

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF NEWPORT, RHODE ISLAND



FOR THE YEAR ENDED

JUNE 30, 2025

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



December 29, 2025

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

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year (June 30), a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Newport, Rhode Island, as of and for the fiscal year ended June 30, 2025.

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's comprehensive internal control framework is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that — to the best of our knowledge and belief — this financial report is complete and reliable in all material respects.

The City of Newport, Rhode Island's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Newport, Rhode Island, for the fiscal year ended June 30, 2025, 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, 2025, 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 compliance involving the administration of federal awards. These reports are available in the City of Newport, Rhode Island's separately issued Single Audit Report.

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

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy

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

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

The per-capita personal income for Newport County was \$89,517 (annual, 2023). By comparison, Rhode Island per-capita personal income was \$69,936 (annual, 2024) and the United States per-capita personal income was \$73,207 (annual, 2024). The unemployment rate (not seasonally adjusted) for Newport County was 3.5% in August 2025, while Rhode Island's not-seasonally-adjusted rate was 4.5% in August 2025 and the U.S. not-seasonally-adjusted unemployment rate was 4.4% in September 2025. The median selling price of an existing home in June 2025 remained consistent with June 2024 of approximately \$1 million. The City continues to attract older retired residents and empty-nesters as well as tourists and people looking for a second home. Multi-million dollar properties continue to maintain or increase in value, and continue to sell relatively quickly. Sales in all ranges have not declined to the extent that they have in other parts of the state and country due to the City's proximity to the Narragansett Bay and Atlantic Ocean.

The City continues to see significant levels in tourism, which in turn, continues to provide an economic boon to hotels and bed and breakfasts, restaurants and retail businesses. The housing market was especially strong and sales of properties were only limited by available housing stock. The average sale time of most properties, including multi-million dollar properties was about 41 days.

Long-term financial planning

The City Council approved the development of a long-term plan for the north end of the City, which includes working in conjunction with the State of Rhode Island on the acquisition of property that became available as part of the re-alignment of the Pell Bridge ramps. In addition, the City continues redevelopment options for excessed Navy property.

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

Voters approved a bond referendum in November 2020 for \$106,500,000 to rebuild the Rogers High School and build an addition to the Pell Elementary School. Construction on the Pell School addition has been completed, and the new high school has received a temporary certificate of occupancy prior to the

ceremonial ribbon-cutting on August 22, 2025. The new Rogers High School opened to students in September 2025. Demolition of the old high school and landscaping has an expected completion date of March 2026. The City issued bonds of \$98.5M in March of 2022 as part of the funding towards the project.

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

Financial Policies

The City has a set of Council approved financial policies that were developed to ensure that financial resources are well managed and available to meet the present and future needs of the citizens of the City of Newport. Financial policies have impacted decisions in both the year under audit (FY2025) and future years.

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

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

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

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

The City's fund balance policy was amended to include the following provisions:

- The unassigned general fund balance shall be maintained at a minimum of two months of revenues, but not less than 10% of total general fund expenditures plus transfers out, as is currently required.
- Starting in fiscal year 2025, any surplus in the general fund will be first allocated to the unassigned fund balance to ensure a maximum balance at or around 30% of the subsequent year's budgeted general fund expenditures plus transfers out.
- Any remaining surplus, after maintaining the unassigned fund balance at or around the 30% level, will be posted to the Committed Fund Balance. This Committed Fund Balance will be used for specific purposes such as capital improvements or other needs as identified and approved by the City Council.

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 FY2025.

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 78.4% for the fire plan and 79.4% for the police plan. During the 2024 Legislative Session, the General Assembly enacted legislation requiring municipalities submit an actuarial experience study at least once every three years for all locally administered plans. The City administration submitted the actuarial experience study for police and fire plans by January 1, 2025 to be in compliance.

The City provides pension benefits for its non-public safety employees (except teachers) through a state-wide plan managed by the State Treasurer. Newport teachers are members of the State of Rhode Island Employee Retirement System. State-hired actuaries determine the funding level and unfunded actuarially accrued liability for each individual participating employer. The City is 77.11% funded in the State's municipal employees' retirement plan. The State of Rhode Island General Assembly enacted legislation that significantly changed the pension plan for participants in the State Municipal Employees Plan and the State Teachers Plan and reduced the long-term liability. These changes are reflected in the June 30, 2025 Statements of Net Position and Activities, footnotes and required supplementary information.

The City provides postretirement health coverage for all eligible vested retirees, certain dependents and beneficiaries, and life insurance benefits to police retirees. Vesting and participation is determined by bargaining contract and varies by length of employment and type of employment. As of July 1, 2025, 680 active employees and 825 retirees and dependents were eligible to receive health insurance benefits, which are currently financed through a combination of pay-as-you-go basis and trust assets (approximately 50% in each). The plan is currently funded at 59.7%. The actuarial calculation of the combined municipal and school liability as of July 1, 2025 is \$132.7 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 \$83.5 million have been accumulated as of July 1, 2025. Retiree benefits and various options are currently being studied in order to reduce the liability.

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

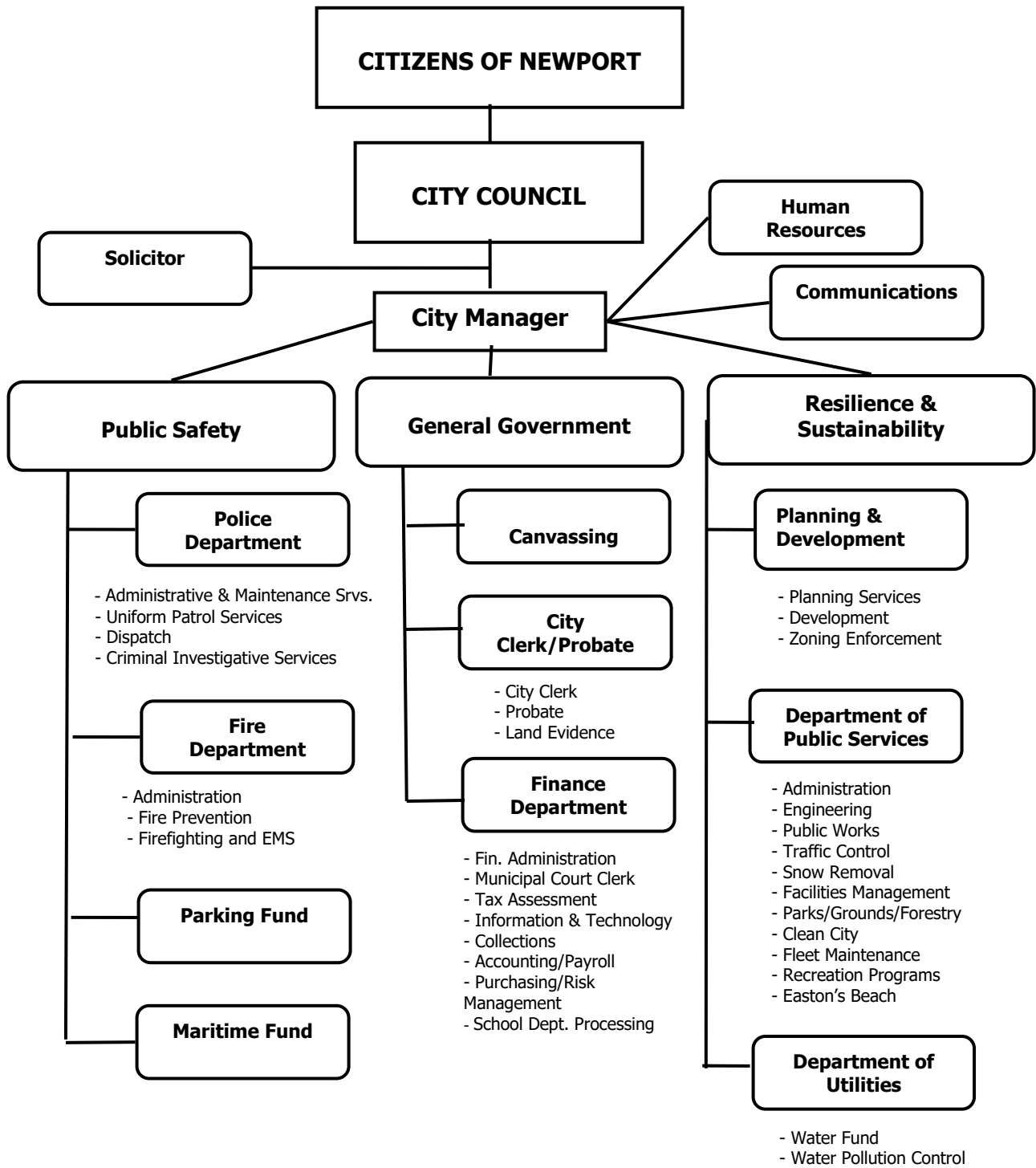
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing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

Respectfully submitted,

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

R. James Nolan
Director of Finance

THE CITY OF NEWPORT, RI



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

Elected Officials:

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

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

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

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

Principal Appointed Officials:

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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport
Rhode Island**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

Members of the City Council
City of Newport, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Rhode Island, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Newport, Rhode Island's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport, Rhode Island, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

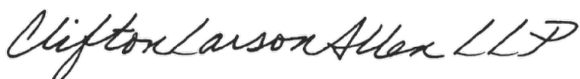
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025, on our consideration of the City of Newport, Rhode Island’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Newport, Rhode Island’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newport, Rhode Island’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
December 29, 2025

Introduction

This Management's Discussion and Analysis (MD&A) is intended to provide readers with a narrative overview and analysis of the City of Newport, Rhode Island's (the "City") financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the City's basic financial statements, notes to the financial statements, and required supplementary information.

The MD&A highlights significant financial trends, explains material changes from the prior fiscal year, describes capital and debt activity, and discusses known facts and conditions that may affect the City's future financial position.

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 fiscal year by \$308,049,089 (net position).
 - The City's net position increased by \$37,256,623 during fiscal year 2025. Governmental activities' net position increased by \$29,469,157, primarily due to increases in property taxes, service charges, school aid, and interest income. Business-type activities reported an increase of \$7,787,466 in net position, largely attributable to increased service fees in both major and nonmajor enterprise funds.
 - At June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$108,713,968, a decrease of \$32,924,561 compared to the prior year, largely due to capital project expenditures. Of the total fund balance, \$69,270,030 (64%) is nonspendable, restricted, or committed, leaving \$39,443,938 available for discretionary spending (assigned and unassigned fund balance).
 - At year-end, the General Fund reported a fund balance of \$46,612,515, representing 41.3% of total General Fund expenditures and net other financing uses. Of this amount, \$9,814,248 is nonspendable, restricted, or committed, leaving an unassigned fund balance of \$36,798,267. The School's unrestricted General Fund balance of \$596,031 has been reclassified as restricted for financial reporting purposes.
 - The City's noncurrent long-term liabilities decreased by \$36,701,411, primarily due to reductions in net pension liability and outstanding bonds payable.
 - The General Fund ended fiscal year 2025 in compliance with the City's newly adopted Fund Balance Policy, which formalizes minimum and target reserve thresholds.
 - Major capital initiatives progressed during the fiscal year, including school construction projects, wastewater system improvements, and voter-approved infrastructure planning.
-

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City of Newport's basic financial statements, which consist of the following components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

This report also includes required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the City's finances in a manner similar to a private-sector business.

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

The Statement of Activities shows how the City's net position changed during the fiscal year. Changes in net position are reported when the underlying event occurs, regardless of the timing of related cash flows. Accordingly, revenues and expenses are reported for some items that will result in cash flows in future periods, such as uncollected taxes and earned but unused leave.

Government-wide financial statements distinguish between governmental activities, which are primarily supported by taxes and intergovernmental revenues, and business-type activities, which are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, education, public safety, highways and streets, sanitation, economic development, and culture and recreation. Business-type activities include water utilities, sewer utilities, parking facilities, and harbor facilities.

The government-wide financial statements are presented on Exhibits I and II of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds are classified as governmental, proprietary, or fiduciary funds.

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide statements but focus on near-term inflows, outflows, and balances of spendable resources. This information is useful for evaluating the City's near-term financing requirements.

Because the focus of governmental funds differs from that of the government-wide statements, reconciliations are provided to explain differences between governmental fund balances and governmental activities' net position.

The City maintains thirteen governmental funds. Major funds include the General Fund, School Unrestricted Fund, Community Development Block Grant Fund, Capital Projects Fund, and Permanent

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Fund. The remaining eight nonmajor governmental funds are presented in aggregate, with individual fund detail provided in Exhibits B-1 and B-2.

The City adopts annual budgets for the General Fund and School Unrestricted Fund. Budgetary comparison schedules are included in the required supplementary information (RSI-1).

Proprietary Funds

The City maintains enterprise funds and an internal service fund. Enterprise funds account for water, water pollution control, parking, and maritime operations. The internal service fund accounts for fleet and equipment maintenance and is reported within governmental activities in the government-wide statements because it predominantly serves governmental functions.

Major enterprise funds include the Water Utilities Fund and the Water Pollution Control Fund. Parking and Maritime Funds are presented in aggregate. Proprietary fund statements are located on Exhibits V, VI, and VII.

Fiduciary Funds

Fiduciary funds account for resources held for the benefit of parties outside the City and are excluded from the government-wide statements. Fiduciary fund statements are presented on Exhibits VIII and IX.

Notes to the Financial Statements

The notes provide essential information for a full understanding of the data presented in the government-wide and fund financial statements. The notes appear on pages 26–83 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.

Fund Balance Policy

During fiscal year 2025, the City implemented an updated Fund Balance Policy formally adopted by the City Council. Key provisions include:

- Maintaining a minimum unassigned General Fund balance equal to two months of revenues and not less than 10% of total General Fund expenditures plus transfers out.
- Establishing a target unassigned fund balance of approximately 30% of the subsequent year's budgeted General Fund expenditures plus transfers out.
- Assigning amounts exceeding the target balance to committed fund balance for Council-approved purposes, including capital improvements and strategic initiatives.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. At June 30, 2025, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$308,049,089.

The unrestricted net position deficit at June 30, 2025 was \$65,205,728. As in prior years, the City has a significant investment in capital assets that are used to provide services and are not available for future spending. Although these assets are reported net of related debt, the resources required to repay outstanding obligations must be provided from other sources.

The City's net position increased by \$37,256,623 during fiscal year 2025. Governmental activities increased by \$29,469,157, driven by continued investment in school construction projects, increased property tax revenues resulting from a 3.95% tax rate increase, higher investment income due to favorable market conditions, and increased school housing aid of \$491,851. These increases were partially offset by higher school appropriations, increased pension and OPEB contributions, and expenditures related to expanded educational programming funded by prior federal and state aid.

Business-type activities increased by \$7,787,466, reflecting continued capital investment and operating income across enterprise funds. Operating income totaled \$6,972,738 in the Water Fund, \$1,786,364 in the Water Pollution Control Fund, and \$1,576,532 in nonmajor enterprise funds. Water rates are regulated by the Rhode Island Public Utilities Commission.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

City of Newport's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 139,193,287	\$ 170,532,425	\$ 54,369,010	\$ 59,287,802	\$ 193,562,297	\$ 229,820,227
Capital assets	248,527,202	203,471,655	269,441,883	265,959,747	517,969,085	469,431,402
Total assets	387,720,489	374,004,080	323,810,893	325,247,549	711,531,382	699,251,629
Deferred outflows of resources	27,581,842	28,790,123	1,806,360	1,892,531	29,388,202	30,682,654
Total assets and outflows of resources	415,302,331	402,794,203	325,617,253	327,140,080	740,919,584	729,934,283
Long-term liabilities	255,576,555	283,065,035	93,824,067	103,036,998	349,400,622	386,102,033
Other liabilities	29,310,450	20,245,311	18,567,393	18,047,349	47,877,843	38,292,660
Total liabilities	284,887,005	303,310,346	112,391,460	121,084,347	397,278,465	424,394,693
Deferred inflows of resources	31,704,439	30,242,127	3,887,591	4,504,997	35,592,030	34,747,124
Total liabilities and inflows of resources	316,591,444	333,552,473	116,279,051	125,589,344	432,870,495	459,141,817
Net position:						
Net investment in capital assets	120,384,512	114,031,428	169,019,489	172,138,231	289,404,001	286,169,659
Restricted	58,864,649	57,530,326	24,986,167	24,107,241	83,850,816	81,637,567
Unrestricted (deficit)	(80,538,274)	(102,320,024)	15,332,546	5,305,264	(65,205,728)	(97,014,760)
Total Net Position	\$ 98,710,887	\$ 69,241,730	\$ 209,338,202	\$ 201,550,736	\$ 308,049,089	\$ 270,792,466

The City's net position increased by \$37,256,623 during the current fiscal year.

Increases in the governmental activities of \$29,469,157 were from a variety of sources. The City continued to invest in capital assets through the Pell School addition and Rogers High School build. The City also continued to see a large increase in investment income from the prior year due to favorable market conditions which led to large gains from interest bearing accounts. The City also saw a increase in school housing aid of \$491,851. Some of the increase in property taxes came from an increase of 3.95% in the tax rate leading to an additional \$3.5M in new revenue. Some of the revenues were offset with an increase in school appropriation, additional funding of the Rogers High School build, contribution to OPEB and pension contributions. The School also had increases in expenses due to expenditures related to additional programming related to federal and state aid received in 2022.

The primary reasons for the increase of \$7,787,466 in business-type funds is largely due to the continued investment in capital assets. In addition operating income in the non-major business-type funds amounted to \$1,576,532 in fiscal year 2025. Water Fund operating income amounted to \$6,972,738 in fiscal year 2025 while Water Pollution Control Funds operating income in fiscal year 2025 was \$1,786,364. Rates for the Water Fund are set by the Public Utilities Commission.

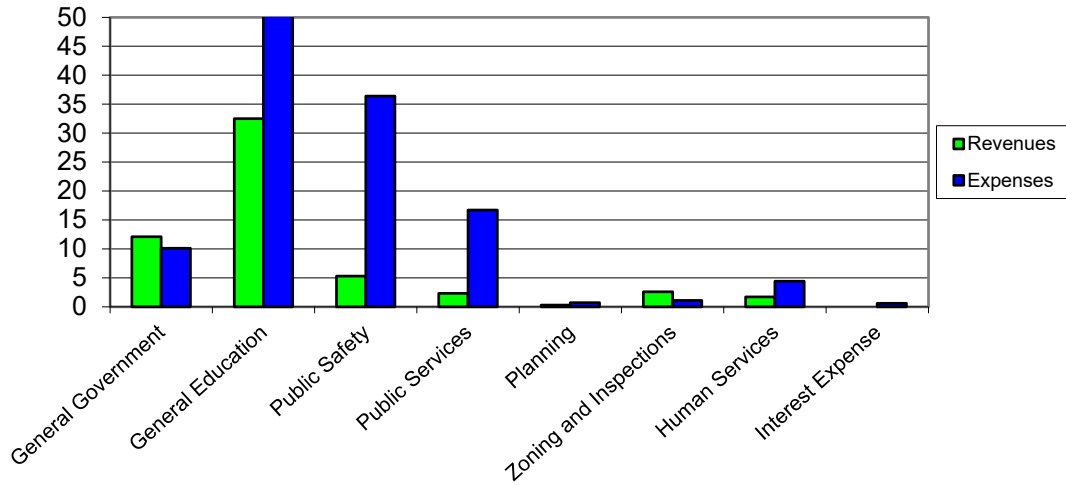
A comparison of FY2025 and FY2024 activity can be found below which indicates the changes identified.

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

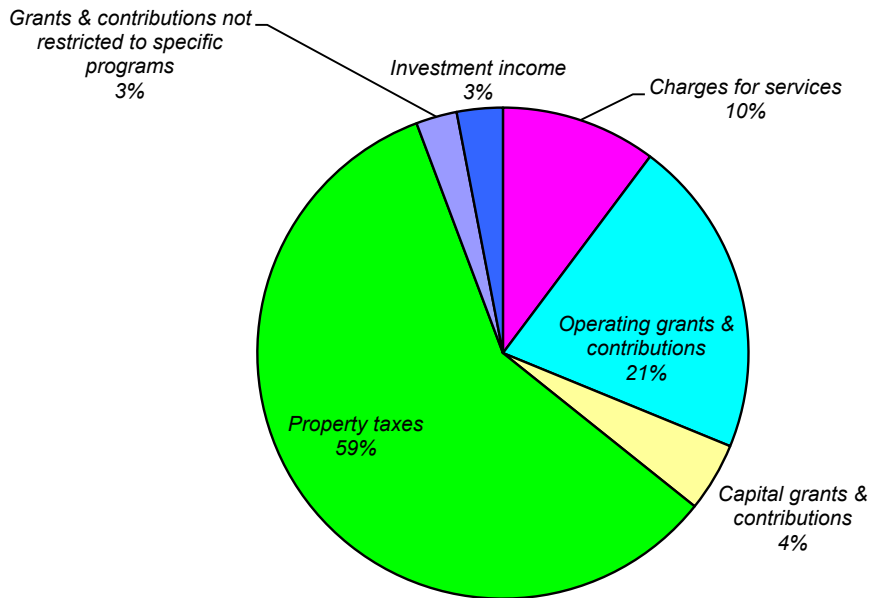
City of Newport's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 15,467,338	\$ 16,280,214	\$ 47,079,573	\$ 44,837,448	\$ 62,546,911	\$ 61,117,662
Operating grants and contributions	32,002,210	33,327,119	-	-	32,002,210	33,327,119
Capital grants and contributions	5,961,594	7,227,410	-	-	5,961,594	7,227,410
General revenues:						
Property taxes	96,889,223	93,128,664	-	-	96,889,223	93,128,664
Grants and contributions not restricted to specific programs	3,854,077	4,298,938	-	-	3,854,077	4,298,938
Investment income	2,716,868	4,799,562	1,114,700	1,225,054	3,831,568	6,024,616
Total revenues	<u>156,891,310</u>	<u>159,061,907</u>	<u>48,194,273</u>	<u>46,062,502</u>	<u>205,085,583</u>	<u>205,124,409</u>
Expenses:						
General government	10,239,882	10,096,230	-	-	10,239,882	10,096,230
General education	58,069,657	58,288,354	-	-	58,069,657	58,288,354
Public safety	36,174,200	36,390,921	-	-	36,174,200	36,390,921
Public services	16,430,546	16,708,081	-	-	16,430,546	16,708,081
Planning	800,119	738,912	-	-	800,119	738,912
Inspections and zoning	1,103,129	1,102,877	-	-	1,103,129	1,102,877
Human services	4,150,652	4,421,708	-	-	4,150,652	4,421,708
Interest expense	704,142	601,607	-	-	704,142	601,607
Water	-	-	16,429,541	16,258,510	16,429,541	16,258,510
Water pollution control	-	-	20,296,148	18,284,407	20,296,148	18,284,407
Nonmajor business-type	-	-	3,427,944	2,746,315	3,427,944	2,746,315
Total expenses	<u>127,672,327</u>	<u>128,348,690</u>	<u>40,153,633</u>	<u>37,289,232</u>	<u>167,825,960</u>	<u>165,637,922</u>
Increase in net position	29,218,983	30,713,217	8,040,640	8,773,270	37,259,623	39,486,487
Transfers	253,174	(2,100,000)	(253,174)	2,100,000	-	-
	<u>253,174</u>	<u>(2,100,000)</u>	<u>(253,174)</u>	<u>2,100,000</u>	<u>-</u>	<u>-</u>
Change in net position	29,472,157	28,613,217	7,787,466	10,873,270	37,259,623	39,486,487
Net position beginning	69,241,730	40,628,513	201,550,736	190,677,466	270,792,466	231,305,979
Net Position Ending	<u>\$ 98,713,887</u>	<u>\$ 69,241,730</u>	<u>\$ 209,338,202</u>	<u>\$ 201,550,736</u>	<u>\$ 308,052,089</u>	<u>\$ 270,792,466</u>

Expenses and Program Revenues - Governmental Activities

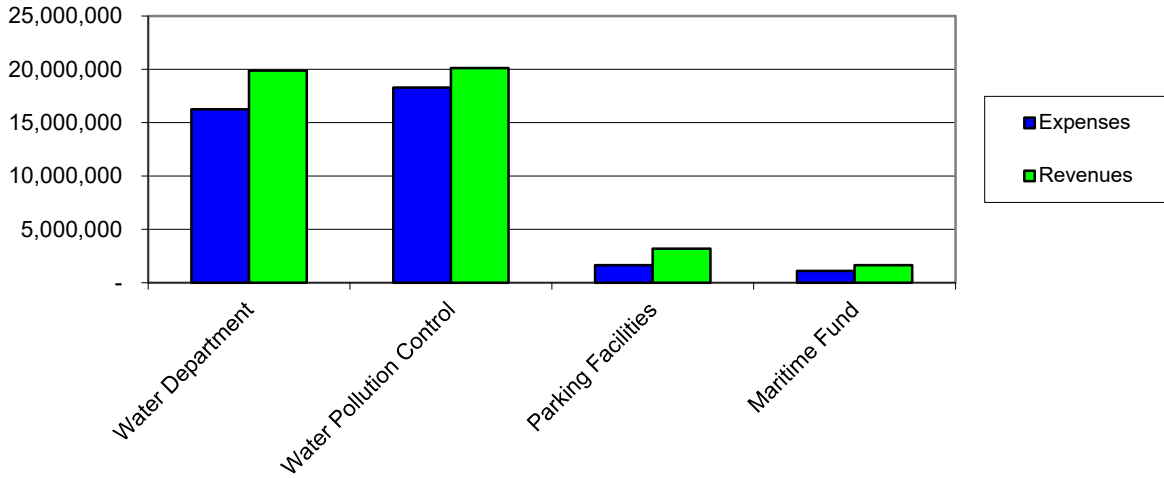


Revenues by Source - Governmental Activities



**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the City’s Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Newport’s governmental funds reported combined ending fund balances of \$108,713,968, a decrease of \$32,924,561 in comparison with the prior year fund balance.

A large portion of the fund balance is due to a bond issuance in March of 2022 as part of the voter approved funding to expand the elementary school and rebuild the high school. Bonds of \$98,500,000 were issued and a premium was received on the bonds of \$14,413,145, for a combined total of \$112,913,145 in March 2022. Bond issuance and any resulting premium are treated as an other financing source in governmental funds, resulting in an increase in fund balance to the extent the funds are not fully spent as of the close of the fiscal year. Current projections indicate that the funds will be fully expended by March 2026. These funds are reported as restricted fund balance in the capital projects fund because the funds are held in escrow by an outside party and cannot be spent for any other purpose than the projects for which the bonds were issued. The committed fund balance in the capital projects

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

fund of \$9,492,389 results from timing differences between when funds are received and when they are spent.

The City's General Fund increase was \$10,703,775 largely due to an increase in investment income due to favorable market conditions on interest bearing accounts. In addition the City received an increase of \$2.8M in current year real estate taxes compared to prior year and an increase in school housing aid of \$492K compared to prior year.

The School Unrestricted Fund had a decrease in fund balance of \$2,398,967. The decrease was a result of a minimal increase in intergovernmental revenue and a decrease in charges for services as compared to prior year while expenditures increased \$2,497,465 from prior year. Note that all fund balance in the School Unrestricted Fund is considered restricted for purposes of financial reporting. The Permanent Fund had an increase of \$1,826,123 due to unrealized gains in investments. The Capital Projects Fund has a decrease in fund balance of \$44,970,656 mainly due to partial costs of the new high school build.

Much of the total combined ending fund balance amount \$69,270,030 constitutes fund balance that is either nonspendable, restricted by outside legal sources or committed for capital or contractual purposes. An additional \$2,955,650 of the fund balance is assigned by the City Council. The balance of \$36,488,288 is unassigned and available for spending at the government's discretion.

The General Fund is the operating fund of the City of Newport. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$36,798,267. 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 32.6% of total general fund expenditures and transfers.

The table shows the comparison of revenues and expenditures in the City and School general funds between FY2025 and FY2024.

	City General Fund		School Unrestricted Fund	
	2025	2024	2025	2024
Local Taxes	\$ 96,656,571	\$ 93,115,886	\$ -	\$ -
Intergovernmental Revenues	5,738,850	5,941,439	19,377,871	18,850,330
Charges for Services	16,152,382	13,706,021	1,306,983	1,495,750
Use of Money and Property	4,632,349	4,900,580	488,075	373,350
Contributions	337,645	276,253	-	-
Other Revenues	40,533	37,564	483,678	763,549
Total Revenues	123,558,330	117,977,743	21,656,607	21,482,979
Total Expenditures	78,144,524	77,740,661	52,811,161	50,313,696
Other Financing Sources (Uses)	(34,710,031)	(35,473,410)	28,755,587	25,295,332
Net Change in Fund Balance	10,703,775	4,763,672	(2,398,967)	(3,535,385)
Fund Balance, Beginning	35,908,740	31,145,068	2,994,998	6,530,383
Fund Balance, Ending	\$ 46,612,515	\$ 35,908,740	\$ 596,031	\$ 2,994,998

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 (\$1,767,292) while restricted net position was \$18,011,402 and net investment in capital assets was \$74,460,528. The Rhode Island Public Utilities Commission (PUC) sets rates at a level that allows revenues to the extent that they cover approved operating, debt service and capital expenditures. The rates do not allow for reserves, thus any unforeseen expense is covered by curbing operating and maintenance expenses. Cash is restricted in the Water Fund because it is subject to debt covenant requirements and PUC requirements.

Unrestricted net position of the Water Pollution Control Fund at the end of the year amounted to \$9,245,892, while restricted net position was \$6,974,765 and net investment in capital assets was \$85,234,638. 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 \$7,581,703 and net investment in capital assets was 2,918,771. The Maritime Fund had unrestricted net position of \$6,405,552 and net investment in capital assets was 272,243. 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, 2025 is \$517,969,088 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and systems, machinery and equipment, vehicles, infrastructure and construction in progress. There was a total increase in the City of Newport's investment in capital assets for the current fiscal year of 10.3%.

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

\$46,607,158 partial costs of the new Rogers High School
\$10,941,293 was spent on water and water pollution control projects
\$1,307,780 spent on public safety equipment and vehicles
\$1,053,922 spent on roads and sidewalk improvement

**CITY OF NEWPORT, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,811,286	\$ 4,811,286	\$ 7,595,659	\$ 7,435,059	\$ 12,406,945	\$ 12,246,345
Construction in progress	112,359,360	66,991,666	13,125,161	8,750,000	125,484,521	75,741,666
Buildings & systems	74,639,578	76,271,526	245,157,273	246,211,997	319,796,851	322,483,523
Machinery & equipment	5,670,881	3,609,028	938,544	945,445	6,609,425	4,554,473
Vehicles	3,235,814	2,980,251	2,625,249	2,617,246	5,861,063	5,597,497
Infrastructure	47,810,283	48,807,898	-	-	47,810,283	48,807,898
Total	\$ 248,527,202	\$ 203,471,655	\$ 269,441,886	\$ 265,959,747	\$ 517,969,088	\$ 469,431,402

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

Long-Term Debt

At the end of the current fiscal year, the City of Newport had total bonded debt outstanding of \$222,254,363. Of this amount, \$114,527,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Newport's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 111,390,000	\$ 114,527,000	\$ -	\$ -	\$ 111,390,000	\$ 114,527,000
Revenue Bonds	-	-	99,905,814	107,727,363	99,905,814	107,727,363
Total	\$ 111,390,000	\$ 114,527,000	\$ 99,905,814	\$ 107,727,363	\$ 211,295,814	\$ 222,254,363

The City of Newport's total bonds decreased by \$10,958,549 during the current fiscal year. Debt increased by \$2,584,451 from issuance of revenue bond drawdowns for the sewer project and water main improvements. Debt of \$13,543,000 was retired during fiscal year 2025.

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

State statutes limit the amount of general obligation debt a governmental entity may have outstanding to 3% of its assessed property values. The current debt limitation for the City is \$317,513,447, which is significantly in excess of the City's outstanding general obligation debt of \$111,390,000.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for Newport County was 3.5% as of August 2025, which remained below both the State of Rhode Island's rate of 4.5% for the same period and the national unemployment rate of 4.4% as of September 2025. These figures reflect continued strength in the local labor market, supported by tourism, defense-related employment, and the service sector.

The occupancy rate of the City's central business district remained strong, averaging approximately 98% during the peak summer tourist season (May through October) and approximately 65% during the remaining months of the year. Seasonal fluctuations continue to reflect Newport's role as a major tourism destination, with high demand for retail, hospitality, and service-related space during peak visitor periods.

Inflationary trends in the region follow national indices. All of these factors were considered in preparing the City of Newport's budget for the 2026 fiscal year.

Unassigned fund balance in the City's general operating fund at June 30, 2025 is \$36,798,267 or 32.6% of City general operating fund expenditures and approximately 30% of the fiscal year 2026 budgeted General Fund expenditures plus transfers out, which complies with the City's fiscal policy of maintaining a minimum of 10% of total General Fund expenditures and transfers out and maximum of 30% of the subsequent year's budgeted General Fund expenditures plus transfers out as an unassigned reserve. Amounts of unassigned fund balance that exceed the 30% target of the subsequent year's budgeted General Fund expenditures plus transfers out are transferred to Committed Fund Balance, to be used for Council-approved purposes such as capital improvements or other strategic needs.

The Water Pollution Control Fund's rates have been used over the last several years to fund projects required under a consent decree with the federal Environmental Protection Agency. Most of the projects required by the consent decree have been completed as of June 30, 2025. The Water Fund rates are controlled and set by the Rhode Island Public Utilities Commission. A rate increase was approved effective March 1, 2025.

Requests for Information

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

Basic Financial Statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 35,420,134	\$ 16,577,622	\$ 51,997,756
Investments	64,206,520	1,050,882	65,257,402
Receivables, net	7,214,563	8,750,026	15,964,589
Supplies and materials	15,001	1,066,976	1,081,977
Prepaid expenses	-	44,343	44,343
Total current assets	106,856,218	27,489,849	134,346,067
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	24,986,167	24,986,167
Permanently restricted investments	21,362,332	-	21,362,332
Receivables, net	1,866,646	1,892,994	3,759,640
Net pension asset	9,108,091	-	9,108,091
Capital assets not being depreciated/amortized	117,170,646	20,720,820	137,891,466
Capital assets (net of accumulated depreciation/amortization)	131,356,556	248,721,063	380,077,619
Total noncurrent assets	280,864,271	296,321,044	577,185,315
Total assets	387,720,489	323,810,893	711,531,382
Deferred outflow of resources:			
Deferred charges on debt refunding	439,619	-	439,619
Deferred outflows - pensions	20,557,920	1,610,014	22,167,934
Deferred outflows - other post employment benefit	6,584,303	196,346	6,780,649
Total deferred outflow of resources	27,581,842	1,806,360	29,388,202
Liabilities:			
Current liabilities:			
Accounts payable	14,883,369	5,607,803	20,491,172
Accrued liabilities	3,778,125	2,141,590	5,919,715
Other liabilities	-	99,000	99,000
Current portion of long-term obligations	10,648,956	10,719,000	21,367,956
Total current liabilities	29,310,450	18,567,393	47,877,843
Noncurrent liabilities:			
Long-term obligations	255,576,555	93,824,067	349,400,622
Total noncurrent liabilities	255,576,555	93,824,067	349,400,622
Total liabilities	284,887,005	112,391,460	397,278,465
Deferred inflow of resources:			
Deferred inflows - leases	707,025	2,234,741	2,941,766
Deferred inflows - pensions	21,235,961	1,362,021	22,597,982
Deferred inflows - other post employment benefit	9,761,453	290,829	10,052,282
Total deferred inflow of resources	31,704,439	3,887,591	35,592,030
Net Position:			
Net investment in capital assets	120,384,512	169,019,489	289,404,001
Restricted for:			
Various endowments:			
Expendable	19,259,265	-	19,259,265
Nonexpendable	2,873,129	-	2,873,129
Net pension asset	9,108,091	-	9,108,091
Public improvements	24,239,919	-	24,239,919
Education	2,630,918	-	2,630,918
Housing and development	753,327	-	753,327
Debt service	-	24,986,167	24,986,167
Unrestricted	(80,538,274)	15,332,546	(65,205,728)
Total net position	\$ 98,710,887	\$ 209,338,202	\$ 308,049,089

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, 2025**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 10,239,882	\$ 7,234,342	\$ 2,630,546	\$ 2,106,455	\$ 1,731,461	\$ -	\$ 1,731,461
General education	58,069,657	1,387,816	27,846,761	2,393,915	(26,441,165)	-	(26,441,165)
Public safety	36,174,200	4,078,811	569,913	55,025	(31,470,451)	-	(31,470,451)
Public services	16,430,546	434,225	758	1,140,072	(14,855,491)	-	(14,855,491)
Planning	800,119	-	-	266,127	(533,992)	-	(533,992)
Zoning and inspections	1,103,129	2,332,144	-	-	1,229,015	-	1,229,015
Human services	4,150,652	-	954,232	-	(3,196,420)	-	(3,196,420)
Interest expense	704,142	-	-	-	(704,142)	-	(704,142)
Total governmental activities	<u>127,672,327</u>	<u>15,467,338</u>	<u>32,002,210</u>	<u>5,961,594</u>	<u>(74,241,185)</u>	<u>-</u>	<u>(74,241,185)</u>
Business-type activities:							
Water Department	16,429,541	21,510,620	-	-	-	5,081,079	5,081,079
Water Pollution Control	20,296,148	20,564,477	-	-	-	268,329	268,329
Recreational and parking facilities	3,427,944	5,004,476	-	-	-	1,576,532	1,576,532
Total business-type activities	<u>40,153,633</u>	<u>47,079,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,925,940</u>	<u>6,925,940</u>
Total Primary Government	<u>\$ 167,825,960</u>	<u>\$ 62,546,911</u>	<u>\$ 32,002,210</u>	<u>\$ 5,961,594</u>	<u>(74,241,185)</u>	<u>6,925,940</u>	<u>(67,315,245)</u>
General revenues:							
Property taxes					96,889,223	-	96,889,223
Grants and contributions not restricted to specific programs					3,851,077	-	3,851,077
Investment income					2,716,868	1,114,700	3,831,568
Transfers					253,174	(253,174)	-
Total general revenues and transfers					<u>103,710,342</u>	<u>861,526</u>	<u>104,571,868</u>
Change in net position					29,469,157	7,787,466	37,256,623
Net Position at Beginning of Year					69,241,730	201,550,736	270,792,466
Net Position at End of Year					<u>\$ 98,710,887</u>	<u>\$ 209,338,202</u>	<u>\$ 308,049,089</u>

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>General</u>	<u>School Unrestricted Fund</u>	<u>Community Development Block Grant</u>	<u>Permanent Funds</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,027,068	\$ 2,960,301	\$ 832,354	\$ 39,829,340	\$ 5,307,853	\$ 50,956,916
Investments	64,206,520	-	-	21,362,332	-	-	85,568,852
Receivables:							
Property taxes	1,589,998	-	-	-	-	-	1,589,998
Motor vehicle excise	286,778	-	-	-	-	-	286,778
Intergovernmental	-	173,076	81,340	-	-	2,254,303	2,508,719
Note/loan	984,199	-	645,037	-	-	525,736	2,154,972
Leases	530,106	176,919	-	-	-	-	707,025
Other	1,774,193	-	-	-	59,524	-	1,833,717
Total Assets	<u>\$ 69,371,794</u>	<u>\$ 2,377,063</u>	<u>\$ 3,686,678</u>	<u>\$ 22,194,686</u>	<u>\$ 39,888,864</u>	<u>\$ 8,087,892</u>	<u>\$ 145,606,977</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Cash overdraft	\$ 15,703,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,703,754
Accounts payable	3,404,654	1,331,735	445,055	62,292	8,509,747	865,614	14,619,097
Accrued liabilities	1,625,057	272,378	-	-	-	14,268	1,911,703
Other liabilities	228,773	-	-	-	-	-	228,773
Total liabilities	<u>20,962,238</u>	<u>1,604,113</u>	<u>445,055</u>	<u>62,292</u>	<u>8,509,747</u>	<u>879,882</u>	<u>32,463,327</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	1,266,935	-	-	-	-	-	1,266,935
Unavailable revenue - loans receivable	-	-	645,037	-	-	525,736	1,170,773
Unavailable revenue - leases	530,106	176,919	-	-	-	-	707,025
Unavailable revenue - intergovernmental receivable	-	-	62,665	-	-	1,222,284	1,284,949
Total deferred inflows of resources	<u>1,797,041</u>	<u>176,919</u>	<u>707,702</u>	<u>-</u>	<u>-</u>	<u>1,748,020</u>	<u>4,429,682</u>
Fund balances:							
Nonspendable	984,199	-	-	2,873,129	-	-	3,857,328
Restricted	-	596,031	2,353,191	19,259,265	21,886,728	2,788,214	46,883,429
Committed	8,830,049	-	180,730	-	9,492,389	26,105	18,529,273
Assigned	-	-	-	-	-	2,955,650	2,955,650
Unassigned	36,798,267	-	-	-	-	(309,979)	36,488,288
Total fund balances	<u>46,612,515</u>	<u>596,031</u>	<u>2,533,921</u>	<u>22,132,394</u>	<u>31,379,117</u>	<u>5,459,990</u>	<u>108,713,968</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 69,371,794</u>	<u>\$ 2,377,063</u>	<u>\$ 3,686,678</u>	<u>\$ 22,194,686</u>	<u>\$ 39,888,864</u>	<u>\$ 8,087,892</u>	<u>\$ 145,606,977</u>

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

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)	\$	108,713,968
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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	\$	344,643,865	
Less accumulated depreciation		<u>(96,116,663)</u>	
Net capital assets			248,527,202

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

Net pension asset	9,108,091
Unavailable loans and grant revenues	2,455,722
Allowance for doubtful accounts	(808,348)
Property tax and loan interest accrual	1,266,935

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 position.

168,455

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	(111,390,000)
Bond premium	(13,662,595)
Interest payable on bonds and notes	(1,080,055)
Compensated absences	(6,063,831)
Net pension liability	(87,959,204)
Net OPEB liability	(47,149,881)

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

Deferred outflows of resources - refunding of debt	439,619
Deferred outflows of resources - other post employment benefit	6,584,303
Deferred inflows of resources - other post employment benefit	(9,761,453)
Deferred outflows of resources - pensions	20,557,920
Deferred inflows of resources - pensions	<u>(21,235,961)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>98,710,887</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, 2025

	General	School Unrestricted Fund	Community Development Block Grant	Permanent Funds	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues:							
Property taxes	\$ 96,656,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,656,571
Intergovernmental revenues	5,738,850	19,377,871	558,802	-	1,728,677	8,113,839	35,518,039
Charges for services	16,152,382	1,306,983	59,134	-	1,023,878	80,833	18,623,210
Use of money and property	4,632,349	488,075	9,776	2,339,541	1,482,821	170,734	9,123,296
Contributions	337,645	-	-	50,000	500,000	2,879,086	3,766,731
Other revenues	40,533	483,678	-	-	-	-	524,211
Total revenues	<u>123,558,330</u>	<u>21,656,607</u>	<u>627,712</u>	<u>2,389,541</u>	<u>4,735,376</u>	<u>11,244,492</u>	<u>164,212,058</u>
Expenditures:							
Current:							
General government	10,621,937	-	-	-	-	758,819	11,380,756
General education	-	52,811,161	-	-	-	6,177,606	58,988,767
Public safety	43,761,971	-	-	-	-	538,867	44,300,838
Public services	12,438,984	-	-	-	-	503,701	12,942,685
Planning	613,920	-	-	-	-	-	613,920
Zoning and inspections	1,117,075	-	-	-	-	-	1,117,075
Human services	2,297,382	-	847,981	517,128	-	500,366	4,162,857
Pension expenditures	3,789,935	-	-	-	-	-	3,789,935
Debt service:							
Principal	3,137,000	-	-	-	-	-	3,137,000
Interest	366,320	-	-	-	4,160,800	-	4,527,120
Capital outlays	-	-	-	-	51,604,064	824,776	52,428,840
Total expenditures	<u>78,144,524</u>	<u>52,811,161</u>	<u>847,981</u>	<u>517,128</u>	<u>55,764,864</u>	<u>9,304,135</u>	<u>197,389,793</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,413,806</u>	<u>(31,154,554)</u>	<u>(220,269)</u>	<u>1,872,413</u>	<u>(51,029,488)</u>	<u>1,940,357</u>	<u>(33,177,735)</u>
Other Financing Sources (Uses):							
Transfers in from other funds	29,389	28,755,587	-	173,531	6,856,461	318,125	36,133,093
Transfers out to other funds	(34,739,420)	-	-	(219,821)	(797,628)	(123,050)	(35,879,919)
Total other financing sources (uses)	<u>(34,710,031)</u>	<u>28,755,587</u>	<u>-</u>	<u>(46,290)</u>	<u>6,058,833</u>	<u>195,075</u>	<u>253,174</u>
Net Change in Fund Balances	10,703,775	(2,398,967)	(220,269)	1,826,123	(44,970,655)	2,135,432	(32,924,561)
Fund Balances at Beginning of Year	<u>35,908,740</u>	<u>2,994,998</u>	<u>2,754,190</u>	<u>20,306,271</u>	<u>76,349,772</u>	<u>3,324,558</u>	<u>141,638,529</u>
Fund Balances at End of Year	<u>\$ 46,612,515</u>	<u>\$ 596,031</u>	<u>\$ 2,533,921</u>	<u>\$ 22,132,394</u>	<u>\$ 31,379,117</u>	<u>\$ 5,459,990</u>	<u>\$ 108,713,968</u>

(Continued on next page)

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

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 \$ (32,924,561)

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	52,154,561
Depreciation expense	(7,099,014)

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	297,469
Activity related to property tax and loan receivable	(2,157,243)
Change in net pension assets	855,860
Change in deferred outflows - related to pensions	(3,452,670)
Change in deferred outflows - related to OPEB	2,307,191

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

Bond principal payments	3,137,000
Amortization of deferred refunding of debt	(62,802)
Amortization of bond premiums	748,942

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	(134,845)
Change in accrued interest	23,857
Change in claims and judgments	211,640
Change in deferred inflows - related to pensions	(2,376,198)
Change in deferred inflows - related to OPEB	1,021,973
Change in net pension liability	15,324,087
Change in net OPEB liability	<u>1,593,910</u>

Change in Net Position of Governmental Activities (Exhibit II) \$ 29,469,157

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds				Governmental
					Activities
	Major Funds			Total	Internal Service Fund
Water Fund	W.P.C. Fund	Nonmajor Funds			
Assets:					
Current assets:					
Cash and cash equivalents	\$ 647,378	\$ 8,895,530	\$ 7,034,714	\$ 16,577,622	\$ 166,972
Investments	-	-	1,050,882	1,050,882	-
Accounts receivable:					
User fees (net of allowances)	3,132,237	4,938,615	337,427	8,408,279	-
Other	-	-	-	-	2,823
Leases receivable, current	33,005	-	308,742	341,747	-
Prepaid expense	-	-	44,343	44,343	-
Supplies and materials	831,491	235,485	-	1,066,976	15,001
Total current assets	4,644,111	14,069,630	8,776,108	27,489,849	184,796
Noncurrent assets:					
Cash and cash equivalents - restricted	18,011,402	6,974,765	-	24,986,167	-
Leases receivable, long-term	900,664	-	992,330	1,892,994	-
Capital assets, net of accumulated depreciation	130,836,005	129,281,555	9,324,323	269,441,883	19,158
Total noncurrent assets	149,748,071	136,256,320	10,316,653	296,321,044	19,158
Total assets	154,392,182	150,325,950	19,092,761	323,810,893	203,954
Deferred outflow of resources:					
Deferred outflows - pension	1,239,948	337,362	32,704	1,610,014	-
Deferred outflows - other post employment benefit	175,394	18,476	2,476	196,346	-
Total deferred outflow of resources	1,415,342	355,838	35,180	1,806,360	-
Liabilities:					
Current liabilities:					
Accounts payable	1,581,310	3,616,330	410,163	5,607,803	35,499
Accrued expenses	1,388,278	695,086	58,226	2,141,590	-
Escrow held in Trust	-	99,000	-	99,000	-
Current portion bonds payable	5,754,000	4,965,000	-	10,719,000	-
Total current liabilities	8,723,588	9,375,416	468,389	18,567,393	35,499
Long-term liabilities:					
Bonds payable	50,447,769	38,739,045	-	89,186,814	-
Net pension liability	2,482,722	675,496	121,701	3,279,919	-
Net OPEB liability	1,227,982	129,352	-	1,357,334	-
Total long-term liabilities	54,158,473	39,543,893	121,701	93,824,067	-
Total liabilities	62,882,061	48,919,309	590,090	112,391,460	35,499
Deferred inflow of resources:					
Deferred inflows - leases	933,669	-	1,301,072	2,234,741	-
Deferred inflows - pension	1,029,134	280,005	52,882	1,362,021	-
Deferred inflows - other post employment benefit	258,022	27,179	5,628	290,829	-
Total deferred inflow of resources	2,220,825	307,184	1,359,582	3,887,591	-
Net position:					
Net investment in capital assets	74,460,528	85,234,638	9,324,323	169,019,489	19,158
Restricted by regulatory agencies and bond covenants	18,011,402	6,974,765	-	24,986,167	-
Unrestricted	(1,767,292)	9,245,892	7,853,946	15,332,546	149,297
Total Net Position	\$ 90,704,638	\$ 101,455,295	\$ 17,178,269	\$ 209,338,202	\$ 168,455

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, 2025

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Major Funds</u>				<u>Activities</u>
	<u>Water</u>	<u>W.P.C.</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>		<u>Service Fund</u>
Operating revenues:					
User fees	\$ 20,670,015	\$ 20,465,548	\$ 5,004,476	\$ 46,140,039	\$ 1,607,912
Intergovernmental	320,876	98,929	-	419,805	-
Other revenues	519,729	-	-	519,729	-
Total operating revenues	<u>21,510,620</u>	<u>20,564,477</u>	<u>5,004,476</u>	<u>47,079,573</u>	<u>1,607,912</u>
Operating expenses:					
Salaries and benefits	4,447,597	1,837,258	778,056	7,062,911	80,070
Materials and supplies	1,748,199	80,015	80,139	1,908,353	437,797
Repairs and maintenance	733,667	1,440,732	349,981	2,524,380	156,751
Support services	360,779	8,198,982	654,684	9,214,445	903,293
Utilities	2,043,510	780,460	98,334	2,922,304	26,549
Administrative and other	1,294,976	989,231	1,130,900	3,415,107	-
Property taxes	400,569	-	-	400,569	-
Depreciation	3,508,585	5,451,435	335,850	9,295,870	3,453
Total operating expenses	<u>14,537,882</u>	<u>18,778,113</u>	<u>3,427,944</u>	<u>36,743,939</u>	<u>1,607,913</u>
Operating Income	<u>6,972,738</u>	<u>1,786,364</u>	<u>1,576,532</u>	<u>10,335,634</u>	<u>(1)</u>
Nonoperating revenues and expenses:					
Investment income (loss)	696,404	285,114	133,182	1,114,700	-
Interest expense	(1,891,659)	(1,518,035)	-	(3,409,694)	-
Net operating revenues and expenses	<u>(1,195,255)</u>	<u>(1,232,921)</u>	<u>133,182</u>	<u>(2,294,994)</u>	<u>-</u>
Income Before Transfers	5,777,483	553,443	1,709,714	8,040,640	(1)
Transfers:					
Transfers in	-	46,826	-	46,826	-
Transfers out	-	-	(300,000)	(300,000)	-
Net transfers	<u>-</u>	<u>46,826</u>	<u>(300,000)</u>	<u>(253,174)</u>	<u>-</u>
Change in Net Position	5,777,483	600,269	1,409,714	7,787,466	(1)
Net Position at Beginning of Year	<u>84,927,155</u>	<u>100,855,026</u>	<u>15,768,555</u>	<u>201,550,736</u>	<u>168,456</u>
Net Position at End of Year	<u>\$ 90,704,638</u>	<u>\$ 101,455,295</u>	<u>\$ 17,178,269</u>	<u>\$ 209,338,202</u>	<u>\$ 168,455</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, 2025**

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities
	Water Fund	W.P.C. Fund	Nonmajor Funds	Total	Internal Service Fund
Cash Flows from Operating Activities:					
Cash received from customers	\$ 20,367,019	\$ 20,067,922	\$ 4,958,533	\$ 45,393,474	\$ 1,603,443
Cash payments to suppliers for goods and services and other payments	(10,598,991)	(13,527,556)	(3,018,427)	(27,144,974)	(1,585,967)
Cash payments for employees and benefits	(1,099,969)	(187,370)	4,449	(1,282,890)	-
Net cash provided by (used in) operating activities	<u>8,668,059</u>	<u>6,352,996</u>	<u>1,944,555</u>	<u>16,965,610</u>	<u>17,476</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans and transfers	-	46,826	(300,000)	(253,174)	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>46,826</u>	<u>(300,000)</u>	<u>(253,174)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(2,543,105)	(8,398,188)	(1,836,709)	(12,778,002)	-
Proceeds from borrowing	646,051	1,938,400	-	2,584,451	-
Principal paid on bonds, notes and loans	(5,581,000)	(4,825,001)	-	(10,406,001)	-
Interest paid on bonds, notes and loans	(1,891,663)	(1,518,035)	-	(3,409,698)	-
Net cash provided by (used in) capital and related financing activities	<u>(9,369,717)</u>	<u>(12,802,824)</u>	<u>(1,836,709)</u>	<u>(24,009,250)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Investment income	696,404	285,114	711,301	1,692,819	-
Net cash provided by (used in) investing activities	<u>696,404</u>	<u>285,114</u>	<u>711,301</u>	<u>1,692,819</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,254)	(6,117,888)	519,147	(5,603,995)	17,476
Cash and Cash Equivalents at Beginning of Year	18,664,034	21,988,183	6,515,567	47,167,784	149,496
Cash and Cash Equivalents at End of Year	\$ 18,658,780	\$ 15,870,295	\$ 7,034,714	\$ 41,563,789	\$ 166,972
Reconciliation of Operating Income to Net Cash					
Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 6,972,738	\$ 1,786,364	\$ 1,576,532	\$ 10,335,634	\$ (1)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,508,585	5,451,435	335,850	9,295,870	3,453
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(1,069,476)	(501,723)	(14,888)	(1,586,087)	-
Decrease (Increase) in accounts receivable - other	-	-	-	-	(1,390)
Decrease (Increase) in supplies and materials	(4,510)	551	-	(3,959)	5,598
Deferred outflows - pension	44,584	12,636	29,215	86,435	-
Deferred outflows - other post employment benefit	19,415	(17,203)	(2,476)	(264)	-
(Decrease) Increase in accounts payable	434,816	(201,429)	39,614	273,001	12,895
(Decrease) Increase in accrued expenses	(74,125)	5,168	2,998	(65,959)	(3,079)
(Decrease) Increase net pension liability	(694,491)	(191,360)	(29,056)	(914,907)	-
(Decrease) Increase net other post employment benefit liability	(168,671)	5,197	-	(163,474)	-
(Decrease) Increase in deferred inflows of resources:					
Deferred inflows - pension	(239,439)	(14,246)	1,138	(252,547)	-
Deferred inflows - other post employment benefits	(61,367)	17,606	5,628	(38,133)	-
Net Cash Provided by (Used in) Operating Activities	\$ 8,668,059	\$ 6,352,996	\$ 1,944,555	\$ 16,965,610	\$ 17,476
Noncash Investing, Capital and Related Financing Transactions:					
Increase (decrease) in fair value of investments			\$ (50,680)	\$ (50,680)	

The accompanying notes are an integral part of the financial statements

CITY OF NEWPORT, RHODE ISLAND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds Expendable Scholarship Funds	Custodial Fund Henderson Home
Assets:			
Cash and cash equivalents	\$ 5,462,683	\$ 39,581	\$ 89,227
Investments, at fair value:			
Fixed income mutual funds	19,031,816	-	-
Domestic equity common stock	17,105,300	-	-
Domestic equity mutual funds	135,617,392	-	-
International equity mutual funds	22,367,756	-	-
Alternative investments	97,222,617	-	-
Total investments	<u>291,344,881</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>296,807,564</u>	 <u>39,581</u>	 <u>89,227</u>
Liabilities:			
Accounts payable	<u>255,540</u>	<u>-</u>	<u>11,479</u>
Net Position:			
Restricted for pension	213,065,687	-	-
Restricted for other post-employment benefits	83,486,337	-	-
Restricted for trust purposes	-	39,581	-
Restricted for Henderson Home	-	-	77,748
Total net position	<u>\$ 296,552,024</u>	<u>\$ 39,581</u>	<u>\$ 77,748</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, 2025

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Funds Expendable Scholarship Funds	Custodial Fund Henderson Home
Additions:			
Contributions:			
Employees	\$ 1,030,913	\$ -	\$ -
Employer	19,430,096	-	-
Contributions	-	20,000	-
Tenant rent	-	-	23,294
Other	-	-	66,097
Total contributions	<u>20,461,009</u>	<u>20,000</u>	<u>89,391</u>
Investment income (loss):			
Net change in fair value of investments	22,115,408	-	-
Interest and dividends	10,194,340	-	-
Total investment income (loss)	<u>32,309,748</u>	<u>-</u>	<u>-</u>
Less investment expenses	<u>475,953</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>31,833,795</u>	<u>-</u>	<u>-</u>
Total additions	<u>52,294,804</u>	<u>20,000</u>	<u>89,391</u>
Deductions:			
Benefits	22,047,063	-	-
Administration	167,020	-	-
Awards	-	8,000	-
Operations	-	-	124,479
Total deductions	<u>22,214,083</u>	<u>8,000</u>	<u>124,479</u>
Change in Net Position	30,080,721	12,000	(35,088)
Net Position at Beginning of Year	<u>266,471,303</u>	<u>27,581</u>	<u>112,836</u>
Net Position at End of Year	<u>\$ 296,552,024</u>	<u>\$ 39,581</u>	<u>\$ 77,748</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

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

CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

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

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The *Permanent Fund* is used to account for resources legally held in trust for specific functions, normally provided by governments. The Permanent Fund also includes scholarships that provide educational support for Newport students or educational purposes provided by the Newport Public School District. In most cases, only the earnings on the principal can be expended.

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund, the Water Pollution Control Fund, the Parking Fund, the Maritime Fund and the City's Internal Service Fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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

The City's deposits are subject to certain State and municipal restrictions. Under Rhode Island general laws, depository institutions must insure deposits of the City or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Council has further enacted restrictions which essentially limit short-term investments to U.S. Treasuries or debt instruments issued by agencies of the U.S. Government or certificates of deposit less than or equal to the amount covered by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Corporation (FSLIC). Maturities of these instruments are required to be matched to any underlying liabilities.

Investments

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

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

E. Receivables and Payables

Interfunds

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

Property Taxes and Other Receivables

All property tax receivables, user fees receivables and notes receivable are shown net of an allowance for uncollectibles. The property tax receivable allowance at June 30, 2025, is equal to 33% of outstanding property taxes. Other allowances vary depending on the nature of the receivable and the history of collections.

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

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

F. Inventories and Prepaid Items

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

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

G. Capital Assets

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

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

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

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

H. Compensated Absences

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

- Supervisory (Nonunion); Supervisory (NEA); AFSCME-City
 - maximum sick leave accrual is 960 hours
 - maximum sick leave payout is 65% up to \$7,500 - \$25,000 if 10 years of service
 - maximum vacation accrual and payout is 200-300 hours
- Police and Fire:
 - maximum vacation accrual and payout is 400 hours, except that police officers hired after July 1, 2014 and firefighters hired after July 1, 2015 are capped at 300 hours.
 - Police officers are capped at \$25,000 maximum payout for sick leave; firefighter sick leave payout is capped at the higher of the accrued amount in existence at January 1, 2016 or \$25,000.
- Teachers:
 - sick leave payout of 25% of number of days in excess of 50 and up to a maximum of 165.

- **AFSCME - School:**

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

The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

I. Net Pension and OPEB (Asset) Liabilities

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

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

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

K. Long-Term Obligations

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

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net 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 deferred charge on refunding, pension and OPEB in the government-wide and business-type activities, and on pension and OPEB in the enterprise funds statements of net position. A deferred outflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension or OPEB expense, as applicable, in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

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

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

M. Pensions

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

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

N. Leases

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

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

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

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

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

O. Restricted Assets

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

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

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

P. Net Position Flow Assumption

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

Q. Fund Balance Flow Assumptions

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

R. Fund Balance Policies

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

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

S. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

B. Budgetary-GAAP Reporting Reconciliation

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

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

	General Fund		
	Revenues and Other Financing Sources	Expenditures and Other Financing Sources	Net Change in Fund Balance
Balance, Budgetary Basis, RSI-1 - June 30, 2025	\$ 123,587,719	\$ 112,704,761	\$ 10,882,958
Encumbrances outstanding at June 30, 2025	-	(473,355)	473,355
Encumbrances outstanding at June 30, 2025	-	652,538	(652,538)
Balance, GAAP Basis, Exhibit IV- June 30, 2025	<u>\$ 123,587,719</u>	<u>\$ 112,883,944</u>	<u>\$ 10,703,775</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 2025 appropriations (after approved transfers).

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
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Department	Expenditures in Excess of Budget
Reserve Accounts	\$ 915,013
Transfers out	3,271,242

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

D. Deficit Funds Equity

The State Grants Fund had a fund deficit of \$309,979. This deficit was due to grant timing of revenues versus expenditures.

E. Donor Restricted Endowments

Investments in marketable equity and all debt securities are carried at fair value. The City allocates investment income in accordance with donor restrictions and Rhode Island law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the City. Net appreciation on investments at June 30, 2025 was \$1,576,084 and is reported in restricted net position.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned. Rhode Island public law requires 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either bank segregated assets, in a trust department or in custodial accounts at a federal reserve bank or federal home loan bank. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City Council further restricts deposits and short-term investments (less than 3 months) to insured or collateralized cash accounts, U.S. Treasuries, debt instruments issued by U.S. Government agencies or Certificates of Deposit (CDs) less than or equal to the amount covered by the Federal Deposit Insurance Corporation (FDIC). The City Council also requires that CDs in excess of FDIC limits and any repurchase agreements are collateralized in amounts of at least 102% of the fair value of the deposit. At June 30, 2025, 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, 2025**

As of June 30, 2025, the City’s bank balance of \$48,564,588 was insured and collateralized as follows:

Insured	\$ 577,004
Uninsured and Uncollateralized	-
Uninsured and Uncollateralized but not in town's name	47,987,584
Total Amount Subject to Custodial Credit Risk	<u>\$ 48,564,588</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, 2025, the City’s investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 - 10	More Than 10
Debt Securities:				
Certificates of deposit	\$ 10,522,343	\$ 3,812,421	\$ 5,733,702	\$ 976,220
U.S. Government securities	48,351,028	40,539,438	7,811,590	-
U.S. Government agencies	736,982	437	91,323	645,222
	59,610,353	<u>\$ 44,352,296</u>	<u>\$ 13,636,615</u>	<u>\$ 1,621,442</u>
Other Investments:				
Mutual funds	184,008,889			
Common Stock	20,001,051			
Alternative investments	114,344,322			
Total	<u>\$ 377,964,615</u>			

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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, 2025:

	June 30, 2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	48,351,028	48,351,028	-	-
U.S. Government agencies	736,982	-	736,982	-
Common stock	20,001,051	20,001,051	-	-
Mutual funds	184,008,889	184,008,889	-	-
Alternative investments	114,344,322	-	-	114,344,322
Total Investments by Fair Value Level	\$ 367,442,272	\$ 252,360,968	\$ 736,982	\$ 114,344,322

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

U.S. Government Securities

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

Mutual Funds

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

Alternative Investments

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

Certificates of Deposit

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

Money Market

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

Interest Rate Risk

The City does have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The City mitigates market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The City shall maintain a minimum of two months of budgeted operating expenditures, excluding capital project funding, in short-term investments. The maximum percent of callable securities in the portfolio shall be 15%. The maximum percent of securities in the portfolio that have a greater than 5 years average life shall be 15%.

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

Foreign Currency Risk

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

Credit Risk

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

Certificates of Deposit

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

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

Average Rating	Money Market Funds	U.S. Government Agency Securities	Certificate of Deposit
Aa1	\$ -	\$ 7,811,590	\$ -
Unrated	-	40,539,438	10,522,343
	<u>\$ -</u>	<u>\$ 48,351,028</u>	<u>\$ 10,522,343</u>

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

Custodial Credit Risk

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

	Total	Less Insured Amounts	Amount Subject To Custodial Credit Risk
U.S. Government Agency Securities	\$ 736,982	\$ 500,000	\$ 236,982

Fiduciary and Permanent Funds

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

Fiduciary and Permanent Fund investments included in the financial statements as of June 30, 2025 totaled \$293,064,618.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

4. RECEIVABLES

At June 30, 2025, receivables, including the applicable allowances for doubtful accounts, are as follows:

Governmental Activities

	General	School Unrestricted Fund	CDBG Fund	Capital Projects Fund	Nonmajor Govern- mental Funds	Total
Receivables:						
Property taxes	\$ 1,589,998	\$ -	\$ -	\$ -	\$ -	\$ 1,589,998
Motor vehicle excise	286,778	-	-	-	-	286,778
Intergovernmental	-	173,076	81,340	-	2,254,303	2,508,719
Note/loan	984,199	-	645,037	-	525,736	2,154,972
Leases	530,106	176,919	-	-	-	707,025
Other	1,774,193	-	-	59,524	-	1,833,717
Net Receivables	<u>5,165,274</u>	<u>349,995</u>	<u>726,377</u>	<u>59,524</u>	<u>2,780,039</u>	<u>9,081,209</u>

Business-type Activities

	Water Fund	W.P.C. Fund	Nonmajor Enterprise Funds	Total
User fees	\$ 3,207,237	\$ 4,988,615	\$ 337,427	\$ 8,533,279
Leases receivable	933,669	-	1,301,072	2,234,741
	<u>4,140,906</u>	<u>4,988,615</u>	<u>1,638,499</u>	<u>10,768,020</u>
Less allowance for doubtful accounts	(75,000)	(50,000)	-	(125,000)
	<u>4,065,906</u>	<u>4,938,615</u>	<u>1,638,499</u>	<u>10,643,020</u>
Less current portion	3,165,242	4,938,615	646,169	8,750,026
Net Long-Term Portion	<u>\$ 900,664</u>	<u>\$ -</u>	<u>\$ 992,330</u>	<u>\$ 1,892,994</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental Activities

	Balance July 01, 2024	Increases	Decreases	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 4,811,286	\$ -	\$ -	\$ -	\$ 4,811,286
Construction in progress	66,991,666	47,248,248	-	(1,880,554)	112,359,360
Total capital assets not being depreciated	<u>71,802,952</u>	<u>47,248,248</u>	<u>-</u>	<u>(1,880,554)</u>	<u>117,170,646</u>
Capital assets being depreciated:					
Buildings and structures	115,005,159	1,460,861	-	-	116,466,020
Machinery and equipment	11,471,291	1,071,158	-	1,706,729	14,249,178
Vehicles	11,119,220	959,210	-	-	12,078,430
Infrastructure	83,090,682	1,415,084	-	173,825	84,679,591
Total capital assets being depreciated	<u>220,686,352</u>	<u>4,906,313</u>	<u>-</u>	<u>1,880,554</u>	<u>227,473,219</u>
Total capital assets	<u>292,489,304</u>	<u>52,154,561</u>	<u>-</u>	<u>-</u>	<u>344,643,865</u>
Less accumulated depreciation:					
Buildings and structures	38,733,633	3,092,809	-	-	41,826,442
Machinery and equipment	7,862,263	716,034	-	-	8,578,297
Vehicles	8,138,969	703,647	-	-	8,842,616
Infrastructure	34,282,784	2,586,524	-	-	36,869,308
Total accumulated depreciation	<u>89,017,649</u>	<u>7,099,014</u>	<u>-</u>	<u>-</u>	<u>96,116,663</u>
Total capital assets being depreciated, net	<u>131,668,703</u>	<u>(2,192,701)</u>	<u>-</u>	<u>1,880,554</u>	<u>131,356,556</u>
Governmental Activities Capital Assets, Net	<u>\$ 203,471,655</u>	<u>\$ 45,055,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,527,202</u>

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

General government	\$ 624,447
General education	1,765,155
Public safety	1,038,600
Public services	3,483,613
Planning	173,745
Human services	9,999
Capital assets held by the City's internal service fund are charged to various functions based on	3,455
	<u>\$ 7,099,014</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Business-Type Activities

	Balance July 01, 2024	Increases	Decreases	Transfers	Balance June 30, 2025
Capital assets not being depreciated					
Land and land improvements	\$ 7,435,059	\$ 160,600	\$ -	\$ -	\$ 7,595,659
Construction in progress	8,750,000	4,375,161	-	(96,676)	13,125,161
Total capital assets not being depreciated	<u>16,185,059</u>	<u>4,535,761</u>	<u>-</u>	<u>(96,676)</u>	<u>20,720,820</u>
Capital assets being depreciated					
Buildings and systems	409,536,571	7,482,503	-	96,676	417,019,074
Machinery and equipment	5,747,843	141,348	-	-	5,889,191
Vehicles	5,129,333	618,397	-	-	5,747,730
Total capital assets being depreciated	<u>420,413,747</u>	<u>8,242,248</u>	<u>-</u>	<u>96,676</u>	<u>428,655,995</u>
Total capital assets	<u>436,598,806</u>	<u>12,778,009</u>	<u>-</u>	<u>-</u>	<u>449,376,815</u>
Less accumulated depreciation					
Buildings and systems	163,324,574	8,537,227	-	-	171,861,801
Machinery and equipment	4,802,398	148,249	-	-	4,950,647
Vehicles	2,512,087	610,394	-	-	3,122,481
Total accumulated depreciation	<u>170,639,059</u>	<u>9,295,870</u>	<u>-</u>	<u>-</u>	<u>179,934,929</u>
Total capital assets being depreciated, net	<u>249,774,688</u>	<u>(1,053,622)</u>	<u>-</u>	<u>96,676</u>	<u>248,721,066</u>
Net Capital Assets, Business-Type Activities	<u>\$ 265,959,747</u>	<u>\$ 3,482,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,441,886</u>

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

Water	\$ 3,508,585
Water Pollution Control	5,451,435
Maritime	213,813
Parking	122,037
	<u>\$ 9,295,870</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

6. INTERFUND ACTIVITY

Transfers

A summary of interfund transfers for the year ended June 30, 2025 is as follows:

	Transfers In						Total Transfers Out
	General Fund	School Unrestricted Fund	Permanent Funds	Capital Projects Fund	Nonmajor Governmental Fund	Enterprise Funds	
Transfers Out:							
General Fund	\$ 29,389	\$ 28,755,587	\$ -	\$ 5,683,154	\$ 271,290	\$ -	\$ 34,739,420
Permanent Funds	-	-	-	172,986	46,835	-	219,821
Capital Projects Funds	-	-	173,531	624,097	-	-	797,628
Nonmajor Governmental Funds	-	-	-	76,224	-	46,826	123,050
Enterprise Funds	-	-	-	300,000	-	-	300,000
Transfers In	<u>\$ 29,389</u>	<u>\$ 28,755,587</u>	<u>\$ 173,531</u>	<u>\$ 6,856,461</u>	<u>\$ 318,125</u>	<u>\$ 46,826</u>	<u>\$ 36,179,919</u>

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

7. LOANS TO RELATED ORGANIZATION

The City of Newport General Fund loaned *Innovate Newport*, a related organization, \$2,140,311 as a bridge loan for construction to be repaid with proceeds from the sale of Re-Build Rhode Island Tax Credits from the Rhode Island Department of Commerce over a 5-year period. Interest accrues on the loan at 2.50% to be paid by Innovate Newport. The outstanding balance of \$642,094 at June 30, 2025 will be repaid in accordance with an amortization schedule set forth in the agreement with the Rhode Island Department of Commerce.

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

Bridge Loan Receivable	Principal	Interest
February 22, 2026	<u>321,047</u>	<u>5,145</u>
	<u>\$ 321,047</u>	<u>\$ 5,145</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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 2025 are summarized as follows:

	Date Issued	Maturity Date	Interest Rate (%)	Outstanding July 01, 2024	Additions	Retired	Outstanding June 30, 2025
Governmental Activities:							
Pell Expansion/Rogers High	2022	2047	4.0-5.0	\$ 98,500,000	\$ -	\$ -	\$ 98,500,000
Road and Bridge Loan	2014	2024	0.12-1.71	162,000	-	162,000	-
Roadway Improvements	2009	2023	2.5-5.0	250,000	-	250,000	-
Road and Facility Improve	2015	2025	2.5-5.0	660,000	-	660,000	-
Rogers Roof	2016	2026	2.0-4.0	680,000	-	335,000	345,000
Pell School Refunding	2021	2033	0.37-2.362	14,275,000	-	1,730,000	12,545,000
Total Government Activities				<u>\$ 114,527,000</u>	<u>\$ -</u>	<u>\$ 3,137,000</u>	<u>\$ 111,390,000</u>
Business-Type Activities:							
Sewer Improvements-SRF	2009	2029	0.84-3.16	\$ 2,418,532	\$ -	\$ 369,000	\$ 2,049,532
Sewer Improvements-SRF	2010	2030	0.55-3.25	3,971,000	-	507,000	3,464,000
Sewer Improvements-SRF	2011	2031	0.73-3.81	1,506,505	-	163,000	1,343,505
Sewer Improvements	2011	2026	4.30	2,655,000	-	845,000	1,810,000
Sewer Improvements-SRF	2015	2034	0.69-2.89	3,434,000	-	268,000	3,166,000
Sewer Improvements-SRF	2016	2035	0.37-2.41	6,180,000	-	450,000	5,730,000
Energy Efficiency Bonds	2016	2027	0.765-1.709	516,000	-	126,000	390,000
Sewer Improvements-SRF	2017	2036	0.59-2.44	24,306,000	-	1,612,000	22,694,000
Sewer Improvements-SRF	2022	2042	2.16-3.04	1,603,608	1,938,400	485,000	3,057,008
Total Water Pollution Control Fund				<u>46,590,645</u>	<u>1,938,400</u>	<u>4,825,000</u>	<u>43,704,045</u>
Water Improvements-SRF	2007	2027	2.78-3.22	781,000	-	185,000	596,000
Water Improvements-SRF	2012	2033	0.94-3.61	30,500,000	-	2,601,000	27,899,000
Water Improvements-SRF	2013	2034	0.37-2.92	19,033,000	-	1,475,000	17,558,000
Water Improvements-SRF	2020	2039	0.36-2.49	2,587,770	-	197,000	2,390,770
Water Improvements	2011	2027	3.40	2,025,000	-	480,000	1,545,000
Water Improvements-SRF	2008	2029	2.08-3.63	2,243,000	-	337,000	1,906,000
Water Improvements-SRF	2009	2030	0.65-3.54	1,429,000	-	181,000	1,248,000
Water Improvements-SRF	2022	2042	2.43-3.42	2,537,948	646,051	125,000	3,058,999
Total Water Fund				<u>61,136,718</u>	<u>646,051</u>	<u>5,581,000</u>	<u>56,201,769</u>
Total Business-Type Activities				<u>\$ 107,727,363</u>	<u>\$ 2,584,451</u>	<u>\$ 10,406,000</u>	<u>\$ 99,905,814</u>

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Bonded indebtedness on June 30, 2025 matures over fiscal years through 2047 as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,750,000	\$ 4,416,358	\$ 10,719,000	\$ 3,241,375
2027	4,505,000	4,245,853	11,059,000	2,910,161
2028	4,615,000	4,076,592	10,453,000	2,580,082
2029	4,725,000	3,897,566	9,883,000	2,270,921
2030	4,840,000	3,709,150	10,205,532	1,959,074
2031-2035	23,450,000	15,559,397	43,412,505	5,323,066
2036-2040	23,250,000	11,114,000	10,585,000	1,106,332
2041-2045	28,290,000	6,076,400	3,032,000	157,004
2046-2047	12,965,000	783,000	-	-
Amounts not yet drawn	-	-	(9,443,223)	-
	<u>\$ 111,390,000</u>	<u>\$ 53,878,316</u>	<u>\$ 99,905,814</u>	<u>\$ 19,548,015</u>

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, 2023 was \$10,583,781,561 limiting the amount of non-excepted general obligation bonds outstanding to \$317,513,447. Bonds of \$111,390,000 outstanding at June 30, 2025 are general obligations and subject to the statutory limitation.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Balance July 01, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 114,527,000	\$ -	\$ 3,137,000	\$ 111,390,000	\$ 4,750,000
Bond premium	14,411,537	-	748,942	13,662,595	748,956
Claims and judgments	211,640	-	211,640	-	-
Compensated absences *	5,928,986	134,845	-	6,063,831	5,150,000
Net pension liability *	103,283,291	-	15,324,087	87,959,204	-
Net OPEB liability *	48,743,791	-	1,593,910	47,149,881	-
TOTAL	\$ 287,106,245	\$ 134,845	\$ 21,015,579	\$ 266,225,511	\$ 10,648,956
Business-type activities:					
Bonds payable	\$ 107,727,363	\$ 2,584,451	\$ 10,406,000	\$ 99,905,814	\$ 10,719,000
Net pension liability	4,194,826	-	914,907	3,279,919	-
Net OPEB liability	1,520,808	-	163,474	1,357,334	-
TOTAL	\$ 113,442,997	\$ 2,584,451	\$ 11,484,381	\$ 104,543,067	\$ 10,719,000

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

9. LEASES

Leases Receivable

The City leases two floors of the Gateway Center Building to the Newport Community School. The lease begins on 7/1/22 and runs for a period of five years. The tenant will pay an annual amount of \$99,000 increasing by 2.5% each year. The lease agreement includes an additional 5-year term that can be exercised by the tenant. That option has not been included in the determination of the lease receivable as there is no certainty or likelihood that the option will be elected. The lease receivable and deferred inflows of resources of \$199,978 has been included as of June 30, 2025 because the lease is signed and the tenant has taken occupancy.

The Marriott and Brenton Hotels both lease parking spaces in the Gateway Center Garage. The Marriott exercised an option effective 11/1/2021 to extend their lease for five years with an annual payment of \$105,000. The Brenton entered into the lease with the City on 10/01/2020 for a 5-year term. The annual payment is \$30,000. The lease receivable and deferred inflows of resources at June 30, 2025 are \$131,248 and \$35,328 for the Marriott and Brenton, respectively.

The Ida Lewis Yacht Club leases the King Park boat ramp for winter storage of their floating docks. The lease began on 7/1/2014 with an original expiration date on 6/30/2024. In April the lease was extended for another five years until June 30, 2029 with a possible additional five-year period upon agreement between parties. The extended agreement stipulates an annual payment of \$3,250. The lease receivable and deferred inflows of resources are \$11,493 at June 30, 2025.

The Newport Yacht Club leases property on Newport Harbor including land, building, and harbor rights. The original lease began 11/13/1993 for a 30-year term with the option for an additional 10-year term that is expected to be exercised. The annual payment is \$59,628 in fiscal year 2022, payable quarterly in advance, and will increase by the Boston CPI-U index, not seasonally adjusted. 3% was used for

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

purposes of measuring the lease receivable and deferred inflows of resources. The Yacht Club is also required to provide approximately 100 feet of boat slip space (3-4 slips) for the Newport HarborMaster's use. The discounted commercial value of a slip is \$225 per foot as of May 2022. The total value of \$22,500 per year is included in the determination of the lease receivable and deferred inflows of resources. The Yacht Club also provides use of boat hauling equipment to the City, a Harbormaster maintenance building, area and employee parking, seawall maintenance of the walls leased as part of the property, public space for City events, youth sailing programs and provision of regatta and race events all as part of the lease agreement. Value has not been estimated related to these lease provisions. The Yacht Club also pays real estate taxes on the property, along with intangible property taxes to the City. The lease receivable and deferred inflows of resources was valued at \$664,480 at June 30, 2025.

Save The Bay has leased the ground floor of the Gateway Center for an aquarium and exploration center. The lease term is 10-years with two 5-year options. Rent for the premises will be 10% of any ticket price of admission with a minimum payment due of \$33,000 adjusted at year 11 to \$44,000 and adjusted at year 16 to \$49,500. Lease payments to the City have started on April 2024. Only the minimum payments have been used in the measurement of the lease receivable and deferred inflows of resources of \$298,558, and only the initial term of the lease has been included for amortization as it is unknown if the aquarium will be successful at the Gateway Center at this time. Save The Bay also has the right to use or sell advertising space in the existing advertising panels on the exterior of the Gateway Center. The City will receive 50% of any income generated from the sale of advertising space, as well as 50% of any revenue generated from subleases of up to 25% of the leased space. The lease receivable and deferred inflows of resources was valued at \$258,545 at June 30, 2025.

The City and School lease space and an easement to various cell phone providers for cell phone towers located on properties including parks, city facilities, one school facility and various water department facilities. Leases vary in terms and length of lease with expiration dates of June 30, 2026 to June 30, 2041. All leases and the one easement are for cash lease payments in advance. No other terms are included in the lease agreements. The lease receivable and deferred inflows of resources are \$329,082 for the Old Fort Road Cell Tower, \$655,021 for the water fund Reservoir Road tower and easement, \$8,619 for the water fund Lawton Valley Verizon cell tower, \$270,029 for the Lawton Valley Octagon cell tower and \$176,919 for the Rogers High School cell tower.

On The Pond has leased a portion of the South Easton Pond embankment area for parking for the operation of its restaurant business. The lease term is 5-years with 1-year option. The lease began on In February 2025 and the rent is 21,000 per year with an annual increase of 2%. The lease receivable and deferred inflows of resources was valued at \$98,030 at June 30, 2025.

Newport Historical Society has leased for its museum and office space the building located on 127 Thames St known as the Brick Market. The lease term is for 30 years which commenced on March 2025 and will expire on the last day of February 2055. The rent payment is of \$6,667 per year. The lease receivable and deferred inflows of resources was valued at \$102,994 at June 30, 2025.

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Schedule of Lease Payments, Assets, Liabilities & Deferred Inflows

City as Lessor Tenant Name	Received in Year Ended June 30, 2025		June 30, 2025	June 30, 2025	
	Principal	Interest	Leases	Deferred Inflows	
			Receivable	of Resources	
Newport Community School	\$ 89,046	\$ 12,429	\$ 199,978	\$ 199,978	Parking Fund
Brenton Hotel	26,820	3,180	35,328	35,328	Parking Fund
Ida Lewis Yacht Club	2,533	717	11,493	11,493	Maritime Fund
Marriott Hotel	93,502	11,498	131,248	131,248	Parking Fund
Newport Yacht Club	53,043	34,614	664,480	664,480	Maritime Fund
Save The Bay	24,406	13,594	258,545	258,545	Parking Fund
Old Fort Road Cell Tower	31,198	17,310	329,082	329,082	General Fund
On the Pond LLC	8,403	347	98,030	98,030	General Fund
Historical Society	932	1,291	102,994	102,994	General Fund
Reservoir Road Cell Tower	10,025	30,675	589,523	589,523	Water Fund
Reservoir Road Easement	2,651	3,349	65,498	65,498	Water Fund
Verizon Lawton Valley Tower	16,607	884	8,619	8,619	Water Fund
Octagon Lawton Valley Tower	8,093	13,906	270,029	270,029	Water Fund
Rogers High School Tower	61,739	10,538	176,919	176,919	School Unrestricted
Totals for all Funds	\$ 428,998	\$ 154,332	\$ 2,941,766	\$ 2,941,766	

The future principal and interest lease *receivables* as of June 30, 2025 are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 123,535	\$ 29,486	\$ 341,747	\$ 107,334
2027	133,546	28,685	264,649	85,528
2028	103,994	23,333	130,813	74,361
2029	70,852	17,904	141,499	70,198
2030	66,842	15,033	149,621	62,868
2031-2035	124,896	28,136	706,514	209,286
2036-2040	14,162	19,173	421,597	87,161
2041-2045	18,174	15,159	78,301	3,853
2046-2050	23,325	10,010	-	-
2051-2055	27,699	3,414	-	-
	\$ 707,025	\$ 190,333	\$ 2,234,741	\$ 700,589

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

10. 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:							
Loans receivable	\$ 984,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 984,199
Endowments	-	-	-	2,873,129	-	-	2,873,129
Total Nonspendable	<u>984,199</u>	<u>-</u>	<u>-</u>	<u>2,873,129</u>	<u>-</u>	<u>-</u>	<u>3,857,328</u>
Restricted:							
Trust purposes	-	-	-	19,259,265	-	-	19,259,265
Education	-	596,031	-	-	-	2,034,887	2,630,918
Planning, urban and economic development	-	-	-	-	-	646,602	646,602
Public services	-	-	-	-	-	87,931	87,931
Public safety	-	-	-	-	-	18,794	18,794
Community and social services	-	-	2,353,191	-	21,886,728	-	24,239,919
Total Restricted	<u>-</u>	<u>596,031</u>	<u>2,353,191</u>	<u>19,259,265</u>	<u>21,886,728</u>	<u>2,788,214</u>	<u>46,883,429</u>
Committed:							
General government	8,830,049	-	-	-	-	-	8,830,049
Capital improvements	-	-	180,730	-	9,492,389	26,105	9,699,224
Total Committed	<u>8,830,049</u>	<u>-</u>	<u>180,730</u>	<u>-</u>	<u>9,492,389</u>	<u>26,105</u>	<u>18,529,273</u>
Assigned:							
Public improvements	-	-	-	-	-	2,955,650	2,955,650
Unassigned	<u>36,798,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(309,979)</u>	<u>36,488,288</u>
Totals	<u>\$ 46,612,515</u>	<u>\$ 596,031</u>	<u>\$ 2,533,921</u>	<u>\$ 22,132,394</u>	<u>\$ 31,379,117</u>	<u>\$ 5,459,990</u>	<u>\$ 108,713,968</u>

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

11. RISK MANAGEMENT

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

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

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

12. PENSION PLANS

All eligible employees of the City are covered by one of four pension plans, the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), the Firemen's Pension Plan and the Policemen's Pension Plan. The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Municipal Plan covers all employees not covered under the Teachers' Plan. However, fire employees and police officers have elected to participate in a single-employer defined benefit pension plan administered by the City. The Firemen's Pension Plan and Policemen's Pension Plan cover all employees covered under a collective bargaining agreement either with the International Association of Firefighters, Local 1080 or the Fraternal Order of Police, Lodge Number 8. Total covered payroll under all plans during 2025 was \$52,754,072. Total City payroll was \$67,098,224 for the same period.

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

A. Teachers' Plan

Plan Description

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

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

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

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 rate is 1% per year with a maximum benefit accrual of 40%. For members retiring after July 1, 2024, retiree benefit amounts are based on the average three consecutive years of compensation. 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 to retirees based on statutory provisions (Section 36-10-35 of the Rhode Island General Laws). For members and/or beneficiaries of members who retired on or before June 30, 2012, cost of living adjustments are computed annually. For members retiring on or after July 1, 2012, twenty-five percent (or 1/4th) of the cost of living adjustment is computed annually until the plan reaches a 75% funded status. The full benefit adjustment is reinstated for all members upon the plan reaching the 75% funded status.

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

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal year 2025, City teachers were required to contribute 3.75% of their annual covered salary, except that teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the City; the rates were 11.42% and 15.54% of annual covered payroll for the fiscal year ended June 30, 2025 for the state and the City, respectively. The City contributed \$3,473,730, \$3,472,731, and \$3,546,256 for the fiscal years ended June 30, 2025, 2024 and 2023, respectively, equal to 100% of the required contributions for each year. The State's share of contribution for fiscal 2024 was \$2,387,883 and is reported as on-behalf payments and included in both revenue and expenditures on the fund financial statements.

**CITY OF NEWPORT, RHODE ISLAND
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JUNE 30, 2025**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the City reported a liability of \$26,053,612 for its proportionate share of the net pension liability, that reflected a reduction for contributions made by the State. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of net pension liability	\$	26,053,612
State's proportionate share of net pension liability		19,979,327
Total Net Pension Liability	<u>\$</u>	<u>46,032,939</u>

The net pension liability was measured as of June 30, 2024, 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, 2023 rolled forward to June 30, 2024. 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, 2024, the City's proportion was 1.093% (rounded), which was an increase of 0.018% from the prior year.

For the year ended June 30, 2025, the City recognized gross (combined state and city) pension expense for the teachers' Plan of \$6,933,967 and revenue of \$2,895,017 for support provided by the State. At June 30, 2025, 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	\$ -	\$ 1,597,985
Differences between expected and actual experience	177,897	621,113
Changes of assumptions	-	800,900
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,849,692	126,334
City contributions subsequent to the measurement date	<u>3,473,730</u>	<u>-</u>
Totals	<u>\$ 5,501,319</u>	<u>\$ 3,146,332</u>

**CITY OF NEWPORT, RHODE ISLAND
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The amount of \$3,473,730 reported as deferred outflows of resources related to pensions resulting from the City’s contributions in fiscal year 2025 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period rather than in the current fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>		
2026	\$	(1,250,248)
2027		556,424
2028		(280,844)
2029		(214,236)
2030		46,390
Thereafter		23,771
		<u>(1,118,743)</u>

Actuarial Assumptions

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

Inflation - 2.5%

Salary Increases - 2.75% to 7.25%

Investment rate of return - 7.0%

Mortality - variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP2021 with immediate convergence.

The actuarial assumptions used in the calculation of the total pension liability at June 30, 2024 measurement date were based on the 2023 Actuarial Experience Investigation Study for the six-year period ended June 30, 2022 as approved by the System’s Board on May 17, 2023.

**CITY OF NEWPORT, RHODE ISLAND
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The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2024 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-term Target Asset Allocation	Long-term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	25.90%	5.98%
International Developed Equity	10.00%	6.47%
Emerging Markets Equity	4.10%	8.10%
Sub-total	40.00%	
Private Growth		
Private Equity	12.50%	9.37%
Non-Core Real Estate	2.50%	4.92%
Sub-total	15.00%	
INCOME		
Equity Options	2.00%	5.69%
Liquid Credit	5.00%	4.36%
Private Credit	3.00%	4.36%
Collateralized Loan Obligations (CLO)	2.00%	4.36%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	1.00%
Systematic Trend	5.00%	4.02%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.92%
Private Infrastructure	4.00%	6.02%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	2.60%
Securitized Credit	3.25%	2.60%
Absolute Return	6.50%	4.02%
Cash	2.00%	1.00%
Sub-total	15.00%	
Total	100.00%	

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

**CITY OF NEWPORT, RHODE ISLAND
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Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 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:

	Decrease 6.00%	Discount Rate 7.00%	Increase 8.00%
City's Proportionate Share of the Net Pension Liability	\$ 33,828,229	\$ 26,053,612	\$ 18,989,564

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.

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 or \$25,000	962
\$25,001 or \$33,000	1,100
\$33,001 or \$40,000	1,237
\$40,001 and over	1,375

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

<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 \$29,388, \$29,601 and \$30,403 for the fiscal years ended June 30, 2025, 2024 and 2023, respectively, equal to 100% of the required contributions for each year.

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Pension Assets, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the City of Newport School District reported an asset of \$8,625,366 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, 2024, 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, 2023 rolled forward to June 30, 2024. The City's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2024 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2024, the City's proportion was 3.90% (rounded), which was a decrease of 0.07% from the prior year.

For the year ended June 30, 2025, the City recognized a pension credit of \$1,038,397 – an increase in the net pension asset. At June 30, 2025 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	\$ -	\$ 557,033
Differences between expected and actual experience	369,150	444,764
Changes of assumptions	20,550	339,684
Changes in proportion and differences between employer contributions and proportionate share of contributions	120,286	375,232
City contributions subsequent to the measurement date	<u>29,388</u>	<u>-</u>
Totals	<u>\$ 539,374</u>	<u>\$ 1,716,713</u>

The amount of \$29,388 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2025 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period rather than in the current fiscal year. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ (610,212)
2027	(64,941)
2028	(322,079)
2029	(205,743)
2030	(63,839)
Thereafter	<u>60,087</u>
	<u>(1,206,727)</u>

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 - 7.00%

Projected Salary Increases – 2.75% to 8.25%

**CITY OF NEWPORT, RHODE ISLAND
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Mortality - Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP2021 with immediate convergence.

Inflation - 2.50%

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

The actuarial assumptions used in the calculation of the total pension liability at June 30, 2024 measurement date were based on the 2023 Actuarial Experience Investigation Study for the six-year period ended June 30, 2022 as approved by the System's Board on May 17, 2023.

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

The June 30, 2023 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Long-term Target Asset Allocation	Long-term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	25.90%	5.98%
International Developed Equity	10.00%	6.47%
Emerging Markets Equity	4.10%	8.10%
Sub-total	40.00%	
Private Growth		
Private Equity	12.50%	9.37%
Non-Core Real Estate	2.50%	4.92%
Sub-total	15.00%	
INCOME		
Equity Options	2.00%	5.69%
Liquid Credit	5.00%	4.36%
Private Credit	3.00%	4.36%
Collateralized Loan Obligations (CLO)	2.00%	4.36%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	1.00%
Systematic Trend	5.00%	4.02%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.92%
Private Infrastructure	4.00%	6.02%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	2.60%
Securitized Credit	3.25%	2.60%
Absolute Return	6.50%	4.02%
Cash	2.00%	1.00%
Sub-total	15.00%	
Total	100.00%	

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

Discount Rate

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

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

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

	Decrease 6.00%	Discount Rate 7.00%	Increase 8.00%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (7,747,083)	\$ (8,625,366)	\$ (9,423,369)

Pension Plan Fiduciary Net Position

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

C. Municipal Employees’ Plan (MERS)

General Information about the Plan

Plan Description

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

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

Summary of Benefit Provisions

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

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

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

Final Compensation: Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable Final Average Compensation (FAC) will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. For members retiring after July 1, 2024, retiree benefit amounts are based on the average three consecutive years of compensation. Monthly benefits are based on one-twelfth of this amount.

General employees

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

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

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

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65

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with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

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

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

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

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

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

Police employees

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

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

Other Benefit Provisions

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

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

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Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member’s third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

Cost of living adjustments are provided to retirees based on statutory provisions (Section 36-10-35 of the Rhode Island General Laws). For members and/or beneficiaries of members who retired on or before June 30, 2012, cost of living adjustments are computed annually. For members retiring on or after July 1, 2012, twenty-five percent (or 1/4th) of the cost of living adjustment is computed annually until the plan reaches a 75% funded status. The full benefit adjustment is reinstated for all members upon the plan reaching the 75% funded status.

- a. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%
- c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$27,901 for 2022, \$28,878 for 2023 and \$29,776 for 2024.

At the June 30, 2024 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	270
Inactive, Nonretired Members	213
Inactive, Nonretired Members - Police	3
Active Members - Police	29
Active Members	327
Total	842

Contribution

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

General Employees contribute 2% of salary to the defined benefit plan and 5% of salary to the defined contribution plan. General employees with 20 plus years of service as of July 1, 2012 contribute 9.25% to the defined benefit plan. Police employees contribute 9% of salary to the defined benefit plan. The City’s actuarial determined rates of contribution are 21.63% for general employees and 7.60% for police employees. The City contributed \$3,669,302 in the year ended June 30, 2025, which was 18.74% of annual covered payroll.

**CITY OF NEWPORT, RHODE ISLAND
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Net Pension Liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2024 and rolled forward to June 30, 2025, 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, 2023 Measurement Date (June 30, 2022 Valuation Rolled Forward to June 30, 2023)

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

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

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

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

Asset Class	Long-term Target Asset Allocation	Long-term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	25.90%	5.98%
International Developed Equity	10.00%	6.47%
Emerging Markets Equity	4.10%	8.10%
Sub-total	40.00%	
Private Growth		
Private Equity	12.50%	9.37%
Non-Core Real Estate	2.50%	4.92%
Sub-total	15.00%	
INCOME		
Equity Options	2.00%	5.69%
Liquid Credit	5.00%	4.36%
Private Credit	3.00%	4.36%
Collateralized Loan Obligations (CLO)	2.00%	4.36%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	1.00%
Systematic Trend	5.00%	4.02%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.92%
Private Infrastructure	4.00%	6.02%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	2.60%
Securitized Credit	3.25%	2.60%
Absolute Return	6.50%	4.02%
Cash	2.00%	1.00%
Sub-total	15.00%	
Total	100.00%	

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

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
MERS Plan			
Beginning Balances	\$ 84,325,156	\$ 65,753,395	\$ 18,571,761
Changes for the Year:			
Service Cost	1,613,648	-	1,613,648
Interest on the Total Pension Liability	5,759,398	-	5,759,398
Benefit Changes	799,220	-	799,220
Differences Between Expected and Actual Experience	(1,332,467)	-	(1,332,467)
Changes in Assumptions	-	-	-
Other	-	(73,869)	73,869
Contributions - Employer	-	3,932,011	(3,932,011)
Contributions - Employee	-	642,379	(642,379)
Net Investment Income	-	6,739,274	(6,739,274)
Benefit Payments, Including Refunds of Member Contributions	(5,709,726)	(5,709,726)	-
Plan Administrative Expenses	-	(69,458)	69,458
Net Changes	<u>1,130,073</u>	<u>5,460,611</u>	<u>(4,330,538)</u>
Ending Balances	<u>\$ 85,455,229</u>	<u>\$ 71,214,006</u>	<u>\$ 14,241,223</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.

	Decrease 6.00%	Discount Rate 7.00%	Increase 8.00%
City's Proportionate Share of the Net Pension Liability - General Employees	\$ 22,704,403	\$ 14,723,948	\$ 7,410,036
City's Proportionate Share of the Net Pension Liability (Asset) - Police Employees	\$ (274,559)	\$ (482,725)	\$ (688,325)

Pension Plan Fiduciary Net Position

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

**CITY OF NEWPORT, RHODE ISLAND
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JUNE 30, 2025**

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

For the year ended June 30, 2025, the employer recognized pension expense of \$693,732 and \$121,261 for general and police employees, respectively. At June 30, 2025, 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>
Differences between expected and actual experience	\$ 170,206	\$ 2,044,294
Assumptions Changes	7,204	166,990
Net difference between projected and actual earnings on pension plan investments	-	1,907,815
City contributions subsequent to the measurement date	<u>3,669,302</u>	<u>-</u>
Totals	<u>\$ 3,846,712</u>	<u>\$ 4,119,099</u>

The amount of \$3,813,335 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

2026	\$ (2,161,560)
2027	(10,741)
2028	(945,292)
2029	(670,470)
2030	(35,017)
Thereafter	<u>(118,789)</u>
	<u>\$ (3,941,869)</u>

D. Fire Pension Plan and Police Pension Plan

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

Valuation of Investments

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

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, 2025, membership in each plan was as follows:

	Fire Plan	Police Plan
Total active employees	95	41
Inactive employees with vested rights Pension and beneficiaries	2 130	1 136
Total Plan Members	<u>227</u>	<u>178</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 2025, covered payroll under the plans was \$7,158,727 and \$4,005,599 for the fire and police plans, respectively. Rights to pension benefits become fully vested for fire and police participants after ten years of service. Police are eligible to retire after 20 years of service, and firefighters hired prior to July 1, 2011 are eligible to retire after 25 years of service. Firefighters hired on or after July 1, 2011 shall not be entitled to collect any pension or retirement benefits until they have attained the age of 58 or have completed 30 years of service.

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

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

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

Contributions

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

Financial Information

**STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025**

	Police Pension Plan	Fire Pension Plan	Total
Assets:			
Cash and investments	\$ 100,599,878	\$ 112,465,808	\$ 213,065,686
Liabilities:			
Accounts payable	63,573	66,274	129,847
Net Position:			
Net position restricted for pension benefits	<u>\$ 100,536,305</u>	<u>\$ 112,399,534</u>	<u>\$ 212,935,839</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	Police Pension Plan	Fire Pension Plan	Total
Additions:			
Contributions and other income	\$ 5,134,086	\$ 8,377,608	\$ 13,511,694
Investment gain, net of investment expenses	9,135,692	12,460,961	21,596,653
Total additions	<u>14,269,778</u>	<u>20,838,569</u>	<u>35,108,347</u>
Deductions:			
Benefits	7,345,269	7,831,724	15,176,993
Administration	62,680	65,480	128,160
Total deductions	<u>7,407,949</u>	<u>7,897,204</u>	<u>15,305,153</u>
Changes in Net Position	6,861,829	12,941,365	19,803,194
Net Position at Beginning of Year	<u>93,738,049</u>	<u>99,524,443</u>	<u>193,262,492</u>
Net Position at End of Year	<u>\$ 100,599,878</u>	<u>\$ 112,465,808</u>	<u>\$ 213,065,686</u>

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Investment Policy

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. Separate investment policies exist as these assets are invested for long-term growth and/or to meet specific funding targets. The policies identify the asset allocation plans and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 6.75% for the pension plans and 7.00% for the OPEB Trust per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policies are used to inform investment managers, consultants and custodians of the Commission’s goals, objectives and restrictions. The policies are also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plans set minimum, maximum and target allocation percentages of assets. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth Indices, respectively. The Mid Cap performance is benchmarked against the S & P 400 Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI All-World Free Ex-US Index, and the Fixed Income to the Barclays Aggregate Index. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. Currently, most of the funds are invested in mutual funds or collective trusts. For mutual funds, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

Asset Class	Target Allocation	Expected Real Rate of Return	Weighting
Large Cap Equity	20.00%	4.60%	0.92%
Mid Cap Equity	15.00%	4.98%	0.75%
Small Cap Equity	15.00%	4.98%	0.75%
International Equity	15.00%	4.95%	0.74%
Fixed Income	20.00%	2.79%	0.56%
Real Estate and Timber	15.00%	3.98%	0.60%
	100.00%		4.32%
Long-term inflation expectation			2.40%
Long-term expected nominal return			6.72%

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

Concentrations

As of June 30, 2025, and during the year then ended, no pension assets were invested in any organization which collectively held 5% or more of the total assets of either plan.

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 7.25% for police and 14.82% for fire for the year ended June 30, 2025. 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, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the City at June 30, 2025, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
Total pension liability	\$ 128,994,043	\$ 134,533,206
Plan fiduciary net position	(100,599,878)	(112,465,808)
City's Net Pension Liability	<u>\$ 28,394,165</u>	<u>\$ 22,067,398</u>
Plan fiduciary net position as a percentage of total pension liability	77.99%	83.60%

Actuarial Assumptions

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

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

	<u>Fire</u>	<u>Police</u>
Valuation Date	June 30, 2025	June 30, 2025
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method (police and fire)	Level Dollar Closed; 8 years for liability at July 1, 2018; future changes will be amortized separately, assuming a fresh 15-year amortization each valuation with level dollar payments.	
Asset appreciation	6.75% annually	6.75% annually
Salary increases	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.	2.4% plus longevity increases of 3.00% annually after 7 th year of employment and .50% for each year of employment thereafter.
Cost of living increase:		
Members retired prior to 8/21/11	2.4%	2.4%
Members retiring after 8/21/11	Bureau of Labor CPI for	

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Discount Rate

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

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability - police	\$ 44,509,047	\$ 28,394,165	\$ 15,116,681
Net pension liability - fire	38,595,213	22,067,398	8,392,513

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Policemen's Pension Plan			
Balances at July 1, 2024, Policemen's Plan	\$ 122,512,118	\$ 93,738,049	\$ 28,774,069
Changes for the Year:			
Service Cost	1,018,412	-	1,018,412
Interest	8,094,456	-	8,094,456
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	2,914,755	-	2,914,755
Changes of Assumptions	1,799,571	-	1,799,571
Contributions - Employer	-	4,810,345	(4,810,345)
Contributions - Employee	-	323,741	(323,741)
Net Investment Income	-	9,135,692	(9,135,692)
Benefit Payments, Including Refunds of Member Contributions	(7,345,269)	(7,345,269)	-
Plan Administrative Expenses	-	(62,680)	62,680
Net Changes	6,481,925	6,861,829	(379,904)
Balances at June 30, 2025, Policemen's Plan	\$ 128,994,043	\$ 100,599,878	\$ 28,394,165
Firemen's Pension Plan			
Balances at July 1, 2024, Firemen's Plan	\$ 133,310,327	\$ 99,524,443	\$ 33,785,884
Changes for the Year:			
Service Cost	1,724,748	-	1,724,748
Interest	8,854,862	-	8,854,862
Differences Between Expected and Actual Experience	(1,008,259)	-	(1,008,259)
Changes of Assumptions	(516,748)	-	(516,748)
Contributions - Employer	-	7,670,436	(7,670,436)
Contributions - Employee	-	707,172	(707,172)
Net Investment Income	-	12,460,961	(12,460,961)
Benefit Payments, Including Refunds of Member Contributions	(7,831,724)	(7,831,724)	-
Plan Administrative Expenses	-	(65,480)	65,480
Net Changes	1,222,879	12,941,365	(11,718,486)
Balances at June 30, 2025, Firemen's Plan	\$ 134,533,206	\$ 112,465,808	\$ 22,067,398

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

For the year ended June 30, 2025, the City recognized pension expense of \$5,494,217 and \$3,337,094 for the Police and Fire Plans, respectively. The City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Police Pension Plan:		
Difference between expected and actual experience	\$ 1,380,673	\$ (236,609)
Difference between expected and actual earnings on pension plan investments	1,840,337	-
Changes in assumptions	<u>852,428</u>	<u>-</u>
Total Police Pension Plan	<u>\$ 4,073,438</u>	<u>\$ (236,609)</u>
Fire Pension Plan:		
Difference between expected and actual experience	\$ 1,214,861	\$ (975,293)
Difference between expected and actual earnings on pension plan investments	-	(6,884,751)
Changes in assumptions	<u>531,269</u>	<u>(430,623)</u>
Total Fire Pension Plan	<u>\$ 1,746,130</u>	<u>\$ (8,290,667)</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>
2026	\$ 6,206,117	\$ 590,987
2027	(1,190,752)	(2,880,364)
2028	(634,764)	(2,742,772)
2029	(543,772)	(1,293,610)
2030	-	(218,778)
Thereafter	-	-

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

E. Aggregate Net Pension Liability and Expense

	<u>Net Pension Liability</u>	<u>Pension Expense</u>
Teacher's Plan (proportionate share)	\$ 26,053,612	\$ 2,464,907
Teachers' Survivors Benefit Plan	-	(1,038,397)
Municipal Employees' Plan	14,723,948	1,007,114
City Police Pension Plan	28,394,165	5,390,723
City Fire Pension Plan	22,067,398	689,073
	<u>\$ 91,239,123</u>	<u>\$ 8,513,420</u>
Totals	<u>\$ 91,239,123</u>	<u>\$ 8,513,420</u>

F. Defined Contribution Pension Plan

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

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

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

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

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

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Classes of Employees Covered

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

Active employees	698
Retired members and dependents	840
Total Plan Members	1,538

Benefit Provisions and Contributions

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

Basis of Accounting

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

Investment Policy

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

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

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

Concentrations

As of June 30, 2025, 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 13.74% for the year ended June 30, 2025. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City

In fiscal year 2018, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (OPEB)*. This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The City’s total OPEB liability was measured as of July 1, 2023. The July 1, 2023 total OPEB liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2025. The total OPEB liability at June 30, 2025 was also adjusted to reflect any material plan changes subsequent to July 1, 2023. The components of the net OPEB liability of the City at June 30, 2025 were as follows:

Total OPEB liability	\$ 131,993,552
Plan fiduciary net position	83,486,337
Net OPEB Liability	<u>48,507,215</u>

Plan fiduciary net position as a Percentage of the total OPEB Liability	63.25%
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Actuarial Assumptions

OPEB Trust assets are valued at their fair market value as established by quotations from applicable national securities exchanges. The July 1, 2024 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, 2025.

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

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

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

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

Discount Rate

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

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

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

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2024	\$ 123,473,408	\$ 73,208,809	\$ 50,264,599
Changes for the year:			
Service cost	1,757,003	-	1,757,003
Interest on total OPEB liability	8,224,974	-	8,224,974
Differences in experience	1,183,675	-	1,183,675
Changes of benefit terms	-	-	-
Changes in assumptions	4,224,562	-	4,224,562
Employer contributions	-	6,949,315	(6,949,315)
Net investment income (loss)	-	10,295,089	(10,295,089)
Benefit payments	(6,870,070)	(6,870,070)	-
Administrative expenses	-	(96,806)	96,806
Net changes	8,520,144	10,277,528	(1,757,384)
Balances as of June 30, 2025	\$ 131,993,552	\$ 83,486,337	\$ 48,507,215

**CITY OF NEWPORT, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

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

1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
\$ 62,813,381	\$ 48,507,215	\$ 36,408,615

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

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

1% Decrease Healthcare Cost Trend Rates (5.75% decreasing to 3.40%)	Current Healthcare Cost Trend Rates (6.75% decreasing to 4.40%)	1% Increase Healthcare Cost Trend Rates (7.75% decreasing to 5.40%)
\$ 34,692,952	\$ 48,507,215	\$ 64,934,242

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2025, the City recognized OPEB expense of \$947,756. The City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 914,658	\$ (5,827,039)
Changes of assumptions	6,013,686	-
Net differences between projected and actual earnings on OPEB plan investments	-	(4,365,251)
Totals	<u>\$ 6,928,344</u>	<u>\$ (10,192,290)</u>

**CITY OF NEWPORT, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

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

<u>Year Ending June 30,</u>	
2026	\$ 630,664
2027	(2,124,321)
2028	(1,191,129)
2029	(579,160)
2030	-
Thereafter	-
	<u>\$ (3,263,946)</u>

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, 2025**

Assets:	
Cash and investments	\$ 83,612,030
Liabilities:	
Accounts payable	125,693
Net Position:	
Net position restricted for OPEB benefits	<u>\$ 83,486,337</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2025**

Additions:	
Contributions and other income	\$ 6,949,315
Investment gain, net of investment expenses	10,237,142
Total additions	<u>17,186,457</u>
Deductions:	
Benefits	6,870,070
Administration	38,859
Total deductions	<u>6,908,929</u>
Changes in Net Position	10,277,528
Net Position at Beginning of Year	<u>73,208,809</u>
Net Position at End of Year	<u>\$ 83,486,337</u>

14. CONTINGENCIES

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

Required Supplementary Information

**CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
Property Taxes:				
Current taxes - Real Estate	\$ 89,168,980	\$ 89,168,980	\$ 88,585,208	\$ (583,772)
Delinquent taxes & penalties	825,000	825,000	454,760	(370,240)
Tax abatements	(1,000,000)	(1,000,000)	(122,982)	877,018
Meals and beverage tax	3,500,000	3,500,000	3,799,377	299,377
Hotel occupancy tax	3,700,000	3,700,000	3,940,208	240,208
Total property taxes	<u>96,193,980</u>	<u>96,193,980</u>	<u>96,656,571</u>	<u>462,591</u>
Intergovernmental Revenues:				
Public service corporation aid	335,601	335,601	354,965	19,364
Tangible property reimbursement	-	-	304,205	304,205
MV tax phase out	2,223,671	2,223,671	2,229,990	6,319
School housing aid	993,204	993,204	980,197	(13,007)
PILOT	1,773,418	1,773,418	1,773,418	-
Federal aid	-	-	96,075	96,075
Total intergovernmental revenues	<u>5,325,894</u>	<u>5,325,894</u>	<u>5,738,850</u>	<u>412,956</u>
Charges for Services:				
Service fees	824,773	824,773	836,657	11,884
Police special detail	1,630,000	1,630,000	2,253,451	623,451
Document prep and handling	55,000	55,000	51,014	(3,986)
Planning services	1,000	1,000	2,650	1,650
Solid waste hauler fees	3,000	3,000	2,250	(750)
Management services	1,327,126	1,327,126	1,254,925	(72,201)
Fire alarm assessments	156,000	156,000	159,775	3,775
Recreation Scholarship Revenue	1,000	1,000	1,763	763
Recreation Program Revenue	115,000	115,000	137,029	22,029
Parking tickets	900,000	900,000	1,001,472	101,472
Recording fees	200,000	200,000	186,229	(13,771)
Conveyance tax	1,000,000	1,000,000	1,516,375	516,375
Probate fees	46,000	46,000	49,732	3,732
Rescue fees	1,040,000	1,040,000	1,413,593	373,593
General business	115,000	115,000	126,456	11,456
Parking fund revenue share	300,000	300,000	735,271	435,271
Hotel registration fees	-	-	1,000	1,000
Short-Term Rental	290,000	290,000	186,498	(103,502)
Entertainment	25,000	25,000	28,540	3,540
Liquor	190,000	190,000	197,180	7,180
Mech amusement	5,000	5,000	5,675	675
Sunday selling	20,000	20,000	19,700	(300)
Victualing	56,000	56,000	52,950	(3,050)
Animal	3,000	3,000	4,814	1,814
Marriage	5,000	5,000	5,864	864
Building	1,583,600	1,583,600	2,938,720	1,355,120
Plumbing	60,000	60,000	135,257	75,257
Mechanical	200,000	200,000	326,947	126,947
Electrical	260,000	260,000	252,463	(7,537)
Planning & zoning fees	100,000	100,000	40,915	(59,085)
HDC application fee	30,000	30,000	31,700	1,700
Road opening	60,000	60,000	154,976	94,976
Fire inspection fees	90,000	90,000	157,236	67,236
Fire - sundry	20,000	20,000	12,080	(7,920)
Police - sundry	10,000	10,000	12,206	2,206
Municipal court cost assessment	140,000	140,000	268,160	128,160
Other miscellaneous	61,000	61,000	91,868	30,868
Bathhouses	-	-	69,259	69,259
Food service concessions	50,000	50,000	144,000	94,000
Outside vendor commissions	24,300	24,300	59,528	35,228
Beach parking	1,050,000	1,050,000	1,226,204	176,204
Total charges for services	<u>12,046,799</u>	<u>12,046,799</u>	<u>16,152,382</u>	<u>4,105,583</u>
Use of Money and Property:				
Rental of property	55,000	55,000	29,823	(25,177)
Investment interest	1,200,000	1,200,000	414,242	(785,758)
Short Term Investment	-	-	2,606,828	2,606,828
Bank Interest	20,000	20,000	1,581,456	1,561,456
Other funding Sources	-	-	40,533	40,533
Total use of money and property	<u>1,275,000</u>	<u>1,275,000</u>	<u>4,672,882</u>	<u>3,397,882</u>
Other Revenues:				
Sale of surplus equipment and property	-	-	756	756
Fireworks donations	35,000	35,000	46,290	11,290
Public donations	196,550	196,550	290,599	94,049
Total other revenues	<u>231,550</u>	<u>231,550</u>	<u>337,645</u>	<u>106,095</u>
Total revenues	<u>115,073,223</u>	<u>115,073,223</u>	<u>123,558,330</u>	<u>8,485,107</u>
Other Financing Sources:				
Transfers in	-	-	29,389	29,389
Total Revenues and Other Financing Sources	<u>\$ 115,073,223</u>	<u>\$ 115,073,223</u>	<u>\$ 123,587,719</u>	<u>\$ 8,514,496</u>

CITY OF NEWPORT, RHODE ISLAND
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 332,840	\$ 332,840	\$ 234,597	\$ 98,243
City Manager	2,165,148	2,165,148	1,934,506	230,642
City Solicitor	661,085	661,085	656,897	4,188
Canvassing	305,848	305,848	234,379	71,469
City Clerk	726,863	726,863	684,858	42,005
Finance	5,851,710	5,851,710	5,532,987	318,723
Reserve Accounts	254,152	254,152	1,169,165	(915,013)
Public Safety:				
Police Department	21,370,486	21,370,486	21,226,655	143,831
Fire Department	22,767,055	22,767,055	22,522,221	244,834
Public Services	13,235,255	13,235,255	12,440,224	795,031
Planning	847,242	847,242	613,920	233,322
Zoning and Inspections	1,171,190	1,171,190	1,124,295	46,895
Human Services:				
Donations	250,050	250,050	245,050	5,000
Public Library	2,052,332	2,052,332	2,052,332	-
Pension expenditures	3,805,120	3,805,120	3,618,035	187,085
Debt service	7,636,769	7,636,769	3,503,320	4,133,449
Total expenditures	<u>83,433,145</u>	<u>83,433,145</u>	<u>77,793,441</u>	<u>5,639,704</u>
Other financing uses:				
Transfers out	<u>31,640,078</u>	<u>31,640,078</u>	<u>34,911,320</u>	<u>(3,271,242)</u>
Total Expenditures and Other Financing Uses	<u>115,073,223</u>	<u>115,073,223</u>	<u>112,704,761</u>	<u>2,368,462</u>
Net Change in Fund Balance - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,882,958</u>	<u>\$ 10,882,958</u>

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Sources</u>	<u>Net Change in Fund Balance</u>
Balance, Budgetary Basis, June 30, 2025	\$ 123,587,719	\$ 112,704,761	\$ 10,882,958
Encumbrances outstanding at June 30, 2025	-	(473,355)	473,355
Encumbrances outstanding at June 30, 2024	-	652,538	(652,538)
Balance, GAAP Basis, Exhibit IV- June 30, 2025	<u>\$ 123,587,719</u>	<u>\$ 112,883,944</u>	<u>\$ 10,703,775</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability:										
Service cost	\$ 1,018,412	\$ 1,083,312	\$ 1,212,699	\$ 1,226,975	\$ 1,220,245	\$ 1,217,959	\$ 1,246,188	\$ 1,384,448	\$ 1,419,028	\$ 1,354,511
Interest	8,094,456	8,095,864	7,471,658	7,439,845	7,329,553	7,537,127	7,414,983	7,321,178	7,009,454	6,884,180
Changes of benefit terms	-	-	-	556,474	-	-	-	-	-	-
Differences between expected and actual experience	2,914,755	(1,814,005)	7,869,651	(2,170,282)	615,881	(2,379,850)	(2,039,638)	(288,627)	1,006,987	(982,867)
Changes of assumptions	1,799,571	-	-	192,612	2,655,274	453,865	1,029,570	(1,175,156)	494,208	2,833,210
Benefit payments, including refunds of member contributions	<u>(7,345,269)</u>	<u>(7,297,771)</u>	<u>(7,060,363)</u>	<u>(6,469,364)</u>	<u>(6,163,337)</u>	<u>(6,003,582)</u>	<u>(5,874,934)</u>	<u>(5,746,766)</u>	<u>(5,449,333)</u>	<u>(5,075,242)</u>
Net change in total pension liability	6,481,925	67,400	9,493,645	776,260	5,657,616	825,519	1,776,169	1,495,077	4,480,344	5,013,792
Total pension liability, beginning	<u>122,512,118</u>	<u>122,444,718</u>	<u>112,951,073</u>	<u>112,174,813</u>	<u>106,517,197</u>	<u>105,691,678</u>	<u>103,915,509</u>	<u>102,420,432</u>	<u>97,940,088</u>	<u>92,926,296</u>
Total Pension Liability, Ending (a)	\$ <u>128,994,043</u>	\$ <u>122,512,118</u>	\$ <u>122,444,718</u>	\$ <u>112,951,073</u>	\$ <u>112,174,813</u>	\$ <u>106,517,197</u>	\$ <u>105,691,678</u>	\$ <u>103,915,509</u>	\$ <u>102,420,432</u>	\$ <u>97,940,088</u>
Plan fiduciary net position:										
Contributions - employer	\$ 4,810,345	\$ 3,853,840	\$ 4,013,737	\$ 4,189,924	\$ 4,320,681	\$ 4,485,691	\$ 4,647,573	\$ 4,396,285	\$ 4,314,776	\$ 4,012,174
Contributions - member	323,741	350,447	371,702	375,279	400,509	407,013	437,037	453,304	418,174	447,063
Net investment income (loss)	9,135,692	6,578,569	8,531,588	(19,752,617)	30,147,899	656,436	5,380,521	8,533,830	8,344,427	(896,323)
Benefit payments, including refunds of member contributions	(7,345,269)	(7,297,771)	(7,060,363)	(6,469,364)	(6,163,337)	(6,003,582)	(5,874,934)	(5,746,766)	(5,449,333)	(5,075,242)
Administrative expense	<u>(62,680)</u>	<u>(59,738)</u>	<u>(58,138)</u>	<u>(64,767)</u>	<u>(61,625)</u>	<u>(57,652)</u>	<u>(65,081)</u>	<u>(74,866)</u>	<u>(176,061)</u>	<u>(125,892)</u>
Net change in plan fiduciary net position	6,861,829	3,425,347	5,798,526	(21,721,545)	28,644,127	(512,094)	4,525,116	7,561,787	7,451,983	(1,638,220)
Plan fiduciary net position - beginning	<u>93,738,049</u>	<u>90,312,702</u>	<u>84,514,176</u>	<u>106,235,721</u>	<u>77,591,594</u>	<u>78,103,688</u>	<u>73,578,572</u>	<u>66,016,785</u>	<u>58,564,802</u>	<u>60,203,022</u>
Plan Fiduciary Net Position - Ending (b)	\$ <u>100,599,878</u>	\$ <u>93,738,049</u>	\$ <u>90,312,702</u>	\$ <u>84,514,176</u>	\$ <u>106,235,721</u>	\$ <u>77,591,594</u>	\$ <u>78,103,688</u>	\$ <u>73,578,572</u>	\$ <u>66,016,785</u>	\$ <u>58,564,802</u>
City's Net Pension Liability (a)-(b)	\$ <u>28,394,165</u>	\$ <u>28,774,069</u>	\$ <u>32,132,016</u>	\$ <u>28,436,897</u>	\$ <u>5,939,092</u>	\$ <u>28,925,603</u>	\$ <u>27,587,990</u>	\$ <u>30,336,937</u>	\$ <u>36,403,647</u>	\$ <u>39,375,286</u>
Plan fiduciary net position as a percentage of the total pension liability	77.99%	76.51%	73.76%	74.82%	94.71%	72.84%	73.90%	70.81%	64.46%	59.80%
Covered payroll	\$ 3,713,153	\$ 4,005,599	\$ 4,248,419	\$ 4,315,256	\$ 4,385,744	\$ 4,624,139	\$ 4,657,433	\$ 5,175,212	\$ 5,003,060	\$ 5,351,641
City's net pension liability as a percentage of covered payroll	764.69%	718.35%	756.33%	658.99%	135.42%	625.53%	592.34%	586.20%	727.63%	735.76%

Notes to Schedule:

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

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

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability:										
Service cost	\$ 1,724,748	\$ 1,770,050	\$ 1,635,879	\$ 1,727,608	\$ 1,652,258	\$ 1,657,006	\$ 1,562,372	\$ 1,732,271	\$ 1,657,897	\$ 1,459,460
Interest	8,854,862	8,653,127	8,485,596	8,107,404	8,053,199	8,097,271	7,812,009	7,647,309	7,426,079	7,256,466
Differences between expected and actual experience	(1,008,259)	389,293	(89,991)	2,929,932	(523,604)	(136,728)	(267,625)	(433,125)	(1,067,973)	(268,376)
Changes of assumptions	(516,748)	-	-	232,500	2,738,397	441,297	1,167,567	(229,183)	993,720	2,868,540
Benefit payments, including refunds of member contributions	(7,831,724)	(7,726,977)	(7,641,827)	(6,974,806)	(6,885,860)	(6,506,534)	(6,364,551)	(6,189,815)	(5,880,883)	(5,794,738)
Net change in total pension liability	1,222,879	3,085,493	2,389,657	6,022,638	5,034,390	3,552,312	3,909,772	2,527,457	3,128,840	5,521,352
Total pension liability, beginning	133,310,327	130,224,834	127,835,177	121,812,539	116,778,149	113,225,837	109,316,065	106,788,608	103,659,768	98,138,416
Total Pension Liability, Ending (a)	\$ 134,533,206	\$ 133,310,327	\$ 130,224,834	\$ 127,835,177	\$ 121,812,539	\$ 116,778,149	\$ 113,225,837	\$ 109,316,065	\$ 106,788,608	\$ 103,659,768
Plan fiduciary net position:										
Contributions - employer	\$ 7,670,436	\$ 7,461,283	\$ 7,082,155	\$ 7,014,265	\$ 6,752,128	\$ 6,412,242	\$ 6,383,436	\$ 6,142,577	\$ 5,918,258	\$ 6,048,094
Contributions - member	707,172	653,053	627,025	627,214	620,074	626,867	612,901	597,058	594,650	602,467
Net investment income (loss)	12,460,961	13,270,458	8,564,403	(9,182,538)	19,421,781	3,054,503	2,608,401	5,150,800	6,435,115	(1,435,206)
Benefit payments, including refunds of member contributions	(7,831,724)	(7,726,977)	(7,641,827)	(6,974,806)	(6,885,860)	(6,506,534)	(6,364,551)	(6,189,815)	(5,880,883)	(5,794,738)
Administrative expense	(65,480)	(59,490)	(55,711)	(54,568)	(51,985)	(46,108)	(51,763)	(57,662)	(135,705)	(96,388)
Net change in plan fiduciary net position	12,941,365	13,598,327	8,576,045	(8,570,433)	19,856,138	3,540,970	3,188,424	5,642,958	6,931,435	(675,771)
Plan fiduciary net position - beginning	99,524,443	85,926,116	77,350,071	85,920,504	66,064,366	62,523,396	59,334,972	53,692,014	46,760,579	47,436,350
Plan Fiduciary Net Position - Ending (b)	\$ 112,465,808	\$ 99,524,443	\$ 85,926,116	\$ 77,350,071	\$ 85,920,504	\$ 66,064,366	\$ 62,523,396	\$ 59,334,972	\$ 53,692,014	\$ 46,760,579
City's Net Pension Liability (a)-(b)	\$ 22,067,398	\$ 33,785,884	\$ 44,298,718	\$ 50,485,106	\$ 35,892,035	\$ 50,713,783	\$ 50,702,441	\$ 49,981,093	\$ 53,096,594	\$ 56,899,189
Plan fiduciary net position as a percentage of total pension liability	83.60%	74.66%	65.98%	60.51%	70.54%	56.57%	55.22%	54.28%	50.28%	45.11%
Covered payroll	\$ 7,036,520	\$ 7,158,727	\$ 7,455,429	\$ 6,282,320	\$ 6,575,388	\$ 6,585,092	\$ 6,620,854	\$ 6,835,155	\$ 6,734,507	\$ 6,585,483
City's net pension liability as a percentage of covered payroll	313.61%	471.95%	594.18%	803.61%	545.85%	770.13%	765.80%	731.24%	788.43%	864.01%

Notes to Schedule:

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

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

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

Fiscal Year Measurement Date	2025 June 30, 2024	2024 June 30, 2023	2023 June 30, 2022	2022 June 30, 2021	2021 June 30, 2020	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015
City's proportion of the net pension liability	1.092996430%	1.074691920%	1.063228210%	1.026752210%	1.000441770%	1.009563520%	1.029433600%	1.042213410%	0.949724730%	1.015625070%
City's proportionate share of the net pension liability	\$ 26,053,612	\$ 26,081,022	\$ 28,714,806	\$ 24,163,568	\$ 31,964,173	\$ 32,212,837	\$ 32,707,660	\$ 32,872,313	\$ 28,335,774	\$ 27,960,185
State's proportionate share of the net pension liability	<u>19,979,327</u>	<u>19,894,933</u>	<u>21,236,616</u>	<u>17,919,452</u>	<u>23,750,163</u>	<u>24,130,751</u>	<u>24,397,565</u>	<u>24,843,571</u>	<u>19,405,844</u>	<u>19,101,521</u>
Total Liability	<u>\$ 46,032,939</u>	<u>\$ 45,975,955</u>	<u>\$ 49,951,422</u>	<u>\$ 42,083,020</u>	<u>\$ 55,714,336</u>	<u>\$ 56,343,588</u>	<u>\$ 57,105,225</u>	<u>\$ 57,715,884</u>	<u>\$ 47,741,618</u>	<u>\$ 47,061,706</u>
City's covered payroll	\$ 22,489,049	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
City's proportionate share of the net pension liability as a percentage of its covered payroll	115.85%	119.14%	148.07%	128.08%	170.76%	173.52%	178.44%	193.19%	170.25%	174.73%
Plan fiduciary net position as a percentage of the total pension liability	67.70%	65.80%	62.10%	54.30%	54.30%	54.60%	54.90%	54.00%	54.06%	57.55%

Notes to Schedule:

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

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

Fiscal Year Measurement Date	2025 June 30, 2024	2024 June 30, 2023	2023 June 30, 2022	2022 June 30, 2021	2021 June 30, 2020	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015
City's proportion of the net pension asset	3.90173885%	3.96869147%	3.80542057%	3.65189283%	3.58881318%	3.59251555%	3.63809711%	3.47300144%	3.29868150%	3.52658498%
City's proportionate share of the net pension liability (asset)	\$ (8,625,366)	\$ (7,979,313)	\$ (6,687,230)	\$ (7,146,506)	\$ (4,262,202)	\$ (4,075,559)	\$ (3,246,248)	\$ (2,873,089)	\$ (3,284,559)	\$ (3,292,265)
City's covered payroll	\$ 22,489,049	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677	\$ 16,002,256
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-38.35%	-36.45%	-34.48%	-37.88%	-22.77%	-21.95%	-17.71%	-16.89%	-19.73%	-20.57%
Plan fiduciary net position as a percentage of the total pension liability	190.2%	190.2%	177.7%	153.1%	153.1%	150.2%	135.0%	146.6%	146.6%	146.6%

Notes to Schedule:

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

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

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total pension liability:										
Service cost	\$ 1,613,648	\$ 1,495,621	\$ 1,427,379	\$ 1,393,857	\$ 1,406,903	\$ 1,385,770	\$ 1,368,855	\$ 1,183,562	\$ 1,112,632	\$ 1,012,748
Interest	5,759,398	5,677,074	5,661,463	5,563,128	5,552,267	5,480,921	5,331,361	5,388,417	5,264,384	5,102,024
Changes of benefit terms	799,220	-	-	-	-	-	-	-	-	1,364,563
Differences between expected and actual experience	(1,332,467)	(276,321)	(1,549,391)	(263,395)	(903,979)	(627,984)	559,617	(1,135,652)	264,579	(434,672)
Changes of assumptions	-	(241,809)	-	-	(642,013)	-	-	3,826,008	-	-
Benefit payments, including refunds of member contributions	(5,709,726)	(5,365,316)	(5,335,787)	(5,275,334)	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)
Net change in total pension liability	1,130,073	1,289,249	203,664	1,418,256	185,485	1,006,335	2,228,766	4,216,898	1,640,475	2,186,171
Total pension liability, beginning	84,325,156	83,035,907	82,832,243	81,413,987	81,228,502	80,222,167	77,993,401	73,776,503	72,136,028	69,949,857
Total Pension Liability, Ending (a)	\$ 85,455,229	\$ 84,325,156	\$ 83,035,907	\$ 82,832,243	\$ 81,413,987	\$ 81,228,502	\$ 80,222,167	\$ 77,993,401	\$ 73,776,503	\$ 72,136,028
Plan fiduciary net position:										
Contributions - employer	\$ 3,932,011	\$ 3,644,285	\$ 3,315,186	\$ 3,125,635	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 3,100,551	\$ 2,670,159	\$ 2,518,304
Contributions - member	642,379	567,570	550,411	551,155	538,393	540,393	549,030	513,971	465,743	234,906
Net investment income	6,739,274	5,216,439	(1,727,415)	14,065,593	1,915,976	3,232,507	3,782,044	5,065,942	21,439	1,073,486
Benefit payments, including refunds of member contributions	(5,709,726)	(5,365,316)	(5,335,787)	(5,275,334)	(5,227,693)	(5,232,372)	(5,031,067)	(5,045,437)	(5,001,120)	(4,858,492)
Administrative expense	(69,458)	(56,147)	(58,888)	(53,593)	(52,790)	(50,516)	(50,348)	(47,861)	(77,595)	(43,154)
Other	(73,869)	55,501	(84,699)	137,698	(181,902)	6,022	379,809	274,332	(43,443)	1,235
Net change in plan fiduciary net position	5,460,611	4,062,332	(3,341,192)	12,551,154	276,054	1,661,903	2,839,696	3,861,498	(1,964,817)	(1,073,715)
Plan fiduciary net position - beginning	65,753,395	61,691,063	65,032,255	52,481,101	52,205,047	50,543,144	47,703,448	43,841,950	45,806,767	46,880,482
Plan Fiduciary Net Position - Ending (b)	\$ 71,214,006	\$ 65,753,395	\$ 61,691,063	\$ 65,032,255	\$ 52,481,101	\$ 52,205,047	\$ 50,543,144	\$ 47,703,448	\$ 43,841,950	\$ 45,806,767
City's Net Pension Liability (a)-(b)	\$ 14,241,223	\$ 18,571,761	\$ 21,344,844	\$ 17,799,988	\$ 28,932,886	\$ 29,023,455	\$ 29,679,023	\$ 30,289,953	\$ 29,934,553	\$ 26,329,261
Plan fiduciary net position as a percentage of total pension liability	83.33%	77.98%	74.29%	78.51%	64.46%	64.27%	63.00%	61.16%	59.43%	63.50%
Covered payroll	\$ 19,756,575	\$ 17,971,282	\$ 16,706,075	\$ 15,710,302	\$ 15,690,971	\$ 15,195,478	\$ 14,654,765	\$ 13,388,168	\$ 12,543,133	\$ 11,708,075
City's net pension liability as a percentage of covered payroll	72.08%	103.34%	127.77%	113.30%	184.39%	191.00%	202.52%	226.24%	238.65%	224.88%

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.

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

Fire Pension Plan

Actuarial Valuation Date June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ADC Contributed	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 5,436,487	6,048,094	\$ (611,607)	111.3%	\$ 6,585,483	91.84%
2017	5,918,258	5,918,258	-	100.0%	6,734,507	87.88%
2018	6,142,577	6,142,577	-	100.0%	6,835,155	89.87%
2019	6,383,436	6,383,436	-	100.0%	6,620,854	96.41%
2020	6,412,242	6,412,242	-	100.0%	6,585,092	97.38%
2021	6,752,128	6,752,128	-	100.0%	6,575,388	102.69%
2022	7,014,265	7,014,265	-	100.0%	6,282,320	111.65%
2023	7,082,155	7,082,155	-	100.0%	7,455,429	94.99%
2024	7,461,283	7,461,283	-	100.0%	7,158,727	104.23%
2025	7,670,436	7,670,436	-	100.0%	7,036,520	109.01%

Police Pension Plan

Actuarial Valuation Date June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	% of ADC Contributed	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 3,327,981	\$ 4,012,174	\$ (684,193)	120.6%	\$ 5,351,641	74.97%
2017	4,063,560	4,314,776	(251,216)	106.2%	5,003,060	86.24%
2018	4,396,285	4,396,285	-	100.0%	5,175,212	84.95%
2019	4,647,573	4,647,573	-	100.0%	4,657,433	99.79%
2020	4,485,691	4,485,691	-	100.0%	4,624,139	97.01%
2021	4,320,681	4,320,681	-	100.0%	4,385,744	98.52%
2022	4,189,924	4,189,924	-	100.0%	4,315,256	97.10%
2023	4,013,737	4,013,737	-	100.0%	4,248,419	94.48%
2024	3,853,840	3,853,840	-	100.0%	4,005,599	96.21%
2025	4,810,345	4,810,345	-	100.0%	3,713,153	129.55%

Notes to Schedule:

Valuation Date: June 30, 2025

Measurement Date: June 30, 2025

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed; 9 years remaining for liabilities as of July 1, 2018; effective with the July 1, 2019 valuation, future changes in the unfunded accrued liability will be amortized separately, assuming a fresh 15-year amortization each valuation with level dollar payments.
Asset valuation method	Actuarial Value of assets; phases in recognition of differences between return on Fair Value and expected return on Fair Value over a 5-year period at 20% per year.
Inflation	2.40%
Salary increases, including longevity	2.40% per year plus longevity increases after seventh year of employment
Investment rate of return	6.75% effective July 1, 2021
Retirement age	Police members who have completed 20 years of service may retire Fire members who retired prior to July 1, 2011 may retire with 20 years of service and those who retire on or after July 1, 2011 with the earlier of age 58 or 30 years of service
Mortality	Pub-2016 Public Retirement Plans Amount-Weighted Mortality Tables for Public Safety employees, for annuitants and non-annuitants, projected to the valuation date with Scale MP-2021.

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

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,473,730	\$ 3,472,731	\$ 3,546,256	\$ 3,198,738	\$ 2,907,404	\$ 2,661,524	\$ 2,520,224	\$ 2,532,188	\$ 2,436,992	\$ 2,383,068
Contributions in relation to the contractually required contribution	<u>3,473,730</u>	<u>3,472,731</u>	<u>3,546,256</u>	<u>3,198,738</u>	<u>2,907,404</u>	<u>2,661,524</u>	<u>2,520,224</u>	<u>2,532,188</u>	<u>2,436,992</u>	<u>2,383,068</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 21,741,888	\$ 22,489,049	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
Contributions as a percentage of covered payroll	15.98%	15.44%	16.20%	16.49%	15.41%	14.22%	13.58%	13.81%	14.32%	14.32%

Notes to Schedule:

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 29,388	\$ 29,601	\$ 30,403	\$ 28,750	\$ 26,885	\$ 26,764	\$ 26,795	\$ 27,070	\$ 20,487	\$ 20,862
Contributions in relation to the contractually required contribution	<u>29,388</u>	<u>29,601</u>	<u>30,403</u>	<u>28,750</u>	<u>26,885</u>	<u>26,764</u>	<u>26,795</u>	<u>27,070</u>	<u>20,487</u>	<u>20,862</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 21,741,888	\$ 22,489,049	\$ 21,891,232	\$ 19,392,972	\$ 18,866,586	\$ 18,718,282	\$ 18,564,634	\$ 18,329,802	\$ 17,015,623	\$ 16,643,677
Contributions as a percentage of covered payroll	0.14%	0.13%	0.14%	0.15%	0.14%	0.14%	0.14%	0.15%	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 TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,669,302	\$ 3,813,335	\$ 3,734,223	\$ 3,125,635	\$ 3,121,252	\$ 3,284,070	\$ 3,165,869	\$ 3,210,228	\$ 2,988,105	\$ 2,811,308
Contributions in relation to the contractually required contribution	<u>3,669,302</u>	<u>3,813,335</u>	<u>3,734,223</u>	<u>3,125,635</u>	<u>3,121,252</u>	<u>3,284,070</u>	<u>3,165,869</u>	<u>3,210,228</u>	<u>2,988,105</u>	<u>2,811,308</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's Covered Payroll	\$ 19,578,892	\$ 19,756,575	\$ 17,971,282	\$ 16,706,075	\$ 15,710,302	\$ 15,690,971	\$ 15,195,478	\$ 14,654,765	\$ 13,388,168	\$ 12,543,133
Contributions as a percentage of covered payroll	18.74%	19.30%	20.78%	18.71%	19.87%	20.93%	20.83%	21.91%	22.32%	22.41%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense *									13.83%	-2.40%
Police Plan	9.62%	7.25%	10.00%	-18.43%	38.14%	0.82%	7.14%	12.62%		
Fire Plan	12.06%	14.82%	10.62%	-10.27%	27.97%	4.65%	4.17%	9.08%		

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:									
Service cost	\$ 1,757,003	\$ 1,592,390	\$ 1,613,164	\$ 1,592,536	\$ 1,560,134	\$ 1,658,323	\$ 1,794,271	\$ 1,602,911	\$ 1,365,521
Interest	8,224,974	8,367,263	8,432,585	8,623,875	8,821,290	9,618,285	9,095,042	9,373,447	8,932,105
Changes of benefit terms	-	(442,865)	(917,331)	-	(522,952)	-	(955,397)	-	-
Differences between expected and actual experience	1,183,675	(6,688,598)	(4,074,488)	(7,572,013)	(8,122,356)	(5,168,817)	209,086	(9,989,353)	-
Changes of assumptions	4,224,562	1,720,345	5,065,133	973,569	1,777,515	(1,797,126)	3,456,137	1,314,151	-
Benefit payments	(6,870,070)	(6,773,780)	(6,436,619)	(6,308,176)	(6,422,410)	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Net change in total OPEB liability	8,520,144	(2,225,245)	3,682,444	(2,690,209)	(2,908,779)	(2,134,706)	7,072,746	(3,593,059)	4,053,346
Total OPEB liability, beginning	123,473,408	125,698,653	122,016,209	124,706,418	127,615,197	129,749,903	122,677,157	126,270,216	122,216,870
Total OPEB Liability, Ending (a)	\$ 131,993,552	\$ 123,473,408	\$ 125,698,653	\$ 122,016,209	\$ 124,706,418	\$ 127,615,197	\$ 129,749,903	\$ 122,677,157	\$ 126,270,216
Plan fiduciary net position:									
Contributions - employer	\$ 6,949,315	\$ 6,868,415	\$ 4,424,849	\$ 7,128,176	\$ 6,422,410	\$ 7,293,233	\$ 7,346,393	\$ 6,614,215	\$ 6,964,280
Net investment income	10,295,089	7,913,899	7,195,824	(11,252,373)	17,705,528	1,346,380	2,759,253	4,785,765	4,972,032
Benefit payments	(6,870,070)	(6,773,780)	(6,436,619)	(6,308,176)	(6,422,410)	(6,445,371)	(6,526,393)	(5,894,215)	(6,244,280)
Administrative expense	(96,806)	(76,176)	(66,234)	(54,085)	(51,287)	(47,471)	(47,907)	(48,350)	(45,922)
Net change in plan fiduciary net position	10,277,528	7,932,358	5,117,820	(10,486,458)	17,654,241	2,146,771	3,531,346	5,457,415	5,646,110
Plan fiduciary net position - beginning	73,208,809	65,276,451	60,158,631	70,645,089	52,990,848	50,844,077	47,312,731	41,855,316	36,209,206
Plan Fiduciary Net Position - Ending (b)	\$ 83,486,337	\$ 73,208,809	\$ 65,276,451	\$ 60,158,631	\$ 70,645,089	\$ 52,990,848	\$ 50,844,077	\$ 47,312,731	\$ 41,855,316
City's Net OPEB Liability (a)-(b)	\$ 48,507,215	\$ 50,264,599	\$ 60,422,202	\$ 61,857,578	\$ 54,061,329	\$ 74,624,349	\$ 78,905,826	\$ 75,364,426	\$ 84,414,900
Plan fiduciary net position as a percentage of the total OPEB liability	63.25%	59.29%	51.93%	49.30%	56.65%	41.52%	39.19%	38.57%	33.15%
Covered payroll	\$ 53,272,918	\$ 51,793,405	\$ 48,597,910	\$ 46,582,811	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402
Net OPEB liability as a percentage of covered payroll	91.05%	97.05%	124.33%	132.79%	118.92%	166.29%	172.74%	169.28%	190.67%

Notes to Schedule:

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 7,170,784	\$ 6,488,059	\$ 6,569,233	\$ 6,460,170	\$ 6,920,250	\$ 7,237,210	\$ 7,781,651	\$ 7,162,648	\$ 7,666,176	\$ 8,018,221
Contributions in relation to the actuarially determined contribution	6,949,315	6,868,415	4,424,849	7,128,176	6,422,410	7,293,233	7,346,393	6,614,215	6,964,280	7,132,978
Contribution deficiency (excess)	\$ <u>221,469</u>	\$ <u>(380,356)</u>	\$ <u>2,144,384</u>	\$ <u>(668,006)</u>	\$ <u>497,840</u>	\$ <u>(56,023)</u>	\$ <u>435,258</u>	\$ <u>548,433</u>	\$ <u>701,896</u>	\$ <u>885,243</u>
Covered payroll	\$ 53,272,918	\$ 51,793,405	\$ 48,597,910	\$ 46,582,811	\$ 45,459,416	\$ 44,876,276	\$ 45,678,710	\$ 44,521,160	\$ 44,273,402	\$ 42,091,451
Contributions as a percentage of covered payroll	13.04%	13.26%	9.11%	15.30%	14.13%	16.25%	16.08%	14.86%	15.73%	16.95%

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	13.74%	11.85%	12.05%	-15.76%	33.42%	2.61%	5.74%	11.26%	13.65%

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

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

Permanent Trust Funds

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

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2025**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Nonspendable for Endowments</u>	<u>Restricted Fund Balance</u>
David Sears Trusts 1 - 2 (City Portion)	\$ 2,600,489	\$ (1,297)	\$ 750,000	\$ 1,849,192
David Sears Trust - Heirs of David Sears	5,340,036	(2,455)	1,039,381	4,298,200
David Sears Trust - Public Improvements	1,406,831	(790)	-	1,406,041
Joseph Hammett Fund (1892)	58,180	(29)	1,500	56,651
Henderson Home Fund (1980)	1,747,525	(852)	139,781	1,606,892
Freebody Fund	338,828	(157)	97,000	241,671
EV Coles Fund (1899)	547,280	(268)	61,321	485,691
Hunter Industrial Fund (1942)	186,982	(91)	25,000	161,891
King School Fund (1864)	386,081	(190)	8,914	376,977
City Burial Lots	972,150	(476)	-	971,674
Private Burial Lots	22,827	(10)	-	22,817
Belmont Memorial Fund (1950)	109,404	(50)	2,000	107,354
Judah Touro M & C Fund (1879)	321,717	(149)	10,000	311,568
Touro Street Fund (1823)	220,912	(103)	5,000	215,809
Derby Fuel Fund (1849)	31,441	(16)	500	30,925
Fry Orphan Fund (1859)	53,995	(25)	5,131	48,839
R & E Bullock Fund (1944)	124,382	(61)	1,000	123,321
Poor and Aged Fund (1863)	1,062,271	(528)	100,000	961,743
Alexander Agassiz Fund (1901)	292,942	(144)	31,087	261,711
George H Norman Foundation Fund (1901)	99,782	(49)	6,899	92,834
Barbara Chapman Fund (1990)	13,992	(6)	2,000	11,986
E Townsend Fund (1889)	699,081	(325)	155,137	543,619
George N Buckout Fund (1955)	335,447	(156)	15,000	320,291
Edward Newton Fund (1959)	116,818	(55)	-	116,763
Braman Cemetery	403,887	(198)	-	403,689
Louis H Hobbs Fund (1988)	125,237	(58)	25,000	100,179
RIICAN Fund	26,468	(12)	-	26,456
Pell School Tech Endowment Fund	1,586,677	(52,329)	120,000	1,414,348
Peter P Integlia Physical Education Scholarship	40,027	(19)	11,047	28,961
American Culinary Federation Award	92,321	(43)	250	92,028
Eileen Jeanes Jachna Award	64,494	(32)	2,000	62,462
William T Bull Award	56,998	(29)	20,000	36,969
Mercedes S Coulombe Award	215,308	(104)	10,000	205,204
Carol Ann Page Award	15,728	(7)	250	15,471
Avis G Marden Award	11,220	(5)	2,500	8,715
Class of 41 American Government Award	12,970	(7)	2,500	10,463
PF Carroll Scholarship	50,216	(25)	250	49,941
J Fitzgerald Scholarship	4,898	(2)	250	4,646
Smales Scholarship	29,405	(14)	250	29,141
Henry Vaughn Memorial Award	12,517	(5)	250	12,262
Adelson Biology Award	8,081	(4)	250	7,827
Leavitt Trust Award	32,143	(16)	250	31,877
Alliance Francaise Award	3,487	(2)	250	3,235
Lalli Trust Award	11,643	(6)	2,270	9,367
Goldstein Music Award	12,297	(6)	250	12,041
MB Howard Award	30,751	(15)	250	30,486
Newport School Book Award	1,080	(1)	250	829
Edward King Medal Award	174,876	(87)	2,000	172,789
Koehne Latin Award	6,813	(4)	250	6,559

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2025**

	<u>Cash and Investments</u>	<u>Accounts Payable</u>	<u>Nonspendable for Endowments</u>	<u>Restricted Fund Balance</u>
Mirman Math Award	5,773	(4)	250	5,519
GH Norman Award	16,343	(9)	500	15,834
Peckham Award	234,563	(111)	250	234,202
Pell Medal	8,175	(4)	200	7,971
Read Medal #1	2,746	(1)	250	2,495
Read Medal #2	3,048	(1)	250	2,797
Charles B King Award	37,153	(18)	250	36,885
Rogers High School Centennial Award	83,361	(40)	5,000	78,321
Almira Coffin Award	9,525	(4)	250	9,271
HH Toole Scholarship	28,237	(14)	250	27,973
Henry Heffernan Award	139,721	(68)	250	139,403
Bruen Scholarship	50,482	(25)	250	50,207
Sullivan Scholarship	76,206	(37)	250	75,919
Joseph P Cotton Memorial Award	47,989	(23)	250	47,716
Rufus E Darrah Memorial Award	17,292	(9)	250	17,033
Margaret P Stevens Award	2,523	(1)	250	2,272
Christine Meek Sullivan/Marx Award	43,617	(20)	250	43,347
Zelda Mirman Music/Drama Award	73,390	(35)	250	73,105
Wosencroft Scholarship	13,898	(6)	250	13,642
M/M Thomas Archambault Award	29,720	(15)	10,000	19,705
Class of 46 Rogers High School DLS Award	51,085	(26)	2,000	49,059
General Contractors Association Award	47,728	(24)	250	47,454
Cohen Scholarship	13,556	(6)	250	13,300
Townsend Scholarship	14,871	(8)	250	14,613
Dorothy Drinkwater Lecraw Award	103,127	(50)	35,000	68,077
Nicholas Logothets Award	14,430	(7)	250	14,173
Helene Lewis Memorial Scholarship	151,165	(74)	250	150,841
Kristen Jorge Memorial Scholarship	48,060	(23)	11,813	36,224
James Colton Crowley Award	165,294	(81)	250	164,963
Florence J Alofsin English Award	13,546	(6)	5,000	8,540
Sandra Clooney Memorial Scholarship	53,811	(27)	23,629	30,155
Allan Family Scholarship	191,787	(92)	78,819	112,876
Loeb/George Washington Essay Award	61,510	(6)	250	61,254
Tift-Oxley Scholarship Fund	92,756	(46)	37,700	55,010
John J Egan Scholarship Fund	59,331	(29)	250	59,052
Colleen Curry Dawson Fund	69,934	(33)	250	69,651
Total Permanent Trust Funds	<u>\$ 22,194,688</u>	<u>\$ (62,295)</u>	<u>\$ 2,873,129</u>	<u>\$ 19,259,264</u>

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Fund Balance July 1, 2024</u>	<u>Revenues Use of Money and Property and Investment Changes</u>	<u>Expenditures Human Services</u>	<u>Fund Balance June 30, 2025</u>
David Sears Trusts 1 - 12 (City Portion)	\$ 2,455,233	\$ 143,959	\$ -	\$ 2,599,192
David Sears Trust - Heirs of David Sears	4,650,571	687,010	-	5,337,581
David Sears Trust - Public Improvements	1,495,882	106,709	(196,550)	1,406,041
Joseph Hammett Fund (1892)	55,007	5,134	(1,990)	58,151
Henderson Home Fund (1980)	1,612,172	192,971	(58,470)	1,746,673
Freebody Fund	298,041	40,630	-	338,671
EV Coles Fund (1899)	507,450	57,962	(18,400)	547,012
Hunter Industrial Fund (1942)	173,606	19,585	(6,300)	186,891
King School Fund (1864)	358,784	40,117	(13,010)	385,891
City Burial Lots	901,441	102,923	(32,690)	971,674
Private Burial Lots	20,080	2,737	-	22,817
Belmont Memorial Fund (1950)	96,234	13,120	-	109,354
Judah Touro M & C Fund (1879)	283,089	38,479	-	321,568
Touro Street Fund (1823)	194,320	26,489	-	220,809
Derby Fuel Fund (1849)	30,196	2,329	(1,100)	31,425
Fry Orphan Fund (1859)	47,474	6,496	-	53,970
R & E Bullock Fund (1944)	116,210	12,321	(4,210)	124,321
Poor and Aged Fund (1863)	1,000,037	110,106	(48,400)	1,061,743
Alexander Agassiz Fund (1901)	272,063	30,605	(9,870)	292,798
George H Norman Foundation Fund (1901)	93,339	9,784	(3,390)	99,733
Barbara Chapman Fund (1990)	12,307	1,679	-	13,986
E Townsend Fund (1889)	614,927	83,829	-	698,756
George N Buckout Fund (1955)	295,065	40,226	-	335,291
Edward Newton Fund (1959)	102,757	14,006	-	116,763
Braman Cemetery	374,974	28,715	-	403,689
Louis H Hobbs Fund (1988)	110,160	15,019	-	125,179
RIICAN Fund	23,281	3,175	-	26,456
Pell School Tech Endowment Fund	1,422,078	163,840	(51,570)	1,534,348
Peter P Integlia Physical Education Scholarship	35,241	4,767	-	40,008
American Culinary Federation Award	81,266	11,012	-	92,278
Eileen Jeanes Jachna Award	60,773	5,909	(2,220)	64,462
William T Bull Award	53,941	4,988	(1,960)	56,969
Mercedes S Coulombe Award	197,538	24,536	(6,870)	215,204
Carol Ann Page Award	13,983	1,738	-	15,721
Avis G Marden Award	10,466	1,129	(380)	11,215
Class of 41 American Government Award	12,052	1,331	(420)	12,963
PF Carroll Scholarship	47,195	4,666	(1,670)	50,191
J Fitzgerald Scholarship	4,613	453	(170)	4,896
Smales Scholarship	26,010	3,381	-	29,391
Henry Vaughn Memorial Award	11,161	1,351	-	12,512
Adelson Biology Award	7,615	742	(280)	8,077
Leavitt Trust Award	30,832	2,415	(1,120)	32,127
Alliance Francaise Award	3,072	413	-	3,485
Lalli Trust Award	11,113	924	(400)	11,637
Goldstein Music Award	11,213	1,468	(390)	12,291
MB Howard Award	27,974	3,232	(470)	30,736
Newport School Book Award	956	123	-	1,079
Edward King Medal Award	164,858	18,376	(8,445)	174,789
Koehne Latin Award	6,455	584	(230)	6,809
Mirman Math Award	5,515	454	(200)	5,769
GH Norman Award	15,407	1,487	(560)	16,334

CITY OF NEWPORT, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Fund Balance July 1, 2024</u>	<u>Revenues Use of Money and Property and Investment Changes</u>	<u>Expenditures Human Services</u>	<u>Fund Balance June 30, 2025</u>
Peckham Award	209,820	28,141	(3,509)	234,452
Pell Medal	7,224	947	-	8,171
Read Medal #1	2,426	319	-	2,745
Read Medal #2	2,692	355	-	3,047
Charles B King Award	35,380	3,045	(1,290)	37,135
Rogers High School Centennial Award	77,880	8,271	(2,830)	83,321
Almira Coffin Award	8,918	923	(320)	9,521
HH Toole Scholarship	27,278	1,935	(990)	28,223
Henry Heffernan Award	130,163	14,220	(4,730)	139,653
Bruen Scholarship	47,484	4,703	(1,730)	50,457
Sullivan Scholarship	71,317	7,372	(2,520)	76,169
Joseph P Cotton Memorial Award	45,215	4,391	(1,640)	47,966
Rufus E Darrah Memorial Award	16,268	1,605	(590)	17,283
Margaret P Stevens Award	2,229	293	-	2,522
Christine Meek Sullivan/Marx Award	38,501	5,096	-	43,597
Zelda Mirman Music/Drama Award	66,921	8,814	(2,380)	73,355
Wosencroft Scholarship	13,167	1,205	(480)	13,892
M/M Thomas Archambault Award	28,629	2,116	(1,040)	29,705
Class of 46 Rogers High School DLS Award	48,035	4,774	(1,750)	51,059
General Contractors Association Award	45,023	4,301	(1,620)	47,704
Cohen Scholarship	12,593	1,407	(450)	13,550
Townsend Scholarship	14,049	1,324	(510)	14,863
Dorothy Drinkwater Lecraw Award	93,738	11,044	(1,705)	103,077
Nicholas Logothets Award	13,154	1,729	(460)	14,423
Helene Lewis Memorial Scholarship	141,088	15,133	(5,130)	151,091
Kristen Jorge Memorial Scholarship	43,812	5,755	(1,530)	48,037
James Colton Crowley Award	153,925	16,878	(5,590)	165,213
Florence J Alofsin English Award	12,351	1,619	(430)	13,540
Sandra Clooney Memorial Scholarship	50,498	5,116	(1,830)	53,784
Allan Family Scholarship	173,183	21,632	(3,120)	191,695
Loeb/George Washington Essay Award	11,093	51,456	(1,045)	61,504
Tift-Oxley Scholarship Fund	86,961	8,909	(3,160)	92,710
John J Egan Scholarship Fund	55,561	5,741	(2,000)	59,302
Colleen Curry Dawson Fund	63,668	7,733	(1,500)	69,901
Total Permanent Trust Funds	<u>\$ 20,306,271</u>	<u>\$ 2,353,736</u>	<u>\$ (527,614)</u>	<u>\$ 22,132,393</u>

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

School Restricted Funds

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

UDAG Fund

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

State Grants Fund

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

Substance Abuse Task Force

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

Sheffield Hub Grant

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

Restricted Cliff Walk Fund

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

Gift Fund

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

Capital Project Funds

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

School Capital Fund

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

Property Acquisition Fund

This fund is used to account for proceeds from the sale of City-owned properties. These funds are assigned by Council resolution for one-time expenditures or capital improvements.

**CITY OF NEWPORT, RHODE ISLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue						Capital Project		Total Nonmajor Governmental Funds
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund	Property Acquisition Fund	
Assets:									
Cash and cash equivalents	\$ 869,035	\$ 646,602	\$ 587,295	\$ 3,791	\$ 18,794	\$ 101,679	\$ 81,639	\$ 2,999,018	\$ 5,307,853
Receivables:									
Intergovernmental	1,672,142	-	582,161	-	-	-	-	-	2,254,303
Note/loan	-	105,000	-	-	-	-	-	420,736	525,736
Total Assets	\$ 2,541,177	\$ 751,602	\$ 1,169,456	\$ 3,791	\$ 18,794	\$ 101,679	\$ 81,639	\$ 3,419,754	\$ 8,087,892
Liabilities, Deferred Inflows of Resources and Fund Balances:									
Liabilities:									
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	14,268	-	-	-	-	-	-	-	14,268
Accounts payable	436,823	-	312,350	-	-	17,539	55,534	43,368	865,614
Total liabilities	451,091	-	312,350	-	-	17,539	55,534	43,368	879,882
Deferred Inflows of Resources:									
Unavailable revenue - loans receivable	-	105,000	-	-	-	-	-	420,736	525,736
Unavailable revenue - intergovernmental receivable	55,199	-	1,167,085	-	-	-	-	-	1,222,284
Total deferred inflows of resources	55,199	105,000	1,167,085	-	-	-	-	420,736	1,748,020
Fund Balances:									
Restricted	2,034,887	646,602	-	3,791	18,794	84,140	-	-	2,788,214
Committed	-	-	-	-	-	-	26,105	-	26,105
Assigned	-	-	-	-	-	-	-	2,955,650	2,955,650
Unassigned	-	-	(309,979)	-	-	-	-	-	(309,979)
Total fund balances	2,034,887	646,602	(309,979)	3,791	18,794	84,140	26,105	2,955,650	5,459,990
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,541,177	\$ 751,602	\$ 1,169,456	\$ 3,791	\$ 18,794	\$ 101,679	\$ 81,639	\$ 3,419,754	\$ 8,087,892

**CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue					Capital Project		Total Nonmajor Governmental Funds
	School Restricted Funds	UDAG Fund	State Grants Fund	Substance Abuse Task Force	Restricted Cliffwalk Fund	Gifts Fund	School Capital Fund	
Revenues:								
Intergovernmental revenues	\$ 5,606,680	\$ -	\$ 2,507,159	\$ -	\$ -	\$ -	\$ -	\$ 8,113,839
Charges for services	80,833	-	-	-	-	-	-	80,833
Use of money and property	-	-	-	-	-	-	170,734	170,734
Other revenues	2,737,267	-	69,332	-	758	71,729	-	2,879,086
Total Revenues	<u>8,424,780</u>	<u>-</u>	<u>2,576,491</u>	<u>-</u>	<u>758</u>	<u>71,729</u>	<u>170,734</u>	<u>11,244,492</u>
Expenditures:								
Current:								
General government	-	-	733,860	-	-	-	24,959	758,819
General education	5,637,601	-	540,005	-	-	-	-	6,177,606
Public safety	-	-	538,867	-	-	-	-	538,867
Public services	-	-	456,104	-	-	47,597	-	503,701
Human services	-	-	500,366	-	-	-	-	500,366
Capital outlays	72,916	-	-	-	-	-	751,860	824,776
Total Expenditures	<u>5,710,517</u>	<u>-</u>	<u>2,769,202</u>	<u>-</u>	<u>-</u>	<u>47,597</u>	<u>751,860</u>	<u>9,304,135</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,714,263</u>	<u>-</u>	<u>(192,711)</u>	<u>-</u>	<u>758</u>	<u>24,132</u>	<u>(751,860)</u>	<u>1,940,357</u>
Other Financing Sources (Uses):								
Transfers in	-	-	93,125	-	-	-	225,000	318,125
Transfers out	-	-	(123,050)	-	-	-	-	(123,050)
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(29,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>195,075</u>
Net Change in Fund Balances	2,714,263	-	(222,636)	-	758	24,132	(526,860)	2,135,432
Fund Balances at Beginning of Year	(679,376)	646,602	(87,343)	3,791	18,036	60,008	552,965	3,324,558
Fund Balances at End of Year	<u>\$ 2,034,887</u>	<u>\$ 646,602</u>	<u>\$ (309,979)</u>	<u>\$ 3,791</u>	<u>\$ 18,794</u>	<u>\$ 84,140</u>	<u>\$ 26,105</u>	<u>\$ 5,459,990</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, 2025

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 682,314	\$ 6,352,400	\$ 7,034,714
Investments	-	1,050,882	1,050,882
Accounts receivable:			
Current portion lease receivables	60,410	248,332	308,742
User fees (net of allowances)	41,787	295,640	337,427
Prepaid expenses	44,343	-	44,343
Total current assets	<u>828,854</u>	<u>7,947,254</u>	<u>8,776,108</u>
Noncurrent assets:			
Long-term lease receivables	615,563	376,767	992,330
Capital assets	8,546,488	6,161,768	14,708,256
Less accumulated depreciation	(2,140,936)	(3,242,997)	(5,383,933)
Total noncurrent assets	<u>7,021,115</u>	<u>3,295,538</u>	<u>10,316,653</u>
Total Assets	<u>7,849,969</u>	<u>11,242,792</u>	<u>19,092,761</u>
Deferred outflow of resources:			
Deferred outflows - pension	32,704	-	32,704
Deferred outflows - other post employment benefit	2,476	-	2,476
Total deferred outflow of resources	<u>35,180</u>	<u>-</u>	<u>35,180</u>
Liabilities:			
Current liabilities:			
Accounts payable	312,352	97,811	410,163
Accrued expenses	38,818	19,408	58,226
Total current liabilities	<u>351,170</u>	<u>117,219</u>	<u>468,389</u>
Long-term liabilities:			
Net pension liability	121,701	-	121,701
Total long-term liabilities	<u>121,701</u>	<u>-</u>	<u>121,701</u>
Total Liabilities	<u>472,871</u>	<u>117,219</u>	<u>590,090</u>
Deferred inflow of resources:			
Deferred inflows - leases	675,973	625,099	1,301,072
Deferred inflows - pension	52,882	-	52,882
Deferred inflows - other post employment benefit	5,628	-	5,628
Total deferred inflow of resources	<u>734,483</u>	<u>625,099</u>	<u>1,359,582</u>
Net Position:			
Net investment in capital assets	6,405,552	2,918,771	9,324,323
Unrestricted	272,243	7,581,703	7,853,946
Total Net Position	<u>\$ 6,677,795</u>	<u>\$ 10,500,474</u>	<u>\$ 17,178,269</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, 2025**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Operating Revenues:			
User fees	\$ 1,749,168	\$ 3,255,308	\$ 5,004,476
Operating Expenses:			
Salaries and benefits	595,252	182,804	778,056
Materials and supplies	56,493	23,646	80,139
Repairs and maintenance	103,215	246,766	349,981
Support services	163,990	490,694	654,684
Utilities	20,432	77,902	98,334
Administrative and other	156,026	974,874	1,130,900
Depreciation	213,813	122,037	335,850
Total operating expenses	<u>1,309,221</u>	<u>2,118,723</u>	<u>3,427,944</u>
Operating Income	439,947	1,136,585	1,576,532
Nonoperating revenues and expenses:			
Investment income (loss)	16,009	117,173	133,182
Total nonoperating revenues and expenses	<u>16,009</u>	<u>117,173</u>	<u>133,182</u>
Income Before Transfers	455,956	1,253,758	1,709,714
Transfers:			
Transfers out	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>
Changes in Net Position	355,956	1,053,758	1,409,714
Net Position at Beginning of Year	<u>6,321,839</u>	<u>9,446,716</u>	<u>15,768,555</u>
Net Position at End of Year	<u>\$ 6,677,795</u>	<u>\$ 10,500,474</u>	<u>\$ 17,178,269</u>

**CITY OF NEWPORT, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Maritime Fund</u>	<u>Parking Operations Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,696,296	\$ 3,262,237	\$ 4,958,533
Cash payments to suppliers for goods and services and other payments	(1,053,243)	(1,965,184)	(3,018,427)
Cash payments for employees for services	4,449	-	4,449
Net cash provided by (used in) operating activities	<u>647,502</u>	<u>1,297,053</u>	<u>1,944,555</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>(1,836,709)</u>	-	<u>(1,836,709)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,836,709)</u>	<u>-</u>	<u>(1,836,709)</u>
Cash Flows from Investing Activities:			
Investment income (loss)	<u>16,009</u>	<u>695,292</u>	<u>711,301</u>
Net cash provided by (used in) investing activities	<u>16,009</u>	<u>695,292</u>	<u>711,301</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,273,198)	1,792,345	519,147
Cash and Cash Equivalents at Beginning of Year	<u>1,955,512</u>	<u>4,560,055</u>	<u>6,515,567</u>
Cash and Cash Equivalents at End of Year	<u>\$ 682,314</u>	<u>\$ 6,352,400</u>	<u>\$ 7,034,714</u>
Reconciliation of Operating Income (Loss) to net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 439,947	\$ 1,136,585	\$ 1,576,532
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	213,813	122,037	335,850
Changes in assets and liabilities:			
Decrease (Increase) in accounts receivable	(26,265)	11,377	(14,888)
Decrease (Increase) in deferred outflows of resources:			
Deferred outflows - pension	29,215	-	29,215
Deferred outflows - other post employment benefit	(2,476)	-	(2,476)
(Decrease) Increase in accounts payable	8,112	31,502	39,614
(Decrease) Increase in accrued expenses	7,446	(4,448)	2,998
(Decrease) Increase in net pension liability	(29,056)	-	(29,056)
(Decrease) Increase in deferred inflow of resources:			
Deferred inflows - pension	1,138	-	1,138
Deferred inflows - other post employment benefit	5,628	-	5,628
Net Cash Provided by (Used in) Operating Activities	<u>\$ 647,502</u>	<u>\$ 1,297,053</u>	<u>\$ 1,944,555</u>
Noncash Investing, Capital and Related Financing Transactions:			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>\$ (50,680)</u>	<u>\$ (50,680)</u>
Total Noncash Investing, Capital and Related Financing Transactions	<u>\$ -</u>	<u>\$ (50,680)</u>	<u>\$ (50,680)</u>

Fiduciary Funds

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

Pension Trust Funds

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

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

Other Post-Employment Benefit Trust Fund

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

CITY OF NEWPORT, RHODE ISLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
 JUNE 30, 2025

	Pension Trust Funds			Other Post- Employment Benefit Trust Fund	Total Pension and Other Post- Employment Benefit Trust Funds
	Police Pension Fund	Fire Pension Fund	Total Pension Trust Funds		
Assets:					
Cash	\$ 1,185,701	\$ 2,790,886	\$ 3,976,587	\$ 1,486,096	\$ 5,462,683
Investments, at fair value:					
Fixed income mutual funds	6,790,106	7,490,663	14,280,769	4,751,047	19,031,816
Domestic equity common stock	5,749,785	6,343,010	12,092,795	5,012,505	17,105,300
Domestic equity mutual funds	45,723,472	50,440,912	96,164,384	39,453,008	135,617,392
International equity mutual funds	6,033,807	6,656,334	12,690,141	9,677,615	22,367,756
Alternative investments	35,180,581	38,810,277	73,990,858	23,231,759	97,222,617
Total assets	<u>100,663,452</u>	<u>112,532,082</u>	<u>213,195,534</u>	<u>83,612,030</u>	<u>296,807,564</u>
Liabilities:					
Accounts payable	63,573	66,274	129,847	125,693	255,540
Total liabilities	<u>63,573</u>	<u>66,274</u>	<u>129,847</u>	<u>125,693</u>	<u>255,540</u>
Net Position:					
Net position - restricted for pension benefits	100,599,879	112,465,808	213,065,687	-	213,065,687
Net position - restricted for other post-employment benefit	-	-	-	83,486,337	83,486,337
Total Net Position	<u>\$ 100,599,879</u>	<u>\$ 112,465,808</u>	<u>\$ 213,065,687</u>	<u>\$ 83,486,337</u>	<u>\$ 296,552,024</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, 2025

	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	\$ 323,741	\$ 707,172	\$ 1,030,913	\$ -	\$ 1,030,913
Employer	4,810,345	7,670,436	12,480,781	6,949,315	19,430,096
Total contributions	<u>5,134,086</u>	<u>8,377,608</u>	<u>13,511,694</u>	<u>6,949,315</u>	<u>20,461,009</u>
Investment income:					
Net change in fair value of investments	6,853,261	8,318,488	15,171,749	6,943,659	22,115,408
Interest, dividends and realized gains	2,461,523	4,329,173	6,790,696	3,403,644	10,194,340
Total investment income	<u>9,314,784</u>	<u>12,647,661</u>	<u>21,962,445</u>	<u>10,347,303</u>	<u>32,309,748</u>
Less investment expenses	<u>179,092</u>	<u>186,700</u>	<u>365,792</u>	<u>110,161</u>	<u>475,953</u>
Net investment income	<u>9,135,692</u>	<u>12,460,961</u>	<u>21,596,653</u>	<u>10,237,142</u>	<u>31,833,795</u>
Total additions	<u>14,269,778</u>	<u>20,838,569</u>	<u>35,108,347</u>	<u>17,186,457</u>	<u>52,294,804</u>
Deductions:					
Benefits	7,345,269	7,831,724	15,176,993	6,870,070	22,047,063
Administration	62,680	65,481	128,161	38,859	167,020
Total deductions	<u>7,407,949</u>	<u>7,897,205</u>	<u>15,305,154</u>	<u>6,908,929</u>	<u>22,214,083</u>
Changes in Net Position	6,861,829	12,941,364	19,803,193	10,277,528	30,080,721
Net Position at Beginning of Year	<u>93,738,050</u>	<u>99,524,444</u>	<u>193,262,494</u>	<u>73,208,809</u>	<u>266,471,303</u>
Net Position at End of Year	<u>\$ 100,599,879</u>	<u>\$ 112,465,808</u>	<u>\$ 213,065,687</u>	<u>\$ 83,486,337</u>	<u>\$ 296,552,024</u>

Annual Supplemental Transparency Report

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2025

EXHIBIT E-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 88,462,226	\$ -
Last Year's Levy Tax Collection	35,010	-
Prior Years Property Tax Collection	13,806	-
Interest & Penalty	405,944	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	4,282,064	-
Fines and Forfeitures	1,269,631	-
Investment Income	4,735,709	-
Departmental	12,305,584	-
Rescue Run Revenue	1,413,593	-
Police & Fire Detail	2,253,451	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	1,306,983
Impact Aid	-	525,480
Medicaid	-	710,543
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	971,819
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	96,075	4,271,160
COVID - ESSER	-	71,045
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	597,189	-
MV Excise Tax Reimbursement	-	-
State PILOT Program	1,773,418	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	354,965	-
Meals & Beverage Tax / Hotel Tax	7,739,585	-
LEA Aid	-	15,725,702
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	980,197	-
State Food Service Revenue	-	-
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	304,206	382,650
Motor Vehicle Phase Out	2,229,990	-
Tangible Property Reimbursement	-	-
Cannabis Tax Distribution	-	-
Other Revenue	40,533	3,728,122
Local Appropriation for Education	-	28,755,587
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 129,293,176	\$ 56,449,091
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	225,000
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	76,215	-
Rounding	-	-
Total Other Financing Sources	\$ 76,215	\$ 225,000

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2025

EXHIBIT E-1

EXPENDITURES	General		Social	Centralized			Public	Parks and	Police
	Government	Finance	Services	IT	Planning	Libraries	Works	Rec	Department
Compensation- Group A	\$ 2,570,426	\$ 1,859,167	\$ -	\$ -	\$ 1,202,598	\$ -	\$ 2,094,120	\$ 1,776,116	\$ 7,885,293
Compensation - Group B	-	-	-	-	-	-	-	-	1,121,467
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	24,132	69,763	-	-	-	-	88,239	45,379	1,220,419
Overtime - Group B	-	-	-	-	-	-	-	-	128,099
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	1,703,358
Active Medical Insurance - Group A	435,381	413,192	-	-	139,590	-	452,836	284,519	1,514,395
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	237,520
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	18,332	17,734	-	-	6,364	-	19,609	11,294	61,238
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	10,111
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	157,372	143,125	-	-	93,263	-	159,539	140,297	349,821
Life Insurance	1,461	390	-	-	324	-	873	772	(3,105)
State Defined Contribution- Group A	13,071	14,448	-	-	9,517	-	16,132	7,415	76,188
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	8,749
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	4,810,345
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	330,807	344,043	-	-	204,461	-	386,248	210,706	215,221
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	196,417
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	289,776	984,027	-	-	43,673	-	667,363	180,415	381,741
Materials/Supplies	196,228	1,129,264	-	-	21,566	-	168,508	279,272	336,970
Software Licenses	-	482,178	-	-	-	-	-	-	-
Capital Outlays	-	-	-	-	14,850	-	476,094	155,652	276,752
Insurance	1,193,332	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	115,029	80,228	62,307
Vehicle Operations	-	-	-	-	16,802	-	337,376	139,039	339,953
Utilities	75,000	-	-	-	-	-	87,186	99,276	70,209
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	826,233	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	180,509	-	-
Trash Removal & Recycling	-	-	-	-	-	-	2,609,859	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	245,050	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	2,052,332	-	-	-
Tipping Fees	-	-	-	-	-	-	358,446	-	-
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	\$ 5,550,368	\$ 5,457,331	\$ -	\$ -	\$ 1,753,008	\$ 2,052,332	\$ 9,044,199	\$ 3,410,380	\$ 21,003,468

City of Newport
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2025

EXHIBIT E-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 8,659,415	\$ -	\$ 649,656	\$ -	\$ -	\$ -	\$ 26,696,791	\$ 20,761,466
Compensation - Group B	81,599	-	-	-	-	-	1,203,066	2,499,600
Compensation - Group C	-	-	-	-	-	-	-	5,793,558
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,172,387	-	8,406	-	-	-	2,628,725	-
Overtime - Group B	-	-	-	-	-	-	128,099	-
Overtime - Group C	-	-	-	-	-	-	-	114,561
Police & Fire Detail	123,687	-	-	-	-	-	1,827,045	-
Active Medical Insurance - Group A	1,717,888	-	29,364	-	-	-	4,987,165	2,798,000
Active Medical Insurance- Group B	8,848	-	-	-	-	-	246,368	356,929
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,064,151
Active Dental insurance- Group A	77,255	-	1,320	-	-	-	213,146	154,900
Active Dental Insurance- Group B	319	-	-	-	-	-	10,430	19,760
Active Dental Insurance- Group C	-	-	-	-	-	-	-	61,736
Payroll Taxes	149,822	-	48,497	-	-	-	1,241,736	1,066,382
Life Insurance	8,236	-	135	-	-	-	9,086	323,850
State Defined Contribution- Group A	-	-	1,939	-	-	-	138,710	479,733
State Defined Contribution - Group B	829	-	-	-	-	-	9,578	52,896
State Defined Contribution - Group C	-	-	-	-	-	-	-	53,646
Other Benefits- Group A	-	-	-	-	-	-	-	54,075
Other Benefits- Group B	-	-	-	-	-	-	-	23,469
Other Benefits- Group C	-	-	-	-	-	-	-	8,565
Local Defined Benefit Pension- Group A	7,670,439	-	-	-	-	-	12,480,784	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	38,738	-	-	-	1,730,224	3,045,147
State Defined Benefit Pension - Group B	16,563	-	-	-	-	-	212,980	396,062
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	1,187,053
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	822,847	-	1,788,733	-	-	-	5,158,575	9,514,846
Materials/Supplies	481,329	-	103,529	-	-	-	2,716,666	906,950
Software Licenses	-	-	-	-	-	-	482,178	31,057
Capital Outlays	397,850	-	-	-	-	-	1,321,198	653,794
Insurance	-	-	-	-	-	-	1,193,332	497,447
Maintenance	72,570	-	294,825	-	-	-	624,959	1,449,852
Vehicle Operations	203,598	-	21,562	-	-	-	1,058,330	119,413
Utilities	62,482	-	105,382	-	-	-	499,535	1,327,824
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	826,233	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	180,509	-
Trash Removal & Recycling	-	-	-	-	-	-	2,609,859	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	245,050	-
Other Operation Expenditures	-	-	335,850	-	-	-	2,388,182	531,186
Tipping Fees	-	-	-	-	-	-	358,446	-
Local Appropriation for Education	-	-	-	28,755,587	-	-	28,755,587	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,072,000	-	1,072,000	-
Municipal Debt- Interest	-	-	-	-	25,965	-	25,965	-
School Debt- Principal	-	-	-	-	2,065,000	-	2,065,000	49,183
School Debt- Interest	-	-	-	-	288,005	-	288,005	7,817
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	5,053,960	5,053,960	1,368,236
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 21,727,963	\$ -	\$ 3,427,936	\$ 28,755,587	\$ 3,450,970	\$ 5,053,960	\$ 110,687,502	\$ 56,773,144

Financing Uses: Transfer to Capital Funds	\$ 6,455,732	\$ -
Financing Uses: Transfer to Other Funds	93,652	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 6,549,384	\$ -
Net Change in Fund Balance¹	12,132,505	(99,053)
Fund Balance1- beginning of year	\$51,741,327	\$3,140,418
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	(1,818)
Misc. Adjustment	-	(271,831)
Fund Balance² - beginning of year adjusted	51,741,327	2,866,769
Rounding	-	-
Fund Balance³ - end of year	\$ 63,873,832	\$ 2,767,716

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, 2025

EXHIBIT E-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, 2024						\$ 51,741,327	-	\$ 51,741,327	
<i>No funds removed from RGS for fiscal 2024</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2024</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2024</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2025 adjusted						<u>\$ 51,741,327</u>	<u>-</u>	<u>\$ 51,741,327</u>	
General Fund	\$ 123,558,330	\$ 29,389	\$ 77,972,624	\$ 34,911,320	\$ 10,703,775	\$ 35,908,740	-	\$ 35,908,740	\$ 46,612,515
Maritime Fund	1,765,177	-	1,309,221	100,000	355,956	6,321,839	-	6,321,839	6,677,795
Parking Fund	3,372,481	-	2,118,723	200,000	1,053,758	9,446,716	-	9,446,716	10,500,474
State and Federal Grants Fund	2,576,491	93,125	2,769,202	123,050	(222,636)	(87,343)	-	(87,343)	(309,979)
Totals per audited financial statements	<u>\$ 131,272,479</u>	<u>\$ 122,514</u>	<u>\$ 84,169,770</u>	<u>\$ 35,334,370</u>	<u>\$ 11,890,853</u>	<u>\$ 51,589,952</u>	<u>-</u>	<u>\$ 51,589,952</u>	<u>\$ 63,480,805</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 28,755,587	\$ (28,755,587)	\$ -	-	-	-	-
Remove unreportable functions in the state and federal grants fund	(1,979,303)	(46,299)	(2,237,855)	(29,399)	241,652	151,375	-	151,375	393,027
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 129,293,176</u>	<u>\$ 76,215</u>	<u>\$ 110,687,502</u>	<u>\$ 6,549,384</u>	<u>\$ 12,132,505</u>	<u>\$ 51,741,327</u>	<u>-</u>	<u>\$ 51,741,327</u>	<u>\$ 63,873,832</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, 2025

EXHIBIT E-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, 2024						\$ 3,140,418	(1,818)	\$ 3,138,600	
Adjustment for indirect costs for fiscal 2024						(275,278)		(275,278)	
Adjustment for employee contributions to OPEB trust in fiscal 2024						3,447		3,447	
Miscellaneous adjustment(s) made for fiscal 2024						-		-	
Fund Balance¹ - per MTP-2 at June 30, 2025 adjusted						<u>\$ 2,868,587</u>		<u>\$ 2,866,769</u>	
School Unrestricted Fund	\$ 21,656,607	\$ 28,755,587	\$ 52,811,161	\$ -	\$ (2,398,967)	\$ 2,994,998	\$ -	\$ 2,994,998	\$ 596,031
Enterprise Fund ¹	-	-	-	-	-	-	-	-	-
SBA School Capital Project Fund	-	225,000	751,860	-	(526,860)	552,965	-	552,965	26,105
School Special Revenue Funds	8,424,780	-	5,710,517	-	2,714,263	(679,376)	(1,818)	(681,194)	2,033,069
Totals per audited financial statements	<u>\$ 30,081,387</u>	<u>\$ 28,980,587</u>	<u>\$ 59,273,538</u>	<u>\$ -</u>	<u>\$ (211,564)</u>	<u>\$ 2,868,587</u>	<u>\$ (1,818)</u>	<u>\$ 2,866,769</u>	<u>\$ 2,655,205</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	\$ 28,755,587	\$ (28,755,587)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,387,883)	-	(2,387,883)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	-	-	(112,511)	-	112,511	-	-	-	112,511
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 56,449,091</u>	<u>\$ 225,000</u>	<u>\$ 56,773,144</u>	<u>\$ -</u>	<u>\$ (99,053)</u>	<u>\$ 2,868,587</u>	<u>\$ (1,818)</u>	<u>\$ 2,866,769</u>	<u>\$ 2,767,716</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Funds transferred from city to school	\$ 225,000	\$ (225,000)	\$ -						
Re-Appropriated Fund Balance	1,912,926		-						
Miscellaneous variance between MTP2 and UCOA	(4)		-						
Totals per UCOA Validated Totals Report Dated 11/18/2025	<u>\$ 58,587,013</u>		<u>\$ 56,773,144</u>						

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

	2016	2017	2018	Fiscal Year 2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	81,672,157	87,510,639	92,189,696	102,078,305	105,969,091	107,505,779	93,342,760	24,925,263	114,031,428	120,384,512
Restricted for:										
Permanent Funds:										
Expendable	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966 ^	17,887,989	13,802,299	15,378,383	17,431,406	19,259,265
Nonexpendable	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651 ^	2,873,129	2,873,129	2,873,129	2,873,129	2,873,129
Net pension asset	-	-	-	-	-	-	-	-	8,252,231	9,108,091
Public Improvements	-	-	-	-	-	-	104,520,990	11,496,764	23,272,869	24,239,919
Education	-	-	-	-	-	-	5,978,709	6,530,383	2,994,998	2,630,918
Housing and development	-	-	-	-	-	-	3,588,419	2,614,551	2,705,693	753,327
Debt service	-	-	-	-	-	-	-	-	-	-
Unrestricted	(101,775,344)	(104,620,306)	(177,270,598)	(173,662,570)	(165,762,308)	(141,844,578)	(209,076,945)	(23,189,960)	(102,320,024)	(80,538,274)
Total governmental activities net position	<u>(9,636,092)</u>	<u>(5,056,686)</u>	<u>(72,181,582)</u>	<u>(57,661,202)</u>	<u>(45,833,600)</u>	<u>(13,577,681)</u>	<u>15,029,361</u>	<u>40,628,513</u>	<u>69,241,730</u>	<u>98,710,887</u>
Business-type activities:										
Net investment in capital assets	95,899,498	106,853,154	119,347,616	122,613,622	125,121,623	128,320,509	137,620,947	147,011,627	172,138,231	169,019,489
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	-	-	-	-
Debt service	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219	25,315,965	23,957,716	24,107,241	24,986,167
Unrestricted	1,020,916	(5,555,498)	(9,336,063)	4,989,496	14,403,114	16,285,078	17,511,080	19,708,123	5,305,264	15,332,546
Total business-type activities net position	<u>131,446,368</u>	<u>137,575,362</u>	<u>140,366,702</u>	<u>150,057,569</u>	<u>164,002,604</u>	<u>170,325,806</u>	<u>180,447,992</u>	<u>190,677,466</u>	<u>201,550,736</u>	<u>209,338,202</u>
Primary government:										
Net investment in capital assets	177,571,655	194,363,793	211,537,312	224,691,927	231,090,714	235,826,288	230,963,707	171,936,890	286,169,659	289,404,001
Restricted for:										
Permanent Funds:										
Expendable	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989	13,802,299	15,378,383	17,431,406	19,259,265
Nonexpendable	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129	2,873,129	2,873,129	2,873,129	2,873,129
Held in trust	99,000	99,000	99,000	99,000	99,000	99,000	-	-	-	-
Debt service	34,426,954	36,178,706	30,256,149	22,355,451	24,378,867	25,621,219	25,315,965	23,957,716	24,107,241	24,986,167
Net pension asset	-	-	-	-	-	-	-	-	8,252,231	9,108,091
Public improvements	-	-	-	-	-	-	104,520,990	11,496,764	23,272,869	24,239,919
Housing and development	-	-	-	-	-	-	3,588,419	2,614,551	2,705,693	753,327
Education	-	-	-	-	-	-	5,978,709	6,530,383	2,994,998	2,630,918
Unrestricted	(100,754,428) *	(110,175,804) *	(186,606,661)	(168,673,074)	(151,359,194)	(125,559,500)	(191,565,865)	(3,481,837)	(97,014,760)	(65,205,728)
Total primary government net position	<u>\$ 121,810,276</u>	<u>\$ 132,518,676</u>	<u>\$ 68,185,120</u>	<u>\$ 92,396,367</u>	<u>\$ 118,169,004</u>	<u>\$ 156,748,125</u>	<u>\$ 195,477,353</u>	<u>\$ 231,305,979</u>	<u>\$ 270,792,466</u>	<u>\$ 308,049,089</u>

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

^ Governmental accounting standard 84 was implemented affecting the permanent fund

TABLE 2
(1 of 2)

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

	2016	2017	2018*	Fiscal Year 2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities										
General government	\$ 7,575,124	\$ 7,372,458	\$ 8,072,122	\$ 8,658,586	\$ 8,367,718	\$ 8,588,708	\$ 8,399,087	\$ 9,445,044	\$ 10,096,230	\$ 10,239,882
General education	45,116,380	45,453,582	49,050,514	50,333,988	49,326,631	47,305,349	50,681,337	53,920,151	58,288,354	58,069,657
Public safety	39,702,989	39,921,674	38,361,508	35,565,827	38,284,925	25,578,174	34,622,128	41,638,363	36,390,921	36,174,200
Public services	11,472,956	11,728,084	12,405,363	13,099,339	12,906,263	12,096,453	13,389,830	13,851,090	16,708,081	16,430,546
Planning	1,202,455	489,296	423,068	326,419	590,070	641,060	807,606	701,485	738,912	800,119
Zoning and inspection:	1,017,597	1,028,570	1,096,513	1,042,295	1,009,995	958,698	885,269	907,807	1,102,877	1,103,129
Human services	2,951,701	3,121,297	3,014,102	3,530,517	3,068,706	3,643,891	3,466,716	3,732,152	4,421,708	4,150,652
Interest expense	1,571,539	1,493,058	1,397,679	1,242,526	1,071,885	1,130,954	1,412,234	4,373,142	601,607	704,142
Total governmental activities	110,610,741	110,608,019	113,820,869	113,799,497	114,626,193	99,943,287	113,664,207	128,569,234	128,348,690	127,672,327
Business-type activities										
Water	14,240,369	14,826,722	14,236,860	14,830,088	15,633,723	14,817,825	13,753,457	15,184,159	16,258,510	16,429,541
Water Pollution Control	10,615,475	13,857,667	15,296,821	15,540,847	15,561,721	16,955,006	16,975,416	17,277,555	18,284,407	20,296,148
Nonmajor	2,230,085	2,393,388	2,462,712	2,505,972	2,328,479	1,978,780	2,277,657	2,793,199	2,746,315	3,427,944
Total business-type activities:	27,085,929	31,077,777	31,996,393	32,876,907	33,523,923	33,751,611	33,006,530	35,254,913	37,289,232	40,153,633
Total primary government expense:	137,696,670	141,685,796	145,817,262	146,676,404	148,150,116	133,694,898	146,670,737	163,824,147	165,637,922	167,825,960
Program Revenues:										
Governmental activities										
Charges for services:										
General government:	5,471,717	6,377,401	7,108,842	5,988,791	6,121,300	5,491,091	7,897,122	6,221,067	7,140,272	7,234,342
General education	1,039,993	1,180,588	948,690	1,194,851	1,220,550	1,158,585	1,323,445	1,515,323	1,644,385	1,387,816
Public safety	3,631,210	3,636,896	3,858,914	3,631,880	3,738,141	3,217,138	3,983,645	3,996,902	4,466,223	4,078,811
Public services	229,091	223,173	215,284	253,260	329,580	182,239	201,287	284,519	455,676	434,225
Planning	-	-	-	-	-	-	-	-	-	-
Zoning and inspection:	1,439,847	1,376,854	1,472,991	1,767,960	1,606,667	1,526,715	1,538,839	3,238,771	2,573,658	2,332,144
Human services	-	182,643	(165,484)	72,739	50,252	65,873	76,007	(37,216)	-	-
Operating grants and contribution:	20,528,850	19,885,710	21,451,434	22,773,979	22,590,893	25,260,723	31,989,364	31,150,959	33,327,119	32,002,210
Capital grants and contribution:	168,394	915,808	1,811,795	4,805,483	1,392,335	592,722	5,991,130	7,726,262	7,227,410	5,961,594
Total governmental activities program revenue	32,509,102	33,779,073	36,702,466	40,488,943	37,049,718	37,495,086	53,000,839	54,096,587	56,834,743	53,431,142
Business-type activities										
Charges for services:										
Water	17,880,464	17,709,574	17,857,261	18,038,508	17,706,380	19,199,738	18,561,503	20,690,326	19,877,424	21,510,620
Water Pollution Control	13,558,415	17,327,524	18,071,759	19,625,477	19,066,272	18,423,736	19,796,713	18,434,286	20,124,928	20,564,477
Recreational and parking facilities	2,816,648	2,874,070	2,931,778	3,232,208	2,753,481	2,343,351	3,014,484	3,710,878	4,835,096	5,004,476
Capital grants and contribution:	-	-	-	932,801	7,859,921	596,139	1,624,266	1,033,480	-	-
Total business-type activities:	34,255,527	37,911,168	38,860,798	41,828,994	47,386,054	40,562,964	42,996,966	43,868,970	44,837,448	47,079,573
Total primary government program revenue	66,764,629	71,690,241	75,563,264	82,317,937	84,435,772	78,058,050	95,997,805	97,965,557	101,672,191	100,510,715
Net (Expense)/Revenue:										
Governmental activities:	(78,101,639)	(76,828,946)	(77,118,403)	(73,310,554)	(77,576,475)	(62,448,201)	(60,663,368)	(74,472,647)	(71,513,947)	(74,241,185)
Business-type activities:	7,169,598	6,833,391	6,864,405	8,952,087	13,862,131	6,811,353	9,990,436	8,614,057	7,548,216	6,925,940
Total primary government net expense	(70,932,041)	(69,995,555)	(70,253,998)	(64,358,467)	(63,714,344)	(55,636,848)	(50,672,932)	(65,858,590)	(63,965,731)	(67,315,245)

(Continued)

**TABLE 2
(2 of 2)**

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

	2016	2017	Fiscal Year 2018*	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position:										
Governmental activities										
Property taxes	\$ 74,300,180	\$ 77,746,437	\$ 79,746,848	\$ 82,188,731	\$ 83,949,300	\$ 83,234,802	\$ 88,817,593	\$ 90,310,240	\$ 93,128,664	\$ 96,889,223
Unrestricted grants and contribution:	1,629,686	1,758,319	1,974,129	2,123,690	2,739,139	2,885,969	2,371,972	4,290,468	4,298,938	3,851,077
Investment income	1,353,830	1,613,258	1,777,489	2,531,277	1,515,638	5,757,582	(3,844,154)	6,444,991	4,799,562	2,716,868
Sale of property	-	-	-	-	900,000	-	1,250,000	-	-	-
Transfers	100,000	100,000	675,000	987,236	300,000	500,000	675,000	(973,900)	(2,100,000)	253,174
Total governmental activities	<u>77,383,696</u>	<u>81,218,014</u>	<u>84,173,466</u>	<u>87,830,934</u>	<u>89,404,077</u>	<u>92,378,353</u>	<u>89,270,411</u>	<u>100,071,799</u>	<u>100,127,164</u>	<u>103,710,342</u>
Business-type activities										
Investment income	27,939	12,546	126,204	348,889	305,064	11,849	(23,256)	641,517	1,225,054	1,114,700
Sale of property	-	-	-	1,377,127	77,840	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	(63,194)	-	-	-
Transfer from primary government	(100,000)	(100,000)	(675,000)	(987,236)	(300,000)	(500,000)	(675,000)	973,900	2,100,000	(253,174)
Total business-type activities:	<u>(72,061)</u>	<u>(87,454)</u>	<u>(548,796)</u>	<u>738,780</u>	<u>82,904</u>	<u>(488,151)</u>	<u>(761,450)</u>	<u>1,615,417</u>	<u>3,325,054</u>	<u>861,526</u>
Total primary government	<u>77,311,635</u>	<u>81,130,560</u>	<u>83,624,670</u>	<u>88,569,714</u>	<u>89,486,981</u>	<u>91,890,202</u>	<u>88,508,961</u>	<u>101,687,216</u>	<u>103,452,218</u>	<u>104,571,868</u>
Change in Net Position:										
Governmental activities:	554,750	4,099,611	10,862,912	10,254,459	26,955,876	31,714,985	14,797,764	25,599,152	28,613,217	29,469,157
Business-type activities:	6,761,330	6,776,951	8,403,291	14,600,911	6,894,257	9,502,285	7,852,607	10,229,474	10,873,270	7,787,466
Total primary government	<u>\$ 7,316,080</u>	<u>\$ 10,876,562</u>	<u>\$ 19,266,203</u>	<u>\$ 24,855,370</u>	<u>\$ 33,850,133</u>	<u>\$ 41,217,270</u>	<u>\$ 22,650,371</u>	<u>\$ 35,828,626</u>	<u>\$ 39,486,487</u>	<u>\$ 37,256,623</u>

(Concluded)

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

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

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

	Fiscal Year									
	2016	(as restated) 2017	2018	2019 (1)	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 55,628	\$ 58,385	\$ 61,148	\$ 64,022	\$ -	\$ 2,873,511	\$ 2,574,264	\$ 2,121,444	\$ 1,305,242	\$ 984,199
Restricted by Donors	595,162	465,571	74,353	-	-	-	-	-	-	-
Committed	315,896	489,362	2,213,658	1,800,096	1,034,022	668,353	1,146,694	1,378,558	582,772	8,830,049
Assigned	2,167,743	1,950,620	637,126	-	-	-	-	-	-	-
Unassigned	15,316,638	14,726,077	12,625,424	14,678,700	16,583,061	17,759,734	23,386,954	27,645,066	34,020,726	36,798,267
Total general fund	<u>18,451,067</u>	<u>17,690,015</u>	<u>15,611,709</u>	<u>16,542,818</u>	<u>17,617,083</u>	<u>21,301,598</u>	<u>27,107,912</u>	<u>31,145,068</u>	<u>35,908,740</u>	<u>46,612,515</u>
All Other Governmental Funds:										
Nonspendable	2,601,651	2,601,651	2,601,651	2,601,651	2,601,651	2,873,129	3,219,946	3,168,474	2,873,129	2,873,129
Restricted for Trusts	7,865,444	9,451,330	10,297,669	11,321,412	11,357,966	17,887,989	13,802,299	15,378,383	17,431,406	19,259,265
Restricted by Grants	5,447,751	5,373,566	5,615,659	3,905,129	3,116,674	3,255,372	4,094,463	3,880,416	3,434,130	704,830
Restricted for Education	-	-	-	-	595,977	4,034,038	5,655,457	6,235,038	2,994,998	2,630,918
Restricted for Capital Projects	-	-	-	-	-	-	-	105,548,382	71,394,687	24,239,919
Committed for Capital Projects	7,538,289	7,471,377	9,871,789	10,194,613	10,929,612	9,677,971	117,531,265	5,704,172	5,508,050	9,699,224
Committed for Trusts	-	-	-	-	-	-	-	-	1,736	-
Assigned by City Council	-	-	-	1,322,554	2,024,700	1,981,334	2,766,123	2,790,016	2,809,875	2,955,650
Assigned by School Committee	-	-	-	-	-	-	-	-	-	-
Unassigned	(18,859)	(19,789)	(33,654)	(646,688)	(60,854)	(3,324)	-	(542,288)	(766,719)	(309,979)
Total all other governmental funds	<u>23,434,276</u>	<u>24,878,135</u>	<u>28,353,114</u>	<u>28,698,671</u>	<u>30,565,726</u>	<u>39,706,509</u>	<u>147,069,553</u>	<u>142,162,593</u>	<u>105,729,789</u>	<u>62,101,453</u>
Grand Total	<u>\$ 41,885,343</u>	<u>\$ 42,568,150</u>	<u>\$ 43,964,823</u>	<u>\$ 45,241,489</u>	<u>\$ 48,182,809</u>	<u>\$ 61,008,107</u>	<u>\$ 174,177,465</u>	<u>\$ 173,307,661</u>	<u>\$ 141,638,529</u>	<u>\$ 108,713,968</u>

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

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Taxes	\$ 75,173,854	\$ 77,505,920	\$ 79,856,764	\$ 82,256,525	\$ 83,560,012	\$ 83,323,484	\$ 89,045,609	\$ 90,022,876	\$ 93,115,886	\$ 96,656,571
Intergovernmental revenues	21,430,902	22,204,355	23,029,186	25,215,623	24,256,986	28,528,818	35,054,090	39,196,050	40,271,342	35,518,039
Charges for services	13,394,413	12,978,225	13,132,887	13,017,447	12,959,287	11,686,878	14,374,196	15,324,227	16,299,527	18,623,210
Use of money and property	1,353,830	1,613,258	1,777,489	2,531,279	1,515,638	5,757,582	(4,035,669)	6,069,817	12,119,472	9,123,296
Contributions	282,699	579,150	1,378,105	3,733,743	798,900	842,773	2,534,388	2,807,084	2,097,095	3,766,731
Other revenues	8,856	27,974	271,738	261,002	281,460	-	708,563	45,123	801,113	524,211
Total revenues	<u>111,644,554</u>	<u>114,908,882</u>	<u>119,446,169</u>	<u>127,015,619</u>	<u>123,372,283</u>	<u>130,139,535</u>	<u>137,681,177</u>	<u>153,465,177</u>	<u>164,704,435</u>	<u>164,212,058</u>
Expenditures:										
Current:										
General government	6,280,935	6,635,035	7,401,749	7,584,090	7,696,261	7,956,697	7,962,178	9,180,543	9,228,674	11,380,756
General education	41,578,444	43,901,644	46,289,554	47,326,553	46,739,559	48,031,908	54,157,026	56,247,525	60,187,995	58,988,767
Public safety	35,297,214	36,346,838	37,618,853	38,273,689	39,816,543	39,423,539	40,715,868	40,398,684	41,300,819	44,300,838
Public services	9,057,691	9,045,503	9,312,009	9,731,359	9,934,413	8,937,903	9,996,469	11,216,729	13,612,658	12,942,685
Planning	435,090	353,201	249,158	167,278	419,484	418,242	649,313	522,368	537,963	613,920
Zoning and inspections	953,053	1,025,559	1,071,244	1,091,552	965,821	982,276	1,008,021	1,046,439	1,144,245	1,117,075
Human services	2,949,071	3,110,260	3,002,222	3,518,637	3,056,826	3,632,011	3,456,717	3,722,153	4,420,742	4,162,857
Pension expenses	1,448,234	1,914,981	1,509,419	1,629,082	1,618,359	1,001,870	1,584,183	1,331,927	3,876,873	3,789,935
Debt service:										
Principal	5,340,536	3,703,000	3,899,733	3,950,133	4,080,637	4,137,637	2,997,000	3,195,000	3,158,000	3,137,000
Interest	2,316,373	1,836,043	1,650,512	1,497,219	1,332,553	1,391,224	522,323	5,149,505	4,511,356	4,527,120
Capital outlay	9,824,956	9,690,381	6,720,043	11,956,596	5,970,507	4,458,068	16,300,866	21,350,208	52,294,242	52,428,840
Total expenditures	<u>115,481,597</u>	<u>117,562,445</u>	<u>118,724,496</u>	<u>126,726,188</u>	<u>121,630,963</u>	<u>120,371,375</u>	<u>139,349,964</u>	<u>153,361,081</u>	<u>194,273,567</u>	<u>197,389,793</u>
Excess (deficiency) of revenues over expenditures	<u>(3,837,043)</u>	<u>(2,653,563)</u>	<u>721,673</u>	<u>289,431</u>	<u>1,741,320</u>	<u>9,768,160</u>	<u>(1,668,787)</u>	<u>104,096</u>	<u>(29,569,132)</u>	<u>(33,177,735)</u>
Other Financing Sources (Uses):										
Proceeds from borrowing	-	2,865,000	-	-	-	17,920,000	98,500,000	-	-	-
Bond premium	-	371,370	-	-	-	-	14,413,145	-	-	-
Payment to refunding escrow agent	-	-	-	-	-	(17,688,629)	-	-	-	-
Sale of property	-	-	-	-	900,000	-	1,250,000	-	-	-
Transfers in	6,163,259	3,905,921	5,416,930	32,380,146	32,929,586	29,343,607	32,694,777	32,350,749	40,685,760	36,133,093
Transfers out	(6,063,259)	(3,805,921)	(4,741,930)	(31,392,910)	(32,629,586)	(28,843,607)	(32,019,777)	(33,324,649)	(42,785,760)	(35,879,919)
Total other financing sources (uses)	<u>100,000</u>	<u>3,336,370</u>	<u>675,000</u>	<u>987,236</u>	<u>1,200,000</u>	<u>731,371</u>	<u>114,838,145</u>	<u>(973,900)</u>	<u>(2,100,000)</u>	<u>253,174</u>
Net Change in Fund Balances	<u>\$ (3,737,043)</u>	<u>\$ 682,807</u>	<u>\$ 1,396,673</u>	<u>\$ 1,276,667</u>	<u>\$ 2,941,320</u>	<u>\$ 10,499,531</u>	<u>\$ 113,169,358</u>	<u>\$ (869,804)</u>	<u>\$ (31,669,132)</u>	<u>\$ (32,924,561)</u>
Debt service as a percentage of noncapital expenditures	<u>7.25%</u>	<u>5.13%</u>	<u>4.96%</u>	<u>4.75%</u>	<u>4.68%</u>	<u>4.77%</u>	<u>2.86%</u>	<u>6.32%</u>	<u>5.40%</u>	<u>5.29%</u>

TABLE 5

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

Fiscal Year Ended June 30	Assessed Value					Total Assessed Value	Total Direct Tax Rate Residential	Total Direct Tax Rate Commercial	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Motor Vehicles	Less Exemptions					
2016	4,563,119,573	1,261,766,017	127,689,244	169,600,313	107,860,620	6,014,314,527	10.93	15.16	6,122,175,147	98.24%
2017	4,561,159,167	1,270,197,223	130,135,183	171,273,074	104,045,168	6,028,719,479	11.21	15.55	6,132,764,647	98.30%
2018	5,264,464,237	1,402,000,263	130,881,404	146,005,110	95,167,113	6,848,183,901	9.99	14.98	6,943,351,014	98.63%
2019	5,297,534,387	1,389,025,913	130,913,039	141,042,555	92,435,781	6,866,080,113	10.28	15.42	6,958,515,894	98.67%
2020	5,331,214,487	1,388,007,838	147,582,881	136,661,439	88,581,753	6,914,884,892	10.28	15.42	7,003,466,645	98.74%
2021	6,277,177,248	1,409,602,896	152,222,048	140,196,584	89,327,009	7,889,871,767	9.33	13.99	7,979,198,776	98.88%
2022	6,305,624,376	1,419,698,274	146,014,307	-	21,795,310	7,849,541,647	9.61	14.41	7,871,336,957	99.72%
2023	6,322,577,035	1,410,625,745	154,047,991	-	428,212,047	7,459,038,724	9.92/10.93 *	14.88	7,887,250,771	94.57%
2024	9,625,059,648	1,908,545,539	150,679,734	-	1,100,503,359	10,583,781,562	6.975/8.221	10.46	11,684,284,921	90.58%
2025	9,657,803,380	1,927,158,596	171,653,829	-	1,237,351,246	10,519,264,559	7.177/8.689	10.766	11,756,615,805	89.48%

Source: City of Newport, Rhode Island Assessor

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

Notes:

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

TABLE 6

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

	2025				2016		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Newport Restoration Foundation	\$ 124,139,273	1	1.17%	Mass Mutual Life (Marriott)	\$ 71,055,500	1 6	0.88%
25 America's Cup Avenue Newport LLC	115,256,484	2	1.09%	One Goat Island	59,325,300	2	1.03%
Goat Owner LLC	100,605,900	3	0.95%	LSRef3 Viking LLC	55,117,300	3	1.16%
HTLVI Newport LLC	69,886,800	4	0.66%	Newport Restoration Foundation	52,967,900	4 3	0.89%
RK Newport, LLC	49,968,300	5	0.47%	Narraganset Gas	33,063,194	5 7	0.54%
Rhode Island Energy-Electric	36,748,630	6	0.35%	Shaner Newport Harbour LLC	32,302,700	6 4	0.54%
Admiralty Newport Associates	32,585,500	7	0.31%	RK Newport, LLC	28,461,100	7	0.48%
Rhode Island Energy-Gas	32,059,885	8	0.30%	Eastern Resorts Company	27,437,300	8 8	0.46%
49 Newport Hotel LLC	32,059,885	9	0.30%	Newport Jai Alai, LLC	22,000,600	9	0.43%
Festival Field Preservation LP	31,896,099	10	0.30%	Narraganset Electric	19,955,815	10 #	0.41%
Total	<u>\$ 625,206,756</u>		<u>5.91%</u>		<u>\$ 401,686,709</u>	<u># 9</u>	<u>6.81%</u>

Source: City of Newport Assessor

TABLE 7

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (net abatements)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	70,239,804	68,936,347	98.1%	1,241,824	70,178,171	99.9%
2017	72,685,804	71,587,413	98.5%	1,049,329	72,636,742	99.9%
2018	74,476,044	73,427,810	98.6%	1,006,357	74,434,167	99.9%
2019	77,112,720	75,794,917	98.3%	1,274,361	77,069,278	99.9%
2020	79,019,574	77,048,833	97.5%	1,926,403	78,975,236	99.9%
2021	79,060,250	77,693,652	98.3%	1,312,660	79,006,312	99.9%
2022	81,788,132	81,194,232	99.3%	659,243	81,853,475	100.1%
2023	83,135,031	82,239,881	98.9%	818,276	83,058,157	99.9%
2024*	86,015,725	72,856,046	84.7%	12,506,615	85,362,661	99.2%
2025*	88,796,405	80,046,313	90.1%	8,587,703	88,634,016	99.8%

Source: City of Newport Tax Collector

* New ERP system implemented for collection

TABLE 8

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

Fiscal Year June 30,	Governmental Activities				Business-Type Activities			Total	U.S. Census Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	Bond Anticipation Notes	Bond Premium	Capital Leases	Water Bonds	Maritime Notes	Water Pollution Control Bonds					
2016	40,838,000	-	2,999,830	571,186	92,887,037	200,000	31,323,678	168,819,731	24,672	6,843	5,985,006,479	2.82%
2017	40,000,000	-	2,729,638	463,751	88,606,037	200,000	42,814,163	175,147,824	24,672	7,099	6,014,314,527	2.91%
2018	36,211,000	-	2,756,546	353,018	84,240,037	200,000	50,358,189	174,118,790	24,672	7,057	6,028,719,479	2.89%
2019	32,375,000	-	2,449,219	238,885	79,777,037	-	66,074,701	180,914,842	24,672	7,333	6,848,183,901	2.64%
2020	28,412,000	-	2,141,892	121,248	75,205,037	-	63,497,627	169,377,804	25,163	6,731	6,866,080,113	2.47%
2021	25,377,000	4,700,000	1,834,562	-	71,623,013	-	58,860,892	162,395,467	25,163	6,454	6,914,884,892	2.35%
2022	120,880,000	-	16,020,001	-	68,481,126	-	54,190,231	259,571,358	25,163	10,316	7,889,871,767	3.29%
2023	117,685,000	-	15,215,769	-	63,952,099	-	50,308,408	247,161,276	25,163	9,822	7,849,541,647	3.15%
2024	114,527,000	-	14,411,537	-	61,136,718	-	46,590,645	236,665,900	25,163	9,405	10,583,781,562	2.24%
2025	111,390,000	-	13,662,595	-	56,201,769	-	43,704,045	224,958,409	25,163	8,940	10,519,264,559	2.14%

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

TABLE 9

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

Fiscal Year June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property *	Percentage of Personal Income	U.S. Census Estimated Population	Per Capita **
	General Obligation Bonds	Bond Premium	Total				
2016	40,838,000	2,999,830	43,837,830	0.73%	0.86%	24,672	1,777
2017	40,000,000	3,063,873	43,063,873	0.72%	0.80%	24,672	1,745
2018	36,211,000	2,756,546	38,967,546	0.65%	0.69%	24,672	1,579
2019	32,375,000	2,449,219	34,824,219	0.51%	0.60%	24,672	1,411
2020	28,412,000	2,141,892	30,553,892	0.44%	0.49%	25,163	1,214
2021	25,377,000	1,834,562	27,211,562	0.39%	Not Available	25,163	1,081
2022	120,880,000	16,020,001	136,900,001	1.74%	Not Available	25,163	5,441
2023	117,685,000	15,215,769	132,900,769	1.69%	Not Available	25,163	5,282
2024	114,527,000	14,411,537	128,938,537	1.22%	Not Available	25,163	5,124
2025	111,390,000	13,662,595	125,052,595	1.18%	Not Available	25,163	4,970

Notes:

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

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

* See Schedule 5 for property value data.

** Population data can be found in Schedule 12.

TABLE 10

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total assessed value	\$ 6,014,314,527	\$ 6,028,719,479	\$ 6,848,183,901	\$ 6,866,080,113	\$ 6,914,884,892	\$ 7,889,871,767	\$ 7,849,541,647	\$ 7,459,038,724	\$ 10,583,781,562	\$ 10,519,264,559
Rhode Island General Law debt limitation as % of assessed value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt limit	<u>180,429,436</u>	<u>180,861,584</u>	<u>205,445,517</u>	<u>205,982,403</u>	<u>207,446,547</u>	<u>236,696,153</u>	<u>235,486,249</u>	<u>223,771,162</u>	<u>317,513,447</u>	<u>315,577,937</u>
Debt applicable to limit:										
General obligation bonds	<u>40,838,000</u>	<u>40,000,000</u>	<u>36,211,000</u>	<u>32,375,000</u>	<u>28,412,000</u>	<u>25,377,000</u>	<u>120,880,000</u>	<u>117,685,000</u>	<u>114,527,000</u>	<u>111,390,000</u>
Legal debt limit	180,429,436	180,861,584	205,445,517	205,982,403	207,446,547	236,696,153	235,486,249	223,771,162	317,513,447	315,577,937
Total net debt applicable to the limit	<u>40,838,000</u>	<u>40,000,000</u>	<u>36,211,000</u>	<u>32,375,000</u>	<u>28,412,000</u>	<u>25,377,000</u>	<u>120,880,000</u>	<u>117,685,000</u>	<u>114,527,000</u>	<u>111,390,000</u>
Legal debt margin	\$ <u>139,591,436</u>	\$ <u>140,861,584</u>	\$ <u>169,234,517</u>	\$ <u>173,607,403</u>	\$ <u>179,034,547</u>	\$ <u>211,319,153</u>	\$ <u>114,606,249</u>	\$ <u>106,086,162</u>	\$ <u>202,986,447</u>	\$ <u>204,187,937</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>29.26%</u>	<u>28.40%</u>	<u>21.40%</u>	<u>18.65%</u>	<u>15.87%</u>	<u>12.01%</u>	<u>105.47%</u>	<u>110.93%</u>	<u>56.42%</u>	<u>54.55%</u>

TABLE 11

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

Fiscal Year June 30,	Water Revenue Bonds								Water Pollution Control Revenue Bonds							
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage				
				Principal	Interest					Principal	Interest					
2016	\$ 17,880,464	\$ 8,616,975	\$ 9,263,489	\$ 4,206,000	\$ 2,799,198	7,005,198	1.32	\$ 13,558,415	\$ 6,106,879	\$ 7,451,536	\$ 2,046,303	\$ 1,000,695	3,046,998	2.45		
2017	17,709,574	9,165,405	8,544,169	4,281,000	2,709,941	6,990,941	1.22 (1)	17,327,524	8,917,038	8,410,486	2,349,824	1,384,128	3,733,952	2.25		
2018	17,857,261	8,600,106	9,257,155	4,366,000	2,589,293	6,955,293	1.33	18,071,759	9,861,765	8,209,994	2,831,077	1,604,598	4,435,675	1.85		
2019	18,274,332	9,181,524	9,092,808	4,463,000	2,524,321	6,987,321	1.30	20,322,454	9,609,227	10,713,227	4,500,086	1,853,237	6,353,323	1.69		
2020	17,947,563	10,071,732	7,875,831	4,572,000	2,416,628	6,988,628	1.13 (2)	19,220,642	9,570,168	9,650,474	4,606,877	1,841,619	6,448,496	1.50		
2021	19,446,814	9,358,230	10,088,584	4,686,000	2,324,501	7,010,501	1.44	18,772,799	10,186,053	8,586,746	4,720,474	1,665,904	6,386,378	1.34		
2022	19,033,775	9,494,009	9,539,766	5,005,000	2,230,615	7,235,615	1.32	20,357,921	10,522,893	9,835,028	4,845,904	1,251,399	6,097,303	1.61		
2023	21,162,598	9,769,451	11,393,147	5,143,000	2,126,519	7,269,519	1.57	18,995,494	10,754,821	8,240,673	4,978,194	1,453,897	6,432,091	1.28		
2024	19,877,424	10,404,128	9,473,296	5,065,037	2,052,047	7,117,084	1.33	20,124,928	11,661,373	8,463,555	4,699,000	1,456,263	6,155,263	1.38		
2025	21,510,620	11,029,297	10,481,323	5,581,000	1,960,116	7,541,116	1.39 (3)	20,564,477	13,326,678	7,237,799	4,825,000	1,552,577	6,377,577	1.13		

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

(3) Rates were increased effective March 1, 2025

TABLE 12

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

Fiscal Year June 30,	Population	Per Capita Personal Income >	Total County Personal Income > (thousands)	Total State Personal Income > (thousands)	School Enrollment ^	Unemployment Rate <
2016	24,672 ***	61,367	5,080,183	53,272,444	2,130	5.4%
2017	24,672 ***	63,870	5,391,472	55,933,966	2,171	4.2%
2018	24,672 ***	68,679	5,668,939	57,993,810	2,207	2.7%
2019	24,672 ***	70,893	5,819,018	59,707,171	2,123	3.3%
2020	25,163 ***	76,214	6,237,010	57,810,650	2,154	12.6%
2021	25,163 ***	84,054	7,166,776	70,531,460	1,995	5.0%
2022	25,163 ***	84,484	7,137,259	62,592,300	1,975	2.8%
2023	25,163 ***	89,517	7,471,805	73,539,050	1,906	2.4%
2024	25,163 ***	Not Available	Not Available	Not Available	1,781	4.3%
2025	25,163 ***	Not Available	Not Available	Not Available	1,743	4.2%

* Source: Rhode Island Department of Planning.

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

*** Source: 2020 US Census

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

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

^ Source: City School Department.

< Source: RI Department of Labor & Training.

TABLE 13

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

2025				2016			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Naval Station Newport	4,044	1	28.4%	Naval Station Newport	4,219	1	32.0%
Brown Healthcare Newport Hospital	742	2	5.2%	Newport Hospital	926	3	6.4%
City of Newport	709	3	5.0%	City of Newport	924	5	5.1%
Salve Regina University	501	4	3.5%	Newport Harbor Corporation	622	4	4.8%
East Bay Community Action Program	271	5	1.9%	Salve Regina University	580	7	4.3%
Newport Restaurant Group	220	6	1.5%	Preservation Society	366	8	2.8%
Newport Harbor Resort Hotel	175	7	1.2%	James L. Maher Center	344	6	4.4%
Marriott International, Inc.	160	8	1.1%	Savings Institute Bank & Trust	315	2	7.4%
Preservation Society of Newport County	84	9	0.6%	Hyatt Regency-Newport	313	9	2.7%
Pangaea Logistics Solutions	51	10	0.4%	Marriott International Inc.	225	10	1.7%
Total	6,957		48.8%	Total	8,834		71.6%

TABLE 14

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	6.25	6.25	6.25	5.5	5.5	5.5	5.5	8	9	10
City Solicitor	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.5	5.5	5.5
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	18.5	18.5	22.5	24	24	24	24	25	27	27
City Clerk	5	5	6	6	6	6	6	6	6	6
Resilience & Sustainability	0	0	0	0	0	0	0	0	0	3
Public Services	46	47	49	52.27	52.27	52.27	52.27	52.27	52.27	52.27
Plan & Zoning	4	3	2	2	4	4	4	11	11	12
Building Inspections	9	10	11	11	8	8	8	5	5	5
Total General Government	<u>101.25</u>	<u>102.25</u>	<u>109.25</u>	<u>113.27</u>	<u>112.27</u>	<u>112.27</u>	<u>112.27</u>	<u>120.77</u>	<u>124.77</u>	<u>129.77</u>
Public safety:										
Police	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	107.5
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>206.5</u>
Utilities:										
Water	46.4	46.4	46.4	46.4	46.4	46.4	46.4	48.4	48.4	51.4
Wastewater	1.6	1.6	14.1	16.6	16.6	16.6	16.6	17.6	17.6	20.6
	<u>48</u>	<u>48</u>	<u>60.5</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>66</u>	<u>66</u>	<u>72</u>
Public education:										
Teachers	210	224	220	215	209	223	229	234	237	229
Pupil support	70	66	79	75	83	96	126	122	129	127
Executive and administrative	61	64	66	59	60	34	32	37	35	33
	<u>341</u>	<u>354</u>	<u>365</u>	<u>349</u>	<u>352</u>	<u>353</u>	<u>387</u>	<u>393</u>	<u>401</u>	<u>389</u>
Total	<u>693.75</u>	<u>707.75</u>	<u>738.25</u>	<u>728.77</u>	<u>730.77</u>	<u>731.77</u>	<u>765.77</u>	<u>783.27</u>	<u>795.27</u>	<u>797.27</u>

Source: City budgets and School Business Manager

TABLE 15

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Police:										
Arrests	1,431	1,240	1,301	1,246	914	857	955	956	1,085	1,080
Parking violations	31,152	30,689	35,031	31,187	27,863	24,006	24,434	6,204	23,195	22,691
Calls for Service	32,180	32,757	35,326	33,300	48,596	26,377	27,835	26,756	29,507	35,186
Fire:										
Emergency responses	3,729	3,662	3,818	3,924	3,968	3,586	4,284	5,943	7,143	7,531
Fires extinguished	109	105	107	87	99	95	202	73	85	70
Inspections	780	599	572	540	637	1,525	1,139	1,234	1,265	1,511
Refuse collection:										
Refuse collected (tons/day, average)	21.25	21.10	23.26	22.25	24.16	24.54	24.01	23	22	21.56
Recyclables collected (tons/day, average)	10.29	10.87	10.42	10.54	10.31	10.43	9.34	9	8	8.32
Other public works:										
Street resurfacing (miles)	3.61	1.34	1.51	2.02	2.14	-	-	1.5	1.5	1.99
Parks and recreation:										
Athletic field and facility rentals	468	378	457	432	240 >	362	654	542	520	639
Library:										
Volumes in collections	187,113	184,949	184,949 ***	180,526	144,559 <	143,287	135,495	130,888 >>	135,835	136,338
Water:										
New connections	49	63	50	21	19	17	30	60	43	31
Water mains breaks	23	21	16	23	21	19	21	28	23	25
Average daily production (avail for sale) (million gallons per day)	5.44	5.34	5.36	5.40	5.52	6.05	5.33	6	5.44	5.54
Wastewater:										
Average daily sewage treatment (thousands of gallons)	7.14MGD	7.68MGD	7.92 MGD	9.38 MGD	7.51MGD	6.78MGD	7.43MGD	7.16MGD	8.16MGD	7.74MGD

Note:

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

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

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

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

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

> Reduced rentals due to COVID-19

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

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

Sources: Various city departments

TABLE 16

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	79	79	79	79	79	79	79	79	70	72
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles)	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.80	96.8	96.80
Streetlights	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940
Traffic signals	5	5	5	5	5	5	5	5	5	5
Parks and recreation:										
Acreage	416 *	427	427	427	427	427	427	427	432	437
Playgrounds	16 *	16	17	17	17	17	17	17	17	17
Multi purpose playing fields	16 *	16	16	16	16	16	16	16	16	16
Tennis courts	17 *	17	17	17	17	17	17	17	17	17
Community centers	1 *	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	163	175	175	175	175	175	175	175	175	175
Fire hydrants	1039	1042	1042	1044	1046	1047	1047	1047	1052	1052
Storage capacity (thousands of gallons-treated)	8.25M **	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M	8.25M
Wastewater:										
Sanitary sewers (miles)	90.2	90.2	90.2	90.2	90.2	90.2	90.2	90.2	90.2	90.2
Storm sewers (miles)	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1
Treatment capacity (thousands of gallons) (daily)	19.7M ***	19.7M	19.7M	19.7M	13.1M	30M	30M	30M	30M	30M

Source: Various city departments

* Per new Open Space Master Plan

** New water plant

*** Wastewater System Improvements