1,526,838	690,667	48,151	2,265,656	2,298
Due to other funds	203,019			203,019	
Escrow held in Trust		99,000		99,000	
Current portion bonds payable	5,005,000	4,845,904		9,850,904	
Total current liabilities	<u>7,677,300</u>	<u>6,648,044</u>	<u>443,118</u>	<u>14,768,462</u>	<u>34,058</u>
Long-term liabilities:					
Bonds payable	66,618,013	54,014,988		120,633,001	
Net pension liability	5,770,812	1,293,708	261,649	7,326,169	
Net OPEB liability	1,895,155	125,433	-	2,020,588	
Total long-term liabilities	<u>74,283,980</u>	<u>55,434,129</u>	<u>261,649</u>	<u>129,979,758</u>	<u>-</u>
Total liabilities	<u>81,961,280</u>	<u>62,082,173</u>	<u>704,767</u>	<u>144,748,220</u>	<u>34,058</u>
Deferred inflow of resources:					
Deferred inflows - pension	432,536	96,967	19,612	549,115	
Deferred inflows - other post employment benefit	<u>769,430</u>	<u>26,716</u>	<u>5,628</u>	<u>801,774</u>	
Total deferred inflow of resources	<u>1,201,966</u>	<u>123,683</u>	<u>25,240</u>	<u>1,350,889</u>	<u>-</u>
Net position:					
Net investment in capital assets	55,092,442	68,460,670	4,767,397	128,320,509	38,717
Restricted by regulatory agencies and bond covenants	19,159,350	6,461,869		25,621,219	
Unrestricted	<u>(6,002,648)</u>	<u>14,874,305</u>	<u>7,512,421</u>	<u>16,384,078</u>	<u>129,740</u>
Total Net Position	<u>\$ 68,249,144</u>	<u>\$ 89,796,844</u>	<u>\$ 12,279,818</u>	<u>\$ 170,325,806</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, 2021

	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	\$ 18,758,803	\$ 18,423,736	\$ 2,343,351	\$ 39,525,890	\$ 1,155,132
Other revenues	688,011	349,063		1,037,074	
Total operating revenues	<u>19,446,814</u>	<u>18,772,799</u>	<u>2,343,351</u>	<u>40,562,964</u>	<u>1,155,132</u>
Operating expenses:					
Salaries and benefits	4,701,916	1,769,760	403,572	6,875,248	74,613
Materials and supplies	992,396	77,670	62,224	1,132,290	237,526
Repairs and maintenance	472,191	109,594	368,862	950,647	44,374
Support services	101,356	6,947,822	427,136	7,476,314	771,669
Utilities	1,436,061	773,725	49,249	2,259,035	21,302
Administrative and other	1,166,942	507,482	386,812	2,061,236	
Property taxes	487,368			487,368	
Depreciation	3,135,094	5,103,049	280,925	8,519,068	5,648
Total operating expenses	<u>12,493,324</u>	<u>15,289,102</u>	<u>1,978,780</u>	<u>29,761,206</u>	<u>1,155,132</u>
Operating Income	<u>6,953,490</u>	<u>3,483,697</u>	<u>364,571</u>	<u>10,801,758</u>	<u>-</u>
Nonoperating revenues and expenses:					
Investment income	1,112	498	10,239	11,849	
Interest expense	(2,324,501)	(1,665,904)		(3,990,405)	
Net operating revenues and expenses	<u>(2,323,389)</u>	<u>(1,665,406)</u>	<u>10,239</u>	<u>(3,978,556)</u>	<u>-</u>
Income Before Transfers	4,630,101	1,818,291	374,810	6,823,202	
Transfers:					
Transfers out			(500,000)	(500,000)	
Change in Net Position	4,630,101	1,818,291	(125,190)	6,323,202	-
Net Position at Beginning of Year	<u>63,619,043</u>	<u>87,978,553</u>	<u>12,405,008</u>	<u>164,002,604</u>	<u>168,457</u>
Net Position at End of Year	<u>\$ 68,249,144</u>	<u>\$ 89,796,844</u>	<u>\$ 12,279,818</u>	<u>\$ 170,325,806</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, 2021

	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	\$ 19,146,892	\$ 19,322,996	\$ 2,186,939	\$ 40,656,827	\$ 1,152,526
Cash payments to suppliers for goods and services	(2,647,775)	(7,779,655)	(610,923)	(11,038,353)	(1,063,084)
Cash payments to employees for services	(5,150,143)	(1,457,538)	(470,434)	(7,078,115)	(73,036)
Payment of property taxes	(487,368)			(487,368)	
Payment of administrative expense	(1,166,942)	(507,482)	(386,812)	(2,061,236)	
Net cash provided by (used in) operating activities	<u>9,694,664</u>	<u>9,578,321</u>	<u>718,770</u>	<u>19,991,755</u>	<u>16,406</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans and transfers		(269,991)	(500,000)	(769,991)	
Net cash provided by (used in) noncapital financing activities		<u>(269,991)</u>	<u>(500,000)</u>	<u>(769,991)</u>	
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,649,545)	(1,280,679)	(298,979)	(3,229,203)	(33,988)
Proceeds from borrowing	1,103,976	83,739		1,187,715	
Principal paid on bonds, notes and loans	(4,686,000)	(4,720,474)		(9,406,474)	
Interest paid on bonds, notes and loans	(2,349,027)	(1,702,137)		(4,051,164)	
Net cash provided by (used in) capital and related financing activities	<u>(7,580,596)</u>	<u>(7,619,551)</u>	<u>(298,979)</u>	<u>(15,499,126)</u>	<u>(33,988)</u>
Cash Flows from Investing Activities:					
Purchase of investment			(197,324)	(197,324)	
Investment income	1,112	498	10,239	11,849	
Net cash provided by (used in) investing activities	<u>1,112</u>	<u>498</u>	<u>(187,085)</u>	<u>(185,475)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,115,180	1,689,277	(267,294)	3,537,163	(17,582)
Cash and Cash Equivalents at Beginning of Year	<u>18,987,057</u>	<u>20,261,201</u>	<u>6,405,192</u>	<u>45,653,450</u>	<u>149,446</u>
Cash and Cash Equivalents at End of Year	<u>\$ 21,102,237</u>	<u>\$ 21,950,478</u>	<u>\$ 6,137,898</u>	<u>\$ 49,190,613</u>	<u>\$ 131,864</u>
Reconciliation of Operating Income to Net Cash					
Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 6,953,490	\$ 3,483,697	\$ 364,571	\$ 10,801,758	\$
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,135,094	5,103,049	280,925	8,519,068	5,648
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(168,948)	342,461	(111,380)	62,133	
Decrease (Increase) in accounts receivable - other					2,333
Decrease (Increase) in prepaid expense					
Decrease (Increase) in due from other funds	(130,974)	207,736		76,762	(4,939)
Decrease (Increase) in inventory	23,261	23,007		46,268	(3,394)
Decrease (Increase) in deferred outflows of resources:					
Deferred outflows - pension	96,935	(6,989)	11,649		
Deferred outflows - other post employment benefit	58,295	3,858			
(Decrease) Increase in accounts payable	533,766	106,149	296,548	936,463	15,181
(Decrease) Increase in accrued expenses	(39,346)	9,934	(5,966)	(35,378)	1,577
(Decrease) Increase in unearned revenue			(45,032)	(45,032)	
(Decrease) Increase in due to other funds	(202,798)			(202,798)	
(Decrease) Increase net pension liability	(47,205)	130,105	(29,252)	53,648	
(Decrease) Increase net other post employment benefit liability	(984,078)	125,433	(44,454)	(903,099)	
(Decrease) Increase in deferred inflows of resources:					
Deferred inflows - pension	63,528	23,165	1,161		
Deferred inflows - other post employment benefit	403,644	26,716	-		
Net Cash Provided by (Used in) Operating Activities	<u>\$ 9,694,664</u>	<u>\$ 9,578,321</u>	<u>\$ 718,770</u>	<u>\$ 19,991,755</u>	<u>\$ 16,406</u>

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, 2021

	<u>Pension and Other Post- Employment Benefit Trust Funds</u>	<u>Private Purpose Trust Fund Expendable Scholarship Funds</u>	<u>Custodial Fund Henderson Home</u>
Assets:			
Cash and cash equivalents	\$ 3,022,527	\$ 31,581	\$ 49,573
Investments, at fair value:			
Fixed income mutual funds	33,718,476		
Domestic equity mutual funds	172,008,358		
International equity mutual funds	30,258,571		
Alternative investments	23,923,945		
Total investments	<u>259,909,350</u>		
 Total assets	 <u>262,931,877</u>	 <u>31,581</u>	 <u>49,573</u>
Liabilities:			
Accounts payable	<u>130,563</u>		<u>974</u>
Net Position:			
Restricted for Pension	192,156,225		
Restricted for Other Post-Employment Benefits	70,645,089		
Restricted for Trust Purposes		31,581	
Restricted for Henderson Home			48,599
Total Net Position	<u>\$ 262,801,314</u>	<u>\$ 31,581</u>	<u>\$ 48,599</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, 2021

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds	Custodial Fund Henderson Home
Additions:			
Contributions:			
Employees	\$ 1,020,583	\$	
Employer	17,495,219		
Contributions		10,000	86,517
Tenant rent			10,410
Other			1,000
Total contributions	<u>18,515,802</u>	<u>10,000</u>	<u>97,927</u>
Investment income (loss):			
Net change in fair value of investments	60,139,080		
Interest and dividends	7,590,334		
Total investment income (loss)	<u>67,729,414</u>	-	-
Less investment expenses			
	<u>454,205</u>		
Net investment income (loss)	<u>67,275,209</u>	-	-
Total additions	<u>85,791,011</u>	<u>10,000</u>	<u>97,927</u>
Deductions:			
Benefits	19,471,607		
Administration	164,898		
Awards		6,000	
Operations			49,328
Total deductions	<u>19,636,505</u>	<u>6,000</u>	<u>49,328</u>
Change in Net Position	66,154,506	4,000	48,599
Net Position at Beginning of Year	196,646,808	1,998,970	
Restatement of Beginning Net Position		<u>(1,971,389)</u>	
Net Position at End of Year	<u>\$ 262,801,314</u>	<u>\$ 31,581</u>	<u>\$ 48,599</u>

The accompanying notes are an integral part of the financial statements

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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 and operations which support economic and residential development, open space preservation and State law and City code enforcement.

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

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

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, a member of the Advisory Board and the rest appointed by the City Manager of Newport. The Advisory Board of 2-20 members must include the City Manager and a member of the Rhode Island Commerce Department. All other members of the advisory board are appointed and can be removed by the City Manager. 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, 2021**

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency Funds have no measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

C. Basis of Presentation and Measurement Focus - Fund Financial Statements

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

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

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, 2021**

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, 2021**

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, 2021**

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, 2021, is equal to 34% 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, 2021**

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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and OPEB in the government-wide and business-type activities, 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions and OPEB in the government-wide and business-type activities, 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 three sources: property taxes, loans receivable, and intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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 that 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 \$766,775 in prior year appropriation carryovers. The School Unrestricted Fund budget was amended to reflect increased state aid of \$344,002.
- Intra-departmental transfers of municipal appropriations may be made with the approval of the City Manager or his designee.

**CITY OF NEWPORT, RHODE ISLAND
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- 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		
	<u>Revenues and Transfers In</u>	<u>Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Balance, Budgetary Basis, Exhibit V - June 30, 2021	\$ 98,632,398	\$ 95,616,238	\$ 19,999,630
Liquidation of prior year approved carryovers			633,615
Miscellaneous variances		(2)	
Encumbrances outstanding at June 30, 2021 charged to budgetary expenditures		(668,353)	668,353
	<u>\$ 98,632,398</u>	<u>\$ 94,947,883</u>	<u>\$ 21,301,598</u>
Balance, GAAP Basis, Exhibit IV - June 30, 2021	<u>\$ 98,632,398</u>	<u>\$ 94,947,883</u>	<u>\$ 21,301,598</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 2021 appropriations (after approved transfers).

<u>Department</u>	<u>Expenditures in Excess of Budget</u>
Reserve Accounts	\$ 99,339
Zoning and Inspections	25,158
Pension Expenditures	158,870

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

D. Deficit Funds Equity

The school department restricted fund deficit of \$3,324 is the result of timing differences related to grants.

E. Donor Restricted Endowments

Investments in marketable equity and all debt securities are carried at market value. The City allocates investment income in accordance with donor restrictions and Rhode Island law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the City. Net appreciation on investments at June 30, 2021 was \$4,830,112 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, 2021, 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
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As of June 30, 2021, the City's bank balance of \$75,271,819 was insured and collateralized as follows:

Insured	\$ 1,181,745
Collateralized:	
Collateral held by the pledging bank's trust department in the City's name	<u>74,090,074</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 75,271,819</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, 2021, the City's investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
Money market funds	\$ 736,902	\$ 736,902	\$	\$	\$
Certificates of deposit	22,022,896	9,958,743	8,459,657	2,380,337	1,224,159
U.S. Government agency securities	2,303,498		106,702	82,792	2,114,004
Fixed income mutual funds	<u>39,539,591</u>	<u>4,014,280</u>	<u>19,526,767</u>	<u>9,533,723</u>	<u>6,464,821</u>
	64,602,887	<u>\$ 14,709,925</u>	<u>\$ 28,093,126</u>	<u>\$ 11,996,852</u>	<u>\$ 9,802,984</u>
Other Investments:					
Alternative investments	23,923,945				
Equity mutual funds	<u>217,065,345</u>				
Total	305,592,177				
Money market funds classified as cash equivalents	<u>(263,789)</u>				
	<u><u>\$ 305,328,388</u></u>				

**CITY OF NEWPORT, RHODE ISLAND
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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, 2021:

	June 30, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 2,303,498	\$ 2,303,498	\$	
Mutual funds	256,604,936	206,720,191	49,884,745	
Alternative investments	23,923,945		19,754,500	4,169,445
Certificates of deposit	22,022,896		22,022,896	
Money market	736,902	1,517	735,385	
Total Investments by Fair Value Level	\$ <u>305,592,177</u>	\$ <u>209,025,206</u>	\$ <u>92,397,526</u>	\$ <u>4,169,445</u>

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 use 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
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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%.

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 0.47 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+	\$ 736,902	\$ 2,303,498	
AA-			\$ 20,833,016
A-			18,706,575
	<u>\$ 736,902</u>	<u>\$ 2,303,498</u>	<u>\$ 39,539,591</u>

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.

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	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject To Custodial Credit Risk</u>
U.S. Government Agency Securities	<u>\$ 2,303,498</u>	<u>\$ 500,000</u>	<u>\$ 1,803,498</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 7.0% for the pension plans, and 7.5% 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, 2021 totaled \$280,531,960.

**CITY OF NEWPORT, RHODE ISLAND
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4. RECEIVABLES

At June 30, 2021, 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>Other Govern- mental Funds</u>	<u>Total</u>
Taxes	\$ 2,066,246	\$	\$	\$	\$ 2,066,246
Intergovernmental			16,450	1,215,145	1,231,595
Interest	677,636 *		11,700 *	*	689,336
Other	1,101,381	208,713		6,344	1,316,438
Notes/loans	2,803,444		938,800	105,000	3,847,244
	<u>6,648,707</u>	<u>208,713</u>	<u>966,950</u>	<u>1,326,489</u>	<u>9,150,859</u>
Less allowance for doubtful accounts	<u>(1,167,928) *</u>		<u>(380,200) *</u>	<u>(105,000) *</u>	<u>(1,653,128)</u>
	5,480,779	208,713	586,750	1,221,489	7,497,731
Less current portion	<u>3,319,428</u>	<u>208,713</u>	<u>96,546</u>	<u>1,221,489</u>	<u>4,846,176</u>
Net Long-Term Portion	<u>\$ 2,161,351</u>	<u>\$ -</u>	<u>\$ 490,204</u>	<u>\$ -</u>	<u>\$ 2,651,555</u>

* Amount is not included in the fund financial statements.

Business-type Activities

	<u>Water Fund</u>	<u>W.P.C. Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
User fees	\$ 1,966,764	\$ 2,259,876	\$ 218,758	\$ 4,445,398
Less allowance for doubtful accounts	<u>(75,000)</u>	<u>(50,000)</u>		<u>(125,000)</u>
Net Receivables	<u>\$ 1,891,764</u>	<u>\$ 2,209,876</u>	<u>\$ 218,758</u>	<u>\$ 4,320,398</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 4,880,036	\$		\$ 4,880,036
Construction in progress	904,951	721,193		1,626,144
Total capital assets not being depreciated	<u>5,784,987</u>	<u>721,193</u>	<u>-</u>	<u>6,506,180</u>
Capital assets being depreciated:				
Buildings and structures	102,431,983	1,360,805		103,792,788
Machinery and equipment	9,633,871	603,497	(18,045)	10,219,323
Vehicles	9,500,916	197,661		9,698,577
Infrastructure	75,143,616	1,433,299		76,576,915
Total capital assets being depreciated	<u>196,710,386</u>	<u>3,595,262</u>	<u>(18,045)</u>	<u>200,287,603</u>
Total capital assets	<u>202,495,373</u>	<u>4,316,455</u>	<u>(18,045)</u>	<u>206,793,783</u>
Less accumulated depreciation:				
Buildings and structures	28,636,493	2,648,864		31,285,357
Machinery and equipment	6,082,011	667,301	(18,045)	6,731,267
Vehicles	6,188,738	705,993		6,894,731
Infrastructure	24,943,900	2,221,187		27,165,087
Total accumulated depreciation	<u>65,851,142</u>	<u>6,243,345</u>	<u>(18,045)</u>	<u>72,076,442</u>
Total capital assets being depreciated, net	<u>130,859,244</u>	<u>(2,648,083)</u>	<u>-</u>	<u>128,211,161</u>
Governmental Activities Capital Assets, Net	<u>\$ 136,644,231</u>	<u>\$ (1,926,890)</u>	<u>\$ -</u>	<u>\$ 134,717,341</u>

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

General government	\$ 699,485
General education	1,649,890
Public safety	667,917
Public services	3,049,328
Planning	159,197
Human services	11,880
Capital assets held by the City's internal service fund are charged to various functions based on usage of the assets	<u>5,648</u>
	<u>\$ 6,243,345</u>

**CITY OF NEWPORT, RHODE ISLAND
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Business-Type Activities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land and land improvements	\$ 6,541,859		\$	\$ 6,541,859
Construction in progress	245,722	\$ 1,656,045		1,901,767
Total capital assets not being depreciated	<u>6,787,581</u>	<u>1,656,045</u>	<u>-</u>	<u>8,443,626</u>
Capital assets being depreciated:				
Buildings and systems	385,617,998	1,422,736		387,040,734
Machinery and equipment	5,107,294	21,995		5,129,289
Vehicles	2,159,441	128,428		2,287,869
Total capital assets being depreciated	<u>392,884,733</u>	<u>1,573,159</u>	<u>-</u>	<u>394,457,892</u>
Total capital assets	<u>399,672,314</u>	<u>3,229,204</u>	<u>-</u>	<u>402,901,518</u>
Less accumulated depreciation:				
Buildings and systems	129,903,131	8,164,515		138,067,646
Machinery and equipment	4,385,806	85,904		4,471,710
Vehicles	1,289,099	268,649		1,557,748
Total accumulated depreciation	<u>135,578,036</u>	<u>8,519,068</u>	<u>-</u>	<u>144,097,104</u>
Total capital assets being depreciated, net	<u>257,306,697</u>	<u>(6,945,909)</u>	<u>-</u>	<u>250,360,788</u>
Net Capital Assets, Business-Type Activities	<u>\$ 264,094,278</u>	<u>\$ (5,289,864)</u>	<u>\$ -</u>	<u>\$ 258,804,414</u>

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

Water	\$ 3,135,094
Water Pollution Control	5,103,049
Maritime	170,052
Parking	<u>110,873</u>
	<u>\$ 8,519,068</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

6. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2021 is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Description</u>
Major Governmental Funds				
General Fund				
	Water Fund	\$ -	\$ 312,688	Payroll, benefits and overhead
	Total Governmental Funds	<u>\$ -</u>	<u>\$ 312,688</u>	
Major Enterprise Funds				
Water Fund				
	Water Pollution Control Fund	\$ -	\$ 185,177	Sludge charges
	General Fund	312,688	-	Payroll, benefits and overhead
	Internal Service Fund		17,842	Maintenance charges
	Total	<u>312,688</u>	<u>203,019</u>	
Water Pollution Control Fund	Water Fund	<u>185,177</u>		Sludge charges
	Total	<u>185,177</u>	<u>-</u>	
		<u>\$ 497,865</u>	<u>\$ 203,019</u>	
Total Enterprise Funds				
Internal Service Fund	Water Funds	<u>\$ 17,842</u>	<u>\$ -</u>	Maintenance charges
Total All Funds				
		<u>\$ 515,707</u>	<u>\$ 515,707</u>	

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

Transfers

A summary of interfund transfers for the year ended June 30, 2021 is as follows:

	<u>Transfers In</u>				<u>Total Transfers Out</u>	<u>Purpose</u>
	<u>General Fund</u>	<u>School Unrestricted Funds</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>		
Transfer out:						
General Fund		\$ 27,007,530	\$ 1,613,562	\$ 28,000	\$ 28,649,092	Education
Permanent Fund				50,202	50,202	Capital Projects
Capital Projects Fund	\$ 97,873				97,873	Capital Projects
Nonmajor Governmental Fund			45,215	1,225	46,440	Capital Projects
Nonmajor Business-Type Funds			500,000		500,000	Capital Projects
Total	<u>\$ 97,873</u>	<u>\$ 27,007,530</u>	<u>\$ 2,158,777</u>	<u>\$ 79,427</u>	<u>\$ 29,343,607</u>	

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

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 loan 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, \$663,133 for construction and redevelopment of Sheffield School into a technology incubator and cowork facility. Interest accrues on the loan at 3.50%. Interest only is due annually on the note until December 31, 2023 at which point principal and any accrued and unpaid interest is due in full.

Bridge Loan Receivable	<u>Principal</u>	<u>Interest</u>
February 22, 2022	\$ 642,093	\$ 107,517
February 22, 2023	428,062	41,560
February 22, 2024	428,062	26,754
February 22, 2025	321,047	16,052
February 22, 2026	<u>321,047</u>	<u>7,533</u>
	<u>\$ 2,140,311</u>	<u>\$ 199,416</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 2021 are summarized as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Outstanding July 1, 2020</u>	<u>Additions</u>	<u>Retired</u>	<u>Outstanding June 30, 2021</u>
Governmental Activities:							
Thompson School Refunding	2010	2021	1.50 to 5.0	\$ 2,720,000	\$	\$ 1,315,000	\$ 1,405,000
Road and Bridge Loan	2014	2024	0.12 - 5.0	777,000		150,000	627,000
Roadway Improvements	2009	2023	2.50 to 5.0	1,250,000		250,000	1,000,000
Road and Facility Improve	2015	2025	2.0 - 5.0	3,125,000		585,000	2,540,000
Rogers Roof	2016	2026	2.0 - 4.0	1,885,000		285,000	1,600,000
Pell School Refunding Bonds	2021	2033	0.37-2.362		17,920,000		17,920,000
Pell School	2013	2033	0.55 to 5.0	18,655,000		18,370,000	285,000
Total Governmental Activities				<u>\$ 28,412,000</u>	<u>\$ 17,920,000</u>	<u>\$ 20,955,000</u>	<u>\$ 25,377,000</u>
Business-type Activities:							
Sewer Improvements - SRF	2002	2023	1.90	\$ 2,517,572	\$	\$ 812,474	\$ 1,705,098
Sewer Improvements - SRF	2009	2029	0.84 to 3.16	3,778,532		324,000	3,454,532
Sewer Improvements - SRF	2010	2030	0.55 to 3.25	5,833,000		442,000	5,391,000
Sewer Improvements - SRF	2011	2031	0.73 to 3.81	2,099,505		140,000	1,959,505
Sewer Improvements	2011	2026	4.30	5,685,000		705,000	4,980,000
Sewer Improvements - SRF	2015	2034	0.69 to 2.89	4,449,000		246,000	4,203,000
Sewer Improvements - SRF	2016	2035	0.37 to 2.41	7,907,000		422,000	7,485,000
Energy Efficiency Bond	2016	2027	0.765 - 1.709	976,761	28,239	120,000	885,000
Sewer Improvements - SRF	2017	2036	0.59 - 2.44	30,251,257	55,500	1,509,000	28,797,757
Total W.P.C. Fund				<u>63,497,627</u>	<u>83,739</u>	<u>4,720,474</u>	<u>58,860,892</u>
Water Improvements - SRF	2007	2027	3.28 - 3.72	1,457,000		160,000	1,297,000
Water Improvements - SRF	2012	2033	0.94 - 3.61	40,171,000		2,320,000	37,851,000
Water Improvements - SRF	2013	2034	0.37 - 2.92	24,589,000		1,343,000	23,246,000
Water Improvements - SRF	2020	2039	0.36-2.49		1,103,976	1,000	1,102,976
Water Improvements	2011	2027	3.40	3,426,037		415,000	3,011,037
Water Improvements - SRF	2008	2029	2.08 - 3.63	3,472,000		291,000	3,181,000
Water Improvements - SRF	2009	2030	0.65 to 3.54	2,090,000		156,000	1,934,000
Total Water Fund				<u>75,205,037</u>	<u>1,103,976</u>	<u>4,686,000</u>	<u>71,623,013</u>
Total Business-type Activities				<u>\$ 138,702,664</u>	<u>\$ 1,187,715</u>	<u>\$ 9,406,474</u>	<u>\$ 130,483,905</u>

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

CITY OF NEWPORT, RHODE ISLAND
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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 meter system and improvements to plants	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	
Sewer Improvements	WPC	2002	13,000,000	894,371	
Ultraviolet Disinfection System and Combined Sewer Overflow Projects	WPC	2009	6,595,532	384,978	995,579
Thames Street & Wellington Avenue 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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Bonded indebtedness on June 30, 2021 matures over fiscal years through 2040 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>
2022	\$ 2,997,000	\$ 498,300	\$ 9,850,904	\$ 3,871,453
2023	3,195,000	406,692	10,121,194	3,631,343
2024	3,158,000	363,358	9,523,000	3,365,628
2025	3,137,000	313,969	9,796,000	3,089,741
2026	2,040,000	255,558	10,093,000	2,794,876
2027-2031	7,915,000	812,145	47,853,532	9,411,360
2032-2036	2,935,000	102,213	33,619,505	2,628,087
2037-2040			3,183,000	90,184
Amounts Not Yet Drawn			(3,556,230)	
	<u>\$ 25,377,000</u>	<u>\$ 2,752,235</u>	<u>\$ 130,483,905</u>	<u>\$ 28,882,672</u>

Debt authorized by the City Council and voters, where applicable, and not yet issued at June 30, 2021 is as follows:

Road Improvement and Facilities Bonds	\$ 4,265,000
Pell School Additions and New High School(1)	106,500,000
Water System Improvements	4,205,000
Sewer System Improvements	13,788,000

(1) The City issued a bond anticipation note of \$4,700,000 in April 2021

Advance Refunding

The City issued \$17,920,000 in federally taxable refunding bonds within May 2021 in order to take advantage of lower interest rates. The bonds were issued with interest rates ranging from 0.37% to 2.362%. The proceeds were used to advance refund most of the outstanding Pell School bonds issued in 2013 with interest rates ranging from 0.55% to 5.0%. The amortization of the refunding bonds is the same as that of the original Pell School Bonds. The net proceeds of \$17,688,629 were deposited into an account with an escrow agent to provide funds to defease the refunded bonds on the date the bonds become callable and to pay costs of issuance related to the refunding bonds. Refunding bond proceeds were also used to pay issuance and underwriting costs of \$231,371. As a result, the original Pell School bonds are considered defeased and were removed from the books of the City with the exception of a small balance of \$285,000. That amount will be paid by the City in September 2021. The refunding reduced total debt service payments by \$1,660,796, for an economic gain of \$1,642,672.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 28,412,000	\$ 17,920,000	\$ 20,955,000	\$ 25,377,000	\$ 2,997,000
Bond premium	2,141,892		307,330	1,834,562	227,706
Leases payable	121,248		121,248	-	
Claims and judgments	406,000		306,000	100,000	100,000
Compensated absences *	6,451,722	4,860,128	4,804,400	6,507,450	4,800,000
Net pension liability *	133,603,157		38,201,140	95,402,017	
Net OPEB liability *	71,700,661		19,659,920	52,040,741	
TOTAL	<u>\$ 242,836,680</u>	<u>\$ 22,780,128</u>	<u>\$ 84,355,038</u>	<u>\$ 181,261,770</u>	<u>\$ 8,124,706</u>
Business-type activities:					
Bonds payable	\$ 138,702,664	\$ 1,187,715	\$ 9,406,474	\$ 130,483,905	\$ 9,850,904
Net pension liability	7,272,521	53,648		7,326,169	
Net OPEB liability	2,923,687		903,099	2,020,588	
TOTAL	<u>\$ 148,898,872</u>	<u>\$ 1,241,363</u>	<u>\$ 10,309,573</u>	<u>\$ 139,830,662</u>	<u>\$ 9,850,904</u>

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

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, 2020 was \$7,889,871,767 limiting the amount of non-exempt general obligation bonds outstanding to \$236,696,153. Bonds of \$25,377,000 outstanding at June 30, 2021 are general obligations and subject to the statutory limitation.

9. SHORT-TERM NOTES

The City issued a bond anticipation note on April 1, 2021 for \$4,700,000 to pay for initial costs of the voter approved Pell School addition and the new Rogers High School. The note was issued to Century Bank with an interest rate of 0.43%. Principal and interest are due on the note on December 22, 2021. The City anticipates issuing a new bond anticipation note in December 2021 that will pay the balance due on currently outstanding bond anticipation note. Voters authorized bonds not to exceed \$106,500,000 for the project. Long-term bonds will likely be issued in 2022.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

10. OPERATING LEASES

The City leases certain office equipment under multi-year agreements that are subject to annual appropriation. Additionally, the Water Fund assesses the General Fund an annual lease charge of \$683,467 for providing a public fire protection system owned by the Water Fund pursuant to tariffs mandated by the Rhode Island Public Utilities Commission. For the year ended June 30, 2021, the General Fund incurred expenditures of \$683,467 associated with these agreements. The minimum annual lease obligations of the General Fund related to these agreements are \$683,467 until such time as the Rhode Island Public Utilities Commission approves a rate change.

11. 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:							
Prepays	\$ 70,067		\$	\$	\$	\$	\$ 70,067
Loans receivable	2,803,444						2,803,444
Endowments				2,873,129			2,873,129
Total Nonspendable	<u>2,873,511</u>	<u>-</u>	<u>-</u>	<u>2,873,129</u>	<u>-</u>	<u>-</u>	<u>5,746,640</u>
Restricted:							
Trust purposes				17,887,989			17,887,989
Education		4,034,038					4,034,038
Planning, urban and economic development						646,602	646,602
Public services						6,466	6,466
Public safety						74,501	74,501
Community and social services			2,527,803				2,527,803
Total Restricted	<u>-</u>	<u>4,034,038</u>	<u>2,527,803</u>	<u>17,887,989</u>	<u>-</u>	<u>727,569</u>	<u>25,177,399</u>
Committed:							
General government	668,353						668,353
Capital improvements					9,546,308	131,663	9,677,971
Total Committed	<u>668,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,546,308</u>	<u>131,663</u>	<u>10,346,324</u>
Assigned:							
Public improvements						1,981,334	1,981,334
Unassigned							
	<u>17,759,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,324)</u>	<u>17,756,410</u>
Totals	<u>\$ 21,301,598</u>	<u>\$ 4,034,038</u>	<u>\$ 2,527,803</u>	<u>\$ 20,761,118</u>	<u>\$ 9,546,308</u>	<u>\$ 2,837,242</u>	<u>\$61,008,107</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 schools. The Council has assigned those amounts by resolution.

12. 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.

13. 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 2021 was \$46,243,602. Total City payroll was \$56,677,304 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
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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 2021, 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 10.75% and 14.50% of annual covered payroll for the fiscal year ended June 30, 2021 for the state and the City, respectively. The City contributed \$2,907,404, \$2,661,524, and \$2,520,224 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively, equal to 100% of the required contributions for each year. The State's share of contribution for fiscal 2021 was \$1,949,439 and is reported as on-behalf payments and included in both revenue and expenditures on the financial statements.

**CITY OF NEWPORT, RHODE ISLAND
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Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teachers' Pensions

At June 30, 2021, the City reported a liability of \$31,964,173 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	\$31,964,173
State's proportionate share of net pension liability	<u>23,750,163</u>
Total Net Pension Liability	<u>\$55,714,336</u>

The net pension liability was measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020. 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, 2020, the City's proportion was 1.00% (rounded).

For the year ended June 30, 2021, the City recognized gross (combined state and city) pension expense for the teachers' Plan of \$5,440,561 and revenue of \$2,403,544 for support provided by the State. At June 30, 2021, 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	\$ 648,937	\$ -
Differences between expected and actual experience	312,524	622,933
Changes of assumptions	1,426,932	744,872
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,263,160	1,355,025
City contributions subsequent to the measurement date	<u>2,907,404</u>	
Totals	<u>\$ 6,558,957</u>	<u>\$ 2,722,830</u>

**CITY OF NEWPORT, RHODE ISLAND
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The amount of \$2,907,404 reported as deferred outflows of resources related to pensions resulting from the City’s contributions in fiscal year 2021 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. 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>	
2022	\$ (49,911)
2023	388,606
2024	796,375
2025	195,222
2026	(252,021)
Thereafter	(149,548)

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, 2019 valuation rolled forward to June 30, 2020 and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

**CITY OF NEWPORT, RHODE ISLAND
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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 39 sources. The June 30, 2020 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	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
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 of the ERS plan 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 benefits payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
City's Proportionate Share of the Net Pension Liability	\$ 38,351,951	\$ 31,964,173	\$ 24,255,173

Pension plan fiduciary net position

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

B. Teachers’ Survivors Benefit Plan

Plan Description

Certain employees of the City’s School District participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers’ Survivors Benefit plan - (TSB Plan) administered by the Employees’ Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers’ payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

Eligibility and Plan Benefits

The plan provides a survivor benefit to public school teachers in lieu of Social Security. 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.

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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 \$26,845, \$26,764, and \$26,795 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2021, the City of Newport School District reported an asset of \$4,262,202 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, 2020, the measurement date, and the total pension liability used to calculate the net

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pension asset was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. The City's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2020 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2020, the City's proportion was 3.59% (rounded).

For the year ended June 30, 2021, the City recognized a pension credit of \$180,337 - an increase in the net pension asset. At June 30, 2021, 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	\$ 207,995	\$ -
Differences between expected and actual experience	365,557	908,866
Changes in assumptions	287,586	294,529
Changes in proportion and differences between employer contributions and proportionate share of contributions	158,566	290,308
City contributions subsequent to the measurement date	<u>26,845</u>	
Totals	<u>\$ 1,046,549</u>	<u>\$ 1,493,703</u>

The amount of \$26,845 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2021 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2022	\$	(98,458)
2023		(11,729)
2024		9,949
2025		(55,205)
2026		(131,236)
Thereafter		(187,320)

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 - 2.50%

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

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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, 2019 valuation rolled forward, and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

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 39 sources. The June 30, 2020 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	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	15.00%	
Total	100.00%	

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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 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
City’s Proportionate Share of the Net Pension Liability (Asset)	\$ (3,545,321)	\$ (4,262,202)	\$ (5,127,598)

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. Teachers and school administrators are covered by the separate Employees' Retirement System Plan, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Elected officials may opt to be covered by MERS. Employees covered by another plan maintained by the employer may not become members of MERS. Members designated as police officers are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable. The City provides separate plans for all firefighters and police officers hired prior to January 1, 2015. Police officers hired on or after January 1, 2015 are covered by MERS.

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 compensations. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan 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.

For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012, the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

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.

Effective July 1, 2015, general employees are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if they are eligible under a transition rule.

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 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.

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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. The City has elected a COLA B option for general employees, which allows COLA's for current retired members as well as current and future active members.

An optional cost-of-living provision is provided for general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, funded eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA calculation is represented by the following formula: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5-year return - 5.5%, with a maximum of 4%) and 50% calculated using the percentage increase in the CPI-U from the prior September 30 (maximum of 3%) for a total maximum COLA of 3.5%. This COLA is calculated on the first \$31,549 for members and beneficiaries who retired on or before June 30, 2015.

This COLA is calculated on the first \$26,291, effective January 1, 2018, for all other members/beneficiaries and indexed as of that date as well. The indexing formula is run annually regardless of funding level each year. The COLA will be delayed until the later of the Social Security Retirement Age or three years after retirement for general employees. Once the plan achieves 80% funding, the COLA limitation will be returned to the \$25,855, which will continue to be indexed annually.

At the June 30, 2020 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	260
Inactive, Non-Retired Members	169
Active Members - Police	20
Active Members	<u>296</u>
Total	<u><u>745</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.

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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 21.11% for general employees and 8.86% for police employees. The City contributed \$3,121,252 in the year ended June 30, 2021, which was 19.89% of annual covered payroll.

Net Pension Liability

The total pension liability used to calculate the net pension liability was determined by actuarial valuations performed as of June 30, 2019 and rolled forward to June 30, 2020, which is the plan measurement date for fiscal 2021 reporting. The valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2020 Measurement Date (June 30, 2019 Valuation Rolled Forward to June 30, 2020)

Actuarial Cost Method	Entry Age Normal
Amortization	Level Percent of Payroll – Closed
Investment Rate of Return	7.00%
Projected Salary Increases	3.50% to 14.00%
Inflation	2.50%
Mortality	Variants of the RP-2014 mortality tables
Cost of Living Adjustments	2% COLA is assumed after January 1, 2014

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 are from the June 30, 2019 valuation rolled forward to June 30, 2020 and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

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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 39 sources. The June 30, 2020 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	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
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.

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Discount Rate

The discount rate used to measure the total pension liability of the plans 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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
MERS Plan			
Beginning Balances	\$ 81,228,502	\$ 52,205,047	\$ 29,023,455
Changes for the Year:			
Service Cost	1,406,903		1,406,903
Interest on the Total Pension Liability	5,552,267		5,552,267
Benefit Changes			
Differences Between Expected and Actual Experience	(903,979)		(903,979)
Changes in Assumptions	(642,013)		(642,013)
Other		(181,902)	181,902
Contributions - Employer		3,284,070	(3,284,070)
Contributions - Employees		538,393	(538,393)
Net Investment Income		1,915,976	(1,915,976)
Benefit Payments, Including Refunds of			
Member Contributions	(5,227,693)	(5,227,693)	-
Plan Administrative Expenses		(52,790)	52,790
Net Changes	185,485	276,054	(90,569)
Ending Balances	\$ 81,413,987	\$ 52,481,101	\$ 28,932,886

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	\$ 36,387,950	\$ 29,072,100	\$ 20,243,095
City's Proportionate Share of the Net Pension Liability- Police Employees	\$ (61,992)	\$ (139,214)	\$ (232,006)

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Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, the employer recognized pension expense of \$3,793,454 and \$121,911 for general and police employees, respectively. At June 30, 2021, 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	\$ 940,200	\$ -
Assumption changes	463,588	515,816
Difference between expected and actual experience	300,807	1,257,772
City contributions subsequent to the measurement date	<u>3,121,252</u>	
Totals	<u>\$ 4,825,847</u>	<u>\$ 1,773,588</u>

The amount of \$3,121,252 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, 2022. 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>
2022	\$ (84,520)
2023	(61,329)
2024	(14,459)
2025	62,868
2026	3,870
Thereafter	24,577

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.

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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, 2021, membership in each plan was as follows:

	<u>Fire Plan</u>	<u>Police Plan</u>
Total active employees	91	55
Inactive employees with vested rights		
Pensioners and beneficiaries	<u>125</u>	<u>133</u>
Total Plan Members	<u>216</u>	<u>188</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 2021, covered payroll under the plans was \$6,575,388 and \$4,385,744 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.

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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 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 10 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, 2021**

Financial Information

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>
Assets:		
Cash and investments	\$ 106,291,284	\$ 85,965,131
Liabilities:		
Accounts payable	<u>55,563</u>	<u>44,627</u>
Net Position:		
Net Position Restricted for Pension Benefits	<u>\$ 106,235,721</u>	<u>\$ 85,920,504</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Police Pension Fund</u>	<u>Fire Pension Fund</u>
Additions:		
Contributions and other income	\$ 4,721,190	\$ 7,372,202
Investment gain, net of investment expenses	<u>30,147,899</u>	<u>19,421,781</u>
Total additions	<u>34,869,089</u>	<u>26,793,983</u>
Deductions:		
Benefits	6,163,337	6,885,860
Administration	<u>61,625</u>	<u>51,985</u>
Total deductions	<u>6,224,962</u>	<u>6,937,845</u>
Changes in Net Position	28,644,127	19,856,138
Net Position at Beginning of Year	<u>77,591,594</u>	<u>66,064,366</u>
Net Position at End of Year	<u>\$ 106,235,721</u>	<u>\$ 85,920,504</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, 2021**

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%	9.2%
Mid Cap Equity	15%	11.4%
Small Cap Equity	15%	8.8%
International Equity	15%	6.4%
Fixed Income	20%	5.7%
Real Estate and Timber	15%	10.1%

Concentrations

As of June 30, 2021, 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 38.14% for police and 27.97% for fire for the year ended June 30, 2021. 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, 2021, 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
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The components of the net pension liability of the City at June 30, 2021, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Total pension liability	\$112,174,813	\$121,812,539
Plan fiduciary net position	<u>(106,235,721)</u>	<u>(85,920,504)</u>
City's Net Pension Liability	<u>\$ 5,939,092</u>	<u>\$ 35,892,035</u>
Plan fiduciary net position as a percentage of total pension liability	94.71%	70.54%

Actuarial Assumptions

Pension assets are valued at their fair market value's 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, 2021	June 30, 2021
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method (police and fire)	Level Dollar Closed; 10 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-2020.	

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 7.00%, 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 or 1 percentage point higher than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability - police	\$ 20,680,785	\$ 5,939,092	\$ (6,141,568)
Net pension liability - fire	51,498,550	35,892,035	23,029,058

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Policemen's Pension Plan			
Balances at June 30, 2020, Policemen's Plan	\$ 106,517,197	\$ 77,591,594	\$ 28,925,603
Changes for the Year:			
Service Cost	1,220,245		1,220,245
Interest	7,329,553		7,329,553
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience	615,881		615,881
Changes of Assumptions	2,655,274		2,655,274
Contributions - Employer		4,320,681	(4,320,681)
Contributions - Employees		400,509	(400,509)
Net Investment Income		30,147,899	(30,147,899)
Benefit Payments, Including Refunds of Member Contributions	(6,163,337)	(6,163,337)	-
Plan Administrative Expenses		(61,625)	61,625
Net Changes	<u>5,657,616</u>	<u>28,644,127</u>	<u>(22,986,511)</u>
Balances at June 30, 2021, Policemen's Plan	<u>\$ 112,174,813</u>	<u>\$ 106,235,721</u>	<u>\$ 5,939,092</u>
Firemen's Pension Plan			
Balances at June 30, 2020, Firemen's Plan	\$ 116,778,149	\$ 66,064,366	\$ 50,713,783
Changes for the Year:			
Service Cost	1,652,258		1,652,258
Interest	8,053,199		8,053,199
Differences Between Expected and Actual Experience	(523,604)		(523,604)
Changes of Assumptions	2,738,397		2,738,397
Contributions - Employer		6,752,128	(6,752,128)
Contributions - Employees		620,074	(620,074)
Net Investment Income		19,421,781	(19,421,781)
Benefit Payments, Including Refunds of Member Contributions	(6,885,860)	(6,885,860)	-
Plan Administrative Expenses		(51,985)	51,985
Net Changes	<u>5,034,390</u>	<u>19,856,138</u>	<u>(14,821,748)</u>
Balances at June 30, 2021, Firemen's Plan	<u>\$ 121,812,539</u>	<u>\$ 85,920,504</u>	<u>\$ 35,892,035</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

For the year ended June 30, 2021, the City recognized pension expense of \$(2,773,445) and \$2,188,053 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 experience	\$ 434,740	\$ 1,617,095
Difference between expected and actual earnings on pension plan investments		17,299,669
Changes in assumptions	<u>2,340,235</u>	<u>55,960</u>
Total Police Pension Plan	<u>\$ 2,774,975</u>	<u>\$ 18,972,724</u>
Fire Pension Plan:		
Difference between expected and actual experience experience	\$ -	\$ 980,305
Difference between expected and actual earnings on pension plan investments		10,017,250
Changes in assumptions	<u>3,382,197</u>	<u>71,127</u>
Total Fire Pension Plan	<u>\$ 3,382,197</u>	<u>\$ 11,068,682</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>
2022	\$ (4,482,597)	\$ (1,891,366)
2023	(3,280,199)	(1,695,975)
2024	(3,512,063)	(1,994,520)
2025	(4,922,890)	(2,473,752)
2026		369,128
Thereafter		

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E. Aggregate Net Pension Liability and Expense

	Net Pension Liability	Pension Expense
Teacher's Plan (proportionate share)	\$ 31,964,173	\$ 3,037,017
Teachers' Survivors Benefit Plan		(180,337)
Municipal Employees' Plan	28,932,886	3,915,365
City Police Pension Plan	5,939,092	(2,773,445)
City Fire Pension Plan	35,892,035	2,188,053
	<u>\$ 102,728,186</u>	<u>\$ 6,186,653</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 \$734,724 for the fiscal year ended June 30, 2021.

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>.

14. 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, 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, 2020, membership data was as follows:

Active employees	649
Retired members and dependents	<u>897</u>
Total Plan Members	<u><u>1,546</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. Police 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

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with at least 10 years of service, and teachers can buy a policy of \$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 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 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%	8.4%
Mid Cap Equity	15%	11.0%
Small Cap Equity	15%	9.2%
International Equity	15%	6.7%
Fixed Income	20%	5.3%
Real Estate and Timber	15%	9.8%

Concentrations

As of June 30, 2021, 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.

**CITY OF NEWPORT, RHODE ISLAND
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Rate of Return

The annual money-weighted rate of return on OPEB Trust plan investments, net of OPEB plan investment expense was 33.42% for the year ended June 30, 2021. 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 June 30, 2021. The July 1, 2020 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, 2021. The total OPEB liability at June 30, 2021 was also adjusted to reflect any material plan changes subsequent to June 30, 2020. The components of the net OPEB liability of the City at June 30, 2021 were as follows:

Total OPEB liability	\$ 124,706,418
Plan fiduciary net position	<u>70,645,089</u>
Net OPEB liability	<u>\$ 54,061,329</u>
Plan fiduciary net position as a percentage of the total OPEB liability	56.65%

Actuarial Assumptions

OPEB Trust assets are valued at their fair market value as established by quotations from applicable national securities exchanges. The July 1, 2020 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, 2021.

The total OPEB liability at July 1, 2020 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 2020 decreasing to an ultimate rate of 4.40% by 2031; Medicare Part B is assumed to increase by 3.4% per year.
Wage Inflation	2.40%
Investment Rate of Return	7.00%
Amortization Period	17-year remaining level percent of pay, closed basis
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-2019.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liabilities is 7.00%. 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Large Cap Equity	20.00%	5.25%	1.05%
Mid Cap Equity	15.00%	5.75%	0.86%
Small Cap Equity	15.00%	5.75%	0.86%
International Equity	15.00%	5.75%	0.86%
Fixed Income	20.00%	1.25%	0.25%
Real Estate and Timber	15.00%	5.75%	0.86%
	100.00%		4.74%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			7.14%

* 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 7.00% was used.

The discount rate used to measure the total OPEB liability was 7.00%. 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
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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, 2020	\$ 127,615,197	\$ 52,990,848	\$ 74,624,349
Changes for the year:			
Service Cost	1,560,134		1,560,134
Interest on total OPEB liability	8,821,290		8,821,290
Differences in experience	(8,122,356)		(8,122,356)
Changes of benefit terms	(522,952)		(522,952)
Changes in assumptions	1,777,515		1,777,515
Employer contributions		6,422,410	(6,422,410)
Net investment income (loss)		17,705,528	(17,705,528)
Benefit payments	(6,422,410)	(6,422,410)	
Administrative expenses		(51,287)	51,287
Net changes	<u>(2,908,779)</u>	<u>17,654,241</u>	<u>(20,563,020)</u>
Balances as of June 30, 2021	\$ <u>124,706,418</u>	\$ <u>70,645,089</u>	\$ <u>54,061,329</u>

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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
\$ 68,046,914	\$ 54,061,329	\$ 42,305,529

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 or 1 percentage point higher 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%)
\$ 40,638,190	\$ 54,061,329	\$ 70,123,108

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the City recognized OPEB expense of \$(963,291). The City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,740	\$ 9,013,732
Changes of assumptions	2,433,447	739,994
Net difference between projected and actual earnings on OPEB plan investments		<u>9,697,831</u>
Total	<u>\$ 2,493,187</u>	<u>\$ 19,451,557</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Year Ended June 30,	
2022	\$ (5,753,217)
2023	(4,292,445)
2024	(3,810,985)
2025	(3,101,723)
2026	-
Thereafter	-

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021**

Assets:	
Cash and investments	\$ 70,675,462
Liabilities:	
Accounts payable	<u>30,373</u>
Net Position:	
Net Position Restricted for OPEB Benefits	<u><u>\$ 70,645,089</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2021**

Additions:	
Contributions and other income	\$ 6,422,410
Investment income, net of investment expenses	17,705,529
Total additions	<u>24,127,939</u>
Deductions:	
Benefits	6,422,410
Administration	51,288
Total deductions	<u>6,473,698</u>
Changes in net position	17,654,241
Net Position at Beginning of Year	<u>52,990,848</u>
Net Position at End of Year	<u><u>\$ 70,645,089</u></u>

15. 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.

16. RESTATEMENT OF BEGINNING FUND BALANCE AND BEGINNING NET POSITION

The City applied Government Accounting Standards Statement No. 84 “Fiduciary Activities” effective for years beginning after June 30, 2020. The standard was retroactively applied and, as a result, beginning fund balance for the school unrestricted fund permanent fund, and beginning net position for the Private Purpose Trust Funds was restated. Beginning net position on the Statement of Activities was also restated. Specific impacts include:

	<u>Restatement of Beginning Fund Balances</u>
a) Moved student activity funds previously reported as agency funds to the school unrestricted fund	\$ 354,378
b) Move scholarship funds from private purpose trust funds to the permanent fund	1,971,389
	<u>Restatement of Beginning Net Position</u>
a) Effects of restatement on the Statement of Activities	\$ 2,325,767

Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability:										
Service cost	\$ 1,220,245	\$ 1,217,959	\$ 1,246,188	\$ 1,384,448	\$ 1,419,028	\$ 1,354,511	\$ 1,175,418	\$ 1,159,989	\$ 1,089,741	\$ 1,185,085
Interest	7,329,553	7,537,127	7,414,983	7,321,178	7,009,454	6,884,180	6,344,119	6,127,676	6,119,883	5,678,713
Changes of benefit terms							1,138,222			
Differences between expected and actual experience	615,881	(2,379,850)	(2,039,638)	(288,627)	1,006,987	(982,867)	3,395,866	413,108	(1,568,795)	2,472,564
Changes of assumptions	2,655,274	453,865	1,029,570	(1,175,156)	494,208	2,833,210			(1,055,592)	931,710
Benefit payments, including refunds of member contributions	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)	(4,990,121)	(4,676,133)	(4,431,444)	(4,154,488)
Net change in total pension liability	5,657,616	825,519	1,776,169	1,495,077	4,480,344	5,013,792	7,063,504	3,024,640	153,793	6,113,584
Total pension liability, beginning	106,517,197	105,691,678	103,915,509	102,420,432	97,940,088	92,926,296	85,862,792	82,838,152	82,684,359	76,570,775
Total Pension Liability, Ending (a)	\$ 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	\$ 82,684,359
Plan fiduciary net position:										
Contributions - employer	\$ 4,320,681	\$ 4,485,691	\$ 4,647,573	\$ 4,396,285	\$ 4,314,776	\$ 4,012,174	\$ 4,012,174	\$ 3,954,174	\$ 3,461,972	\$ 2,899,580
Contributions - member	400,509	407,013	437,037	453,304	418,174	447,063	487,883	407,872	403,980	393,524
Net investment income (loss)	30,147,899	656,436	5,380,521	8,533,830	8,344,427	(896,323)	3,315,144	9,496,182	6,725,692	(525,652)
Benefit payments, including refunds of member contributions	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)	(4,990,121)	(4,676,133)	(4,431,444)	(4,154,488)
Administrative expense	(61,625)	(57,652)	(65,081)	(74,866)	(176,061)	(125,892)	(130,044)	(86,063)	(114,392)	(114,960)
Net change in plan fiduciary net position	28,644,127	(512,094)	4,525,116	7,561,787	7,451,983	(1,638,220)	2,695,036	9,096,032	6,045,808	(1,501,996)
Plan fiduciary net position - beginning	77,591,594	78,103,688	73,578,572	66,016,785	58,564,802	60,203,022	57,507,986	48,411,954	42,366,146	43,868,142
Plan Fiduciary Net Position - Ending (b)	\$ 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	\$ 42,366,146
City's Net Pension Liability (a)-(b)	\$ 5,939,092	\$ 28,925,603	\$ 27,587,990	\$ 30,336,937	\$ 36,403,647	\$ 39,375,286	\$ 32,723,274	\$ 28,354,806	\$ 34,426,198	\$ 40,318,213
Plan fiduciary net position as a percentage of the total pension liability	94.71%	72.84%	73.90%	70.81%	64.46%	59.80%	64.79%	66.98%	58.44%	51.24%
Covered payroll	\$ 4,385,744	\$ 4,624,139	\$ 4,657,433	\$ 5,175,212	\$ 5,003,060	\$ 5,351,641	\$ 5,489,942	\$ 5,246,624	\$ 5,147,999	\$ 5,033,625
City's net pension liability as a percentage of covered payroll	135.42%	625.53%	592.34%	586.20%	727.63%	735.76%	596.06%	540.44%	668.73%	800.98%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total pension liability:										
Service cost	\$ 1,652,258	\$ 1,657,006	\$ 1,562,372	\$ 1,732,271	\$ 1,657,897	\$ 1,459,460	\$ 1,288,336	\$ 1,301,858	\$ 1,347,221	\$ 1,167,259
Interest	8,053,199	8,097,271	7,812,009	7,647,309	7,426,079	7,256,466	7,047,145	6,926,242	6,935,131	6,083,467
Differences between expected and actual experience	(523,604)	(136,728)	(267,625)	(433,125)	(1,067,973)	(268,376)	78,639	(880,942)	(1,813,565)	8,664,711
Changes of assumptions	2,738,397	441,297	1,167,567	(229,183)	993,720	2,868,540			(1,018,173)	981,952
Benefit payments, including refunds of member contributions	(6,885,860)	(6,506,534)	(6,364,551)	(6,189,815)	(5,880,883)	(5,794,738)	(5,793,864)	(5,651,902)	(5,400,180)	(6,032,049)
Net change in total pension liability	5,034,390	3,552,312	3,909,772	2,527,457	3,128,840	5,521,352	2,620,256	1,695,256	50,434	10,865,340
Total pension liability, beginning	116,778,149	113,225,837	109,316,065	106,788,608	103,659,768	98,138,416	95,518,160	93,822,904	93,772,470	82,907,130
Total Pension Liability, Ending (a)	\$ 121,812,539	\$ 116,778,149	\$ 113,225,837	\$ 109,316,065	\$ 106,788,608	\$ 103,659,768	\$ 98,138,416	\$ 95,518,160	\$ 93,822,904	\$ 93,772,470
Plan fiduciary net position:										
Contributions - employer	\$ 6,752,128	\$ 6,412,242	\$ 6,383,436	\$ 6,142,577	\$ 5,918,258	\$ 6,048,094	\$ 6,048,094	\$ 5,990,094	\$ 4,822,711	\$ 4,560,741
Contributions - member	620,074	626,867	612,901	597,058	594,650	602,467	607,260	518,936	501,618	541,383
Net investment income (loss)	19,421,781	3,054,503	2,608,401	5,150,800	6,435,115	(1,435,206)	2,366,045	6,786,391	5,211,622	(395,285)
Benefit payments, including refunds of member contributions	(6,885,860)	(6,506,534)	(6,364,551)	(6,189,815)	(5,880,883)	(5,794,738)	(5,793,864)	(5,651,902)	(5,400,180)	(6,032,049)
Administrative expense	(51,985)	(46,108)	(51,763)	(57,662)	(135,705)	(96,388)	(98,299)	(64,329)	(85,948)	(86,457)
Net change in plan fiduciary net position	19,856,138	3,540,970	3,188,424	5,642,958	6,931,435	(675,771)	3,129,236	7,579,190	5,049,823	(1,411,667)
Plan fiduciary net position - beginning	66,064,366	62,523,396	59,334,972	53,692,014	46,760,579	47,436,350	44,307,114	36,727,924	31,678,101	33,089,768
Plan Fiduciary Net Position - Ending (b)	\$ 85,920,504	\$ 66,064,366	\$ 62,523,396	\$ 59,334,972	\$ 53,692,014	\$ 46,760,579	\$ 47,436,350	\$ 44,307,114	\$ 36,727,924	\$ 31,678,101
City's Net Pension Liability (a)-(b)	\$ 35,892,035	\$ 50,713,783	\$ 50,702,441	\$ 49,981,093	\$ 53,096,594	\$ 56,899,189	\$ 50,702,066	\$ 51,211,046	\$ 57,094,980	\$ 62,094,369
Plan fiduciary net position as a percentage of total pension liability	70.54%	56.57%	55.22%	54.28%	50.28%	45.11%	48.34%	46.39%	39.15%	33.78%
Covered payroll	\$ 6,575,388	\$ 6,585,092	\$ 6,620,854	\$ 6,835,155	\$ 6,734,507	\$ 6,585,483	\$ 6,205,276	\$ 5,505,579	\$ 5,509,307	\$ 5,532,707
City's net pension liability as a percentage of covered payroll	545.85%	770.13%	765.80%	731.24%	788.43%	864.01%	817.08%	930.17%	1036.34%	1122.31%

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 SEVEN FISCAL YEARS**

	<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	1.000441770%	1.009563520%	1.029433600%	1.042213410%	0.949724730%	1.015625070%	1.031202720%
City's proportionate share of the net pension liability	\$ 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>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>\$ 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>
Covered payroll	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	164.82%	170.74%	174.74%	177.07%	154.59%	164.32%	150.80%
Plan fiduciary net position as a percentage of the total pension liability	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.
- 3.) The measurement date is one year earlier than the employer's reporting date.

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

	<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 asset	3.58881318%	3.59251555%	3.63809711%	3.47300144%	3.29868150%	3.52658498%	3.31356806%
City's proportionate share of the net pension liability (asset)	\$ (4,262,202)	\$ (4,075,559)	\$ (3,246,248)	\$ (2,873,089)	\$ (3,284,559)	\$ (3,292,265)	\$ (4,119,452)
Covered payroll	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-21.98%	-21.60%	-17.34%	-15.48%	-17.92%	-19.35%	-24.75%
Plan fiduciary net position as a percentage of the total pension liability	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.
- 3.) The measurement date is one year earlier than the employer's reporting date.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:							
Service cost	\$ 1,406,903	\$ 1,385,770	\$ 1,368,855	\$ 1,183,562	\$ 1,112,632	\$ 1,012,748	\$ 1,027,962
Interest	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						1,364,563	
Differences between expected and actual experience	(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	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Net change in total pension liability	185,485	1,006,335	2,228,766	4,216,898	1,640,475	2,186,171	1,268,669
Total pension liability, beginning	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)	\$ 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	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 3,100,551	\$ 2,670,159	\$ 2,518,304	\$ 2,240,214
Contributions - member	538,393	540,393	549,030	513,971	465,743	234,906	226,656
Net investment income	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	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Administrative expense	(52,790)	(50,516)	(50,348)	(47,861)	(77,595)	(43,154)	(39,099)
Other	(181,902)	6,022	379,809	274,332	(43,443)	1,235	119,179
Net change in plan fiduciary net position	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	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)	\$ 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)	\$ 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	64.46%	64.27%	63.00%	61.16%	59.43%	63.50%	67.02%
Covered payroll	\$ 15,690,971	\$ 15,709,079	\$ 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 employee payroll	184.39%	184.76%	202.52%	226.24%	238.65%	224.88%	204.67%

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.) The measurement date is one year earlier than the employer's reporting date.

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
2012	\$ 4,560,741	4,560,741	\$ -	100.0%	\$ 5,532,707	82.43%
2013	4,822,711	4,822,711	-	100.0%	5,509,307	87.54%
2014	5,990,094	5,990,094	-	100.0%	5,505,579	108.80%
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%

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
2012	\$ 2,899,580	2,899,580	\$ -	100.0%	\$ 5,033,625	57.60%
2013	3,461,972	3,461,972	-	100.0%	5,147,999	67.25%
2014	3,954,174	3,954,174	-	100.0%	5,246,624	75.37%
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%

Notes to Schedule:

Valuation Date: June 30, 2021
 Measurement Date: June 30, 2021

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; 10 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-2020.

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

	<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	\$ 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>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>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered Payroll	\$ 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 employee payroll	14.99%	14.11%	13.46%	13.64%	13.30%	14.01%	13.30%	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.) 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.
- 4.) The measurement date is one year earlier than the employer's reporting date.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 26,845	\$ 26,764	\$ 26,795	\$ 27,070	\$ 20,487	\$ 20,862	\$ 21,216
Contributions in relation to the contractually required contribution	<u>26,845</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 19,392,972	\$ 18,866,586	\$ 18,564,634	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
Contributions as a percentage of covered employee payroll	0.14%	0.14%	0.14%	0.15%	0.11%	0.12%	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.
- 4.) The measurement date is one year earlier than the employer's reporting date.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,121,252	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 2,988,105	\$ 2,811,308	\$ 2,506,948	\$ 2,343,262	\$ 2,045,444	\$ 1,803,085
Contributions in relation to the contractually required contribution	3,121,252	3,284,070	3,165,869	3,210,228	2,988,105	2,811,308	2,506,948	2,343,262	2,045,444	1,803,085
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 15,690,971	\$ 15,709,079	\$ 15,110,097	\$ 14,654,765	\$ 13,217,927	\$ 12,860,503	\$ 11,692,085	\$ 11,259,620	\$ 10,891,431	\$ 10,971,505
Contributions as a percentage of covered employee payroll	19.89%	20.91%	20.95%	21.91%	22.61%	21.86%	21.44%	20.81%	18.78%	16.43%

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	18 years
Inflation	2.50%
Salary increases	3.00% 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	Males: RP-2014 Combined Healthy for Males with Blue Collar adjustments, projected with the ultimate values of the MP Scale (through 2019) Females: RP-2014 Combined Healthy for Females, projected with the ultimate values of the MP Scale (through 2019)

- 4.) The measurement date is one year earlier than the employer's reporting date.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense *					13.83%	-2.40%	4.98%	19.04%	16.32%
Police Plan	38.14%	0.82%	7.14%	12.62%					
Fire Plan	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 FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 1,560,134	\$ 1,658,323	\$ 1,794,271	\$ 1,602,911	\$ 1,365,521
Interest	8,821,290	9,618,285	9,095,042	9,373,447	8,932,105
Changes of benefit terms	(522,952)		(955,397)		
Differences between expected and actual experience	(8,122,356)	(5,168,817)	209,086	(9,989,353)	
Changes of assumptions	1,777,515	(1,797,126)	3,456,137	1,314,151	
Benefit payments	<u>(6,422,410)</u>	<u>(6,445,371)</u>	<u>(6,526,393)</u>	<u>(5,894,215)</u>	<u>(6,244,280)</u>
Net change in total OPEB liability	(2,908,779)	(2,134,706)	7,072,746	(3,593,059)	4,053,346
Total OPEB liability, beginning	<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>\$ 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	\$ 6,422,410	\$ 7,293,233	\$ 7,346,393	\$ 6,614,215	\$ 6,964,280
Net investment income	17,705,528	1,346,380	2,759,253	4,785,765	4,972,032
Benefit payments	(6,422,410)	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Administrative expense	<u>(51,287)</u>	<u>(47,471)</u>	<u>(47,907)</u>	<u>(48,350)</u>	<u>(45,922)</u>
Net change in plan fiduciary net position	17,654,241	2,146,771	3,531,346	5,457,415	5,646,110
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	56.65%	41.52%	39.19%	38.57%	33.15%
Covered- employee payroll	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402
Net OPEB liability as a percentage of covered-employee payroll	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 6,920,250	\$ 7,237,210	\$ 7,781,651	\$ 7,162,648	\$ 7,666,176	\$ 8,018,221	\$ 6,943,534	\$ 7,304,803	\$ 7,687,252	\$ 9,519,080
Contributions in relation to the actuarially determined contribution	<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>	<u>9,320,601</u>	<u>10,261,400</u>
Contribution deficiency (excess)	\$ <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>	\$ <u>(1,633,349)</u>	\$ <u>(742,320)</u>
Covered-employee payroll	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402	\$ 42,091,451	\$ 40,192,005	\$ 38,097,950	\$ 37,728,040	\$ 38,064,841
Contributions as a percentage of covered-employee payroll	14.13%	16.25%	16.08%	14.86%	15.73%	16.95%	18.24%	20.57%	24.70%	26.96%

Valuation Date: July 1, 2020
Measurement Date: June 30, 2021

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	17 years remaining
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	2020 - 6.50%; 2021 6.30%; decreasing by .20% annually until reaches 4.40%
Salary increases	2.4% plus longevity increases for police and fire
Investment rate of return	7.00%
Mortality	Police and Fire: Pub-2010 Public Retirement Plans Mortality tables for Public Safety; projected to the valuation date with Scale MP-2019 Teachers and Administrators: Pub-2010 Public Plans Mortality tables for Teachers; projected to the valuation date with Scale MP-2019 School Support Staff and General City: Pub-2010 Public Retirement Plans for General employees; projected with Scale MP-2019

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

	<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	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.

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

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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, 2021**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Property Taxes:				
Current taxes - Real Estate	\$ 78,177,313	\$ 78,177,313	\$ 75,559,271	\$ (2,618,042)
Current taxes - MV	1,703,443	1,703,443	1,559,240	(144,203)
Delinquent taxes & penalties	1,545,000	1,545,000	2,162,556	617,556
Tax Abatements	(1,000,000)	(1,000,000)		1,000,000
Meals and beverage tax	1,500,000	1,500,000	2,055,545	555,545
Hotel occupancy tax	1,500,000	1,500,000	1,986,872	486,872
Total property taxes	<u>83,425,756</u>	<u>83,425,756</u>	<u>83,323,484</u>	<u>(102,272)</u>
Intergovernmental Revenues:				
Telephone company tax	311,887	311,887	308,404	(3,483)
MV tax phase out	454,000	454,000	189,428	(264,572)
School housing aid	1,441,905	1,441,905	1,401,931	(39,974)
PILOT	1,590,280	1,590,280	670,773	(919,507)
Federal aid			1,717,364	1,717,364
State aid - library construction	150,000	150,000	156,928	6,928
Total intergovernmental revenues	<u>3,948,072</u>	<u>3,948,072</u>	<u>4,444,828</u>	<u>496,756</u>
Charges for Services:				
Service fees	663,877	663,877	722,438	58,561
Police special detail	1,400,000	1,400,000	1,249,689	(150,311)
Document prep and handling	65,000	65,000	50,670	(14,330)
Planning Services	2,500	2,500	35,845	33,345
Solid waste hauler fees	3,500	3,500	4,500	1,000
Management services	1,021,914	1,021,914	1,012,126	(9,788)
Fire alarm assessments	158,000	158,000	164,000	6,000
Bulky waste sticker program	30,000	30,000	44,300	14,300
HR regional testing				-
Recreation Scholarship Revenue			893	893
Recreation Program Revenue			77,520	77,520
Parking tickets	850,000	850,000	941,753	91,753
Recording fees	250,000	250,000	363,735	113,735
Conveyance tax	750,000	750,000	1,279,706	529,706
Probate fees	50,000	50,000	46,287	(3,713)
Rescue fees	940,000	940,000	777,208	(162,792)
General business	95,000	95,000	89,222	(5,778)
Parking fund revenue share	150,000	150,000	57,538	(92,462)
Hotel registration fees	20,000	20,000	31,185	11,185
Entertainment	25,000	25,000	23,415	(1,585)
Liquor	190,000	190,000	188,240	(1,760)
Mech amusement	10,000	10,000	7,150	(2,850)
Sunday selling	25,000	25,000	20,785	(4,215)
Virtualing	56,000	56,000	55,400	(600)
Animal	4,000	4,000	2,712	(1,288)
Marriage	5,000	5,000	4,466	(534)
Building	1,041,978	1,041,978	1,034,040	(7,938)
Plumbing	70,000	70,000	67,975	(2,025)
Mechanical	170,000	170,000	202,352	32,352
Electrical	150,000	150,000	139,651	(10,349)
Board of Appeals	25,000	25,000	40,647	15,647
HDC application fee	20,000	20,000	42,050	22,050
Road opening	35,000	35,000	59,526	24,526
Fire inspection fees	80,000	80,000	53,553	(26,447)
Fire - sundry	20,000	20,000	24,900	4,900
Police - sundry	10,000	10,000	6,035	(3,965)
Municipal court cost assessment	100,000	100,000	130,674	30,674
Other miscellaneous	50,000	50,000	89,734	39,734
Beach bounce fees	20,000	20,000		(20,000)
Bathhouses			48,455	48,455
Rotunda rentals			(10,500)	(10,500)
Food service concessions	50,000	50,000	76,372	26,372
Outside vendor commissions	10,000	10,000	21,220	11,220
Beach parking	150,000	150,000	1,097,905	947,905
Beach meters	42,000	42,000	41,811	(189)
Total charges for services	<u>8,808,769</u>	<u>8,808,769</u>	<u>10,417,183</u>	<u>1,608,414</u>
Use of Money and Property:				
Rental of property	110,000	110,000	135,381	25,381
Investment interest	68,000	68,000	21,796	(46,204)
Total use of money and property	<u>178,000</u>	<u>178,000</u>	<u>157,177</u>	<u>(20,823)</u>
Other Revenues:				
Sale of surplus equipment and property				-
Sister City donations			6,766	6,766
Fireworks donations			33,425	33,425
Public donations	81,500	81,500	151,662	70,162
Total other revenues	<u>81,500</u>	<u>81,500</u>	<u>191,853</u>	<u>110,353</u>
Total revenues	96,442,097	96,442,097	98,534,525	2,092,428
Other Financing Sources:				
Transfers in			97,872	97,872
Total Revenues and Other Financing Sources	<u>\$ 96,442,097</u>	<u>\$ 96,442,097</u>	<u>\$ 98,632,397</u>	<u>\$ 2,190,300</u>

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<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	\$ 149,273	\$ 149,273	\$ 146,850	\$ 2,423
City Manager	1,084,931	1,085,931	938,741	147,190
City Solicitor	536,231	536,231	500,706	35,525
Canvassing	264,280	265,376	248,330	17,046
City Clerk	591,337	595,589	592,623	2,966
Finance	4,786,568	4,822,086	4,583,662	238,424
Reserve Accounts	1,100,000	772,682	872,021	(99,339)
Public Safety:				
Police Department	19,040,587	19,123,746	18,974,009	149,737
Fire Department	20,218,471	20,358,394	20,263,773	94,621
Public Services	10,291,033	11,079,906	10,042,225	1,037,681
Planning	540,505	544,193	418,242	125,951
Zoning and Inspections	948,534	957,118	982,276	(25,158)
Human services:				
Donations	145,200	145,200	144,200	1,000
Public Library	1,933,958	1,933,958	1,933,958	-
Pension expenditures	843,000	843,000	1,001,870	(158,870)
Debt service	5,358,097	5,358,097	5,334,660	23,437
Total expenditures	<u>67,832,005</u>	<u>68,570,780</u>	<u>66,978,146</u>	<u>1,592,634</u>
Other financing uses:				
Transfers out	<u>28,610,092</u>	<u>28,638,092</u>	<u>28,638,092</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 96,442,097</u>	<u>\$ 97,208,872</u>	<u>\$ 95,616,238</u>	<u>\$ 1,592,634</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 TRUST FUND
JUNE 30, 2021**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Restricted for Endowments</u>	<u>Unreserved Fund Balance</u>
David Sears Trusts 1-12 (City Portion)	\$ 3,740,152	\$	\$ 750,000	\$ 2,990,152
David Sears Trust - Heirs of David Sears	3,555,262		1,039,381	2,515,881
David Sears Trust - Public Improvements	1,127,005			1,127,005
Joseph Hammett Fund (1892)	58,687		1,500	57,187
Henderson Home Fund (1980)	1,730,354		139,781	1,590,573
Freebody Fund	260,146		97,000	163,146
EV Coles Fund (1899)	562,610		61,321	501,289
Hunter Industrial Fund (1942)	185,045		25,000	160,045
King School Fund (1864)	382,508		8,914	373,594
City Burial Lots	941,452			941,452
Private Burial Lots	17,527			17,527
Belmont Memorial Fund (1950)	83,996		2,000	81,996
Judah Touro M & C Fund (1879)	285,351		10,000	275,351
Touro Street Fund (1823)	169,610		5,000	164,610
Derby Fuel Fund (1849)	32,250		500	31,750
Fry Orphan Fund (1859)	49,611		5,131	44,480
R & E Bullock Fund (1944)	124,012		1,000	123,012
Poor and Aged Fund (1863)	1,816,486		100,000	1,716,486
Alexander Agassiz Fund (1901)	290,239		31,087	259,152
George H Norman Foundation Fund (1901)	99,497		6,899	92,598
Barbara Chapman Fund (1990)	10,746		2,000	8,746
E Townsend Fund (1889)	536,735		155,137	381,598
George N Buckout Fund (1955)	257,550		15,000	242,550
Edward Newton Fund (1959)	89,688			89,688
Braman Cemetery	385,498			385,498
Louis H Hobbs Fund (1988)	96,155		25,000	71,155
RIICAN Fund	20,321			20,321
Pell School Tech Endowment Fund (2015)	1,275,893		120,000	1,155,893
Peter P Integlia Physical Education Scholarship	33,617		11,047	22,570
American Culinary Federation Award	76,610		250	76,360
Eileen Jeanes Jachna Award	59,146		2,000	57,146
William T Bull Award	54,330		20,000	34,330
Mercedes S Coulombe Award	172,190		10,000	162,190
Carol Ann Page Award	12,740		250	12,490
Avis G Marden Award	9,487		2,500	6,987
Class of 41 American Government Award	11,544		2,500	9,044
PF Carroll Scholarship	46,350		250	46,100
J Fitzgerald Scholarship	4,550		250	4,300
Smales Scholarship	25,675		250	25,425
Henry Vaughn Memorial Award	11,015		250	10,765
Adelson Biology Award	7,515		250	7,265
Leavitt Trust Award	31,080		250	30,830
Alliance Francaise Award	2,833		250	2,583
Lalli Trust Award	11,157		2,270	8,887
Goldstein Music Award	10,432		250	10,182
MB Howard Award	27,438		250	27,188
Newport School Book Award	821		250	571
Edward King Medal Award	147,525		2,000	145,525
Koehne Latin Award	6,952		250	6,702
Mirman Math Award	5,553		250	5,303
GH Norman Award	14,837		500	14,337
Peckham Award	190,057		250	189,807
Pell Medal	6,203		200	6,003
Read Medal #1	2,083		250	1,833
Read Medal #2	2,312		250	2,062
Charles B King Award	35,582		250	35,332
Rogers High School Centennial Award	78,422		5,000	73,422
Almira Coffin Award	8,961		250	8,711
HH Toole Scholarship	27,465		250	27,215
Henry Heffernan Award	131,346		250	131,096
Bruen Scholarship	46,896		250	46,646
Sullivan Scholarship	69,983		250	69,733
Joseph P Cotton Memorial Award	43,381		250	43,131
Rufus E Darrah Memorial Award	15,338		250	15,088
Margaret P Stevens Award	1,914		250	1,664
Christine Meek Sullivan/Marx Award	36,886		250	36,636
Zelda Mirman Music/Drama Award	60,553		250	60,303

(Continued on next page)

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT TRUST FUND (CONTINUED)
JUNE 30, 2021**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Restricted for Endowments</u>	<u>Unreserved Fund Balance</u>
Wosencroft Scholarship	\$ 12,989	\$	\$ 250	\$ 12,739
M/M Thomas Archambault Award	28,817		10,000	18,817
Class of 46 Rogers High School DLS Award	47,090		2,000	45,090
General Contractors Association Award	43,333		250	43,083
Cohen Scholarship	11,884		250	11,634
Townsend Scholarship	14,160		250	13,910
Dorothy Drinkwater Lecraw Award	94,399		35,000	59,399
Nicholas Logothets Award	11,297		250	11,047
Helene Lewis Memorial Scholarship	140,934		250	140,684
Kristen Jorge Memorial Scholarship	37,645		11,813	25,832
James Colton Crowley Award	155,106		250	154,856
Florence J Alofsin English Award	11,535		5,000	6,535
Sandra Clooney Memorial Scholarship	49,858		23,629	26,229
Allan Family Scholarship	173,590		78,819	94,771
Loeb/George Washington Essay Award	9,857		250	9,607
Tift-Oxley Scholarship Fund	85,723		37,700	48,023
John J Egan Scholarship Fund	49,264		250	49,014
Colleen Curry Dawson Fund	58,472		250	58,222
Unallocated	<u>12,688</u>	<u>12,688</u>		
Total Permanent Trust Funds	<u>\$ 20,773,806</u>	<u>\$ 12,688</u>	<u>\$ 2,873,129</u>	<u>\$ 17,887,989</u>

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fund Balance June 30, 2020	Revenues	Expenditures	Fund Balance June 30, 2021
		Use of Money and Property and Investment Changes	Human Services	
David Sears Trusts 1-12 (City Portion)	\$ 4,438,399	\$ (698,247)	\$ -	\$ 3,740,152
David Sears Trust - Heirs of David Sears	1,757,733	1,825,189	(27,660)	3,555,262
David Sears Trust - Public Improvements	183,156	1,025,349	(81,500)	1,127,005
Joseph Hammett Fund (1892)	44,867	15,540	(1,720)	58,687
Henderson Home Fund (1980)	1,322,977	458,137	(50,760)	1,730,354
Freebody Fund	195,139	65,007	-	260,146
EV Coles Fund (1899)	430,233	148,887	(16,510)	562,610
Hunter Industrial Fund (1942)	141,506	48,969	(5,430)	185,045
King School Fund (1864)	292,502	101,226	(11,220)	382,508
City Burial Lots	727,125	242,227	(27,900)	941,452
Private Burial Lots	13,147	4,380	-	17,527
Belmont Memorial Fund (1950)	63,007	20,989	-	83,996
Judah Touro M & C Fund (1879)	218,208	75,513	(8,370)	285,351
Touro Street Fund (1823)	127,227	42,383	-	169,610
Derby Fuel Fund (1849)	24,654	8,546	(950)	32,250
Fry Orphan Fund (1859)	38,317	12,764	(1,470)	49,611
R & E Bullock Fund (1944)	94,794	32,858	(3,640)	124,012
Poor and Aged Fund (1863)	1,386,680	478,206	(48,400)	1,816,486
Alexander Agassiz Fund (1901)	221,949	76,810	(8,520)	290,239
George H Norman Foundation Fund (1901)	76,088	26,329	(2,920)	99,497
Barbara Chapman Fund (1990)	8,061	2,685	-	10,746
E Townsend Fund (1889)	402,613	134,122	-	536,735
George N Buckout Fund (1955)	193,192	64,358	-	257,550
Edward Newton Fund (1959)	67,276	22,412	-	89,688
Braman Cemetery	303,460	104,340	(22,302)	385,498
Louis H Hobbs Fund (1988)	72,127	24,028	-	96,155
RIICAN Fund	15,243	5,078	-	20,321
Pell School Tech Endowment Fund (2015)	1,099,932	218,161	(42,200)	1,275,893
Peter P Integlia Physical Education Scholarship	25,804	8,573	(760)	33,617
American Culinary Federation Award	59,414	19,116	(1,920)	76,610
Eileen Jeanes Jachna Award	45,562	15,234	(1,650)	59,146
William T Bull Award	41,861	13,999	(1,530)	54,330
Mercedes S Coulombe Award	130,276	41,914	-	172,190
Carol Ann Page Award	9,903	3,187	(350)	12,740
Avis G Marden Award	7,367	2,370	(250)	9,487
Class of 41 American Government Award	8,876	2,958	(290)	11,544
PF Carroll Scholarship	35,739	11,971	(1,360)	46,350
J Fitzgerald Scholarship	3,408	1,142	-	4,550
Smales Scholarship	19,240	6,435	-	25,675
Henry Vaughn Memorial Award	8,561	2,754	(300)	11,015
Adelson Biology Award	5,630	1,885	-	7,515
Leavitt Trust Award	23,944	8,006	(870)	31,080
Alliance Francaise Award	2,143	690	-	2,833
Lalli Trust Award	8,588	2,869	(300)	11,157
Goldstein Music Award	8,029	2,683	(280)	10,432
MB Howard Award	21,140	7,068	(770)	27,438
Newport School Book Award	621	200	-	821
Edward King Medal Award	113,396	36,806	(2,677)	147,525
Koehne Latin Award	5,372	1,790	(210)	6,952
Mirman Math Award	4,281	1,432	(160)	5,553
GH Norman Award	11,424	3,823	(410)	14,837
Peckham Award	144,128	47,139	(1,210)	190,057
Pell Medal	4,693	1,510	-	6,203

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT TRUST FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Fund Balance June 30, 2020</u>	<u>Revenues Use of Money and Property and Investment Changes</u>	<u>Expenditures Human Services</u>	<u>Fund Balance June 30, 2021</u>
Read Medal #1	\$ 1,576	\$ 507	\$ -	\$ 2,083
Read Medal #2	1,749	563	-	2,312
Charles B King Award	27,379	9,153	(950)	35,582
Rogers High School Centennial Award	60,418	20,204	(2,200)	78,422
Almira Coffin Award	6,896	2,305	(240)	8,961
HH Toole Scholarship	21,160	7,075	(770)	27,465
Henry Heffernan Award	101,269	33,917	(3,840)	131,346
Bruen Scholarship	35,130	11,766	-	46,896
Sullivan Scholarship	53,933	18,050	(2,000)	69,983
Joseph P Cotton Memorial Award	33,383	11,158	(1,160)	43,381
Rufus E Darrah Memorial Award	11,502	3,836	-	15,338
Margaret P Stevens Award	1,448	466	-	1,914
Christine Meek Sullivan/Marx Award	28,252	9,089	(455)	36,886
Zelda Mirman Music/Drama Award	46,000	15,388	(835)	60,553
Wosencroft Scholarship	9,735	3,254	-	12,989
M/M Thomas Archambault Award	22,175	7,412	(770)	28,817
Class of 46 Rogers High School DLS Award	36,070	11,920	(900)	47,090
General Contractors Association Award	33,389	11,164	(1,220)	43,333
Cohen Scholarship	9,241	2,973	(330)	11,884
Townsend Scholarship	10,911	3,649	(400)	14,160
Dorothy Drinkwater Lecraw Award	72,730	24,319	(2,650)	94,399
Nicholas Logothets Award	8,547	2,750	-	11,297
Helene Lewis Memorial Scholarship	107,065	35,929	(2,060)	140,934
Kristen Jorge Memorial Scholarship	28,482	9,163	-	37,645
James Colton Crowley Award	119,502	39,964	(4,360)	155,106
Florence J Alofsin English Award	8,884	2,971	(320)	11,535
Sandra Clooney Memorial Scholarship	37,364	12,494	-	49,858
Allan Family Scholarship	133,840	44,830	(5,080)	173,590
Loeb/George Washington Essay Award	7,458	2,399	-	9,857
Tift-Oxley Scholarship Fund	64,239	21,484	-	85,723
John J Egan Scholarship Fund	37,272	11,992	-	49,264
Colleen Curry Dawson Fund	44,995	14,477	(1,000)	58,472
Unallocated Investment Expense	-	11,333	(11,333)	-
Total Permanent Trust Funds	\$ 15,931,006	\$ 5,249,754	\$ (419,642)	\$ 20,761,118

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, 2021

	Special Revenue						Capital Project		Total Nonmajor Governmental Funds	
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Sheffield Hub Grant	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund		Property Acquisition Fund
Assets:										
Cash and cash equivalents	\$	\$ 640,258	\$ 70,836	\$ 3,792	\$	\$ 15,263	\$ 35,064	\$ 131,663	\$ 1,981,855	\$ 2,878,731
Receivables:										
Intergovernmental	1,073,268		141,877							1,215,145
Note/loan		105,000								105,000
Other		6,344								6,344
Due from other funds										-
Total Assets	\$ 1,073,268	\$ 751,602	\$ 212,713	\$ 3,792	\$ -	\$ 15,263	\$ 35,064	\$ 131,663	\$ 1,981,855	\$ 4,205,220
Liabilities, Deferred Inflows of Resources and Fund Balances:										
Liabilities:										
Cash overdraft	\$ 1,028,648	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,028,648
Accounts payable			47,054			8,797	175		521	56,547
Other liabilities										-
Total liabilities	1,028,648	-	47,054	-	-	8,797	175	-	521	1,085,195
Deferred Inflows of Resources:										
Unavailable revenue - loans receivable		105,000								105,000
Unavailable revenue - intergovernmental receivable	47,944		129,839							177,783
Total deferred inflows of resources	47,944	105,000	129,839	-	-	-	-	-	-	282,783
Fund Balances:										
Restricted		646,602	35,820	3,792		6,466	34,889			727,569
Committed								131,663		131,663
Assigned									1,981,334	1,981,334
Unassigned	(3,324)									(3,324)
Total fund balances	(3,324)	646,602	35,820	3,792	-	6,466	34,889	131,663	1,981,334	2,837,242
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,073,268	\$ 751,602	\$ 212,713	\$ 3,792	\$ -	\$ 15,263	\$ 35,064	\$ 131,663	\$ 1,981,855	\$ 4,205,220

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue							Capital Project		Total Nonmajor Governmental Funds
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Sheffield Hub Grant	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund	Property Acquisition Fund	
Revenues:										
Intergovernmental revenues	\$ 5,114,253	\$	\$ 670,184	\$	\$ 5,703	\$	\$	\$	\$	\$ 5,790,140
Charges for services	29,395	17,500								46,895
Use of money and property		25,375								25,375
Contributions	301,558		31,338			18,391	22,262			373,549
Total Revenues	<u>5,445,206</u>	<u>42,875</u>	<u>701,522</u>	<u>-</u>	<u>5,703</u>	<u>18,391</u>	<u>22,262</u>	<u>-</u>	<u>-</u>	<u>6,235,959</u>
Expenditures:										
Current:										
General government			16,744				38,982		3,826	59,552
General education	5,361,213									5,361,213
Public safety			242,021							242,021
Public services			17,352			13,150	18,082			48,584
Human services			643,286	28,000						671,286
Capital outlays	32,166		82,364					4,000		118,530
Total Expenditures	<u>5,393,379</u>	<u>-</u>	<u>1,001,767</u>	<u>28,000</u>	<u>-</u>	<u>13,150</u>	<u>57,064</u>	<u>4,000</u>	<u>3,826</u>	<u>6,501,186</u>
Excess (Deficiency) of Revenues over Expenditures	<u>51,827</u>	<u>42,875</u>	<u>(300,245)</u>	<u>(28,000)</u>	<u>5,703</u>	<u>5,241</u>	<u>(34,802)</u>	<u>(4,000)</u>	<u>(3,826)</u>	<u>(265,227)</u>
Other Financing Sources (Uses):										
Transfers in			50,202	28,000		1,225				79,427
Proceeds from sale of assets										-
Transfers out			(5,675)				(1,225)		(39,540)	(46,440)
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>44,527</u>	<u>28,000</u>	<u>-</u>	<u>1,225</u>	<u>(1,225)</u>	<u>-</u>	<u>(39,540)</u>	<u>32,987</u>
Net Change in Fund Balances	51,827	42,875	(255,718)	-	5,703	6,466	(36,027)	(4,000)	(43,366)	(232,240)
Fund Balances at Beginning of Year	(55,151)	603,727	291,538	3,792	(5,703)		70,916	135,663	2,024,700	3,069,482
Fund Balances at End of Year	<u>\$ (3,324)</u>	<u>\$ 646,602</u>	<u>\$ 35,820</u>	<u>\$ 3,792</u>	<u>\$ -</u>	<u>\$ 6,466</u>	<u>\$ 34,889</u>	<u>\$ 131,663</u>	<u>\$ 1,981,334</u>	<u>\$ 2,837,242</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, 2021**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,498,486	\$ 3,639,412	\$ 6,137,898
Investments		1,793,955	1,793,955
Accounts receivable:			
User fees (net of allowances)	6,474	212,284	218,758
Prepaid expenses	44,343		44,343
Total current assets	<u>2,549,303</u>	<u>5,645,651</u>	<u>8,194,954</u>
Noncurrent assets:			
Capital assets	4,671,086	4,248,403	8,919,489
Less accumulated depreciation	<u>(1,349,700)</u>	<u>(2,802,392)</u>	<u>(4,152,092)</u>
Total noncurrent assets	<u>3,321,386</u>	<u>1,446,011</u>	<u>4,767,397</u>
 Total Assets	 <u>5,870,689</u>	 <u>7,091,662</u>	 <u>12,962,351</u>
Deferred outflow of resources:			
Deferred outflows - pension	44,998		44,998
Deferred outflows - other post employment benefit	2,476		2,476
Total deferred outflow of resources	<u>47,474</u>	<u>-</u>	<u>47,474</u>
Liabilities:			
Current liabilities:			
Accounts payable	47,761	347,206	394,967
Accrued expenses	29,881	18,270	48,151
Total current liabilities	<u>77,642</u>	<u>365,476</u>	<u>443,118</u>
Long-term liabilities:			
Net OPEB liability			-
Net pension liability	261,649		261,649
Total long-term liabilities	<u>261,649</u>	<u>-</u>	<u>261,649</u>
 Total Liabilities	 <u>339,291</u>	 <u>365,476</u>	 <u>704,767</u>
Deferred inflow of resources:			
Deferred inflows - pension	19,612		19,612
Deferred inflows - other post employment benefit	5,628		5,628
Total deferred inflow of resources	<u>25,240</u>	<u>-</u>	<u>25,240</u>
Net Position:			
Net investment in capital assets	3,321,386	1,446,011	4,767,397
Unrestricted	2,232,246	5,280,175	7,512,421
 Total Net Position	 <u>\$ 5,553,632</u>	 <u>\$ 6,726,186</u>	 <u>\$ 12,279,818</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, 2021**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Operating Revenues:			
User fees	\$ 693,704	\$ 1,649,647	\$ 2,343,351
Operating Expenses:			
Salaries and benefits	253,065	150,507	403,572
Materials and supplies	48,734	13,490	62,224
Repairs and maintenance	151,764	217,098	368,862
Support services	64,848	362,288	427,136
Utilities	13,484	35,765	49,249
Administrative and other	142,509	244,303	386,812
Depreciation	170,052	110,873	280,925
Total operating expenses	<u>844,456</u>	<u>1,134,324</u>	<u>1,978,780</u>
Operating Income	(150,752)	515,323	364,571
Nonoperating revenues and expenses:			
Gain from disposition of property			-
Investment income	31	10,208	10,239
Total nonoperating revenues and expenses	<u>31</u>	<u>10,208</u>	<u>10,239</u>
Income Before Transfers	(150,721)	525,531	374,810
Transfers:			
Transfers out	<u>(100,000)</u>	<u>(400,000)</u>	<u>(500,000)</u>
Changes in Net Position	(250,721)	125,531	(125,190)
Net Position at Beginning of Year	<u>5,804,353</u>	<u>6,600,655</u>	<u>12,405,008</u>
Net Position at End of Year	<u>\$ 5,553,632</u>	<u>\$ 6,726,186</u>	<u>\$ 12,279,818</u>

**CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Maritime Fund	Parking Operations Fund	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 687,345	\$ 1,499,594	\$ 2,186,939
Cash payments to suppliers for goods and services	(278,398)	(332,525)	(610,923)
Cash payments to employees for services	(324,836)	(145,598)	(470,434)
Payment of administrative expense	(142,509)	(244,303)	(386,812)
Net cash provided by (used in) operating activities	<u>(58,398)</u>	<u>777,168</u>	<u>718,770</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans and transfers	<u>(100,000)</u>	<u>(400,000)</u>	<u>(500,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(7,728)	(291,251)	(298,979)
Principal paid on bonds, notes, and loans	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(7,728)</u>	<u>(291,251)</u>	<u>(298,979)</u>
Cash Flows from Investing Activities:			
Purchase of investment	-	(197,324)	(197,324)
Investment income (loss)	31	10,208	10,239
Net cash provided by (used in) investing activities	<u>31</u>	<u>(187,116)</u>	<u>(187,085)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(166,095)	(101,199)	(267,294)
Cash and Cash Equivalents at Beginning of Year	<u>2,664,581</u>	<u>3,740,611</u>	<u>6,405,192</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,498,486</u>	<u>\$ 3,639,412</u>	<u>\$ 6,137,898</u>
Reconciliation of Operating Income (Loss) to net Cash			
Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (150,752)	\$ 515,323	\$ 364,571
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	170,052	110,873	280,925
Changes in assets and liabilities:			
Decrease (Increase) in accounts receivable	(6,359)	(105,021)	(111,380)
Decrease (Increase) in deferred outflows of resources:			
Deferred outflows - pension	11,649	-	11,649
Deferred outflows - other post employment benefit	-	-	-
(Decrease) Increase in accounts payable	432	296,116	296,548
(Decrease) Increase in unearned revenues	-	(45,032)	(45,032)
(Decrease) Increase in accrued liabilities	(10,875)	4,909	(5,966)
(Decrease) Increase in net pension liability	(29,252)	-	(29,252)
(Decrease) Increase in net OPEB liability	(44,454)	-	(44,454)
(Decrease) Increase in deferred inflow of resources:			
Deferred inflows - pension	1,161	-	1,161
Deferred inflows - other post employment benefit	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (58,398)</u>	<u>\$ 777,168</u>	<u>\$ 718,770</u>

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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, 2021

	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	\$ 1,065,786	\$ 1,450,325	\$ 2,516,111	\$ 506,416	\$ 3,022,527
Investments, at fair value:					
Fixed income mutual funds	13,764,357	11,055,229	24,819,586	8,898,890	33,718,476
Domestic equity mutual funds	69,366,830	55,713,913	125,080,743	46,927,615	172,008,358
International equity mutual funds	12,455,796	10,004,221	22,460,017	7,798,554	30,258,571
Alternative investments	9,638,515	7,741,443	17,379,958	6,543,987	23,923,945
Total assets	<u>106,291,284</u>	<u>85,965,131</u>	<u>192,256,415</u>	<u>70,675,462</u>	<u>262,931,877</u>
Liabilities:					
Accounts payable	55,563	44,627	100,190	30,373	130,563
Total liabilities	<u>55,563</u>	<u>44,627</u>	<u>100,190</u>	<u>30,373</u>	<u>130,563</u>
Net Position:					
Net position - restricted for pension benefits	106,235,721	85,920,504	192,156,225		192,156,225
Net position - restricted for other post-employment benefit				70,645,089	70,645,089
Total Net Position	<u>\$ 106,235,721</u>	<u>\$ 85,920,504</u>	<u>\$ 192,156,225</u>	<u>\$ 70,645,089</u>	<u>\$ 262,801,314</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, 2021**

	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	\$ 400,509	\$ 620,074	\$ 1,020,583	\$	\$ 1,020,583
Employer	4,320,681	6,752,128	11,072,809	6,422,410	17,495,219
Total contributions	<u>4,721,190</u>	<u>7,372,202</u>	<u>12,093,392</u>	<u>6,422,410</u>	<u>18,515,802</u>
Investment income:					
Net change in fair value of investments	27,522,181	17,312,862	44,835,043	15,304,037	60,139,080
Interest, dividends and realized gains	2,818,764	2,263,970	5,082,734	2,507,600	7,590,334
Total investment income	<u>30,340,945</u>	<u>19,576,832</u>	<u>49,917,777</u>	<u>17,811,637</u>	<u>67,729,414</u>
Less investment expenses	<u>193,046</u>	<u>155,051</u>	<u>348,097</u>	<u>106,108</u>	<u>454,205</u>
Net investment income	<u>30,147,899</u>	<u>19,421,781</u>	<u>49,569,680</u>	<u>17,705,529</u>	<u>67,275,209</u>
Total additions	<u>34,869,089</u>	<u>26,793,983</u>	<u>61,663,072</u>	<u>24,127,939</u>	<u>85,791,011</u>
Deductions:					
Benefits	6,163,337	6,885,860	13,049,197	6,422,410	19,471,607
Administration	61,625	51,985	113,610	51,288	164,898
Total deductions	<u>6,224,962</u>	<u>6,937,845</u>	<u>13,162,807</u>	<u>6,473,698</u>	<u>19,636,505</u>
Changes in Net Position	28,644,127	19,856,138	48,500,265	17,654,241	66,154,506
Net Position at Beginning of Year	<u>77,591,594</u>	<u>66,064,366</u>	<u>143,655,960</u>	<u>52,990,848</u>	<u>196,646,808</u>
Net Position at End of Year	<u>\$ 106,235,721</u>	<u>\$ 85,920,504</u>	<u>\$ 192,156,225</u>	<u>\$ 70,645,089</u>	<u>\$ 262,801,314</u>

Annual Supplemental Transparency Report

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City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2021

EXHIBIT F-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 77,118,511	\$ -
Last Year's Levy Tax Collection	1,804,585	-
Prior Years Property Tax Collection	11,351	-
Interest & Penalty	346,619	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	1,866,593	-
Fines and Forfeitures	1,072,427	-
Investment Income	21,796	-
Departmental	8,142,151	-
Rescue Run Revenue	777,208	-
Police & Fire Detail	1,249,689	-
Other Local Non-Property Tax Revenues	1,986,872	-
Tuition	-	1,129,190
Impact Aid	-	640,320
Medicaid	-	346,735
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	651,502
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	2,601,358
COVID - ESSER	-	795,683
COVID - CRF	1,717,364	953,704
COVID - CDBG	-	-
COVID - FEMA	108,811	-
COVID - Other	3,559	-
COVID - ARPA	-	-
MV Excise Tax Reimbursement	80,642	-
State PILOT Program	670,773	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	156,928	-
Public Service Corporation Tax	308,404	-
Meals & Beverage Tax / Hotel Tax	2,055,545	-
LEA Aid	-	14,051,343
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,401,932	-
State Food Service Revenue	-	13,262
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	95,504
Motor Vehicle Phase Out	108,786	-
Other Revenue	-	957,488
Local Appropriation for Education	-	27,007,530
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 101,010,546</u>	<u>\$ 49,243,619</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	97,873	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 97,873</u>	<u>\$ -</u>

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2021

EXHIBIT F-1

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 1,499,890	\$ 1,669,851	\$ -	\$ -	\$ 937,768	\$ -	\$ 1,784,790	\$ 1,355,406	\$ 7,422,632
Compensation - Group B	-	-	-	-	-	-	-	-	1,114,550
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	1,770	12,011	-	-	163	-	15,227	25,793	755,856
Overtime - Group B	-	-	-	-	-	-	-	-	77,376
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,036,110
Active Medical Insurance - Group A	333,144	324,909	-	-	106,377	-	420,097	212,238	1,366,549
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	204,853
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	17,672	16,681	-	-	6,322	-	21,592	10,965	70,360
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	12,359
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	101,975	123,032	-	-	70,542	-	134,124	100,241	244,990
Life Insurance	1,572	2,418	-	-	1,103	-	2,609	1,126	9,424
State Defined Contribution- Group A	7,833	11,661	-	-	5,317	-	11,952	4,637	45,728
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	6,302
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	4,320,681
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	265,131	322,528	-	-	168,741	-	333,860	159,162	139,082
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	172,516
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	159,051	1,370,564	-	-	87,727	-	672,346	117,250	275,796
Materials/Supplies	141,522	413,316	-	-	15,164	-	108,313	162,868	210,670
Software Licenses	-	395,055	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	-	-	-
Insurance	934,768	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	7,229	54,840	27,495
Vehicle Operations	665	-	-	-	16,591	-	240,763	84,648	318,418
Utilities	75,000	-	-	-	-	-	103,507	89,210	75,602
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	774,777	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	139,527	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,730,376	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	144,200	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	1,933,958	-	-	-
Tipping Fees	-	-	-	-	-	-	268,683	-	-
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	\$ 3,684,193	\$ 4,662,026	\$ -	\$ -	\$ 1,415,815	\$ 1,933,958	\$ 6,769,772	\$ 2,378,384	\$ 17,907,349

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2021

EXHIBIT F-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 7,730,738	\$ -	\$ 313,849	\$ -	\$ -	\$ -	\$ 22,714,924	\$ 18,815,828
Compensation - Group B	-	-	-	-	-	-	1,114,550	1,909,314
Compensation - Group C	-	-	-	-	-	-	-	4,109,718
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,484,986	-	928	-	-	-	2,296,734	-
Overtime - Group B	-	-	-	-	-	-	77,376	-
Overtime - Group C	-	-	-	-	-	-	-	-
Police & Fire Detail	23,842	-	-	-	-	-	1,059,952	-
Active Medical Insurance - Group A	1,569,509	-	27,675	-	-	-	4,360,498	2,347,622
Active Medical Insurance- Group B	-	-	-	-	-	-	204,853	261,069
Active Medical Insurance- Group C	-	-	-	-	-	-	-	687,080
Active Dental insurance- Group A	84,646	-	2,308	-	-	-	230,546	155,730
Active Dental Insurance- Group B	-	-	-	-	-	-	12,359	18,597
Active Dental Insurance- Group C	-	-	-	-	-	-	-	42,883
Payroll Taxes	131,551	-	31,110	-	-	-	937,565	770,131
Life Insurance	14,822	-	177	-	-	-	33,251	215,096
State Defined Contribution- Group A	208	-	838	-	-	-	88,174	434,159
State Defined Contribution - Group B	-	-	-	-	-	-	6,302	38,866
State Defined Contribution - Group C	-	-	-	-	-	-	-	39,106
Other Benefits- Group A	-	-	-	-	-	-	-	259,226
Other Benefits- Group B	-	-	-	-	-	-	-	8,857
Other Benefits- Group C	-	-	-	-	-	-	-	12,850
Local Defined Benefit Pension- Group A	6,752,128	-	-	-	-	-	11,072,809	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	4,384	-	26,687	-	-	-	1,419,575	2,687,564
State Defined Benefit Pension - Group B	-	-	-	-	-	-	172,516	493,177
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	796,773
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	772,208	-	813,948	-	-	-	4,268,890	5,974,198
Materials/Supplies	261,179	-	283,685	-	-	-	1,596,717	855,206
Software Licenses	-	-	-	-	-	-	395,055	26,574
Capital Outlays	-	-	-	-	-	-	-	513,835
Insurance	-	-	-	-	-	-	934,768	254,467
Maintenance	56,164	-	368,862	-	-	-	514,590	352,735
Vehicle Operations	156,224	-	-	-	-	-	817,309	110,094
Utilities	61,596	-	49,249	-	-	-	454,164	942,260
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	774,777	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	139,527	-
Trash Removal & Recycling	-	-	-	-	-	-	1,730,376	-
Claims & Settlements	-	-	-	-	-	-	-	5,533
Community Support	-	-	-	-	-	-	144,200	-
Other Operation Expenditures	9,493	-	280,925	-	-	-	2,224,376	296,435
Tipping Fees	-	-	-	-	-	-	268,683	-
Local Appropriation for Education	-	-	-	27,007,530	-	-	27,007,530	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,195,926	-	1,195,926	-
Municipal Debt- Interest	-	-	-	-	192,937	-	192,937	-
School Debt- Principal	-	-	-	-	2,941,711	-	2,941,711	-
School Debt- Interest	-	-	-	-	1,004,086	-	1,004,086	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	3,099,907	3,099,907	2,626,928
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 19,113,678	\$ -	\$ 2,200,241	\$ 27,007,530	\$ 5,334,660	\$ 3,099,907	\$ 95,507,513	\$ 46,061,912

Financing Uses: Transfer to Capital Funds	\$ 2,113,562	\$ -
Financing Uses: Transfer to Other Funds	28,000	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 2,141,562	\$ -
Net Change in Fund Balance¹	3,459,344	3,181,707
Fund Balance¹- beginning of year	\$30,185,284	\$790,603
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	354,378
Misc. Adjustment	-	(105,958)
Fund Balance¹ - beginning of year adjusted	30,185,284	1,039,023
Rounding	-	-
Fund Balance¹ - end of year	\$ 33,644,628	\$ 4,220,730

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, 2021

EXHIBIT F-2

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, 2020						\$ 30,185,284	\$ -	\$ 30,185,284	
<i>No funds removed from RGS for fiscal 2021</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2021</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2021</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2021 adjusted						<u>\$ 30,185,284</u>	<u>-</u>	<u>\$ 30,185,284</u>	
General Fund	\$ 98,534,525	\$ 97,873	\$ 66,298,791	\$ 28,649,092	\$ 3,684,515	\$ 17,617,083	\$ -	\$ 17,617,083	\$ 21,301,598
Maritime Fund	693,735	-	844,456	100,000	(250,721)	5,804,353	-	5,804,353	5,553,632
Parking Fund	1,659,855	-	1,134,324	400,000	125,531	6,600,655	-	6,600,655	6,726,186
State and Federal Grants Fund	701,522	50,202	1,001,767	5,675	(255,718)	291,538	-	291,538	35,820
Totals per audited financial statements	<u>\$ 101,589,637</u>	<u>\$ 148,075</u>	<u>\$ 69,279,338</u>	<u>\$ 29,154,767</u>	<u>\$ 3,303,607</u>	<u>\$ 30,313,629</u>	<u>\$ -</u>	<u>\$ 30,313,629</u>	<u>\$ 33,617,236</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 27,007,530.00	\$ (27,007,530.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Remove unreportable functions in the state and federal grants fund to leave only COVID grants and police forfeiture fund for MTP	(579,091)	(50,202)	(779,355)	(5,675)	155,737	(128,345)	-	(128,345)	27,392
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 101,010,546</u>	<u>\$ 97,873</u>	<u>\$ 95,507,513</u>	<u>\$ 2,141,562</u>	<u>\$ 3,459,344</u>	<u>\$ 30,185,284</u>	<u>\$ -</u>	<u>\$ 30,185,284</u>	<u>\$ 33,644,628</u>

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

Town/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, 2021

EXHIBIT F-3

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, 2020						\$ 790,603	\$ 354,378	\$ 1,144,981	
<i>Misc. adjustments due to Indirect Costs for fiscal 2021</i>						(105,958)		(105,958)	
Fund Balance¹ - per MTP-2 at June 30, 2021 adjusted						<u>\$ 684,645</u>	354,378	<u>\$ 1,039,023</u>	
School Unrestricted Fund	\$ 18,746,848	\$ 27,007,530	\$ 42,670,695	\$ -	\$ 3,083,683	\$ 595,977	\$ 354,378	\$ 950,355	\$ 4,034,038
Enterprise Fund1	-	-	-	-	-	-	-	-	-
SBA School Capital Project Fund	-	-	4,000	-	(4,000)	135,663	-	135,663	131,663
School Special Revenue Funds	5,445,206	-	5,393,379	-	51,827	(55,151)	-	(55,151)	(3,324)
Totals per audited financial statements	<u>\$ 24,192,054</u>	<u>\$ 27,007,530</u>	<u>\$ 48,068,074</u>	<u>\$ -</u>	<u>\$ 3,131,510</u>	<u>\$ 676,489</u>	<u>\$ 354,378</u>	<u>\$ 1,030,867</u>	<u>\$ 4,162,377</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 27,007,530	\$ (27,007,530)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,949,439)	-	(1,949,439)	-	-	-	-	-	-
Employee Contributions to OPEB Trust treated as revenue and expense on financial statements and liability on MTP (Co 90)	(6,526)	-	-	-	(6,526.00)	8,156	-	8,156.00	1,630.00
Indirect Costs not included in RIDE Upload	-	-	(56,723)	-	56,723.00	-	-	-	56,723.00
Indirect Costs not included in RIDE Upload - Treated as Deferred Revenue on Financial statements	-	-	-	-	-	-	-	-	-
Deferred Revenue for Co 22 (Federal)	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 49,243,619</u>	<u>\$ -</u>	<u>\$ 46,061,912</u>	<u>\$ -</u>	<u>\$ 3,181,707</u>	<u>\$ 684,645</u>	<u>\$ 354,378</u>	<u>\$ 1,039,023</u>	<u>\$ 4,220,730</u>
<u>Reconciliation from MTP2 to UCOA</u>									
No reconciling items from MTP2 to UCOA	-	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	<u>\$ 49,243,619</u>	<u>\$ 46,061,912</u>	<u>\$ 46,061,912</u>	<u>\$ -</u>	<u>\$ 3,181,707</u>	<u>\$ 684,645</u>	<u>\$ 354,378</u>	<u>\$ 1,039,023</u>	<u>\$ 4,220,730</u>

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

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

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a new supplemental schedule required by the State of Rhode Island, as a result of newly enacted legislation, Article 8 of the Appropriations Act (2016 House Bill 7454 sub A as amended). This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) on the Division of Municipal Finance 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/>.

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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.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 65,841,497	\$ 65,282,126	\$ 75,523,117	\$ 71,918,140	\$ 81,672,157	\$ 87,510,639	\$ 92,189,696	\$ 102,078,305	\$ 105,969,091	\$ 107,730,969
Restricted for:										
Permanent Funds:										
Expendable	5,844,993	6,813,099	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989
Nonexpendable	2,181,651	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129
Debt service	1,605,509	1,797,817	1,996,439	2,202,084	-	-	-	-	-	-
Unrestricted	7,549,172	14,794,102	15,092,614	(93,982,709)	(101,775,344)	(104,620,306)	(177,270,598)	(173,662,570)	(165,762,308)	(142,069,768)
Total governmental activities net position	<u>83,022,822</u>	<u>90,868,795</u>	<u>102,886,562</u>	<u>(9,189,925)</u>	<u>(9,636,092)</u>	<u>(5,056,686)</u>	<u>(72,181,582)</u>	<u>(57,661,202)</u>	<u>(45,833,600)</u>	<u>(13,577,681)</u>
Business-type activities:										
Net investment in capital assets	87,882,885	94,138,176	90,596,425	96,257,736	95,899,498	106,853,154	119,347,616	122,613,622	125,121,623	128,320,509
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Restricted - Other purposes	19,435,998	22,114,096	27,776,957	27,392,934	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219
Unrestricted	3,602,780	494,384	2,653,117	599,161	1,020,916	(5,555,498)	(9,336,063)	4,989,496	14,403,114	16,384,078
Total business-type activities net position	<u>111,020,663</u>	<u>116,845,656</u>	<u>121,125,499</u>	<u>124,348,831</u>	<u>131,446,368</u>	<u>137,575,362</u>	<u>140,366,702</u>	<u>150,057,569</u>	<u>164,002,604</u>	<u>170,325,806</u>
Primary government:										
Net investment in capital assets	153,724,382	159,420,302	166,119,542	168,175,876	177,571,655	194,363,793	211,537,312	224,691,927	231,090,714	236,051,478
Restricted for:										
Permanent Funds:										
Expendable	5,844,993	6,813,099	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989
Nonexpendable	2,181,651	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	-
Debt service	21,041,507	23,911,913	29,773,396	29,595,018	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219
Unrestricted	11,151,952	15,288,486	17,745,731	(93,383,548) *	(100,754,428) *	(110,175,804) *	(186,606,661)	(168,673,074)	(151,359,194)	(125,685,690)
Total primary government net position	<u>\$ 194,043,485</u>	<u>\$ 207,714,451</u>	<u>\$ 224,012,061</u>	<u>\$ 115,158,906</u>	<u>\$ 121,810,276</u>	<u>\$ 132,518,676</u>	<u>\$ 68,185,120</u>	<u>\$ 92,396,367</u>	<u>\$ 118,169,004</u>	<u>\$ 156,748,125</u>

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

^ Governmental accounting standard 84 was implemented affecting the permanent fund

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018*	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 6,449,503	\$ 6,082,791	\$ 6,460,341	\$ 6,870,007	\$ 7,575,124	\$ 7,372,458	\$ 8,072,122	\$ 8,658,586	\$ 8,367,718	\$ 8,588,708
General education	42,960,456	41,859,273	39,877,482	41,716,565	45,116,380	45,453,582	49,050,514	50,333,988	49,326,631	47,305,349
Public safety	32,531,976	34,008,599	34,730,531	36,070,275	39,702,989	39,921,674	38,361,508	35,565,827	38,284,925	25,578,174
Public services	8,306,613	8,979,859	10,927,989	12,094,748	11,472,956	11,728,084	12,405,363	13,099,339	12,906,263	12,096,453
Planning	1,510,493	1,639,008	628,940	511,690	1,202,455	489,296	423,068	326,419	590,070	641,060
Zoning and inspections	477,422	553,546	745,706	772,793	1,017,597	1,028,570	1,096,513	1,042,295	1,009,995	958,698
Human services	2,887,012	3,091,514	2,979,211	2,428,828	2,951,701	3,121,297	3,014,102	3,530,517	3,068,706	3,643,891
Interest expense	761,420	717,665	1,405,987	1,480,976	1,571,539	1,493,058	1,397,679	1,242,526	1,071,885	1,130,954
Total governmental activities	95,884,895	96,932,255	97,756,187	101,945,882	110,610,741	110,608,019	113,820,869	113,799,497	114,626,193	99,943,287
Business-type activities:										
Water	9,527,155	11,109,044	12,158,289	12,966,669	14,240,369	14,826,722	14,236,860	14,830,088	15,633,723	14,817,825
Water Pollution Control	10,123,815	10,522,134	10,399,257	10,508,627	10,615,475	13,857,667	15,296,821	15,540,847	15,561,721	16,955,006
Nonmajor	2,946,530	3,050,165	2,280,095	2,156,032	2,230,085	2,393,388	2,462,712	2,505,972	2,328,479	1,978,780
Total business-type activities	22,597,500	24,681,343	24,837,641	25,631,328	27,085,929	31,077,777	31,996,393	32,876,907	33,523,923	33,751,611
Total primary government expenses	118,482,395	121,613,598	122,593,828	127,577,210	137,696,670	141,685,796	145,817,262	146,676,404	148,150,116	133,694,898
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	4,014,183	5,301,995	6,023,083	5,765,967	5,471,717	6,377,401	7,108,842	5,988,791	6,121,300	5,491,091
General education	1,321,351	837,653	840,696	873,012	1,039,993	1,180,588	948,690	1,194,851	1,220,550	1,158,585
Public safety	3,192,258	3,820,994	3,095,399	3,790,637	3,631,210	3,636,896	3,858,914	3,631,880	3,738,141	3,217,138
Public services	87,460	34,370	216,626	237,252	229,091	223,173	215,284	253,260	329,580	182,239
Civic investment	925,484	1,318,890	59,629							
Zoning and inspections	137,297	144,068	1,675,596	1,643,399	1,439,847	1,376,854	1,472,991	1,767,960	1,606,667	1,526,715
Human services	951,451	245,112	152,053	1,793,683		182,643	(165,484)	72,739	50,252	65,873
Operating grants and contributions	20,050,143	19,682,834	20,758,313	19,838,253	20,528,850	19,885,710	21,451,434	22,773,979	22,590,893	25,260,723
Capital grants and contributions	2,423,972	648,087	3,112,761	136,278	168,394	915,808	1,811,795	4,805,483	1,392,335	592,722
Total governmental activities program revenues	33,103,599	32,034,003	35,934,156	34,078,481	32,509,102	33,779,073	36,702,466	40,488,943	37,049,718	37,495,086
Business-type activities:										
Charges for services:										
Water	12,257,011	13,407,886	15,238,273	18,458,859	17,880,464	17,709,574	17,857,261	18,038,508	17,706,380	19,199,738
Water Pollution Control	13,486,581	12,850,160	12,245,091	12,701,733	13,558,415	17,327,524	18,071,759	19,625,477	19,066,272	18,423,736
Recreational and parking facilities	3,403,559	3,391,446	2,621,380	2,615,748	2,816,648	2,874,070	2,931,778		2,753,481	2,343,351
Capital grants and contributions	4,494,396	853,295	484,760					932,801	7,859,921	596,139
Total business-type activities	33,641,547	30,502,787	30,589,504	33,776,340	34,255,527	37,911,168	38,860,798	41,828,994	47,386,054	40,562,964
Total primary government program revenues	66,745,146	62,536,790	66,523,660	67,854,821	66,764,629	71,690,241	75,563,264	82,317,937	84,435,772	78,058,050
Net (Expense)/Revenue:										
Governmental activities	(62,781,296)	(64,898,252)	(61,822,031)	(67,867,401)	(78,101,639)	(76,828,946)	(77,118,403)	(73,310,554)	(77,576,475)	(62,448,201)
Business-type activities	11,044,047	5,821,444	5,751,863	8,145,012	7,169,598	6,833,391	6,864,405	8,952,087	13,862,131	6,811,353
Total primary government net expense	(51,737,249)	(59,076,808)	(56,070,168)	(59,722,389)	(70,932,041)	(69,995,555)	(70,253,998)	(64,358,467)	(63,714,344)	(55,636,848)

(Continued)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018*	2019	2020	2021
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	\$ 67,296,737	\$ 69,218,686	\$ 71,303,614	\$ 74,033,014	\$ 74,300,180	\$ 77,746,437	\$ 79,746,848	\$ 82,188,731	\$ 83,949,300	\$ 83,234,802
Unrestricted grants and contributions	1,353,015	1,387,855	1,543,540	1,723,595	1,629,686	1,758,319	1,974,129	2,123,690	2,739,139	2,885,969
Investment income	692,470	1,431,220	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,277	1,515,638	5,757,582
Gain on sale of assets		730,000		2,422,500					900,000	
Transfers	25,200	(23,536)	(1,062,223)	300,000	100,000	100,000	675,000	987,236	300,000	500,000
Total governmental activities	69,367,422	72,744,225	73,839,798	79,627,813	77,383,696	81,218,014	84,173,466	87,830,934	89,404,077	92,378,353
Business-type activities:										
Investment income	63,198	(19,987)	46,272	26,405	27,939	12,546	126,204	348,889	305,064	11,849
Capital contributions										
Sale of property								1,377,127	77,840	
Loss on disposal of assets			(2,291,267)							
Transfer from primary government	(25,200)	23,536	1,062,223	(300,000)	(100,000)	(100,000)	(675,000)	(987,236)	(300,000)	(500,000)
Total business-type activities	37,998	3,549	(1,182,772)	(273,595)	(72,061)	(87,454)	(548,796)	738,780	82,904	(488,151)
Special Item - Sale of School Building										
Special Item - Forgiveness of debt										
Total primary government	69,405,420	72,747,774	72,657,026	79,354,218	77,311,635	81,130,560	83,624,670	88,569,714	89,486,981	91,890,202
Change in Net Position										
Governmental activities	6,586,126	7,845,973	12,017,767	11,760,412	(717,943)	4,389,068	7,055,063	14,520,380	11,827,602	29,930,152
Business-type activities	11,082,045	5,824,993	4,569,091	7,871,417	7,097,537	6,745,937	6,315,609	9,690,867	13,945,035	6,323,202
Total primary government	\$ 17,668,171	\$ 13,670,966	\$ 16,586,858	\$ 19,631,829	\$ 6,379,594	\$ 11,135,005	\$ 13,370,672	\$ 24,211,247	\$ 25,772,637	\$ 36,253,354

(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.

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

	Fiscal Year									
	2012	2013	2014	2015	(as restated) 2016	2017	2018	2019 (1)	2020	2021
General Fund:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by Donors	65,453	88,288	99,453	105,183	55,628	58,385	61,148	64,022		2,873,511
Committed	554,702	759,186	689,885	1,291,706	595,162	465,571	74,353			
Assigned	869,960	1,534,889	452,243	2,844,064	315,896	489,362	2,213,658	1,800,096	1,034,022	668,353
Unassigned	10,146,290	11,247,717	11,810,021	13,369,154	2,167,743	1,950,620	637,126			
Total general fund	<u>11,636,405</u>	<u>13,630,080</u>	<u>13,051,602</u>	<u>17,610,107</u>	<u>15,316,638</u>	<u>14,726,077</u>	<u>12,625,424</u>	<u>14,678,700</u>	<u>16,583,061</u>	<u>17,759,734</u>
All Other Governmental Funds:										
Nonspendable	2,181,651	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129
Restricted for Trusts	5,844,993	6,813,099	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989
Restricted for Debt Service	1,605,509	1,797,817	1,996,439	2,202,084						
Restricted by Grants	2,627,638	2,775,198	3,390,416	3,830,470	5,447,751	5,373,566	5,615,659	3,905,129	3,116,674	3,255,372
Restricted for Education									595,977	4,034,038
Committed for Capital Projects	7,902,015	7,233,629	5,562,794	11,480,237	7,538,289	7,471,377	9,871,789	10,194,613	10,929,612	9,677,971
Assigned by City Council									1,322,554	2,024,700
Unassigned	(28,728)	(246,686)		(64,680)	(18,859)	(19,789)	(33,654)	(646,688)	(60,854)	(3,324)
Total all other governmental funds	<u>20,133,078</u>	<u>20,554,708</u>	<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>
Grand Total	<u>\$ 31,769,483</u>	<u>\$ 34,184,788</u>	<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>

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.

(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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 67,395,943	\$ 69,092,746	\$ 71,336,608	\$ 73,924,776	\$ 75,173,854	\$ 77,505,920	\$ 79,856,764	\$ 82,256,525	\$ 83,560,012	\$ 83,323,484
Intergovernmental revenues	23,508,604	21,351,664	22,005,470	21,572,282	21,430,902	22,204,355	23,029,186	25,215,623	24,256,986	28,528,818
Charges for services	9,721,040	11,620,148	11,957,787	12,629,853	13,394,413	12,978,225	13,132,887	13,017,447	12,959,287	11,686,878
Use of money and property	692,470	1,431,220	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,279	1,515,638	5,757,582
Contributions	625,959	494,240	543,031	411,572	282,699	579,150	1,378,105	3,733,743	798,900	842,773
Other revenues	108,017	126,852	102,428	11,896	8,856	27,974	271,738	261,002	281,460	
Total revenues	<u>102,052,033</u>	<u>104,116,870</u>	<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>
Expenditures:										
Current:										
General government	5,691,806	5,482,360	5,890,858	5,988,047	6,280,935	6,635,035	7,401,749	7,584,090	7,696,261	7,956,697
General education	41,921,694	40,793,783	39,375,366	41,832,664	41,578,444	43,901,644	46,289,554	47,326,553	46,739,559	48,031,908
Public safety	30,683,872	32,455,190	34,107,504	35,245,809	35,297,214	36,346,838	37,618,853	38,273,689	39,816,543	39,423,539
Public services	6,558,789	7,214,122	8,542,562	9,577,893	9,057,691	9,045,503	9,312,009	9,731,359	9,934,413	8,937,903
Planning	1,322,831	1,495,174	532,280	406,802	435,090	353,201	249,158	167,278	419,484	418,242
Zoning and inspections	426,155	496,911	745,706	784,609	953,053	1,025,559	1,071,244	1,091,552	965,821	982,276
Human services	2,781,564	2,969,991	2,907,235	2,835,075	2,949,071	3,110,260	3,002,222	3,518,637	3,056,826	3,632,011
Pension expenses	3,935,092	3,388,489	1,762,358	1,341,546	1,448,234	1,914,981	1,509,419	1,629,082	1,618,359	1,001,870
Debt service:										
Principal	1,756,211	1,732,932	2,880,000	3,257,800	5,340,536	3,703,000	3,899,733	3,950,133	4,080,637	4,137,637
Interest	616,534	725,389	1,488,157	1,629,784	2,316,373	1,836,043	1,650,512	1,497,219	1,332,553	1,391,224
Capital outlay	9,922,125	27,831,732	8,564,163	5,775,889	9,824,956	9,690,381	6,720,043	11,956,596	5,970,507	4,458,068
Total expenditures	<u>105,616,673</u>	<u>124,586,073</u>	<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>
Excess (deficiency) of revenues over expenditures	<u>(3,564,640)</u>	<u>(20,469,203)</u>	<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>
Other Financing Sources (Uses):										
Proceeds from borrowing	9,000,000	19,575,000		5,735,000		2,865,000				17,920,000
Bond premium	102,780	2,603,044		423,546		371,370				
Payment to refunding escrow agent				1,500,000						(17,688,629)
Sale of property		730,000		2,422,500					900,000	
Lease proceeds										
Transfers in	24,387,564	2,400,693	2,598,250	4,566,338	6,163,259	3,905,921	5,416,930	32,380,146	32,929,586	29,343,607
Transfers out	<u>(24,362,364)</u>	<u>(2,424,229)</u>	<u>(3,660,473)</u>	<u>(4,266,338)</u>	<u>(6,063,259)</u>	<u>(3,805,921)</u>	<u>(4,741,930)</u>	<u>(31,392,910)</u>	<u>(32,629,586)</u>	<u>(28,843,607)</u>
Total other financing sources (uses)	<u>9,127,980</u>	<u>22,884,508</u>	<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>
Net Change in Fund Balances	<u>\$ 5,563,340</u>	<u>\$ 2,415,305</u>	<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>
Debt service as a percentage of noncapital expenditures	<u>2.48%</u>	<u>2.54%</u>	<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>

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					
2012	\$ 4,403,658,951	\$ 1,212,935,549	\$ 108,725,938	\$ 152,504,333	\$ 120,086,201	\$ 5,757,738,570	9.56	13.25	\$ 5,877,824,771	97.96%
2013	4,427,191,489	1,194,775,611	127,148,070	151,523,236	118,811,520	5,781,826,886	9.93	13.76	5,900,638,406	97.99%
2014	3,966,146,314	1,071,247,506	117,777,139	159,306,729	119,297,700	5,195,179,988	11.36	15.75	5,314,477,688	97.76%
2015	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%
2016	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%
2017	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%
2018	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%
2019	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%
2020	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%

Source: City of Newport, Rhode Island Assessor

Notes:

The City's total levy cannot exceed 4.00% of the prior year's total levy

The City of Newport has no overlapping debt nor does it collect taxes for any other entity.

The City switched to a two-tiered tax in FY2002

- (1) The value of motor vehicles is dependent on a State of Rhode Island Motor Vehicle Phase-out of motor vehicle taxes. The State of Rhode Island has delayed budget negotiations until after the election on November 3, 2020 and the phase-out percentage is unknown until a FY2021 budget is adopted by the State. The state budget is further complicated by costs and loss of revenues due to the Coronavirus. The City has delayed mailing motor vehicle bills until after a state budget is adopted.

TABLE 6

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

	2021			2012			
	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	0.88%				
Ginri Assets, LLC	56,105,300	2	0.71%				
LSREF3 Viking LLC	54,997,100	3	0.70%	LHO Viking Hotel, LLC	\$ 46,356,028	4	0.80%
Newport Restoration Foundation	70,340,548	4	0.89%	Newport Restoration Foundation	\$ 49,987,572	1	0.86%
Narraganset Electric Co.	44,067,048	5	0.56%	Narraganset Electric	45,386,254	5	0.78%
RK Newport, LLC	32,284,700	6	0.41%	RK Newport, LLC	27,851,400	7	0.48%
Narragansett Gas Co.	30,312,449	7	0.38%				
Shaner Newport Harbor LLC	29,978,100	8	0.38%	Shaner Hotel Group	23,780,353	8	0.41%
Rolling Green Associates	21,185,100	9	0.27%				
New York Yacht Club	19,007,636	10	0.24%	New York Yacht Club	14,843,050	10	0.26%
				Eastern Resorts Company	21,331,700	9	0.37%
				Mass Mutual Life	49,971,700	2	0.86%
				One Goat Island	48,492,862	3	0.84%
				Newport Jai Alai, LLC	43,816,200	6	0.76%
Total	\$ 427,981,881		5.42%		\$ 371,817,119		6.43%

Source: City of Newport Assessor

**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
2012	\$ 63,291,283	\$ 61,974,383	97.9%	\$ 1,259,049	\$ 63,233,432	99.9%
2013	65,143,925	63,789,524	97.9%	1,233,702	65,023,226	99.8%
2014	67,298,950	65,882,954	97.9%	1,355,475	67,238,429	99.9%
2015	69,680,408	68,356,351	98.1%	1,222,327	69,578,678	99.9%
2016	70,239,804	68,936,347	98.1%	1,239,725	70,176,072	99.9%
2017	72,685,804	71,587,413	98.5%	1,046,421	72,633,834	99.9%
2018	74,476,044	73,427,810	98.6%	1,003,221	74,431,031	99.9%
2019	77,112,720	75,794,917	98.3%	1,262,982	77,057,899	99.9%
2020	79,019,574	77,048,833	97.5%	1,804,585	78,853,418	99.8%
2021	79,060,250	77,693,652	98.3%		77,693,652	98.3%

Source: City of Newport Tax Collector

**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	Maritime	Water						
						Bonds (2)	Notes	Pollution Control Bonds (2)						
2012	\$ 25,161,825	\$	\$ 1,863,536	\$ 969,290	\$ 969,865	\$ 26,129,751	\$ 200,000	\$ 35,651,317	\$ 90,945,584	24,672	\$ 3,686	\$ 5,757,738,570	1.58%	
2013	43,010,000		1,863,536	3,344,500	874,670	52,367,654	200,000	34,775,635	136,435,995	25,543	5,341	5,781,826,886	2.36%	
2014	40,130,000		1,863,536	3,116,666	776,552	83,148,410	200,000	32,850,267	162,085,431	25,543	6,346	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	25,543	6,779	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	25,543	6,609	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	25,543	6,857	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	25,543	6,817	6,028,719,479	2.89%	
2019	32,375,000			2,449,219	238,885	79,777,037		66,074,701	180,914,842	25,543	7,083	6,848,183,901	2.64%	
2020	28,412,000			2,141,892	121,248	75,205,037		63,497,627	169,377,804	25,543	6,631	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	25,543	6,358	6,914,884,892	2.35%	

Notes:

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

* See Schedule 12 for personal income and population data used to calculate these ratios.

(1) The City of Newport paid annual sinking fund payments of \$133,110 to a bank for repayment of the QZAB bond. Bond was fully repaid in 2016

(2) Includes outstanding revenue anticipation notes

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

Fiscal Year June 30,	Governmental Activities				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				
2012	\$ 16,161,825	\$ 969,290	\$ 1,863,536	\$ 18,994,651	0.33%	0.42%	24,672	\$ 770
2013	43,010,000	3,344,500	1,863,536	48,218,036	0.83%	1.04%	25,543	1,888
2014	40,130,000	3,116,666	1,863,536	45,110,202	0.87%	0.95%	25,543	1,766
2015	46,178,536	3,270,022	1,863,536	51,312,094	0.85%	1.01%	25,543	2,009
2016	40,838,000	2,999,830		43,837,830	0.73%	0.86%	25,543	1,716
2017	40,000,000	3,063,873		43,063,873	0.72%	0.80%	25,543	1,686
2018	36,211,000	2,756,546		38,967,546	0.65%	0.69%	25,543	1,526
2019	32,375,000	2,449,219		34,824,219	0.51%	0.60%	25,543	1,363
2020	28,412,000	2,141,892		30,553,892	0.44%	Not Available	25,543	1,196
2021	25,377,000	1,834,562		27,211,562	0.39%	Not Available	25,543	1,065

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.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total assessed value	\$ 5,900,638,406	\$ 5,195,179,988	\$ 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
Rhode Island General Law debt limitation as % of assessed value	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
Debt limit	<u>177,019,152</u>	<u>155,855,400</u>	<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>
Debt applicable to limit:										
General obligation bonds	<u>18,407,430</u>	<u>44,873,536</u>	<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>
Legal debt limit	177,019,152	155,855,400	156,485,552	179,550,194	180,429,436	180,861,584	205,445,517	205,982,403	206,004,156	236,696,153
Total net debt applicable to the limit	<u>18,407,430</u>	<u>44,873,536</u>	<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>
Legal debt margin	<u>\$ 158,611,722</u>	<u>\$ 110,981,864</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>11.61%</u>	<u>40.43%</u>	<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>

**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	
2012	\$ 12,257,011	\$ 7,186,396	\$ 5,070,615	\$ 1,004,789	\$ 719,275	2.94	\$ 13,486,581	\$ 5,576,173	\$ 7,910,408	\$ 1,235,096	\$ 1,131,893	3.34
2013	13,407,886	7,875,093	5,532,793	1,165,069	1,570,155	2.02	12,850,160	5,823,981	7,026,179	1,862,909	1,132,054	2.35
2014	15,238,273	7,780,097	7,458,176	808,000	2,667,530	2.15	12,245,091	5,802,679	6,442,412	1,925,368	1,088,093	2.14
2015	18,458,856	8,159,858	10,298,998	2,903,000	2,875,038	1.78	12,701,733	6,004,037	6,697,696	1,986,491	1,037,329	2.21
2016	17,880,464	8,616,975	9,263,489	4,206,000	2,799,198	1.32	13,558,415	6,106,879	7,451,536	2,046,303	1,000,695	2.45
2017	17,709,574	9,165,405	8,544,169	4,281,000	2,709,941	1.22 (1)	17,327,524	8,917,038	8,410,486	2,349,824	1,384,128	2.25
2018	17,857,261	8,600,106	9,257,155	4,366,000	2,589,293	1.33	18,071,759	9,861,765	8,209,994	2,831,077	1,604,598	1.85
2019	18,274,332	9,181,524	9,092,808	4,463,000	2,524,321	1.30	20,322,454	9,609,227	10,713,227	4,500,086	1,853,237	1.69
2020	17,947,563	10,071,732	7,875,831	4,572,000	2,416,628	1.13 (2)	19,220,642	9,570,168	9,650,474	4,606,877	1,841,619	1.50
2021	19,446,814	9,358,230	10,088,584	4,686,000	2,324,501	1.44	18,772,799	10,186,053	8,586,746	4,720,474	1,665,904	1.34

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

**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 <
2012	24,672 ***	\$	55,682	\$ 4,529,740	\$ 46,112,864	2,029	10.5%
2013	25,543 ***		56,472	4,653,093	49,409,583	2,097	9.2%
2014	25,543 ***		57,488	4,734,561	51,026,876	1,988	7.7%
2015	25,543 ***		61,666	5,082,707	52,833,501	2,078	6.0%
2016	25,543 ***		61,367	5,080,183	53,272,444	2,130	5.4%
2017	25,543 ***		63,870	5,391,472	55,933,966	2,171	4.2%
2018	25,543 ***		68,679	5,668,939	57,993,810	2,207	2.7%
2019	25,543 ***		70,893	5,819,018	59,707,171	2,123	3.3%
2020	25,543 ***		Not Available	Not Available	Not Available	2,154	12.6%
2021	25,543 ***		Not Available	Not Available	Not Available	1,995	5.0%

* Source: Rhode Island Department of Planning.

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

*** Source: 2010 US Census

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

https://rhode-island.reaproject.org/analysis/comparative-trends-analysis/total_personal_income/reports/440005/440000/#page_11

^ Source: City School Department.

< Source: RI Department of Labor & Training.

TABLE 13

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

2021				2012			
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Employees	Rank	Percentage of Total City Employment
Naval Station Newport	4,200	1	33.8%	Naval Undersea Warfare Center	4,500	1	38.6%
Lifespan Newport Hospital	816	2	6.6%	Newport Hospital	895	2	7.7%
City of Newport	732	3	5.9%	City of Newport	680	3	5.8%
Salve Regina University	581	4	4.7%	Salve Regina University	420	5	3.6%
Newport Restaurant Group	513	5	4.1%				
East Bay Community Action Program	250	6	2.0%				
Wyndham Resorts	250	7	2.0%				
Gurney's Newport	231	8	1.9%				
Marriott International, Inc.	177	9	1.4%	Marriott International Inc.	225	10	1.9%
Preservation Society of Newport County	166	10	1.3%	Preservation Society of Newport County	361	7	3.1%
				Newport Harbor Corporation	500	4	4.3%
				James L. Maher Center	363	6	3.1%
				Hyatt Regency-Newport	300	8	2.6%
				Newport Restaurant Group	250	9	2.1%
Total	<u>7,916</u>		<u>63.7%</u>	Total	<u>8,494</u>		<u>72.9%</u>

TABLE 14

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	5.5	5.5	5.25	6.25	6.25	6.25	6.25	5.5	5.5	5.5
City Solicitor	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	21	22	18.5	18.5	18.5	18.5	22.5	24	24	24
City Clerk	6	5	5	5	5	5	6	6	6	6
Public Services	43	46	46	46	46	47	49	52.27	50.27	52.27
Plan & Eco. Development	14	5	5	4	4	3	2	2	4	4
Zoning & Inspections		9	9	9	9	10	11	11	8	8
Total General Government	<u>102</u>	<u>105</u>	<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>110.27</u>	<u>112.27</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>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>
Utilities:										
Water	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4
Wastewater	1.6	1.6	1.6	1.6	1.6	1.6	14.1	16.6	16.6	16.6
	<u>48</u>	<u>48</u>	<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>
Public education:										
Teachers	212.1	208.4	198.2	208	210	224	220	215	209	223
Pupil support	48	51	50	59	70	66	79	75	83	96
Executive and administrative	59.5	56.4	57	57	61	64	66	59	60	34
	<u>319.6</u>	<u>315.8</u>	<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>
Total	<u>673.1</u>	<u>672.3</u>	<u>657.95</u>	<u>676.75</u>	<u>693.75</u>	<u>707.75</u>	<u>738.25</u>	<u>728.77</u>	<u>728.77</u>	<u>731.77</u>

Source: City budgets and School Business Manager

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Arrests	1,185	1,372	1,721	1,526	1,431	1,240	1,301	1,246	914	857
Parking violations	34,765	28,804	20,775	22,753	31,152	30,689	35,031	31,187	27,863	24,006
Calls for Service	28,785	28,620	30,804	31,728	32,180	32,757	35,326	33,300	48,596	26,377
Fire:										
Emergency responses	4,162	4,340	4,057	4,138	3,729	3,662	3,818	3,924	3,968	3,586
Fires extinguished	123	156	118	77	109	105	107	87	99	95
Inspections	1,545	1,466	1,584	1,301	780	599	572	540	637	1,525
Refuse collection:										
Refuse collected (tons/day, average)	27.58	26.68	27.29	22.49	21.25	21.10	23.26	22.25	24.16	24.54
Recyclables collected (tons/day, average)	8.59	8.69	9.18	9.92	10.29	10.87	10.42	10.54	10.31	10.43
Other public works:										
Street resurfacing (miles)	6.5	9.26	3.283	1.41	3.61	1.34	1.51	2.02	2.14	-
Parks and recreation:										
Athletic field and facility rentals	335	415	420	428	468	378	457	432	240 >	362
Library:										
Volumes in collections	172,814 *****	195,105 ^	206,451 ^	191,980	187,113	184,949	184,949 *****	180,526	144,559 <	143,287
Water:										
New connections	44	55	23	52	49	63	50	21	19	17
Water mains breaks	19	28	31	19	23	21	16	23	21	19
Average daily production (avail for sale) (million gallons per day)	5.9	5.67	5.79	5.55	5.44	5.34	5.36	5.40	5.52	6.05
Wastewater:										
Average daily sewage treatment (thousands of gallons)	9,463	8,240	7,094	7,200	7.14MGD	7.68MGD	7.92 MGD	9.38 MGD	7.51MGD	6.78MGD

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
 Sources: Various city departments

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
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)	94	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80
Streetlights	1,918	1,918	1,918	1,918	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	183	183	416 *	427	427	427	427	427
Playgrounds	13	13	13	15	16 *	16	17	17	17	17
Multi purpose playing fields	7	7	7	7	16 *	16	16	16	16	16
Tennis courts	18	18	18	18	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	163	163	175	175	175	175	175
Fire hydrants	1034	1037	1037	1037	1039	1042	1042	1044	1046	1047
Storage capacity (thousands of gallons-treated)	10,500	7,500	7,500	7,500	8.25M **	8.25M	8.25M	8.25M	8.25M	8.25M
Wastewater:										
Sanitary sewers (miles)	88	88	88	88	90.2	90.2	90.2	90.2	90.2	90.2
Storm sewers (miles)	46.5	46.5	52.0	52.0	50.1	50.1	50.1	50.1	50.1	50.1
Treatment capacity (thousands of gallons) (daily)	10,700	10,700	10,700	10,700	19.7M ***	19.7M	19.7M	19.7M	13.1M	30M

Source: Various city departments

* Per new Open Space Master Plan

** New water plant

*** Wastewater System Improvements

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