

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

CITY OF NEWPORT, RHODE ISLAND



FOR THE YEAR ENDED

JUNE 30, 2024

CITY OF NEWPORT, RHODE ISLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
JUNE 30, 2024

Introductory Section		Page
	Letter of Transmittal	i-v
	Organizational Chart of the Government of the City of Newport, RI	vi
	Principal Elected and Appointed Officials	vii
	GFOA Certificate of Achievement	viii
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-14
Basic Financial Statements		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	15
II	Statement of Activities	16
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	17-18
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19-20
V	Statement of Net Position - Proprietary Funds	21
VI	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	22
VII	Statement of Cash Flows - Proprietary Funds	23
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	24
IX	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	25
	Notes to the Financial Statements	26-87
Required Supplementary Information		
RSI-1	Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Plan	88
RSI-2	Schedule of Changes in Net Pension Liability and Related Ratios - Fire Pension Plan	89
RSI-3	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	90
RSI-4	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Survivors Benefits Cost-Sharing Plan	91
RSI-5	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees' Retirement System Agent Plan	92
RSI-6	Schedule of City Contributions - Police and Fire Pension Plans	93
RSI-7	Schedule of City Contributions - Teachers Retirement Plan	94
RSI-8	Schedule of City Contributions - Teachers' Survivors Benefit Cost-Sharing Plan	95
RSI-9	Schedule of City Contributions - Municipal Employees' Retirement System Agent Plan	96

RSI-10	Schedule of Investment Returns - Police and Fire Pension Plans	97
RSI-11	Schedule of Changes in Net OPEB Liability and Related Ratios - Other Post-Employment Benefits Plan	98
RSI-12	Schedule of Employer Contributions - Other Post-Employment Benefits Plan	99
RSI-13	Schedule of Investment Returns - Other Post-Employment Benefits Plan	100

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund:

A-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	101
A-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	102

Permanent Trust Funds:

B-1	Combining Balance Sheet	103-104
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	105-106

Nonmajor Governmental Funds:

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

Nonmajor Proprietary Funds:

D-1	Combining Statement of Net Position	109
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	110
D-3	Combining Statement of Cash Flows	111

Fiduciary Funds:

E-1	Combining Statement of Fiduciary Net Position - Pension and Other Post-Employment Benefit Trust Funds	112
E-2	Combining Statement of Changes in Fiduciary Net Position - Pension and Other Post-Employment Benefit Trust Funds	113

Annual Supplemental Transparency Report

F-1	Annual Supplemental Transparency Report (MTP2)	114-116
F-2	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal	117
F-3	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Education Department	118
	Notes to Annual Supplemental Transparency Report (MTP2)	119-120

Table	Statistical Section	Page
	Financial Trends:	
1	Net Position by Component	121
2	Changes in Net Position	122-123
3	Fund Balances of Governmental Funds	124
4	Changes in Fund Balances, Governmental Funds	125
	Revenue Capacity:	
5	Assessed Values and Actual Values of Taxable Property	126
6	Principal Property Taxpayers	127
7	Property Tax Levies and Collections	128
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	129

9	Ratios of General Bonded Debt Outstanding	130
10	Legal Debt Margin Information	131
11	Pledged Revenue Coverage	132
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	133
13	Principal Employers	134
	Operating Information:	
14	Full-Time Equivalent City Government Employees by Function/Program	135
15	Operating Indicators by Function/Program	136
16	Capital Asset Statistics by Function/Program	137

Introductory Section



December 30, 2024

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, 2024.

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, 2024 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, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Newport, Rhode Island was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Newport, Rhode Island's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Newport, Rhode Island's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy

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

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

The personal income per capita in 2023 (latest available data) for Newport County is \$89,517 compared to \$67,562, and \$68,531 for Rhode Island and the United States, respectively. The unemployment rate, not seasonally adjusted as of August 2024 in Newport, is 3.7% compared to Rhode Island and the United States unemployment rate, not seasonally adjusted of 5.4% and 4.4%, respectively. The median selling price of an existing home in June 2024 is \$820,000 compared to \$780,000 in June 2023. The City continues to attract older retired residents and empty-nesters as well as tourists and people looking for a second home. Multi-million dollar properties continue to maintain or increase in value, and continue to sell relatively quickly. Sales in all ranges have not declined to the extent that they have in other parts of the state and country due to the City's proximity to the Narragansett Bay and Atlantic Ocean.

The local economy, for the most part, has recovered from the economic effects of the coronavirus pandemic. The City continues to see significant levels in tourism, which in turn, provided an economic boon to hotels and bed and breakfasts, restaurants and retail businesses. The housing market was especially strong and sales of properties were only limited by available housing stock. Most properties, including multi-million dollar properties, sold in under 40 days.

Long-term financial planning

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

The City has developed a long-term master plan for Combined Sewer Overflow (CSO) that has been approved as part of a consent decree with the federal Environmental Protection Agency and the Rhode Island Department of Environmental Management. Projects on the master plan are in process and in compliance with the consent decree. Total costs of the options in the master plan are estimated at \$121 million spread over 30 years. The City has completed about \$96 million worth of projects to date. Funds have come from a variety of sources including federal and state subsidized revenue bonds, grants, and rates.

Voters approved a bond referendum in November 2020 for \$106,500,000 to rebuild the Rogers High School and build an addition to the Pell Elementary School. Construction on the Pell School Addition is complete, and the new high school is currently being constructed with an expected completion date of June 2025. The City issued bonds of \$98.5M in March of 2022 as part of the funding towards the project.

Major infrastructure projects within the City are needed and continue to challenge local leaders and the administration. In November 2024, voters approved an infrastructure bond referendum for \$98,500,000. The infrastructure bond will allow the City Council to determine which projects such as repair of a collapsed portion of the CliffWalk, replacement of Perrotti Park bulkhead, replacement of the Van Zandt Bridge and redesign/reconstruction of Easton's Beach, along with the continuous need for repairs and replacement of sewer, stormwater and water infrastructure be considered as part of all planning and strategy within the City. City. Infrastructure projects will have funding sources through a variety of federal and state grants, and bonds.

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 (FY2024) and future years.

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

The City Council is required by law to adopt balanced budgets although at times fund balance is appropriated for a specific use.

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

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

There are reporting compliance policies that require the City administration to provide budget to actual reports to the City Council on a monthly basis and to provide quarterly budget, actual and projected revenues and expenditures to the State Office of Municipal Affairs. The City administration complied with these policies during FY2024.

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 71.3% for the fire plan and 79.6% for the police plan. During the 2024 Legislative Session, the General Assembly enacted legislation requiring municipalities submit an actuarial experience study at least once every three years for all locally administered plans. The City administration will submit the actuarial experience study for police and fire plans by January 1, 2025 to be in compliance.

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 77.11% 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, 2024 Statements of Net Position and Activities, footnotes and required supplementary information.

The City provides postretirement health coverage for all eligible vested retirees, certain dependents and beneficiaries, and life insurance benefits to police retirees. Vesting and participation is determined by bargaining contract and varies by length of employment and type of employment. As of July 1, 2024, 698 active employees and 840 retirees and dependents were eligible to receive health insurance benefits, which are currently financed through a combination of pay-as-you-go basis and trust assets (approximately 50% in each). The actuarial calculation of the combined municipal and school liability as of July 1, 2024 is \$123.5 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 \$73.2 million have been accumulated as of July 1, 2024. Retiree benefits and various options are currently being studied in order to reduce the liability.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes 12 and 13 in the notes to the basic financial statements.

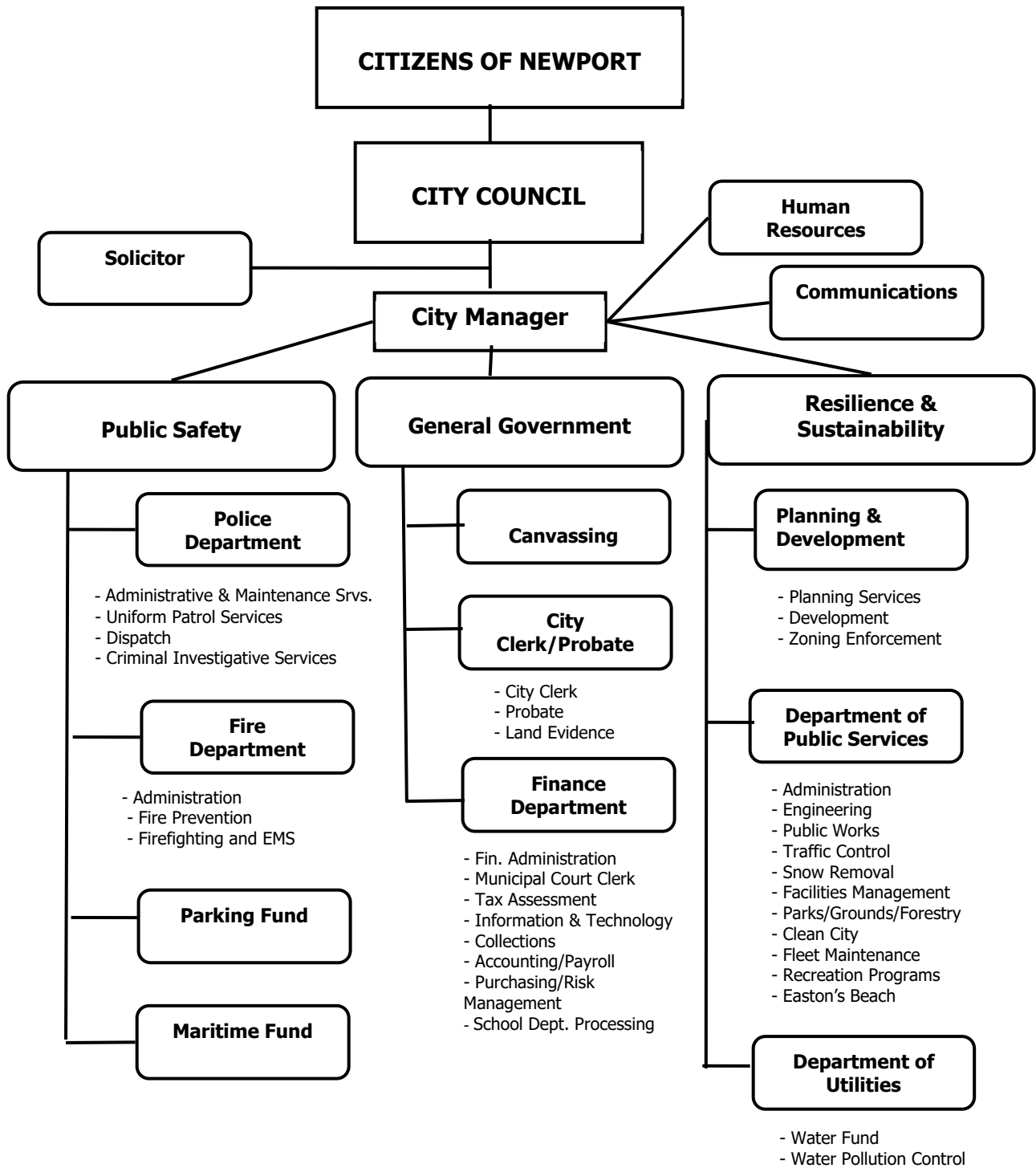
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing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

Respectfully submitted,

A handwritten signature in blue ink that reads "R. James Nolan". The signature is written in a cursive style and is positioned above a horizontal line.

R. James Nolan
Director of Finance

THE CITY OF NEWPORT, RI



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

Elected Officials:

Honorable Charles M Holder, Jr.
Ellen M. Pinnock
Lynn Underwood Ceglie
David Carlin III
Stephanie Smyth
Xaykham Khamsyvoravong
Jeanne Marie Napolitano

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

Elizabeth Cullen
Stephanie Winslow
Rebecca Bolan
James A. Dring
Robert J. Leary
Sandra J. Flowers, Ph.D.
Robert B. Powers

School Committee
School Committee
School Committee
School Committee
School Committee
School Committee
School Committee

Principal Appointed Officials:

Colin K. Kennedy.
Colleen B. Jermain
Christopher J. Behan, Esq.
Teresa A. Crean
R. James Nolan
William Riccio, Jr.
Robert Schultz
Ryan Duffy
Humphrey Donnelly
Laura C. Swistak

City Manager
Superintendent of Schools
City Solicitor
Director of Resilience & Sustainability
Director of Finance
Director of Public Services
Director of Utilities
Police Chief
Fire Chief
City Clerk



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Rhode Island**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

Members of the City Council
City of Newport, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Rhode Island, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Newport, Rhode Island's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Rhode Island, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Newport, Rhode Island's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Newport, Rhode Island's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport, Rhode Island’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Tax Collector’s Report, the Annual Supplemental Transparency Report (MTP2) and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, the Tax Collector’s Report, the Annual Supplemental Transparency Report (MTP2) and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, 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 the 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 30, 2024

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024. 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 \$270,792,466 (net position).
- The government's net position increased by \$39,486,487 for the fiscal year 2024. Governmental activities' net position increased \$28,613,217 due to increases in property taxes and service charges. There were also increases in school aid, and interest income. Business-type activities had an increase of \$10,873,270 in net position due to increased services fees in the major and non-major business-type funds.
- At June 30, 2024, the City of Newport's governmental funds reported a combined ending fund balance of \$141,638,529, a decrease of \$31,669,132 in comparison to the prior year fund balance due in large part to capital projects. Of the total fund balance, \$105,574,647 (75%) is either nonspendable, restricted or committed, leaving \$36,063,882 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 \$35,908,740, or 31.7% of total general fund expenditures and net other financing uses. \$1,888,014 of the general fund balance is nonspendable, restricted or committed leaving \$34,020,726 of assigned or unassigned fund balance. The School's unrestricted general fund balance is \$2,994,998, 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 \$34,484,730 largely due to a decrease in net pension liability and a decrease in bonds payable.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the City of Newport's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Newport is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Newport that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Newport include general government, education, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Newport include water utilities, sewer utilities (water pollution control utilities), parking facilities, and harbor facilities.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Newport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Newport maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the School Unrestricted Fund, the Community Development Block Grant Fund, the Capital Projects Fund and the Permanent Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is included on Exhibits C-1 and C-2 of this report.

The City of Newport adopts an annual budget for its General Fund and School Unrestricted Fund. Budgetary comparison statements have been provided on Exhibits A-1 and A-2.

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

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

an accounting device used to accumulate and allocate costs internally among the City of Newport's various functions. The City of Newport uses an internal service fund to account for its fleet and equipment maintenance operations. Because this fund predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on Exhibits V, VI and VII 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 VIII and IX 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 26-87 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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$270,792,466 at the close of the most recent fiscal year.

The unrestricted net deficit at June 30, 2024 is (\$97,014,760). 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,

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Newport's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 170,532,425	\$ 200,933,173	\$ 59,287,802	\$ 60,466,711	\$ 229,820,227	\$ 261,399,884
Capital assets	203,471,655	157,260,810	265,959,747	261,272,134	469,431,402	418,532,944
Total assets	374,004,080	358,193,983	325,247,549	321,738,845	699,251,629	679,932,828
Deferred outflow s of resources	28,790,123	42,010,575	1,892,531	2,305,322	30,682,654	44,315,897
Total assets and outflow s of resources	402,794,203	400,204,558	327,140,080	324,044,167	729,934,283	724,248,725
Long-term liabilities	283,065,035	309,704,916	103,036,998	110,881,847	386,102,033	420,586,763
Other liabilities	20,245,311	23,813,150	18,047,349	17,359,357	38,292,660	41,172,507
Total liabilities	303,310,346	333,518,066	121,084,347	128,241,204	424,394,693	461,759,270
Deferred inflow s of resources	30,242,127	26,057,979	4,504,997	5,125,497	34,747,124	31,183,476
Total liabilities and inflow s of resources	333,552,473	359,576,045	125,589,344	133,366,701	459,141,817	492,942,746
Net assets:						
Net investment in capital assets	114,031,428	24,925,263	172,138,231	147,011,627	286,169,659	171,936,890
Restricted	57,530,326	38,893,210	24,107,241	23,957,716	81,637,567	62,850,926
Unrestricted (deficit)	(102,320,024)	(23,189,960)	5,305,264	19,708,123	(97,014,760)	(3,481,837)
Total Net Position	\$ 69,241,730	\$ 40,628,513	\$ 201,550,736	\$ 190,677,466	\$ 270,792,466	\$ 231,305,979

An additional portion of the City of Newport's net position (30%) represents resources that are restricted by external parties. The majority of the restricted funds (\$48,766,308) are restricted bond proceeds held in escrow by an external party that can only be used for the elementary school addition and the new high school.

The City's net position increased by \$39,486,487 during the current fiscal year.

Increases in the governmental activities of \$28,613,217 were from a variety of sources. The City continued to invest in capital assets through the Pell School addition and Rogers High School build. The City also continued to see a large increase in investment income from the prior year due to favorable market conditions which led to large gains from interest bearing accounts. The City also saw a increase in school housing aid of \$491,851. Some of the increase in property taxes came from an increase of 3.95% in the tax rate leading to an additional \$2.8M in new revenue. Some of the revenues were offset with an increase in school appropriation, additional funding of the Rogers High School build, contribution to OPEB and pension contributions. The School also had increases in expenses due to expenditures related to additional programming related to federal and state aid received in 2022.

The primary reasons for the increase of \$10,873,270 in business-type funds is largely due to the continued investment in capital assets. In addition revenues were higher in the non-major business-type funds by \$1,124,218 due to increased tourist activities while expenses decreased \$46,884 . Water Fund charges for services decreased \$1,285,174 while expenses increased \$1,074,351. Rates for the Water

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

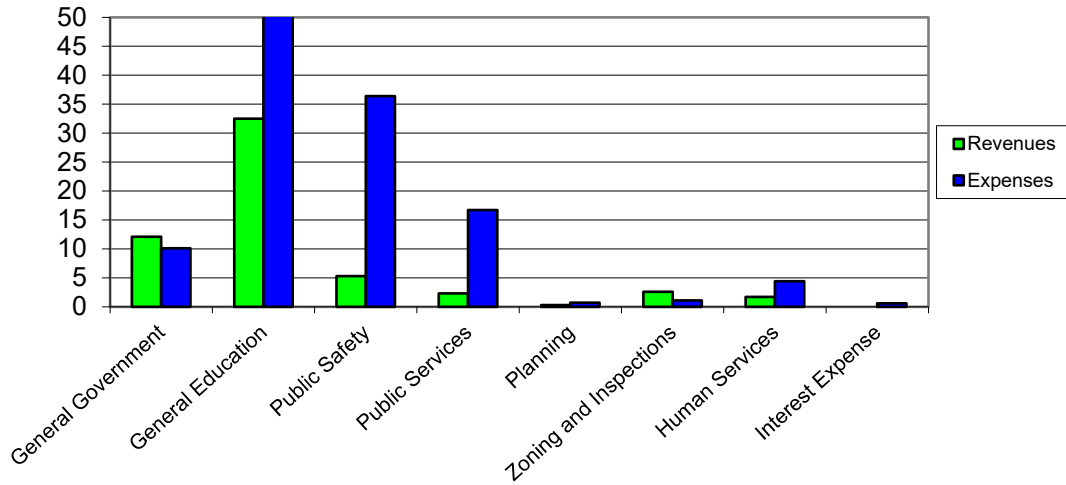
Fund are set by the Public Utilities Commission. Water Pollution Control Fund charges for services increased \$1,129,434 while expenses increased \$1,006,852.

A comparison of FY2024 and FY2023 activity can be found below which indicates the changes identified.

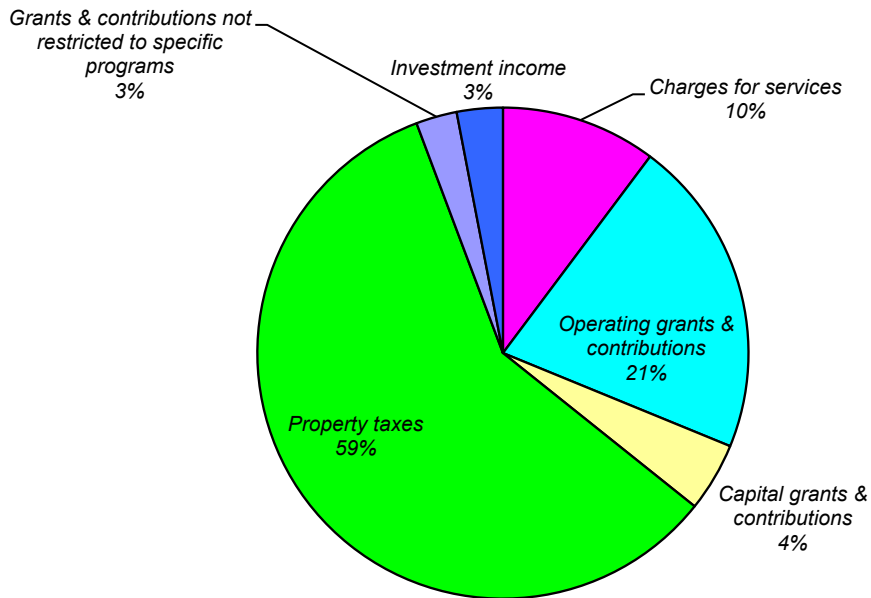
City of Newport's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 16,280,214	\$ 15,219,366	\$ 44,837,448	\$ 42,835,490	\$ 61,117,662	\$ 58,054,856
Operating grants and contributions	33,327,119	31,150,959			33,327,119	31,150,959
Capital grants and contributions	7,227,410	7,726,262	-	1,033,480	7,227,410	8,759,742
General revenues:						
Property taxes	93,128,664	90,310,240			93,128,664	90,310,240
Grants and contributions not restricted to specific programs	4,298,938	4,290,468			4,298,938	4,290,468
Investment income	4,799,562	6,444,991	1,225,054	641,517	6,024,616	7,086,508
Total revenues	159,061,907	155,142,286	46,062,502	44,510,487	205,124,409	199,652,773
Expenses:						
General government	10,096,230	9,445,044			10,096,230	9,445,044
General education	58,288,354	53,920,151			58,288,354	53,920,151
Public safety	36,390,921	41,638,363			36,390,921	41,638,363
Public services	16,708,081	13,851,090			16,708,081	13,851,090
Planning	738,912	701,485			738,912	701,485
Inspections and zoning	1,102,877	907,807			1,102,877	907,807
Human services	4,421,708	3,732,152			4,421,708	3,732,152
Interest expense	601,607	4,373,142			601,607	4,373,142
Water			16,258,510	15,184,159	16,258,510	15,184,159
Water pollution control			18,284,407	17,277,555	18,284,407	17,277,555
Nonmajor business-type			2,746,315	2,793,199	2,746,315	2,793,199
Total expenses	128,348,690	128,569,234	37,289,232	35,254,913	165,637,922	163,824,147
Increase in net position	30,713,217	26,573,052	8,773,270	9,255,574	39,486,487	35,828,626
Sale of property					-	-
Capital contributions					-	-
Bond refunding proceeds					-	-
Transfers	(2,100,000)	(973,900)	2,100,000	973,900	-	-
	(2,100,000)	(973,900)	2,100,000	973,900	-	-
Change in net position	28,613,217	25,599,152	10,873,270	10,229,474	39,486,487	35,828,626
Net position beginning, restated	40,628,513	15,029,361	190,677,466	180,447,992	231,305,979	195,477,353
Net Position Ending	\$ 69,241,730	\$ 40,628,513	\$ 201,550,736	\$ 190,677,466	\$ 270,792,466	\$ 231,305,979

Expenses and Program Revenues - Governmental Activities

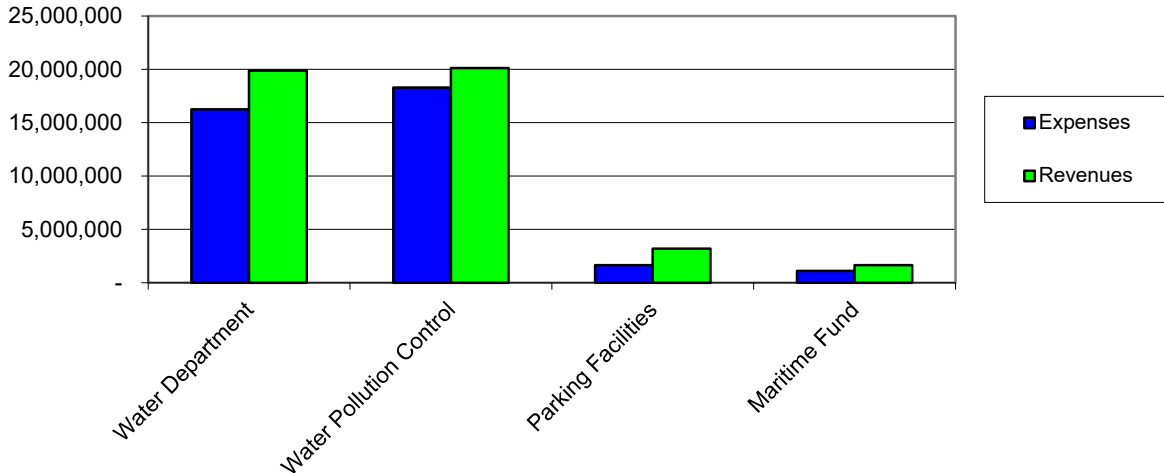


Revenues by Source - Governmental Activities



**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the City’s Funds

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

Governmental Funds

The focus of the City of Newport’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newport’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Newport’s governmental funds reported combined ending fund balances of \$141,638,529, a decrease of \$31,669,132 in comparison with the prior year fund balance.

A large portion of the fund balance is due to a bond issuance in March of 2022 as part of the voter approved funding to expand the elementary school and rebuild the high school. Bonds of \$98,500,000 were issued and a premium was received on the bonds of \$14,413,145, for a combined total of \$112,913,145 in March 2022. Bond issuance and any resulting premium are treated as an other financing source in governmental funds, resulting in an increase in fund balance to the extent the funds are not fully spent as of the close of the fiscal year. Current projections indicate that the funds will be fully expended by June 2025. These funds are reported as restricted fund balance in the capital projects fund because the funds are held in escrow by an outside party and cannot be spent for any other purpose than the projects for which the bonds were issued. The committed fund balance in the capital projects fund of \$4,955,085 results from timing differences between when funds are received and when they are spent.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

The City's General Fund increase was \$4,763,672 largely due to an increase in investment income due to favorable market conditions on interest bearing accounts. In addition the City received an increase of \$2.8M in current year real estate taxes compared to prior year and an increase in school housing aid of \$492K compared to prior year. Expenditures were more than budgeted by \$528K due to a \$3M transfer to the Rogers High School construction project.

The School Unrestricted Fund had a decrease in fund balance of \$3,535,385. Much of the decrease came from a \$2,000,000 transfer to the City capital project fund for the high school rebuild project with the remaining costs associated with personnel expenditures. Note that all fund balance in the School Unrestricted Fund is considered restricted for purposes of financial reporting. The Permanent Fund had an increase of \$2,054,759 due to unrealized gains in investments. The Capital Projects Fund has a decrease in fund balance of \$34,771,119 mainly due to partial costs of the Pell School addition and new high school build.

Much of the total combined ending fund balance amount \$105,574,647 constitutes fund balance that is either nonspendable, restricted by outside legal sources or committed for capital or contractual purposes. An additional \$2,809,875 of the fund balance is assigned by the City Council. The balance of \$33,254,007 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 \$34,020,726. 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 30.0% of total general fund expenditures and transfers.

The table shows the comparison of revenues and expenditures in the City and School general funds between FY2024 and FY20223

	City General Fund		School Unrestricted Fund	
	2024	2023	2024	2023
Local Taxes	\$ 93,115,886	\$ 90,022,876	\$	\$
Intergovernmental Revenues	5,941,439	5,324,082	18,850,330	19,021,082
Charges for Services	13,706,021	13,084,536	1,495,750	1,345,708
Use of Money and Property	4,900,580	451,479	373,350	104,776
Contributions	276,253	186,509	-	523,644
Other Revenues	37,564	30,996	763,549	14,127
Total Revenues	117,977,743	109,100,478	21,482,979	21,009,337
Total Expenditures	77,740,661	73,437,621	50,313,696	47,758,909
Other Financing Sources (Uses)	(35,473,410)	(31,625,701)	25,295,332	27,277,681
Net Change in Fund Balance	4,763,672	4,037,156	(3,535,385)	528,109
Fund Balance, Beginning	31,145,068	27,107,912	6,530,383	6,002,274
Fund Balance, Ending	\$ 35,908,740	\$ 31,145,068	\$ 2,994,998	\$ 6,530,383

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were due to budgetary carryovers from fiscal year 2023 of \$575,000.

Proprietary Funds

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

Unrestricted net position of the Water Fund at the end of the year amounted to a deficit of (\$3,155,202) while restricted net position was \$17,417,590 and net investment in capital assets was \$70,664,767. 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 \$14,421,219, while restricted net position was \$6,689,651 and net investment in capital assets was \$79,744,156. 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 \$6,405,908 and the Maritime Fund had unrestricted net position of \$1,539,187. Factors concerning the finances of these funds have already been addressed in the discussion of the City of Newport's business-type activities.

Capital Asset and Debt Administration

Capital Assets

The City of Newport's investment in capital assets for its governmental and business-type activities as of June 30, 2023 is \$469,431,402 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and systems, machinery and equipment, vehicles, infrastructure and construction in progress. There was a total increase in the City of Newport's investment in capital assets for the current fiscal year of 12.2%.

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

\$45,985,027 partial costs of the new Rogers High School
\$12,361,392 was spent on water and water pollution control projects
\$1,035,335 spent on RIDOT road and bridge improvement programs (partially grant funded)
\$942,113 spent on road and sidewalk improvements
\$902,726 spent on public safety equipment and vehicles

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 4,811,286	\$ 4,811,286	\$ 7,435,059	\$ 7,435,059	\$ 12,246,345	\$ 12,246,345
Construction in progress	66,991,666	23,008,134	8,750,000	4,665,475	75,741,666	27,673,609
Buildings & systems	76,271,526	75,444,315	246,211,997	247,111,769	322,483,523	322,556,084
Machinery & equipment	3,609,028	3,345,548	945,445	791,852	4,554,473	4,137,400
Vehicles	2,980,251	3,250,135	2,617,246	1,267,979	5,597,497	4,518,114
Infrastructure	48,807,898	47,401,392			48,807,898	47,401,392
Total	\$ 203,471,655	\$ 157,260,810	\$ 265,959,747	\$ 261,272,134	\$ 469,431,402	\$ 418,532,944

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 \$222,254,363. Of this amount, \$114,527,000 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	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 114,527,000	\$ 117,685,000			\$ 114,527,000	\$ 117,685,000
Revenue Bonds			107,727,363	114,614,470	107,727,363	114,614,470
Total	\$ 114,527,000	\$ 117,685,000	\$ 107,727,363	\$ 114,614,470	\$ 222,254,363	\$ 232,299,470

The City of Newport's total bonds decreased by \$10,045,107 during the current fiscal year. Debt increased by \$3,230,893 from issuance of revenue bond drawdowns for the sewer project and water main improvements. Debt of \$13,276,000 was retired during fiscal year 2024.

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 \$317,513,447, which is significantly in excess of the City's outstanding general obligation debt of \$114,527,000.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, as of August 2023 for the City of Newport was 3.7%, which is less than the state's unemployment rate of 5.4% and the federal unemployment rate of 4.4%. The occupancy rate of the government's central business district is about 98% during the summer tourist season (May through October) and 65% in the remaining months.

Inflationary trends in the region follow national indices.

All of these factors were considered in preparing the City of Newport's budget for the 2025 fiscal year.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Unassigned fund balance in the City's general operating fund at June 30, 2024 is \$34,020,726 or 30.0% of City general operating fund expenditures, which complies with the City's fiscal policy of maintaining a minimum of 10% of total General Fund expenditures and transfers out as a reserve.

The Water Pollution Control Fund's rates have been used over the last several years to fund projects required under a consent decree with the federal Environmental Protection Agency. Most of the projects required by the consent decree have been completed as of June 30, 2024. 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, Jim Nolan, City of Newport, 43 Broadway, Newport, Rhode Island 02840.

Basic Financial Statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 67,532,546	\$ 23,060,543	\$ 90,593,089
Investments	64,626,166	1,628,999	66,255,165
Receivables, net	7,496,358	7,146,385	14,642,743
Supplies and materials	20,599	1,063,017	1,083,616
Prepaid expenses	-	44,343	44,343
Total current assets	<u>139,675,669</u>	<u>32,943,287</u>	<u>172,618,956</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	24,107,241	24,107,241
Permanently restricted investments	19,767,008	-	19,767,008
Receivables, net	2,837,517	2,237,274	5,074,791
Net pension asset	8,252,231	-	8,252,231
Capital assets not being depreciated/amortized	71,802,952	16,185,059	87,988,011
Capital assets (net of accumulated depreciation/amortization)	<u>131,668,703</u>	<u>249,774,688</u>	<u>381,443,391</u>
Total noncurrent assets	<u>234,328,411</u>	<u>292,304,262</u>	<u>526,632,673</u>
Total assets	<u>374,004,080</u>	<u>325,247,549</u>	<u>699,251,629</u>
Deferred outflow of resources:			
Deferred charges on debt refunding	502,421	-	502,421
Deferred outflows - pensions	24,010,590	1,696,449	25,707,039
Deferred outflows - other post employment benefit	<u>4,277,112</u>	<u>196,082</u>	<u>4,473,194</u>
Total deferred outflow of resources	<u>28,790,123</u>	<u>1,892,531</u>	<u>30,682,654</u>
Liabilities:			
Current liabilities:			
Accounts payable	13,143,293	5,334,800	18,478,093
Accrued liabilities	3,060,797	2,207,549	5,268,346
Other liabilities	-	99,000	99,000
Current portion of long-term obligations	<u>4,041,221</u>	<u>10,406,000</u>	<u>14,447,221</u>
Total current liabilities	<u>20,245,311</u>	<u>18,047,349</u>	<u>38,292,660</u>
Noncurrent liabilities:			
Long-term obligations	<u>283,065,035</u>	<u>103,036,998</u>	<u>386,102,033</u>
Total noncurrent liabilities	<u>283,065,035</u>	<u>103,036,998</u>	<u>386,102,033</u>
Total liabilities	<u>303,310,346</u>	<u>121,084,347</u>	<u>424,394,693</u>
Deferred inflow of resources:			
Deferred inflows - leases	598,938	2,561,467	3,160,405
Deferred inflows - pensions	18,859,763	1,436,496	20,296,259
Deferred inflows - other post employment benefit	<u>10,783,426</u>	<u>507,034</u>	<u>11,290,460</u>
Total deferred inflow of resources	<u>30,242,127</u>	<u>4,504,997</u>	<u>34,747,124</u>
Net Position:			
Net investment in capital assets	114,031,428	172,138,231	286,169,659
Restricted for:			
Various endowments:			
Expendable	17,431,406	-	17,431,406
Nonexpendable	2,873,129	-	2,873,129
Net pension asset	8,252,231	-	8,252,231
Public improvements	23,272,869	-	23,272,869
Education	2,994,998	-	2,994,998
Housing and development	2,705,693	-	2,705,693
Debt service	-	24,107,241	24,107,241
Unrestricted	<u>(102,320,024)</u>	<u>5,305,264</u>	<u>(97,014,760)</u>
Total net position	<u>\$ 69,241,730</u>	<u>\$ 201,550,736</u>	<u>\$ 270,792,466</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, 2024**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 10,096,230	\$ 7,140,272	\$ 2,569,154	\$ 2,387,358	\$ 2,000,554	\$ -	\$ 2,000,554
General education	58,288,354	1,644,385	28,252,343	2,653,646	(25,737,980)	-	(25,737,980)
Public safety	36,390,921	4,466,223	797,365	48,572	(31,078,761)	-	(31,078,761)
Public services	16,708,081	455,676	702	1,844,719	(14,406,984)	-	(14,406,984)
Planning	738,912	-	-	293,115	(445,797)	-	(445,797)
Zoning and inspections	1,102,877	2,573,658	-	-	1,470,781	-	1,470,781
Human services	4,421,708	-	1,707,555	-	(2,714,153)	-	(2,714,153)
Interest expense	601,607	-	-	-	(601,607)	-	(601,607)
Total governmental activities	<u>128,348,690</u>	<u>16,280,214</u>	<u>33,327,119</u>	<u>7,227,410</u>	<u>(71,513,947)</u>	<u>-</u>	<u>(71,513,947)</u>
Business-type activities:							
Water Department	16,258,510	19,877,424	-	-	-	3,618,914	3,618,914
Water Pollution Control	18,284,407	20,124,928	-	-	-	1,840,521	1,840,521
Recreational and parking facilities	2,746,315	4,835,096	-	-	-	2,088,781	2,088,781
Total business-type activities	<u>37,289,232</u>	<u>44,837,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,548,216</u>	<u>7,548,216</u>
Total Primary Government	<u>\$ 165,637,922</u>	<u>\$ 61,117,662</u>	<u>\$ 33,327,119</u>	<u>\$ 7,227,410</u>	<u>(71,513,947)</u>	<u>7,548,216</u>	<u>(63,965,731)</u>
General revenues:							
Property taxes					93,128,664		93,128,664
Grants and contributions not restricted to specific programs					4,298,938		4,298,938
Investment income					4,799,562	1,225,054	6,024,616
Transfers					(2,100,000)	2,100,000	-
Total general revenues and transfers					<u>100,127,164</u>	<u>3,325,054</u>	<u>103,452,218</u>
Change in net position					28,613,217	10,873,270	39,486,487
Net Position at Beginning of Year					<u>40,628,513</u>	<u>190,677,466</u>	<u>231,305,979</u>
Net Position at End of Year					<u>\$ 69,241,730</u>	<u>\$ 201,550,736</u>	<u>\$ 270,792,466</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 3,829,333	\$ 2,854,765	\$ 551,366	\$ 86,120,191	\$ 5,528,035	\$ 98,883,690
Investments	64,626,166	-	-	19,767,008	-	-	84,393,174
Receivables:							
Property taxes	1,013,382	-	-	-	-	-	1,013,382
Motor vehicle excise	300,351	-	-	-	-	-	300,351
Intergovernmental	-	236,736	-	-	336,006	2,997,686	3,570,428
Note/loan	1,305,242	-	678,536	-	-	557,054	2,540,832
Leases	360,280	238,658	-	-	-	-	598,938
Other	2,309,944	-	-	-	-	-	2,309,944
Total Assets	\$ 69,915,365	\$ 4,304,727	\$ 3,533,301	\$ 20,318,374	\$ 86,456,197	\$ 9,082,775	\$ 193,610,739
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Cash overdraft	\$ 29,063,955	\$ -	\$ -	\$ -	\$ -	\$ 2,436,970	\$ 31,500,925
Accounts payable	1,575,683	792,275	100,575	12,103	9,770,419	493,608	12,744,663
Accrued liabilities	1,683,194	278,796	-	-	-	37,553	1,999,543
Other liabilities	354,047	-	-	-	-	-	354,047
Total liabilities	32,676,879	1,071,071	100,575	12,103	9,770,419	2,968,131	46,599,178
Deferred inflows of resources:							
Unavailable revenue - property taxes	969,466	-	-	-	-	-	969,466
Unavailable revenue - loans receivable	-	-	678,536	-	-	557,054	1,235,590
Unavailable revenue - leases	360,280	238,658	-	-	-	-	598,938
Unavailable revenue - intergovernmental receivable	-	-	-	-	336,006	2,233,032	2,569,038
Total deferred inflows of resources	1,329,746	238,658	678,536	-	336,006	2,790,086	5,373,032
Fund balances:							
Nonspendable	1,305,242	-	-	2,873,129	-	-	4,178,371
Restricted	-	2,994,998	2,705,693	17,431,406	71,394,687	728,437	95,255,221
Committed	582,772	-	48,497	1,736	4,955,085	552,965	6,141,055
Assigned	-	-	-	-	-	2,809,875	2,809,875
Unassigned	34,020,726	-	-	-	-	(766,719)	33,254,007
Total fund balances	35,908,740	2,994,998	2,754,190	20,306,271	76,349,772	3,324,558	141,638,529
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 69,915,365	\$ 4,304,727	\$ 3,533,301	\$ 20,318,374	\$ 86,456,197	\$ 9,082,775	\$ 193,610,739

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

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)	\$ 141,638,529
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 292,489,304	
Less accumulated depreciation	(89,017,649)	
Net capital assets		203,471,655

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

Net pension asset		8,252,231
Unavailable property taxes, loans and grant revenues		3,804,628
Miscellaneous adjustments		(24,045)
Property tax and loan interest accrual		969,466

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		(114,527,000)
Bond premium		(14,411,537)
Interest payable on bonds and notes		(1,079,880)
Claims and judgments		(211,640)
Compensated absences		(5,928,986)
Net pension liability		(103,283,291)
Net OPEB liability		(48,743,791)

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

Deferred outflows of resources - refunding of debt		502,421
Deferred outflows of resources - other post employment benefit		4,277,112
Deferred inflows of resources - other post employment benefit		(10,783,426)
Deferred outflows of resources - pensions		24,010,590
Deferred inflows of resources - pensions		(18,859,763)

Net Position of Governmental Activities (Exhibit I)	\$ <u>69,241,730</u>
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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, 2024

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues:							
Property taxes	\$ 93,115,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,115,886
Intergovernmental revenues	5,941,439	18,850,330	1,306,823	-	808,685	13,364,065	40,271,342
Charges for services	13,706,021	1,495,750	64,436	-	884,685	148,635	16,299,527
Use of money and property	4,900,580	373,350	9,250	2,524,791	4,269,285	42,216	12,119,472
Contributions	276,253	-	-	-	1,204,647	616,195	2,097,095
Other revenues	37,564	763,549	-	-	-	-	801,113
Total revenues	<u>117,977,743</u>	<u>21,482,979</u>	<u>1,380,509</u>	<u>2,524,791</u>	<u>7,167,302</u>	<u>14,171,111</u>	<u>164,704,435</u>
Expenditures:							
Current:							
General government	9,056,751	-	-	-	-	171,923	9,228,674
General education	-	50,313,696	-	-	-	9,874,299	60,187,995
Public safety	40,706,913	-	-	-	-	593,906	41,300,819
Public services	12,468,420	-	-	-	-	1,144,238	13,612,658
Planning	537,963	-	-	-	-	-	537,963
Zoning and inspections	1,144,245	-	-	-	-	-	1,144,245
Human services	2,280,140	-	1,240,870	356,481	-	543,251	4,420,742
Pension expenditures	3,876,873	-	-	-	-	-	3,876,873
Debt service:							
Principal	3,158,000	-	-	-	-	-	3,158,000
Interest	4,511,356	-	-	-	-	-	4,511,356
Capital outlays	-	-	-	-	51,613,319	680,923	52,294,242
Total expenditures	<u>77,740,661</u>	<u>50,313,696</u>	<u>1,240,870</u>	<u>356,481</u>	<u>51,613,319</u>	<u>13,008,540</u>	<u>194,273,567</u>
Excess (Deficiency) of Revenues over Expenditures	<u>40,237,082</u>	<u>(28,830,717)</u>	<u>139,639</u>	<u>2,168,310</u>	<u>(44,446,017)</u>	<u>1,162,571</u>	<u>(29,569,132)</u>
Other Financing Sources (Uses):							
Transfers in from other funds	66,508	27,993,313	-	105,614	10,726,425	1,793,900	40,685,760
Transfers out to other funds	(35,539,918)	(2,697,981)	-	(219,165)	(1,051,527)	(3,277,169)	(42,785,760)
Total other financing sources (uses)	<u>(35,473,410)</u>	<u>25,295,332</u>	<u>-</u>	<u>(113,551)</u>	<u>9,674,898</u>	<u>(1,483,269)</u>	<u>(2,100,000)</u>
Net Change in Fund Balances	4,763,672	(3,535,385)	139,639	2,054,759	(34,771,119)	(320,698)	(31,669,132)
Fund Balances at Beginning of Year	<u>31,145,068</u>	<u>6,530,383</u>	<u>2,614,551</u>	<u>18,251,512</u>	<u>111,120,891</u>	<u>3,645,256</u>	<u>173,307,661</u>
Fund Balances at End of Year	<u>\$ 35,908,740</u>	<u>\$ 2,994,998</u>	<u>\$ 2,754,190</u>	<u>\$ 20,306,271</u>	<u>\$ 76,349,772</u>	<u>\$ 3,324,558</u>	<u>\$ 141,638,529</u>

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CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

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 \$ (31,669,132)

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	53,158,322
Depreciation expense	(6,947,477)

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	12,778
Activity related to property tax and loan receivable	(2,015,350)
Change in net pension assets	1,386,095
Change in deferred outflows - related to pensions	(5,908,960)
Change in deferred outflows - related to OPEB	(2,613,170)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	3,158,000
Amortization of deferred refunding of debt	(62,802)
Amortization of bond premiums	804,232

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

Change in compensated absences	308,314
Change in claims and judgments	(55,820)
Change in deferred inflows - related to pensions	(7,464,204)
Change in deferred inflows - related to OPEB	(1,623,774)
Change in net pension liability	18,428,821
Change in net OPEB liability	<u>9,717,344</u>

Change in Net Position of Governmental Activities (Exhibit II) \$ 28,613,217

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	W.P.C. Fund	Nonmajor Funds	Total	Internal Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,246,444	\$ 15,298,532	\$ 6,515,567	\$ 23,060,543	\$ 149,496
Investments	-	-	1,628,999	1,628,999	-
Accounts receivable:					
User fees (net of allowances)	2,062,761	4,436,892	322,539	6,822,192	-
Other	-	-	-	-	1,433
Leases receivable, current	37,376	-	286,817	324,193	-
Prepaid expense	-	-	44,343	44,343	-
Supplies and materials	826,981	236,036	-	1,063,017	20,599
Total current assets	4,173,562	19,971,460	8,798,265	32,943,287	171,528
Noncurrent assets:					
Cash and cash equivalents - restricted	17,417,590	6,689,651	-	24,107,241	-
Leases receivable, long-term	933,669	-	1,303,605	2,237,274	-
Capital assets, net of accumulated depreciation	131,801,485	126,334,802	7,823,460	265,959,747	22,612
Total noncurrent assets	150,152,744	133,024,453	9,127,065	292,304,262	22,612
Total assets	154,326,306	152,995,913	17,925,330	325,247,549	194,140
Deferred outflow of resources:					
Deferred outflows - pension	1,284,532	349,998	61,919	1,696,449	-
Deferred outflows - other post employment benefit	194,809	1,273	-	196,082	-
Total deferred outflow of resources	1,479,341	351,271	61,919	1,892,531	-
Liabilities:					
Current liabilities:					
Accounts payable	1,146,498	3,817,759	370,543	5,334,800	22,604
Accrued expenses	1,462,403	689,918	55,228	2,207,549	3,079
Escrow held in Trust	-	99,000	-	99,000	-
Current portion bonds payable	5,581,000	4,825,000	-	10,406,000	-
Total current liabilities	8,189,901	9,431,677	425,771	18,047,349	25,683
Long-term liabilities:					
Bonds payable	55,555,718	41,765,646	-	97,321,364	-
Net pension liability	3,177,213	866,856	150,757	4,194,826	-
Net OPEB liability	1,396,653	124,155	-	1,520,808	-
Total long-term liabilities	60,129,584	42,756,657	150,757	103,036,998	-
Total liabilities	68,319,485	52,188,334	576,528	121,084,347	25,683
Deferred inflow of resources:					
Deferred inflows - leases	971,045	-	1,590,422	2,561,467	-
Deferred inflows - pension	1,090,501	294,251	51,744	1,436,496	-
Deferred inflows - other post employment benefit	497,461	9,573	-	507,034	-
Total deferred inflow of resources	2,559,007	303,824	1,642,166	4,504,997	-
Net position:					
Net investment in capital assets	78,050,076	86,264,695	7,823,460	172,138,231	22,612
Restricted by regulatory agencies and bond covenants	17,417,590	6,689,651	-	24,107,241	-
Unrestricted	(10,540,511)	7,900,680	7,945,095	5,305,264	145,845
Total Net Position	\$ 84,927,155	\$ 100,855,026	\$ 15,768,555	\$ 201,550,736	\$ 168,457

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, 2024**

	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	\$ 18,983,423	\$ 19,847,654	\$ 4,835,096	\$ 43,666,173	\$ 1,580,174
Other revenues	894,001	277,274	-	1,171,275	-
Total operating revenues	<u>19,877,424</u>	<u>20,124,928</u>	<u>4,835,096</u>	<u>44,837,448</u>	<u>1,580,174</u>
Operating expenses:					
Salaries and benefits	4,685,914	1,619,424	574,585	6,879,923	80,395
Materials and supplies	1,524,377	120,872	61,947	1,707,196	461,907
Repairs and maintenance	768,771	367,782	358,061	1,494,614	163,788
Support services	189,979	7,844,698	683,569	8,718,246	845,825
Utilities	1,547,143	756,286	80,699	2,384,128	24,806
Administrative and other	1,291,096	952,311	685,002	2,928,409	-
Property taxes	396,848	-	-	396,848	-
Depreciation	3,448,372	5,166,771	302,452	8,917,595	3,453
Total operating expenses	<u>13,852,500</u>	<u>16,828,144</u>	<u>2,746,315</u>	<u>33,426,959</u>	<u>1,580,174</u>
Operating Income	<u>6,024,924</u>	<u>3,296,784</u>	<u>2,088,781</u>	<u>11,410,489</u>	<u>-</u>
Nonoperating revenues and expenses:					
Investment income (loss)	757,507	312,321	155,226	1,225,054	-
Interest expense	(2,406,010)	(1,456,263)	-	(3,862,273)	-
Net operating revenues and expenses	<u>(1,648,503)</u>	<u>(1,143,942)</u>	<u>155,226</u>	<u>(2,637,219)</u>	<u>-</u>
Income Before Transfers	<u>4,376,421</u>	<u>2,152,842</u>	<u>2,244,007</u>	<u>8,773,270</u>	<u>-</u>
Transfers:					
Transfers in	-	2,400,000	-	2,400,000	-
Transfers out	-	-	(300,000)	(300,000)	-
Net transfers	<u>-</u>	<u>2,400,000</u>	<u>(300,000)</u>	<u>2,100,000</u>	<u>-</u>
Change in Net Position	<u>4,376,421</u>	<u>4,552,842</u>	<u>1,944,007</u>	<u>10,873,270</u>	<u>-</u>
Net Position at Beginning of Year	<u>80,550,734</u>	<u>96,302,184</u>	<u>13,824,548</u>	<u>190,677,466</u>	<u>168,457</u>
Net Position at End of Year	<u>\$ 84,927,155</u>	<u>\$ 100,855,026</u>	<u>\$ 15,768,555</u>	<u>\$ 201,550,736</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, 2024

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	W.P.C. Fund	Nonmajor Funds	Total	Internal Service Fund
Cash Flows from Operating Activities:					
Cash received from customers	\$ 20,579,820	\$ 18,971,079	\$ 4,767,530	\$ 44,318,429	\$ 1,581,623
Cash payments to suppliers for goods and services and other payments	(10,643,688)	(10,722,782)	(2,963,329)	(24,329,799)	(1,645,372)
Cash payments for employees and benefits	(813,074)	(67,044)	(67,872)	(947,990)	-
Net cash provided by (used in) operating activities	<u>9,123,058</u>	<u>8,181,253</u>	<u>1,736,329</u>	<u>19,040,640</u>	<u>(63,749)</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans and transfers	-	2,400,000	(300,000)	2,100,000	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>2,400,000</u>	<u>(300,000)</u>	<u>2,100,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(5,804,218)	(6,557,174)	(1,243,816)	(13,605,208)	-
Proceeds from borrowing	2,249,656	981,237	-	3,230,893	-
Principal paid on bonds, notes and loans	(5,065,037)	(4,699,000)	-	(9,764,037)	-
Interest paid on bonds, notes and loans	(2,406,010)	(1,456,262)	-	(3,862,272)	-
Net cash provided by (used in) capital and related financing activities	<u>(11,025,609)</u>	<u>(11,731,199)</u>	<u>(1,243,816)</u>	<u>(24,000,624)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Investment income	757,507	312,321	205,906	1,275,734	-
Net cash provided by (used in) investing activities	<u>757,507</u>	<u>312,321</u>	<u>205,906</u>	<u>1,275,734</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,145,044)	(837,625)	398,419	(1,584,250)	(63,749)
Cash and Cash Equivalents at Beginning of Year	<u>19,809,078</u>	<u>22,825,808</u>	<u>6,117,148</u>	<u>48,752,034</u>	<u>213,245</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,664,034</u>	<u>\$ 21,988,183</u>	<u>\$ 6,515,567</u>	<u>\$ 47,167,784</u>	<u>\$ 149,496</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 6,024,924	\$ 3,296,784	\$ 2,088,781	\$ 11,410,489	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,448,372	5,166,771	302,452	8,917,595	3,453
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	733,490	(1,234,988)	(26,283)	(527,781)	-
Decrease (Increase) in accounts receivable - other	-	-	-	-	1,345
Decrease (Increase) in supplies and materials	(155,219)	(56,446)	-	(211,665)	4,547
Decrease (Increase) in deferred outflows of resources:					
Deferred outflows - pension	270,210	33,998	27,042	-	-
Deferred outflows - other post employment benefit	72,610	6,455	2,476	-	-
(Decrease) Increase in accounts payable	(84,341)	995,037	(553,519)	357,177	(73,198)
(Decrease) Increase in accrued expenses	(31,094)	81,139	(7,230)	42,815	104
(Decrease) Increase net pension liability	(483,977)	(37,142)	(62,328)	(583,447)	-
(Decrease) Increase net other post employment benefit liability	(412,756)	(27,503)	-	(440,259)	-
(Decrease) Increase in deferred inflows of resources:					
Deferred inflows - pension	(304,279)	(50,139)	(29,434)	-	-
Deferred inflows - other post employment benefit	45,118	7,287	(5,628)	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 9,123,058</u>	<u>\$ 8,181,253</u>	<u>\$ 1,736,329</u>	<u>\$ 19,040,640</u>	<u>\$ (63,749)</u>
Noncash Investing, Capital and Related Financing Transactions:					
Increase (decrease) in fair value of investments			\$ (50,680)	\$ (50,680)	

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, 2024

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds Expendable Scholarship Funds	Custodial Fund Henderson Home
Assets:			
Cash and cash equivalents	\$ 3,536,392	\$ 27,581	\$ 114,105
Investments, at fair value:			
Fixed income mutual funds	4,454,299	-	-
Domestic equity mutual funds	137,384,284	-	-
International equity mutual funds	18,902,894	-	-
Alternative investments	102,324,246	-	-
Total investments	<u>263,065,723</u>	<u>-</u>	<u>-</u>
Total assets	<u>266,602,115</u>	<u>27,581</u>	<u>114,105</u>
Liabilities:			
Accounts payable	<u>130,812</u>	<u>-</u>	<u>1,269</u>
Net Position:			
Restricted for pension	193,262,494	-	-
Restricted for other post-employment benefits	73,208,809	-	-
Restricted for trust purposes	-	27,581	-
Restricted for Henderson Home	-	-	112,836
Total net position	<u>\$ 266,471,303</u>	<u>\$ 27,581</u>	<u>\$ 112,836</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, 2024

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds Expendable Scholarship Funds	Custodial Fund Henderson Home
Additions:			
Contributions:			
Employees	\$ 1,003,500	\$ -	\$ -
Employer	18,183,539	-	-
Contributions	-	4,000	-
Tenant rent	-	-	25,245
Other	-	-	67,075
Total contributions	<u>19,187,039</u>	<u>4,000</u>	<u>92,320</u>
Investment income (loss):			
Net change in fair value of investments	20,228,744	-	-
Interest and dividends	<u>7,888,659</u>	<u>-</u>	<u>-</u>
Total investment income (loss)	28,117,403	-	-
Less investment expenses	<u>375,990</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>27,741,413</u>	<u>-</u>	<u>-</u>
Total additions	<u>46,928,452</u>	<u>4,000</u>	<u>92,320</u>
Deductions:			
Benefits	21,798,528	-	-
Administration	173,891	-	-
Awards	-	8,000	-
Operations	<u>-</u>	<u>-</u>	<u>116,444</u>
Total deductions	<u>21,972,419</u>	<u>8,000</u>	<u>116,444</u>
Change in Net Position	24,956,033	(4,000)	(24,124)
Net Position at Beginning of Year	<u>241,515,270</u>	<u>31,581</u>	<u>136,960</u>
Net Position at End of Year	<u>\$ 266,471,303</u>	<u>\$ 27,581</u>	<u>\$ 112,836</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

B. Basis of Presentation and Measurement Focus - Government-Wide Financial Statements

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, custodial funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024**

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, 2024**

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, 2024, is equal to 33% of outstanding property taxes. Other allowances vary depending on the nature of the receivable and the history of collections.

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

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

F. Inventories and Prepaid Items

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

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.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

• 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 (Asset) Liabilities

The net pension and OPEB (asset) 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 (asset) 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 (asset) liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

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

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

K. Long-Term Obligations

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

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

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

L. Deferred Outflows/Inflows of Resources

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

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

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

M. Pensions

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

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

N. Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and enterprise fund financial statements.

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

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

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

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

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

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

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

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

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

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

O. Restricted Assets

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

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

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

P. Net Position Flow Assumption

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

Q. Fund Balance Flow Assumptions

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

R. Fund Balance Policies

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

Committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The City's highest level of authority is a city ordinance properly adopted by the City Council. Committed fund balance also includes contractual obligations where resources have been specifically committed for use in satisfying those contractual requirements. Assigned fund balance includes amounts

that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. Only the City Council or School Committee may assign fund balance. Unassigned fund balance is the residual classification for the general fund and deficit fund balances in other funds.

S. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

- Budgets are adopted on a legally enacted budgetary basis, which differs from generally accepted accounting principles (GAAP) in those budgetary expenditures for goods and nonemployment services are recognized when legally binding orders referred to as encumbrances are placed.
- In addition to limits enforced by the budget ordinance, the City Charter further restricts the incurrence of municipal expenditures or expenses to budgeted revenues at the fund level. The City Manager must periodically review revenues and reduce annual appropriations sufficiently to cover any shortfalls in budgeted revenues.
- Costs of operations for all departments established within the City Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Unrestricted Fund.
- Municipal budgetary control is legally enforced at the department level.
- Appropriation transfers between departments require approval by five of the seven-member Council. Other appropriation increases require both the establishment of a funding source and passage of a budget amendment ordinance. The difference between the original and final expenditure budget for the City included \$1,446,694 in prior year appropriation carryovers, and an appropriation of fund balance of \$575,000 to pay for increased waste management contractual obligations.
- Intra-departmental transfers of municipal appropriations may be made with the approval of the City Manager or their designee.
- Unencumbered and unexpended appropriations lapse at fiscal year-end. School budgetary control is legally enforced only at the unrestricted fund level; inter-departmental transfers may be made without School Committee approval.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

B. Budgetary-GAAP Reporting Reconciliation

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

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

	General Fund		
	Revenues and Transfers In	Expenditures and Transfers Out	Fund Balance
Balance, Budgetary Basis, Exhibit A- June 30, 2024	\$ 118,044,251	\$ 113,933,117	\$ 35,256,202
Variance		-	
Encumbrances outstanding at June 30, 2024		(652,538)	652,538
Balance, GAAP Basis, Exhibit IV- June 30, 2024	<u>\$ 118,044,251</u>	<u>\$ 113,280,579</u>	<u>\$ 35,908,740</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 2024 appropriations (after approved transfers).

Department	Expenditures in Excess of Budget
Mayor and City Council	\$ 14,655
City Manager	86,086
Reserve Accounts	486,328
Transfers out	4,055,775

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

D. Deficit Funds Equity

The School Restricted Funds had a fund deficit of \$679,376 and the State Grants Fund had a fund deficit of \$87,343. Both deficits were due to grant timing of revenues versus expenditures.

E. Donor Restricted Endowments

Investments in marketable equity and all debt securities are carried at fair value. The City allocates investment income in accordance with donor restrictions and Rhode Island law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the City. Net appreciation on investments at June 30, 2024 was \$1,576,084 and is reported in restricted net position.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. Rhode Island public law requires 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either bank segregated assets, in a trust department or in custodial accounts at a federal reserve bank or federal home loan bank. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City Council further restricts deposits and short-term investments (less than 3 months) to insured or collateralized cash accounts, U.S. Treasuries, debt instruments issued by U.S. Government agencies or Certificates of Deposit (CDs) less than or equal to the amount covered by the Federal Deposit Insurance Corporation (FDIC). The City Council also requires that CDs in excess of FDIC limits and any repurchase agreements are collateralized in amounts of at least 102% of the fair value of the deposit. At June 30, 2024, the City's deposits are not exposed to custodial risk since most of the above deposits are collateralized at 102% with assets held either in trust or by a third-party bank, in U.S. Government National Mortgage Association (GNMA) pass-through pools or Federal Home Loan Mortgage Corporation (FHLMC) securities held in the City's name. The remaining deposits are insured by the FDIC.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

As of June 30, 2024, the City’s bank balance of \$42,106,293 was insured and collateralized as follows:

Insured	\$ 669,329
Uninsured and Uncollateralized	37,243,268
Uninsured and Uncollateralized but not in town's name	4,193,696
Total Amount Subject to Custodial Credit Risk	<u>\$ 42,106,293</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, 2024, the City’s investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 - 10	More Than 10
Debt Securities:				
Certificates of deposit	\$ 13,423,550	\$ 3,303,979	\$ 9,164,980	\$ 954,591
U.S. Government agency securities	47,184,570	46,293,153	108,183	783,234
	60,608,120	<u>\$ 49,597,132</u>	<u>\$ 9,273,163</u>	<u>\$ 1,737,825</u>
Other Investments:				
Alternative investments	104,805,405			
Mutual funds	183,674,370			
Total	<u>\$ 349,087,895</u>			

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024:

	June 30, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	47,184,570	47,184,570	-	-
Mutual funds	183,674,370	171,613,291		12,061,078
Alternative investments	104,805,405			104,805,405
Certificates of deposit	-			
Money market	-			
Total Investments by Fair Value Level	\$ 335,664,345	\$ 218,797,861	\$ -	\$ 116,866,483

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

U.S. Government Securities

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

Mutual Funds

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

Alternative Investments

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

Certificates of Deposit

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

Money Market

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

Interest Rate Risk

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Foreign Currency Risk

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

Credit Risk

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

Certificates of Deposit

Certificates of Deposit are all insured by FDIC insurance. The weighted average maturity of certificates of deposit held with Wells Fargo is 0.38 years. The City intends to hold all certificates to maturity, although they are subject to interest rate risk in the event that they are sold prior to maturity.

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

Average Rating	Money Market Funds	U.S. Government Agency Securities	Certificate of Deposit
Aaa	\$ -	\$ 1,483,440	\$ -
AA-			-
Unrated		45,701,130	13,423,550
	<u>\$ -</u>	<u>\$ 47,184,570</u>	<u>\$ 13,423,550</u>

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

Custodial Credit Risk

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

	Total	Less Insured Amounts	Amount Subject To Custodial Credit Risk
U.S. Government Agency Securities	\$ 893,131	\$ 500,000	\$ 393,131

Fiduciary and Permanent Funds

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 6.75% for the pension plans, and 6.75% for the OPEB Trust, and trust investments per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission’s goals, objectives, and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

Fiduciary and Permanent Fund investments included in the financial statements as of June 30, 2024 totaled \$282,832,728.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

4. RECEIVABLES

At June 30, 2024, receivables, including the applicable allowances for doubtful accounts, are as follows:

Governmental Activities

	General	School Unrestricted Fund	CDBG Fund	Capital Projects Fund	Nonmajor Govern- mental Funds	Total
Receivables:						
Property taxes	\$ 1,013,382	\$ -	\$ -	\$ -	\$ -	\$ 1,013,382
Motor vehicle excise	300,351	-	-	-	-	300,351
Intergovernmental	-	236,736	-	336,006	2,997,686	3,570,428
Note/loan	1,305,242	-	678,536	-	557,054	2,540,832
Leases	360,280	238,658	-	-	-	598,938
Other	2,309,944	-	-	-	-	2,309,944
Net Receivables	<u>5,289,199</u>	<u>475,394</u>	<u>678,536</u>	<u>336,006</u>	<u>3,554,740</u>	<u>10,333,875</u>

Business-type Activities

	Water Fund	W.P.C. Fund	Nonmajor Enterprise Funds	Total
User fees	\$ 2,137,761	\$ 4,486,892	\$ 322,539	\$ 6,947,192
Leases receivable	971,045		1,590,422	2,561,467
	<u>3,108,806</u>	<u>4,486,892</u>	<u>1,912,961</u>	<u>9,508,659</u>
Less allowance for doubtful accounts	(75,000)	(50,000)		(125,000)
	<u>3,033,806</u>	<u>4,436,892</u>	<u>1,912,961</u>	<u>9,383,659</u>
Less current portion	<u>2,100,137</u>	<u>4,436,892</u>	<u>609,356</u>	<u>7,146,385</u>
Net Long-Term Portion	<u>\$ 933,669</u>	<u>\$ -</u>	<u>\$ 1,303,605</u>	<u>\$ 2,237,274</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

Governmental Activities

	Balance July 01, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 4,811,286	\$ -	\$ -	\$ 4,811,286
Construction in progress	23,008,134	46,672,992	(2,689,460)	66,991,666
Total capital assets not being depreciated	<u>27,819,420</u>	<u>46,672,992</u>	<u>(2,689,460)</u>	<u>71,802,952</u>
Capital assets being depreciated:				
Buildings and structures	111,112,073	3,893,086		115,005,159
Machinery and equipment	10,534,012	937,279		11,471,291
Vehicles	10,703,635	415,585		11,119,220
Infrastructure	79,161,842	3,928,840		83,090,682
Total capital assets being depreciated	<u>211,511,562</u>	<u>9,174,790</u>	<u>-</u>	<u>220,686,352</u>
Total capital assets	<u>239,330,982</u>	<u>55,847,782</u>	<u>(2,689,460)</u>	<u>292,489,304</u>
Less accumulated depreciation:				
Buildings and structures	35,667,758	3,065,875		38,733,633
Machinery and equipment	7,188,464	673,799		7,862,263
Vehicles	7,453,500	685,469		8,138,969
Infrastructure	31,760,450	2,522,334		34,282,784
Total accumulated depreciation	<u>82,070,172</u>	<u>6,947,477</u>	<u>-</u>	<u>89,017,649</u>
Total capital assets being depreciated, net	<u>129,441,390</u>	<u>2,227,313</u>	<u>-</u>	<u>131,668,703</u>
Governmental Activities Capital Assets, Net	<u>\$ 157,260,810</u>	<u>\$ 48,900,305</u>	<u>\$ (2,689,460)</u>	<u>\$ 203,471,655</u>

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

General government	\$ 600,423
General education	1,767,309
Public safety	1,047,180
Public services	3,345,367
Planning	173,746
Human services	9,999
Capital assets held by the City's internal service fund are charged to various functions based on usage of the assets	3,453
	<u>\$ 6,947,477</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Business-Type Activities

	Balance July 01, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated				
Land and land improvements	\$ 7,435,059	\$ -	\$ -	\$ 7,435,059
Construction in progress	4,665,475	4,084,525	-	8,750,000
Total capital assets not being depreciated	<u>12,100,534</u>	<u>4,084,525</u>	<u>-</u>	<u>16,185,059</u>
Capital assets being depreciated				
Buildings and systems	402,053,013	7,483,558		409,536,571
Machinery and equipment	5,419,272	328,571		5,747,843
Vehicles	3,420,779	1,708,554		5,129,333
Total capital assets being depreciated	<u>410,893,064</u>	<u>9,520,683</u>	<u>-</u>	<u>420,413,747</u>
Total capital assets	<u>422,993,598</u>	<u>13,605,208</u>	<u>-</u>	<u>436,598,806</u>
Less accumulated depreciation				
Buildings and systems	154,941,245	8,383,329		163,324,574
Machinery and equipment	4,670,266	132,132		4,802,398
Vehicles	2,109,953	402,134		2,512,087
Total accumulated depreciation	<u>161,721,464</u>	<u>8,917,595</u>	<u>-</u>	<u>170,639,059</u>
Total capital assets being depreciated, net	<u>249,171,600</u>	<u>603,088</u>	<u>-</u>	<u>249,774,688</u>
Net Capital Assets, Business-Type Activities	<u>\$ 261,272,134</u>	<u>\$ 4,687,613</u>	<u>\$ -</u>	<u>\$ 265,959,747</u>

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

Water	\$ 3,448,372
Water Pollution Control	5,166,771
Maritime	171,631
Parking	130,821
	<u>\$ 8,917,595</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

6. INTERFUND ACTIVITY

Transfers

A summary of interfund transfers for the year ended June 30, 2024 is as follows:

	Transfers In						Total Transfers Out
	General Fund	School Unrestricted Fund	Permanent Funds	Capital Projects Fund	Nonmajor Governmental Fund	Enterprise Funds	
Transfers Out:							
General Fund	\$ 66,508	\$ 27,824,623	\$ 105,614	\$ 7,264,946	\$ 278,227	\$ -	\$ 35,539,918
School Unrestricted		-	-	-	297,981	2,400,000	2,697,981
Permanent Funds		-	-	-	219,165		219,165
Capital Projects Funds				353,000	698,527		1,051,527
Nonmajor Governmental Funds		168,690		3,108,479	-		3,277,169
Enterprise Funds					300,000	-	300,000
Transfers In	\$ 66,508	\$ 27,993,313	\$ 105,614	\$ 10,726,425	\$ 1,793,900	\$ 2,400,000	\$ 43,085,760

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

7. LOANS TO RELATED ORGANIZATION

The City of Newport General Fund loaned *Innovate Newport*, a related organization, \$2,140,311 as a bridge loan for construction to be repaid with proceeds from the sale of Re-Build Rhode Island Tax Credits from the Rhode Island Department of Commerce over a 5-year period. Interest accrues on the loan at 2.50% to be paid by Innovate Newport. The outstanding balance of \$642,094 at June 30, 2024 will be repaid in accordance with an amortization schedule set forth in the agreement with the Rhode Island Department of Commerce.

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

Bridge Loan Receivable	Principal	Interest
February 22, 2025	\$ 321,047	\$ 13,174
February 22, 2026	321,047	5,145
	\$ 642,094	\$ 18,319

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 2024 are summarized as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Outstanding July 01, 2023</u>	<u>Additions</u>	<u>Retired</u>	<u>Outstanding June 30, 2024</u>
Governmental Activities:							
Pell Expansion/Rogers High	2022	2047	4.0-5.0	\$ 98,500,000	\$ -	\$ -	\$ 98,500,000
Road and Bridge Loan	2014	2024	0.12-1.71	320,000		158,000	162,000
Roadway Improvements	2009	2023	2.5-5.0	500,000		250,000	250,000
Road and Facility Improve	2015	2025	2.5-5.0	1,300,000		640,000	660,000
Rogers Roof	2016	2026	2.0-4.0	1,000,000		320,000	680,000
Pell School Refunding	2021	2033	0.37-2.362	16,065,000		1,790,000	14,275,000
Total Government Activities				<u>\$ 117,685,000</u>	<u>\$ -</u>	<u>\$ 3,158,000</u>	<u>\$ 114,527,000</u>
Business-Type Activities:							
Sewer Improvements-SRF	2009	2029	0.84-3.16	\$ 2,775,532		\$ 357,000	\$ 2,418,532
Sewer Improvements-SRF	2010	2030	0.55-3.25	4,461,000		490,000	3,971,000
Sewer Improvements-SRF	2011	2031	0.73-3.81	1,663,505		157,000	1,506,505
Sewer Improvements	2011	2026	4.30	3,465,000		810,000	2,655,000
Sewer Improvements-SRF	2015	2034	0.69-2.89	3,696,000		262,000	3,434,000
Sewer Improvements-SRF	2016	2035	0.37-2.41	6,622,000		442,000	6,180,000
Energy Efficiency Bonds	2016	2027	0.765-1.709	641,000		125,000	516,000
Sewer Improvements-SRF	2017	2036	0.59-2.44	25,888,000		1,582,000	24,306,000
Sewer Improvements-SRF	2022	2042	2.16-3.04	1,096,371	981,237	474,000	1,603,608
Total Water Pollution Control Fund				<u>50,308,408</u>	<u>981,237</u>	<u>4,699,000</u>	<u>46,590,645</u>
Water Improvements-SRF	2007	2027	2.78-3.22	959,000		178,000	781,000
Water Improvements-SRF	2012	2033	0.94-3.61	33,021,000		2,521,000	30,500,000
Water Improvements-SRF	2013	2034	0.37-2.92	20,471,000		1,438,000	19,033,000
Water Improvements-SRF	2020	2039	0.36-2.49	2,726,855	56,915	196,000	2,587,770
Water Improvements	2011	2027	3.40	2,136,037		111,037	2,025,000
Water Improvements-SRF	2008	2029	2.08-3.63	2,568,000		325,000	2,243,000
Water Improvements-SRF	2009	2030	0.65-3.54	1,604,000		175,000	1,429,000
Water Improvements-SRF	2022	2042	2.43-3.42	466,207	2,192,741	121,000	2,537,948
Total Water Fund				<u>63,952,099</u>	<u>2,249,656</u>	<u>5,065,037</u>	<u>61,136,718</u>
Total Business-Type Activities				<u>\$ 114,260,507</u>	<u>\$ 3,230,893</u>	<u>\$ 9,764,037</u>	<u>\$ 107,727,363</u>

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

The City of Newport Water and W.P.C. Funds have the following outstanding State Revolving Fund (SRF) revenue bonds and non-SRF revenue bonds all issued through the Rhode Island Infrastructure Bank (RIIB). The bond proceeds are held by RIIB or their escrow agent. Bonds are issued for a specific purpose and for a total approved amount. The revenue bonds are drawdown bonds whereby the City sends vendor invoices to RIIB for payment and the City's outstanding bond amounts equal the total of the drawdowns less principal payments per a set amortization schedule. The following schedule shows the amounts of the bonds and the purpose for which it was issued. Each revenue bond issue requires a debt service reserve to be held by the City's escrow agent. Certain of the bonds have federal money that will be applied as principal forgiveness over the life of the bonds.

Description	Fund	Year Issued	Total Bond	Debt Service Reserve	Federal Funds to be Applied to Principal
Radio read meters and plant improvements	Water	2008	\$ 5,900,000	\$ 433,173	\$ -
St. Mary's raw water project	Water	2007	3,000,000	212,633	
Distribution improvements	Water	2009	3,300,000	181,313	765,452
Easton's Pond dam & moat repairs	Water	2011	6,640,000	544,095	
Water treatment plants	Water	2012	53,100,000	3,476,201	3,083,375
Water treatment plants	Water	2013	31,000,000	1,965,831	1,758,766
Water main improvements	Water	2020	4,131,000	265,547	
Water main improvements	Water	2022	3,305,000	230,915	
Ultraviolet disinfection system and combined sewer overflows	WPC	2009	6,595,532	384,978	995,579
Thames/Wellington interceptor repairs; Long Wharf force main repairs	WPC	2010	9,327,000	650,475	
Long Wharf force main repairs	WPC	2011	3,095,505	224,754	
Long Wharf force main repairs	WPC	2011	10,345,000	944,888	
Wellington CSO repairs	WPC	2015	5,400,000	372,878	
Sewer plant upgrades	WPC	2016	9,142,000	611,388	
Sewer plant upgrades	WPC	2017	33,443,000	2,178,395	896,200
Long Wharf pump station improve	WPC	2022	12,500,000	845,958	

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Bonded indebtedness on June 30, 2024 matures over fiscal years through 2047 as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,137,000	\$ 4,474,769	\$ 10,406,000	\$ 3,512,693
2026	4,750,000	4,416,358	10,719,000	3,241,375
2027	4,505,000	4,245,853	11,059,000	2,910,161
2028	4,615,000	4,076,592	10,453,000	2,580,082
2029	4,725,000	3,897,566	9,883,000	2,270,921
2030-2034	24,160,000	16,523,147	47,548,037	6,771,033
2035-2039	22,360,000	12,008,400	15,450,000	1,495,411
2040-2044	27,200,000	7,164,400	7,821,856	279,032
2045-2047	19,075,000	1,546,000		
Amounts not yet drawn			(15,612,530)	
	<u>\$ 114,527,000</u>	<u>\$ 58,353,085</u>	<u>\$ 107,727,363</u>	<u>\$ 23,060,708</u>

Debt authorized by the City Council and voters, where applicable, and not yet issued at June 30, 2024 is as follows:

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

Statutory Debt Limitations

Rhode Island General Laws cap the amount of each municipality’s general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues, bonds issued under special acts of the legislature, and special exemptions are granted for other purposes as well. The net assessed value of Newport properties at December 31, 2022 was \$10,583,781,561 limiting the amount of non-excepted general obligation bonds outstanding to \$317,513,447. Bonds of \$114,527,000 outstanding at June 30, 2024 are general obligations and subject to the statutory limitation.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024 was as follows:

	Balance July 01, 2023	Additions	Reductions	Balance June 30, 2024	Due Within June 30, 2024
Governmental activities:					
Bonds payable	\$ 117,685,000		\$ 3,158,000	\$ 114,527,000	\$ 3,137,000
Bond premium	15,215,769		804,232	14,411,537	804,221
Claims and judgments	155,820	55,820		211,640	100,000
Compensated absences *	6,237,300		308,314	5,928,986	
Net pension liability *	121,712,112		18,428,821	103,283,291	
Net OPEB liability *	58,461,135		9,717,344	48,743,791	
TOTAL	\$ 319,467,136	\$ 55,820	\$ 32,416,711	\$ 287,106,245	\$ 4,041,221
Business-type activities:					
Bonds payable	\$ 114,260,507	\$ 3,230,893	\$ 9,764,037	\$ 107,727,363	\$ 10,406,000
Net pension liability	4,778,273		583,447	4,194,826	
Net OPEB liability	1,961,067		440,259	1,520,808	
TOTAL	\$ 120,999,847	\$ 3,230,893	\$ 10,787,743	\$ 113,442,997	\$ 10,406,000

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

9. LEASES

Leases Receivable

The City will lease two floors of the Gateway Center Building to the Newport Community School. The lease begins on 7/1/22 and runs for a period of five years. The tenant will pay an annual amount of \$99,000 increasing by 2.5% each year. The lease agreement includes an additional 5-year term that can be exercised by the tenant. That option has not been included in the determination of the lease receivable as there is no certainty or likelihood that the option will be elected. The lease receivable and deferred inflows of resources of \$289,024 has been included as of June 30, 2024 because the lease is signed and the tenant has taken occupancy.

The Marriott and Brenton Hotels both lease parking spaces in the Gateway Center Garage. The Marriott exercised an option effective 11/1/2021 to extend their lease for five years with an annual payment of \$105,000. The Brenton entered into the lease with the City on 10/01/2020 for a 5-year term. The annual payment is \$30,000. The lease receivable and deferred inflows of resources at June 30, 2024 are \$224,750 and \$62,148 for the Marriott and Brenton, respectively.

The Ida Lewis Yacht Club leases the King Park boat ramp for winter storage of their floating docks. The lease began on 7/1/2014 with an original expiration date on 6/30/2024. In April the lease was extended for another five years until June 30, 2029 with a possible additional five-year period upon agreement between parties. The extended agreement stipulates an annual payment of \$3,250. The lease receivable and deferred inflows of resources are \$14,026 at June 30, 2024.

The Newport Yacht Club leases property on Newport Harbor including land, building, and harbor rights. The original lease began 11/13/1993 for a 30-year term with the option for an additional 10-year term that

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

is expected to be exercised. The annual payment is \$59,628 in fiscal year 2022, payable quarterly in advance, and will increase by the Boston CPI-U index, not seasonally adjusted. 3% was used for purposes of measuring the lease receivable and deferred inflows of resources. The Yacht Club is also required to provide approximately 100 feet of boat slip space (3-4 slips) for the Newport HarborMaster's use. The discounted commercial value of a slip is \$225 per foot as of May 2022. The total value of \$22,500 per year is included in the determination of the lease receivable and deferred inflows of resources. The Yacht Club also provides use of boat hauling equipment to the City, a Harbormaster maintenance building, area and employee parking, seawall maintenance of the walls leased as part of the property, public space for City events, youth sailing programs and provision of regatta and race events all as part of the lease agreement. Value has not been estimated related to these lease provisions. The Yacht Club also pays real estate taxes on the property, along with intangible property taxes to the City. The lease receivable and deferred inflows of resources was valued at \$717,523 at June 30, 2024.

Save The Bay has leased the ground floor of the Gateway Center for an aquarium and exploration center. The lease term is 10-years with two 5-year options. Rent for the premises will be 10% of any ticket price of admission with a minimum payment due of \$33,000 adjusted at year 11 to \$44,000 and adjusted at year 16 to \$49,500. Lease payments to the City have started on April 2024. Only the minimum payments have been used in the measurement of the lease receivable and deferred inflows of resources of \$298,558, and only the initial term of the lease has been included for amortization as it is unknown if the aquarium will be successful at the Gateway Center at this time. Save The Bay also has the right to use or sell advertising space in the existing advertising panels on the exterior of the Gateway Center. The City will receive 50% of any income generated from the sale of advertising space, as well as 50% of any revenue generated from subleases of up to 25% of the leased space. The lease receivable and deferred inflows of resources was valued at \$282,951 at June 30, 2024.

The City and School lease space and an easement to various cell phone providers for cell phone towers located on properties including parks, city facilities, one school facility and various water department facilities. Leases vary in terms and length of lease with expiration dates of June 30, 2026 to June 30, 2041. All leases and the one easement are for cash lease payments in advance. No other terms are included in the lease agreements. The lease receivable and deferred inflows of resources are \$360,280 for the Old Fort Road Cell Tower, \$667,697 for the water fund Reservoir Road tower and easement, \$25,226 for the water fund Lawton Valley Verizon cell tower, \$278,122 for the Lawton Valley Octagon cell tower and \$238,658 for the Rogers High School cell tower.

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Schedule of Lease Payments, Assets, Liabilities & Deferred Inflows

City as Lessor Tenant Name	Received in Year Ended June 30, 2024		June 30, 2024	June 30, 2024	
	Principal	Interest	Leases Receivable	Deferred Inflows of Resources	
New port Community School	\$ 82,303	\$ 16,697	\$ 289,024	\$ 289,024	Parking Fund
Brenton Hotel	25,515	4,485	62,148	62,148	Parking Fund
Ida Lewis Yacht Club	2,378	122	14,026	14,026	Maritime Fund
Marriott Hotel	88,950	16,049	224,750	224,750	Parking Fund
New port Yacht Club	48,621	37,139	717,523	717,523	Maritime Fund
Save The Bay	15,607	9,725	282,951	282,951	Parking Fund
Old Fort Road Cell Tower	27,864	18,778	360,280	360,280	General Fund
Reservoir Road Cell Tower	8,048	31,086	599,548	599,548	Water Fund
Reservoir Road Easement	2,522	3,478	68,149	68,149	Water Fund
Verizon Law ton Valley Tower	15,799	1,692	25,226	25,226	Water Fund
Octagon Law ton Valley Tower	7,708	14,292	278,122	278,122	Water Fund
Rogers High School Tower	56,687	13,499	238,659	238,659	School Unrestricted
Totals for all Funds	\$ 382,002	\$ 167,042	\$ 3,160,406	\$ 3,160,406	

The future principal and interest lease *receivables* as of June 30, 2024 are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 92,937	\$ 27,848	\$ 326,726	\$ 124,846
2026	101,362	23,016	341,747	108,135
2027	110,882	17,732	264,649	90,880
2028	80,826	12,374	130,813	79,789
2029	47,167	9,580	141,499	73,070
2030-2034	165,763	12,950	792,511	246,566
2035-2039			386,728	106,775
2040-2041			176,794	12,758
	\$ 598,937	\$ 103,500	\$ 2,561,467	\$ 842,819

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. FUND BALANCES

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

	General Fund	School Unrestricted Fund	Community Development Block Grant	Permanent Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:							
Loans receivable	\$ 1,305,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,305,242
Endowments				2,873,129			2,873,129
Total Nonspendable	<u>1,305,242</u>	<u>-</u>	<u>-</u>	<u>2,873,129</u>	<u>-</u>	<u>-</u>	<u>4,178,371</u>
Restricted:							
Trust purposes				17,431,406			17,431,406
Education		2,994,998					2,994,998
Planning, urban and economic development						646,602	646,602
Public services						27,936	27,936
Public safety						32,072	32,072
Community and social services			2,705,693		71,394,687	21,827	74,122,207
Total Restricted	<u>-</u>	<u>2,994,998</u>	<u>2,705,693</u>	<u>17,431,406</u>	<u>71,394,687</u>	<u>728,437</u>	<u>95,255,221</u>
Committed:							
General government	582,772						582,772
Trust purposes				1,736			1,736
Capital improvements			48,497		4,955,085	552,965	5,556,547
Total Committed	<u>582,772</u>	<u>-</u>	<u>48,497</u>	<u>1,736</u>	<u>4,955,085</u>	<u>552,965</u>	<u>6,141,055</u>
Assigned:							
Public improvements						2,809,875	2,809,875
Unassigned							
	<u>34,020,726</u>					<u>(766,719)</u>	<u>33,254,007</u>
Totals	<u>\$ 35,908,740</u>	<u>\$ 2,994,998</u>	<u>\$ 2,754,190</u>	<u>\$ 20,306,271</u>	<u>\$ 76,349,772</u>	<u>\$ 3,324,558</u>	<u>\$ 141,638,529</u>

The restricted amounts consist of state and federal grants as well as the expendable portion of the trust funds. Funds cannot be spent for any purpose other than that specified by the grantor, trust donor or law. The committed amounts in the general fund are encumbrances wherein the amounts or service has been ordered but not yet delivered. The assigned amount in the other governmental funds is the balance of proceeds from the sale of property. The Council has assigned those amounts by resolution.

11. RISK MANAGEMENT

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

The City is a member of the Rhode Island Inter-local Risk Management Trust (the Trust), a non-profit public entity risk pool which provides insurance coverage to participants in exchange for an annual premium and a pro-rata share of certain administrative expenses. Coverage is provided in accordance with each member's policy, subject to deductibles, through a pooling of risks among participants, supplemented by commercial reinsurance for excess losses. Management believes the Trust's reserves to be adequate to meet all reported claims, as well as an estimate of potential claims for losses incurred but not reported. Accordingly, no accrual has been made for potential liabilities arising from risks once they have been transferred to the Trust.

The City maintains \$2,000,000 of liability insurance per incident and insures property for replacement cost. Settled claims have not exceeded coverage through the Trust in any of the past three years.

12. PENSION PLANS

All eligible employees of the City are covered by one of four pension plans, the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), the Firemen's Pension Plan and the Policemen's Pension Plan. The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Municipal Plan covers all employees not covered under the Teachers' Plan. However, fire employees and police officers have elected to participate in a single-employer defined benefit pension plan administered by the City. The Firemen's Pension Plan and Policemen's Pension Plan cover all employees covered under a collective bargaining agreement either with the International Association of Firefighters, Local 1080 or the Fraternal Order of Police, Lodge Number 8. Total covered payroll under all plans during 2024 was \$53,010,238. Total City payroll was \$68,613,891 for the same period.

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

A. Teachers' Plan

Plan Description

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 2024, City teachers were required to contribute 3.75% of their annual covered salary, except that teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the City; the rates were 11.13% and 15.03% of annual covered payroll for the fiscal year ended June 30, 2024 for the state and the City, respectively. The City contributed \$3,472,731, \$3,546,256, and \$3,198,738 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year. The State's share of contribution for fiscal 2023 was \$2,410,404 and is reported as on-behalf payments and included in both revenue and expenditures on the fund financial statements.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

At June 30, 2024, the City reported a liability of \$26,081,022 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	\$	26,081,022
State's proportionate share of net pension liability		19,894,933
Total Net Pension Liability	\$	<u>45,975,955</u>

The net pension liability was measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023. 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, 2023, the City's proportion was 1.075% (rounded), which was an increase of 0.012% from the prior year.

For the year ended June 30, 2024, the City recognized gross (combined state and city) pension expense for the teachers' Plan of \$4,522,311 and revenue of \$2,057,404 for support provided by the State. At June 30, 2024, 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	\$ -	\$ 926,439
Differences between expected and actual experience	302,401	606,585
Changes of assumptions	111,657	1,031,171
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,683,751	272,461
City contributions subsequent to the measurement date	<u>3,472,731</u>	
Totals	<u>\$ 5,570,540</u>	<u>\$ 2,836,656</u>

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

The amount of \$3,472,731 reported as deferred outflows of resources related to pensions resulting from the City’s contributions in fiscal year 2024 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period rather than in the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>		
2025	\$	(509,163)
2026		(986,013)
2027		791,718
2028		(31,640)
2029		31,321
Thereafter		(35,070)

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 - 3.25% to 7.25%

Inflation - 2.50%

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, 2022 valuation rolled forward to June 30, 2023 and rolled forward to June 30, 2023, using generally accepted actuarial assumptions, except for five new MERS units that were based on actuarial valuation performed as of June 30, 2023. The actuarial assumptions used in the calculation of the total pension liability at the June 30, 2023 measurement date were based in the 2023 Actuarial Experience Investigation Study for the six-year period ended June 30, 2022 as approved by the System’s Board on May 17, 2023.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2023 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

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

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

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:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the Net Pension Liability	\$ 33,443,625	\$ 26,081,022	\$ 19,391,253

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>.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

Eligibility and Plan Benefits

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

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

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

Highest Annual Salary	Basic Monthly Spouse's Benefit
\$17,000 or less	\$ 825
\$17,001 or \$25,000	962
\$25,001 or \$33,000	1,100
\$33,001 or \$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:

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

Contributions

The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member’s annual salary up to but not exceeding an annual salary of \$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 \$34,094, \$30,403 and \$28,750 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

At June 30, 2024, the City of Newport School District reported an asset of \$7,979,313 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, 2023, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. The City's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2023 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2023, the City's proportion was 3.97% (rounded), which was an increase of 0.16% from the prior year.

For the year ended June 30, 2024, the City recognized a pension credit of \$836,585 - a decrease in the net pension asset. At June 30, 2024 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	\$ -	\$ 229,982
Differences between expected and actual experience	54,951	685,165
Changes of assumptions	95,184	426,974
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,135	491,610
City contributions subsequent to the measurement date	<u>34,094</u>	
Totals	<u>\$ 239,364</u>	<u>\$ 1,833,731</u>

The amount of \$34,094 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2024 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period rather than in the current fiscal year. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (472,803)
2026	(556,946)
2027	(2,645)
2028	(264,171)
2029	(145,809)
Thereafter	(186,087)

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%

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Inflation - 2.50%

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

Cost of living adjustment - eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment - for valuation purposes, a 2.50% cost of living adjustment is assumed.

The total pension liability was determined by actuarial assumptions performed as of June 30, 2022, rolled forward to 2023, using the above actuarial assumptions, applied to all periods included in the measurement.

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 42 sources. The June 20, 2022 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (7,135,505)	\$ (7,979,313)	\$ (8,745,981)

Pension Plan Fiduciary Net Position

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

C. Municipal Employees’ Plan (MERS)

General Information about the Plan

Plan Description

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

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

Summary of Benefit Provisions

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

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

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

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

General employees

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

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

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

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

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

Police employees

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

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

Other Benefit Provisions

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

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

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$27,608 for 2021, \$27,901 for 2022 and \$28,878 for 2023.

At the June 30, 2023 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	268
Inactive, Nonretired Members	197
Inactive, Nonretired Members - Police	2
Active Members - Police	25
Active Members	308
Total	800

Contribution

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

General Employees contribute 2% of salary to the defined benefit plan and 5% of salary to the defined contribution plan. General employees with 20 plus years of service as of July 1, 2012 contribute 9.25% to the defined benefit plan. Police employees contribute 9% of salary to the defined benefit plan. The City's actuarial determined rates of contribution are 21.63% for general employees and 7.60% for police employees. The City contributed \$3,813,335 in the year ended June 30, 2024, which was 19.34% of annual covered payroll.

Net Pension Liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2023 and rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

**Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability
at the June 30, 2023 Measurement Date (June 30, 2022 Valuation Rolled Forward to June 30, 2023)**

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

Cost of Living Adjustment calculation is represented by the following formula: 50% of COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return – 5.0%, with a max of 4%) and 50% calculated using the increase in the CPI-U from the previous September 30 (max of 3%) for a total maximum COLA of 3.5%.

The fiscal year ending June 30, 2023 contribution calculated in the June 30, 2020, actuarial valuation was based on the assumptions and methods adopted by the Board on May 20, 2020. A new set of assumptions were adopted for the June 30, 2023 actuarial valuation and will be first reflected for the contribution rates calculated for the fiscal year ending June 30, 2026.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2023 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Changes in the Net Pension Liability

MERS Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Beginning Balances	\$ 83,035,907	\$ 61,691,063	\$ 21,344,844
Changes for the Year:			
Service Cost	1,495,621		1,495,621
Interest on the Total Pension Liability	5,677,074		5,677,074
Benefit Changes			-
Differences Between Expected and Actual Experience	(276,321)		(276,321)
Changes in Assumptions	(241,809)		(241,809)
Other		55,501	(55,501)
Contributions - Employer		3,644,285	(3,644,285)
Contributions - Employee		567,570	(567,570)
Net Investment Income		5,216,439	(5,216,439)
Benefit Payments, Including Refunds of Member Contributions	(5,365,316)	(5,365,316)	-
Plan Administrative Expenses		(56,147)	56,147
Net Changes	<u>1,289,249</u>	<u>4,062,332</u>	<u>(2,773,083)</u>
Ending Balances	<u>\$ 84,325,156</u>	<u>\$ 65,753,395</u>	<u>\$ 18,571,761</u>

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Proportionate Share of the Net Pension Liability - General Employees	\$ 26,759,749	\$ 18,844,679	\$ 11,653,193
City's Proportionate Share of the Net Pension Liability (Asset) - Police Employees	\$ (89,721)	\$ (272,918)	\$ (439,202)

Pension Plan Fiduciary Net Position

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

For the year ended June 30, 2024, the employer recognized pension expense of \$693,732 and \$121,261 for general and police employees, respectively. At June 30, 2024, 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	\$ -	\$ 858,626
Assumptions Changes	7,890	332,951
Differences between expected and actual experience	184,659	1,537,020
City contributions subsequent to the measurement date	<u>3,813,335</u>	
Totals	<u>\$ 4,005,884</u>	<u>\$ 2,728,597</u>

The amount of \$3,813,335 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, 2024. Deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (1,435,471)
2026	(1,488,916)
2027	661,903
2028	(272,468)
2029	2,173
Thereafter	(3,269)
	<u>\$ (2,536,048)</u>

D. Fire Pension Plan and Police Pension Plan

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

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization. The City uses an actuarial smoothing method to value assets. The actuarial value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on market value and expected return on market value over a 5-year period at 20% per year.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

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, 2024, membership in each plan was as follows:

	Fire Plan	Police Plan
Total active employees	95	43
Inactive employees with vested rights	2	1
Pension and beneficiaries	137	139
Total Plan Members	234	183

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 2024, covered payroll under the plans was \$7,158,727 and \$4,005,599 for the fire and police plans, respectively. Rights to pension benefits become fully vested for fire and police participants after ten years of service. Police are eligible to retire after 20 years of service, and firefighters hired prior to July 1, 2011 are eligible to retire after 25 years of service. Firefighters hired on or after July 1, 2011 shall not be entitled to collect any pension or retirement benefits until they have attained the age of 58 or have completed 30 years of service.

Police benefits are equal to 50% of salary with an additional 2.5% for each year of service after 20 years and up to 24 years of service. The percentage increases to 65% of salary at 25 years of service. Police retirees who work more than 25 years are entitled to an additional 1.5%, with the total benefit not to exceed 70% of salary.

The fire pension plan entitles retirees to benefits equal to 65% of salary for those who retire at 25 years. The percentage increases by 1% per year until the maximum of 70% of salary is attained.

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

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

Cost of living adjustments are provided to both police and fire retirees. All police retirees and fire retirees that have retired prior to September 30, 2011 are entitled to the same cost of living adjustment as that negotiated by the bargaining unit for active participants. Police retirees on or after July 1, 2014 will not be eligible to receive a COLA until they would have attained 25 years of service. Fire retirees that have

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

retired on or after September 30, 2011 receive a cost of living adjustment equal to the Northeast Urban Wage Earner's Consumer Price Index not to exceed 3% in any given year but in no event less than .5%.

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

Contributions

Under terms of their collective bargaining agreements, firefighters are required to contribute 9% of salary and policemen are required to contribute 8% of salary to their respective pension plans. The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance a portion of the unfunded accrued liability. The unfunded accrued liability as of July 1, 2018 is being amortized over a closed 30-year period of which there are 8 years remaining. Effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability will be amortized separately, assuming a 15-year amortization each valuation with level dollar payments. Rhode Island general laws, City ordinances and collective bargaining agreements establish minimum employer funding.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Financial Information

**STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024**

	Police Pension Plan	Fire Pension Plan
	<u> </u>	<u> </u>
Assets:		
Cash and investments	\$ 93,788,842	\$ 99,574,362
Liabilities:		
Accounts payable	<u>50,793</u>	<u>49,919</u>
Net Position:		
Net position restricted for pension benefits	<u>\$ 93,738,049</u>	<u>\$ 99,524,443</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Police Pension Plan	Fire Pension Plan
	<u> </u>	<u> </u>
Additions:		
Contributions and other income	\$ 4,204,287	\$ 8,114,336
Investment gain, net of investment expenses	6,578,569	13,270,458
Total additions	<u>10,782,856</u>	<u>21,384,794</u>
Deductions:		
Benefits	7,297,771	7,726,977
Administration	59,738	59,490
Total deductions	<u>7,357,509</u>	<u>7,786,467</u>
Changes in Net Position	3,425,347	13,598,327
Net Position at Beginning of Year	<u>90,312,702</u>	<u>85,926,116</u>
Net Position at End of Year	<u>\$ 93,738,049</u>	<u>\$ 99,524,443</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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 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.

Asset Class	Target Allocation	Expected Real Rate of Return	Weighting
Large Cap Equity	20.00%	4.91%	0.98%
Mid Cap Equity	15.00%	5.29%	0.79%
Small Cap Equity	15.00%	5.29%	0.79%
International Equity	15.00%	5.32%	0.80%
Fixed Income	20.00%	2.42%	0.48%
Real Estate and Timber	15.00%	3.79%	0.57%
	100.00%		4.41%
Long-term inflation expectation			2.40%
Long-term expected nominal return			6.81%

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

Concentrations

As of June 30, 2024, 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.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 7.25% for police and 14.82% for fire for the year ended June 30, 2024. 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the City at June 30, 2024, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Total pension liability	\$ 122,512,118	\$ 133,310,327
Plan fiduciary net position	(93,738,049)	(99,524,443)
City's Net Pension Liability	<u>\$ 28,774,069</u>	<u>\$ 33,785,884</u>
Plan fiduciary net position as a percentage of total pension liability	76.51%	74.66%

Actuarial Assumptions

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

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

	<u>Fire</u>	<u>Police</u>
Valuation Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method (police and fire)	Level Dollar Closed; 8 years for liability at July 1, 2018; future changes will be amortized separately, assuming a fresh 15-year amortization each valuation with level dollar payments.	
Asset appreciation	6.75% annually	6.75% annually
Salary increases	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.
Cost of living increase:		
Members retired prior to 8/21/11	2.4%	2.4%
Members retiring after 8/21/11	Bureau of Labor CPI for	

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

	Northeast Urban Wage Earners, not exceeding 3.00% or less than .05%	
Inflation	2.4%	2.4%
Mortality: Healthy Members (police and fire)	Pub-2010 Public Plans Mortality table for Public Safety employees, projected to the valuation date with Scale MP- 2021.	

Discount Rate

The discount rate used to measure the total pension liabilities is 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability - police	\$ 44,358,715	\$ 28,774,069	\$ 15,957,110
Net pension liability - fire	50,690,390	33,785,884	19,863,149

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Policemen's Pension Plan			
Balances at July 1, 2023, Policemen's Plan	\$ 122,444,718	\$ 90,312,705	\$ 32,132,013
Changes for the Year:			
Service Cost	1,083,312		1,083,312
Interest	8,095,864		8,095,864
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience	(1,814,005)		(1,814,005)
Changes of Assumptions			-
Contributions - Employer		3,853,840	(3,853,840)
Contributions - Employee		350,447	(350,447)
Net Investment Income		6,578,569	(6,578,569)
Benefit Payments, Including Refunds of Member Contributions	(7,297,771)	(7,297,771)	-
Plan Administrative Expenses		(59,738)	59,738
Net Changes	<u>67,400</u>	<u>3,425,347</u>	<u>(3,357,947)</u>
Balances at June 30, 2024, Policemen's Plan	<u>\$ 122,512,118</u>	<u>\$ 93,738,052</u>	<u>\$ 28,774,066</u>
Firemen's Pension Plan			
Balances at July 1, 2023, Firemen's Plan	\$ 130,224,834	\$ 85,926,116	\$ 44,298,718
Changes for the Year:			
Service Cost	1,770,050		1,770,050
Interest	8,653,127		8,653,127
Differences Between Expected and Actual Experience	389,293		389,293
Changes of Assumptions			-
Contributions - Employer		7,461,283	(7,461,283)
Contributions - Employee		653,053	(653,053)
Net Investment Income		13,270,458	(13,270,458)
Benefit Payments, Including Refunds of Member Contributions	(7,726,977)	(7,726,977)	-
Plan Administrative Expenses		(59,490)	59,490
Net Changes	<u>3,085,493</u>	<u>13,598,327</u>	<u>(10,512,834)</u>
Balances at June 30, 2024, Firemen's Plan	<u>\$ 133,310,327</u>	<u>\$ 99,524,443</u>	<u>\$ 33,785,884</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

For the year ended June 30, 2024, the City recognized pension expense of \$5,494,217 and \$3,337,094 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	\$ 2,040,279	\$ (1,095,316)
Difference between expected and actual earnings on pension plan investments	3,845,935	
Changes in assumptions	6,213	
	<u>5,892,427</u>	<u>(1,095,316)</u>
Total Police Pension Plan	<u>\$ 5,892,427</u>	<u>\$ (1,095,316)</u>
Fire Pension Plan:		
Difference between expected and actual experience	\$ 1,770,444	\$ (263,580)
Difference between expected and actual earnings on pension plan investments	-	(4,434,044)
Changes in assumptions	1,119,766	
	<u>2,890,210</u>	<u>(4,697,624)</u>
Total Fire Pension Plan	<u>\$ 2,890,210</u>	<u>\$ (4,697,624)</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>
2025	\$ 1,018,292	\$ (904,923)
2026	4,516,789	1,937,957
2027	(646,979)	(1,533,394)
2028	(90,991)	(1,395,802)
2029	-	53,359
Thereafter	-	35,389

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

E. Aggregate Net Pension Liability and Expense

	<u>Net Pension Liability</u>	<u>Pension Expense</u>
Teacher's Plan (proportionate share)	\$ 26,081,022	\$ 1,901,214
Teachers' Survivors Benefit Plan	-	(836,585)
Municipal Employees' Plan	18,837,142	814,993
City Police Pension Plan	28,774,069	5,495,217
City Fire Pension Plan	33,785,884	3,337,094
	<u>\$ 107,478,117</u>	<u>\$ 10,711,933</u>

F. Defined Contribution Pension Plan

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

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

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

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

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

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City offers a single-employer defined benefit healthcare plan to retirees and life insurance to police retirees. The plan is administered by the City and is reported as an OPEB trust fund in the City’s financial statements. The plan does not issue separate financial statements. The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets.

Employees vest for OPEB after 10 years of service. Retired police employees receive \$25,000 in retiree life insurance, except that new police hires as of January 1, 2021 are not entitled to retiree life insurance, and retired teachers can receive \$50,000 in life insurance if the retiree pays for it. Employees can choose individual or family coverage when active, which is paid by the City. All employees contribute towards the cost of their health insurance, while active and after retirement, if eligible. NEA employees that retire after July 1, 2019 are not eligible for any City sponsored health benefits. If an employee retires prior to age 65, the employee remains in their pre-retirement medical plan from the date of their retirement until age 65. At age 65, employees enter Plan65 unless they are grandfathered in under another medical plan or are Medicare ineligible. AFSCME employees, police employees hired after July 1, 2009, fire employees hired after July 1, 2011, and teachers that did not have 29 years of service or 25 years of service as of June 30, 2015 that retire before June 30, 2018 are not entitled to Plan65. Medicare ineligible participants remain in the medical plan they chose as active employees.

Classes of Employees Covered

As of July 1, 2023, membership data was as follows:

Active employees	725
Retired members and dependents	856
Total Plan Members	1,581

Benefit Provisions and Contributions

A portion of health insurance premiums is borne by the City, dependent upon each retiree’s covered group, date of retirement and credited service. For members covered under the Police Pension Plan retiring after June 30, 1987, the City pays 50% of premiums plus an additional 5% of premiums for each year of service between 11 and 20 years, until 100% is paid. Retirees prior to that date are responsible for premiums for each year between 11 and 25 years, until 100% is paid. Employees hired after July 1, 2009 are not eligible for Plan65. Police retirees contribute various amounts towards the cost of their health insurance depending upon their date of retirement. For members covered under the Fire Pension Plan that retired prior to September 12, 2007, the City pays 100% of health insurance premiums for members, provided that the retiree was eligible for retirement (age 58 or 30 years of service) at the date of separation from service. Fire retirees contribute various amounts towards the cost of their health insurance depending upon their date of retirement. For retirees with less than 25 years of service, the City contribution is reduced 4% per year of service less than 25. Members hired after July 1, 2011 are not eligible for Plan65. Premiums for retirees of both the Teachers’ Plan and the Municipal Plan are fully paid by the City (less a retiree premium share) until age 65, provided the retiree was eligible for retirement at the time of separation of service. The City pays for a \$25,000 life insurance policy for retired police with at least 10 years of service who retired prior to January 1, 2021, and teachers can buy a policy of

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Basis of Accounting

The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan.

Investment Policy

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 6.75% for the OPEB Trust per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission’s goals, objectives and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

Asset Class	Target Allocation	Actuarially Determined Nominal Mean
Large Cap Equity	20.00%	5.00%
Mid Cap Equity	15.00%	5.30%
Small Cap Equity	15.00%	5.30%
International Equity	15.00%	6.40%
Fixed Income	20.00%	4.90%
Real Estate and Timber	15.00%	2.05%

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Concentrations

As of June 30, 2024, and during the year then ended, no pension or other post-employment benefit assets were invested in any organization which collectively held 5% or more of the total assets of either plan.

Rate of Return

The annual money-weighted rate of return on OPEB Trust plan investments, net of OPEB plan investment expense was 11.85% for the year ended June 30, 2024. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City

In fiscal year 2018, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB)*. This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The City’s total OPEB liability was measured as of July 1, 2023. The July 1, 2023 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, 2024. The total OPEB liability at June 30, 2024 was also adjusted to reflect any material plan changes subsequent to July 1, 2023. The components of the net OPEB liability of the City at June 30, 2024 were as follows:

Total OPEB liability	\$	123,473,408
Plan fiduciary net position		73,208,809
Net OPEB Liability		<u>50,264,599</u>

Plan fiduciary net position as a Percentage of the total OPEB Liability	59.29%
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Actuarial Assumptions

OPEB Trust assets are valued at their fair market value as established by quotations from applicable national securities exchanges. The July 1, 2023 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, 2024.

The total OPEB liability at July 1, 2023 was determined using the Entry Age Normal actuarial cost method with the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

Discount Rate

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Large Cap Equity	20.00%	5.00%	1.00%
Mid Cap Equity	15.00%	5.30%	0.80%
Small Cap Equity	15.00%	5.30%	0.80%
International Equity	15.00%	6.40%	0.96%
Fixed Income	20.00%	4.90%	0.98%
Real Estate and Timber	15.00%	2.05%	0.31%
	100.00%		4.85%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			7.25%

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

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2023	\$ 125,698,653	\$ 65,276,451	\$ 60,422,202
Changes for the year:			
Service cost	1,592,390		1,592,390
Interest on total OPEB liability	8,367,263		8,367,263
Differences in experience	(6,688,598)		(6,688,598)
Changes of benefit terms	(442,865)		(442,865)
Changes in assumptions	1,720,345		1,720,345
Employer contributions		6,868,415	(6,868,415)
Net investment income (loss)		7,913,899	(7,913,899)
Benefit payments	(6,773,780)	(6,773,780)	-
Administrative expenses		(76,176)	76,176
Net changes	<u>(2,225,245)</u>	<u>7,932,358</u>	<u>(10,157,603)</u>
Balances as of June 30, 2024	<u>\$ 123,473,408</u>	<u>\$ 73,208,809</u>	<u>\$ 50,264,599</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 6.75%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
\$ 63,756,565	\$ 50,264,599	\$ 38,866,171

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

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

1% Decrease Healthcare Cost Trend Rates (5.5% decreasing to 3.4%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.4%)	1% Increase Healthcare Cost Trend Rates (7.5% decreasing to 5.4%)
\$ 37,239,938	\$ 50,264,599	\$ 65,763,751

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2024, the City recognized OPEB expense of \$947,756. The City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2024:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (10,294,216)
Changes of assumptions	4,554,734	
Net differences between projected and actual earnings on OPEB plan investments		(949,467)
	<u>4,554,734</u>	<u>(949,467)</u>
Totals	<u>\$ 4,554,734</u>	<u>\$ (11,243,683)</u>

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

<u>Year Ending June 30,</u>		
2025	\$	(3,529,173)
2026		472,334
2027		(2,282,651)
2028		(1,349,459)
2029		-
Thereafter		-

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024**

Assets:	
Cash and investments	\$ 73,238,909
Liabilities:	
Accounts payable	<u>30,100</u>
Net Position:	
Net position restricted for OPEB benefits	<u>\$ 73,208,809</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Police Pension Plan
<hr/>	
Additions:	
Contributions and other income	\$ 6,868,415
Investment gain, net of investment expenses	7,913,899
Total additions	<u>14,782,314</u>
Deductions:	
Benefits	6,773,780
Administration	76,176
Total deductions	<u>6,849,956</u>
Changes in Net Position	7,932,358
Net Position at Beginning of Year	<u>65,276,451</u>
Net Position at End of Year	<u>\$ 73,208,809</u>

14. CONTINGENCIES

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

Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 1,083,312	\$ 1,212,699	\$ 1,226,975	\$ 1,220,245	\$ 1,217,959	\$ 1,246,188	\$ 1,384,448	\$ 1,419,028	\$ 1,354,511	\$ 1,175,418
Interest	8,095,864	7,471,658	7,439,845	7,329,553	7,537,127	7,414,983	7,321,178	7,009,454	6,884,180	6,344,119
Changes of benefit terms			556,474							1,138,222
Differences between expected and actual experience	(1,814,005)	7,869,651	(2,170,282)	615,881	(2,379,850)	(2,039,638)	(288,627)	1,006,987	(982,867)	3,395,866
Changes of assumptions			192,612	2,655,274	453,865	1,029,570	(1,175,156)	494,208	2,833,210	
Benefit payments, including refunds of member contributions	(7,297,771)	(7,060,363)	(6,469,364)	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)	(4,990,121)
Net change in total pension liability	67,400	9,493,645	776,260	5,657,616	825,519	1,776,169	1,495,077	4,480,344	5,013,792	7,063,504
Total pension liability, beginning	122,444,718	112,951,073	112,174,813	106,517,197	105,691,678	103,915,509	102,420,432	97,940,088	92,926,296	85,862,792
Total Pension Liability, Ending (a)	\$ 122,512,118	\$ 122,444,718	\$ 112,951,073	\$ 112,174,813	\$ 106,517,197	\$ 105,691,678	\$ 103,915,509	\$ 102,420,432	\$ 97,940,088	\$ 92,926,296
Plan fiduciary net position:										
Contributions - employer	\$ 3,853,840	\$ 4,013,737	\$ 4,189,924	\$ 4,320,681	\$ 4,485,691	\$ 4,647,573	\$ 4,396,285	\$ 4,314,776	\$ 4,012,174	\$ 4,012,174
Contributions - member	350,447	371,702	375,279	400,509	407,013	437,037	453,304	418,174	447,063	487,883
Net investment income (loss)	6,578,569	8,531,588	(19,752,617)	30,147,899	656,436	5,380,521	8,533,830	8,344,427	(896,323)	3,315,144
Benefit payments, including refunds of member contributions	(7,297,771)	(7,060,363)	(6,469,364)	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)	(4,990,121)
Administrative expense	(59,738)	(58,138)	(64,767)	(61,625)	(57,652)	(65,081)	(74,866)	(176,061)	(125,892)	(130,044)
Net change in plan fiduciary net position	3,425,347	5,798,526	(21,721,545)	28,644,127	(512,094)	4,625,116	7,561,787	7,451,983	(1,638,220)	2,695,036
Plan fiduciary net position - beginning	90,312,702	84,514,176	106,235,721	77,591,594	78,103,688	73,578,572	66,016,785	58,564,802	60,203,022	57,507,986
Plan Fiduciary Net Position - Ending (b)	\$ 93,738,049	\$ 90,312,702	\$ 84,514,176	\$ 106,235,721	\$ 77,591,594	\$ 78,103,688	\$ 73,578,572	\$ 66,016,785	\$ 58,564,802	\$ 60,203,022
City's Net Pension Liability (a)-(b)	\$ 28,774,069	\$ 32,132,016	\$ 28,436,897	\$ 5,939,092	\$ 28,925,603	\$ 27,587,990	\$ 30,336,937	\$ 36,403,647	\$ 39,375,286	\$ 32,723,274
Plan fiduciary net position as a percentage of the total pension liability	76.51%	73.76%	74.82%	94.71%	72.84%	73.90%	70.81%	64.46%	59.80%	64.79%
Covered payroll	\$ 4,005,599	\$ 4,248,419	\$ 4,315,256	\$ 4,385,744	\$ 4,624,139	\$ 4,657,433	\$ 5,175,212	\$ 5,003,060	\$ 5,351,641	\$ 5,489,942
City's net pension liability as a percentage of covered payroll	718.35%	756.33%	658.99%	135.42%	625.53%	592.34%	586.20%	727.63%	735.76%	596.06%

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 RATIO:
FIRE PENSION PLAN
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 1,770,050	\$ 1,635,879	\$ 1,727,608	\$ 1,652,258	\$ 1,657,006	\$ 1,562,372	\$ 1,732,271	\$ 1,657,897	\$ 1,459,460	\$ 1,288,336
Interest	8,653,127	8,485,596	8,107,404	8,053,199	8,097,271	7,812,009	7,647,309	7,426,079	7,256,466	7,047,145
Differences between expected and actual experience	389,293	(89,991)	2,929,932	(523,604)	(136,728)	(267,625)	(433,125)	(1,067,973)	(268,376)	78,639
Changes of assumptions			232,500	2,738,397	441,297	1,167,567	(229,183)	993,720	2,868,540	
Benefit payments, including refunds of member contributions	(7,726,977)	(7,641,827)	(6,974,806)	(6,885,860)	(6,506,534)	(6,364,551)	(6,189,815)	(5,880,883)	(5,794,738)	(5,793,864)
Net change in total pension liability	3,085,493	2,389,657	6,022,638	5,034,390	3,552,312	3,909,772	2,527,457	3,128,840	5,521,352	2,620,256
Total pension liability, beginning	130,224,834	127,835,177	121,812,539	116,778,149	113,225,837	109,316,065	106,788,608	103,659,768	98,138,416	95,518,160
Total Pension Liability, Ending (a)	\$ 133,310,327	\$ 130,224,834	\$ 127,835,177	\$ 121,812,539	\$ 116,778,149	\$ 113,225,837	\$ 109,316,065	\$ 106,788,608	\$ 103,659,768	\$ 98,138,416
Plan fiduciary net position:										
Contributions - employer	\$ 7,461,283	\$ 7,082,155	\$ 7,014,265	\$ 6,752,128	\$ 6,412,242	\$ 6,383,436	\$ 6,142,577	\$ 5,918,258	\$ 6,048,094	\$ 6,048,094
Contributions - member	653,053	627,025	627,214	620,074	626,867	612,901	597,058	594,650	602,467	607,260
Net investment income (loss)	13,270,458	8,564,403	(9,182,538)	19,421,781	3,054,503	2,608,401	5,150,800	6,435,115	(1,435,206)	2,366,045
Benefit payments, including refunds of member contributions	(7,726,977)	(7,641,827)	(6,974,806)	(6,885,860)	(6,506,534)	(6,364,551)	(6,189,815)	(5,880,883)	(5,794,738)	(5,793,864)
Administrative expense	(59,490)	(55,711)	(54,568)	(51,985)	(46,108)	(51,763)	(57,662)	(135,705)	(96,388)	(98,299)
Net change in plan fiduciary net position	13,598,327	8,576,045	(8,570,433)	19,856,138	3,540,970	3,188,424	5,642,958	6,931,435	(675,771)	3,129,236
Plan fiduciary net position - beginning	85,926,116	77,350,071	85,920,504	66,064,366	62,523,396	59,334,972	53,692,014	46,760,579	47,436,350	44,307,114
Plan Fiduciary Net Position - Ending (b)	\$ 99,524,443	\$ 85,926,116	\$ 77,350,071	\$ 85,920,504	\$ 66,064,366	\$ 62,523,396	\$ 59,334,972	\$ 53,692,014	\$ 46,760,579	\$ 47,436,350
City's Net Pension Liability (a)-(b)	\$ 33,785,884	\$ 44,298,718	\$ 50,485,106	\$ 35,892,035	\$ 50,713,783	\$ 50,702,441	\$ 49,981,093	\$ 53,096,594	\$ 56,899,189	\$ 50,702,066
Plan fiduciary net position as a percentage of total pension liability	74.66%	65.98%	60.51%	70.54%	56.57%	55.22%	54.28%	50.28%	45.11%	48.34%
Covered payroll	\$ 7,158,727	\$ 7,455,429	\$ 6,282,320	\$ 6,575,388	\$ 6,585,092	\$ 6,620,854	\$ 6,835,155	\$ 6,734,507	\$ 6,585,483	\$ 6,205,276
City's net pension liability as a percentage of covered payroll	471.95%	594.18%	803.61%	545.85%	770.13%	765.80%	731.24%	788.43%	864.01%	817.08%

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 TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.074691920%	1.063228210%	1.026752210%	1.000441770%	1.009563520%	1.029433600%	1.042213410%	0.949724730%	1.015625070%	1.031202720%
City's proportionate share of the net pension liability	\$ 26,081,022	\$ 28,714,806	\$ 24,163,568	\$ 31,964,173	\$ 32,212,837	\$ 32,707,660	\$ 32,872,313	\$ 28,335,774	\$ 27,960,185	\$ 25,099,478
State's proportionate share of the net pension liability	<u>19,894,933</u>	<u>21,236,616</u>	<u>17,919,452</u>	<u>23,750,163</u>	<u>24,130,751</u>	<u>24,397,565</u>	<u>24,843,571</u>	<u>19,405,844</u>	<u>19,101,521</u>	<u>17,211,868</u>
Total Liability	<u>\$ 45,975,955</u>	<u>\$ 49,951,422</u>	<u>\$ 42,083,020</u>	<u>\$ 55,714,336</u>	<u>\$ 56,343,588</u>	<u>\$ 57,105,225</u>	<u>\$ 57,715,884</u>	<u>\$ 47,741,618</u>	<u>\$ 47,061,706</u>	<u>\$ 42,311,346</u>
City's covered payroll	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256	\$ 16,002,256
City's proportionate share of the net pension liability as a percentage of its covered payroll	119.14%	148.07%	128.08%	170.76%	173.52%	178.44%	193.19%	170.25%	174.73%	156.85%
Plan fiduciary net position as a percentage of the total pension liability	62.10%	62.10%	54.30%	54.30%	54.60%	54.90%	54.00%	54.06%	57.55%	61.40%

Notes to Schedule:

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension asset	3.96869147%	3.80542057%	3.65189283%	3.58881318%	3.59251555%	3.63809711%	3.47300144%	3.29868150%	3.52658498%	3.31356806%
City's proportionate share of the net pension liability (asset)	\$ (7,979,313)	\$ (6,687,230)	\$ (7,146,506)	\$ (4,262,202)	\$ (4,075,559)	\$ (3,246,248)	\$ (2,873,089)	\$ (3,284,559)	\$ (3,292,265)	\$ (4,119,452)
City's covered payroll	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256	\$ 16,002,256
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-36.45%	-34.48%	-37.88%	-22.77%	-21.95%	-17.71%	-16.89%	-19.73%	-20.57%	-25.74%
Plan fiduciary net position as a percentage of the total pension liability	190.2%	177.7%	153.1%	153.1%	150.2%	135.0%	146.6%	146.6%	146.6%	173.3%

Notes to Schedule:

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:										
Service cost	\$ 1,495,621	\$ 1,427,379	\$ 1,393,857	\$ 1,406,903	\$ 1,385,770	\$ 1,368,855	\$ 1,183,562	\$ 1,112,632	\$ 1,012,748	\$ 1,027,962
Interest	5,677,074	5,661,463	5,563,128	5,552,267	5,480,921	5,331,361	5,388,417	5,264,384	5,102,024	5,004,233
Changes of benefit terms									1,364,563	
Differences between expected and actual experience	(276,321)	(1,549,391)	(263,395)	(903,979)	(627,984)	559,617	(1,135,652)	264,579	(434,672)	
Changes of assumptions	(241,809)			(642,013)			3,826,008			180,610
Benefit payments, including refunds of member contributions	<u>(5,365,316)</u>	<u>(5,335,787)</u>	<u>(5,275,334)</u>	<u>(5,227,693)</u>	<u>(5,232,372)</u>	<u>(5,031,067)</u>	<u>(5,045,437)</u>	<u>(5,001,120)</u>	<u>(4,858,492)</u>	<u>(4,944,136)</u>
Net change in total pension liability	1,289,249	203,664	1,418,256	185,485	1,006,335	2,228,766	4,216,898	1,640,475	2,186,171	1,268,669
Total pension liability, beginning	83,035,907	82,832,243	81,413,987	81,228,502	80,222,167	77,993,401	73,776,503	72,136,028	69,949,857	68,681,188
Total Pension Liability, Ending (a)	\$ 84,325,156	\$ 83,035,907	\$ 82,832,243	\$ 81,413,987	\$ 81,228,502	\$ 80,222,167	\$ 77,993,401	\$ 73,776,503	\$ 72,136,028	\$ 69,949,857
Plan fiduciary net position:										
Contributions - employer	\$ 3,644,285	\$ 3,315,186	\$ 3,125,635	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 3,100,551	\$ 2,670,159	\$ 2,518,304	\$ 2,240,214
Contributions - member	567,570	550,411	551,155	538,393	540,393	549,030	513,971	465,743	234,906	226,656
Net investment income	5,216,439	(1,727,415)	14,065,593	1,915,976	3,232,507	3,782,044	5,065,942	21,439	1,073,486	6,243,957
Benefit payments, including refunds of member contributions	(5,365,316)	(5,335,787)	(5,275,334)	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Administrative expense	(56,147)	(58,888)	(53,593)	(52,790)	(50,516)	(50,348)	(47,861)	(77,595)	(43,154)	(39,099)
Other	55,501	(84,699)	137,698	(181,902)	6,022	379,809	274,332	(43,443)	1,235	119,179
Net change in plan fiduciary net position	4,062,332	(3,341,192)	12,551,154	276,054	1,661,903	2,839,696	3,861,498	(1,964,817)	(1,073,715)	3,846,771
Plan fiduciary net position - beginning	61,691,063	65,032,255	52,481,101	52,205,047	50,543,144	47,703,448	43,841,950	45,806,767	46,880,482	43,033,711
Plan Fiduciary Net Position - Ending (b)	\$ 65,753,395	\$ 61,691,063	\$ 65,032,255	\$ 52,481,101	\$ 52,205,047	\$ 50,543,144	\$ 47,703,448	\$ 43,841,950	\$ 45,806,767	\$ 46,880,482
City's Net Pension Liability (a)-(b)	\$ 18,571,761	\$ 21,344,844	\$ 17,799,988	\$ 28,932,886	\$ 29,023,455	\$ 29,679,023	\$ 30,289,953	\$ 29,934,553	\$ 26,329,261	\$ 23,069,375
Plan fiduciary net position as a percentage of total pension liability	77.98%	74.29%	78.51%	64.46%	64.27%	63.00%	61.16%	59.43%	63.50%	67.02%
Covered payroll	\$ 17,971,282	\$ 16,706,075	\$ 15,710,302	\$ 15,690,971	\$ 15,195,478	\$ 14,654,765	\$ 13,388,168	\$ 12,543,133	\$ 11,708,075	\$ 11,271,517
City's net pension liability as a percentage of covered payroll	103.34%	127.77%	113.30%	184.39%	191.00%	202.52%	226.24%	238.65%	224.88%	204.67%

Notes to Schedule:

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

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

Fire Pension Plan

Actuarial Valuation Date July 1	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ADC Contributed	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 5,778,428	\$ 6,048,094	\$ (269,666)	104.7%	\$ 6,205,276	97.47%
2016	5,436,487	6,048,094	(611,607)	111.3%	6,585,483	91.84%
2017	5,918,258	5,918,258	-	100.0%	6,734,507	87.88%
2018	6,142,577	6,142,577	-	100.0%	6,835,155	89.87%
2019	6,383,436	6,383,436	-	100.0%	6,620,854	96.41%
2020	6,412,242	6,412,242	-	100.0%	6,585,092	97.38%
2021	6,752,128	6,752,128	-	100.0%	6,575,388	102.69%
2022	7,014,265	7,014,265	-	100.0%	6,282,320	111.65%
2023	7,082,155	7,082,155	-	100.0%	7,455,429	94.99%
2024	7,461,283	7,461,283	-	100.0%	7,158,727	104.23%

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
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	4,063,560	4,314,776	(251,216)	106.2%	5,003,060	86.24%
2018	4,396,285	4,396,285	-	100.0%	5,175,212	84.95%
2019	4,647,573	4,647,573	-	100.0%	4,657,433	99.79%
2020	4,485,691	4,485,691	-	100.0%	4,624,139	97.01%
2021	4,320,681	4,320,681	-	100.0%	4,385,744	98.52%
2022	4,189,924	4,189,924	-	100.0%	4,315,256	97.10%
2023	4,013,737	4,013,737	-	100.0%	4,248,419	94.48%
2024	3,853,840	3,853,840	-	100.0%	4,005,599	96.21%

Notes to Schedule:

Valuation Date: June 30, 2024
Measurement Date: June 30, 2024

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

Methods and assumptions used to determine contribution rates

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed; 9 years remaining for liabilities as of July 1, 2018; effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability will be amortized separately, assuming a fresh 15-year amortization each valuation with level dollar payments.
Asset valuation method	Actuarial Value of assets; phases in recognition of differences between return on Market Value and expected return on Market Value over a 5-year period at 20% per year.
Inflation	2.40%
Salary increases, including longevity	2.40% per year plus longevity increases after seventh year of employment
Investment rate of return	6.75% effective July 1, 2021
Retirement age	Police members who have completed 20 years of service may retire Fire members who retired prior to July 1, 2011 may retire with 20 years of service and those who retire on or after July 1, 2011 with the earlier of age 58 or 30 years of service
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for Public Safety employees, for annuitant and non-annuitants, projected to the valuation date with Scale MP-2021

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,472,731	\$ 3,546,256	\$ 3,198,738	\$ 2,907,404	\$ 2,661,524	\$ 2,520,224	\$ 2,532,188	\$ 2,436,992	\$ 2,383,068	\$ 2,213,075
Contributions in relation to the contractually required contribution	<u>3,472,731</u>	<u>3,546,256</u>	<u>3,198,738</u>	<u>2,907,404</u>	<u>2,661,524</u>	<u>2,520,224</u>	<u>2,532,188</u>	<u>2,436,992</u>	<u>2,383,068</u>	<u>2,213,075</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 22,489,049	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
Contributions as a percentage of covered payroll	15.44%	16.20%	16.49%	15.41%	14.22%	13.58%	13.81%	14.32%	14.32%	13.83%

Notes to Schedule:

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributor	\$ 34,094	30,403	\$ 28,750	\$ 26,885	\$ 26,764	\$ 26,795	\$ 27,070	\$ 20,487	\$ 20,862	\$ 21,216
Contributions in relation to the contractually required contribution	<u>34,094</u>	<u>30,403</u>	<u>28,750</u>	<u>26,885</u>	<u>26,764</u>	<u>26,795</u>	<u>27,070</u>	<u>20,487</u>	<u>20,862</u>	<u>21,216</u>
Contribution Deficiency (Excess)	\$ -	-	\$ -	-	-	-	-	-	-	-
City's Covered Payroll	\$ 22,489,049	21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
Contributions as a percentage of covered payroll	0.15%	0.14%	0.15%	0.14%	0.14%	0.14%	0.15%	0.12%	0.13%	0.13%

Notes to Schedule:

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,813,335	\$ 3,734,223	\$ 3,125,635	\$ 3,121,252	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 2,988,105	\$ 2,811,308	\$ 2,506,948
Contributions in relation to the contractually required contribution	<u>3,813,335</u>	<u>3,734,223</u>	<u>3,125,635</u>	<u>3,121,252</u>	<u>3,284,070</u>	<u>3,165,869</u>	<u>3,210,228</u>	<u>2,988,105</u>	<u>2,811,308</u>	<u>2,506,948</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 19,713,854	\$ 18,465,483	\$ 15,710,302	\$ 15,690,971	\$ 15,709,079	\$ 15,110,097	\$ 14,654,765	\$ 13,217,927	\$ 12,860,503	\$ 11,692,085
Contributions as a percentage of covered payroll	19.34%	20.22%	19.90%	19.89%	20.91%	20.95%	21.91%	22.61%	21.86%	21.44%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense *								13.83%	-2.40%	4.98%
Police Plan	7.25%	10.00%	-18.43%	38.14%	0.82%	7.14%	12.62%			
Fire Plan	14.82%	10.62%	-10.27%	27.97%	4.65%	4.17%	9.08%			

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:								
Service cost	\$ 1,592,390	\$ 1,613,164	\$ 1,592,536	\$ 1,560,134	\$ 1,658,323	\$ 1,794,271	\$ 1,602,911	\$ 1,365,521
Interest	8,367,263	8,432,585	8,623,875	8,821,290	9,618,285	9,095,042	9,373,447	8,932,105
Changes of benefit terms	(442,865)	(917,331)		(522,952)		(955,397)		
Differences between expected and actual experience	(6,688,598)	(4,074,488)	(7,572,013)	(8,122,356)	(5,168,817)	209,086	(9,989,353)	
Changes of assumptions	1,720,345	5,065,133	973,569	1,777,515	(1,797,126)	3,456,137	1,314,151	
Benefit payments	<u>(6,773,780)</u>	<u>(6,436,619)</u>	<u>(6,308,176)</u>	<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	(2,225,245)	3,682,444	(2,690,209)	(2,908,779)	(2,134,706)	7,072,746	(3,593,059)	4,053,346
Total OPEB liability, beginning	<u>125,698,653</u>	<u>122,016,209</u>	<u>124,706,418</u>	<u>127,615,197</u>	<u>129,749,903</u>	<u>122,677,157</u>	<u>126,270,216</u>	<u>122,216,870</u>
Total OPEB Liability, Ending (a)	\$ <u>123,473,408</u>	\$ <u>125,698,653</u>	\$ <u>122,016,209</u>	\$ <u>124,706,418</u>	\$ <u>127,615,197</u>	\$ <u>129,749,903</u>	\$ <u>122,677,157</u>	\$ <u>126,270,216</u>
Plan fiduciary net position:								
Contributions - employer	\$ 6,868,415	\$ 4,424,849	\$ 7,128,176	\$ 6,422,410	\$ 7,293,233	\$ 7,346,393	\$ 6,614,215	\$ 6,964,280
Net investment income	7,913,899	7,195,824	(11,252,373)	17,705,528	1,346,380	2,759,253	4,785,765	4,972,032
Benefit payments	(6,773,780)	(6,436,619)	(6,308,176)	(6,422,410)	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Administrative expense	<u>(76,176)</u>	<u>(66,234)</u>	<u>(54,085)</u>	<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	7,932,358	5,117,820	(10,486,458)	17,654,241	2,146,771	3,531,346	5,457,415	5,646,110
Plan fiduciary net position - beginning	<u>65,276,451</u>	<u>60,158,631</u>	<u>70,645,089</u>	<u>52,990,848</u>	<u>50,844,077</u>	<u>47,312,731</u>	<u>41,855,316</u>	<u>36,209,206</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>73,208,809</u>	\$ <u>65,276,451</u>	\$ <u>60,158,631</u>	\$ <u>70,645,089</u>	\$ <u>52,990,848</u>	\$ <u>50,844,077</u>	\$ <u>47,312,731</u>	\$ <u>41,855,316</u>
City's Net OPEB Liability (a)-(b)	\$ <u>50,264,599</u>	\$ <u>60,422,202</u>	\$ <u>61,857,578</u>	\$ <u>54,061,329</u>	\$ <u>74,624,349</u>	\$ <u>78,905,826</u>	\$ <u>75,364,426</u>	\$ <u>84,414,900</u>
Plan fiduciary net position as a percentage of the total OPEB liability	59.29%	51.93%	49.30%	56.65%	41.52%	39.19%	38.57%	33.15%
Covered payroll	\$ 51,793,405	\$ 48,597,910	\$ 46,582,811	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402
Net OPEB liability as a percentage of covered payroll	97.05%	124.33%	132.79%	118.92%	166.29%	172.74%	169.28%	190.67%

Notes to Schedule:

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 6,488,059	\$ 6,569,233	\$ 6,460,170	\$ 6,920,250	\$ 7,237,210	\$ 7,781,651	\$ 7,162,648	\$ 7,666,176	\$ 8,018,221	\$ 6,943,534
Contributions in relation to the actuarially determined contribution	<u>6,868,415</u>	<u>4,424,849</u>	<u>7,128,176</u>	<u>6,422,410</u>	<u>7,293,233</u>	<u>7,346,393</u>	<u>6,614,215</u>	<u>6,964,280</u>	<u>7,132,978</u>	<u>7,332,694</u>
Contribution deficiency (excess)	\$ <u>(380,356)</u>	\$ <u>2,144,384</u>	\$ <u>(668,006)</u>	\$ <u>497,840</u>	\$ <u>(56,023)</u>	\$ <u>435,258</u>	\$ <u>548,433</u>	\$ <u>701,896</u>	\$ <u>885,243</u>	\$ <u>(389,160)</u>
Covered payroll	\$ 51,793,405	\$ 48,597,910	\$ 46,582,811	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402	\$ 42,091,451	\$ 40,192,005
Contributions as a percentage of covered payroll	13.26%	9.11%	15.30%	14.13%	16.25%	16.08%	14.86%	15.73%	16.95%	18.24%

Valuation Date: July 1, 2023
Measurement Date: June 30, 2024

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	16 years remaining on unfunded past service as of July 1, 2021; future changes are amortized separately assuming a new 15-year amortization each valuation with level dollar payments
Asset valuation method	Actuarial Value of assets; phases in recognition of differences between return on Market Value and expected return on Market Value over a 5-year period at 20% per year.
Inflation	2.40%
Healthcare cost trend rates	2023 - 6.50%; 2024 6.50%; increasing by .20% annually until reaches 4.40%
Salary increases	2.40% plus longevity increases for police and fire
Investment rate of return	6.75% effective as of the July 1, 2022 valuation date
Mortality	Police and Fire: Pub-2010 Public Retirement Plans Mortality tables for Public Safety; projected to the valuation date with Scale MP-2021 Teachers and Administrators: Pub-2010 Public Plans Mortality tables for Teachers; projected to the valuation date with Scale MP-2021 School Support Staff and General City: Pub-2010 Public Retirement Plans for General employees; projected with Scale MP-2021

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	11.85%	12.05%	-15.76%	33.42%	2.61%	5.74%	11.26%	13.65%

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

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

General Fund

GENERAL FUND

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

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Property Taxes:				
Current taxes - Real Estate	\$ 85,744,973	\$ 85,744,973	\$ 84,860,313	\$ (884,660)
Delinquent taxes & penalties	1,545,000	1,545,000	1,068,653	(476,347)
Tax abatements	(1,200,000)	(1,200,000)	263,915	1,463,915
Meals and beverage tax	3,000,000	3,000,000	3,357,915	357,915
Hotel occupancy tax	3,600,000	3,600,000	3,565,090	(34,910)
Total property taxes	<u>92,689,973</u>	<u>92,689,973</u>	<u>93,115,886</u>	<u>425,913</u>
Intergovernmental Revenues:				
Telephone company tax	305,954	305,954	335,601	29,647
MV tax phase out	2,223,671	2,223,671	2,223,671	-
School housing aid	1,019,087	1,019,087	1,525,465	506,378
PILOT	1,688,961	1,688,961	1,739,666	50,705
Statistical update	124,642	124,642	117,036	(7,606)
Total intergovernmental revenues	<u>5,362,315</u>	<u>5,362,315</u>	<u>5,941,439</u>	<u>579,124</u>
Charges for Services:				
Service fees	727,377	727,377	822,893	95,516
Police special detail	1,630,000	1,630,000	2,084,426	454,426
Document prep and handling	65,000	65,000	47,797	(17,203)
Planning services	1,000	1,000	1,695	695
Solid waste hauler fees	3,000	3,000	1,500	(1,500)
Management services	1,327,126	1,327,126	1,327,126	-
Fire alarm assessments	164,000	164,000	160,263	(3,737)
HR regional testing	4,400	4,400	-	(4,400)
Recreation Scholarship Revenue	1,000	1,000	1,463	463
Recreation Program Revenue	115,000	115,000	144,115	29,115
Parking tickets	1,030,000	1,030,000	777,243	(252,757)
Recording fees	250,000	250,000	189,245	(60,755)
Conveyance tax	1,200,000	1,200,000	791,062	(408,938)
Probate fees	46,000	46,000	37,612	(8,388)
Rescue fees	1,040,000	1,040,000	1,230,804	190,804
General business	100,000	100,000	140,098	40,098
Parking fund revenue share	300,000	300,000	320,017	20,017
Hotel registration fees	30,000	30,000	105,500	75,500
Short-Term Rental	220,000	220,000	154,955	(65,045)
Entertainment	25,000	25,000	25,165	165
Liquor	190,000	190,000	198,300	8,300
Mech amusement	5,000	5,000	6,250	1,250
Sunday selling	21,000	21,000	21,300	300
Victualing	56,000	56,000	52,835	(3,165)
Animal	3,000	3,000	4,908	1,908
Marriage	5,000	5,000	5,120	120
Building	1,000,000	1,000,000	1,811,248	811,248
Plumbing	60,000	60,000	118,645	58,645
Mechanical	200,000	200,000	310,715	110,715
Electrical	160,000	160,000	259,372	99,372
Board of Appeals	40,000	40,000	40,128	128
HDC application fee	30,000	30,000	33,550	3,550
Road opening	60,000	60,000	310,098	250,098
Fire inspection fees	90,000	90,000	190,119	100,119
Fire - sundry	20,000	20,000	12,490	(7,510)
Police - sundry	10,000	10,000	10,877	877
Municipal court cost assessment	160,000	160,000	205,617	45,617
Other miscellaneous	60,000	60,000	536,352	476,352
Beach bounce fees	8,500	8,500	-	(8,500)
Bathhouses	85,000	85,000	23,310	(61,690)
Food service concessions	53,500	53,500	-	(53,500)
Outside vendor commissions	35,000	35,000	25,700	(9,300)
Beach parking	1,125,000	1,125,000	1,166,108	41,108
Beach meters	50,000	50,000	-	(50,000)
Total charges for services	<u>11,805,903</u>	<u>11,805,903</u>	<u>13,706,021</u>	<u>1,900,118</u>
Use of Money and Property:				
Rental of property	55,000	55,000	52,155	(2,845)
Investment interest	458,800	458,800	1,741,223	1,282,423
Short Term Investment	-	-	1,662,259	1,662,259
Bank Interest	20,000	20,000	1,444,943	1,424,943
Other funding Sources	-	-	27,864	27,864
Total use of money and property	<u>533,800</u>	<u>533,800</u>	<u>4,928,444</u>	<u>25,019</u>
Other Revenues:				
Sale of surplus equipment and property	-	-	9,700	9,700
Fireworks donations	-	-	46,620	46,620
Public donations	111,500	111,500	229,633	118,133
Total other revenues	<u>111,500</u>	<u>111,500</u>	<u>285,953</u>	<u>174,453</u>
Total revenues	<u>110,503,491</u>	<u>110,503,491</u>	<u>117,977,743</u>	<u>3,104,627</u>
Other Financing Sources:				
Transfers in	-	-	66,508	66,508
Appropriated Fund Balance	-	575,000	-	575,000
Total Revenues and Other Financing Sources	<u>\$ 110,503,491</u>	<u>\$ 111,078,491</u>	<u>\$ 118,044,251</u>	<u>\$ 3,171,135</u>

**CITY OF NEWPORT, RHODE ISLAND
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024**

	<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	\$ 155,657	\$ 236,157	\$ 250,812	\$ (14,655)
City Manager	1,378,610	1,378,610	1,464,696	(86,086)
City Solicitor	628,665	628,665	605,265	23,400
Canvassing	284,757	284,757	212,604	72,153
City Clerk	685,399	685,399	681,192	4,207
Finance	5,727,376	5,744,741	5,115,191	629,550
Reserve Accounts	520,000	690,592	1,176,920	(486,328)
Public Safety:				
Police Department	19,286,087	19,286,485	19,177,920	108,565
Fire Department	22,064,418	22,107,396	21,554,904	552,492
Public Services	12,450,258	13,437,673	12,852,855	584,818
Planning	795,141	795,141	537,963	257,178
Zoning and Inspections	1,168,976	1,168,976	1,144,245	24,731
Human Services:				
Donations	268,050	268,050	268,050	-
Public Library	2,012,090	2,012,090	2,012,090	-
Pension expenditures	3,714,180	3,714,180	3,669,136	45,044
Debt service	<u>7,707,158</u>	<u>7,707,158</u>	<u>7,669,356</u>	<u>37,802</u>
Total expenditures	<u>78,846,822</u>	<u>80,146,070</u>	<u>78,393,199</u>	<u>1,752,871</u>
Other financing uses:				
Transfers out	<u>31,484,143</u>	<u>31,484,143</u>	<u>35,539,918</u>	<u>(4,055,775)</u>
Total Expenditures and Other Financing Uses	<u>\$ 110,330,965</u>	<u>\$ 111,630,213</u>	<u>\$ 113,933,117</u>	<u>\$ (2,302,904)</u>

	<u>Revenues and Transfers In</u>	<u>Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Balance, Budgetary Basis, June 30, 2024	\$ 118,044,251	\$ 113,933,117	\$ 35,256,202
Variance		-	
Encumbrances outstanding at June 30, 2024		(652,538)	652,538
Balance, GAAP Basis, Exhibit IV- June 30, 2024	<u>\$ 118,044,251</u>	<u>\$ 113,280,579</u>	<u>\$ 35,908,740</u>

Permanent Trust Funds

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

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2024**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Nonspendable for Endowments</u>	<u>Restricted Fund Balance</u>
David Sears Trusts 1 - 2 (City Portion)	\$ 2,455,963	\$ (730)	\$ 750,000	\$ 1,705,233
David Sears Trust - Heirs of David Sears	4,658,575	(8,004)	1,039,381	3,611,190
David Sears Trust - Public Improvements	1,496,264	(382)	-	1,495,882
Joseph Hammett Fund (1892)	55,021	(14)	1,500	53,507
Henderson Home Fund (1980)	1,612,589	(417)	139,781	1,472,391
Freebody Fund	298,114	(73)	97,000	201,041
EV Coles Fund (1899)	507,581	(131)	61,321	446,129
Hunter Industrial Fund (1942)	173,651	(45)	25,000	148,606
King School Fund (1864)	358,876	(92)	8,914	349,870
City Burial Lots	901,672	(231)	-	901,441
Private Burial Lots	20,084	(4)	-	20,080
Belmont Memorial Fund (1950)	96,257	(23)	2,000	94,234
Judah Touro M & C Fund (1879)	283,158	(69)	10,000	273,089
Touro Street Fund (1823)	194,368	(48)	5,000	189,320
Derby Fuel Fund (1849)	30,203	(7)	500	29,696
Fry Orphan Fund (1859)	47,486	(12)	5,131	42,343
R & E Bullock Fund (1944)	116,240	(30)	1,000	115,210
Poor and Aged Fund (1863)	1,000,299	(262)	100,000	900,037
Alexander Agassiz Fund (1901)	272,132	(69)	31,087	240,976
George H Norman Foundation Fund (1901)	93,363	(24)	6,899	86,440
Barbara Chapman Fund (1990)	12,310	(3)	2,000	10,307
E Townsend Fund (1889)	615,077	(150)	155,137	459,790
George N Buckout Fund (1955)	295,137	(72)	15,000	280,065
Edward Newton Fund (1959)	102,782	(25)	-	102,757
Braman Cemetery	375,070	(96)	-	374,974
Louis H Hobbs Fund (1988)	110,187	(27)	25,000	85,160
RIICAN Fund	23,286	(5)	-	23,281
Pell School Tech Endowment Fund	1,422,462	(384)	120,000	1,302,078
Peter P Integlia Physical Education Scholarship	35,241	-	11,047	24,194
American Culinary Federation Award	81,286	(20)	250	81,016
Eileen Jeanes Jachna Award	60,788	(15)	2,000	58,773
William T Bull Award	53,954	(13)	20,000	33,941
Mercedes S Coulombe Award	197,586	(48)	10,000	187,538
Carol Ann Page Award	13,987	(4)	250	13,733
Avis G Marden Award	10,468	(2)	2,500	7,966
Class of 41 American Government Award	12,055	(3)	2,500	9,552
PF Carroll Scholarship	47,206	(11)	250	46,945
J Fitzgerald Scholarship	4,614	(1)	250	4,363
Smales Scholarship	26,016	(6)	250	25,760
Henry Vaughn Memorial Award	11,164	(3)	250	10,911
Adelson Biology Award	7,617	(2)	250	7,365
Leavitt Trust Award	30,840	(8)	250	30,582
Alliance Francaise Award	3,073	(1)	250	2,822
Lalli Trust Award	11,116	(3)	2,270	8,843
Goldstein Music Award	11,216	(3)	250	10,963
MB Howard Award	27,981	(7)	250	27,724
Newport School Book Award	956	-	250	706
Edward King Medal Award	164,898	(40)	2,000	162,858
Koehne Latin Award	6,457	(2)	250	6,205

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2024**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Nonspendable for Endowments</u>	<u>Restricted Fund Balance</u>
Mirman Math Award	5,517	(2)	250	5,265
GH Norman Award	15,411	(4)	500	14,907
Peckham Award	209,872	(52)	250	209,570
Pell Medal	7,225	(1)	200	7,024
Read Medal #1	2,427	(1)	250	2,176
Read Medal #2	2,693	(1)	250	2,442
Charles B King Award	35,389	(9)	250	35,130
Rogers High School Centennial Award	77,899	(19)	5,000	72,880
Almira Coffin Award	8,920	(2)	250	8,668
HH Toole Scholarship	27,285	(7)	250	27,028
Henry Heffernan Award	130,197	(34)	250	129,913
Bruen Scholarship	47,496	(12)	250	47,234
Sullivan Scholarship	71,334	(17)	250	71,067
Joseph P Cotton Memorial Award	45,227	(12)	250	44,965
Rufus E Darrah Memorial Award	16,272	(4)	250	16,018
Margaret P Stevens Award	2,230	(1)	250	1,979
Christine Meek Sullivan/Marx Award	38,511	(10)	250	38,251
Zelda Mirman Music/Drama Award	66,937	(16)	250	66,671
Wosencroft Scholarship	13,170	(3)	250	12,917
M/M Thomas Archambault Award	28,636	(7)	10,000	18,629
Class of 46 Rogers High School DLS Award	48,047	(12)	2,000	46,035
General Contractors Association Award	45,035	(12)	250	44,773
Cohen Scholarship	12,596	(3)	250	12,343
Townsend Scholarship	14,053	(4)	250	13,799
Dorothy Drinkwater Lecraw Award	93,762	(24)	35,000	58,738
Nicholas Logothets Award	13,157	(3)	250	12,904
Helene Lewis Memorial Scholarship	141,124	(36)	250	140,838
Kristen Jorge Memorial Scholarship	43,823	(11)	11,813	31,999
James Colton Crowley Award	153,965	(40)	250	153,675
Florence J Alofsin English Award	12,354	(3)	5,000	7,351
Sandra Clooney Memorial Scholarship	50,511	(13)	23,629	26,869
Allan Family Scholarship	173,227	(44)	78,819	94,364
Loeb/George Washington Essay Award	11,096	(3)	250	10,843
Tift-Oxley Scholarship Fund	86,984	(23)	37,700	49,261
John J Egan Scholarship Fund	55,575	(14)	250	55,311
Colleen Curry Dawson Fund	63,689	(15)	250	63,424
Total Permanent Trust Funds	\$ 20,318,372	\$ (12,095)	\$ 2,873,129	\$ 17,433,148

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund Balance June 30, 2023	Revenues Use of Money and Property and Investment Changes	Expenditures Human Services	Fund Balance June 30, 2024
David Sears Trusts 1 - 12 (City Portion)	\$ 2,562,097	\$ (106,864)	\$ -	\$ 2,455,233
David Sears Trust - Heirs of David Sears	3,896,557	767,278	(13,264)	4,650,571
David Sears Trust - Public Improvements	1,339,167	320,265	(163,550)	1,495,882
Joseph Hammett Fund (1892)	49,376	7,641	(2,010)	55,007
Henderson Home Fund (1980)	1,461,076	210,536	(59,440)	1,612,172
Freebody Fund	253,872	44,169	-	298,041
EV Coles Fund (1899)	457,309	68,741	(18,600)	507,450
Hunter Industrial Fund (1942)	156,102	23,854	(6,350)	173,606
King School Fund (1864)	322,848	49,066	(13,130)	358,784
City Burial Lots	812,076	122,405	(33,040)	901,441
Private Burial Lots	17,103	2,977	-	20,080
Belmont Memorial Fund (1950)	81,972	14,262	-	96,234
Judah Touro M & C Fund (1879)	240,935	42,154	-	283,089
Touro Street Fund (1823)	165,524	28,796	-	194,320
Derby Fuel Fund (1849)	27,156	4,140	(1,100)	30,196
Fry Orphan Fund (1859)	42,543	6,661	(1,730)	47,474
R & E Bullock Fund (1944)	104,386	16,074	(4,250)	116,210
Poor and Aged Fund (1863)	922,241	127,761	(49,965)	1,000,037
Alexander Agassiz Fund (1901)	244,907	37,116	(9,960)	272,063
George H Norman Foundation Fund (1901)	83,918	12,831	(3,410)	93,339
Barbara Chapman Fund (1990)	10,483	1,824	-	12,307
E Townsend Fund (1889)	523,798	91,129	-	614,927
George N Buckout Fund (1955)	251,338	43,727	-	295,065
Edward Newton Fund (1959)	87,529	15,228	-	102,757
Braman Cemetery	336,898	51,786	(13,710)	374,974
Louis H Hobbs Fund (1988)	93,834	16,326	-	110,160
RIICAN Fund	19,831	3,450	-	23,281
Pell School Tech Endowment Fund	1,316,317	105,761	-	1,422,078
Peter P Integlia Physical Education Scholarship	30,027	5,214	-	35,241
American Culinary Federation Award	71,986	11,970	(2,690)	81,266
Eileen Jeanes Jachna Award	54,515	8,368	(2,110)	60,773
William T Bull Award	48,176	7,635	(1,870)	53,941
Mercedes S Coulombe Award	168,906	28,632	-	197,538
Carol Ann Page Award	12,100	2,083	(200)	13,983
Avis G Marden Award	9,252	1,554	(340)	10,466
Class of 41 American Government Award	10,279	1,773	-	12,052
PF Carroll Scholarship	41,036	6,954	(795)	47,195
J Fitzgerald Scholarship	4,120	653	(160)	4,613
Smales Scholarship	23,232	3,678	(900)	26,010
Henry Vaughn Memorial Award	9,968	1,583	(390)	11,161
Adelson Biology Award	6,795	1,080	(260)	7,615
Leavitt Trust Award	27,570	4,332	(1,070)	30,832
Alliance Francaise Award	2,621	451	-	3,072
Lalli Trust Award	9,916	1,577	(380)	11,113
Goldstein Music Award	9,615	1,598	-	11,213
MB Howard Award	24,797	4,117	(940)	27,974
Newport School Book Award	819	137	-	956
Edward King Medal Award	142,202	23,894	(1,238)	164,858
Koehne Latin Award	6,129	821	(495)	6,455
Mirman Math Award	4,926	779	(190)	5,515
GH Norman Award	13,647	2,270	(510)	15,407
Peckham Award	182,942	30,589	(3,711)	209,820
Pell Medal	6,192	1,032	-	7,224

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund Balance June 30, 2023	Revenues Use of Money and Property and Investment Changes	Expenditures Human Services	Fund Balance June 30, 2024
Read Medal #1	2,080	346	-	2,426
Read Medal #2	2,307	385	-	2,692
Charles B King Award	31,600	5,000	(1,220)	35,380
Rogers High School Centennial Award	69,547	11,023	(2,690)	77,880
Almira Coffin Award	7,967	1,261	(310)	8,918
HH Toole Scholarship	24,364	3,854	(940)	27,278
Henry Heffernan Award	116,293	18,370	(4,500)	130,163
Bruen Scholarship	42,405	6,719	(1,640)	47,484
Sullivan Scholarship	62,008	10,509	(1,200)	71,317
Joseph P Cotton Memorial Award	40,386	6,379	(1,550)	45,215
Rufus E Darrah Memorial Award	14,411	2,397	(540)	16,268
Margaret P Stevens Award	1,911	318	-	2,229
Christine Meek Sullivan/Marx Award	34,180	5,621	(1,300)	38,501
Zelda Mirman Music/Drama Award	58,408	9,583	(1,070)	66,921
Wosencroft Scholarship	11,752	1,865	(450)	13,167
M/M Thomas Archambault Award	25,588	4,031	(990)	28,629
Class of 46 Rogers High School DLS Award	42,914	6,781	(1,660)	48,035
General Contractors Association Award	39,882	6,631	(1,490)	45,023
Cohen Scholarship	11,158	1,855	(420)	12,593
Townsend Scholarship	12,554	1,985	(490)	14,049
Dorothy Drinkwater Lecraw Award	83,713	13,265	(3,240)	93,738
Nicholas Logothets Award	11,276	1,878	-	13,154
Helene Lewis Memorial Scholarship	125,987	19,981	(4,880)	141,088
Kristen Jorge Memorial Scholarship	37,553	6,259	-	43,812
James Colton Crowley Award	137,497	21,748	(5,320)	153,925
Florence J Alofsin English Award	10,591	1,760	-	12,351
Sandra Clooney Memorial Scholarship	45,086	7,152	(1,740)	50,498
Allan Family Scholarship	153,494	25,469	(5,780)	173,183
Loeb/George Washington Essay Award	9,511	1,582	-	11,093
Tift-Oxley Scholarship Fund	77,648	12,313	(3,000)	86,961
John J Egan Scholarship Fund	49,184	8,197	(1,820)	55,561
Colleen Curry Dawson Fund	55,296	9,372	(1,000)	63,668
Transfers		9,034	104,517	
Total Permanent Trust Funds	\$ 18,251,512	\$ 2,524,791	\$ (356,481)	\$ 20,306,271

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, 2024**

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds	
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund		Property Acquisition Fund
Assets:									
Cash and cash equivalents	\$ -	\$ 646,602	\$ 1,388,227	\$ 3,791	\$ 18,036	\$ 66,975	\$ 594,445	\$ 2,809,959	\$ 5,528,035
Receivables:									
Intergovernmental	2,487,372	-	510,314	-	-	-	-	-	2,997,686
Note/loan	-	105,000	-	-	-	-	-	452,054	557,054
Total Assets	\$ 2,487,372	\$ 751,602	\$ 1,898,541	\$ 3,791	\$ 18,036	\$ 66,975	\$ 594,445	\$ 3,262,013	\$ 9,082,775
Liabilities, Deferred Inflows of Resources and Fund Balances:									
Liabilities:									
Cash overdraft	\$ 2,436,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,436,970
Accrued liabilities	32,988	-	-	-	-	-	4,565	-	37,553
Accounts payable	183,332	-	266,310	-	-	6,967	36,915	84	493,608
Total liabilities	<u>2,653,290</u>	<u>-</u>	<u>266,310</u>	<u>-</u>	<u>-</u>	<u>6,967</u>	<u>41,480</u>	<u>84</u>	<u>2,968,131</u>
Deferred Inflows of Resources:									
Unavailable revenue - loans receivable	-	105,000	-	-	-	-	-	452,054	557,054
Unavailable revenue - intergovernmental receivable	513,458	-	1,719,574	-	-	-	-	-	2,233,032
Total deferred inflows of resources	<u>513,458</u>	<u>105,000</u>	<u>1,719,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,054</u>	<u>2,790,086</u>
Fund Balances:									
Restricted	-	646,602	-	3,791	18,036	60,008	-	-	728,437
Committed	-	-	-	-	-	-	552,965	-	552,965
Assigned	-	-	-	-	-	-	-	2,809,875	2,809,875
Unassigned	(679,376)	-	(87,343)	-	-	-	-	-	(766,719)
Total fund balances	<u>(679,376)</u>	<u>646,602</u>	<u>(87,343)</u>	<u>3,791</u>	<u>18,036</u>	<u>60,008</u>	<u>552,965</u>	<u>2,809,875</u>	<u>3,324,558</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,487,372	\$ 751,602	\$ 1,898,541	\$ 3,791	\$ 18,036	\$ 66,975	\$ 594,445	\$ 3,262,013	\$ 9,082,775

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue						Capital Project		Total Nonmajor Governmental Funds
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund	Property Acquisition Fund	
Revenues:									
Intergovernmental revenues	\$ 9,048,462	\$ -	\$ 4,315,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,364,065
Charges for services	148,635	-	-	-	-	-	-	-	148,635
Use of money and property	-	-	-	-	-	-	-	42,216	42,216
Other revenues	278,608	-	114,550	-	702	72,335	150,000	-	616,195
Total Revenues	<u>9,475,705</u>	<u>-</u>	<u>4,430,153</u>	<u>-</u>	<u>702</u>	<u>72,335</u>	<u>150,000</u>	<u>42,216</u>	<u>14,171,111</u>
Expenditures:									
Current:									
General government	-	-	149,566	-	-	-	-	22,357	171,923
General education	9,583,549	-	290,750	-	-	-	-	-	9,874,299
Public safety	-	-	593,906	-	-	-	-	-	593,906
Public services	-	-	1,076,929	-	4,472	62,837	-	-	1,144,238
Planning	-	-	-	-	-	-	-	-	-
Human services	-	-	543,250	1	-	-	-	-	543,251
Capital outlays	29,244	-	-	-	-	-	651,679	-	680,923
Total Expenditures	<u>9,612,793</u>	<u>-</u>	<u>2,654,401</u>	<u>1</u>	<u>4,472</u>	<u>62,837</u>	<u>651,679</u>	<u>22,357</u>	<u>13,008,540</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(137,088)</u>	<u>-</u>	<u>1,775,752</u>	<u>(1)</u>	<u>(3,770)</u>	<u>9,498</u>	<u>(501,679)</u>	<u>19,859</u>	<u>1,162,571</u>
Other Financing Sources (Uses):									
Transfers in	-	-	870,919	-	-	-	922,981	-	1,793,900
Transfers out	-	-	(3,277,169)	-	-	-	-	-	(3,277,169)
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,406,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>922,981</u>	<u>-</u>	<u>(1,483,269)</u>
Net Change in Fund Balances	<u>(137,088)</u>	<u>-</u>	<u>(630,498)</u>	<u>(1)</u>	<u>(3,770)</u>	<u>9,498</u>	<u>421,302</u>	<u>19,859</u>	<u>(320,698)</u>
Fund Balances at Beginning of Year	<u>(542,288)</u>	<u>646,602</u>	<u>543,155</u>	<u>3,792</u>	<u>21,806</u>	<u>50,510</u>	<u>131,663</u>	<u>2,790,016</u>	<u>3,645,256</u>
Fund Balances at End of Year	<u>\$ (679,376)</u>	<u>\$ 646,602</u>	<u>\$ (87,343)</u>	<u>\$ 3,791</u>	<u>\$ 18,036</u>	<u>\$ 60,008</u>	<u>\$ 552,965</u>	<u>\$ 2,809,875</u>	<u>\$ 3,324,558</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, 2024

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,955,512	\$ 4,560,055	\$ 6,515,567
Investments	-	1,628,999	1,628,999
Accounts receivable:			
Current portion lease receivables	53,043	233,774	286,817
User fees (net of allowances)	15,522	307,017	322,539
Prepaid expenses	44,343	-	44,343
Total current assets	<u>2,068,420</u>	<u>6,729,845</u>	<u>8,798,265</u>
Noncurrent assets:			
Long-term lease receivables	678,506	625,099	1,303,605
Capital assets	6,709,775	6,161,768	12,871,543
Less accumulated depreciation	<u>(1,927,123)</u>	<u>(3,120,960)</u>	<u>(5,048,083)</u>
Total noncurrent assets	<u>5,461,158</u>	<u>3,665,907</u>	<u>9,127,065</u>
Total Assets	<u>7,529,578</u>	<u>10,395,752</u>	<u>17,925,330</u>
Deferred outflow of resources:			
Deferred outflows - pension	61,919	-	61,919
Total deferred outflow of resources	<u>61,919</u>	<u>-</u>	<u>61,919</u>
Liabilities:			
Current liabilities:			
Accounts payable	304,236	66,307	370,543
Accrued expenses	31,372	23,856	55,228
Total current liabilities	<u>335,608</u>	<u>90,163</u>	<u>425,771</u>
Long-term liabilities:			
Net pension liability	150,757	-	150,757
Total long-term liabilities	<u>150,757</u>	<u>-</u>	<u>150,757</u>
Total Liabilities	<u>486,365</u>	<u>90,163</u>	<u>576,528</u>
Deferred inflow of resources:			
Deferred inflows - leases	731,549	858,873	1,590,422
Deferred inflows - pension	51,744	-	51,744
Total deferred inflow of resources	<u>783,293</u>	<u>858,873</u>	<u>1,642,166</u>
Net Position:			
Net investment in capital assets	4,782,652	3,040,808	7,823,460
Unrestricted	<u>1,539,187</u>	<u>6,405,908</u>	<u>7,945,095</u>
Total Net Position	<u>\$ 6,321,839</u>	<u>\$ 9,446,716</u>	<u>\$ 15,768,555</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, 2024

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Operating Revenues:			
User fees	\$ 1,650,653	\$ 3,184,443	\$ 4,835,096
Operating Expenses:			
Salaries and benefits	406,873	167,712	574,585
Materials and supplies	40,497	21,450	61,947
Repairs and maintenance	112,636	245,425	358,061
Support services	192,081	491,488	683,569
Utilities	21,150	59,549	80,699
Administrative and other	152,665	532,337	685,002
Depreciation	171,631	130,821	302,452
Total operating expenses	<u>1,097,533</u>	<u>1,648,782</u>	<u>2,746,315</u>
Operating Income	553,120	1,535,661	2,088,781
Nonoperating revenues and expenses:			
Investment income (loss)	20,346	134,880	155,226
Total nonoperating revenues and expense	<u>20,346</u>	<u>134,880</u>	<u>155,226</u>
Income Before Transfers	573,466	1,670,541	2,244,007
Transfers:			
Transfers out	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Changes in Net Position	473,466	1,470,541	1,944,007
Net Position at Beginning of Year	<u>5,848,373</u>	<u>7,976,175</u>	<u>13,824,548</u>
Net Position at End of Year	<u>\$ 6,321,839</u>	<u>\$ 9,446,716</u>	<u>\$ 15,768,555</u>

**CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,642,641	\$ 3,124,889	\$ 4,767,530
Cash payments to suppliers for goods and services and other payments	(804,932)	(2,158,397)	(2,963,329)
Cash payments for employees for services	(67,872)	-	(67,872)
Net cash provided by (used in) operating activities	<u>769,837</u>	<u>966,492</u>	<u>1,736,329</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans and transfers	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	<u>(896,442)</u>	<u>(347,374)</u>	<u>(1,243,816)</u>
Net cash provided by (used in) capital and related financing activities	<u>(896,442)</u>	<u>(347,374)</u>	<u>(1,243,816)</u>
Cash Flows from Investing Activities:			
Investment income (loss)	<u>20,346</u>	<u>185,560</u>	<u>205,906</u>
Net cash provided by (used in) investing activities	<u>20,346</u>	<u>185,560</u>	<u>205,906</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(206,259)	604,678	398,419
Cash and Cash Equivalents at Beginning of Year	<u>2,161,771</u>	<u>3,955,377</u>	<u>6,117,148</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,955,512</u>	<u>\$ 4,560,055</u>	<u>\$ 6,515,567</u>
Reconciliation of Operating Income (Loss) to net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 553,120	\$ 1,535,661	\$ 2,088,781
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	171,631	130,821	302,452
Changes in assets and liabilities:			
Decrease (Increase) in accounts receivable	42,146	(68,429)	(26,283)
Decrease (Increase) in deferred outflows of resources:			
Deferred outflows - pension	27,042	-	27,042
Deferred outflows - other post employment benefit	2,476	-	2,476
(Decrease) Increase in accounts payable	86,917	(640,436)	(553,519)
(Decrease) Increase in accrued expenses	(16,105)	8,875	(7,230)
(Decrease) Increase in net pension liability	(62,328)	-	(62,328)
(Decrease) Increase in deferred inflow of resources:			
Deferred inflows - pension	(29,434)	-	(29,434)
Deferred inflows - other post employment benefit	(5,628)	-	(5,628)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 769,837</u>	<u>\$ 966,492</u>	<u>\$ 1,736,329</u>
Noncash Investing, Capital and Related Financing Transactions:			
Increase (decrease) in fair value of investments	\$ -	\$ (50,680)	\$ (50,680)
Total Noncash Investing, Capital and Related Financing Transactions	<u>\$ -</u>	<u>\$ (50,680)</u>	<u>\$ (50,680)</u>

Fiduciary Funds

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

Pension Trust Funds

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

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

Other Post-Employment Benefit Trust Fund

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

CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
 JUNE 30, 2024

	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	\$ 861,460	\$ 2,711,794	\$ 3,573,254	\$ (36,862)	\$ 3,536,392
Investments, at fair value:					
Fixed income mutual funds	-	-	-	4,454,299	4,454,299
Domestic equity mutual funds	47,415,409	49,423,304	96,838,713	40,545,571	137,384,284
International equity mutual funds	5,251,010	5,473,373	10,724,383	8,178,511	18,902,894
Alternative investments	40,260,964	41,965,892	82,226,856	20,097,390	102,324,246
Total assets	<u>93,788,843</u>	<u>99,574,363</u>	<u>193,363,206</u>	<u>73,238,909</u>	<u>266,602,115</u>
Liabilities:					
Accounts payable	50,793	49,919	100,712	30,100	130,812
Total liabilities	<u>50,793</u>	<u>49,919</u>	<u>100,712</u>	<u>30,100</u>	<u>130,812</u>
Net Position:					
Net position - restricted for pension benefits	93,738,050	99,524,444	193,262,494	-	193,262,494
Net position - restricted for other post-employment benefit	-	-	-	73,208,809	73,208,809
Total Net Position	<u>\$ 93,738,050</u>	<u>\$ 99,524,444</u>	<u>\$ 193,262,494</u>	<u>\$ 73,208,809</u>	<u>\$ 266,471,303</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, 2024**

	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	\$ 350,447	\$ 653,053	\$ 1,003,500	\$ -	\$ 1,003,500
Employer	3,853,840	7,461,283	11,315,123	6,868,416	18,183,539
Total contributions	<u>4,204,287</u>	<u>8,114,336</u>	<u>12,318,623</u>	<u>6,868,416</u>	<u>19,187,039</u>
Investment income:					
Net change in fair value of investments	4,549,624	11,263,388	15,813,012	4,415,732	20,228,744
Interest, dividends and realized gains	2,177,910	2,153,472	4,331,382	3,557,277	7,888,659
Total investment income	<u>6,727,534</u>	<u>13,416,860</u>	<u>20,144,394</u>	<u>7,973,009</u>	<u>28,117,403</u>
Less investment expenses	<u>148,966</u>	<u>146,402</u>	<u>295,368</u>	<u>80,622</u>	<u>375,990</u>
Net investment income	<u>6,578,568</u>	<u>13,270,458</u>	<u>19,849,026</u>	<u>7,892,387</u>	<u>27,741,413</u>
Total additions	<u>10,782,855</u>	<u>21,384,794</u>	<u>32,167,649</u>	<u>14,760,803</u>	<u>46,928,452</u>
Deductions:					
Benefits	7,297,771	7,726,976	15,024,747	6,773,781	21,798,528
Administration	59,737	59,490	119,227	54,664	173,891
Total deductions	<u>7,357,508</u>	<u>7,786,466</u>	<u>15,143,974</u>	<u>6,828,445</u>	<u>21,972,419</u>
Changes in Net Position	3,425,347	13,598,328	17,023,675	7,932,358	24,956,033
Net Position at Beginning of Year	<u>90,312,703</u>	<u>85,926,116</u>	<u>176,238,819</u>	<u>65,276,451</u>	<u>241,515,270</u>
Net Position at End of Year	<u>\$ 93,738,050</u>	<u>\$ 99,524,444</u>	<u>\$ 193,262,494</u>	<u>\$ 73,208,809</u>	<u>\$ 266,471,303</u>

Annual Supplemental Transparency Report

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2024

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 84,596,398	\$ -
Last Year's Levy Tax Collection	764,334	-
Prior Years Property Tax Collection	13,000	-
Interest & Penalty	291,319	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	3,214,411	-
Fines and Forfeitures	1,036,317	-
Investment Income	5,003,651	-
Departmental	11,822,417	-
Rescue Run Revenue	1,230,804	-
Police & Fire Detail	2,084,426	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	1,495,750
Impact Aid	-	1,022,599
Medicaid	-	446,900
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	925,268
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	3,663,469
COVID - ESSER	-	3,894,251
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	3,339,167	-
MV Excise Tax Reimbursement	-	-
State PILOT Program	1,739,666	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	335,601	-
Meals & Beverage Tax / Hotel Tax	6,923,005	-
LEA Aid	-	14,945,081
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,525,465	-
State Food Service Revenue	-	-
Incentive Aid	-	-
Property Revaluation Reimbursement	117,036	-
Other State Revenue	-	661,006
Motor Vehicle Phase Out	2,223,671	-
Other Revenue	-	1,385,038
Local Appropriation for Education	-	27,824,623
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 126,260,688	\$ 56,263,985
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	393,690
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	890,677	-
Rounding	-	-
Total Other Financing Sources	\$ 890,677	\$ 393,690

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2024

EXPENDITURES	General		Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance							
Compensation- Group A	\$ 1,958,332	\$ 1,847,353	\$ -	\$ -	\$ 1,151,086	\$ -	\$ 2,028,481	\$ 1,776,582	\$ 7,093,406
Compensation - Group B	-	-	-	-	-	-	-	-	1,113,568
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	16,008	21,112	-	-	-	-	58,786	51,928	1,188,055
Overtime - Group B	-	-	-	-	-	-	-	-	165,566
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,691,279
Active Medical Insurance - Group A	398,912	394,836	-	-	129,907	-	459,741	238,013	1,314,894
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	207,833
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	17,211	18,375	-	-	6,237	-	20,060	11,251	57,509
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	9,299
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	140,123	137,655	-	-	86,499	-	153,260	136,875	311,710
Life Insurance	1,688	2,359	-	-	726	-	2,954	1,436	13,753
State Defined Contribution- Group A	11,336	13,345	-	-	8,924	-	15,364	6,889	59,406
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	7,915
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	3,853,840
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	294,604	344,036	-	-	200,572	-	385,222	210,131	152,609
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	191,233
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	341,410	539,733	-	-	81,719	-	1,496,199	176,202	234,929
Materials/Supplies	143,043	1,032,579	-	-	21,336	-	162,566	225,595	286,216
Software Licenses	-	612,021	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	14,850	-	961,048	196,591	214,526
Insurance	1,147,418	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	119,821	99,432	44,223
Vehicle Operations	12,272	-	-	-	18,205	-	337,420	139,592	290,323
Utilities	75,000	-	-	-	-	-	74,706	89,471	64,486
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	474,146	-	-
Revaluation	-	207,737	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	56,768	-	-
Trash Removal & Recycling	-	-	-	-	-	-	2,547,468	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	268,050	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	2,012,090	-	-	-
Tipping Fees	-	-	-	-	-	-	318,468	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 4,825,407	\$ 5,171,141	\$ -	\$ -	\$ 1,720,061	\$ 2,012,090	\$ 9,672,478	\$ 3,359,988	\$ 18,566,578

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2024

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 8,152,386	\$ -	\$ 526,685	\$ -	\$ -	\$ -	\$ 24,534,311	\$ 22,109,566
Compensation - Group B	74,227	-	-	-	-	-	1,187,795	2,390,640
Compensation - Group C	-	-	-	-	-	-	-	5,789,451
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,167,357	-	6,611	-	-	-	2,509,857	-
Overtime - Group B	-	-	-	-	-	-	165,566	-
Overtime - Group C	-	-	-	-	-	-	-	109,989
Police & Fire Detail	111,813	-	-	-	-	-	1,803,092	-
Active Medical Insurance - Group A	1,690,398	-	29,972	-	-	-	4,656,673	2,761,417
Active Medical Insurance- Group B	8,556	-	-	-	-	-	216,389	345,496
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,059,426
Active Dental insurance- Group A	76,555	-	1,293	-	-	-	208,491	149,348
Active Dental Insurance- Group B	318	-	-	-	-	-	9,617	20,671
Active Dental Insurance- Group C	-	-	-	-	-	-	-	60,151
Payroll Taxes	145,619	-	40,376	-	-	-	1,152,117	994,762
Life Insurance	15,875	-	206	-	-	-	38,997	274,528
State Defined Contribution- Group A	-	-	1,453	-	-	-	116,717	508,023
State Defined Contribution - Group B	721	-	-	-	-	-	8,636	53,380
State Defined Contribution - Group C	-	-	-	-	-	-	-	53,040
Other Benefits- Group A	-	-	-	-	-	-	-	34,045
Other Benefits- Group B	-	-	-	-	-	-	-	6,599
Other Benefits- Group C	-	-	-	-	-	-	-	8,050
Local Defined Benefit Pension- Group A	7,461,283	-	-	-	-	-	11,315,123	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	30,128	-	-	-	1,617,302	3,230,284
State Defined Benefit Pension - Group B	14,933	-	-	-	-	-	206,166	529,684
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,099,979
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	858,816	-	1,270,221	-	-	-	4,999,229	9,430,624
Materials/Supplies	403,758	-	138,649	-	-	-	2,413,742	901,859
Software Licenses	-	-	-	-	-	-	612,021	156,493
Capital Outlays	381,528	-	-	-	-	-	1,768,543	1,035,795
Insurance	-	-	-	-	-	-	1,147,418	518,545
Maintenance	60,980	-	311,093	-	-	-	635,549	920,020
Vehicle Operations	217,828	-	6,475	-	-	-	1,022,115	76,673
Utilities	54,994	-	80,699	-	-	-	439,356	1,135,944
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	474,146	-
Revaluation	-	-	-	-	-	-	207,737	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	56,768	-
Trash Removal & Recycling	-	-	-	-	-	-	2,547,468	-
Claims & Settlements	-	-	-	-	-	-	-	3,019
Community Support	-	-	-	-	-	-	268,050	-
Other Operation Expenditures	-	-	302,451	-	-	-	2,314,541	541,645
Tipping Fees	-	-	-	-	-	-	318,468	-
Local Appropriation for Education	-	-	-	27,824,623	-	-	27,824,623	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,048,000	-	1,048,000	-
Municipal Debt- Interest	-	-	-	-	51,796	-	51,796	-
School Debt- Principal	-	-	-	-	2,110,000	-	2,110,000	46,789
School Debt- Interest	-	-	-	-	4,442,406	-	4,442,406	10,211
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	4,774,667	4,774,667	1,270,869
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 20,897,945	\$ -	\$ 2,746,312	\$ 27,824,623	\$ 7,652,202	\$ 4,774,667	\$ 109,223,492	\$ 57,637,015

Financing Uses: Transfer to Capital Funds	\$ 7,982,096	\$ -
Financing Uses: Transfer to Other Funds	3,224,169	2,000,000
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 11,206,265	\$ 2,000,000
Net Change in Fund Balance¹	6,721,608	(2,979,340)
Fund Balance1- beginning of year	\$45,019,719	\$6,239,600
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	(119,842)
Fund Balance² - beginning of year adjusted	45,019,719	6,119,758
Rounding	-	-
Fund Balance³ - end of year	\$ 51,741,327	\$ 3,140,418

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, 2024

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, 2023						\$ 45,019,719	\$ -	\$ 45,019,719	
<i>No funds removed from RGS for fiscal 2023</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2023</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2023</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2024 adjusted						<u>\$ 45,019,719</u>	<u>\$ -</u>	<u>\$ 45,019,719</u>	
General Fund	\$ 117,977,743	\$ 66,508	\$ 77,673,860	\$ 35,606,719	\$ 4,763,672	\$ 31,145,068	\$ -	\$ 31,145,068	\$ 35,908,740
Maritime Fund	1,570,999	-	1,097,533	-	473,466	5,848,373	-	5,848,373	6,321,839
Parking Fund	3,319,323	-	1,648,782	200,000	1,470,541	7,976,175	-	7,976,175	9,446,716
State and Federal Grants Fund	4,430,153	870,919	2,654,401	3,277,169	(630,498)	543,155	-	543,155	(87,343)
Totals per audited financial statements	<u>\$ 127,298,218</u>	<u>\$ 937,427</u>	<u>\$ 83,074,576</u>	<u>\$ 39,083,888</u>	<u>\$ 6,077,181</u>	<u>\$ 45,512,771</u>	<u>\$ -</u>	<u>\$ 45,512,771</u>	<u>\$ 51,589,952</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 27,824,623	\$ (27,824,623)	\$ -	\$ -	\$ -	\$ -	\$ -
Remove unreportable functions in the state and federal grants fund	(1,037,530)	(46,750)	(1,675,707)	(53,000)	644,427	(493,052)	-	(493,052)	151,375
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 126,260,688</u>	<u>\$ 890,677</u>	<u>\$ 109,223,492</u>	<u>\$ 11,206,265</u>	<u>\$ 6,721,608</u>	<u>\$ 45,019,719</u>	<u>\$ -</u>	<u>\$ 45,019,719</u>	<u>\$ 51,741,327</u>

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
Education Department
Fiscal Year Ended June 30, 2024

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, 2023						\$ 6,239,600	\$ -	\$ 6,239,600	
<i>Misc. adjustments made for fiscal 2023</i>						(119,842)	-	(119,842)	
Fund Balance¹ - per MTP-2 at June 30, 2024 adjusted						<u>\$ 6,119,758</u>	<u>\$ -</u>	<u>\$ 6,119,758</u>	
School Unrestricted Fund	\$ 21,482,979	\$ 27,993,313	\$ 50,313,696	\$ 2,697,981	\$ (3,535,385)	\$ 6,530,383	\$ -	\$ 6,530,383	\$ 2,994,998
SBA School Capital Project Fund	150,000	922,981	651,679	-	421,302	131,663	-	131,663	552,965
School Special Revenue Funds	9,475,705	-	9,612,793	-	(137,088)	(542,288)	-	(542,288)	(679,376)
Totals per audited financial statements	<u>\$ 31,108,684</u>	<u>\$ 28,916,294</u>	<u>\$ 60,578,168</u>	<u>\$ 2,697,981</u>	<u>\$ (3,251,171)</u>	<u>\$ 6,119,758</u>	<u>\$ -</u>	<u>\$ 6,119,758</u>	<u>\$ 2,868,587</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	\$ 27,824,623	\$ (27,824,623)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,410,404)	-	(2,410,404)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	-	(275,278)	-	275,278	-	-	-	275,278
Employee Contributions to OPEB Trust treated as revenue and expense on financial statements and liability on MTP (Co 90)	(3,447)	-	-	-	(3,447)	-	-	-	(3,447)
Fund movement to and from funds within Fund 2400 that remained in audit	(30,000)	-	(30,000)	-	-	-	-	-	-
Lease Revenue & Expenditure Accounts not included in RIDE UCOA Upload (Objects 45405 & 57315)	(225,471)	-	(225,471)	-	-	-	-	-	-
Elimination of transfers between funds	-	(697,981)	-	(697,981)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 56,263,985</u>	<u>\$ 393,690</u>	<u>\$ 57,637,015</u>	<u>\$ 2,000,000</u>	<u>\$ (2,979,340)</u>	<u>\$ 6,119,758</u>	<u>\$ -</u>	<u>\$ 6,119,758</u>	<u>\$ 3,140,418</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Re-Appropriated Fund Balance	\$ 545,552	\$ -	\$ -	\$ -	-	-	-	-	-
Transfers included in MTP but included in UCOA as revenue and expense	393,690	(393,690)	2,000,000	(2,000,000)	-	-	-	-	-
Miscellaneous variances between UCOA & MTP	(1)	-	(3)	-	-	-	-	-	-
Totals per UCOA Validated Totals Report Dated 12/19/24	<u>\$ 57,203,226</u>	<u>\$ -</u>	<u>\$ 59,637,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

	2013	2014	2016	Fiscal Year 2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities											
Net investment in capital assets	\$ 65,282,126	\$ 75,523,117	\$ 81,672,157	\$ 87,510,639	\$ 92,189,696	\$ 102,078,305	\$ 105,969,091	\$ 107,505,779	\$ 93,342,760	\$ 24,925,263	\$ 114,031,428
Restricted for:											
Permanent Funds:											
Expendable	6,813,099	8,179,376	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966 ^	17,887,989	13,802,299	15,378,383	17,431,406
Nonexpendable	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651 ^	2,873,129	2,873,129	2,873,129	2,873,129
Net pension asset											8,252,231
Public Improvements									104,520,990	11,496,764	23,272,869
Education									5,978,709	6,530,383	2,994,998
Housing and developmen									3,588,419	2,614,551	2,705,693
Debt service	1,797,817	1,996,439	-	-	-	-	-	-	-	-	-
Unrestricted	14,794,102	15,092,614	(101,775,344)	(104,620,306)	(177,270,598)	(173,662,570)	(165,762,308)	(141,844,578)	(209,076,945)	(23,189,960)	(102,320,024)
Total governmental activities net position	90,868,795	102,886,562	(9,636,092)	(5,056,686)	(72,181,582)	(57,661,202)	(45,833,600)	(13,577,681)	15,029,361	40,628,513	69,241,730
Business-type activities											
Net investment in capital assets	94,138,176	90,596,425	95,899,498	106,853,154	119,347,616	122,613,622	125,121,623	128,320,509	137,620,947	147,011,627	172,138,231
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000			
Debt service	22,114,096	27,776,957	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219	25,315,965	23,957,716	24,107,241
Unrestricted	494,384	2,653,117	1,020,916	(5,555,498)	(9,336,063)	4,989,496	14,403,114	16,285,078	17,511,080	19,708,123	5,305,264
Total business-type activities net position	116,845,656	121,125,499	131,446,368	137,575,362	140,366,702	150,057,569	164,002,604	170,325,806	180,447,992	190,677,466	201,550,736
Primary government											
Net investment in capital assets	159,420,302	166,119,542	177,571,655	194,363,793	211,537,312	224,691,927	231,090,714	235,826,288	230,963,707	171,936,890	286,169,659
Restricted for:											
Permanent Funds:											
Expendable	6,813,099	8,179,376	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989	13,802,299	15,378,383	17,431,406
Nonexpendable	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129	2,873,129	2,873,129	2,873,129
Net pension asset											8,252,231
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	-	-	-
Debt service	23,911,913	29,773,396	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219	25,315,965	23,957,716	24,107,241
Public improvements									104,520,990	11,496,764	23,272,869
Housing and developmen									3,588,419	2,614,551	2,705,693
Education									5,978,709	6,530,383	2,994,998
Unrestricted	15,288,486	17,745,731	(100,754,428) *	(110,175,804) *	(186,606,661)	(168,673,074)	(151,359,194)	(125,559,500)	(191,565,865)	(3,481,837)	(97,014,760)
Total primary government net position	\$ 207,714,451	\$ 224,012,061	\$ 121,810,276	\$ 132,518,676	\$ 68,185,120	\$ 92,396,367	\$ 118,169,004	\$ 156,748,125	\$ 195,477,353	\$ 231,305,979	\$ 270,792,466

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

^ Governmental accounting standard 84 was implemented affecting the permanent fur

**TABLE 2
(1 of 2)**

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

	2013	2014	2016	Fiscal Year 2017	2018*	2019	2020	2021	2022	2023	2024
Expenses:											
Governmental activities											
General government	\$ 6,082,791	\$ 6,460,341	\$ 7,575,124	\$ 7,372,458	\$ 8,072,122	\$ 8,658,586	\$ 8,367,718	\$ 8,588,708	\$ 8,399,087	\$ 9,445,044	\$ 10,096,230
General education	41,859,273	39,877,482	45,116,380	45,453,582	49,050,514	50,333,988	49,326,631	47,305,349	50,681,337	53,920,151	58,288,354
Public safety	34,008,599	34,730,531	39,702,989	39,921,674	38,361,508	35,565,827	38,284,925	25,578,174	34,622,128	41,638,363	36,390,921
Public services	8,979,859	10,927,989	11,472,956	11,728,084	12,405,363	13,099,339	12,906,263	12,096,453	13,389,830	13,851,090	16,708,081
Planning	1,639,008	628,940	1,202,455	489,296	423,068	326,419	590,070	641,060	807,606	701,485	738,912
Zoning and inspection:	553,546	745,706	1,017,597	1,028,570	1,096,513	1,042,295	1,009,995	958,698	885,269	907,807	1,102,877
Human services	3,091,514	2,979,211	2,951,701	3,121,297	3,014,102	3,530,517	3,068,706	3,643,891	3,466,716	3,732,152	4,421,708
Interest expense	717,665	1,405,987	1,571,539	1,493,058	1,397,679	1,242,526	1,071,885	1,130,954	1,412,234	4,373,142	601,607
Total governmental activities	<u>96,932,255</u>	<u>97,756,187</u>	<u>110,610,741</u>	<u>110,608,019</u>	<u>113,820,869</u>	<u>113,799,497</u>	<u>114,626,193</u>	<u>99,943,287</u>	<u>113,664,207</u>	<u>128,569,234</u>	<u>128,348,690</u>
Business-type activities											
Water	11,109,044	12,158,289	14,240,369	14,826,722	14,236,860	14,830,088	15,633,723	14,817,825	13,753,457	15,184,159	16,258,510
Water Pollution Control	10,522,134	10,399,257	10,615,475	13,857,667	15,296,821	15,540,847	15,561,721	16,955,006	16,975,416	17,277,555	18,284,407
Nonmajor	3,050,165	2,280,095	2,230,085	2,393,388	2,462,712	2,505,972	2,328,479	1,978,780	2,277,657	2,793,199	2,746,315
Total business-type activities:	<u>24,681,343</u>	<u>24,837,641</u>	<u>27,085,929</u>	<u>31,077,777</u>	<u>31,996,393</u>	<u>32,876,907</u>	<u>33,523,923</u>	<u>33,751,611</u>	<u>33,006,530</u>	<u>35,254,913</u>	<u>37,289,232</u>
Total primary government expense:	<u>121,613,598</u>	<u>122,593,828</u>	<u>137,696,670</u>	<u>141,685,796</u>	<u>145,817,262</u>	<u>146,676,404</u>	<u>148,150,116</u>	<u>133,694,898</u>	<u>146,670,737</u>	<u>163,824,147</u>	<u>165,637,922</u>
Program Revenues:											
Governmental activities											
Charges for services:											
General government	5,301,995	6,023,083	5,471,717	6,377,401	7,108,842	5,988,791	6,121,300	5,491,091	7,897,122	6,221,067	7,140,272
General education	837,653	840,696	1,039,993	1,180,588	948,690	1,194,851	1,220,550	1,158,585	1,323,445	1,515,323	1,644,385
Public safety	3,820,994	3,095,399	3,631,210	3,636,896	3,858,914	3,631,880	3,738,141	3,217,138	3,983,645	3,996,902	4,466,223
Public services	34,370	216,626	229,091	223,173	215,284	253,260	329,580	182,239	201,287	284,519	455,676
Planning	1,318,890	59,629									
Zoning and inspection:	144,068	1,675,596	1,439,847	1,376,854	1,472,991	1,767,960	1,606,667	1,526,715	1,538,839	3,238,771	2,573,658
Human services	245,112	152,053		182,643	(165,484)	72,739	50,252	65,873	76,007	(37,216)	-
Operating grants and contribution:	19,682,834	20,758,313	20,528,850	19,885,710	21,451,434	22,773,979	22,590,893	25,260,723	31,989,364	31,150,959	33,327,119
Capital grants and contribution:	648,087	3,112,761	168,394	915,808	1,811,795	4,805,483	1,392,335	592,722	5,991,130	7,726,262	7,227,410
Total governmental activities program revenue	<u>32,034,003</u>	<u>35,934,156</u>	<u>32,509,102</u>	<u>33,779,073</u>	<u>36,702,466</u>	<u>40,488,943</u>	<u>37,049,718</u>	<u>37,495,086</u>	<u>53,000,839</u>	<u>54,096,587</u>	<u>56,834,743</u>
Business-type activities											
Charges for services:											
Water	13,407,886	15,238,273	17,880,464	17,709,574	17,857,261	18,038,508	17,706,380	19,199,738	18,561,503	20,690,326	19,877,424
Water Pollution Control	12,850,160	12,245,091	13,558,415	17,327,524	18,071,759	19,625,477	19,066,272	18,423,736	19,796,713	18,434,286	20,124,928
Recreational and parking facilities	3,391,446	2,621,380	2,816,648	2,874,070	2,931,778	3,232,208	2,753,481	2,343,351	3,014,484	3,710,878	4,835,096
Capital grants and contribution:	853,295	484,760				932,801	7,859,921	596,139	1,624,266	1,033,480	-
Total business-type activities:	<u>30,502,787</u>	<u>30,589,504</u>	<u>34,255,527</u>	<u>37,911,168</u>	<u>38,860,798</u>	<u>41,828,994</u>	<u>47,386,054</u>	<u>40,562,964</u>	<u>42,996,966</u>	<u>43,868,970</u>	<u>44,837,448</u>
Total primary government program revenue	<u>62,536,790</u>	<u>66,523,660</u>	<u>66,764,629</u>	<u>71,690,241</u>	<u>75,563,264</u>	<u>82,317,937</u>	<u>84,435,772</u>	<u>78,058,050</u>	<u>95,997,805</u>	<u>97,965,557</u>	<u>101,672,191</u>
Net (Expense)/Revenue:											
Governmental activities:	(64,898,252)	(61,822,031)	(78,101,639)	(76,828,946)	(77,118,403)	(73,310,554)	(77,576,475)	(62,448,201)	(60,663,368)	(74,472,647)	(71,513,947)
Business-type activities:	5,821,444	5,751,863	7,169,598	6,833,391	6,864,405	8,952,087	13,862,131	6,811,353	9,990,436	8,614,057	7,548,216
Total primary government net expense:	<u>(59,076,808)</u>	<u>(56,070,168)</u>	<u>(70,932,041)</u>	<u>(69,995,555)</u>	<u>(70,253,998)</u>	<u>(64,358,467)</u>	<u>(63,714,344)</u>	<u>(55,636,848)</u>	<u>(50,672,932)</u>	<u>(65,858,590)</u>	<u>(63,965,731)</u>

(Continued)

TABLE 2
(2 of 2)

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

	2013	2014	2016	Fiscal Year 2017	2018*	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Assets:											
Governmental activities											
Property taxes	\$ 69,218,686	\$ 71,303,614	\$ 74,300,180	\$ 77,746,437	\$ 79,746,848	\$ 82,188,731	\$ 83,949,300	\$ 83,234,802	\$ 88,817,593	\$ 90,310,240	\$ 93,128,664
Unrestricted grants and contribution:	1,387,855	1,543,540	1,629,686	1,758,319	1,974,129	2,123,690	2,739,139	2,885,969	2,371,972	4,290,468	4,298,938
Investment income	1,431,220	2,054,867	1,353,830	1,613,258	1,777,489	2,531,277	1,515,638	5,757,582	(3,844,154)	6,444,991	4,799,562
Gain on sale of assets	730,000										
Sale of property							900,000		1,250,000	-	-
Transfers	(23,536)	(1,062,223)	100,000	100,000	675,000	987,236	300,000	500,000	675,000	(973,900)	(2,100,000)
Total governmental activities	<u>72,744,225</u>	<u>73,839,798</u>	<u>77,383,696</u>	<u>81,218,014</u>	<u>84,173,466</u>	<u>87,830,934</u>	<u>89,404,077</u>	<u>92,378,353</u>	<u>89,270,411</u>	<u>100,071,799</u>	<u>100,127,164</u>
Business-type activities											
Investment income	(19,987)	46,272	27,939	12,546	126,204	348,889	305,064	11,849	(23,256)	641,517	1,225,054
Capital contributions:											
Sale of property						1,377,127	77,840				
Loss on disposal of assets		(2,291,267)							(63,194)		
Transfer from primary government	23,536	1,062,223	(100,000)	(100,000)	(675,000)	(987,236)	(300,000)	(500,000)	(675,000)	973,900	2,100,000
Total business-type activities:	<u>3,549</u>	<u>(1,182,772)</u>	<u>(72,061)</u>	<u>(87,454)</u>	<u>(548,796)</u>	<u>738,780</u>	<u>82,904</u>	<u>(488,151)</u>	<u>(761,450)</u>	<u>1,615,417</u>	<u>3,325,054</u>
Special Item - Sale of School Building;											
Special Item - Forgiveness of deb											
Total primary government	<u>72,747,774</u>	<u>72,657,026</u>	<u>77,311,635</u>	<u>81,130,560</u>	<u>83,624,670</u>	<u>88,569,714</u>	<u>89,486,981</u>	<u>91,890,202</u>	<u>88,508,961</u>	<u>101,687,216</u>	<u>103,452,218</u>
Change in Net Position:											
Governmental activities:	7,845,973	12,017,767	554,750	4,099,611	10,862,912	10,254,459	26,955,876	31,714,985	14,797,764	25,599,152	28,613,217
Business-type activities:	5,824,993	4,569,091	6,761,330	6,776,951	8,403,291	14,600,911	6,894,257	9,502,285	7,852,607	10,229,474	10,873,270
Total primary government	<u>\$ 13,670,966</u>	<u>\$ 16,586,858</u>	<u>\$ 7,316,080</u>	<u>\$ 10,876,562</u>	<u>\$ 19,266,203</u>	<u>\$ 24,855,370</u>	<u>\$ 33,850,133</u>	<u>\$ 41,217,270</u>	<u>\$ 22,650,371</u>	<u>\$ 35,828,626</u>	<u>\$ 39,486,487</u>

(Concluded)

The City combined the recreation division with public services in FY2014; The City closed Easton's Beach operations (a business-type activity) into governmental activities in FY2014; The City split the planning, zoning and inspections division into two divisions in FY2014.

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

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

	Fiscal Year										
	2014	2015	2016	(as restated) 2017	2018	2019 (1)	2020	2021	2022	2023	2024
General Fund:											
Nondisposable	\$	\$	\$ 55,628	\$ 58,385	\$ 61,148	\$ 64,022	\$	\$ 2,873,511	\$ 2,574,264	\$ 2,121,444	\$ 1,305,242
Restricted by Donors	99,453	105,183	595,162	465,571	74,353						
Committed	689,885	1,291,706	315,896	489,362	2,213,658	1,800,096	1,034,022	668,353	1,146,694	1,378,558	582,772
Assigned	452,243	2,844,064	2,167,743	1,950,620	637,126						
Unassigned	11,810,021	13,369,154	15,316,638	14,726,077	12,625,424	14,678,700	16,583,061	17,759,734	23,386,954	27,645,066	34,020,726
Total general fund	13,051,602	17,610,107	18,451,067	17,690,015	15,611,709	16,542,818	17,617,083	21,301,598	27,107,912	31,145,068	35,908,740
All Other Governmental Funds:											
Nondisposable	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129	3,219,946	3,168,474	2,873,129
Restricted for Trusts	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989	13,802,299	15,378,383	17,431,406
Restricted for Debt Service	1,996,439	2,202,084									
Restricted by Grants	3,390,416	3,830,470	5,447,751	5,373,566	5,615,659	3,905,129	3,116,674	3,255,372	4,094,463	3,880,416	3,434,130
Restricted for Education							595,977	4,034,038	5,655,457	6,235,038	2,994,998
Restricted for Capital Projects										105,548,382	71,394,687
Committed for Capital Projects	5,562,794	11,480,237	7,538,289	7,471,377	9,871,789	10,194,613	10,929,612	9,677,971	117,531,265	5,704,172	5,508,050
Committed for Trusts											1,736
Assigned by City Council						1,322,554	2,024,700	1,981,334	2,766,123	2,790,016	2,809,875
Assigned by School Committee											
Unassigned		(64,680)	(18,859)	(19,789)	(33,654)	(646,688)	(60,854)	(3,324)		(542,288)	(766,719)
Total all other governmental funds	21,224,041	28,120,671	23,434,276	24,878,135	28,353,114	28,698,671	30,565,726	39,706,509	147,069,553	142,162,593	105,729,789
Grand Total	\$ 34,275,643	\$ 45,730,778	\$ 41,885,343	\$ 42,568,150	\$ 43,964,823	\$ 45,241,489	\$ 48,182,809	\$ 61,008,107	\$ 174,177,465	\$ 173,307,661	\$ 141,638,529

Notes:
 Capital project fund balance depends on timing of state and federal reimbursements and type of temporary or permanent debt that may exist. These items cause the fund balance to fluctuate from year to year.
 The City issued bonds in March 2022 for \$98,500,000 which are reported as committed for capital projects

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

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

	2012	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:												
Taxes	\$ 67,395,943	71,336,608	\$ 73,924,776	\$ 75,173,854	\$ 77,505,920	\$ 79,856,764	\$ 82,256,525	\$ 83,560,012	\$ 83,323,484	\$ 89,045,609	\$ 90,022,876	\$ 93,115,886
Intergovernmental revenues	23,508,604	22,005,470	21,572,282	21,430,902	22,204,355	23,029,186	25,215,623	24,256,986	28,528,818	35,054,090	39,196,050	40,271,342
Charges for services	9,721,040	11,957,787	12,629,853	13,394,413	12,978,225	13,132,887	13,017,447	12,959,287	11,686,878	14,374,196	15,324,227	16,299,527
Use of money and property	692,470	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,279	1,515,638	5,757,582	(4,035,669)	6,069,817	12,119,472
Contributions	625,959	543,031	411,572	282,699	579,150	1,378,105	3,733,743	798,900	842,773	2,534,388	2,807,084	2,097,095
Other revenues	108,017	102,428	11,896	8,856	27,974	271,738	261,002	281,460		708,563	45,123	801,113
Total revenues	<u>102,052,033</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>	<u>137,681,177</u>	<u>153,465,177</u>	<u>164,704,435</u>
Expenditures:												
Current:												
General government	5,691,806	5,890,858	5,988,047	6,280,935	6,635,035	7,401,749	7,584,090	7,696,261	7,956,697	7,962,178	9,180,543	9,228,674
General education	41,921,694	39,375,366	41,832,664	41,578,444	43,901,644	46,289,554	47,326,553	46,739,559	48,031,908	54,157,026	56,247,525	60,187,995
Public safety	30,683,872	34,107,504	35,245,809	35,297,214	36,346,838	37,618,853	38,273,689	39,816,543	39,423,539	40,715,868	40,398,684	41,300,819
Public services	6,558,789	8,542,562	9,577,893	9,057,691	9,045,503	9,312,009	9,731,359	9,934,413	8,937,903	9,996,469	11,216,729	13,612,658
Planning	1,322,831	532,280	406,802	435,090	353,201	249,158	167,278	419,484	418,242	649,313	522,368	537,963
Zoning and inspections	426,155	745,706	784,609	953,053	1,025,559	1,071,244	1,091,552	965,821	982,276	1,008,021	1,046,439	1,144,245
Human services	2,781,564	2,907,235	2,835,075	2,949,071	3,110,260	3,002,222	3,518,637	3,056,826	3,632,011	3,456,717	3,722,153	4,420,742
Pension expenses	3,935,092	1,762,358	1,341,546	1,448,234	1,914,981	1,509,419	1,629,082	1,618,359	1,001,870	1,584,183	1,331,927	3,876,873
Debt service:												
Principal	1,756,211	2,880,000	3,257,800	5,340,536	3,703,000	3,899,733	3,950,133	4,080,637	4,137,637	2,997,000	3,195,000	3,158,000
Interest	616,534	1,488,157	1,629,784	2,316,373	1,836,043	1,650,512	1,497,219	1,332,553	1,391,224	522,323	5,149,505	4,511,356
Capital outlay	9,922,125	8,564,163	5,775,889	9,824,956	9,690,381	6,720,043	11,956,596	5,970,507	4,458,068	16,300,866	21,350,208	52,294,242
Total expenditures	<u>105,616,673</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>	<u>139,349,964</u>	<u>153,361,081</u>	<u>194,273,567</u>
Excess (deficiency) of revenues over expenditures	<u>(3,564,640)</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>	<u>(1,668,787)</u>	<u>104,096</u>	<u>(29,569,132)</u>
Other Financing Sources (Uses):												
Proceeds from borrowing	9,000,000		5,735,000		2,865,000				17,920,000	98,500,000	-	-
Bond premium	102,780		423,546		371,370					14,413,145	-	-
Payment to refunding escrow agent			1,500,000						(17,688,629)			
Sale of property			2,422,500					900,000		1,250,000	-	-
Lease proceeds												
Transfers in	24,387,564	2,598,250	4,566,338	6,163,259	3,905,921	5,416,930	32,380,146	32,929,586	29,343,607	32,694,777	32,350,749	40,685,760
Transfers out	(24,362,364)	(3,660,473)	(4,266,338)	(6,063,259)	(3,805,921)	(4,741,930)	(31,392,910)	(32,629,586)	(28,843,607)	(32,019,777)	(33,324,649)	(42,785,760)
Total other financing sources (uses)	<u>9,127,980</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>	<u>114,838,145</u>	<u>(973,900)</u>	<u>(2,100,000)</u>
Net Change in Fund Balances	\$ <u>5,563,340</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>	\$ <u>113,169,358</u>	\$ <u>(869,804)</u>	\$ <u>(31,669,132)</u>
Debt service as a percentage of noncapital expenditures	<u>2.48%</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>	<u>2.86%</u>	<u>6.32%</u>	<u>5.40%</u>

TABLE 5

**CITY OF NEWPORT, RHODE ISLAND
 ASSESSED VALUES AND ACTUAL VALUES OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ended June 30	Assessed Value					Total Assessed Value	Total Direct Tax Rate Residential	Total Direct Tax Rate Commercial	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Motor Vehicles	Less Exemptions					
2015	4,540,796,670	1,266,557,910	119,935,595	165,559,532	107,843,228	5,985,006,479	10.67	14.79	6,092,849,707	98.23%
2016	4,563,119,573	1,261,766,017	127,689,244	169,600,313	107,860,620	6,014,314,527	10.93	15.16	6,122,175,147	98.24%
2017	4,561,159,167	1,270,197,223	130,135,183	171,273,074	104,045,168	6,028,719,479	11.21	15.55	6,132,764,647	98.30%
2018	5,264,464,237	1,402,000,263	130,881,404	146,005,110	95,167,113	6,848,183,901	9.99	14.98	6,943,351,014	98.63%
2019	5,297,534,387	1,389,025,913	130,913,039	141,042,555	92,435,781	6,866,080,113	10.28	15.42	6,958,515,894	98.67%
2020	5,331,214,487	1,388,007,838	147,582,881	136,661,439	88,581,753	6,914,884,892	10.28	15.42	7,003,466,645	98.74%
2021	6,277,177,248	1,409,602,896	152,222,048	140,196,584	89,327,009	7,889,871,767	9.33	13.99	7,979,198,776	98.88%
2022	6,305,624,376	1,419,698,274	146,014,307	-	21,795,310	7,849,541,647	9.61	14.41	7,871,336,957	99.72%
2023	6,322,577,035	1,410,625,745	154,047,991	-	428,212,047	7,459,038,724	9.92/10.93 *	14.88	7,887,250,771	94.57%
2024	9,625,059,648	1,908,545,539	150,679,734	-	1,100,503,359	10,583,781,562	6.975/8.221	10.46	11,684,284,921	90.58%

Source: City of Newport, Rhode Island Assessor

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

Notes:

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

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

The City switched to a two-tiered tax in FY2002 where residential and commercial rates differ

TABLE 6

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

	2024				2015		
	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	\$ 112,812,400	1	1.07%	LSRef3 Viking LLC	\$ 69,379,600	1	1.16%
Goat Owner LLc	100,605,900	2	0.95%	One Goat Island	61,898,391	2	1.03%
Newport Restoration Foundation	92,577,117	3	0.87%	Newport Restoration Foundation	53,019,429	3 3	0.89%
LSREF3 Viking LLC	74,256,479	4	0.70%	Mass Mutual Life (Marriott)	52,401,000	4 6	0.88%
Rhode Island Energy-Electric	70,314,318	5	0.66%	Shaner Newport Harbour LLC	32,302,700	5 4	0.54%
Rhode Island Energy-Gas	63,389,249	6	0.60%	Narraganset Gas	32,237,512	6 7	0.54%
RK Newport, LLC	49,968,300	7	0.47%	RK Newport, LLC	28,461,100	7	0.48%
Shaner Newport Harbor LLC	42,124,900	8	0.40%	Eastern Resorts Company	27,437,300	8 8	0.46%
Rolling Green Assoc.	32,585,500	9	0.31%	Newport Jai Alai, LLC	25,956,000	9	0.43%
Festival Field Preservation LP	32,163,441	10	0.30%	Narraganset Electric	24,318,478	10 #	0.41%
						#	9
Total	<u>\$ 670,797,604</u>		<u>6.34%</u>		<u>\$ 407,411,510</u>		<u>6.81%</u>

Source: City of Newport Assessor

TABLE 7

**CITY OF NEWPORT, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (net abatements)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	69,680,408	68,356,351	98.1%	1,224,101	69,580,452	99.9%
2016	70,239,804	68,936,347	98.1%	1,241,824	70,178,171	99.9%
2017	72,685,804	71,587,413	98.5%	1,049,329	72,636,742	99.9%
2018	74,476,044	73,427,810	98.6%	1,006,357	74,434,167	99.9%
2019	77,112,720	75,794,917	98.3%	1,274,361	77,069,278	99.9%
2020	79,019,574	77,048,833	97.5%	1,926,403	78,975,236	99.9%
2021	79,060,250	77,693,652	98.3%	1,312,660	79,006,312	99.9%
2022	81,788,132	81,194,232	99.3%	659,243	81,853,475	100.1%
2023	83,135,031	82,239,881	98.9%	785,249	83,025,130	99.9%
2024	86,015,725	85,362,661	99.2%			0.0%

Source: City of Newport Tax Collector

TABLE 8

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

Fiscal Year June 30,	Governmental Activities					Business-Type Activities			Total	U.S. Census Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	Bond Anticipation Notes	QZAB (1)	Bond Premium	Capital Leases	Water Bonds	Maritime Notes	Water Pollution Control Bonds					
2014	40,130,000		1,863,536	3,116,666	776,552	83,148,410	200,000	32,850,267	162,085,431	24,672	6,570	5,195,179,988	3.12%
2015	46,178,536		1,863,536	3,270,022	675,422	90,096,260	200,000	30,863,776	173,147,552	24,672	7,018	5,216,185,071	3.32%
2016	40,838,000			2,999,830	571,186	92,887,037	200,000	31,323,678	168,819,731	24,672	6,843	5,985,006,479	2.82%
2017	40,000,000			2,729,638	463,751	88,606,037	200,000	42,814,163	175,147,824	24,672	7,099	6,014,314,527	2.91%
2018	36,211,000			2,756,546	353,018	84,240,037	200,000	50,358,189	174,118,790	24,672	7,057	6,028,719,479	2.89%
2019	32,375,000			2,449,219	238,885	79,777,037		66,074,701	180,914,842	24,672	7,333	6,848,183,901	2.64%
2020	28,412,000			2,141,892	121,248	75,205,037		63,497,627	169,377,804	25,163	6,731	6,866,080,113	2.47%
2021	25,377,000	4,700,000		1,834,562		71,623,013		58,860,892	162,395,467	25,163	6,454	6,914,884,892	2.35%
2022	120,880,000			16,020,001		68,481,126		54,190,231	259,571,358	25,163	10,316	7,889,871,767	3.29%
2023	117,685,000			15,215,769		63,952,099		50,308,408	247,161,276	25,163	9,822	7,849,541,647	3.15%
2024	114,527,000			14,411,537		61,136,718		46,590,645	236,665,900	25,163	9,405	10,583,781,562	2.24%

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

TABLE 9

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

Fiscal Year June 30,	Governmental Activities				Percentage of Actual Taxable Value of Property *	Percentage of Personal Income	U.S. Census Estimated Population	Per Capita **
	General Obligation Bonds	Bond Premium	QZAB	Total				
2014	40,130,000	3,116,666	1,863,536	45,110,202	0.87%	0.95%	24,672	1,828
2015	46,178,536	3,270,022	1,863,536	51,312,094	0.85%	1.01%	24,672	2,080
2016	40,838,000	2,999,830		43,837,830	0.73%	0.86%	24,672	1,777
2017	40,000,000	3,063,873		43,063,873	0.72%	0.80%	24,672	1,745
2018	36,211,000	2,756,546		38,967,546	0.65%	0.69%	24,672	1,579
2019	32,375,000	2,449,219		34,824,219	0.51%	0.60%	24,672	1,411
2020	28,412,000	2,141,892		30,553,892	0.44%	0.49%	25,163	1,214
2021	25,377,000	1,834,562		27,211,562	0.39%	Not Available	25,163	1,081
2022	120,880,000	16,020,001		136,900,001	1.74%	Not Available	25,163	5,441
2023	117,685,000	15,215,769		132,900,769	1.69%	Not Available	25,163	5,282
2024	114,527,000	14,411,537		128,938,537	1.22%	Not Available	25,163	5,124

Notes:

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

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

* See Schedule 5 for property value data.

** Population data can be found in Schedule 12.

TABLE 10

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total assessed value	\$ 5,216,185,072	\$ 5,985,006,479	\$ 6,014,314,527	\$ 6,028,719,479	\$ 6,848,183,901	\$ 6,866,080,113	\$ 6,914,884,892	\$ 7,889,871,767	\$ 7,849,541,647	\$ 7,459,038,724	\$ 10,583,781,562
Rhode Island General Law debt limitation as % of assessed value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt limit	156,485,552	179,550,194	180,429,436	180,861,584	205,445,517	205,982,403	207,446,547	236,696,153	235,486,249	223,771,162	317,513,447
Debt applicable to limit:											
General obligation bonds	41,993,536	48,042,072	40,838,000	40,000,000	36,211,000	32,375,000	28,412,000	25,377,000	120,880,000	117,685,000	114,527,000
Legal debt limit	156,485,552	179,550,194	180,429,436	180,861,584	205,445,517	205,982,403	207,446,547	236,696,153	235,486,249	223,771,162	317,513,447
Total net debt applicable to the limit	41,993,536	48,042,072	40,838,000	40,000,000	36,211,000	32,375,000	28,412,000	25,377,000	120,880,000	117,685,000	114,527,000
Legal debt margin	\$ 114,492,016	\$ 131,508,122	\$ 139,591,436	\$ 140,861,584	\$ 169,234,517	\$ 173,607,403	\$ 179,034,547	\$ 211,319,153	\$ 114,606,249	\$ 106,086,162	\$ 202,986,447
Total net debt applicable to the limit as a percentage of debt limit	36.68%	36.53%	29.26%	28.40%	21.40%	18.65%	15.87%	12.01%	105.47%	110.93%	56.42%

TABLE 11

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

Fiscal Year June 30,	Water Revenue Bonds							Water Pollution Control Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest						Principal	Interest		
2014	\$ 15,238,273	\$ 7,780,097	\$ 7,458,176	\$ 808,000	\$ 2,667,530	3,475,530	2.15	\$ 12,245,091	\$ 5,802,679	\$ 6,442,412	\$ 1,925,368	\$ 1,088,093	3,013,461	2.14
2015	18,458,856	8,159,858	10,298,998	2,903,000	2,875,038	5,778,038	1.78	12,701,733	6,004,037	6,697,696	1,986,491	1,037,329	3,023,820	2.21
2016	17,880,464	8,616,975	9,263,489	4,206,000	2,799,198	7,005,198	1.32	13,558,415	6,106,879	7,451,536	2,046,303	1,000,695	3,046,998	2.45
2017	17,709,574	9,165,405	8,544,169	4,281,000	2,709,941	6,990,941	1.22 (1)	17,327,524	8,917,038	8,410,486	2,349,824	1,384,128	3,733,952	2.25
2018	17,857,261	8,600,106	9,257,155	4,366,000	2,589,293	6,955,293	1.33	18,071,759	9,861,765	8,209,994	2,831,077	1,604,598	4,435,675	1.85
2019	18,274,332	9,181,524	9,092,808	4,463,000	2,524,321	6,987,321	1.30	20,322,454	9,609,227	10,713,227	4,500,086	1,853,237	6,353,323	1.69
2020	17,947,563	10,071,732	7,875,831	4,572,000	2,416,628	6,988,628	1.13 (2)	19,220,642	9,570,168	9,650,474	4,606,877	1,841,619	6,448,496	1.50
2021	19,446,814	9,358,230	10,088,584	4,686,000	2,324,501	7,010,501	1.44	18,772,799	10,186,053	8,586,746	4,720,474	1,665,904	6,386,378	1.34
2022	19,033,775	9,494,009	9,539,766	5,005,000	2,230,615	7,235,615	1.32	20,357,921	10,522,893	9,835,028	4,845,904	1,251,399	6,097,303	1.61
2023	21,162,598	9,769,451	11,393,147	5,143,000	2,126,519	7,269,519	1.57	18,995,494	10,754,821	8,240,673	4,978,194	1,453,897	6,432,091	1.28
2024	19,877,424	10,404,128	9,473,296	5,065,037	2,052,047	7,117,084	1.33	20,124,928	11,661,373	8,463,555	4,699,000	1,456,263	6,155,263	1.38

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

- (1) Rates were increased effective October 1, 2017 so first quarter was under old rates.
- (2) Rates were increased effective July 1, 2020

TABLE 12

**CITY OF NEWPORT, RHODE ISLAND
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year June 30,	Population		Per Capita Personal Income >	Total County Personal Income > (thousands)	Total State Personal Income > (thousands)	School Enrollment ^	Unemployment Rate <
2015	24,672	***	61,666	5,082,707	52,833,501	2,078	6.0%
2016	24,672	***	61,367	5,080,183	53,272,444	2,130	5.4%
2017	24,672	***	63,870	5,391,472	55,933,966	2,171	4.2%
2018	24,672	***	68,679	5,668,939	57,993,810	2,207	2.7%
2019	24,672	***	70,893	5,819,018	59,707,171	2,123	3.3%
2020	25,163	***	76,214	6,237,010	57,810,650	2,154	12.6%
2021	25,163	***	84,054	7,166,776	70,531,460	1,995	5.0%
2022	25,163	***	84,484	7,137,259	62,592,300	1,975	2.8%
2023	25,163	***	Not Available	Not Available	Not Available	1,906	2.4%
2024	25,163	***	Not Available	Not Available	Not Available	1,781	4.3%

* Source: Rhode Island Department of Planning.

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

*** Source: 2020 US Census

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

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

^ Source: City School Department.

< Source: RI Department of Labor & Training.

TABLE 13

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

2024				2015			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Naval Station Newport	4,044	1	28.4%	Naval Station Newport	4,042	1	32.0%
Salve Regina University	560	2	3.9%	Newport Restaurant Group	938	2	7.4%
Lifespan Newport Hospital	539	3	3.8%	Newport Hospital	803	3	6.4%
City of Newport	350	4	2.5%	Newport Harbor Corporation	612	4	4.8%
Pangaea Logistics Solutions	750	5	5.3%	City of Newport	649	5	5.1%
Newport Restaurant Group	233	6	1.6%	James L. Maher Center	550	6	4.4%
Newport Harbor Resort Hotel	197	7	1.4%	Salve Regina University	540	7	4.3%
Marriott International, Inc.	162	8	1.1%	Preservation Society	350	8	2.8%
East Bay Community Action Program	117	9	0.8%	Hyatt Regency-Newport	340	9	2.7%
Preservation Society of Newport County	84	10	0.6%	Marriott International Inc.	212	10	1.7%
Total	7,036		49.3%	Total	9,036		71.6%

TABLE 14

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	6.25	6.25	6.25	6.25	5.5	5.5	5.5	5.5	8	9
City Solicitor	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.5	5.5
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	18.5	18.5	18.5	22.5	24	24	24	24	25	27
City Clerk	5	5	5	6	6	6	6	6	6	6
Public Services	46	46	47	49	52.27	52.27	52.27	52.27	52.27	52.27
Plan & Zoning	4	4	3	2	2	4	4	4	11	11
Building Inspections	9	9	10	11	11	8	8	8	5	5
Total General Government	<u>101.25</u>	<u>101.25</u>	<u>102.25</u>	<u>109.25</u>	<u>113.27</u>	<u>112.27</u>	<u>112.27</u>	<u>112.27</u>	<u>120.77</u>	<u>124.77</u>
Public safety:										
Police	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5
Fire	99	99	99	99	99	99	99	99	99	99
	<u>203.5</u>	<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	48.4	48.4
Wastewater	1.6	1.6	1.6	14.1	16.6	16.6	16.6	16.6	17.6	17.6
	<u>48</u>	<u>48</u>	<u>48</u>	<u>60.5</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>66</u>	<u>66</u>
Public education:										
Teachers	208	210	224	220	215	209	223	229	234	237
Pupil support	59	70	66	79	75	83	96	126	122	129
Executive and administrative	57	61	64	66	59	60	34	32	37	35
	<u>324</u>	<u>341</u>	<u>354</u>	<u>365</u>	<u>349</u>	<u>352</u>	<u>353</u>	<u>387</u>	<u>393</u>	<u>401</u>
Total	<u>676.75</u>	<u>693.75</u>	<u>707.75</u>	<u>738.25</u>	<u>728.77</u>	<u>730.77</u>	<u>731.77</u>	<u>765.77</u>	<u>783.27</u>	<u>795.27</u>

Source: City budgets and School Business Manager

TABLE 15

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

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Arrests	1,526	1,431	1,240	1,301	1,246	914	857	955	956	1,085
Parking violations	22,753	31,152	30,689	35,031	31,187	27,863	24,006	24,434	6,204	23,195
Calls for Service	31,728	32,180	32,757	35,326	33,300	48,596	26,377	27,835	26,756	29,507
Fire:										
Emergency responses	4,138	3,729	3,662	3,818	3,924	3,968	3,586	4,284	5,943	7,143
Fires extinguished	77	109	105	107	87	99	95	202	73	85
Inspections	1,301	780	599	572	540	637	1,525	1,139	1,234	1,265
Refuse collection:										
Refuse collected (tons/day, average)	22.49	21.25	21.10	23.26	22.25	24.16	24.54	24.01	23	22
Recyclables collected (tons/day, average)	9.92	10.29	10.87	10.42	10.54	10.31	10.43	9.34	9	8
Other public works:										
Street resurfacing (miles)	1.41	3.61	1.34	1.51	2.02	2.14	-	-	1.5	1.5
Parks and recreation:										
Athletic field and facility rentals	428	468	378	457	432	240 >	362	654	542	520
Library:										
Volumes in collections	191,980	187,113	184,949	184,949 ***	180,526	144,559 <	143,287	135,495	130,888 >>	135,835
Water:										
New connections	52	49	63	50	21	19	17	30	60	43
Water mains breaks	19	23	21	16	23	21	19	21	28	23
Average daily production (avail for sale) (million gallons per day)	5.55	5.44	5.34	5.36	5.40	5.52	6.05	5.33	6	5.44
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7,200	7.14MGD	7.68MGD	7.92 MGD	9.38 MGD	7.51MGD	6.78MGD	7.43MGD	7.16MGD	8.16MGD

Note:

** Capacity exceeded in an effort to reduce CSO's. A CSO abatement program under RIDEM approval is currently underway.

*** In addition to tracking Salve Regina University and the Gulls' renters, this information now includes newly tracked use of Cardine's Field by sunset league and also 2-hr field use rentals for various practices/functions.

**** The bulk of the difference is back issues of periodicals that were discarded

***** Includes 11,180 electronic holdings (in 2012); Includes 459,803 Hoopla items

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

> Reduced rentals due to COVID-19

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

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

Sources: Various city departments

TABLE 16

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

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	79	79	79	79	79	79	79	79	79	70
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles)	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.8
Streetlights	1,918	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	183	416 *	427	427	427	427	427	427	427	432
Playgrounds	15	16 *	16	17	17	17	17	17	17	17
Multi purpose playing fields	7	16 *	16	16	16	16	16	16	16	16
Tennis courts	18	17 *	17	17	17	17	17	17	17	17
Community centers	1	1 *	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	163	163	175	175	175	175	175	175	175	175
Fire hydrants	1037	1039	1042	1042	1044	1046	1047	1047	1047	1052
Storage capacity (thousands of gallons-treated)	7,500	8.25M **	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M
Wastewater:										
Sanitary sewers (miles)	88	90.2	90.2	90.2	90.2	90.2	90.2	90.2	90.2	90.2
Storm sewers (miles)	52.0	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1
Treatment capacity (thousands of gallons) (daily)	10,700	19.7M ***	19.7M	19.7M	19.7M	13.1M	30M	30M	30M	30M

Source: Various city departments

* Per new Open Space Master Plan

** New water plant

*** Wastewater System Improvements