

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the

CITY OF NEWPORT, RHODE ISLAND



FOR THE YEAR ENDED

JUNE 30, 2020

PREPARED BY:

LAURA SITRIN, CPA
DIRECTOR OF FINANCE

**CITY OF NEWPORT, RHODE ISLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 JUNE 30, 2020**

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	4-15
Basic Financial Statements		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	16
II	Statement of Activities	17
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	18-19
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	22
VI	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - School Unrestricted Fund	23
VII	Statement of Net Position - Proprietary Funds	24
VIII	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	25
IX	Statement of Cash Flows - Proprietary Funds	26
X	Statement of Fiduciary Net Position - Fiduciary Funds	27
XI	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28
	Notes to the Financial Statements	29-89
Required Supplementary Information		
RSI-1	Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Plan	90
RSI-2	Schedule of Changes in Net Pension Liability and Related Ratios - Fire Pension Plan	91
RSI-3	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	92
RSI-4	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers' Survivors Benefits Cost-Sharing Plan	93
RSI-5	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees' Retirement System Agent Plan	94
RSI-6	Schedule of City Contributions - Police and Fire Pension Plans	95
RSI-7	Schedule of City Contributions - Teachers Retirement Plan	96

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

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund:

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

Permanent Trust Funds:

B-1	Combining Balance Sheet	105
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	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 Fiduciary Net Position - Private-Purpose Trust Funds	113
E-3	Combining Statement of Changes in Fiduciary Net Position - Pension and Other Post-Employment Benefit Trust Funds	114
E-4	Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds	115
E-5	Combining Statement of Revenues, Expenses and Changes in Fiduciary Net Position - Nonexpendable Scholarship Trusts	116
Agency Funds:		
F-1	Combining Statement of Changes in Assets and Liabilities	117

Annual Supplemental Transparency Report

G-1	Annual Supplemental Transparency Report (MTP2)	118-120
G-2	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal	121
G-3	Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Education Department	122
	Notes to Annual Supplemental Transparency Report (MTP2)	123-124

Table	Statistical Section	Page
	Financial Trends:	
1	Net Position by Component	125
2	Changes in Net Position	126-127
3	Fund Balances of Governmental Funds	128
4	Changes in Fund Balances, Governmental Funds	129
	Revenue Capacity:	
5	Assessed Values and Actual Values of Taxable Property	130
6	Principal Property Taxpayers	131
7	Property Tax Levies and Collections	132
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	133
9	Ratios of General Bonded Debt Outstanding	134
10	Legal Debt Margin Information	135
11	Pledged Revenue Coverage	136
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	137
13	Principal Employers	138
	Operating Information:	
14	Full-Time Equivalent City Government Employees by Function/Program	139
15	Operating Indicators by Function/Program	140
16	Capital Asset Statistics by Function/Program	141



Introductory Section



December 9, 2020

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year (June 30) a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Newport, Rhode Island as of and for the fiscal year ended June 30, 2020.

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 Blum, Shapiro & Company, P.C., 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, 2020 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, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy

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

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

The personal income per capita in 2018 (latest available data) for Newport County is \$68,679 compared to the first quarter of 2019 of \$56,087, and \$56,021 for Rhode Island and the United States, respectively. The unemployment rate is 10.8% compared to the state unemployment rate of 12.3% as of June 2020. The median selling price of an existing home in June 2020 is \$550,000 compared to \$500,000 in June 2019. The City continues to attract older retired residents and empty-nesters as well as tourists. Properties, especially those over \$1 million, continue to maintain value and have not declined to the extent that they have in other parts of the state and country due to the City's proximity to the Narragansett Bay and Atlantic Ocean.

The local economy has suffered from the coronavirus pandemic, along with the rest of the country. The heavy reliance on tourism has impacted both the City of Newport and the State of Rhode Island. Shut-downs and lower occupancy rates have and will continue to impact revenues with decreases of 40% in meals and beverage and hotel taxes. Other revenues such as parking fees, cruise ship fees, beach facility rentals, recreation fees and other revenues show declines of 30 – 70%. The City is also seeing an increase in uncollected taxes and payment plan requests for both property taxes and utility charges. Residents and businesses that rely on the tourism trade have lost significant revenues and, in some cases, are being forced to close their businesses. These impacts will likely continue until such time as a COVID vaccine is readily available to the general populace.

Long-term financial planning

The City was awarded a federal grant for the redevelopment and adaptive reuse of the former Sheffield public school to be used as the Newport TechWorks Accelerator and Innovation Center. The project was completed in March of 2019. The City Council approved the development of a long-term plan for the north end of the City, which includes working in conjunction with the State of Rhode Island on the realignment of the Pell Bridge ramps and redevelopment options for excessed Navy property.

Long-term financial planning includes continuing significant capital renovation and additions in both the Water and Water Pollution Control (sewer) funds in response to new state and federal water quality standards and deteriorating buildings and systems.

The City has developed a long-term master plan for Combined Sewer Overflow (CSO) that has been approved as part of a consent decree with the federal Environmental Protection Agency and the Rhode Island Department of Environmental Management. Projects on the master plan are in process and in compliance with the consent decree. Total costs of the options in the master plan are estimated at \$100 million spread over 30 years. The City has completed about \$80 million of projects. Funds have come from a variety of sources including state subsidized revenue bonds, grants, and rates.

Voters approved a bond referendum in November 2020 for \$106,500,000 to rebuild the Rogers High School and build an addition to the Pell Elementary School. Design is expected to begin in fiscal year 2021.

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

Financial Policies

The City has a set of Council approved financial policies that were developed to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Newport. Financial policies have impacted decisions in both the year under audit (FY2020) and future years.

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

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

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

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

There are reporting compliance policies that require the City administration to provide budget to actual reports to the City Council on a monthly basis and to provide quarterly budget, actual and projected revenues and expenditures to the State Office of Municipal Affairs. The City administration complied with these policies during FY2020.

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 57.9% for the fire plan and 74.7% for the police plan.

The City provides pension benefits for its non-public safety employees (except teachers) through a state-wide plan managed by the State Treasurer. Newport teachers are members of the State of Rhode Island Employee Retirement System. State-hired actuaries determine the funding level and unfunded actuarially accrued liability for each individual participating employer. The City is 64% funded in the State's municipal employees' retirement plan. The State of Rhode Island General Assembly enacted legislation that significantly changed the pension plan for participants in the State Municipal Employees Plan and the State Teachers Plan and reduced the long-term liability. These changes are reflected in the June 30, 2020 Statements of Net Position and Activities, footnotes and required supplementary information.

The City provides postretirement health coverage for all vested retirees, certain dependents and beneficiaries and life insurance benefits to police retirees. Vesting and participation is determined by bargaining contract and varies by length of employment and type of employment. As of June 30, 2020, 649 active employees and 897 retirees and dependents were eligible to receive health insurance benefits, which are currently financed on a pay-as-you-go basis. The actuarial calculation of the combined municipal and school liability as of July 1, 2020 is \$121 million. The City has established and is funding a trust to accumulate assets for the payment of other post-employment benefits in the future. Assets of \$53 million have been accumulated as of July 1, 2020. Benefits will not be paid from the trust until such time as City management feels that sufficient assets are available to begin paying benefits. Retiree benefits and various options are currently being studied in order to reduce the liability.

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

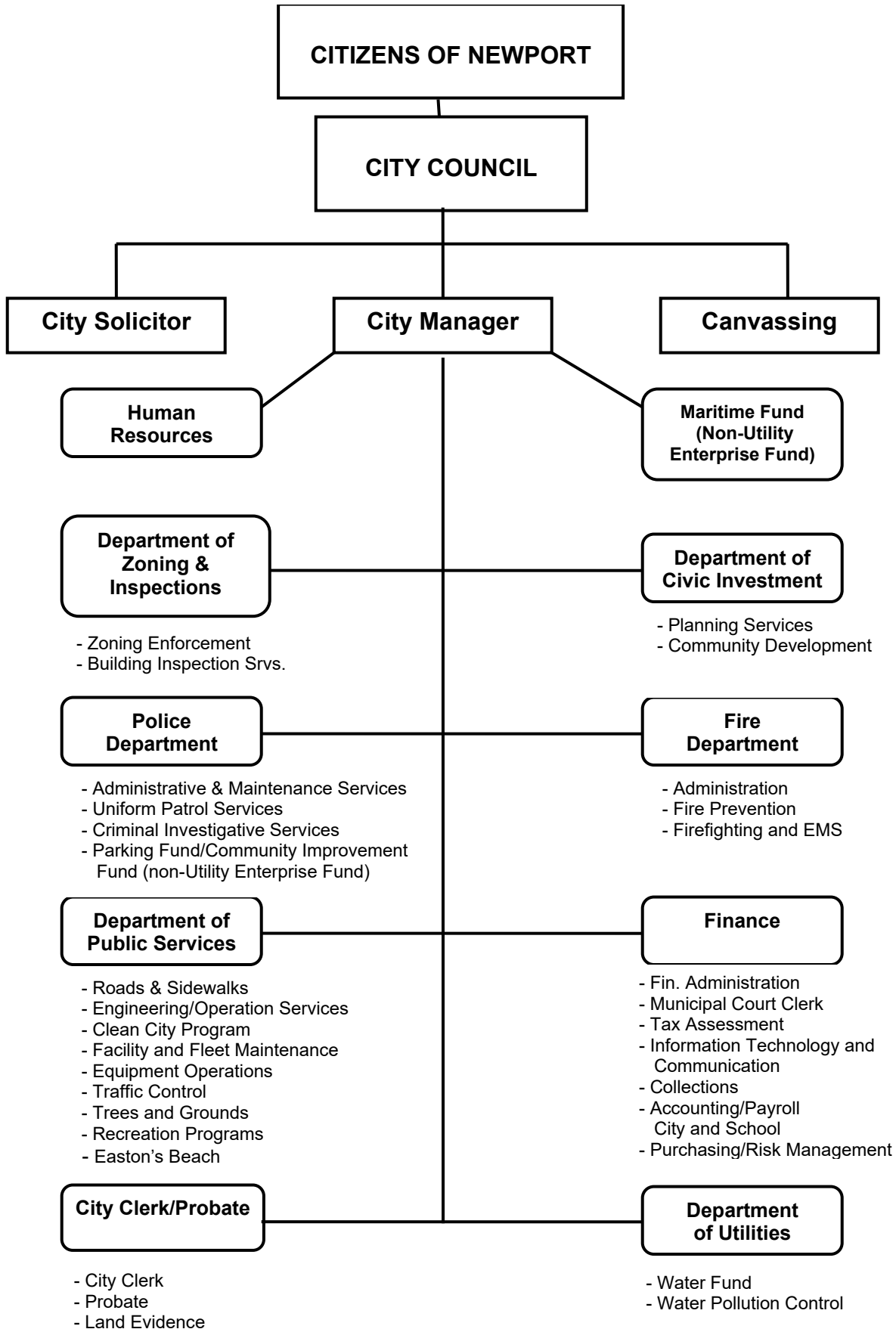
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing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

Respectfully submitted,



Laura L. Sitrin, CPA
Director of Finance

THE CITY OF NEWPORT, RI



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

Elected Officials:

Honorable Jamie Bova
Angela McCalla
Lynn Underwood Ceglie
Kathryn E. Leonard
Susan D. Taylor
Jeanne-Marie Napolitano
Justin S. McLaughlin
Louisa Boatwright
Rebecca Bolan
Aida G. Neary
Raymond E. Gomes
Sandra J. Flowers, Ph.D.
Stephanie Winslow
Robert J. Leary

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

Principal Appointed Officials:

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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Rhode Island**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Newport, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newport, Rhode Island, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the School Unrestricted Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020 on our consideration of the City of Newport, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Newport, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newport, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

Cranston, Rhode Island
December 9, 2020

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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 \$118,369,004 (net position).
- The government's net position increased by \$25,772,637 for the fiscal year 2020. Governmental activities' net position increased \$11,827,602 due to a decrease in net pension liability in the state retirement plans for teachers and general employees; reduced spending; sale of property; and a decrease in the other post-employment benefits (OPEB) liability. Business-type activities had an increase of \$13,945,035 in net position due to reduced spending; capital contributions from the U.S. Navy towards debt service and bond refunding proceeds.
- At June 30, 2020, the City of Newport's governmental funds reported a combined ending fund balance of \$48,182,809, an increase of \$2,941,320 in comparison to the prior year fund balance. Of the total fund balance, \$29,039,925 (60%) is either nonspendable, restricted or committed, leaving \$19,142,884 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 \$17,617,083, or 17.7% of total general fund expenditures and net other financing uses. \$1,034,022 of the general fund balance is nonspendable, restricted or committed leaving \$16,583,061 of assigned or unassigned fund balance. The School's unrestricted general fund balance is a \$595,977.
- The City of Newport's non-current long-term liabilities decreased by \$15,975,378 due to principal repayment of debt and a decrease in the OPEB and certain pension liabilities.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Fund Financial Statements

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

Governmental funds

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

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

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

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

Proprietary funds

The City of Newport maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Newport uses enterprise funds to account for its water operations, water pollution control operations, parking operations, and its maritime (harbor) operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Newport's

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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 VII, VIII and IX of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Newport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits X and XI of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 29-89 of this report.

Other information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Newport, assets exceeded liabilities by \$118,169,004 at the close of the most recent fiscal year.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The unrestricted net deficit at June 30, 2020 is (\$151,359,194). Consistent with prior years the City of Newport has a significant investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Newport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Newport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Newport's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 59,035,494	\$ 55,259,441	\$ 52,013,838	\$ 42,592,915	\$ 111,049,332	\$ 97,852,356
Capital assets	136,644,231	137,141,409	264,094,278	268,603,474	400,738,509	405,744,883
Total assets	195,679,725	192,400,850	316,108,116	311,196,389	511,787,841	503,597,239
Deferred outflows of resources	23,521,469	24,877,921	1,545,279	1,915,389	25,066,748	26,793,310
Total assets and outflows of resources	219,201,194	217,278,771	317,653,395	313,111,778	536,854,589	530,390,549
Long-term liabilities	233,738,102	242,173,849	139,493,398	147,033,029	373,231,500	389,206,878
Other liabilities	13,201,337	14,402,270	13,324,718	15,235,814	26,526,055	29,638,084
Total liabilities	246,939,439	256,576,119	152,818,116	162,268,843	399,757,555	418,844,962
Deferred inflows of resources	18,095,355	18,363,853	832,675	785,366	18,928,030	19,149,219
Total liabilities and inflows of resources	265,034,794	274,939,972	153,650,791	163,054,209	418,685,585	437,994,181
Net assets:						
Net investment in capital assets	105,969,091	102,078,305	125,121,623	122,613,622	231,090,714	224,691,927
Restricted	13,959,617	13,923,063	24,477,867	22,454,451	38,437,484	36,377,514
Unrestricted (deficit)	(165,762,308)	(173,662,570)	14,403,114	4,989,496	(151,359,194)	(168,673,074)
Total Net Position	\$ (45,833,600)	\$ (57,661,202)	\$ 164,002,604	\$ 150,057,569	\$ 118,169,004	\$ 92,396,367

An additional portion of the City of Newport's net position (33%) represents resources that are restricted by external parties.

The City's net position increased by \$25,772,637 during the current fiscal year. The primary reasons for the increase in business-type funds are because the water pollution control fund received a large capital contribution from the United States Navy towards the cost of upgrades in the water pollution control plant. The water fund received bond refunding proceeds. Increases in the governmental activities were from an increase in property taxes, investment income and operating and capital grants.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

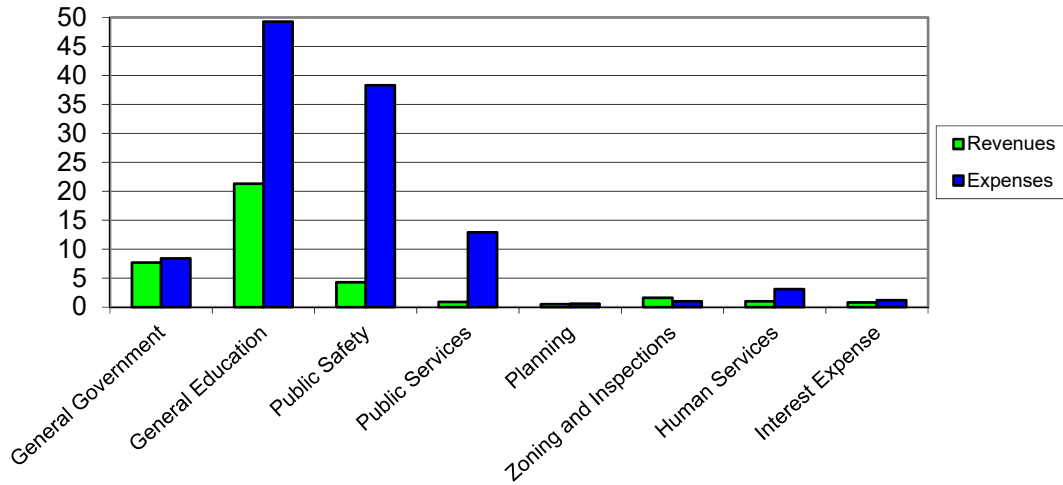
Governmental Activities

Governmental activities net position increased by \$11,827,602. A comparison of FY2020 and FY2019 activity can be found below which indicates the changes identified below.

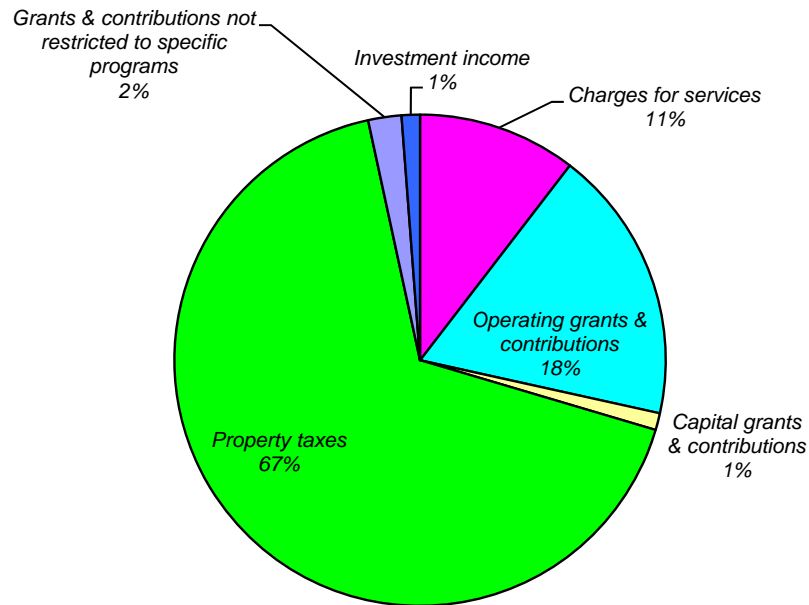
City of Newport's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 13,066,490	\$ 12,909,481	\$ 39,526,133	\$ 40,896,193	\$ 52,592,623	\$ 53,805,674
Operating grants and contributions	22,590,893	22,773,979			22,590,893	22,773,979
Capital grants and contributions	1,392,335	4,805,483	395,553	932,801	1,787,888	5,738,284
General revenues:						
Property taxes	83,949,300	82,188,731			83,949,300	82,188,731
Grants and contributions not restricted to specific programs	2,739,139	2,123,690			2,739,139	2,123,690
Investment income	1,515,638	2,531,277	305,064	348,889	1,820,702	2,880,166
Total revenues	125,253,795	127,332,641	40,226,750	42,177,883	165,480,545	169,510,524
Expenses:						
General government	8,367,718	8,658,586			8,367,718	8,658,586
General education	49,326,631	50,333,988			49,326,631	50,333,988
Public safety	38,284,925	35,565,827			38,284,925	35,565,827
Public services	12,906,263	13,099,339			12,906,263	13,099,339
Civic investment	590,070	326,419			590,070	326,419
Inspections and zoning	1,009,995	1,042,295			1,009,995	1,042,295
Human services	3,068,706	3,530,517			3,068,706	3,530,517
Interest expense	1,071,885	1,242,526			1,071,885	1,242,526
Water			15,633,723	14,830,088	15,633,723	14,830,088
Water pollution control			15,561,721	15,540,847	15,561,721	15,540,847
Nonmajor business-type			2,328,479	2,505,972	2,328,479	2,505,972
Total expenses	114,626,193	113,799,497	33,523,923	32,876,907	148,150,116	146,676,404
Increase in net position	10,627,602	13,533,144	6,702,827	9,300,976	17,330,429	22,834,120
Sale of property	900,000		77,840	1,377,127	977,840	1,377,127
Capital contributions			5,863,029		5,863,029	
Bond refunding proceeds			1,601,339		1,601,339	
Transfers	300,000	987,236	(300,000)	(987,236)		
	1,200,000	987,236	7,242,208	389,891	8,442,208	1,377,127
Change in net position	11,827,602	14,520,380	13,945,035	9,690,867	25,772,637	24,211,247
Net position beginning	(57,661,202)	(72,181,582)	150,057,569	140,366,702	92,396,367	68,185,120
Net Position Ending	\$ (45,833,600)	\$ (57,661,202)	\$ 164,002,604	\$ 150,057,569	\$ 118,169,004	\$ 92,396,367

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



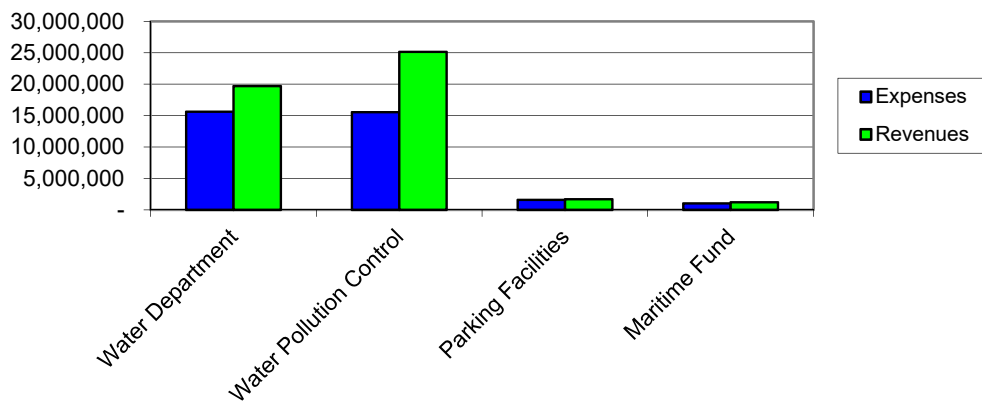
**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Business-Type Activities

Business-type activities’ net position increased by \$13,945,035. The City received \$5,863,029 as a capital contribution from the United States Navy towards the cost of plant upgrades in the water pollution control fund. The Newport water department received \$1,601,339 in bond refunding proceeds. The balance of the increases were from increased rates and revenues.

The Water Fund had income before transfers of \$4,063,630 for the year ended June 30, 2020, the Water Pollution Control Fund had income before transfers of \$9,595,708, and the non-major proprietary funds had income before transfers of \$585,697.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the City’s Funds

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

Governmental Funds

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

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

As of the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$48,182,809, an increase of \$2,941,320 in comparison with the prior year fund balance. The increase is the result of increased tax rates in the General Fund and expenditures lower than anticipated, particularly busing and transportation costs in the School Unrestricted Fund. Students learned remotely during the 4th quarter of the year due to the Coronavirus pandemic. The Coronavirus greatly impacted the revenues and expenditures of all funds in the City. The City Council authorized a reduction in the general fund budget of \$1,785,000 in April 2020. The City and the school both implemented hiring and spending freezes, which the City continues to this day. The State of Rhode Island converted the school's June state aid allotment into a payment from federal grants resulting in a shift of funding into the School Restricted Fund. That money was not received within 60 days of year end and was deferred in accordance with the City's 60-day accrual policy.

Much of the total combined ending fund balance amount (\$29,039,925) constitutes fund balance that is either nonspendable, restricted by outside legal sources or committed for capital or contractual purposes. An additional \$2,024,700 of the fund balance is assigned by the City Council. The balance of \$17,118,184 is unassigned and available for spending at the government's discretion.

The General Fund is the operating fund of the City of Newport. The School Unrestricted Fund is the operating general fund of the Newport Public Schools. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,583,061. 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 16.65% of total general fund expenditures and transfers.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The table on this page shows the comparison of revenues and expenditures in the City and School general funds between FY2020 and FY2019.

	City General Fund		School Unrestricted Fund	
	2020	2019	2020	2019
Local Taxes	\$ 83,560,012	\$ 82,256,525	\$	\$
Intergovernmental Revenues	4,347,294	3,771,286	14,753,567	15,413,673
Charges for Services	10,232,059	9,978,223	1,076,982	1,053,507
Use of Money and Property	1,051,437	940,129	169,073	265,306
Contributions			88,820	92,281
Other Revenues	156,460	260,002		
Total Revenues	99,347,262	97,206,165	16,088,442	16,824,767
Total Expenditures	68,487,209	66,148,777	42,061,196	42,891,399
Other Financing Sources (Uses)	(29,785,788)	(30,166,604)	27,007,530	26,418,779
Net Change in Fund Balance	1,074,265	890,784	1,034,776	352,147
Fund Balance, Beginning	16,542,818	15,652,034	(438,799)	(790,946)
Fund Balance, Ending	\$ 17,617,083	\$ 16,542,818	\$ 595,977	\$ (438,799)

The Capital Projects Fund had an increase in fund balance of \$828,329 that is primarily the result of timing differences between revenues and actual expenditures as of June 30, 2020.

The Permanent Fund had an increase in fund balance of \$36,554 due to net results from market returns.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were primarily due to budgetary carryovers from fiscal year 2019 of \$1,290,973, and a reduction in the General Fund revenues and expenditures of \$1,785,000 because of the impact of coronavirus.

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 (\$7,042,986) while restricted net position was \$17,666,062 and net investment in capital assets was \$52,995,967. 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.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Unrestricted net position of the Water Pollution Control Fund at the end of the year amounted to \$13,520,443, while restricted net position was \$6,811,805 and net investment in capital assets was \$67,646,305. Much of the revenue in the Water Pollution Control Fund is to fund debt service or non-debt funded capital improvements. Cash is restricted in the Water Pollution Control Fund because it is subject to debt covenant requirements.

The Parking Fund had unrestricted net position of \$5,335,023 and the Maritime Fund had unrestricted net position of \$2,320,643. 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, 2020 is \$400,738,509 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and systems, machinery and equipment, vehicles, infrastructure and construction in progress. There was a total decrease in the City of Newport's investment in capital assets for the current fiscal year of 1.2%.

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

- \$2,209,359 was spent on plant expansion and other water pollution control issues.
- \$2,054,215 was spent on road and sidewalk reconstruction and improvements.
- \$225,525 was spent on parks and playground improvements.
- \$743,876 was spent on seawall repairs.
- \$482,767 was spent on a new ERP system although that project has since been put on hold for 3 years due to the coronavirus.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,880,036	\$ 4,880,057	\$ 6,541,859	\$ 6,541,859	\$ 11,421,895	\$ 11,421,916
Construction in progress	904,951	190,336	245,722	46,492,528	1,150,673	46,682,864
Buildings & systems	73,795,490	74,403,144	255,714,641	213,967,279	329,510,131	288,370,423
Machinery & equipment	3,551,860	3,861,990	721,488	498,128	4,273,348	4,360,118
Vehicles	3,312,178	3,543,951	870,342	1,103,680	4,182,520	4,647,631
Infrastructure	50,199,716	50,261,931			50,199,716	50,261,931
Total	\$ 136,644,231	\$ 137,141,409	\$ 264,094,052	\$ 268,603,474	\$ 400,738,283	\$ 405,744,883

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 \$167,114,664. Of this amount, \$28,412,000 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).

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 28,412,000	\$ 32,375,000			\$ 28,412,000	\$ 32,375,000
Revenue Bonds			138,702,664	145,851,738	138,702,664	145,851,738
Total	\$ 28,412,000	\$ 32,375,000	\$ 138,702,664	\$ 145,851,738	\$ 167,114,664	\$ 178,226,738

The City of Newport’s total bonds decreased by \$11,112,074 during the current fiscal year. Debt increased by \$2,029,803 from revenue bond drawdowns for the sewer project. Bonds of \$13,141,87 were retired during fiscal year 2020.

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 \$206,004,156, which is significantly in excess of the City’s outstanding general obligation debt of \$28,412,000.

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

Economic Factors and Next Year’s Budgets and Rates

- The average annual not seasonally adjusted unemployment rate as of June 2020 for the City of Newport was 10.8%, which is less than the state’s unemployment rate of 12.3% and the federal unemployment rate of 11.2%.
- The occupancy rate of the government’s central business district is about 98% during the summer tourist season (May through October) and 65% in the remaining months.
- Inflationary trends in the region follow national indices.
- The Coronavirus pandemic had and continues to have a major impact on the City of Newport, which is heavily geared toward tourists. Revenues impacted include hotel taxes, meals and beverage taxes, cruise ship embarking fees, parking revenues, beach revenues and other associated tourism related revenues. In addition, the collection of real property taxes has slowed, although taxes are likely to be received at or close to the historical 99% collection rate.
- The State of Rhode Island has not yet adopted a budget for the fiscal year beginning on July 1, 2020. The City and school district are impacted because the amount of state aid is determined through the state budget process.
- Steps have been taken in the City’s fiscal year 2021 budget to reduce costs given the likelihood of continued reduced revenues and pandemic impacts.

All of these factors were considered in preparing the City of Newport’s budget for the 2021 fiscal year.

Fund balance in the City’s general operating fund at June 30, 2020 is \$17,617,083 or 17.7% of City general operating fund expenditures, which complies with the City’s fiscal policy of maintaining a minimum of 10% of total General Fund expenditures and transfers out as a reserve.

The Water Pollution Control Fund’s rates have been increasing over the last several years to fund projects required under a consent decree with the federal Environmental Protection Agency. Most of the projects required by the consent decree have been completed as of June 30, 2020. The Water Fund rates are controlled and set by the Rhode Island Public Utilities Commission. A rate increase was approved effective November 1, 2019.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Requests for Information

This financial report is designed to provide a general overview of the City of Newport's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Laura Sitrin, City of Newport, 43 Broadway, Newport, Rhode Island 02840.



Basic Financial Statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 11,665,558	\$ 21,274,583	\$ 32,940,141
Investments	20,369,633	1,596,632	21,966,265
Receivables, net	6,604,546	4,382,531	10,987,077
Internal balances (advances)	101,181	(101,181)	-
Inventories	9,612	438,064	447,676
Prepaid expenses	72,192	44,343	116,535
Total current assets	<u>38,822,722</u>	<u>27,634,972</u>	<u>66,457,694</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash and cash equivalents		24,378,867	24,378,867
Permanently restricted investments	14,032,114		14,032,114
Receivables, net	2,105,099		2,105,099
Net pension asset	4,075,559		4,075,559
Capital assets not being depreciated	5,784,987	6,787,581	12,572,568
Capital assets (net of accumulated depreciation)	<u>130,859,244</u>	<u>257,306,697</u>	<u>388,165,941</u>
Total noncurrent assets	<u>156,857,003</u>	<u>288,473,145</u>	<u>445,330,148</u>
Total assets	<u>195,679,725</u>	<u>316,108,117</u>	<u>511,787,842</u>
Deferred outflow of resources:			
Deferred outflows - pensions	19,539,968	1,370,656	20,910,624
Deferred outflows - other post employment benefit	<u>3,981,501</u>	<u>174,623</u>	<u>4,156,124</u>
Total deferred outflow of resources	<u>23,521,469</u>	<u>1,545,279</u>	<u>25,066,748</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,224,309	1,413,420	3,637,729
Accrued liabilities	1,477,980	2,361,793	3,839,773
Unearned revenue		45,032	45,032
Other liabilities	400,470	99,000	499,470
Current portion of long-term obligations	<u>9,098,578</u>	<u>9,405,474</u>	<u>18,504,052</u>
Total current liabilities	<u>13,201,337</u>	<u>13,324,719</u>	<u>26,526,056</u>
Noncurrent liabilities:			
Long-term obligations	<u>233,738,102</u>	<u>139,493,398</u>	<u>373,231,500</u>
Total noncurrent liabilities	<u>233,738,102</u>	<u>139,493,398</u>	<u>373,231,500</u>
Total liabilities	<u>246,939,439</u>	<u>152,818,117</u>	<u>399,757,556</u>
Deferred inflow of resources:			
Deferred inflows - pensions	10,529,594	461,261	10,990,855
Deferred inflows - other post employment benefit	<u>7,565,761</u>	<u>371,414</u>	<u>7,937,175</u>
Total deferred inflow of resources	<u>18,095,355</u>	<u>832,675</u>	<u>18,928,030</u>
Net Position:			
Net investment in capital assets	105,969,091	125,391,614	231,360,705
Restricted for:			
Various endowments:			
Expendable	11,357,966		11,357,966
Nonexpendable	2,601,651		2,601,651
Held in trust		99,000	99,000
Debt service		24,378,867	24,378,867
Unrestricted (deficit)	<u>(165,762,308)</u>	<u>14,133,123</u>	<u>(151,629,185)</u>
Total net position	<u>\$ (45,833,600)</u>	<u>\$ 164,002,604</u>	<u>\$ 118,169,004</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, 2020

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	\$ 8,367,718	\$ 6,121,300	\$ 1,608,155	\$	\$ (638,263)	\$	\$ (638,263)
General education	49,326,631	1,220,550	20,031,394		(28,074,687)		(28,074,687)
Public safety	38,284,925	3,738,141	517,749		(34,029,035)		(34,029,035)
Public services	12,906,263	329,580	36,693	533,633	(12,006,357)		(12,006,357)
Planning	590,070			537,762	(52,308)		(52,308)
Zoning and inspections	1,009,995	1,606,667			596,672		596,672
Human services	3,068,706	50,252	396,902	320,940	(2,300,612)		(2,300,612)
Interest expense	1,071,885				(1,071,885)		(1,071,885)
Total governmental activities	<u>114,626,193</u>	<u>13,066,490</u>	<u>22,590,893</u>	<u>1,392,335</u>	<u>(77,576,475)</u>	<u>-</u>	<u>(77,576,475)</u>
Business-type activities:							
Water Department	15,633,723	17,706,380		1,842,522		3,915,179	3,915,179
Water Pollution Control	15,561,721	19,066,272		6,017,399		9,521,950	9,521,950
Recreational and parking facilities	2,328,479	2,753,481				425,002	425,002
Total business-type activities	<u>33,523,923</u>	<u>39,526,133</u>	<u>-</u>	<u>7,859,921</u>	<u>-</u>	<u>13,862,131</u>	<u>13,862,131</u>
Total Primary Government	<u>\$ 148,150,116</u>	<u>\$ 52,592,623</u>	<u>\$ 22,590,893</u>	<u>\$ 9,252,256</u>	<u>(77,576,475)</u>	<u>13,862,131</u>	<u>(63,714,344)</u>
General revenues:							
Property taxes					83,949,300		83,949,300
Grants and contributions not restricted to specific programs					2,739,139		2,739,139
Investment income					1,515,638	305,064	1,820,702
Sale of property					900,000	77,840	977,840
Transfers					300,000	(300,000)	-
Total general revenues and transfers					<u>89,404,077</u>	<u>82,904</u>	<u>89,486,981</u>
Change in net position					11,827,602	13,945,035	25,772,637
Net Position at Beginning of Year					(57,661,202)	150,057,569	92,396,367
Net Position at End of Year					<u>\$ (45,833,600)</u>	<u>\$ 164,002,604</u>	<u>\$ 118,169,004</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$	\$ 1,241,619	\$ 2,206,049	\$	\$ 11,414,864	\$ 3,120,101	\$ 17,982,633
Investments	20,369,633			14,032,114			34,401,747
Receivables:							
Property taxes	2,059,579						2,059,579
Motor vehicle excise	525,192						525,192
Intergovernmental			824,578		260,253	1,156,724	2,241,555
Note/loan	2,803,444		970,337			105,000	3,878,781
Other	691,637	204,970				20,797	917,404
Due from other funds						8,750	8,750
Advances to other funds	269,991						269,991
Total Assets	<u>\$ 26,719,476</u>	<u>\$ 1,446,589</u>	<u>\$ 4,000,964</u>	<u>\$ 14,032,114</u>	<u>\$ 11,675,117</u>	<u>\$ 4,411,372</u>	<u>\$ 62,285,632</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Cash overdraft	\$ 5,659,364			\$ 36,876		\$ 770,281	\$ 6,466,521
Accounts payable	742,111	480,611	297,541	35,621	620,915	30,931	2,207,730
Accrued liabilities	952,618	370,001					1,322,619
Due to other funds	190,464						190,464
Other liabilities	400,470					-	400,470
Total liabilities	<u>7,945,027</u>	<u>850,612</u>	<u>297,541</u>	<u>72,497</u>	<u>620,915</u>	<u>801,212</u>	<u>10,587,804</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	1,157,366						1,157,366
Unavailable revenue - loans receivable			970,337			122,500	1,092,837
Unavailable revenue - intergovernmental receivable			586,385		260,253	418,178	1,264,816
Total deferred inflows of resources	<u>1,157,366</u>	<u>-</u>	<u>1,556,722</u>	<u>-</u>	<u>260,253</u>	<u>540,678</u>	<u>3,515,019</u>
Fund balances:							
Nonspendable				2,601,651			2,601,651
Restricted		595,977	2,146,701	11,357,966		969,973	15,070,617
Committed	1,034,022				10,793,949	135,663	11,963,634
Assigned						2,024,700	2,024,700
Unassigned	16,583,061					(60,854)	16,522,207
Total fund balances	<u>17,617,083</u>	<u>595,977</u>	<u>2,146,701</u>	<u>13,959,617</u>	<u>10,793,949</u>	<u>3,069,482</u>	<u>48,182,809</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,719,476</u>	<u>\$ 1,446,589</u>	<u>\$ 4,000,964</u>	<u>\$ 14,032,114</u>	<u>\$ 11,675,117</u>	<u>\$ 4,411,372</u>	<u>\$ 62,285,632</u>

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 20120

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)	\$ 48,182,809
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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	\$ 202,495,373	
Less accumulated depreciation	<u>(65,851,142)</u>	
Net capital assets		136,644,231

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

Net pension asset	4,075,559
Prepaid interest from school bonds	72,192
Unavailable property taxes, loans and grant revenues	3,515,019
Allowance for doubtful accounts	(1,574,825)
Property tax and loan interest accrual	658,539

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	(28,412,000)
Bond premium	(2,141,892)
Interest payable on bonds and notes	(165,015)
Capital lease payable	(121,248)
Claims and judgments	(406,000)
Compensated absences	(6,451,722)
Net pension liability	(133,603,157)
Net OPEB liability	(71,700,661)

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

Deferred outflows of resources - other post employment benefit	3,981,501
Deferred inflows of resources - other post employment benefit	(7,565,761)
Deferred outflows of resources - pensions	19,539,968
Deferred inflows of resources - pensions	<u>(10,529,594)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>(45,833,600)</u></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, 2020

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues:							
Property taxes	\$ 83,560,012						\$ 83,560,012
Intergovernmental revenues	4,347,294	14,753,567	341,600		271,480	4,543,045	24,256,986
Charges for services	10,232,059	1,076,982	227,578		1,261,600	161,068	12,959,287
Use of money and property	1,051,437	169,073	37,496	238,574	27	19,031	1,515,638
Contributions		88,820		60,000	100,000	550,080	798,900
Other revenues	156,460				125,000		281,460
Total revenues	<u>99,347,262</u>	<u>16,088,442</u>	<u>606,674</u>	<u>298,574</u>	<u>1,758,107</u>	<u>5,273,224</u>	<u>123,372,283</u>
Expenditures:							
Current:							
General government	7,681,020					15,241	7,696,261
General education		42,061,196				4,678,363	46,739,559
Public safety	39,615,222					201,321	39,816,543
Public services	9,922,500					11,913	9,934,413
Planning	419,484						419,484
Zoning and inspections	965,821						965,821
Human services	2,079,158		289,227	252,270		436,171	3,056,826
Pension expenditures	1,618,359						1,618,359
Debt service:							
Principal	4,080,637						4,080,637
Interest	1,332,553						1,332,553
Capital outlays	772,455		684,000		4,193,112	320,940	5,970,507
Total expenditures	<u>68,487,209</u>	<u>42,061,196</u>	<u>973,227</u>	<u>252,270</u>	<u>4,193,112</u>	<u>5,663,949</u>	<u>121,630,963</u>
Excess (Deficiency) of Revenues over Expenditures	<u>30,860,053</u>	<u>(25,972,754)</u>	<u>(366,553)</u>	<u>46,304</u>	<u>(2,435,005)</u>	<u>(390,725)</u>	<u>1,741,320</u>
Other Financing Sources (Uses):							
Transfers in from other funds	1,300,000	27,007,530			4,563,334	58,722	32,929,586
Sale of assets						900,000	900,000
Transfers out to other funds	(31,085,788)			(9,750)	(1,300,000)	(234,048)	(32,629,586)
Total other financing sources (uses)	<u>(29,785,788)</u>	<u>27,007,530</u>	<u>-</u>	<u>(9,750)</u>	<u>3,263,334</u>	<u>724,674</u>	<u>1,200,000</u>
Net Change in Fund Balances	1,074,265	1,034,776	(366,553)	36,554	828,329	333,949	2,941,320
Fund Balances at Beginning of Year	<u>16,542,818</u>	<u>(438,799)</u>	<u>2,513,254</u>	<u>13,923,063</u>	<u>9,965,620</u>	<u>2,735,533</u>	<u>45,241,489</u>
Fund Balances at End of Year	<u>\$ 17,617,083</u>	<u>\$ 595,977</u>	<u>\$ 2,146,701</u>	<u>\$ 13,959,617</u>	<u>\$ 10,793,949</u>	<u>\$ 3,069,482</u>	<u>\$ 48,182,809</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, 2020

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 \$ 2,941,320

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	5,854,156
Loss on disposal of assets	(284,739)
Depreciation expense	(6,066,595)

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	222,231
Property tax and loan interest receivable	51,526
Change in allowance for doubtful accounts	135,806
Activity related to property tax and loan receivable	679,313
Change in net pension assets	829,311
Change in deferred outflows - related to pensions	(1,991,222)
Change in deferred outflows - related to OPEB	634,770

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 issues, 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	3,963,000
Capital lease payments	117,637

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	(100,785)
Change in claims and judgments	393,752
Change in deferred inflows - related to pensions	2,454,376
Change in deferred inflows - related to OPEB	(2,185,877)
Change in net pension liability	(57,066)
Change in net OPEB liability	3,976,020
Amortization of prepaid interest	(72,192)
Change in accrued interest	25,533
Amortization of bond premiums	<u>307,327</u>

Change in Net Position of Governmental Activities (Exhibit II) \$ 11,827,602

The accompanying notes are an integral part of the financial statements

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 84,917,756	\$ 83,917,756	\$ 83,560,012	\$ (357,744)
Intergovernmental revenues	3,885,706	4,285,706	4,347,294	61,588
Charges for services	10,517,020	9,532,020	10,232,059	700,039
Use of money and property	460,000	260,000	1,051,437	791,437
Other revenues	201,500	201,500	156,460	(45,040)
Total revenues	<u>99,981,982</u>	<u>98,196,982</u>	<u>99,347,262</u>	<u>1,150,280</u>
Expenditures:				
General government:				
Mayor and City Council	185,660	185,660	120,862	64,798
City Manager	1,117,050	1,117,550	1,010,625	106,925
City Solicitor	537,911	537,911	505,029	32,882
Canvassing	229,068	229,068	203,291	25,777
City Clerk	582,108	582,108	582,635	(527)
Finance	4,404,615	4,412,295	4,399,978	12,317
Reserve accounts	934,300	425,300	935,561	(510,261)
Public Safety:				
Police Department	19,012,577	19,012,577	19,058,467	(45,890)
Fire Department	20,050,254	20,060,949	20,566,142	(505,193)
Public Services	11,262,846	12,534,944	11,432,638	1,102,306
Civic Investment	430,108	509,477	419,484	89,993
Zoning and Inspections	1,039,348	959,979	965,821	(5,842)
Human Services:				
Donations	145,450	145,450	145,200	250
Public Library	1,933,958	1,933,958	1,933,958	-
Pension expenditures	1,645,000	1,645,000	1,618,359	26,641
Debt service	5,424,913	5,424,913	5,413,191	11,722
Total expenditures	<u>68,935,166</u>	<u>69,717,139</u>	<u>69,311,241</u>	<u>405,898</u>
Excess of Revenues over Expenditures	<u>31,046,816</u>	<u>28,479,843</u>	<u>30,036,021</u>	<u>1,556,178</u>
Other Financing Sources (Uses):				
Transfers in	-	-	1,300,000	1,300,000
Transfers out	<u>(31,046,816)</u>	<u>(29,770,816)</u>	<u>(31,085,788)</u>	<u>(1,314,972)</u>
Total other financing sources (uses)	<u>(31,046,816)</u>	<u>(29,770,816)</u>	<u>(29,785,788)</u>	<u>(14,972)</u>
Excess of Revenues and Other Sources over over Expenditures and Other Uses	\$ <u>-</u>	\$ <u>(1,290,973)</u>	250,233	\$ <u>1,541,206</u>
Fund Balance at Beginning of Year			<u>16,733,238</u>	
Fund Balance at End of Year			\$ <u>16,983,471</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF NEWPORT, RHODE ISLAND
SCHOOL UNRESTRICTED FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues:				
Federal revenues	\$ 941,000	\$ 941,000	\$ 1,141,696	\$ 200,696
State revenues	12,694,024	12,694,024	11,731,408	(962,616)
Local revenues	<u>1,377,000</u>	<u>1,377,000</u>	<u>1,334,875</u>	<u>(42,125)</u>
Total revenues	<u>15,012,024</u>	<u>15,012,024</u>	<u>14,207,979</u>	<u>(804,045)</u>
Expenditures:				
General education	<u>42,019,554</u>	<u>42,019,554</u>	<u>40,180,733</u>	<u>1,838,821</u>
Excess of Expenditures over Revenues	(27,007,530)	(27,007,530)	(25,972,754)	1,034,776
Other Financing Sources:				
Transfers out				-
Transfers in	<u>27,007,530</u>	<u>27,007,530</u>	<u>27,007,530</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	1,034,776	<u>\$ 1,034,776</u>
Fund Balances at Beginning of Year			<u>(438,799)</u>	
Fund Balances at End of Year			<u>\$ 595,977</u>	

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

	<u>School Unrestricted</u>	
	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis, June 30, 2020	\$ 14,207,979	\$ 40,180,733
State teachers' retirement on-behalf payments	<u>1,880,463</u>	<u>1,880,463</u>
Balance, GAAP Basis, Exhibit IV- June 30, 2020	<u>\$ 16,088,442</u>	<u>\$ 42,061,196</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds			Total	Activities
	Water Fund	W.P.C. Fund	Nonmajor Funds		Internal Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 1,320,995	\$ 13,548,396	\$ 6,405,192	\$ 21,274,583	\$ 149,446
Investments			1,596,632	1,596,632	
Accounts receivable:					
User fees (net of allowances)	1,722,816	2,552,337	107,378	4,382,531	
Other				-	3,419
Due from other funds	181,714	392,913		574,627	12,903
Prepaid expense			44,343	44,343	
Inventories	298,906	139,158		438,064	9,612
Total current assets	<u>3,524,431</u>	<u>16,632,804</u>	<u>8,153,545</u>	<u>28,310,780</u>	<u>175,380</u>
Noncurrent assets:					
Cash and cash equivalents - restricted	17,666,062	6,712,805		24,378,867	
Capital assets, net of accumulated depreciation	128,201,004	131,143,932	4,749,342	264,094,278	10,377
Total noncurrent assets	<u>145,867,066</u>	<u>137,856,737</u>	<u>4,749,342</u>	<u>288,473,145</u>	<u>10,377</u>
Total assets	<u>149,391,497</u>	<u>154,489,541</u>	<u>12,902,887</u>	<u>316,783,925</u>	<u>185,757</u>
Deferred outflow of resources:					
Deferred outflows - pension	1,097,684	216,325	56,647	1,370,656	
Deferred outflows - other post employment benefit	172,147		2,476	174,623	
Total deferred outflow of resources	<u>1,269,831</u>	<u>216,325</u>	<u>59,123</u>	<u>1,545,279</u>	<u>-</u>
Liabilities:					
Current liabilities:					
Accounts payable	408,677	906,324	98,419	1,413,420	16,579
Accrued expenses	1,590,710	716,966	54,117	2,361,793	721
Unearned revenue			45,032	45,032	
Due to other funds	405,817			405,817	
Escrow held in Trust		99,000		99,000	
Current portion bonds payable	4,685,000	4,720,474		9,405,474	
Total current liabilities	<u>7,090,204</u>	<u>6,442,764</u>	<u>197,568</u>	<u>13,730,536</u>	<u>17,300</u>
Long-term liabilities:					
Advances from other funds		269,991		269,991	
Bonds payable	70,520,037	58,777,153		129,297,190	
Net pension liability	5,818,017	1,163,603	290,901	7,272,521	
Net OPEB liability	2,879,233		44,454	2,923,687	
Total long-term liabilities	<u>79,217,287</u>	<u>60,210,747</u>	<u>335,355</u>	<u>139,763,389</u>	<u>-</u>
Total liabilities	<u>86,307,491</u>	<u>66,653,511</u>	<u>532,923</u>	<u>153,493,925</u>	<u>17,300</u>
Deferred inflow of resources:					
Deferred inflows - pension	369,008	73,802	18,451	461,261	
Deferred inflows - other post employment benefit	365,786		5,628	371,414	
Total deferred inflow of resources	<u>734,794</u>	<u>73,802</u>	<u>24,079</u>	<u>832,675</u>	<u>-</u>
Net position:					
Net investment in capital assets	52,995,967	67,646,305	4,749,342	125,391,614	10,377
Restricted by regulatory agencies and bond covenants	17,666,062	6,712,805		24,378,867	
Assets held in trust		99,000		99,000	
Unrestricted	(7,042,986)	13,520,443	7,655,666	14,133,123	158,080
Total Net Position	<u>\$ 63,619,043</u>	<u>\$ 87,978,553</u>	<u>\$ 12,405,008</u>	<u>\$ 164,002,604</u>	<u>\$ 168,457</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 17,180,979	\$ 19,220,642	\$ 2,753,481	\$ 39,155,102	\$ 1,196,992
Other revenues	766,584			766,584	
Total operating revenues	<u>17,947,563</u>	<u>19,220,642</u>	<u>2,753,481</u>	<u>39,921,686</u>	<u>1,196,992</u>
Operating expenses:					
Salaries and benefits	5,595,337	1,153,674	584,868	7,333,879	27,917
Materials and supplies	1,087,961	96,430	36,945	1,221,336	326,306
Repairs and maintenance	492,221	108,470	334,983	935,674	62,773
Support services	198,625	6,854,108	472,069	7,524,802	754,000
Utilities	1,176,198	844,534	23,331	2,044,063	22,095
Administrative and other	986,126	512,952	591,787	2,090,865	-
Property taxes	535,264			535,264	
Depreciation	3,145,363	4,149,934	284,496	7,579,793	3,901
Total operating expenses	<u>13,217,095</u>	<u>13,720,102</u>	<u>2,328,479</u>	<u>29,265,676</u>	<u>1,196,992</u>
Operating Income	<u>4,730,468</u>	<u>5,500,540</u>	<u>425,002</u>	<u>10,656,010</u>	<u>-</u>
Nonoperating revenues and expenses:					
Sale of property			77,840	77,840	
Capital contributions	1,601,339	5,863,029		7,464,368	
Investment income	148,451	73,758	82,855	305,064	
Interest expense	<u>(2,416,628)</u>	<u>(1,841,619)</u>		<u>(4,258,247)</u>	
Net operating revenues and expenses	<u>(666,838)</u>	<u>4,095,168</u>	<u>160,695</u>	<u>3,589,025</u>	<u>-</u>
Income Before Transfers	4,063,630	9,595,708	585,697	14,245,035	
Transfers:					
Transfers out			<u>(300,000)</u>	<u>(300,000)</u>	
Change in Net Position	4,063,630	9,595,708	285,697	13,945,035	-
Net Position at Beginning of Year	<u>59,555,413</u>	<u>78,382,845</u>	<u>12,119,311</u>	<u>150,057,569</u>	<u>168,457</u>
Net Position at End of Year	<u>\$ 63,619,043</u>	<u>\$ 87,978,553</u>	<u>\$ 12,405,008</u>	<u>\$ 164,002,604</u>	<u>\$ 168,457</u>

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, 2020**

	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	\$ 17,953,404	\$ 18,972,912	\$ 2,826,248	\$ 39,752,564	\$ 1,226,581
Cash payments to suppliers for goods and services	(2,661,981)	(10,374,620)	(860,009)	(13,896,610)	(1,151,719)
Cash payments to employees for services	(5,065,142)	(1,333,392)	(564,944)	(6,963,478)	(27,553)
Payment of property taxes	(535,264)			(535,264)	
Payment of administrative expense	(986,126)	(512,952)	(591,787)	(2,090,865)	
Net cash provided by (used in) operating activities	<u>8,704,891</u>	<u>6,751,948</u>	<u>809,508</u>	<u>16,266,347</u>	<u>47,309</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans and transfers		(240,000)	(300,000)	(540,000)	
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(240,000)</u>	<u>(300,000)</u>	<u>(540,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(560,341)	(2,027,901)	(413,612)	(3,001,854)	
Capital contributions	1,601,339	5,863,029		7,464,368	
Proceeds from borrowing		2,029,803		2,029,803	
Principal paid on bonds, notes and loans	(4,200,123)	(4,606,877)	-	(8,807,000)	
Interest paid on bonds, notes and loans	(2,453,445)	(1,875,371)		(4,328,816)	
Net cash provided by (used in) capital and related financing activities	<u>(5,612,570)</u>	<u>(617,317)</u>	<u>(413,612)</u>	<u>(6,643,499)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Sale of investment			(187,118)	(187,118)	
Investment income	148,451	82,855	4,058	235,364	
Net cash provided by (used in) investing activities	<u>148,451</u>	<u>82,855</u>	<u>(183,060)</u>	<u>48,246</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,240,772	5,977,486	(87,164)	9,131,094	47,309
Cash and Cash Equivalents at Beginning of Year	15,746,285	14,283,715	6,492,356	36,522,356	102,137
Cash and Cash Equivalents at End of Year	\$ 18,987,057	\$ 20,261,201	\$ 6,405,192	\$ 45,653,450	\$ 149,446
Reconciliation of Operating Income to Net Cash					
Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 4,730,468	\$ 5,500,540	\$ 425,002	\$ 10,656,010	\$
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,145,363	4,149,934	284,496	7,579,793	3,901
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(86,134)	(19,475)	52,767	(52,842)	
Decrease (Increase) in accounts receivable - other					7,445
Decrease (Increase) in prepaid expense			6,651	6,651	
Decrease (Increase) in due from other funds	91,975	(228,255)		(136,280)	22,145
Decrease (Increase) in inventory	7,411	(82,943)		(75,532)	868
Decrease (Increase) in deferred outflows of resources:					
Deferred outflows - pension	225,800	152,443	17,751	395,994	
Deferred outflows - other post employment benefit	(25,490)		(394)	(25,884)	
(Decrease) Increase in accounts payable	167,239	(2,371,973)	668	(2,204,066)	12,586
(Decrease) Increase in accrued expenses	86,392	20,873	9,676	116,941	364
(Decrease) Increase in unearned revenue			20,000	20,000	
(Decrease) Increase in due to other funds	118,374	(16,162)		102,212	
(Decrease) Increase net pension liability	469,750	(322,027)	(6,225)	141,498	
(Decrease) Increase net other post employment benefit liability	(305,729)		272	(305,457)	
(Decrease) Increase in deferred inflows of resources:					
Deferred inflows - pension	(8,305)	(31,007)	(2,511)	(41,823)	
Deferred inflows - other post employment benefit	87,777		1,355	89,132	
Net Cash Provided by (Used in) Operating Activities	\$ 8,704,891	\$ 6,751,948	\$ 809,508	\$ 16,266,347	\$ 47,309
Noncash Investing, Capital and Related Financing Transactions:					
Gain on disposition of property			\$ 77,840	\$ 77,840	
Increase (decrease) in fair value of investments			43,562	43,562	
Total Noncash Investing, Capital and Related Financing Transactions			\$ 121,402	\$ 121,402	

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, 2020

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 4,287,021	\$ 114,335	\$ 354,378
Investments, at fair value:			
Fixed income mutual funds	32,392,495	655,832	
Domestic equity mutual funds	115,309,174	1,229,633	
International equity mutual funds	21,507,796		
Alternative investments	23,268,821		
Total investments	<u>192,478,286</u>	<u>1,885,465</u>	<u>-</u>
Total assets	<u>196,765,307</u>	<u>1,999,800</u>	<u>354,378</u>
Liabilities:			
Accounts payable	118,499	830	
Amounts held in escrow			354,378
Total liabilities	<u>118,499</u>	<u>830</u>	<u>354,378</u>
Net Position:			
Restricted for Pension/Other Post-Employment Benefits and Other Purposes	<u>\$ 196,646,808</u>	<u>\$ 1,998,970</u>	<u>\$ -</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, 2020

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employees	\$ 1,033,880	\$
Employer	18,191,166	
Contributions		10,000
Total contributions	<u>19,225,046</u>	<u>10,000</u>
Investment income (loss):		
Net change in fair value of investments	1,158,582	(26,750)
Interest and dividends	4,245,829	59,918
Total investment income (loss)	<u>5,404,411</u>	<u>33,168</u>
Less investment expenses	<u>347,092</u>	<u>1,106</u>
Net investment income (loss)	<u>5,057,319</u>	<u>32,062</u>
Total additions	<u>24,282,365</u>	<u>42,062</u>
Deductions:		
Benefits	18,955,487	
Administration	151,231	1,280
Awards		64,692
Total deductions	<u>19,106,718</u>	<u>65,972</u>
Change in Net Position	5,175,647	(23,910)
Net Position at Beginning of Year	<u>191,471,161</u>	<u>2,022,880</u>
Net Position at End of Year	<u>\$ 196,646,808</u>	<u>\$ 1,998,970</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 and operations which support economic and residential development, open space preservation and State law and City code enforcement.

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

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

Related Organization - Innovate Newport, Inc. is a 501 (c)(3) not-for-profit incorporated in December 2018 to promote a technology incubator and co-work facility providing shared collaborative space for entrepreneurs, innovators and start-up businesses. The corporation is governed by a 5-9 member Board of Directors consisting of the City Manager of the City of Newport, a member appointed by the Rhode Island Commerce Department, a member appointed by the Newport County Chamber of Commerce, a member of the Advisory Board and the rest appointed by the City Manager of Newport. The Advisory Board of 2-20 members must include the City Manager and a member of the Rhode Island Commerce Department. All other members of the advisory board are appointed and can be removed by the City Manager. The City's accountability for the organization does not extend beyond making these appointments. The City leases the building and grounds to Innovate Newport.

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

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

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

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

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

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

CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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. 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, 2020**

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

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

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

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 Council has further enacted restrictions which essentially limit short-term investments to U.S. Treasuries

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

or debt instruments issued by agencies of the U.S. Government or certificates of deposit less than or equal to the amount covered by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Corporation (FSLIC). Maturities of these instruments are required to be matched to any underlying liabilities.

Investments

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

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

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, 2020, is equal to 25% 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, 2020**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepayments will be recognized as an expenditure during the period benefited by the prepayment.

G. Capital Assets

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

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

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

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

H. Compensated Absences

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

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

- Police and Fire:
 - Maximum vacation accrual and payout is 400 hours, except that police officers hired after July 1, 2014 and firefighters hired after July 1, 2015 are capped at 300 hours.
 - Police officers are capped at \$25,000 maximum payout for sick leave; firefighter sick leave payout is capped at the higher of the accrued amount in existence at January 1, 2016 or \$25,000.

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

- **AFSCME - School:**

Maximum vacation accrual of 40 days to be paid out upon separation, except that an employee with 20 or more years of service as of his/her retirement date is allowed to accumulate 65 days in year leading up to retirement all of which will be paid out at retirement; maximum sick leave accrual of 225 days; payout 30% of days greater than 60 and less than 123.

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

I. Net Pension and OPEB Liabilities

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

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

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

K. Long-Term Obligations

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

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

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

L. Deferred Outflows/Inflows of Resources

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

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

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

M. Pensions

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

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

N. Restricted Assets

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

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

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

O. Net Position Flow Assumption

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

P. Fund Balance Flow Assumptions

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

Q. Fund Balance Policies

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

Committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The City's highest level of authority is a city ordinance properly adopted by the City Council. Committed fund balance also includes contractual obligations where resources have been specifically committed for use in satisfying those contractual requirements. Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. Only the City Council or School Committee may assign fund balance. Unassigned fund balance is the residual classification for the general fund, the school unrestricted fund, and deficit fund balances in other funds.

R. Accounting Estimates

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

S. Reclassifications

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

- Budgets are adopted on a legally enacted budgetary basis, which differs from generally accepted accounting principles (GAAP) in that budgetary expenditures for goods and nonemployment services are recognized when legally binding orders referred to as encumbrances are placed.
- In addition to limits enforced by the budget ordinance, the City Charter further restricts the incurrence of municipal expenditures or expenses to budgeted revenues at the fund level. The City Manager must periodically review revenues and reduce annual appropriations sufficiently to cover any shortfalls in budgeted revenues.
- Costs of operations for all departments established within the City Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Unrestricted Fund.
- Municipal budgetary control is legally enforced at the department level.
- Appropriation transfers between departments require approval by five of the seven-member Council. Other appropriation increases require both the establishment of a funding source and passage of a budget amendment ordinance. The City approved a reduction of \$1,785,000 in appropriations due to projected revenue shortfalls related to the Coronavirus pandemic. The difference between the original and final expenditure budget for the City also included \$1,290,973 in prior year appropriation carryovers.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

- Intra-departmental transfers of municipal appropriations may be made with the approval of the City Manager or his designee.
- Unencumbered and unexpended appropriations lapse at fiscal year-end. School budgetary control is legally enforced only at the unrestricted fund level; inter-departmental transfers may be made without School Committee approval.

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:

	<u>Revenues and Transfers In</u>	<u>General Fund Expenditures and Transfers Out</u>	<u>Fund Balance</u>
Balance, Budgetary Basis, Exhibit V - June 30, 2020	\$ 100,647,262	\$ 100,397,029	\$ 16,983,471
Liquidation of prior year approved carryovers			(130,419)
Miscellaneous variances		(60,001)	
Encumbrances outstanding at June 30, 2020 charged to budgetary expenditures		(764,031)	764,031
Balance, GAAP Basis, Exhibit IV - June 30, 2020	<u>\$ 100,647,262</u>	<u>\$ 99,572,997</u>	<u>\$ 17,617,083</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 2020 appropriations (after approved transfers).

<u>Department</u>	<u>Expenditures in Excess of Budget</u>
City Clerk	\$ 527
Police Department	45,890
Fire Department	505,193
Zoning and Inspections	5,842
Transfers Out	1,314,972
Reserve Accounts	510,261

The deficits above were offset, in most cases, by expenditure savings in other departments or revenues above what was anticipated. The transfers out was offset by \$1,300,000 in transfers in.

D. Deficit Funds Equity

The school department restricted fund deficit of \$55,151 is the result of timing differences related to grants. The Sheffield Hub Grant deficit of \$5,703 was eliminated through a transfer from the general fund in fiscal year 2021.

E. Donor-Restricted Endowments

Investments in marketable equity and all debt securities are carried at market value. The City allocates investment income in accordance with donor restrictions and Rhode Island law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the City. Net appreciation on investments at June 30, 2020 was \$36,554 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, 2020, 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, 2020**

As of June 30, 2020, the City's bank balance of \$60,358,090 was insured and collateralized as follows:

Insured	\$ 1,172,726
Collateralized:	
Collateral held by the pledging bank's trust department in the City's name	<u>59,185,364</u>
 Total Amount Subject to Custodial Credit Risk	 <u><u>\$ 60,358,090</u></u>

Investments

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

At June 30, 2020, the City's investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
Money market funds	\$ 1,468,140	\$ 1,468,140	\$	\$	\$
Certificates of deposit	18,271,060	9,462,958	5,953,850	1,436,420	1,417,832
U.S. Government agency securities	3,230,491		109,364	178,579	2,942,548
Fixed income mutual funds	37,928,257	5,030,685	16,883,361	7,911,707	8,102,504
	<u>60,897,948</u>	<u>\$ 15,961,783</u>	<u>\$ 22,946,575</u>	<u>\$ 9,526,706</u>	<u>\$ 12,462,884</u>
Other Investments:					
Alternative investments	23,268,821				
Equity mutual funds	<u>147,196,074</u>				
Total	231,362,843				
Money market funds classified as cash equivalents	<u>(1,000,713)</u>				
	<u><u>\$ 230,362,130</u></u>				

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020:

	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 3,230,491	\$ 3,230,491	\$	\$
Mutual funds	185,124,331	140,354,065	44,770,266	
Alternative investments	23,268,821		18,963,998	4,304,823
Certificates of deposit	18,271,060	18,271,060		
Money market	1,468,140	932,143	535,997	
Total Investments by Fair Value Level	\$ 231,362,843	\$ 162,787,759	\$ 64,270,261	\$ 4,304,823

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

U.S. Government Securities

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

Mutual Funds

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

Alternative Investments

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

Certificates of Deposit

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

Money Market

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

Interest Rate Risk

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Credit Risk

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

Certificates of Deposit

Certificates of Deposit are all insured by FDIC insurance. The weighted average maturity of certificates of deposit held with Wells Fargo is 0.03 years. The City intends to hold all certificates to maturity, although they are subject to interest rate risk in the event that they are sold prior to maturity.

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

<u>Average Rating</u>	<u>Money Market Funds</u>	<u>U.S. Government Agency Securities</u>	<u>Fixed Income Funds</u>
AA+	\$ 1,468,140	\$ 3,230,491	
AA-			\$ 19,497,770
A-			18,430,487
	<u>\$ 1,468,140</u>	<u>\$ 3,230,491</u>	<u>\$ 37,928,257</u>

Custodial Credit Risk

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

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject To Custodial Credit Risk</u>
U.S. Government Agency Securities	<u>\$ 3,230,491</u>	<u>\$ 500,000</u>	<u>\$ 2,730,491</u>

Fiduciary and Permanent Funds

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 7.0% for the pension plans, and 7.5% for the OPEB Trust, and trust investments per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission's goals, objectives, and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

Fiduciary and Permanent Fund investments included in the financial statements as of June 30, 2020 totaled \$208,395,865.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

4. RECEIVABLES

At June 30, 2020, receivables, including the applicable allowances for doubtful accounts, are as follows:

Governmental Activities

	<u>General</u>	<u>School Unrestricted Fund</u>	<u>Capital Projects Fund</u>	<u>CDBG Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
Taxes	\$ 2,584,771	\$	\$	\$	\$	\$ 2,584,771
Intergovernmental			260,253	824,578	1,156,724	2,241,555
Interest	632,147 *			26,392 *		658,539
Other	691,637	204,970			20,797	917,404
Notes/loans	2,803,444			970,337	105,000	3,878,781
	<u>6,711,999</u>	<u>204,970</u>	<u>260,253</u>	<u>1,821,307</u>	<u>1,282,521</u>	<u>10,281,050</u>
Less allowance for doubtful accounts	<u>(1,071,133) *</u>			<u>(398,692) *</u>	<u>(105,000) *</u>	<u>(1,574,825)</u>
	5,640,866	204,970	260,253	1,422,615	1,177,521	8,706,225
Less current portion	<u>3,910,997</u>	<u>204,970</u>	<u>260,253</u>	<u>1,050,805</u>	<u>1,177,521</u>	<u>6,604,546</u>
Net Long-Term Portion	<u>\$ 1,729,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,810</u>	<u>\$ -</u>	<u>\$ 2,101,679</u>

* Amount is not included in the fund financial statements.

Business-Type Activities

	<u>Water Fund</u>	<u>W.P.C. Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
User fees	\$ 1,797,816	\$ 2,602,337	\$ 107,378	\$ 4,507,531
Less allowance for doubtful accounts	<u>(75,000)</u>	<u>(50,000)</u>		<u>(125,000)</u>
Net Receivables	<u>\$ 1,722,816</u>	<u>\$ 2,552,337</u>	<u>\$ 107,378</u>	<u>\$ 4,382,531</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 4,880,057	\$	\$ (21)	\$ 4,880,036
Construction in progress	190,336	714,615		904,951
Total capital assets not being depreciated	<u>5,070,393</u>	<u>714,615</u>	<u>(21)</u>	<u>5,784,987</u>
Capital assets being depreciated:				
Buildings and structures	100,658,002	2,219,832	(445,851)	102,431,983
Machinery and equipment	9,393,420	353,794	(113,343)	9,633,871
Vehicles	8,989,216	511,700		9,500,916
Infrastructure	73,089,401	2,054,215		75,143,616
Total capital assets being depreciated	<u>192,130,039</u>	<u>5,139,541</u>	<u>(559,194)</u>	<u>196,710,386</u>
Total capital assets	<u>197,200,432</u>	<u>5,854,156</u>	<u>(559,215)</u>	<u>202,495,373</u>
Less accumulated depreciation:				
Buildings and structures	26,254,858	2,559,770	(178,135)	28,636,493
Machinery and equipment	5,531,430	646,922	(96,341)	6,082,011
Vehicles	5,445,265	743,473		6,188,738
Infrastructure	22,827,470	2,116,430		24,943,900
Total accumulated depreciation	<u>60,059,023</u>	<u>6,066,595</u>	<u>(274,476)</u>	<u>65,851,142</u>
Total capital assets being depreciated, net	<u>132,071,016</u>	<u>(927,054)</u>	<u>(284,718)</u>	<u>130,859,244</u>
Governmental Activities Capital Assets, Net	<u>\$ 137,141,409</u>	<u>\$ (212,439)</u>	<u>\$ (284,739)</u>	<u>\$ 136,644,231</u>

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

General government	\$ 668,058
General education	1,621,280
Public safety	683,423
Public services	2,924,248
Planning	153,474
Human services	11,880
Capital assets held by the City's internal service fund are charged to various functions based on usage of the assets	<u>4,232</u>
	<u>\$ 6,066,595</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Business-Type Activities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 6,541,859		\$	\$ 6,541,859
Construction in progress	46,492,528	94,906	(46,341,712)	245,722
Total capital assets not being depreciated	<u>53,034,387</u>	<u>94,906</u>	<u>(46,341,712)</u>	<u>6,787,581</u>
Capital assets being depreciated:				
Buildings and systems	336,856,407	49,239,901	(478,310)	385,617,998
Machinery and equipment	4,819,553	287,741		5,107,294
Vehicles	2,112,470	46,971		2,159,441
Total capital assets being depreciated	<u>343,788,430</u>	<u>49,574,613</u>	<u>(478,310)</u>	<u>392,884,733</u>
Total capital assets	<u>396,822,817</u>	<u>49,669,519</u>	<u>(46,820,022)</u>	<u>399,672,314</u>
Less accumulated depreciation:				
Buildings and systems	122,889,128	7,235,103	(221,100)	129,903,131
Machinery and equipment	4,321,425	64,381		4,385,806
Vehicles	1,008,790	280,309		1,289,099
Total accumulated depreciation	<u>128,219,343</u>	<u>7,579,793</u>	<u>(221,100)</u>	<u>135,578,036</u>
Total capital assets being depreciated, net	<u>215,569,087</u>	<u>41,994,820</u>	<u>(257,210)</u>	<u>257,306,697</u>
Net Capital Assets, Business-Type Activities	<u>\$ 268,603,474</u>	<u>\$ 42,089,726</u>	<u>\$ (46,598,922)</u>	<u>\$ 264,094,278</u>

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

Water	\$ 3,145,363
Water Pollution Control	4,149,934
Maritime	163,489
Parking	121,007
	<u>\$ 7,579,793</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

6. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2020 is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Description</u>
Major Governmental Funds				
General Fund				
	Water Fund	\$ -	\$ 181,714	Payroll, benefits and overhead
	Nonmajor Governmental Fund		8,750	Library parking lot
	Total	<u>-</u>	<u>190,464</u>	
Nonmajor Governmental Funds				
UDAG Fund				
	General Fund	<u>8,750</u>		Library parking lot
		<u>\$ 8,750</u>	<u>\$ 190,464</u>	
Major Enterprise Funds				
Water Fund				
	Water Pollution Control Fund	\$ -	\$ 392,914	Sludge charges and Navy payment
	General Fund	181,714	-	Payroll, benefits and overhead
	Internal Service Fund		12,903	Maintenance charges
	Total	<u>181,714</u>	<u>405,817</u>	
Water Pollution Control Fund				
	Water Fund	<u>392,914</u>		Sludge charges and Navy payment
	Total	<u>392,914</u>	<u>-</u>	
Total Enterprise Funds				
		<u>\$ 574,628</u>	<u>\$ 405,817</u>	
Internal Service Fund				
	Water Funds	<u>\$ 12,903</u>	<u>\$ -</u>	Maintenance charges
Total All Funds				
		<u>\$ 596,281</u>	<u>\$ 596,281</u>	

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

Advances

The City's general fund loaned \$749,991 to the Water Pollution Control Fund for equipment purchases. The loan is non-interest bearing, and is being repaid over the three years. The balance at June 30, 2020 is \$269,991.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Transfers

A summary of interfund transfers for the year ended June 30, 2020 is as follows:

	Transfers In				Total Transfers Out	Purpose
	General Fund	School Unrestricted Funds	Capital Projects Fund	Nonmajor Governmental Funds		
Transfer out:						
General Fund		27,007,530	\$ 4,049,286	\$ 28,972	\$ 31,085,788	Capital Projects
Permanent Fund				9,750	9,750	Capital Projects
Capital Projects Fund	1,300,000				1,300,000	Capital Projects
Nonmajor Governmental Fund			214,048	20,000	234,048	Capital Projects
Nonmajor Business-Type Funds			300,000		300,000	Capital Projects
Total	\$ 1,300,000	\$ 27,007,530	\$ 4,563,334	\$ 58,722	\$ 32,929,586	

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 loan will be repaid in accordance with an amortization schedule set forth in the agreement with the Rhode Island Department of Commerce.

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

Total principal balance due to the General Fund at June 20, 2020 for loans from Innovate Newport was \$2,803,444.

Bridge Loan Receivable	Principal	Interest
March 2, 2021	\$ 574,593	
December 31, 2021		97,385
March 2, 2022	383,062	
December 31, 2022		31,262
March 2, 2023	383,062	
December 31, 2023		21,670
March 2, 2024	287,297	
December 31, 2024		14,064
March 2, 2025	287,297	
December 31, 2025		6,870
March 2, 2026	225,000	968
	\$ 2,140,311	\$ 172,219

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 2020 are summarized as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Outstanding July 1, 2019</u>	<u>Additions</u>	<u>Retired</u>	<u>Outstanding June 30, 2020</u>
Governmental Activities:							
Thompson School Refunding	2010	2021	1.50 to 5.0	\$ 4,015,000	\$	\$ 1,295,000	\$ 2,720,000
Road and Bridge Loan	2014	2024	0.12 - 5.0	925,000		148,000	777,000
Roadway Improvements	2009	2023	2.50 to 5.0	1,500,000		250,000	1,250,000
Road and Facility Improve	2015	2025	2.0 - 5.0	3,685,000		560,000	3,125,000
Rogers Roof	2016	2026	2.0 - 4.0	2,160,000		275,000	1,885,000
Pell School	2013	2033	0.55 to 5.0	20,090,000		1,435,000	18,655,000
Total Governmental Activities				<u>\$ 32,375,000</u>	<u>\$ -</u>	<u>\$ 3,963,000</u>	<u>\$ 28,412,000</u>
Business-type Activities:							
Sewer Improvements - SRF	2002	2023	1.90	\$ 3,304,449	\$	\$ 786,877	\$ 2,517,572
Sewer Improvements - SRF	2009	2029	0.84 to 3.16	4,092,532		314,000	3,778,532
Sewer Improvements - SRF	2010	2030	0.55 to 3.25	6,262,000		429,000	5,833,000
Sewer Improvements - SRF	2011	2031	0.73 to 3.81	2,235,505		136,000	2,099,505
Sewer Improvements	2011	2026	4.30	6,360,000		675,000	5,685,000
Sewer Improvements - SRF	2015	2034	0.69 to 2.89	4,691,000		242,000	4,449,000
Sewer Improvements - SRF	2016	2035	0.37 to 2.41	8,323,000		416,000	7,907,000
Energy Efficiency Bond	2016	2027	0.765 - 1.709	1,095,761		119,000	976,761
Sewer Improvements - SRF	2017	2036	0.59 - 2.44	29,710,454	2,029,803	1,489,000	30,251,257
Total W.P.C. Fund				<u>66,074,701</u>	<u>2,029,803</u>	<u>4,606,877</u>	<u>63,497,627</u>
Water Improvements - SRF	2007	2027	3.28 - 3.72	1,611,000		154,000	1,457,000
Water Improvements - SRF	2012	2033	0.94 - 3.61	42,434,000		2,263,000	40,171,000
Water Improvements - SRF	2013	2034	0.37 - 2.92	25,908,000		1,319,000	24,589,000
Water Improvements	2011	2027	3.40	3,831,037		405,000	3,426,037
Water Improvements - SRF	2008	2029	2.08 - 3.63	3,752,000		280,000	3,472,000
Water Improvements - SRF	2009	2030	0.65 to 3.54	2,241,000		151,000	2,090,000
Total Water Fund				<u>79,777,037</u>	<u>-</u>	<u>4,572,000</u>	<u>75,205,037</u>
Total Business-type Activities				<u>\$ 145,851,738</u>	<u>\$ 2,029,803</u>	<u>\$ 9,178,877</u>	<u>\$ 138,702,664</u>

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

The Water Pollution Control (W.P.C.) Fund borrowed \$6,595,532 in FY2009 from the state revolving loan fund. Of that, \$995,579 of American Reinvestment and Recovery Act (ARRA) funds will be applied against principal over the life of the 20-year bond. The W.P.C. Fund borrowed \$33,443,000 in FY2017 from the state revolving loan fund. Of that, \$896,200 of federal funds will be applied against principal over the life of the bond for "green projects." The Water Fund borrowed \$3,300,000 in FY2009 from the state revolving loan fund. Over the 20-year life of the bond, \$765,452 of ARRA funds will be applied against principal. The annual offsets will be taken into revenue each year the bonds are outstanding.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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.

Description	Fund	Year Issued	Total Bond	Debt Service Reserve
Radio read meter system and improvements to plants	Water	2008	\$ 5,900,000	\$ 433,173
St. Mary's Raw Water Project	Water	2007	3,000,000	212,633
Distribution Improvements	Water	2009	3,300,000	181,313
Easton's Pond Dam & Moat Repairs	Water	2011	6,640,000	544,095
Water Treatment Plants	Water	2012	53,100,000	3,476,201
Water Treatment Plants	Water	2013	31,000,000	2,275,831
Sewer Improvements	WPC	2002	13,000,000	894,371
Ultraviolet Disinfection System and Combined Sewer Overflow Projects	WPC	2009	6,595,532	384,978
Thames Street & Wellington Avenue interceptor repairs; Long Wharf Force Main repairs	WPC	2010	9,327,000	650,475
Long Wharf Force Main Repairs	WPC	2011	3,095,505	224,754
Long Wharf Force Main Repairs	WPC	2011	10,345,000	544,095
Wellington CSO Repairs	WPC	2015	5,400,000	372,878
Sewer Plant Upgrades	WPC	2016	9,142,000	611,388
Sewer Plant Upgrades	WPC	2017	33,443,000	2,178,395

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Bonded indebtedness on June 30, 2020 matures over fiscal years through 2037 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>
2021	\$ 4,020,000	\$ 1,153,127	\$ 9,405,474	\$ 4,050,217
2022	4,147,000	978,204	9,657,904	3,813,382
2023	2,775,000	831,416	9,927,193	3,558,928
2024	2,803,000	723,196	9,327,000	3,294,725
2025	2,842,000	612,815	9,599,000	3,020,498
2026-2030	7,520,000	1,908,000	47,994,532	10,598,810
2031-2035	4,305,000	344,400	38,496,505	3,565,872
2036-2037			4,908,000	132,567
Amounts Not Yet Drawn			(612,944)	
	<u>\$ 28,412,000</u>	<u>\$ 6,551,158</u>	<u>\$ 138,702,664</u>	<u>\$ 32,034,999</u>

Debt authorized by the City Council and voters, where applicable, and not yet issued at June 30, 2020 is as follows:

Road Improvement and Facilities Bonds	\$ 4,265,000
Water System Improvements	900,000
Sewer System Improvements	13,788,000

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 32,375,000	\$	\$ 3,963,000	\$ 28,412,000	\$ 4,020,000
Bond premium	2,449,219		307,327	2,141,892	307,330
Leases payable	238,885		117,637	121,248	121,248
Claims and judgments	799,752	80,457	474,209	406,000	150,000
Compensated absences *	6,350,937	4,430,868	4,330,083	6,451,722	4,500,000
Net pension liability *	133,546,091	57,066		133,603,157	
Net OPEB liability *	75,676,681		3,976,020	71,700,661	
TOTAL	<u>\$ 251,436,565</u>	<u>\$ 4,568,391</u>	<u>\$ 13,168,276</u>	<u>\$ 242,836,680</u>	<u>\$ 9,098,578</u>
Business-type activities:					
Bonds payable	\$ 145,851,738	\$ 2,029,803	\$ 9,178,877	\$ 138,702,664	\$ 9,405,474
Net pension liability	7,131,023	141,498		7,272,521	
Net OPEB liability	3,229,145		305,458	2,923,687	
TOTAL	<u>\$ 156,211,906</u>	<u>\$ 2,171,301</u>	<u>\$ 9,484,335</u>	<u>\$ 148,898,872</u>	<u>\$ 9,405,474</u>

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

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, 2019 was \$6,866,805,206 limiting the amount of non-excepted general obligation bonds outstanding to \$206,004,156. Bonds of \$28,412,000 outstanding at June 30, 2020 are general obligations and subject to the statutory limitation.

9. OPERATING LEASES

The City leases certain office equipment under multi-year agreements that are subject to annual appropriation. Additionally, the Water Fund assesses the General Fund an annual lease charge of \$644,185 for providing a public fire protection system owned by the Water Fund pursuant to tariffs mandated by the Rhode Island Public Utilities Commission. For the year ended June 30, 2020, the General Fund incurred expenditures of \$644,185 associated with these agreements. The minimum annual lease obligations of the General Fund related to these agreements are \$644,185 until such time as the Rhode Island Public Utilities Commission approves a rate change.

10. CAPITAL LEASES

The City entered into an agreement to lease purchase a new HVAC system for the School Department in the principal amount of \$1,062,226 at an interest rate of 3.07%. Payments of principal and interest are being amortized as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 121,248	\$ 3,722

Equipment under capital leases in capital assets at June 30, 2020 included the following:

Machinery and equipment	\$ 1,239,457
Less accumulated depreciation	<u>(1,001,894)</u>
Net	<u>\$ 237,563</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

11. FUND BALANCES

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

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Community Development Block Grant</u>	<u>Permanent Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:							
Prepays			\$	\$	\$	\$	\$ -
Endowments				2,601,651			2,601,651
Total Nonspendable	-	-	-	2,601,651	-	-	2,601,651
Restricted:							
Trust purposes				11,357,966			11,357,966
Education		595,977					595,977
For recreation by donors						70,916	70,916
Planning, urban and economic development						603,727	603,727
Public safety						295,330	295,330
Community and social services			2,146,701				2,146,701
Total Restricted	-	595,977	2,146,701	11,357,966	-	969,973	15,070,617
Committed:							
General government	764,031						764,031
Water pollution control	269,991						269,991
Capital improvements					10,793,949	135,663	10,929,612
Total Committed	1,034,022	-	-	-	10,793,949	135,663	11,963,634
Assigned:							
Public improvements						2,024,700	2,024,700
Unassigned							
	16,583,061					(60,854)	16,522,207
Totals	\$ 17,617,083	\$ 595,977	\$ 2,146,701	\$ 13,959,617	\$ 10,793,949	\$ 3,069,482	\$ 48,182,809

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, and an advance receivable from the WPC Fund for equipment.

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

12. RISK MANAGEMENT

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

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

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

13. PENSION PLANS

All eligible employees of the City are covered by one of four pension plans, the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), the Firemen's Pension Plan and the Policemen's Pension Plan. The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Municipal Plan covers all employees not covered under the Teachers' Plan. However, fire employees and police officers have elected to participate in a single-employer defined benefit pension plan administered by the City. The Firemen's Pension Plan and Policemen's Pension Plan cover all employees covered under a collective bargaining agreement either with the International Association of Firefighters, Local 1080 or the Fraternal Order of Police, Lodge Number 8. Total covered payroll under all plans during 2020 was \$46,832,499. Total City payroll was \$55,854,288 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 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.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 2020, City teachers were required to contribute 3.75% of their annual covered salary, except that teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the City; the rates were 10.49% and 14.12% of annual covered payroll for the fiscal year ended June 30, 2020 for the state and the City, respectively. The City contributed \$2,745,167, \$2,520,224 and \$2,460,084 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2020, the City reported a liability of \$32,212,837 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	\$32,212,837
State's proportionate share of net pension liability	<u>24,130,751</u>
Total Net Pension Liability	<u>\$56,343,588</u>

The net pension liability was measured as of June 30, 2019, 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, 2018 rolled forward to June 30, 2019. 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, 2019, the City's proportion was 1.01% (rounded).

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

For the year ended June 30, 2020, the City recognized gross (combined state and city) pension expense for the teachers' Plan of \$6,043,136 and revenue of \$2,676,999 for support provided by the State. At June 30, 2020, 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	\$ 722,901	\$ 773,590
Differences between expected and actual experience	392,270	537,954
Changes of assumptions	1,884,959	254,236
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,653,543	1,639,057
City contributions subsequent to the measurement date	<u>2,745,167</u>	
Totals	<u>\$ 7,398,840</u>	<u>\$ 3,204,837</u>

The amount of \$2,745,167 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ 444,524
2022	(113,973)
2023	328,268
2024	737,424
2025	133,198
Thereafter	(80,605)

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Actuarial Assumptions

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

Investment Rate of Return - 7.0%

Projected Salary Increases - 3.0% to 13.0%

Inflation - 2.5%

Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale

The actuarial assumptions used in the June 30, 2018 valuation rolled forward to June 30, 2019 and the calculation of the total pension liability at June 30, 2019 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:		
U.S. Equity	22.10	6.16%
International Developed Equity	13.20	6.83%
Emerging Markets Equity	<u>4.70</u>	8.90%
Sub-total	40.00	
Private Growth:		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
OPP Private Credit	<u>1.50%</u>	9.81%
Sub-total	15.00	
Income:		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	<u>3.20%</u>	3.98%
Sub-total	8.00	
Crisis Protection Class:		
Treasury Duration	4.00%	0.77%
Systematic Trend	<u>4.00%</u>	4.20%
Sub-total	8.00	
Inflation Protection:		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	<u>1.00%</u>	3.76%
Sub-total	8.00	
Volatility Protection:		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	<u>3.00%</u>	0.77%
Sub-total	21.00	
Total	<u>100.00</u>	

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	\$ 39,809,592	\$ 32,212,837	\$ 25,994,129

Pension Plan Fiduciary Net Position

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

B. Teachers’ Survivors Benefit Plan

Plan Description

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

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

Eligibility and Plan Benefits

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

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

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

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

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

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

Contributions

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

The City of Newport School District contributed \$26,838, \$26,795 and \$27,069 for the fiscal years ended June 30, 2020, 2019, and 2018, respectively, equal to 100% of the required contributions for each year.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

At June 30, 2020, the City of Newport School District reported an asset of \$4,075,559 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, 2019, 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, 2018 rolled forward to June 30, 2019. The City's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2019 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2019, the City's proportion was 3.59% (rounded).

For the year ended June 30, 2020, the City recognized a pension credit of \$52,633 - an increase in the net pension asset. At June 30, 2020, 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	\$ 198,605	\$ 238,740
Differences between expected and actual experience	444,143	1,082,391
Changes in assumptions	355,123	
Changes in proportion and differences between employer contributions and proportionate share of contributions	189,177	360,374
City contributions subsequent to the measurement date	<u>26,838</u>	
Totals	<u>\$ 1,213,886</u>	<u>\$ 1,681,505</u>

The amount of \$26,838 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2020 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ 19,297
2022	(137,437)
2023	(50,619)
2024	(28,918)
2025	(94,160)
Thereafter	(202,620)

Actuarial Assumptions

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

Investment Rate of Return - 7.0%

Projected Salary Increases - 3.0% to 13.0%

Inflation - 2.50%

Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale

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

The actuarial assumptions used in the June 30, 2018 valuation rolled forward, and the calculation of the total pension liability at June 30, 2019 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:		
U.S. Equity	22.10	6.16%
International Developed Equity	13.20	6.83%
Emerging Markets Equity	<u>4.70</u>	8.90%
Sub-total	40.00	
Private Growth:		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
OPP Private Credit	<u>1.50%</u>	9.81%
Sub-total	15.00	
Income:		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	<u>3.20%</u>	3.98%
Sub-total	8.00	
Crisis Protection Class:		
Treasury Duration	4.00%	0.77%
Systematic Trend	<u>4.00%</u>	4.20%
Sub-total	8.00	
Inflation Protection:		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	<u>1.00%</u>	3.76%
Sub-total	8.00	
Volatility Protection:		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	<u>3.00%</u>	0.77%
Sub-total	21.00	
Total	<u>100.00</u>	

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, 2020**

Discount rate

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

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

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

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
City’s Proportionate Share of the Net Pension Liability (Asset)	\$ (3,140,592)	\$ (4,075,559)	\$ (4,771,714)

Pension Plan Fiduciary Net Position

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

C. Municipal Employees’ Plan (MERS)

General Information about the Plan

Plan Description

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

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

Summary of Benefit Provisions

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

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

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

For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 3 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012, the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

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

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

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

Other Benefit Provisions

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

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

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA. The City has elected a COLA B option for general employees, which allows COLA's for current retired members as well as current and future active members.

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

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

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

At the June 30, 2019 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	260
Inactive, Non-Retired Members	142
Active Members - Police	19
Active Members	<u>296</u>
Total	<u><u>717</u></u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 22.00% for general employees and 8.87% for police employees. The City contributed \$3,274,691 in the year ended June 30, 2020, which was 21.7% of annual covered payroll.

Net Pension Liability

The total pension liability used to calculate the net pension liability was determined by actuarial valuations performed as of June 30, 2018 and rolled forward to June 30, 2019, which is the plan measurement date for fiscal 2020 reporting. The valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2019 Measurement Date (June 30, 2018 Valuation Rolled Forward to June 30, 2019)

Actuarial Cost Method	Entry Age Normal
Amortization	Level Percent of Payroll - Closed
Investment Rate of Return	7.00%
Projected Salary Increases	3.50% to 7.50% general employees; 4.00% to 14.00% for Police and Fire
Inflation	2.50%
Mortality	Variants of the RP-2014 mortality tables
Cost of Living Adjustments	2% COLA is assumed after January 1, 2014

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

The actuarial assumptions used are from the June 30, 2018 valuation rolled forward to June 30, 2019 and the calculation of the total pension liability at June 30, 2019 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2019 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity:		
U.S. Equity	22.10	6.16%
International Developed Equity	13.20	6.83%
Emerging Markets Equity	<u>4.70</u>	8.90%
Sub-total	40.00	
Private Growth:		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
OPP Private Credit	<u>1.50%</u>	9.81%
Sub-total	15.00	
Income:		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	<u>3.20%</u>	3.98%
Sub-total	8.00	
Crisis Protection Class:		
Treasury Duration	4.00%	0.77%
Systematic Trend	<u>4.00%</u>	4.20%
Sub-total	8.00	
Inflation Protection:		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	<u>1.00%</u>	3.76%
Sub-total	8.00	
Volatility Protection:		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	<u>3.00%</u>	0.77%
Sub-total	21.00	
Total	<u>100.00</u>	

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, 2020**

Discount Rate

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

Changes in the Net Pension Liability

MERS Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Beginning Balances	\$ 80,222,167	\$ 50,543,144	\$ 29,679,023
Changes for the Year:			
Service Cost	1,385,770		1,385,770
Interest on the Total Pension Liability	5,480,921		5,480,921
Benefit Changes			
Differences Between Expected and Actual Experience	(627,984)		(627,984)
Changes in Assumptions			-
Other		6,022	(6,022)
Contributions - Employer		3,165,869	(3,165,869)
Contributions - Employees		540,393	(540,393)
Net Investment Income		3,232,507	(3,232,507)
Benefit Payments, Including Refunds of			
Member Contributions	(5,232,372)	(5,232,372)	-
Plan Administrative Expenses		(50,516)	50,516
Net Changes	<u>1,006,335</u>	<u>1,661,903</u>	<u>(655,568)</u>
Ending Balances	<u>\$ 81,228,502</u>	<u>\$ 52,205,047</u>	<u>\$ 29,023,455</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	\$ 37,684,864	\$ 29,090,085	\$ 22,054,685
City's Proportionate Share of the Net Pension Liability- Police Employees	\$ 3,949	\$ (66,630)	\$ (124,367)

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2020, the employer recognized pension expense of \$4,124,397 and \$108,119 for general and police employees, respectively. At June 30, 2020, 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	\$ 871,271	\$ 1,017,579
Assumption changes	1,304,193	
Difference between expected and actual experience	389,292	894,306
City contributions subsequent to the measurement date	<u>3,274,691</u>	
Totals	<u>\$ 5,839,447</u>	<u>\$ 1,911,885</u>

The amount of \$3,274,691 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, 2021. Deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ 818,314
2022	(123,058)
2023	(99,867)
2024	(52,997)
2025	9,554
Thereafter	100,925

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

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.

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, 2020, membership in each plan was as follows:

	<u>Fire Plan</u>	<u>Police Plan</u>
Total active employees	93	59
Inactive employees with vested rights Pensioners and beneficiaries	<u>124</u>	<u>131</u>
Total Plan Members	<u><u>217</u></u>	<u><u>190</u></u>

Benefits Provided

Each plan is a single-employer defined benefit pension plan which provides retirement, disability and death benefits to its participants. For fiscal year 2020, covered payroll under the plans was \$6,585,092 and \$4,624,139 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.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 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 12 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, 2020**

Financial Information

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Police Pension Fund	Fire Pension Fund
Assets:		
Cash and investments	\$ 77,642,758	\$ 66,103,804
Liabilities:		
Accounts payable	51,164	39,438
Net Position:		
Net Position Restricted for Pension Benefits	<u>\$ 77,591,594</u>	<u>\$ 66,064,366</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Police Pension Fund	Fire Pension Fund
Additions:		
Contributions and other income	\$ 4,892,704	\$ 7,039,109
Investment gain, net of investment expenses	656,436	3,054,503
Total additions	<u>5,549,140</u>	<u>10,093,612</u>
Deductions:		
Benefits	6,003,582	6,506,534
Administration	57,652	46,108
Total deductions	<u>6,061,234</u>	<u>6,552,642</u>
Changes in Net Position	(512,094)	3,540,970
Net Position at Beginning of Year	<u>78,103,688</u>	<u>62,523,396</u>
Net Position at End of Year	<u>\$ 77,591,594</u>	<u>\$ 66,064,366</u>

Investment Policy

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 7.00% for the pension plans and 7.00% for the OPEB Trust per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

managers, consultants and custodians of the Commission’s goals, objectives and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Actuarially Determined Nominal Mean</u>
Large Cap Equity	20%	9.2%
Mid Cap Equity	15%	11.4%
Small Cap Equity	15%	8.8%
International Equity	15%	6.4%
Fixed Income	20%	5.7%
Real Estate and Timber	15%	10.1%

Concentrations

As of June 30, 2020, and during the year then ended, no pension assets were invested in any organization which collectively held 5% or more of the total assets of either plan.

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 0.82% for police and 4.65% for fire for the year ended June 30, 2020. 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

The components of the net pension liability of the City at June 30, 2020 were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Total pension liability	\$ 106,517,197	\$ 116,778,149
Plan fiduciary net position	<u>(77,591,594)</u>	<u>(66,064,366)</u>
City's Net Pension Liability	<u>\$ 28,925,603</u>	<u>\$ 50,713,783</u>
Plan fiduciary net position as a percentage of total pension liability	72.84%	56.57%

Actuarial Assumptions

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

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

	<u>Fire</u>	<u>Police</u>
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method (police and fire)	Level Dollar Closed; 12 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	7.00% annually	7.00% annually
Salary increases	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.
Cost of living increase:		
Members retired prior to 8/21/11	2.4%	2.4%
Members retiring after 8/21/11	Bureau of Labor CPI for Northeast Urban Wage Earners, not exceeding 3.00% or less than .05%	
Inflation	2.4%	2.4%
Mortality:		
Healthy Members (police and fire)	Pub-2010 Public Plans Mortality table for Public Safety employees, projected to the valuation date with Scale MP-2019.	

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Discount Rate

The discount rate used to measure the total pension liabilities is 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City’s pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (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%
Net pension liability - police	\$ 42,870,090	\$ 28,925,603	\$ 17,499,922
Net pension liability - fire	65,558,345	50,713,783	38,476,124

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Policemen's Pension Plan			
Balances at June 30, 2019, Policemen's Plan	\$ 105,691,678	\$ 78,103,688	\$ 27,587,990
Changes for the Year:			
Service Cost	1,217,959		1,217,959
Interest	7,537,127		7,537,127
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience	(2,379,850)		(2,379,850)
Changes of Assumptions	453,865		453,865
Contributions - Employer		4,485,691	(4,485,691)
Contributions - Employees		407,013	(407,013)
Net Investment Income		656,436	(656,436)
Benefit Payments, Including Refunds of Member Contributions	(6,003,582)	(6,003,582)	-
Plan Administrative Expenses		(57,652)	57,652
Net Changes	<u>825,519</u>	<u>(512,094)</u>	<u>1,337,613</u>
Balances at June 30, 2020, Policemen's Plan	<u>\$ 106,517,197</u>	<u>\$ 77,591,594</u>	<u>\$ 28,925,603</u>
Firemen's Pension Plan			
Balances at June 30, 2019, Firemen's Plan	\$ 113,225,837	\$ 62,523,396	\$ 50,702,441
Changes for the Year:			
Service Cost	1,657,006		1,657,006
Interest	8,097,271		8,097,271
Differences Between Expected and Actual Experience	(136,728)		(136,728)
Changes of Assumptions	441,297		441,297
Contributions - Employer		6,412,242	(6,412,242)
Contributions - Employees		626,867	(626,867)
Net Investment Income		3,054,503	(3,054,503)
Benefit Payments, Including Refunds of Member Contributions	(6,506,534)	(6,506,534)	-
Plan Administrative Expenses		(46,108)	46,108
Net Changes	<u>3,552,312</u>	<u>3,540,970</u>	<u>11,342</u>
Balances at June 30, 2020, Firemen's Plan	<u>\$ 116,778,149</u>	<u>\$ 66,064,366</u>	<u>\$ 50,713,783</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

For the year ended June 30, 2020, the City recognized pension expense of \$2,756,698 and \$5,917,672 for the Police and Fire Plans, respectively. The City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Police Pension Plan:		
Difference between expected and actual experience experience	\$ 70,255	\$ 2,838,929
Difference between expected and actual earnings on pension plan investments	1,918,606	
Changes in assumptions	<u>880,463</u>	<u>335,759</u>
Total Police Pension Plan	<u>\$ 2,869,324</u>	<u>\$ 3,174,688</u>
Fire Pension Plan:		
Difference between expected and actual experience experience	\$ -	\$ 907,298
Difference between expected and actual earnings on pension plan investments	1,588,101	
Changes in assumptions	<u>2,001,026</u>	<u>110,642</u>
Total Fire Pension Plan	<u>\$ 3,589,127</u>	<u>\$ 1,017,940</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>
2021	\$ (1,490,121)	\$ 469,726
2022	(521,812)	647,903
2023	680,586	843,294
2024	1,025,983	544,749
2025		65,515
Thereafter		

E. 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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$704,309 for the fiscal year ended June 30, 2020.

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

14. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Employees vest for OPEB after 10 years of service. Retired police employees receive \$25,000 in retiree life insurance, and retired teachers can receive \$50,000 in life insurance if the retiree pays for it. Employees can choose individual or family coverage when active, which is paid by the City. All employees contribute towards the cost of their health insurance, while active and after retirement. If 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 and NEA 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. The School Department has a Memorandum of Understanding with teacher retirees which eliminates extended benefit coverage for School retirees.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Classes of Employees Covered

As of June 30, 2020, membership data was as follows:

Active employees	649
Retirees	554
Dependents of current retirees	<u>343</u>
Total Plan Members	<u><u>1,546</u></u>

Benefit Provisions and Contributions

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

Basis of Accounting

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

Investment Policy

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 7.00% for the OPEB Trust per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission's goals, objectives and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Actuarially Determined Nominal Mean</u>
Large Cap Equity	20%	8.4%
Mid Cap Equity	15%	11.0%
Small Cap Equity	15%	9.2%
International Equity	15%	6.7%
Fixed Income	20%	5.3%
Real Estate and Timber	15%	9.8%

Concentrations

As of June 30, 2020, 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 2.61% for the year ended June 30, 2020. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

Net OPEB Liability of the City

In fiscal year 2018, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB)*. This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The City’s total OPEB liability was measured as of June 30, 2019. The July 1, 2019 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, 2020. The total OPEB liability at June 30, 2020 was also adjusted to reflect any material plan changes subsequent to June 30, 2019. The components of the net OPEB liability of the City at June 30, 2020 were as follows:

Total OPEB liability	\$ 127,615,197
Plan fiduciary net position	<u>52,990,848</u>
Net OPEB Liability	<u>\$ 74,624,349</u>
Plan fiduciary net position as a Percentage of the total OPEB liability	41.52%

Actuarial Assumptions

OPEB Trust assets are valued at their fair market value as established by quotations from applicable national securities exchanges. The July 1, 2020 Actuarial Valuation total OPEB liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2020.

The total OPEB liability at July 1, 2018 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	2.60%
Medical Care Inflation	5.40% for 2019 decreasing to an ultimate rate of 4.6% by 2075
Wage Inflation	2.60%
Investment Rate of Return	7.00%
Amortization Period	19-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-2018.

Discount Rate

The discount rate used to measure the total pension liabilities is 7.00%. The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan’s target asset allocation.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
Large Cap Equity	20.00%	4.50%	0.90%
Mid Cap Equity	15.00%	5.00%	0.75%
Small Cap Equity	15.00%	5.00%	0.75%
International Equity	15.00%	5.25%	0.79%
Fixed Income	20.00%	2.50%	0.50%
Real Estate and Timber	15.00%	4.50%	0.68%
	100.00%		4.37%
Long-Term Inflation Expectation			<u>2.60%</u>
Long-Term Expected Nominal Return			<u>6.97%</u>

* Long-Term Returns are geometric means and do not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 7.00% was used.

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Postion (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2019	\$ 129,749,903	\$ 50,844,077	\$ 78,905,826
Changes for the year:			
Service Cost	1,658,323		1,658,323
Interest on total OPEB liability	9,618,285		9,618,285
Differences in experience	(5,168,817)		(5,168,817)
Changes of benefit terms	-		-
Changes in assumptions	(1,797,126)		(1,797,126)
Employer contributions		7,293,233	(7,293,233)
Net investment income (loss)		1,346,380	(1,346,380)
Benefit payments	(6,445,371)	(6,445,371)	
Administrative expenses		(47,471)	47,471
Net changes	<u>(2,134,706)</u>	<u>2,146,771</u>	<u>(4,281,477)</u>
Balances as of June 30, 2019	\$ <u>127,615,197</u>	\$ <u>52,990,848</u>	\$ <u>74,624,349</u>

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

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.00%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
\$ 89,175,352	\$ 74,624,349	\$ 62,428,715

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 3.6%) or 1 percentage point higher (7.5% decreasing to 5.6%) than the current healthcare cost trend rates:

1% Decrease Healthcare Cost Trend Rates (5.5% decreasing to 3.6%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.6%)	1% Increase Healthcare Cost Trend Rates (7.5% decreasing to 5.6%)
\$ 60,547,930	\$ 74,624,349	\$ 92,295,424

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2020, the City recognized OPEB expense of \$4,626,108. The City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 109,522	\$ 6,668,615
Changes of assumptions	2,207,657	1,268,560
Net difference between projected and actual earnings on OPEB plan investments	<u>1,838,945</u>	<u> </u>
Total	<u>\$ 4,156,124</u>	<u>\$ 7,937,175</u>

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

Year Ended June 30,	
2021	\$ (2,855,193)
2022	(1,442,954)
2023	17,818
2024	499,278
2025	-
Thereafter	-

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020**

Assets:	
Cash and investments	\$ 53,018,745
Liabilities:	
Accounts payable	<u>27,897</u>
Net Position:	
Net Position Restricted for OPEB Benefits	<u>\$ 52,990,848</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Additions:	
Contributions and other income	\$ 7,293,233
Investment income, net of investment expenses	<u>1,346,380</u>
Total additions	<u>8,639,613</u>
Deductions:	
Benefits	6,445,371
Administration	<u>47,471</u>
Total deductions	<u>6,492,842</u>
Changes in net position	2,146,771
Net Position at Beginning of Year	<u>50,844,077</u>
Net Position at End of Year	<u>\$ 52,990,848</u>

15. CONTINGENCIES

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

16. ON-BEHALF PAYMENTS

The amount recognized in the general fund intergovernmental revenues and education expenditures for contribution made by the state on behalf of the City's teachers to the State Employees' Retirement System of Rhode Island was \$1,880,463.

17. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 9, 2020, the Governor of the State of Rhode Island declared a state of emergency to combat a novel coronavirus disease (COVID-19).

The City derives a significant portion of its revenues from property taxes. While the City has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the City's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.



Required Supplementary Information

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

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

Notes to Schedule:

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

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

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

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%.

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

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

Notes to Schedule:

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

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

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%.

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

	<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	1.009563520%	1.029433600%	1.042213410%	0.949724730%	1.015625070%	1.031202720%
City's proportionate share of the net pension liability	\$ 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>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>\$ 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 employee payroll	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	170.74%	174.74%	177.07%	154.59%	164.32%	150.80%
Plan fiduciary net position as a percentage of the total pension liability	54.60%	54.30%	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 SIX FISCAL YEARS**

	<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	3.59251555%	3.63809711%	3.47300144%	3.29868150%	3.52658498%	3.31356806%
City's proportionate share of the net pension liability (asset)	\$ (4,075,559)	\$ (3,246,248)	\$ (2,873,089)	\$ (3,284,559)	\$ (3,292,265)	\$ (4,119,452)
City's covered employee payroll	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-21.60%	-17.34%	-15.48%	-17.92%	-19.35%	-24.75%
Plan fiduciary net position as a percentage of the total pension liability	150.2%	137.4%	136.1%	153.3%	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 SIX FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:						
Service cost	\$ 1,385,770	\$ 1,368,855	\$ 1,183,562	\$ 1,112,632	\$ 1,012,748	\$ 1,027,962
Interest	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	(627,984)	559,617	(1,135,652)	264,579	(434,672)	
Changes of assumptions			3,826,008			180,610
Benefit payments, including refunds of member contributions	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Net change in total pension liability	<u>1,006,335</u>	<u>2,228,766</u>	<u>4,216,898</u>	<u>1,640,475</u>	<u>2,186,171</u>	<u>1,268,669</u>
Total pension liability, beginning	<u>80,222,167</u>	<u>77,993,401</u>	<u>73,776,503</u>	<u>72,136,028</u>	<u>69,949,857</u>	<u>68,681,188</u>
Total Pension Liability, Ending (a)	\$ <u>81,228,502</u>	\$ <u>80,222,167</u>	\$ <u>77,993,401</u>	\$ <u>73,776,503</u>	\$ <u>72,136,028</u>	\$ <u>69,949,857</u>
Plan fiduciary net position:						
Contributions - employer	\$ 3,165,869	\$ 3,210,228	\$ 3,100,551	\$ 2,670,159	\$ 2,518,304	\$ 2,240,214
Contributions - member	540,393	549,030	513,971	465,743	234,906	226,656
Net investment income	3,232,507	3,782,044	5,065,942	21,439	1,073,486	6,243,957
Benefit payments, including refunds of member contributions	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)	(4,944,136)
Administrative expense	(50,516)	(50,348)	(47,861)	(77,595)	(43,154)	(39,099)
Other	6,022	379,809	274,332	(43,443)	1,235	119,179
Net change in plan fiduciary net position	<u>1,661,903</u>	<u>2,839,696</u>	<u>3,861,498</u>	<u>(1,964,817)</u>	<u>(1,073,715)</u>	<u>3,846,771</u>
Plan fiduciary net position - beginning	<u>50,543,144</u>	<u>47,703,448</u>	<u>43,841,950</u>	<u>45,806,767</u>	<u>46,880,482</u>	<u>43,033,711</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>52,205,047</u>	\$ <u>50,543,144</u>	\$ <u>47,703,448</u>	\$ <u>43,841,950</u>	\$ <u>45,806,767</u>	\$ <u>46,880,482</u>
City's Net Pension Liability (a)-(b)	\$ <u>29,023,455</u>	\$ <u>29,679,023</u>	\$ <u>30,289,953</u>	\$ <u>29,934,553</u>	\$ <u>26,329,261</u>	\$ <u>23,069,375</u>
Plan fiduciary net position as a percentage of total pension liability	64.27%	63.00%	61.16%	59.43%	63.50%	67.02%
Covered employee payroll	\$ 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 employee payroll	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
2011	\$ 4,359,109	4,359,109	\$ -	100.0%	\$ 4,891,283	89.12%
2012	4,560,741	4,560,741	-	100.0%	5,532,707	82.43%
2013	4,822,711	4,822,711	-	100.0%	5,509,307	87.54%
2014	5,990,094	5,990,094	-	100.0%	5,505,579	108.80%
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%

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
2011	\$ 3,116,642	3,116,642	\$ -	100.0%	\$ 5,048,815	61.73%
2012	2,899,580	2,899,580	-	100.0%	5,033,625	57.60%
2013	3,461,972	3,461,972	-	100.0%	5,147,999	67.25%
2014	3,954,174	3,954,174	-	100.0%	5,246,624	75.37%
2015	3,729,898	4,012,174	(282,276)	107.6%	5,489,942	73.08%
2016	3,327,981	4,012,174	(684,193)	120.6%	5,351,641	74.97%
2017	4,314,776	4,314,776	-	100.0%	5,003,060	86.24%
2018	4,396,285	4,396,285	-	100.0%	5,175,212	84.95%
2019	4,647,573	4,647,573	-	100.0%	4,657,433	99.79%
2020	4,485,691	4,485,691	-	100.0%	4,624,139	97.01%

Notes to Schedule:

Valuation Date: June 30, 2020
Measurement Date: June 30, 2020

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; 12 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	7.00% effective July 1, 2020
Retirement age	Police members who have completed 20 years of service may retire Fire members who retired prior to July 1, 2011 may retire with 20 years of service and those who retire on or after July 1, 2011 with the earlier of age 58 or 30 years of service
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for Public Safety employees, for annuitants and non-annuitants, projected to the valuation date with Scale MP-2019.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,745,167	\$ 2,602,288	\$ 2,532,188	\$ 2,436,992	\$ 2,383,068	\$ 2,213,075	\$ 2,030,553
Contributions in relation to the contractually required contribution	<u>2,745,167</u>	<u>2,602,288</u>	<u>2,532,188</u>	<u>2,436,992</u>	<u>2,383,068</u>	<u>2,213,075</u>	<u>2,030,553</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Employee Payroll	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
Contributions as a percentage of covered employee payroll	14.55%	13.90%	13.64%	13.30%	14.01%	13.30%	12.69%

Notes to Schedule:

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 26,838	\$ 26,717	\$ 27,070	\$ 20,487	\$ 20,862	\$ 21,216
Contributions in relation to the contractually required contribution	<u>26,838</u>	<u>26,717</u>	<u>27,070</u>	<u>20,487</u>	<u>20,862</u>	<u>21,216</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Employee Payroll	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
Contributions as a percentage of covered employee payroll	0.14%	0.14%	0.15%	0.11%	0.12%	0.13%

Notes to Schedule:

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 3,274,691	\$ 3,158,695	\$ 3,210,228	\$ 2,988,105	\$ 2,811,308	\$ 2,506,948	\$ 2,343,262	\$ 2,045,444	\$ 1,803,085
Contributions in relation to the contractually required contribution	<u>3,274,691</u>	<u>3,158,695</u>	<u>3,210,228</u>	<u>2,988,105</u>	<u>2,811,308</u>	<u>2,506,948</u>	<u>2,343,262</u>	<u>2,045,444</u>	<u>1,803,085</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Employee Payroll	\$ 15,195,478	\$ 15,110,097	\$ 14,654,765	\$ 13,217,927	\$ 12,860,503	\$ 11,692,085	\$ 11,259,620	\$ 10,891,431	\$ 10,971,505
Contributions as a percentage of covered employee payroll	21.55%	20.90%	21.91%	22.61%	21.86%	21.44%	20.81%	18.78%	16.43%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Inflation	2.75%
Salary increases - general employees	3.50% to 7.50%
Salary increases - police	4.0% to 14.0%
Investment rate of return	7.50%
Retirement age	Varies depending on years of service and age
Mortality	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000 Females: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 1,658,323	\$ 1,794,271	\$ 1,602,911	\$ 1,365,521
Interest	9,618,285	9,095,042	9,373,447	8,932,105
Changes of benefit terms		(955,397)		
Differences between expected and actual experience	(5,168,817)	209,086	(9,989,353)	
Changes of assumptions	(1,797,126)	3,456,137	1,314,151	
Benefit payments	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Net change in total OPEB liability	<u>(2,134,706)</u>	<u>7,072,746</u>	<u>(3,593,059)</u>	<u>4,053,346</u>
Total OPEB liability, beginning	<u>129,749,903</u>	<u>122,677,157</u>	<u>126,270,216</u>	<u>122,216,870</u>
Total Pension Liability, Ending (a)	<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	\$ 7,293,233	\$ 7,346,393	\$ 6,614,215	\$ 6,964,280
Net investment income	1,346,380	2,759,253	4,785,765	4,972,032
Benefit payments	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Administrative expense	(47,471)	(47,907)	(48,350)	(45,922)
Net change in plan fiduciary net position	<u>2,146,771</u>	<u>3,531,346</u>	<u>5,457,415</u>	<u>5,646,110</u>
Plan fiduciary net position - beginning	<u>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>\$ 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>\$ 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	41.52%	39.19%	38.57%	33.15%
Covered-employee payroll	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402
Net OPEB liability as a percentage of covered-employee payroll	166.29%	172.74%	169.28%	190.67%

Notes to Schedule:

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 7,237,210	\$ 7,781,651	\$ 7,162,648	\$ 7,666,176	\$ 8,018,221	\$ 6,943,534	\$ 7,304,803	\$ 7,687,252	\$ 9,519,080	\$ 11,191,505
Contributions in relation to the actuarially determined contribution	<u>7,293,233</u>	<u>7,346,393</u>	<u>6,614,215</u>	<u>6,964,280</u>	<u>7,132,978</u>	<u>7,332,694</u>	<u>7,836,934</u>	<u>9,320,601</u>	<u>10,261,400</u>	<u>9,810,529</u>
Contribution deficiency (excess)	\$ <u>(56,023)</u>	\$ <u>435,258</u>	\$ <u>548,433</u>	\$ <u>701,896</u>	\$ <u>885,243</u>	\$ <u>(389,160)</u>	\$ <u>(532,131)</u>	\$ <u>(1,633,349)</u>	\$ <u>(742,320)</u>	\$ <u>1,380,976</u>
Covered-employee payroll	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402	\$ 42,091,451	\$ 40,192,005	\$ 38,097,950	\$ 37,728,040	\$ 38,064,841	\$ 37,623,567
Contributions as a percentage of covered-employee payroll	16.25%	16.08%	14.86%	15.73%	16.95%	18.24%	20.57%	24.70%	26.96%	26.08%


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	18 year remaining
Asset valuation method	Actuarial Value of assets; phases in recognition of differences between return on Market Value and expected return on Market Value over a 5-year period at 20% per year.
Inflation	2.60%
Healthcare cost trend rates	2020 - 6.25%; 2021 6.00%; decreasing by .25% annually until reaches 4.6%
Salary increases	2.6% plus longevity increases for police and fire
Investment rate of return	7.00%
Mortality	Police and Fire: Pub-2010 Public Retirement Plans Mortality tables for Public Safety; projected to the valuation date with Scale MP-2018 Teachers and Administrators: Pub-2010 Public Plans Mortality tables for Teachers; projected to the valuation date with Scale MP-2018 School Support Staff and General City: Pub-2010 Public Retirement Plans for General employees; projected with Scale MP-2018
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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, 2020**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Property Taxes:				
Current taxes - Real Estate	\$ 77,569,313	\$ 77,569,313	\$ 76,565,166	\$ (1,004,147)
Current taxes - MV	1,703,443	1,703,443	1,785,427	81,984
Delinquent taxes & penalties	1,545,000	1,495,000	563,108	(931,892)
Tax Abatements	(1,000,000)	(1,000,000)		1,000,000
Meals and beverage tax	2,570,000	1,770,000	2,223,684	453,684
Hotel occupancy tax	2,530,000	2,380,000	2,422,627	42,627
Total property taxes	<u>84,917,756</u>	<u>83,917,756</u>	<u>83,560,012</u>	<u>(357,744)</u>
Intergovernmental Revenues:				
Telephone company tax	310,103	310,103	311,887	1,784
MV tax phase out	500,000	500,000	454,627	(45,373)
School housing aid	1,506,784	1,506,784	1,443,727	(63,057)
PILOT	1,408,819	1,408,819	1,590,280	181,461
Federal aid		400,000	382,345	(17,655)
State aid - library construction	160,000	160,000	164,428	4,428
Total intergovernmental revenues	<u>3,885,706</u>	<u>4,285,706</u>	<u>4,347,294</u>	<u>61,588</u>
Charges for Services:				
Service fees	619,377	619,377	715,978	96,601
Police special detail	1,700,000	1,200,000	1,360,496	160,496
Document prep and handling	65,000	65,000	58,008	(6,992)
Planning Services	900	900	3,448	2,548
Solid waste hauler fees	3,500	3,500	2,750	(750)
Management services	905,436	905,436	908,072	2,636
Fire alarm assessments	158,000	158,000	162,800	4,800
Bulky waste sticker program	25,000	25,000	34,231	9,231
HR regional testing			2,220	2,220
Recreation Scholarship Revenue			1,435	1,435
Recreation Program Revenue	120,000	105,000	128,049	23,049
Parking tickets	1,339,807	1,139,807	1,137,914	(1,893)
Recording fees	300,000	150,000	276,324	126,324
Conveyance tax	900,000	900,000	837,674	(62,326)
Probate fees	50,000	50,000	38,731	(11,269)
Rescue fees	900,000	900,000	952,993	52,993
General business	95,000	95,000	91,285	(3,715)
Parking fund revenue share	300,000	300,000	251,298	(48,702)
Hotel registration fees	10,000	10,000	21,100	11,100
Entertainment	25,000	25,000	12,700	(12,300)
Liquor	190,000	190,000	192,220	2,220
Mech amusement	12,000	12,000	1,600	(10,400)
Sunday selling	25,000	25,000	20,300	(4,700)
Victualing	56,000	56,000	55,600	(400)
Animal	4,000	4,000	2,824	(1,176)
Marriage	5,000	5,000	4,440	(560)
Building	1,000,000	1,000,000	1,036,729	36,729
Plumbing	60,000	60,000	99,660	39,660
Mechanical	170,000	170,000	222,463	52,463
Electrical	150,000	150,000	191,653	41,653
Board of Appeals	20,000	20,000	28,462	8,462
HDC application fee	12,000	12,000	27,700	15,700
Road opening	35,000	35,000	40,865	5,865
Fire inspection fees	80,000	80,000	104,051	24,051
Fire - sundry	20,000	20,000	11,021	(8,979)
Police - sundry	10,000	10,000	8,866	(1,134)
Municipal court cost assessment	120,000	70,000	138,663	68,663
Other miscellaneous	101,000	101,000	88,736	(12,264)
Beach bounce fees	20,000	20,000	23,088	3,088
Bathhouses	50,000	50,000	26,210	(23,790)
Rotunda rentals	125,000	55,000	53,025	(1,975)
Carousel	15,000	15,000	13,930	(1,070)
Food service concessions	48,000	48,000	58,156	10,156
Outside vendor commissions	20,000	20,000	250	(19,750)
Beach parking	610,000	610,000	752,562	142,562
Beach meters	42,000	42,000	31,479	(10,521)
Total charges for services	<u>10,517,020</u>	<u>9,532,020</u>	<u>10,232,059</u>	<u>700,039</u>
Use of Money and Property:				
Rental of property	110,000	110,000	130,478	20,478
Investment interest	350,000	150,000	920,959	770,959
Total use of money and property	<u>460,000</u>	<u>260,000</u>	<u>1,051,437</u>	<u>791,437</u>
Other Revenues:				
Sale of surplus equipment and property	10,000	10,000	13,746	3,746
Sister City donations	30,000	30,000	19,547	(10,453)
Fireworks donations	30,000	30,000		(30,000)
Public donations	131,500	131,500	123,167	(8,333)
Total other revenues	<u>201,500</u>	<u>201,500</u>	<u>156,460</u>	<u>(45,040)</u>
Total revenues	99,981,982	98,196,982	99,347,262	1,150,280
Other Financing Sources:				
Transfers in			1,300,000	1,300,000
Total Revenues and Other Financing Sources	<u>\$ 99,981,982</u>	<u>\$ 98,196,982</u>	<u>\$ 100,647,262</u>	<u>\$ 2,450,280</u>

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<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	\$ 185,660	\$ 185,660	\$ 120,862	\$ 64,798
City Manager	1,117,050	1,117,550	1,010,625	106,925
City Solicitor	537,911	537,911	505,029	32,882
Canvassing	229,068	229,068	203,291	25,777
City Clerk	582,108	582,108	582,635	(527)
Finance	4,404,615	4,412,295	4,399,978	12,317
Reserve Accounts	934,300	425,300	935,561	(510,261)
Public Safety:				
Police Department	19,012,577	19,012,577	19,058,467	(45,890)
Fire Department	20,050,254	20,060,949	20,566,142	(505,193)
Public Services	11,262,846	12,534,944	11,432,638	1,102,306
Planning	430,108	509,477	419,484	89,993
Zoning and Inspections	1,039,348	959,979	965,821	(5,842)
Human services:				
Donations	145,450	145,450	145,200	250
Public Library	1,933,958	1,933,958	1,933,958	-
Pension expenditures	1,645,000	1,645,000	1,618,359	26,641
Debt service	5,424,913	5,424,913	5,413,191	11,722
Total expenditures	<u>68,935,166</u>	<u>69,717,139</u>	<u>69,311,241</u>	<u>405,898</u>
Other financing uses:				
Transfers out	<u>31,046,816</u>	<u>29,770,816</u>	<u>31,085,788</u>	<u>(1,314,972)</u>
Total Expenditures and Other Financing Uses	<u>\$ 99,981,982</u>	<u>\$ 99,487,955</u>	<u>\$ 100,397,029</u>	<u>\$ (909,074)</u>



Permanent Trust Funds

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

CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT TRUST FUND
JUNE 30, 2020

	<u>Cash and</u> <u>Investments</u>	<u>Accounts</u> <u>Payable</u>	<u>Reserved for</u> <u>Endowments</u>	<u>Unreserved</u> <u>Fund Balance</u>
David Sears Trusts 1-12 (City Portion)	\$ 4,438,399	\$	\$ 750,000	\$ 3,688,399
David Sears Trust - Heirs of David Sears	1,757,733		1,039,381	718,352
David Sears Trust - Public Improvements	183,156			183,156
Joseph Hammett Fund (1892)	44,867		1,500	43,367
Henderson Home Fund (1980)	1,322,977		139,781	1,183,196
Freebody Fund	195,139		97,000	98,139
EV Coles Fund (1899)	430,233		61,321	368,912
Hunter Industrial Fund (1942)	141,506		25,000	116,506
King School Fund (1864)	292,502		8,914	283,588
City Burial Lots	727,125			727,125
Private Burial Lots	13,147			13,147
Belmont Memorial Fund (1950)	63,007		2,000	61,007
Judah Touro M & C Fund (1879)	218,208		10,000	208,208
Touro Street Fund (1823)	127,227		5,000	122,227
Derby Fuel Fund (1849)	24,654		500	24,154
Fry Orphan Fund (1859)	38,317		5,131	33,186
R & E Bullock Fund (1944)	94,794		1,000	93,794
Poor and Aged Fund (1863)	1,386,680		100,000	1,286,680
Alexander Agassiz Fund (1901)	221,949		31,087	190,862
George H Norman Foundation Fund (1901)	76,088		6,899	69,189
Barbara Chapman Fund (1990)	8,061		2,000	6,061
E Townsend Fund (1889)	402,613		155,137	247,476
George N Buckout Fund (1955)	193,192		15,000	178,192
Edward Newton Fund (1959)	67,276			67,276
Braman Cemetery	303,460			303,460
Louis H Hobbs Fund (1988)	72,127		25,000	47,127
RIICAN Fund	15,243			15,243
Pell School Tech Endowment Fund (2015)	1,099,932		120,000	979,932
Unallocated	35,621	35,621		
Total Permanent Trust Funds	\$ 13,995,233	\$ 35,621	\$ 2,601,651	\$ 11,357,961

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Fund Balance June 30, 2019</u>	<u>Revenues Use of Money and Property and Investment Changes</u>	<u>Expenditures Human Services</u>	<u>Fund Balance June 30, 2020</u>
David Sears Trusts 1-10 (City Portion)	\$ 4,415,370	\$ 23,029	\$	\$ 4,438,399
David Sears Trust - Heirs of David Sears	1,758,562	(829)		1,757,733
David Sears Trust - Public Improvements	187,792	76,864	(81,500)	183,156
Joseph Hammett Fund (1892)	46,994	(347)	(1,780)	44,867
Henderson Home Fund (1980)	1,375,611	(361)	(52,273)	1,322,977
Freebody Fund	186,529	8,610		195,139
EV Coles Fund (1899)	444,792	2,141	(16,700)	430,233
Hunter Industrial Fund (1942)	146,294	702	(5,490)	141,506
King School Fund (1864)	302,407	1,455	(11,360)	292,502
City Burial Lots	698,062	29,063		727,125
Private Burial Lots	12,715	432		13,147
Belmont Memorial Fund (1950)	60,497	2,510		63,007
Judah Touro M & C Fund (1879)	225,595	1,083	(8,470)	218,208
Touro Street Fund (1823)	122,160	5,067		127,227
Derby Fuel Fund (1849)	25,834	(180)	(1,000)	24,654
Fry Orphan Fund (1859)	37,706	611		38,317
R & E Bullock Fund (1944)	99,345	(711)	(3,840)	94,794
Poor and Aged Fund (1863)	1,455,729	(20,234)	(48,815)	1,386,680
Alexander Agassiz Fund (1901)	229,468	1,101	(8,620)	221,949
George H Norman Foundation Fund (1901)	78,653	385	(2,950)	76,088
Barbara Chapman Fund (1990)	7,740	321		8,061
E Townsend Fund (1889)	386,577	16,036		402,613
George N Buckout Fund (1955)	185,497	7,695		193,192
Edward Newton Fund (1959)	64,597	2,679		67,276
Braman Cemetery	300,735	12,475	(9,750)	303,460
Louis H Hobbs Fund (1988)	69,238	2,889		72,127
RIICAN Fund	14,636	607		15,243
Pell School Tech Endowment Fund (2015)	983,928	116,004		1,099,932
Unallocated Investment Expense	-	9,470	(9,470)	-
Total Permanent Trust Funds	\$ 13,923,063	\$ 298,567	\$ (262,018)	\$ 13,959,612



**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.

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, 2020

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds	
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Sheffield Hub Grant	Gifts Fund	School Capital Fund		Property Acquisition Fund
Assets:									
Cash and cash equivalents	\$	\$ 597,383	\$ 287,580	\$ 3,792	\$	\$ 70,916	\$ 135,663	\$ 2,024,767	\$ 3,120,101
Receivables:									
Intergovernmental	926,913		229,811						1,156,724
Note/loan		105,000							105,000
Other		15,094			5,703				20,797
Due from other funds		8,750							8,750
Total Assets	\$ 926,913	\$ 726,227	\$ 517,391	\$ 3,792	\$ 5,703	\$ 70,916	\$ 135,663	\$ 2,024,767	\$ 4,411,372
Liabilities, Deferred Inflows of Resources and Fund Balances:									
Liabilities:									
Cash overdraft	\$ 764,600	\$	\$	\$	\$ 5,681	\$	\$	\$	\$ 770,281
Accounts payable			30,842		22			67	30,931
Total liabilities	<u>764,600</u>	<u>-</u>	<u>30,842</u>	<u>-</u>	<u>5,703</u>	<u>-</u>	<u>-</u>	<u>67</u>	<u>801,212</u>
Deferred Inflows of Resources:									
Unavailable revenue - loans receivable		122,500							122,500
Unavailable revenue - intergovernmental receivable	217,464		195,011		5,703				418,178
Total deferred inflows of resources	<u>217,464</u>	<u>122,500</u>	<u>195,011</u>	<u>-</u>	<u>5,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,678</u>
Fund Balances:									
Restricted		603,727	291,538	3,792		70,916			969,973
Committed							135,663		135,663
Assigned								2,024,700	2,024,700
Unassigned	(55,151)				(5,703)				(60,854)
Total fund balances	<u>(55,151)</u>	<u>603,727</u>	<u>291,538</u>	<u>3,792</u>	<u>(5,703)</u>	<u>70,916</u>	<u>135,663</u>	<u>2,024,700</u>	<u>3,069,482</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 926,913	\$ 726,227	\$ 517,391	\$ 3,792	\$ 5,703	\$ 70,916	\$ 135,663	\$ 2,024,767	\$ 4,411,372

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds	
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Sheffield Hub Grant	Gifts Fund	School Capital Fund		Property Acquisition Fund
Revenues:									
Intergovernmental revenues	\$ 3,534,672	\$	\$ 700,484	\$	\$ 207,889	\$	\$ 100,000	\$	\$ 4,543,045
Charges for services	143,568	17,500							161,068
Use of money and property		19,031							19,031
Contributions	480,335		36,693			33,052			550,080
Total Revenues	<u>4,158,575</u>	<u>36,531</u>	<u>737,177</u>	<u>-</u>	<u>207,889</u>	<u>33,052</u>	<u>100,000</u>	<u>-</u>	<u>5,273,224</u>
Expenditures:									
Current:									
General government			5,732		5,703			3,806	15,241
General education	4,485,033						193,330		4,678,363
Public safety			172,714			28,607			201,321
Public services			11,913						11,913
Human services			409,617	26,554					436,171
Capital outlays			320,940						320,940
Total Expenditures	<u>4,485,033</u>	<u>-</u>	<u>920,916</u>	<u>26,554</u>	<u>5,703</u>	<u>28,607</u>	<u>193,330</u>	<u>3,806</u>	<u>5,663,949</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(326,458)</u>	<u>36,531</u>	<u>(183,739)</u>	<u>(26,554)</u>	<u>202,186</u>	<u>4,445</u>	<u>(93,330)</u>	<u>(3,806)</u>	<u>(390,725)</u>
Other Financing Sources (Uses):									
Transfers in			14,722	24,000				20,000	58,722
Proceeds from sale of assets								900,000	900,000
Transfers out						(20,000)		(214,048)	(234,048)
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>14,722</u>	<u>24,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>705,952</u>	<u>724,674</u>
Net Change in Fund Balances	(326,458)	36,531	(169,017)	(2,554)	202,186	(15,555)	(93,330)	702,146	333,949
Fund Balances at Beginning of Year	<u>271,307</u>	<u>567,196</u>	<u>460,555</u>	<u>6,346</u>	<u>(207,889)</u>	<u>86,471</u>	<u>228,993</u>	<u>1,322,554</u>	<u>2,735,533</u>
Fund Balances at End of Year	<u>\$ (55,151)</u>	<u>\$ 603,727</u>	<u>\$ 291,538</u>	<u>\$ 3,792</u>	<u>\$ (5,703)</u>	<u>\$ 70,916</u>	<u>\$ 135,663</u>	<u>\$ 2,024,700</u>	<u>\$ 3,069,482</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, 2020

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,664,581	\$ 3,740,611	\$ 6,405,192
Investments		1,596,632	1,596,632
Accounts receivable:			
User fees (net of allowances)	115	107,263	107,378
Prepaid expenses	44,343		44,343
Total current assets	<u>2,709,039</u>	<u>5,444,506</u>	<u>8,153,545</u>
Noncurrent assets:			
Capital assets	4,663,357	3,957,152	8,620,509
Less accumulated depreciation	<u>(1,179,647)</u>	<u>(2,691,520)</u>	<u>(3,871,167)</u>
Total noncurrent assets	<u>3,483,710</u>	<u>1,265,632</u>	<u>4,749,342</u>
Total Assets	<u>6,192,749</u>	<u>6,710,138</u>	<u>12,902,887</u>
Deferred outflow of resources:			
Deferred outflows - pension	56,647		56,647
Deferred outflows - other post employment benefit	2,476		2,476
Gain from disposition of property	<u>59,123</u>		<u>59,123</u>
Liabilities:			
Current liabilities:			
Accounts payable	47,329	51,090	98,419
Accrued expenses	40,756	13,361	54,117
Unearned revenue		45,032	45,032
Total current liabilities	<u>88,085</u>	<u>109,483</u>	<u>197,568</u>
Long-term liabilities:			
Net OPEB liability	44,454		44,454
Net pension liability	290,901		290,901
Total long-term liabilities	<u>335,355</u>		<u>335,355</u>
Total Liabilities	<u>423,440</u>	<u>109,483</u>	<u>532,923</u>
Deferred inflow of resources:			
Deferred inflows - pension	18,451		18,451
Deferred inflows - other post employment benefit	5,628		5,628
Total deferred inflow of resources	<u>24,079</u>		<u>24,079</u>
Net Position:			
Net investment in capital assets	3,483,710	1,265,632	4,749,342
Unrestricted	<u>2,320,643</u>	<u>5,335,023</u>	<u>7,655,666</u>
Total Net Position	<u>\$ 5,804,353</u>	<u>\$ 6,600,655</u>	<u>\$ 12,405,008</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, 2020**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Operating Revenues:			
User fees	\$ 1,131,294	\$ 1,622,187	\$ 2,753,481
Operating Expenses:			
Salaries and benefits	418,972	165,896	584,868
Materials and supplies	24,996	11,949	36,945
Repairs and maintenance	119,136	215,847	334,983
Support services	57,369	414,700	472,069
Utilities	10,522	12,809	23,331
Administrative and other	144,058	447,729	591,787
Depreciation	163,489	121,007	284,496
Total operating expenses	<u>938,542</u>	<u>1,389,937</u>	<u>2,328,479</u>
Operating Income	<u>192,752</u>	<u>232,250</u>	<u>425,002</u>
Nonoperating revenues and expenses:			
Gain from disposition of property	77,840		77,840
Investment income	30	82,825	82,855
Total nonoperating revenues and expenses	<u>77,870</u>	<u>82,825</u>	<u>160,695</u>
Income Before Transfers	270,622	315,075	585,697
Transfers:			
Transfers out	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Changes in Net Position	170,622	115,075	285,697
Net Position at Beginning of Year	<u>5,633,731</u>	<u>6,485,580</u>	<u>12,119,311</u>
Net Position at End of Year	<u>\$ 5,804,353</u>	<u>\$ 6,600,655</u>	<u>\$ 12,405,008</u>

**CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,168,177	\$ 1,658,071	\$ 2,826,248
Cash payments to suppliers for goods and services	(206,163)	(653,846)	(860,009)
Cash payments to employees for services	(404,139)	(160,805)	(564,944)
Payment of administrative expense	(144,058)	(447,729)	(591,787)
Net cash provided by (used in) operating activities	<u>413,817</u>	<u>395,691</u>	<u>809,508</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>(268,954)</u>	<u>(144,658)</u>	<u>(413,612)</u>
Cash Flows from Investing Activities:			
Sale of investment		(187,118)	(187,118)
Investment income (loss)	30	4,028	4,058
Net cash provided by (used in) investing activities	<u>30</u>	<u>(183,090)</u>	<u>(183,060)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	44,893	(132,057)	(87,164)
Cash and Cash Equivalents at Beginning of Year	<u>2,619,688</u>	<u>3,872,668</u>	<u>6,492,356</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,664,581</u>	<u>\$ 3,740,611</u>	<u>\$ 6,405,192</u>
Reconciliation of Operating Income (Loss) to net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 192,752	\$ 232,250	\$ 425,002
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	163,489	121,007	284,496
Changes in assets and liabilities:			
Decrease (Increase) in accounts receivable	36,883	15,884	52,767
Decrease (Increase) in prepaid expenses	6,651		6,651
Decrease (Increase) in deferred outflows of resources:			
Deferred outflows - pension	17,751		17,751
Deferred outflows - other post employment benefit	(394)		(394)
(Decrease) Increase in accounts payable	(791)	1,459	668
(Decrease) Increase in unearned revenues		20,000	20,000
(Decrease) Increase in accrued liabilities	4,585	5,091	9,676
(Decrease) Increase in net pension liability	(6,225)		(6,225)
(Decrease) Increase in net OPEB liability	272		272
(Decrease) Increase in deferred inflow of resources:			
Deferred inflows - pension	(2,511)		(2,511)
Deferred inflows - other post employment benefit	1,355		1,355
Net Cash Provided by (Used in) Operating Activities	<u>\$ 413,817</u>	<u>\$ 395,691</u>	<u>\$ 809,508</u>
Noncash Investing, Capital and Related Financing Transactions:			
Gain on disposition of property	77,840		77,840
Increase (decrease) in fair value of investments		43,562	43,562
Total Noncash Investing, Capital and Related Financing Transactions	<u>\$ 77,840</u>	<u>\$ 43,562</u>	<u>\$ 121,402</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.

Private Purpose Trust Funds

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

Agency Funds

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

Student Activity Funds

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

CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2020

	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	\$ (859,806)	\$ 3,052,271	\$ 2,192,465	\$ 2,094,556	\$ 4,287,021
Investments, at fair value:					
Fixed income mutual funds	13,256,881	10,647,635	23,904,516	8,487,979	32,392,495
Domestic equity mutual funds	47,103,548	37,832,534	84,936,082	30,373,092	115,309,174
International equity mutual funds	8,744,318	7,023,244	15,767,562	5,740,234	21,507,796
Alternative investments	9,397,817	7,548,120	16,945,937	6,322,884	23,268,821
Total assets	<u>77,642,758</u>	<u>66,103,804</u>	<u>143,746,562</u>	<u>53,018,745</u>	<u>196,765,307</u>
Liabilities:					
Accounts payable	51,164	39,438	90,602	27,897	118,499
Total liabilities	<u>51,164</u>	<u>39,438</u>	<u>90,602</u>	<u>27,897</u>	<u>118,499</u>
Net Position:					
Net position - restricted for pension benefits	77,591,594	66,064,366	143,655,960		143,655,960
Net position - restricted for other post-employment benefit				52,990,848	52,990,848
Total Net Position	<u>\$ 77,591,594</u>	<u>\$ 66,064,366</u>	<u>\$ 143,655,960</u>	<u>\$ 52,990,848</u>	<u>\$ 196,646,808</u>

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2020**

	Private-Purpose Trust Funds		
	Expendable Scholarship Funds	Nonexpendable Scholarship Trusts	Total Private Purpose Trust Funds
Assets:			
Cash	\$ 27,581	\$ 86,754	\$ 114,335
Investments, at fair value:			
Fixed income mutual funds		655,832	655,832
Domestic equity mutual funds		1,229,633	1,229,633
Total assets	<u>27,581</u>	<u>1,972,219</u>	<u>1,999,800</u>
Liabilities:			
Accounts payable		<u>830</u>	<u>830</u>
Net Position:			
Net position - restricted for trust purposes	<u>27,581</u>	<u>1,971,389</u>	<u>1,998,970</u>
Total Net Position	<u>\$ 27,581</u>	<u>\$ 1,971,389</u>	<u>\$ 1,998,970</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, 2020**

	Pension Trust Funds			Other Post- Employment Benefit Trust Fund	Total Pension and Other Post- Employment Benefit Trust Funds
	Police Pension Fund	Fire Pension Fund	Total Pension Trust Funds		
Additions:					
Contributions:					
Employees	\$ 407,013	\$ 626,867	\$ 1,033,880	\$	\$ 1,033,880
Employer	4,485,691	6,412,242	10,897,933	7,293,233	18,191,166
Total contributions	<u>4,892,704</u>	<u>7,039,109</u>	<u>11,931,813</u>	<u>7,293,233</u>	<u>19,225,046</u>
Investment income:					
Net change in fair value of investments	(804,349)	1,877,085	1,072,736	85,846	1,158,582
Interest, dividends and realized gains	<u>1,610,571</u>	<u>1,293,576</u>	<u>2,904,147</u>	<u>1,341,682</u>	<u>4,245,829</u>
Total investment income	806,222	3,170,661	3,976,883	1,427,528	5,404,411
Less investment expenses	<u>149,786</u>	<u>116,158</u>	<u>265,944</u>	<u>81,148</u>	<u>347,092</u>
Net investment income	<u>656,436</u>	<u>3,054,503</u>	<u>3,710,939</u>	<u>1,346,380</u>	<u>5,057,319</u>
Total additions	<u>5,549,140</u>	<u>10,093,612</u>	<u>15,642,752</u>	<u>8,639,613</u>	<u>24,282,365</u>
Deductions:					
Benefits	6,003,582	6,506,534	12,510,116	6,445,371	18,955,487
Administration	<u>57,652</u>	<u>46,108</u>	<u>103,760</u>	<u>47,471</u>	<u>151,231</u>
Total deductions	<u>6,061,234</u>	<u>6,552,642</u>	<u>12,613,876</u>	<u>6,492,842</u>	<u>19,106,718</u>
Changes in Net Position	(512,094)	3,540,970	3,028,876	2,146,771	5,175,647
Net Position at Beginning of Year	<u>78,103,688</u>	<u>62,523,396</u>	<u>140,627,084</u>	<u>50,844,077</u>	<u>191,471,161</u>
Net Position at End of Year	<u>\$ 77,591,594</u>	<u>\$ 66,064,366</u>	<u>\$ 143,655,960</u>	<u>\$ 52,990,848</u>	<u>\$ 196,646,808</u>

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Expendable Scholarship Funds</u>	<u>Non- Expendable Scholarship Trusts</u>	<u>Total Private Purpose Trust Funds</u>
Additions:			
Contributions	\$ 10,000	\$	\$ 10,000
Investment income:			
Net appreciation in fair value of investments		(26,750)	(26,750)
Interest, dividends and realized gains		59,918	59,918
Total investment income	-	33,168	33,168
Less investment expenses		1,106	1,106
Net investment income	-	32,062	32,062
Total additions	10,000	32,062	42,062
Deductions:			
Awards	9,000	55,692	64,692
Administration		1,280	1,280
Total deductions	9,000	56,972	65,972
Changes in Net Position	1,000	(24,910)	(23,910)
Net Position at Beginning of Year	26,581	1,996,299	2,022,880
Net Position at End of Year	\$ 27,581	\$ 1,971,389	\$ 1,998,970

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FIDUCIARY NET POSITION
NONEXPENDABLE SCHOLARSHIP TRUSTS
JUNE 30, 2020

	Net Assets Held In Trust For Purposes Beginning	Additions		Deductions Awards and Investment Expense	Net Assets Held In Trust For Purposes Ending
		Donations	Investment Income (Loss)		
Peter P Integlia Physical Education Scholarship	\$ 25,284	\$ -	\$ 1,407	\$ (850)	\$ 25,841
American Culinary Federation Award	58,081	-	1,406	-	59,487
Eileen Jeanes Jachna Award	47,173	-	235	(1,790)	45,618
William T Bull Award	43,420	-	142	(1,650)	41,912
Mercedes S Coulombe Award	127,338	-	3,093	-	130,431
Carol Ann Page Award	9,782	-	133	-	9,915
Avis G Marden Award	7,272	-	104	-	7,376
Class of 41 American Government Award	8,880	-	326	(320)	8,886
PF Carroll Scholarship	37,498	-	(245)	(1,470)	35,783
J Fitzgerald Scholarship	3,510	-	42	(140)	3,412
Smales Scholarship	19,984	-	39	(760)	19,263
Henry Vaughn Memorial Award	8,434	-	139	-	8,573
Adelson Biology Award	5,859	-	8	(230)	5,637
Leavitt Trust Award	24,825	-	88	(940)	23,973
Alliance Francaise Award	2,104	-	40	-	2,144
Lalli Trust Award	8,774	-	154	(330)	8,598
Goldstein Music Award	8,218	-	131	(310)	8,039
MB Howard Award	21,922	-	73	(830)	21,165
Newport School Book Award	599	-	22	-	621
Edward King Medal Award	110,989	-	3,546	(1,005)	113,530
Koehne Latin Award	5,503	-	66	(190)	5,379
Mirman Math Award	4,433	-	24	(170)	4,287
GH Norman Award	11,822	-	75	(460)	11,437
Peckham Award	143,228	-	3,460	(2,388)	144,300
Pell Medal	4,532	-	167	-	4,699
Read Medal #1	1,522	-	56	-	1,578
Read Medal #2	1,690	-	62	-	1,752
Charles B King Award	28,040	-	442	(1,070)	27,412
Rogers High School Centennial Award	62,618	-	254	(2,380)	60,492
Almira Coffin Award	7,062	-	111	(270)	6,903
HH Toole Scholarship	21,929	-	87	(830)	21,186
Henry Heffernan Award	106,199	-	(656)	(4,150)	101,393
Bruen Scholarship	36,818	-	(206)	(1,440)	35,172
Sullivan Scholarship	56,221	-	(54)	(2,170)	53,997
Joseph P Cotton Memorial Award	34,175	-	548	(1,300)	33,423
Rufus E Darrah Memorial Award	11,644	-	293	(420)	11,517
Margaret P Stevens Award	1,397	-	51	-	1,448
Christine Meek Sullivan/Marx Award	27,302	-	981	-	28,283
Zelda Mirman Music/Drama Award	47,627	-	259	(1,830)	46,056
Wosencroft Scholarship	10,089	-	38	(380)	9,747
M/M Thomas Archambault Award	22,694	-	368	(860)	22,202
Class of 46 Rogers High School DLS Award	25,693	-	3,108	(980)	27,821
General Contractors Association Award	34,604	-	136	(1,310)	33,430
Cohen Scholarship	9,257	-	(6)	-	9,251
Townsend Scholarship	11,307	-	47	(430)	10,924
Dorothy Drinkwater Lecraw Award	75,379	-	299	(2,860)	72,818
Nicholas Logothets Award	8,200	-	357	-	8,557
Helene Lewis Memorial Scholarship	121,180	-	(1,080)	(4,610)	115,490
Kristen Jorge Memorial Scholarship	28,380	-	136	-	28,516
James Colton Crowley Award	123,890	-	467	(4,710)	119,647
Florence J Alofsin English Award	9,204	-	38	(350)	8,892
Sandra Clooney Memorial Scholarship	38,724	-	154	(1,470)	37,408
Allan Family Scholarship	140,457	-	(953)	(5,500)	134,004
Loeb/George Washington Essay Award	7,670	-	(203)	-	7,467
Tift-Oxley Scholarship Fund	66,645	-	219	(2,540)	64,324
John J Egan Scholarship	36,104	-	1,213	-	37,317
Colleen Curry Dawson Fund	33,114	-	11,935	-	45,049
Unallocated Investment Expense	-	-	(1,114)	(1,279)	(2,393)
Total Nonexpendable Scholarship Trusts	\$ 1,996,299	\$ -	\$ 32,062	\$ (56,972)	\$ 1,971,389

CITY OF NEWPORT, RHODE ISLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
ASSETS				
Cash:				
Thompson Middle School Student Funds	\$ 90,681	\$ 16,521	\$ 15,277	\$ 91,925
Rogers High School Student Funds	205,209	152,698	142,312	215,595
Newport Tech Student Funds	33,083	77,046	68,215	41,914
Chandler Student Funds	<u>4,869</u>	<u>325</u>	<u>250</u>	<u>4,944</u>
Total Assets	<u>\$ 333,842</u>	<u>\$ 246,590</u>	<u>\$ 226,054</u>	<u>\$ 354,378</u>
LIABILITIES				
Amounts held in escrow:				
Student activity funds	<u>\$ 333,842</u>	<u>\$ 246,590</u>	<u>\$ 226,054</u>	<u>\$ 354,378</u>
Total Liabilities	<u>\$ 333,842</u>	<u>\$ 246,590</u>	<u>\$ 226,054</u>	<u>\$ 354,378</u>



Annual Supplemental Transparency Report

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXHIBIT G-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 77,048,832	\$ -
Last Year's Levy Tax Collection	1,240,619	-
Prior Years Property Tax Collection	269,341	-
Interest & Penalty	354,909	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	1,952,574	-
Fines and Forfeitures	1,435,640	-
Investment Income	1,003,814	-
Departmental	7,812,678	-
Rescue Run Revenue	952,993	-
Police & Fire Detail	1,360,496	-
Other Local Non-Property Tax Revenues	2,422,627	-
Tuition	-	1,076,982
Impact Aid	-	479,916
Medicaid	-	471,146
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	747,030
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	382,345	2,833,632
COVID - ESSER	-	-
COVID - CRF	23,468	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	43,581	-
MV Excise Tax Reimbursement	-	-
State PILOT Program	1,590,280	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	164,428	-
Public Service Corporation Tax	311,887	-
Meals & Beverage Tax / Hotel Tax	2,223,684	-
LEA Aid	-	11,731,408
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,443,727	-
State Food Service Revenue	-	10,072
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	237,615
Motor Vehicle Phase Out	454,627	-
Other Revenue	-	870,445
Local Appropriation for Education	-	27,007,530
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u><u>\$ 102,492,550</u></u>	<u><u>\$ 45,465,777</u></u>
Financing Sources: Transfer from Capital Funds	\$ 1,300,000	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u><u>\$ 1,300,000</u></u>	<u><u>\$ -</u></u>

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXHIBIT G-1

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT					
Compensation- Group A	\$ 1,528,434	\$ 1,750,975	\$ -	\$ -	\$ 918,964	\$ -	\$ 1,802,988	\$ 1,365,978	\$ 7,331,508
Compensation - Group B	-	-	-	-	-	-	-	-	1,015,492
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	13,986	5,074	-	-	-	-	16,996	28,162	599,950
Overtime - Group B	-	-	-	-	-	-	-	-	74,925
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,185,295
Active Medical Insurance - Group A	335,584	350,857	-	-	117,445	-	405,650	234,557	1,350,552
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	206,564
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	19,152	18,537	-	-	6,875	-	22,166	12,280	67,387
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,248
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	107,984	129,706	-	-	68,748	-	132,945	103,514	233,988
Life Insurance	1,675	2,403	-	-	1,073	-	2,250	1,046	8,753
State Defined Contribution- Group A	8,033	12,348	-	-	5,432	-	10,876	5,268	38,685
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	6,222
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	4,485,691
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	285,083	357,683	-	-	178,829	-	347,740	181,203	119,913
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	181,034
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	141,966	990,041	-	-	58,720	-	1,368,806	96,222	179,804
Materials/Supplies	113,030	428,740	-	-	24,609	-	115,322	236,195	636,913
Software Licenses	-	346,668	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-	550,000	-	125,000
Insurance	817,854	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	70,933	49,890	48,264
Vehicle Operations	551	-	-	-	17,096	-	241,014	79,449	340,058
Utilities	75,000	-	-	-	-	-	44,860	92,576	74,129
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	792,384	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	59,156	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,706,490	-	-
Claims & Settlements	128,189	-	-	-	-	-	-	-	-
Community Support	150,200	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	1,933,958	-	-	-
Tipping Fees	-	-	-	-	-	-	273,080	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,726,721	\$ 4,393,032	\$ -	\$ -	\$ 1,397,791	\$ 1,933,958	\$ 7,963,656	\$ 2,486,340	\$ 18,311,375

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXHIBIT G-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 7,879,111	\$ -	\$ 468,055	\$ -	\$ -	\$ -	\$ 23,046,013	\$ 17,983,966
Compensation - Group B	-	-	-	-	-	-	1,015,492	2,071,638
Compensation - Group C	-	-	-	-	-	-	-	4,092,836
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,396,117	-	4,966	-	-	-	2,065,251	-
Overtime - Group B	-	-	-	-	-	-	74,925	-
Overtime - Group C	-	-	-	-	-	-	-	30,321
Police & Fire Detail	82,845	-	-	-	-	-	1,268,140	-
Active Medical Insurance - Group A	1,614,084	-	40,293	-	-	-	4,449,022	2,314,662
Active Medical Insurance- Group B	-	-	-	-	-	-	206,564	263,462
Active Medical Insurance- Group C	-	-	-	-	-	-	-	726,645
Active Dental insurance- Group A	87,833	-	2,691	-	-	-	236,921	159,640
Active Dental Insurance- Group B	-	-	-	-	-	-	1,248	17,962
Active Dental Insurance- Group C	-	-	-	-	-	-	-	45,011
Payroll Taxes	131,174	-	34,461	-	-	-	942,520	767,052
Life Insurance	6,542	-	27	-	-	-	23,769	240,700
State Defined Contribution- Group A	245	-	560	-	-	-	81,447	406,565
State Defined Contribution - Group B	-	-	-	-	-	-	6,222	51,264
State Defined Contribution - Group C	-	-	-	-	-	-	-	39,596
Other Benefits- Group A	-	-	-	-	-	-	-	271,116
Other Benefits- Group B	-	-	-	-	-	-	-	9,523
Other Benefits- Group C	-	-	-	-	-	-	-	4,497
Local Defined Benefit Pension- Group A	6,412,242	-	-	-	-	-	10,897,933	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	5,391	-	33,815	-	-	-	1,509,657	2,503,499
State Defined Benefit Pension - Group B	-	-	-	-	-	-	181,034	511,996
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	829,250
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	698,584	-	472,069	-	-	-	4,006,212	6,066,590
Materials/Supplies	295,483	-	36,945	-	-	-	1,887,237	616,296
Software Licenses	-	-	-	-	-	-	346,668	14,797
Capital Outlays	575,000	-	-	-	-	-	1,250,000	232,201
Insurance	-	-	-	-	-	-	817,854	237,541
Maintenance	73,613	-	334,983	-	-	-	577,683	337,165
Vehicle Operations	147,183	-	-	-	-	-	825,351	56,320
Utilities	60,015	-	23,331	-	-	-	369,911	820,995
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	792,384	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	59,156	-
Trash Removal & Recycling	-	-	-	-	-	-	1,706,490	-
Claims & Settlements	-	-	-	-	-	-	128,189	16,292
Community Support	-	-	-	-	-	-	150,200	-
Other Operation Expenditures	69,664	-	876,283	-	-	-	2,879,905	202,780
Tipping Fees	-	-	-	-	-	-	273,080	-
Local Appropriation for Education	-	-	-	27,007,530	-	-	27,007,530	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,165,718	-	1,165,718	-
Municipal Debt- Interest	-	-	-	-	146,765	-	146,765	-
School Debt- Principal	-	-	-	-	2,914,919	-	2,914,919	-
School Debt- Interest	-	-	-	-	1,185,199	-	1,185,199	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	3,746,494	3,746,494	2,783,097
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 19,535,126	\$ -	\$ 2,328,479	\$ 27,007,530	\$ 5,412,601	\$ 3,746,494	\$ 98,243,103	\$ 44,725,275

Financing Uses: Transfer to Capital Funds	\$ 4,349,286	\$ -
Financing Uses: Transfer to Other Funds	28,972	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 4,378,258	\$ -
Net Change in Fund Balance¹	1,171,189	740,502
Fund Balance1- beginning of year	\$28,662,129	\$50,101
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	351,966	-
Prior period adjustments	-	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	29,014,095	50,101
Rounding	-	-
Fund Balance¹ - end of year	\$ 30,185,284	\$ 790,603

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, 2020

EXHIBIT G-2

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2019						\$ 28,662,129		\$ 28,662,129	
<i>Funds added to RGS for Fiscal 2020</i>						\$ 351,966		\$ 351,966	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 29,014,095</u>		<u>\$ 29,014,095</u>	
General Fund	\$ 99,347,262	\$ 1,300,000	\$ 68,487,209	\$ 31,085,788	\$ 1,074,265	\$ 16,542,818	\$ -	\$ 16,542,818	\$ 17,617,083
Maritime Fund	1,209,164	-	938,542	100,000	170,622	5,633,731	-	5,633,731	5,804,353
Parking Fund	1,705,012	-	1,389,937	200,000	115,075	6,485,580	-	6,485,580	6,600,655
State and Federal Grants Fund	737,177	14,722	920,916	-	(169,017)	460,555	-	460,555	291,538
Totals per audited financial statements	<u>\$ 102,998,615</u>	<u>\$ 1,314,722</u>	<u>\$ 71,736,604</u>	<u>\$ 31,385,788</u>	<u>\$ 1,190,945</u>	<u>\$ 29,122,684</u>	<u>\$ -</u>	<u>\$ 29,122,684</u>	<u>\$ 30,313,629</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	27,007,530	(27,007,530)	\$ -	\$ -	\$ -	\$ -	\$ -
Remove unreportable functions in the state and federal grants fund to leave only COVID grants and police forfeiture fund for MTP	(506,065)	(14,722)	(501,031)	-	(19,756)	(108,589)	-	(108,589)	(128,345)
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 102,492,550</u>	<u>\$ 1,300,000</u>	<u>\$ 98,243,103</u>	<u>\$ 4,378,258</u>	<u>\$ 1,171,189</u>	<u>\$ 28,662,129</u>	<u>\$ -</u>	<u>\$ 29,014,095</u>	<u>\$ 30,185,284</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, 2020

EXHIBIT G-3

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2019						\$ 50,101		\$ 50,101	
<i>No misc. adjustments made for fiscal 2020</i>						-		-	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 50,101</u>		<u>\$ 50,101</u>	
School Unrestricted Fund	\$ 16,088,442	\$ 27,007,530	\$ 42,061,196	\$ -	\$ 1,034,776	\$ (438,799)	\$ -	\$ (438,799)	\$ 595,977
Enterprise Fund ¹	-	-	-	-	-	-	-	-	-
SBA School Capital Project Fund	100,000	-	193,330	-	(93,330)	228,993	-	228,993	135,663
School Special Revenue Funds	4,158,575	-	4,485,033	-	(326,458)	271,307	-	271,307	(55,151)
Totals per audited financial statements	<u>\$ 20,347,017</u>	<u>\$ 27,007,530</u>	<u>\$ 46,739,559</u>	<u>\$ -</u>	<u>\$ 614,988</u>	<u>\$ 61,501</u>	<u>\$ -</u>	<u>\$ 61,501</u>	<u>\$ 676,489</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	27,007,530	\$ (27,007,530)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,880,463)	-	(1,880,463)	-	-	-	-	-	-
Employee Contributions to OPEB Trust treated as revenue and expense on financial statements and liability on MTP (Co 90)	(8,307)	-	(27,863)	-	19,556	(11,400)	-	(11,400)	8,156
Indirect Costs not included in RIDE Upload	-	-	(105,958)	-	105,958	-	-	-	105,958
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 45,465,777</u>	<u>\$ -</u>	<u>\$ 44,725,275</u>	<u>\$ -</u>	<u>\$ 740,502</u>	<u>\$ 50,101</u>	<u>\$ -</u>	<u>\$ 50,101</u>	<u>\$ 790,603</u>
<u>Reconciliation from MTP2 to UCOA</u>									
No reconciling items from MTP2 to UCOA	-	-	-	-	-	-	-	-	-
Totals per UCOA Validated Totals Report	<u>\$ 45,465,777</u>	<u>\$ -</u>	<u>\$ 44,725,275</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 new supplemental schedule required by the State of Rhode Island, as a result of newly enacted legislation, Article 8 of the Appropriations Act (2016 House Bill 7454 sub A as amended). This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) on the Division of Municipal Finance website to host municipal financial information in a centralized location.

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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



Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 62,576,195	\$ 65,841,497	\$ 65,282,126	\$ 75,523,117	\$ 71,918,140	\$ 81,672,157	\$ 87,510,639	\$ 92,189,696	\$ 102,078,305	\$ 105,969,091
Restricted for:										
Permanent Funds:										
Expendable	5,955,530	5,844,993	6,813,099	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966
Nonexpendable	2,181,651	2,181,651	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651
Debt service	1,400,360	1,605,509	1,797,817	1,996,439	2,202,084	-	-	-	-	-
Unrestricted	4,508,285	7,549,172	14,794,102	15,092,614	(93,982,709)	(101,775,344)	(104,620,306)	(177,270,598)	(173,662,570)	(165,762,308)
Total governmental activities net position	<u>76,622,021</u>	<u>83,022,822</u>	<u>90,868,795</u>	<u>102,886,562</u>	<u>(9,189,925)</u>	<u>(9,636,092)</u>	<u>(5,056,686)</u>	<u>(72,181,582)</u>	<u>(57,661,202)</u>	<u>(45,833,600)</u>
Business-type activities:										
Net investment in capital assets	91,514,668	87,882,885	94,138,176	90,596,425	96,257,736	95,899,498	106,853,154	119,347,616	122,613,622	125,121,623
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Restricted - Other purposes	9,074,231	19,435,998	22,114,096	27,776,957	27,392,934	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867
Unrestricted	(749,281)	3,602,780	494,384	2,653,117	599,161	1,020,916	(5,555,498)	(9,336,063)	4,989,496	14,403,114
Total business-type activities net position	<u>99,938,618</u>	<u>111,020,663</u>	<u>116,845,656</u>	<u>121,125,499</u>	<u>124,348,831</u>	<u>131,446,368</u>	<u>137,575,362</u>	<u>140,366,702</u>	<u>150,057,569</u>	<u>164,002,604</u>
Primary government:										
Net investment in capital assets	154,090,863	153,724,382	159,420,302	166,119,542	168,175,876	177,571,655	194,363,793	211,537,312	224,691,927	231,090,714
Restricted for:										
Permanent Funds:										
Expendable	5,955,530	5,844,993	6,813,099	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966
Nonexpendable	2,181,651	2,181,651	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Debt service	10,474,591	21,041,507	23,911,913	29,773,396	29,595,018	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867
Education										
Unrestricted	3,759,004	11,151,952	15,288,486	17,745,731	(93,383,548) *	(100,754,428) *	(110,175,804) *	(186,606,661)	(168,673,074)	(151,359,194)
Total primary government net position	<u>\$ 176,560,639</u>	<u>\$ 194,043,485</u>	<u>\$ 207,714,451</u>	<u>\$ 224,012,061</u>	<u>\$ 115,158,906</u>	<u>\$ 121,810,276</u>	<u>\$ 132,518,676</u>	<u>\$ 68,185,120</u>	<u>\$ 92,396,367</u>	<u>\$ 118,169,004</u>

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018*	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 6,197,935	\$ 6,449,503	\$ 6,082,791	\$ 6,460,341	\$ 6,870,007	\$ 7,575,124	\$ 7,372,458	\$ 8,072,122	\$ 8,658,586	\$ 8,367,718
General education	43,124,023	42,960,456	41,859,273	39,877,482	41,716,565	45,116,380	45,453,582	49,050,514	50,333,988	49,326,631
Public safety	35,191,714	32,531,976	34,008,599	34,730,531	36,070,275	39,702,989	39,921,674	38,361,508	35,565,827	38,284,925
Public services	8,240,164	8,306,613	8,979,859	10,927,989	12,094,748	11,472,956	11,728,084	12,405,363	13,099,339	12,906,263
Planning	1,744,516	1,510,493	1,639,008	628,940	511,690	1,202,455	489,296	423,068	326,419	590,070
Zoning and inspections	753,272	477,422	553,546	745,706	772,793	1,017,597	1,028,570	1,096,513	1,042,295	1,009,995
Human services	3,207,552	2,887,012	3,091,514	2,979,211	2,428,828	2,951,701	3,121,297	3,014,102	3,530,517	3,068,706
Interest expense	626,020	761,420	717,665	1,405,987	1,480,976	1,571,539	1,493,058	1,397,679	1,242,526	1,071,885
Total governmental activities	99,085,196	95,884,895	96,932,255	97,756,187	101,945,882	110,610,741	110,608,019	113,820,869	113,799,497	114,626,193
Business-type activities:										
Water	10,528,183	9,527,155	11,109,044	12,158,289	12,966,669	14,240,369	14,826,722	14,236,860	14,830,088	15,633,723
Water Pollution Control	10,114,458	10,123,815	10,522,134	10,399,257	10,508,627	10,615,475	13,857,667	15,296,821	15,540,847	15,561,721
Nonmajor	2,718,580	2,946,530	3,050,165	2,280,095	2,156,032	2,230,085	2,393,388	2,462,712	2,505,972	2,328,479
Total business-type activities	23,361,221	22,597,500	24,681,343	24,837,641	25,631,328	27,085,929	31,077,777	31,996,393	32,876,907	33,523,923
Total primary government expenses	122,446,417	118,482,395	121,613,598	122,593,828	127,577,210	137,696,670	141,685,796	145,817,262	146,676,404	148,150,116
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	4,343,388	4,014,183	5,301,995	6,023,083	5,765,967	5,471,717	6,377,401	7,108,842	5,988,791	6,121,300
General education	1,440,324	1,321,351	837,653	840,696	873,012	1,039,993	1,180,588	948,690	1,194,851	1,220,550
Public safety	3,484,757	3,192,258	3,820,994	3,095,399	3,790,637	3,631,210	3,636,896	3,858,914	3,631,880	3,738,141
Public services	99,195	87,460	34,370	216,626	237,252	229,091	223,173	215,284	253,260	329,580
Civic investment	908,497	925,484	1,318,890	59,629						
Zoning and inspections	113,660	137,297	144,068	1,675,596	1,643,399	1,439,847	1,376,854	1,472,991	1,767,960	1,606,667
Human services	(262,752)	951,451	245,112	152,053	1,793,683		182,643	(165,484)	72,739	50,252
Operating grants and contributions	21,164,485	20,050,143	19,682,834	20,758,313	19,838,253	20,528,850	19,885,710	21,451,434	22,773,979	22,590,893
Capital grants and contributions	551,913	2,423,972	648,087	3,112,761	136,278	168,394	915,808	1,811,795	4,805,483	1,392,335
Total governmental activities program revenues	31,843,467	33,103,599	32,034,003	35,934,156	34,078,481	32,509,102	33,779,073	36,702,466	40,488,943	37,049,718
Business-type activities:										
Charges for services:										
Water	10,270,053	12,257,011	13,407,886	15,238,273	18,458,859	17,880,464	17,709,574	17,857,261	18,038,508	17,706,380
Water Pollution Control	10,530,416	13,486,581	12,850,160	12,245,091	12,701,733	13,558,415	17,327,524	18,071,759	19,625,477	19,066,272
Recreational and parking facilities	3,322,473	3,403,559	3,391,446	2,621,380	2,615,748	2,816,648	2,874,070	2,931,778	3,232,208	2,753,481
Capital grants and contributions	78,856	4,494,396	853,295	484,760					932,801	395,553
Total business-type activities	24,201,798	33,641,547	30,502,787	30,589,504	33,776,340	34,255,527	37,911,168	38,860,798	41,828,994	39,921,686
Total primary government program revenues	56,045,265	66,745,146	62,536,790	66,523,660	67,854,821	66,764,629	71,690,241	75,563,264	82,317,937	76,971,404
Net (Expense)/Revenue:										
Governmental activities	(67,241,729)	(62,781,296)	(64,898,252)	(61,822,031)	(67,867,401)	(78,101,639)	(76,828,946)	(77,118,403)	(73,310,554)	(77,576,475)
Business-type activities	840,577	11,044,047	5,821,444	5,751,863	8,145,012	7,169,598	6,833,391	6,864,405	8,952,087	6,397,763
Total primary government net expense	(66,401,152)	(51,737,249)	(59,076,808)	(56,070,168)	(59,722,389)	(70,932,041)	(69,995,555)	(70,253,998)	(64,358,467)	(71,178,712)

(Continued)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018*	2019	2019
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	\$ 64,518,899	\$ 67,296,737	\$ 69,218,686	\$ 71,303,614	\$ 74,033,014	\$ 74,300,180	\$ 77,746,437	\$ 79,746,848	\$ 82,188,731	\$ 82,188,731
Unrestricted grants and contributions	1,257,171	1,353,015	1,387,855	1,543,540	1,723,595	1,629,686	1,758,319	1,974,129	2,123,690	2,123,690
Investment income	1,989,248 (1)	692,470	1,431,220	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,277	2,531,277
Gain on sale of assets			730,000		2,422,500					
Transfers		25,200	(23,536)	(1,062,223)	300,000	100,000	100,000	675,000	987,236	987,236
Total governmental activities	67,765,318	69,367,422	72,744,225	73,839,798	79,627,813	77,383,696	81,218,014	84,173,466	87,830,934	87,830,934
Business-type activities:										
Investment income	39,502	63,198	(19,987)	46,272	26,405	27,939	12,546	126,204	348,889	348,889
Capital contributions										
Sale of property									1,377,127	1,377,127
Loss on disposal of assets				(2,291,267)						
Transfer from primary government		(25,200)	23,536	1,062,223	(300,000)	(100,000)	(100,000)	(675,000)	(987,236)	(987,236)
Total business-type activities	39,502	37,998	3,549	(1,182,772)	(273,595)	(72,061)	(87,454)	(548,796)	738,780	738,780
Special Item - Sale of School Building										
Special Item - Forgiveness of debt										
Total primary government	67,804,820	69,405,420	72,747,774	72,657,026	79,354,218	77,311,635	81,130,560	83,624,670	88,569,714	88,569,714
Change in Net Position										
Governmental activities	523,589	6,586,126	7,845,973	12,017,767	11,760,412	(717,943)	4,389,068	7,055,063	14,520,380	10,254,459
Business-type activities	880,079	11,082,045	5,824,993	4,569,091	7,871,417	7,097,537	6,745,937	6,315,609	9,690,867	7,136,543
Total primary government	\$ 1,403,668	\$ 17,668,171	\$ 13,670,966	\$ 16,586,858	\$ 19,631,829	\$ 6,379,594	\$ 11,135,005	\$ 13,370,672	\$ 24,211,247	\$ 17,391,002

(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									
	2011	2012	2013	2014	2015	(as restated) 2016	2017	2018	2019 (1)	2020
General Fund:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by Donors	-	65,453	88,288	99,453	105,183	55,628	58,385	61,148	64,022	
Committed	1,157,839	554,702	759,186	689,885	1,291,706	595,162	465,571	74,353	1,800,096	1,034,022
Assigned	864,852	869,960	1,534,889	452,243	2,844,064	2,167,743	1,950,620	637,126		
Unassigned	7,646,392	10,146,290	11,247,717	11,810,021	13,369,154	15,316,638	14,726,077	12,625,424	14,678,700	16,583,061
Total general fund	<u>9,669,083</u>	<u>11,636,405</u>	<u>13,630,080</u>	<u>13,051,602</u>	<u>17,610,107</u>	<u>18,451,067</u>	<u>17,690,015</u>	<u>15,611,709</u>	<u>16,542,818</u>	<u>17,617,083</u>
All Other Governmental Funds:										
Nonspendable	2,181,651	2,181,651	2,181,651	2,095,016	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651
Restricted for Trusts	5,955,530	5,844,993	6,813,099	8,179,376	8,070,909	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966
Restricted for Debt Service	1,400,360	1,605,509	1,797,817	1,996,439	2,202,084					
Restricted by Grants	2,630,585	2,627,638	2,775,198	3,390,416	3,830,470	5,447,751	5,373,566	5,615,659	3,905,129	3,116,674
Committed for Capital Projects	3,052,879	7,902,015	7,233,629	5,562,794	11,480,237	7,538,289	7,471,377	9,871,789	10,194,613	10,929,612
Assigned by City Council									1,322,554	2,024,700
Assigned by School Committee	1,370,211									
Unassigned	(71,296)	(28,728)	(246,686)		(64,680)	(18,859)	(19,789)	(33,654)	(646,688)	(60,854)
School Unassigned	202,464									595,977
Total all other governmental funds	<u>16,722,384</u>	<u>20,133,078</u>	<u>20,554,708</u>	<u>21,224,041</u>	<u>28,120,671</u>	<u>23,434,276</u>	<u>24,878,135</u>	<u>28,353,114</u>	<u>28,698,671</u>	<u>30,565,726</u>
Grand Total	<u>\$ 26,391,467</u>	<u>\$ 31,769,483</u>	<u>\$ 34,184,788</u>	<u>\$ 34,275,643</u>	<u>\$ 45,730,778</u>	<u>\$ 41,885,343</u>	<u>\$ 42,568,150</u>	<u>\$ 43,964,823</u>	<u>\$ 45,241,489</u>	<u>\$ 48,182,809</u>

Notes:

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

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 64,411,792	\$ 67,395,943	\$ 69,092,746	\$ 71,336,608	\$ 73,924,776	\$ 75,173,854	\$ 77,505,920	\$ 79,856,764	\$ 82,256,525	\$ 83,560,012
Intergovernmental revenues	23,285,265	23,508,604	21,351,664	22,005,470	21,572,282	21,430,902	22,204,355	23,029,186	25,215,623	24,256,986
Charges for services	9,541,761	9,721,040	11,620,148	11,957,787	12,629,853	13,394,413	12,978,225	13,132,887	13,017,447	12,959,287
Use of money and property	2,014,016	692,470	1,431,220	2,054,867	1,148,704	1,353,830	1,613,258	1,777,489	2,531,279	1,515,638
Contributions	161,507	625,959	494,240	543,031	411,572	282,699	579,150	1,378,105	3,733,743	798,900
Other revenues	1,128,835	108,017	126,852	102,428	11,896	8,856	27,974	271,738	261,002	281,460
Total revenues	<u>100,543,176</u>	<u>102,052,033</u>	<u>104,116,870</u>	<u>108,000,191</u>	<u>109,699,083</u>	<u>111,644,554</u>	<u>114,908,882</u>	<u>119,446,169</u>	<u>127,015,619</u>	<u>123,372,283</u>
Expenditures:										
Current:										
General government	5,435,280	5,691,806	5,482,360	5,890,858	5,988,047	6,280,935	6,635,035	7,401,749	7,584,090	7,696,261
General education	42,740,185	41,921,694	40,793,783	39,375,366	41,832,664	41,578,444	43,901,644	46,289,554	47,326,553	46,739,559
Public safety	32,635,798	30,683,872	32,455,190	34,107,504	35,245,809	35,297,214	36,346,838	37,618,853	38,273,689	39,816,543
Public services	7,331,032	6,558,789	7,214,122	8,542,562	9,577,893	9,057,691	9,045,503	9,312,009	9,731,359	9,934,413
Planning	1,601,554	1,322,831	1,495,174	532,280	406,802	435,090	353,201	249,158	167,278	419,484
Zoning and inspections	590,817	426,155	496,911	745,706	784,609	953,053	1,025,559	1,071,244	1,091,552	965,821
Human services	3,033,732	2,781,564	2,969,991	2,907,235	2,835,075	2,949,071	3,110,260	3,002,222	3,518,637	3,056,826
Pension expenses	2,722,514	3,935,092	3,388,489	1,762,358	1,341,546	1,448,234	1,914,981	1,509,419	1,629,082	1,618,359
Debt service:										
Principal	1,040,489	1,756,211	1,732,932	2,880,000	3,257,800	5,340,536	3,703,000	3,899,733	3,950,133	4,080,637
Interest	693,395	616,534	725,389	1,488,157	1,629,784	2,316,373	1,836,043	1,650,512	1,497,219	1,332,553
Capital outlay	5,974,911	9,922,125	27,831,732	8,564,163	5,775,889	9,824,956	9,690,381	6,720,043	11,956,596	5,970,507
Total expenditures	<u>103,799,707</u>	<u>105,616,673</u>	<u>124,586,073</u>	<u>106,796,189</u>	<u>108,675,918</u>	<u>115,481,597</u>	<u>117,562,445</u>	<u>118,724,496</u>	<u>126,726,188</u>	<u>121,630,963</u>
Excess (deficiency) of revenues over expenditures	<u>(3,256,531)</u>	<u>(3,564,640)</u>	<u>(20,469,203)</u>	<u>1,204,002</u>	<u>1,023,165</u>	<u>(3,837,043)</u>	<u>(2,653,563)</u>	<u>721,673</u>	<u>289,431</u>	<u>1,741,320</u>
Other Financing Sources (Uses):										
Proceeds from borrowing		9,000,000	19,575,000		5,735,000		2,865,000			
Bond premium		102,780	2,603,044		423,546		371,370			
Payment to refunding escrow agent					1,500,000					
Sale of property			730,000		2,422,500					900,000
Lease proceeds	1,239,457									
Transfers in	24,517,821	24,387,564	2,400,693	2,598,250	4,566,338	6,163,259	3,905,921	5,416,930	32,380,146	32,929,586
Transfers out	<u>(24,517,821)</u>	<u>(24,362,364)</u>	<u>(2,424,229)</u>	<u>(3,660,473)</u>	<u>(4,266,338)</u>	<u>(6,063,259)</u>	<u>(3,805,921)</u>	<u>(4,741,930)</u>	<u>(31,392,910)</u>	<u>(32,629,586)</u>
Total other financing sources (uses)	<u>1,239,457</u>	<u>9,127,980</u>	<u>22,884,508</u>	<u>(1,062,223)</u>	<u>10,381,046</u>	<u>100,000</u>	<u>3,336,370</u>	<u>675,000</u>	<u>987,236</u>	<u>1,200,000</u>
Net Change in Fund Balances	<u>\$ (2,017,074)</u>	<u>\$ 5,563,340</u>	<u>\$ 2,415,305</u>	<u>\$ 141,779</u>	<u>\$ 11,404,211</u>	<u>\$ (3,737,043)</u>	<u>\$ 682,807</u>	<u>\$ 1,396,673</u>	<u>\$ 1,276,667</u>	<u>\$ 2,941,320</u>
Debt service as a percentage of noncapital expenditures	<u>1.77%</u>	<u>2.48%</u>	<u>2.54%</u>	<u>4.45%</u>	<u>4.75%</u>	<u>7.25%</u>	<u>5.13%</u>	<u>4.96%</u>	<u>4.75%</u>	<u>4.68%</u>

**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					
2011	\$ 4,403,658,951	\$ 1,212,935,549	\$ 108,725,938	\$ 152,504,333	\$ 120,086,201	\$ 5,757,738,570	9.56	13.25	\$ 5,877,824,771	97.96%
2012	4,427,191,489	1,194,775,611	127,148,070	151,523,236	118,811,520	5,781,826,886	9.93	13.76	5,900,638,406	97.99%
2013	3,966,146,314	1,071,247,506	117,777,139	159,306,729	119,297,700	5,195,179,988	11.36	15.75	5,314,477,688	97.76%
2014	3,968,689,640	1,080,838,650	119,993,234	160,804,599	114,141,051	5,216,185,072	11.71	16.23	5,330,326,123	97.86%
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	- (1)	22,951,290	6,843,853,916	10.28	15.42	6,866,805,206	99.67%

Source: City of Newport, Rhode Island Assessor

Notes:

The City's total levy cannot exceed 4.00% of the prior year's total levy
 The City of Newport has no overlapping debt nor does it collect taxes for any other entity.
 The City switched to a two-tiered tax in FY2002

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

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

	2020			2011			
	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	\$ 74,621,000	1	1.09%				
Newport Restoration Foundation	60,727,100	2	0.89%	Newport Restoration Foundation	\$ 34,723,800	4	0.60%
GINRI Assets, LLC	60,109,600	3	0.88%				
LSRef3 Viking LLC	57,849,300	4	0.85%	LHO Viking Hotel, LLC	40,449,579	2	0.70%
Narraganset Electric Company	43,461,070	5	0.64%	Narraganset Electric	39,743,805	3	0.69%
Shaner Newport Harbour LLC	33,138,500	6	0.48%	Shaner Hotel Group	12,390,279	9	0.22%
RK Newport, LLC	31,036,300	7	0.45%	RK Newport, LLC	17,296,800	7	0.30%
Narraganset Electric Co-Gas	30,953,705	8	0.45%				
Eastern Resorts Company	29,376,203	9	0.43%	Eastern Resorts Company	20,655,814	6	0.36%
New York Yacht Club	18,235,483	10	0.27%				
				Mass Mutual Life	44,738,801	1	0.74%
				One Goat Island	31,405,807	5	0.54%
				Newport Jai Alai, LLC	16,777,900	8	0.29%
				Oklahoma Newport Limited	10,035,300	10	0.19%
Total	\$ 439,508,261		6.40%		\$ 268,217,885		4.63%

Source: City of Newport Assessor

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Net Abatements)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 60,831,265	\$ 59,194,513	97.3%	\$ 1,583,477	\$ 60,777,990	99.9%
2012	63,291,283	61,974,383	97.9%	1,258,634	63,233,017	99.9%
2013	65,143,925	63,789,524	97.9%	1,232,591	65,022,115	99.8%
2014	67,298,950	65,882,954	97.9%	1,354,328	67,237,282	99.9%
2015	69,680,408	68,356,351	98.1%	1,221,793	69,578,144	99.9%
2016	70,239,804	68,936,347	98.1%	1,238,787	70,175,134	99.9%
2017	72,685,804	71,587,413	98.5%	1,044,351	72,631,764	99.9%
2018	74,476,044	73,427,810	98.6%	996,579	74,424,389	99.9%
2019	77,112,720	75,794,917	98.3%	1,240,649	77,035,566	99.9%
2020	79,019,574	77,048,833	97.5%			0.0%

Source: City of Newport Tax Collector

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

Fiscal Year June 30,	Governmental Activities				Business-Type Activities				U.S. Census Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds (2)	QZAB (1)	Bond Premium	Capital Leases	Water	Maritime	Water	Total				
					Bonds (2)	Notes	Pollution Control Bonds (2)					
2011	\$ 17,918,036	\$ 1,863,536	\$ -	\$ 1,239,457	\$ 13,829,917	\$ 200,000	\$ 34,705,503	\$ 69,756,449	24,672	\$ 2,827	\$ 5,757,738,570	1.21%
2012	25,161,825	1,863,536	969,290	969,865	26,129,751	200,000	35,651,317	90,945,584	24,672	3,686	5,781,826,886	1.57%
2013	43,010,000	1,863,536	3,344,500	874,670	52,367,654	200,000	34,775,635	136,435,995	25,543	5,341	5,195,179,988	2.63%
2014	40,130,000	1,863,536	3,116,666	776,552	83,148,410	200,000	32,850,267	162,085,431	25,543	6,346	5,216,185,072	3.11%
2015	46,178,536	1,863,536	3,270,022	675,422	90,096,260	200,000	30,863,776	173,147,552	25,543	6,779	5,985,006,479	2.89%
2016	40,838,000		2,999,830	571,186	92,887,037	200,000	31,323,678	168,819,731	25,543	6,609	6,014,314,527	2.81%
2017	40,000,000		2,729,638	463,751	88,606,037	200,000	42,814,163	175,147,824	25,543	6,857	6,028,719,479	2.91%
2018	36,211,000		2,756,546	353,018	84,240,037	200,000	50,358,189	174,118,790	25,543	6,817	6,848,183,901	2.54%
2019	32,375,000		2,449,219	238,885	79,777,037		66,074,701	180,914,842	25,543	7,083	6,866,080,113	2.63%
2020	28,412,000		2,141,892	121,248	75,205,037		63,497,627	169,377,804	25,543	6,631	6,843,853,916	2.47%

Notes:

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

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

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

(2) Includes outstanding bond anticipation notes and revenue anticipation notes

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

Fiscal Year June 30,	Governmental Activities				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				
2011	\$ 17,899,756	\$ 969,290	\$ 1,863,536	\$ 19,763,292	0.34%	0.46%	24,672	\$ 801
2012	16,161,825	969,290	1,863,536	18,994,651	0.33%	0.42%	24,672	770
2013	43,010,000	3,344,500	1,863,536	48,218,036	0.93%	1.04%	25,543	1,888
2014	40,130,000	3,116,666	1,863,536	45,110,202	0.85%	0.95%	25,543	1,766
2015	46,178,536	3,270,022	1,863,536	51,312,094	0.85%	1.01%	25,543	2,009
2016	40,838,000	2,999,830		43,837,830	0.73%	0.86%	25,543	1,716
2017	40,000,000	3,063,873		43,063,873	0.71%	0.80%	25,543	1,686
2018	36,211,000	2,756,546		38,967,546	0.57%	0.69%	25,543	1,526
2019	32,375,000	2,449,219		34,824,219	0.51%	Not Available	25,543	1,363
2020	28,412,000	2,141,892		30,553,892	0.45%	Not Available	25,543	1,196

Notes:

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. The City of Newport has no overlapping debt nor does it collect taxes for any other entity.

* See Schedule 5 for property value data.

** Population data can be found in Schedule 12.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total assessed value	\$ 5,757,738,570	\$ 5,900,638,406	\$ 5,195,179,988	\$ 5,216,185,072	\$ 5,985,006,479	\$ 6,014,314,527	\$ 6,028,719,479	\$ 6,848,183,901	\$ 6,866,080,113	\$ 6,866,805,206
Rhode Island General Law debt limitation as % of assessed value	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
Debt limit	<u>172,732,157</u>	<u>177,019,152</u>	<u>155,855,400</u>	<u>156,485,552</u>	<u>179,550,194</u>	<u>180,429,436</u>	<u>180,861,584</u>	<u>205,445,517</u>	<u>205,982,403</u>	<u>206,004,156</u>
Debt applicable to limit:										
General obligation bonds	<u>20,712,430</u>	<u>18,407,430</u>	<u>44,873,536</u>	<u>41,993,536</u>	<u>48,042,072</u>	<u>40,838,000</u>	<u>40,000,000</u>	<u>36,211,000</u>	<u>32,375,000</u>	<u>28,412,000</u>
Legal debt limit	172,732,157	177,019,152	155,855,400	156,485,552	179,550,194	180,429,436	180,861,584	205,445,517	205,982,403	206,004,156
Total net debt applicable to the limit	<u>20,712,430</u>	<u>18,407,430</u>	<u>44,873,536</u>	<u>41,993,536</u>	<u>48,042,072</u>	<u>40,838,000</u>	<u>40,000,000</u>	<u>36,211,000</u>	<u>32,375,000</u>	<u>28,412,000</u>
Legal debt margin	<u>\$ 152,019,727</u>	<u>\$ 158,611,722</u>	<u>\$ 110,981,864</u>	<u>\$ 114,492,016</u>	<u>\$ 131,508,122</u>	<u>\$ 139,591,436</u>	<u>\$ 140,861,584</u>	<u>\$ 169,234,517</u>	<u>\$ 173,607,403</u>	<u>\$ 177,592,156</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>13.72%</u>	<u>11.61%</u>	<u>40.43%</u>	<u>36.68%</u>	<u>36.53%</u>	<u>29.26%</u>	<u>28.40%</u>	<u>21.40%</u>	<u>18.65%</u>	<u>16.00%</u>

**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	
2011	\$ 10,270,053	\$ 7,570,428	\$ 2,699,625	\$ 927,679	\$ 416,452	2.01	\$ 10,530,416	\$ 6,854,557	\$ 3,675,859	\$ 901,737	\$ 638,443	2.39
2012	12,257,011	7,186,396	5,070,615	1,004,789	719,275	2.94	13,486,581	5,576,173	7,910,408	1,235,096	1,131,893	3.34
2013	13,407,886	7,875,093	5,532,793	1,165,069	1,570,155	2.02	12,850,160	5,823,981	7,026,179	1,862,909	1,132,054	2.35
2014	15,238,273	7,780,097	7,458,176	808,000	2,667,530	2.15	12,245,091	5,802,679	6,442,412	1,925,368	1,088,093	2.14
2015	18,458,856	8,159,858	10,298,998	2,903,000	2,875,038	1.78	12,701,733	6,004,037	6,697,696	1,986,491	1,037,329	2.21
2016	17,880,464	8,616,975	9,263,489	4,206,000	2,799,198	1.32	13,558,415	6,106,879	7,451,536	2,046,303	1,000,695	2.45
2017	17,709,574	9,165,405	8,544,169	4,281,000	2,709,941	1.22 (1)	17,327,524	8,917,038	8,410,486	2,349,824	1,384,128	2.25
2018	17,857,261	8,600,106	9,257,155	4,366,000	2,589,293	1.33	18,071,759	9,861,765	8,209,994	2,831,077	1,604,598	1.85
2019	18,274,332	9,181,524	9,092,808	4,463,000	2,524,321	1.30	20,322,454	9,609,227	10,713,227	4,500,086	1,853,237	1.69
2020	17,947,563	10,071,732	7,875,831	4,572,000	2,416,628	1.13 (2)	19,220,642	9,570,168	9,650,474	4,606,877	1,841,619	1.50

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

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

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

Fiscal Year June 30,	Population		Per Capita Personal Income >	Total County Personal Income > (thousands)	Total State Personal Income > (thousands)	School Enrollment ^	Unemployment Rate <
2011	24,672 ***	\$	53,089	\$ 4,303,320	46,125,394	2,119	10.9%
2012	24,672 ***		55,682	4,529,740	46,112,864	2,029	10.5%
2013	25,543 ***		56,472	4,653,093	49,409,583	2,097	9.2%
2014	25,543 ***		57,488	4,734,561	51,026,876	1,988	7.7%
2015	25,543 ***		61,666	5,082,707	52,833,501	2,078	6.0%
2016	25,543 ***		61,367	5,080,183	53,272,444	2,130	5.4%
2017	25,543 ***		63,870	5,391,472	55,933,966	2,171	4.2%
2018	25,543 ***		68,679	5,668,939	57,993,810	2,207	2.7%
2019	25,543 ***	Not Available	Not Available	Not Available	Not Available	2,123	3.3%
2020	25,543 ***	Not Available	Not Available	Not Available	Not Available	2,154	12.6%

* Source: Rhode Island Department of Planning.

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

*** Source: 2010 US Census

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

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

^ Source: City School Department.

< Source: RI Department of Labor & Training.

TABLE 13

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

2020				2011			
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Employees	Rank	Percentage of Total City Employment
Naval Undersea Warfare Center	4,200	1	34.7%	Naval Undersea Warfare Center	3,000	1	26.6%
Lifspan Newport Hospital	794	2	6.6%	Newport Hospital	700	3	6.2%
City of Newport	675	3	5.6%	City of Newport	675	4	6.0%
Salve Regina University	550	4	4.5%	Salve Regina University	450	6	4.0%
Preservation Society of Newport County	397	5	3.3%	Preservation Society of Newport County	300	7	2.7%
Gurney's Newport	310	6	2.6%				
Newport Restaurant Group	299	7	2.5%				
East Bay Community Action Program	250	8	2.1%				
Wyndham	250	9	2.1%				
Marriott International, Inc.	185	10	1.5%	Marriott International Inc.	300	8	2.7%
				Naval Education and Training Center (NETC)	950	2	8.4%
				James L. Maher Center	435	5	3.9%
				Child & Family Svcs of Newport County	290	9	2.6%
				Navy Exchange Service Command	270	10	2.4%
Total	<u>7,910</u>		<u>65.3%</u>	Total	<u>7,370</u>		<u>65.3%</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	5.5	5.5	5.5	5.25	6.25	6.25	6.25	6.25	5.5	5.5
City Solicitor	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	22	21	22	18.5	18.5	18.5	18.5	22.5	24	24
City Clerk	6	6	5	5	5	5	5	6	6	6
Public Services	44	43	46	46	46	46	47	49	52.27	50.27
Plan & Eco. Development	13	14	5	5	4	4	3	2	2	4
Zoning & Inspections			9	9	9	9	10	11	11	8
Total General Government	<u>103</u>	<u>102</u>	<u>105</u>	<u>101.25</u>	<u>101.25</u>	<u>101.25</u>	<u>102.25</u>	<u>109.25</u>	<u>113.27</u>	<u>110.27</u>
Public safety:										
Police	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5
Fire	99	99	99	99	99	99	99	99	99	99
	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>	<u>203.5</u>
Utilities:										
Water	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4	46.4
Wastewater	1.6	1.6	1.6	1.6	1.6	1.6	1.6	14.1	16.6	16.6
	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>48</u>	<u>60.5</u>	<u>63</u>	<u>63</u>
Public education:										
Teachers	211.5	212.1	208.4	198.2	208	210	224	220	215	209
Pupil support	45.5	48	51	50	59	70	66	79	75	83
Executive and administrative	63	59.5	56.4	57	57	61	64	66	59	60
	<u>320</u>	<u>319.6</u>	<u>315.8</u>	<u>305.2</u>	<u>324</u>	<u>341</u>	<u>354</u>	<u>365</u>	<u>349</u>	<u>352</u>
Total	<u>674.5</u>	<u>673.1</u>	<u>672.3</u>	<u>657.95</u>	<u>676.75</u>	<u>693.75</u>	<u>707.75</u>	<u>738.25</u>	<u>728.77</u>	<u>728.77</u>

Source: City budgets and School Business Manager

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program										
Police:										
Arrests	1,827	1,185	1,372	1,721	1,526	1,431	1,240	1,301	1,246	914
Parking violations	31,679	34,765	28,804	20,775	22,753	31,152	30,689	35,031	31,187	27,863
Calls for Service	29,220	28,785	28,620	30,804	31,728	32,180	32,757	35,326	33,300	48,596
Fire:										
Emergency responses	3,719	4,162	4,340	4,057	4,138	3,729	3,662	3,818	3,924	3,968
Fires extinguished	78	123	156	118	77	109	105	107	87	99
Inspections	1,136	1,545	1,466	1,584	1,301	780	599	572	540	637
Refuse collection:										
Refuse collected (tons/day, average)	27.57	27.58	26.68	27.29	22.49	21.25	21.10	23.26	22.25	24.16
Recyclables collected (tons/day, average)	8.64	8.59	8.69	9.18	9.92	10.29	10.87	10.42	10.54	10.31
Other public works:										
Street resurfacing (miles)	9.43	6.5	9.26	3.283	1.41	3.61	1.34	1.51	2.02	2.14
Parks and recreation:										
Athletic field and facility rentals	331	335	415	420	428	468	378	457	432	240 >
Library:										
Volumes in collections	183,506 *****	172,814 *****	195,105 ^	206,451 ^	191,980	187,113	184,949	184,949 *****	180,526	144,559 <
Water:										
New connections	30	44	55	23	52	49	63	50	21	19
Water mains breaks	24	19	28	31	19	23	21	16	23	21
Average daily production (avail for sale) (million gallons per day)	6	5.9	5.67	5.79	5.55	5.44	5.34	5.36	5.40	5.52
Wastewater:										
Average daily sewage treatment (thousands of gallons)	8,550	9,463	8,240	7,094	7,200	7.14MGD	7.68MGD	7.92 MGD	9.38 MGD	7.51MGD

Note:
 ** Capacity exceeded in an effort to reduce CSO's. A CSO abatement program under RIDEM approval is currently underway.
 *** In addition to tracking Salve Regina University and the Gulls' renters, this information now includes newly tracked use of Cardine's Field by sunset league and also 2-hr field use rentals for various practices/functions.
 **** The bulk of the difference is back issues of periodicals that were discarded
 ***** Includes 11,180 electronic holdings (in 2012); Includes 459,803 Hoopla items
 ^ Includes 25,553 e books purchased consortially through Ocean State Libraries
 > Reduced rentals due to COVID-19
 < Decrease is result of COVID-19 'remove & replace'; Number reported includes 45 databases
 Sources: Various city departments

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function/Program										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	79	79	79	79	79	79	79	79	79	79
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles)	94	94	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80
Streetlights	1,918	1,918	1,918	1,918	1,918	1,940	1,940	1,940	1,940	1,940
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	183	183	183	183	183	416 *	427	427	427	427
Playgrounds	13	13	13	13	15	16 *	16	17	17	17
Multi purpose playing fields	7	7	7	7	7	16 *	16	16	16	16
Tennis courts	18	18	18	18	18	17 *	17	17	17	17
Community centers	1	1	1	1	1	1 *	1	1	1	1
Water:										
Water mains (miles)	163	163	163	163	163	163	175	175	175	175
Fire hydrants	1034	1034	1037	1037	1037	1039	1042	1042	1044	1046
Storage capacity (thousands of gallons-treated)	10,500	10,500	7,500	7,500	7,500	8.25M **	8.25M	8.25M	8.25M	8.25M
Wastewater:										
Sanitary sewers (miles)	88	88	88	88	88	90.2	90.2	90.2	90.2	90.2
Storm sewers (miles)	46.5	46.5	46.5	52.0	52.0	50.1	50.1	50.1	50.1	50.1
Treatment capacity (thousands of gallons) (daily)	10,700	10,700	10,700	10,700	10,700	19.7M ***	19.7M	19.7M	19.7M	13.1M

Source: Various city departments

* Per new Open Space Master Plan

** New water plant

*** Wastewater System Improvements